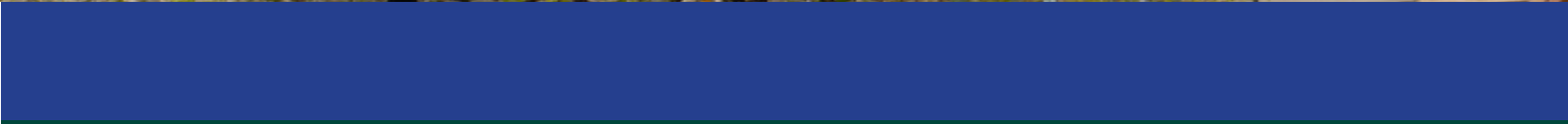
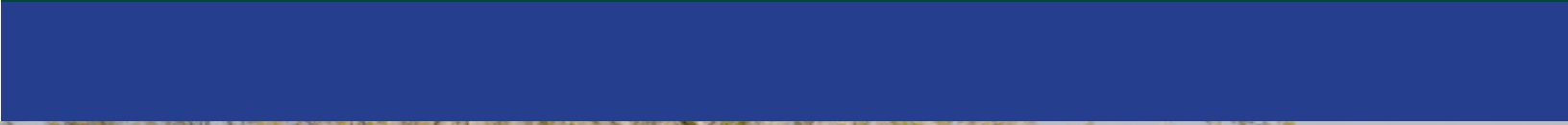




CITY OF
GREENVILLE
NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010

CITY OF GREENVILLE
GREENVILLE, NORTH CAROLINA

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

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION	<u>PAGE</u>
Letter of Transmittal	1 - 2
Community Profile	3 - 13
GFOA Certificate of Achievement	16 - 17
City of Greenville City Council	20
City of Greenville Organization Chart	21
Greenville Utilities Commission (GUC) Board	22
 FINANCIAL SECTION	 <u>PAGE</u>
Independent Auditor's Report	26 - 27
Management's Discussion and Analysis	30 - 43
 BASIC FINANCIAL STATEMENTS	 <u>EXHIBIT</u> <u>PAGE</u>
Government-Wide Financial Statements:	
Statement of Net Assets	A 47
Statement of Activities	B 48 - 49
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	C 50
Statement of Revenues, Expenditures, and Changes in Fund Balance	D 51
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance	E 52
General Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	F 53
Proprietary Funds:	
Statement of Net Assets	G 54 - 55
Statement of Revenues, Expenses, and Changes in Net Assets	H 56 - 57
Statement of Cash Flows	I 58 - 61
Fiduciary Funds:	
Statement of Fiduciary Net Assets	J 62
Statement of Changes in Fiduciary Net Assets	K 63
Notes to the Financial Statements	67 - 105
 REQUIRED SUPPLEMENTAL FINANCIAL DATA	 <u>SCHEDULE</u> <u>PAGE</u>
Law Enforcement Officers' Special Separation Allowance	A- 1 109
Other Post-Employment Benefits (OPEB) - City	A- 2 110
Other Post-Employment Benefits (OPEB) - GUC	A- 3 111

Table of Contents

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE PAGE

Schedule of Ad Valorem Taxes Receivable	A-	4	112
Analysis of Current Year Levy - City-wide Levy	A-	5	113
Government Fund Financial Statements			
General Fund:			
Introduction			117
Schedule of Revenues, Expenditures, and Changes in Fund Balance	A-	6	119 - 121
Non-Major Governmental Funds:			
Combining Balance Sheet	B-	1	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-	2	123
Non-Major Special Revenue Funds:			
Introduction			125
Combining Balance Sheet	C-	1	126 - 127
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-	2	128 - 129
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual			
Community Development and Home Program	C-	3	130
Capital Reserve	C-	4	131
Sheppard Memorial Library	C-	5	132
Housing Trust	C-	6	133
Small Business Loan Program	C-	7	134
League of Municipalities Conference	C-	8	135
Lead-Based Paint Hazard Grant	C-	9	136
Community Development Block Grant (CDBG) Recovery Grant	C-	10	137
Public Transit Capital Assistance Recovery Grant	C-	11	138
Byrne-JAG Recovery Grant	C-	12	139
Energy Efficiency Recovery Grant	C-	13	140
Community Oriented Policing Services (COPS) Hiring Recovery Grant	C-	14	141
Arlington Sidewalk Grant	C-	15	142
Charles Boulevard Sidewalk Grant	C-	16	143
Arlington Turn Lane Grant	C-	17	144
Non-Major Capital Project Funds:			
Introduction			145
Combining Balance Sheet	D-	1	146 - 147
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-	2	148 - 149
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual			
Cemetery Development	D-	3	150
Affordable Housing	D-	4	151
City Hall Facility	D-	5	152

	<u>SCHEDULE</u>	<u>PAGE</u>
Non-Major Capital Project Funds (Continued):		
Schedule of Revenues, Expenditures, and Changes in Fund Balance		
- Budget and Actual		
West Greenville Revitalization	D- 6	153
Center City Revitalization	D- 7	154
Stantonsburg Road / 10th Street Connector	D- 8	155
South Tar River Greenway	D- 9	156
Way Finding	D- 10	157
Thomas Langston Road	D- 11	158
Intermodal Transportation Center	D- 12	159
Employee Parking Lot Expansion	D- 13	160
Convention Center Expansion / Streetscape	D- 14	161
Community Oriented Policing Services (COPS)	D- 15	162
New Technology for Public Safety	D- 16	163
Public Works Yard, Beatty Street	D- 17	164
Drew Steele Center	D- 18	165
 Proprietary Fund Financial Statements:		
Major Enterprise Funds;		
Introduction		169
Schedule of Revenues and Expenses, Budget and Actual (Non-GAAP)		
Electric Operating Fund	E- 1	170 - 171
Water Operating Fund	E- 2	172 - 173
Sewer Operating Fund	E- 3	174 - 175
Gas Operating Fund	E- 4	176 - 177
 Non-Major Enterprise Funds:		
Combining Statement of Net Assets	E- 5	178
Combining Statement of Revenues, Expenses, and Changes in Net Assets	E- 6	179
Combining Statement of Cash Flows	E- 7	180
 Non-Major Enterprise Funds:		
Schedule of Revenues and Expenses, Budget and Actual (Non-GAAP)		
Public Transportation Enterprise Fund	E- 8	181
Bradford Creek Golf Course Enterprise Fund	E- 9	182
Stormwater Utility Enterprise Fund	E- 10	183
Stormwater Drainage Capital Project Fund	E- 11	184
Stormwater Drainage Maintenance Improvement Capital Project Fund	E- 12	185
Sanitation Enterprise Fund	E- 13	186
 Internal Service Fund:		
Introduction		189
Combining Balance Sheet	F- 1	190
Combining Statement of Revenues, Expenditures, and Changes in Net Assets	F- 2	191
Combining Statement of Cash Flows	F- 3	192

Table of Contents

	<u>SCHEDULE</u>	<u>PAGE</u>
Internal Service Fund (Continued):		
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)		
Dental Reimbursement Fund	F- 4	193
Vehicle Replacement Fund	F- 5	194
Health Insurance Fund	F- 6	195
Debt Service Fund:		
Non-Major Debt Service Fund		
Introduction		199
Schedule of Revenues, Expenditures, and Changes in Fund Balance		
- Budget and Actual	G- 1	201
STATISTICAL SECTION:	<u>TABLE</u>	<u>PAGE</u>
Introduction		204
Net Assets by Component	1	205
Changes in Net Assets by Component	2	206 - 207
Fund Balances of Governmental Funds	3	208
Changes in Fund Balances of Governmental Funds	4	209
Revenue Base - Greenville Utilities Commission	5	210
Assessed Value and Estimated Actual Value of Taxable Property	6	211
Direct and Overlapping Revenue Rates - Greenville Utilities Commission	7	212
Direct and Overlapping Government Tax Rates	8	213
Greenville Utility Commission Top Customers	9	214 - 215
Principal Property Taxpayers	10	216
General Fund Tax Revenues by Source	11	217
Property Tax Levies and Collections	12	218
Ratio of Outstanding Debt by type	13	219
Ratio of General Bonded Debt Outstanding	14	220
Legal Debt Margin - Governmental Activities	15	221
Direct and Overlapping Governmental Activities Debt	16	222
Pledged Revenue Coverage	17	223
Demographic and Economic Statistics	18	224
Principal Employers	19	225
Full-Time Equivalent City Government Employees by Function	20	226
Operating Indicators by Function	21	227
Capital Asset Statistics by Function	22	228
SINGLE AUDIT AND COMPLIANCE SECTION:		<u>PAGE</u>
Independent Auditor's Report on Internal Control		231 - 232
Independent Auditor's Report on Compliance with Major Federal Programs		233 - 234
Independent Auditor's Report on Compliance with Major State Programs		235 - 236
Schedule of Findings and Questioned Costs		237 - 238
Corrective Action Plan		239
Summary Schedule of Prior Year Findings		240
Notes to Schedule of Expenditures of Federal and State Awards		241
Schedule of Expenditures of Federal and State Awards		242 - 244

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



September 9, 2010

Letter of Transmittal

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* as of June 30, 2010. 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 that ensures the protection of assets against loss, unauthorized use and theft. The comprehensive report includes an Introduction Section, a Financial Section (which includes the basic financial statements) and a Statistical Section. The Management Discussion and Analysis (MD&A) is found immediately following the Independent Auditor's Report in the Financial Section.

Greenville's financial position remains resilient during the current economic recession, as evidenced by some of the financial indicators adopted by the North Carolina State Treasurer:

- **Operations Ratio** – This ratio, which should be a minimum of 100%, declined to 99.34% from 101.58% due to revenues decreasing more than expenditures. During the year the State withheld Beer & Wine Tax receipts, the County cancelled a contract to fund school resource officers, and the City finalized repayment to the State for Sales Tax overpayments in the prior fiscal year.
- **Intergovernmental Revenue Dependency Ratio** – Increased to 13.22% from 12.40% of total revenues. This measure includes Utility Tax revenue which is based on consumer usage and not allocated by the State or Federal government. The increase in this measure could be viewed as the City successfully applying for grant monies to maintain City services until standard revenue sources rebound from the economic recession.
- **Debt Service Ratio** – Improved to 6.10% from 6.53% due to the City's dedication to paying down existing debt and not authorizing new debt.
- **Liquidity (Quick Ratio)** – Declined to 6.63 from 8.45 due to an increase in capital project activity.

The City could not have achieved this financial stability without establishing and adhering to the following long-term financial policies:

- **Accounting** policy that enables management to monitor revenues and expenditures in order to respond quickly to changing economic conditions.
- **Fund Balance** policy that strives to maintain at least 14% of total annual operating budget in unreserved, undesignated General Fund balance in order to mitigate future risk. In FY 2010, this amount (\$13.4M) equaled 18.58% or 32% more the 14% goal of \$10.1M.
- **Fund Balance** policy that authorizes transfer of the excess unassigned fund balance above the 14% to the Capital Reserve Fund for future capital projects which enabled the City to fund an additional \$1.09M in capital projects in FY 2010 despite the current economic recession.
- **Debt Service** policy that prioritized the responsible acquisition of and timely pay down of debt that ensured the City was not overly obligated to debt service payments and could devote resources to maintain vital City services despite the decline in traditional revenues.
- **Investment** policy that monitors City investments on a monthly basis to respond quickly to changing investment opportunities.

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

This independent audit was part of a federally mandated "Single Audit" designed to meet the legal requirements of federal grantor agencies. The auditors not only have to report on the fair presentation of the financial statements, but also on the government's internal controls. Results of the "Single Audit" disclosed 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 preparation of this Comprehensive Financial Report would not have been possible without the exceptional dedication and hard work of Financial Services employees whose daily efforts contribute to the stable financial condition of the City. Appreciation is also extended to the elected officials, city employees, the community, and department directors who assist with maintaining the highest standards of professionalism.

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

Respectfully submitted,



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

Greenville, North Carolina

What do you get when you combine a robust economic center and a strong educational community with a good dose of culture, recreation, and entertainment, sprinkled with historic charm and the beauty of southern living - one of the fastest growing urban cities in the state of North Carolina: Greenville! Consistently ranked among the top ten cities to live, Greenville is a small city with a big city calling card. In 2009, Forbes Magazine ranked Greenville as the 2nd Best Small Place for Business and Careers in the nation. The City's revitalized downtown district is just one example of why Greenville is noteworthy. With its mixed use landscape of local eateries and shops, art gallery, residential and office space, "Uptown Greenville" represents the vibrant cityscape of Greenville.



Greenville is the hub of eastern Carolina as the center of growth for the region, not only in development but also population. Since its earliest days in the 1770's, the City's population has grown to approximately 81,747 covering over 255 square miles. It is no surprise that many endorse this community as the best place to live, work, and play.

Local Economy

The local economy is well diversified with health care, 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.



Health Services

The Brody Medical Sciences Building of East Carolina opened in mid-1982 and expanded in 1989-90. The 489,000 square-foot facility provides convenient access to the school's academic support programs and Pitt County Memorial Hospital. The Brody Building's many lecture halls, classrooms and conference rooms demonstrate the commitment of the faculty to 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 the Health Sciences Library.



Pitt County Memorial Hospital is one of four academic medical centers in North Carolina. It is the flagship hospital for University Health Systems of Eastern Carolina and serves as the teaching hospital for the Brody School of Medicine at East Carolina University, training medical students and residents nurses and other health care professionals. The hospital has 761 beds and is a tertiary referral center and provides acute, intermediate, rehabilitation and outpatient health services to more than 1.3 million people in 29 counties. In an average year, about 33,000 inpatients and more than 266,000 out-patients are treated in the facilities. More than 3,000 babies are born in a typical year. Pitt County Memorial Hospital is fully accredited by the Joint Commission for the Accreditation of Health care Organizations. In 2008, *Working Mother* magazine selected PCMH for its Best Company list for the fourth time.

The clinical staff includes more than 500 physicians and 1,200 nurses. With more than 6,600 employees, PCMH was Greenville's largest employer in 2010.



The East Carolina Heart Institute 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 new 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 second largest university in North Carolina. 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 27,654 students enrolled during the Fall 2009 semester and has been the fastest growing campus in the university system for the past five years.



East Carolina University employs over 5,250 people and is Greenville’s second largest employer. ECU’s campus has grown from 43 acres in 1907 to almost 1,400 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 520 acres in an urban residential area of downtown Greenville. The 162 buildings on the main campus comprise more than 4.7 million square feet of academic, research, and residential space.

Health Sciences Campus: The Health Sciences campus is situated at Pitt County Memorial Hospital and is the location of the Brody Medical Sciences Building mentioned above. This campus is located about two miles west of the Main Campus on 205 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 650 acres which contains seven building with 33,000 square-feet of space. The site also contains large areas of biology, botany, and other sciences field study sites. It has an environmental health onsite 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 is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award associate degrees. PCC offers over 60 curriculum programs and a wide range of continuing education courses for students in the Greenville area. Pitt Community offers 44 Associate Degree programs, numerous certificate programs, 22 diploma programs, and 18 University Transfer programs. In 2009, the school experienced a record enrollment of nearly 8,600 students. PCC employs over 860 people and was Greenville’s seventh largest employer in 2010.

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 System”. District Accreditation is a process embrace improving student learning ment recognizes the quality of educa-Schools through the leadership of the the dedication and service of the promunity stakeholders. The school systudents in kindergarten through 300 new students enter the system is the largest in the state with 12 members representing six districts. Board members are elected and serve six-year staggered terms. Pitt County Schools was the third largest employer in Greenville in 2010.



COMMERCE AND INDUSTRY

DSM Pharmaceuticals creates products and services in Life Sciences and Materials 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 the fourth largest employer in Greenville in 2010.

DSM Dyneema officially opened its first production line at the U.S. Dyneema facility in Greenville. DSM Dyneema is the inventor and manufacturer of Dyneema, the world’s strongest fiber. Dyneema is an important component in ropes, cable, and nets for fishing and shipping.





NACCO Materials Handling Group designs, engineers, and manufactures materials handling equipment for virtually every market niche, including warehouse trucks, counter-balanced trucks, and large capacity cargo and container 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 the sixth largest employer in Greenville in 2010.

Fuji Silysia Chemical Ltd. produces silica gel, micron zed silica, and silica-related products such as desiccants, dehumidification agents, absorbents, chromatography gels, and catalyst supports. Fuji Silysia Chemical Ltd. supplies synthetic silica products that meet or exceed customer requirements in various industries ranging from plastics and coatings to cosmetics and pharmaceuticals.



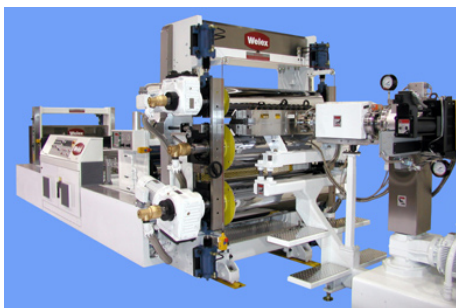
Grady-White Boats makes offshore sport fishing boats. Grady-White boats are products of a result of North Carolina saltwater heritage and years of sport fishing experience. Grady-White boats, with their self-bailing cockpits and basic or level floatation characteristics, are known for their safety. During 2009, Grady-White celebrated 50 years of private ownership (41 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 eight years in a row. The National Marine Manufacturers Association has also awarded Grady-White Boats their top customer satisfaction award in the fiberglass outboard boats category every year since the awards inception eight 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.



Metrics Inc. was founded in Greenville in 1994. Metrics offers a broad range of pharmaceutical development services in a state-of-the-art, 93,000 square-foot facility. Metrics recently completed its 100th "first in man" Phase I study, a significant milestone within the contract pharmaceutical development industry. In 2008, Metrics completed a \$18-million, 48,000 square-foot expansion that doubled its overall facility size and dramatically grew service offerings. Metrics facility addition included a new larger scale manufacturing facility with a production capability of 1 billion tablets per year, four new analytical laboratories, stability storage, a totally segregated cytotoxic and potent compound development facility, and a microbiology laboratory. Metrics employs more than 250 employees with an average of 16 years' career experience. With an extremely low personnel turnover, Metrics provides reliable and consistent customer service. In 2008, 100% of the respondents to a client survey indicated they would work with Metrics again.

Headquartered in Greenville, NC, Metrics Inc. provides quality pharmaceutical material (Phase I, II, and III), commercial manufacturing, and analytical development/validation services to the pharmaceutical industry. The company is one of the fastest growing contract pharmaceutical development laboratories in the United States today.



Welex manufactures high performance plastic sheet extrusion equipment, supply extruders, coextruders, gear pumps, sheet take-offs, and accessories. Welex has designed and built extrusions for over 30 years. Welex equipment is used by more than 70 countries worldwide to produce products for the rigid packaging, disposable products, automotive, and appliance industries.

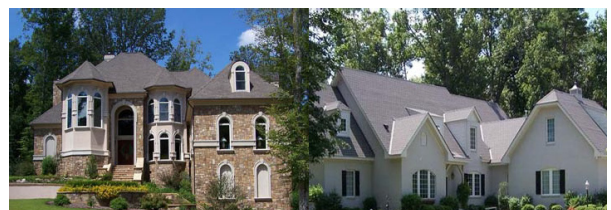


Housing



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

Ironwood, with its rolling hills and lush woods, provides the feeling of county living, yet the community is convenient to Pitt Memorial Community Hospital, East Carolina University, and all of Greenville's amenities. Founded in 1996, Ironwood has a 1,100 acre private golf course.

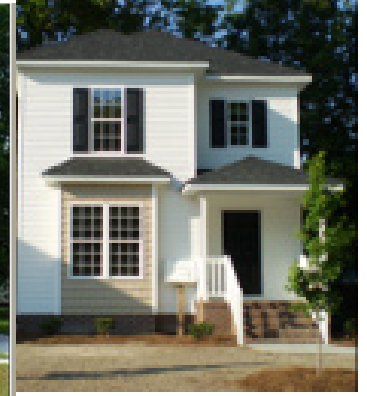


Bedford Place features beautiful examples of neo-eclectic and traditional style homes. Lush landscaping is abundant as are charming accents for these custom-built homes. In this subdivision, you will find tennis courts and a recreational area.

Brook Valley contains stately traditional homes situated on heavily wooded and landscaped lots. Many of these custom-built homes offer views of the exhilarating Ellis Maple designed championship 18-hole golf course. This neighborhood's amenities include a stunning clubhouse, Olympic-size pool, two year-round tennis courts, and a first-rate fitness center.



Nathaniel Village, West Greenville's newest housing option, is a 48-unit affordable multi-family housing development. The product of an innovative public/private partnership between the Redevelopment Commission of Greenville and Winston-Salem-based developer Landmark Asset Services, the project was funded through a combination of tax credits, private equity, and an affordable housing loan provided by the City of Greenville.



In 2009, the City of Greenville was awarded the National Community Development Association (NCDA) Audrey Nelson Community Development Achievement Award in recognition of Greenville's exemplary use of Community Development Block Grant (CDBG) funds in the City's 45-Block Revitalization program and activities that addressed the needs of families in that neighborhood. Greenville was one of just nine communities in the nation to receive the award. The West Greenville Revitalization program is designed to remove unsafe and unsightly structures, provide street and utility improvements, increase affordable home ownership, and promote redevelopment and new construction.

Shopping

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

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

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

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

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

Culture & Arts

The School of Theatre and Dance at East Carolina University (ECU) was founded in 1963 as the Department of Drama and Speech by Edgar Loessin, John Sneden, and other original faculty. Edgar Loessin served as department chair until his retirement in 1990. He was responsible for ECU's emergence as a major force in university and professional theatre in the region by establishing the **ECU Loessin/Playhouse Production Series** as an educational theatre and the **ECU Loessin/Summer Theatre** as a professional company. Over 100 courses in theatre, dance, and speech are taught by 21 full-time faculty members. In addition, touring Broadway shows, opera, and ballet companies offer performances at these venues.

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



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

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

The Ledonia Wright Cultural Center, opened in 1995, is a repository for the university's collection of Native American, African, and African-American art. Located in the Bloxton House in the heart of ECU's main campus, it is named for a popular and respected university professor who advised the university's first African-American student organization. The staff works in conjunction with university departments to maintain a database of cultural development resources for students while providing information about various diverse campus organizations and their events.

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



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

RECREATION

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

For the second year in a row, **KaBOOM**, a national non-profit which empowers communities to build playgrounds, named Greenville “Playful City, USA”. Greenville joins 118 other communities across the nation in achieving this distinction and is just one of 33 to do so in back to back years. Greenville received this distinction for its commitment and innovative approaches to make play a priority by creating initiatives designed to increase the quantity and quality of play and playgrounds, while improving access to existing play opportunities. Greenville was also recognized for inviting residents to participate in the planning of parks and trails, particularly those in proximity to residential neighborhoods.



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 and elliptical, an indoor gymnasium for basketball and walking, an indoor pool with water aerobics and arthritis classes, an indoor climbing wall, a supervised kid’s play area, and locker rooms. This center was ranked 10th nationally on the United States Water Fitness Association’s list of Top Aquatics Programs for 2010 for the water aerobics, arthritis, year-round youth swim programs, and for increased training concerning the health and safety of patrons. Last year, the center ranked 25th nationally with specific recognition for competitive aquatic programs and water exercise classes.

Extreme Park, Greenville’s first skate ramp, has been on the cutting edge of skate/BMX parks since it opened. Many professional BMX riders have moved to Greenville from other parts of the country. For years, the Gatorade Free Flow Tour, the Official Amateur Series of the Dew Tour, has searched the country’s premier skate parks giving the one-in-a-lifetime chance to “Flow to Pro”. The goal of the Gatorade Free Flow Tour is to find top talent from across the country, while giving skaters and BMXers of all abilities the opportunity to have fun while competing.





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, nestled alongside the Tar River, encompasses 324 acres of land and water, featuring over 250 acres of rich bottomland forest, four lakes covering 48 acres, and over 20 acres of open grassland. There are hiking trails and picnic tables on-site. Fishing is available year-round and pedal boats are offered seasonally.



River Park North is home to the **Walter L. Stasavich Science and Nature Center**. This center has a 70-seat theatre, classroom, and an exhibit hall with a 10,000-gallon freshwater aquarium. Attractions include a turtle touch tank, live animal exhibits, the North American Wildlife Diorama, and the Waterfowl of the Atlantic Flyway exhibit. The center is host to many fun and interesting activities throughout the year.

The City of Greenville has been awarded a \$500,000 grant from the North Carolina Parks and Recreation Trust Fund to help build the **Drew Steele Center**. The money is a matching grant for the \$500,000 already raised by the Drew Steele Foundation through the Skip Holtz Golf Tournament and will be used to renovate the Elm Street Gym to create the Drew Steele Center. This center is integral to the City's accessibility and inclusion efforts. The Drew Steele Center will provide accessible indoor recreation and programs at the center will be for everyone, but with a special emphasis on the City's special needs population. This center follows the creation of a playground and ballfield built for special needs children directly across the street from the Elm Street Gym.



Sheppard Memorial Library system is the countywide 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 financial stable and experienced no reduction in hours of operation or services to the public.



The system had record circulation in 2010 with 499,249 items borrowed and 488,019 patron visits. The library is a valuable source of information, recreation, and job enhancement in both book and non-book material. In addition, the library provides public-access computers, in all, more than 190,000 computer sessions occurred in 2010. 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.



PirateFest is the signature festival in Greenville. This festival takes place in Uptown Greenville and the Town Common every April. This festival includes attractions for every member of the crew. The Art and Treasure Isle stretches along Evans Street and features North Carolina artists showcasing fine arts and handmade wares, peddlers selling a bounty of pirate booty, and food vendors to suit any taste. A Pirate Encampment which includes a pirate school, an inflatable pirate ship, and the Potash fossil dig, The Lil' Pirates Pavilion has entertainment and activities for the youngest crew members. The Buccaneer Bash offers a variety of music throughout the two-day event. The adjoining Grog Garden offers all of your favorite Pirate beverages to enjoy with music. Activities during PirateFest include a Pirate Costume Contest, Pirate Parade, staged sword fights, and black powder demonstrations.

International Festival, now called **International Ports O'Call** is held at the same time as PirateFest and celebrates the diversity that makes Greenville the jewel of North Carolina. Located on the Town Common, this festival highlights the music, food, and attractions of nations from around the world. Throughout the day music and dancing groups from various countries perform on the stage at the Greenville Toyota Amphitheater.

THIS PAGE INTENTIONALLY LEFT BLANK

CERTIFICATE OF ACHIEVEMENT

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Greenville
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "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 for the fiscal year ended **June 30, 2009**. This is the **21th** 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 Comprehensive Annual Financial Report. 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.

Financial Services Department



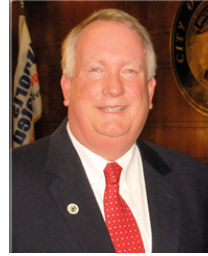
*Congratulations
for 21 years of Excellence in
Financial Reporting!*

THIS PAGE INTENTIONALLY LEFT BLANK

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



Patricia C. (Pat) Dunn
Mayor



Bryant Kittrell
Mayor Pro-Tem



Kandie Smith
District 1



Rose H. Glover
District 2



Marion Blackburn
District 3

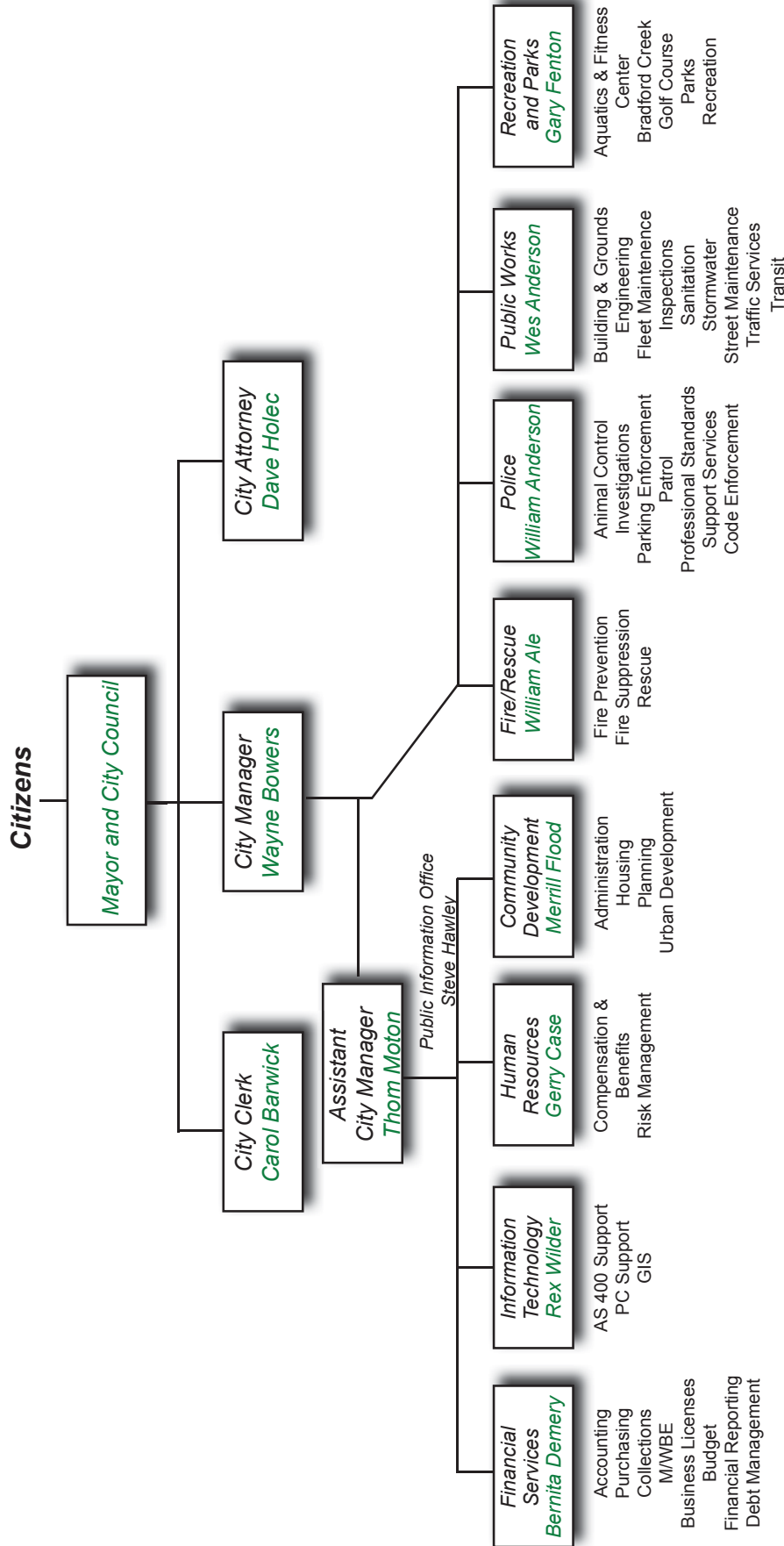


Calvin Mercer
District 4



Max Joyner, Jr.
District 5

CITY OF GREENVILLE
ORGANIZATIONAL CHART





J. Freeman Paylor, Chair
Senior Vice President &
Market President
Trust Atlantic Bank
Commissioner since 2006



Don H. Edmonson
General Contractor
Edmonson Construction Co., Inc.
Commissioner since 2007



Julie Carlson, Vice-Chair
Account Manager
DuPont Soy Polymers
Commissioner since 2006



Vickie R. Joyner
Career Development Coordinator
Professional Standards Division
ECU Police Department
Commissioner since 2007



Stan G. Eakins, Secretary
Associate Dean
College of Business
East Carolina University
Commissioner since 2008



Virginia Hardy, PhD, LPC
Vice Provost for Student Affairs
East Carolina University
Commissioner since 2009



Wayne Bowers
City Manager
City of Greenville, NC
Commissioner since 2004



John Minges
President and Founding Partner
Minges & Associates, LLC
Commissioner since 2010

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, 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, 2010, 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, business-type activities, each major fund, and the aggregated remaining fund information of City of Greenville, North Carolina as of June 30, 2010, 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 ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the City changed its method of accounting for donated right-of-ways and easements on a prospective basis effective July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2010 on our consideration of City of Greenville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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 30 through 43 and 109 through 111 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of City of Greenville, North Carolina. The introductory section, other supplementary information and the statistical tables, as well as the accompanying schedule of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 26, 2010

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION & ANALYSIS

MANAGEMENT'S DISCUSSION AND 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, 2010. We encourage readers to read the information presented in conjunction with 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, 2010, include:

- The assets of the City of Greenville exceeded its liabilities at the close of the fiscal year by \$462,444,866 (*net assets*). Of this amount, \$98,502,903 can be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$18,733,536, primarily due to increases in business-type activities. The City's net assets of governmental activities increased by \$7,874,168.
- The City of Greenville's governmental funds reported combined ending fund balances of \$43,296,608, a decrease of \$5,958,304 in comparison with the prior year. This decrease is largely due to capital project activity spending existing bond proceeds and Capital Reserve funds being used to fund additional capital activity. Approximately 74% of the total fund balance, or \$32,183,997, is available for spending at the government's discretion (*unreserved fund balance*); however, \$14,872,442 has been set aside for special revenue projects, debt service, and other capital projects.
- Unreserved fund balance for the General Fund was \$17,203,185 or 22% of total general fund expenditures for the fiscal year. Overall, the fund balance for the General Fund decreased by \$460,112, when compared to prior year. This decrease is directly related to the decline in revenues caused by the continuing worker's compensation claims and economic recession.
- The City of Greenville's total debt, including the Greenville Utilities Commission managed debt; (excluding Law Enforcement Officer Separation Allowance, OPEB and Compensated Absences liabilities) had a net decrease of \$1.64 million during the current fiscal year. The key factor for this two percent decrease was the paydown of City debt as GUC had a \$1.7 million net addition of debt.
- The City was able to maintain its tax rate of \$.52 per \$100 of assessed value despite the economic recession.

In addition the City recognized the following accomplishments:

- The independent rating agency Standard & Poors affirmed the City of Greenville's AA rating calling the City's management practices strong and citing the city's stable economy, very strong market valuation and reserve levels, and low debt burden and capital needs. "The stable outlook reflects Standard & Poor's expectation that the city will continue to maintain its very strong financial position." The Local Government Commission recommends that cities maintain at least 8% of their operating budget in reserves. Greenville has a policy of maintaining at least 14% and currently has a reserve ratio of 22%. These reserves provide a cushion during uncertain economic times ensuring core services can be maintained without having to increase taxes.

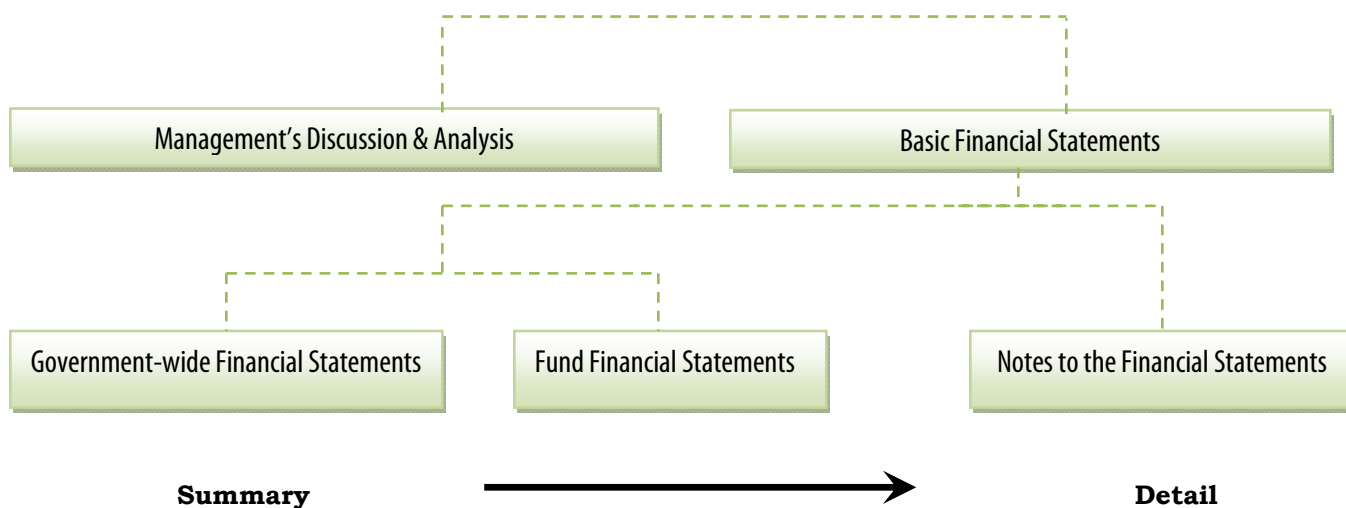
- The City received an unqualified or “clean” opinion from the independent auditing firm McGladrey & Pullen. An unqualified opinion denotes the highest level of assurance of compliance with accounting standards and practices and of internal controls with no material weaknesses or significant deficiencies.
- The Association of Public Treasurers of the United States & Canada recognized the City of Greenville with a Certificate of Excellence for the City’s Investment Policy.
- For the 21st 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.
- The City received GFOA’s Distinguished Budget Award for the second time for its biennial budget. This award acknowledges the accomplishment of the City’s financial professionals in developing a budgetary document of the highest quality, meeting the needs of decision-makers and citizens.
- The Carolinas Association of Governmental Purchasing recognized the City of Greenville with its Sustained Public Purchasing award for its sustained excellence in purchasing standards.

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 budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

Internal Service Funds are accounting devices used to accumulate and allocate costs internally among the functions of City of Greenville and Greenville Utilities Commission. The City of Greenville currently has three functioning internal service funds. The City uses an internal service funds to account for its dental reimbursement program, health insurance, and the management and purchase of replacement vehicles. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit K of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Greenville's progress in funding its obligation to provide pension benefits for the law enforcement officers through the special separation allowance. Required supplementary information can be found following the notes section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of net assets as of June 30, 2010 (as shown in Exhibit A) with comparative data for June 30, 2009.

**City of Greenville's Net Assets
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 55,752,959	\$ 59,822,741	\$ 118,402,245	\$ 116,176,224	\$ 174,155,204	\$ 175,998,965
Capital assets, non depreciable	58,354,456	49,063,726	48,224,964	30,490,656	106,579,420	79,554,382
Capital assets, net	94,610,467	90,244,634	304,923,279	309,064,336	399,533,746	399,308,970
Total Assets	\$ 208,717,882	\$ 199,131,101	\$ 471,550,488	\$ 455,731,216	\$ 680,268,370	\$ 654,862,317
Long-term liabilities outstanding	\$ 45,333,768	\$ 45,261,055	\$ 123,525,637	\$ 119,972,899	\$ 168,859,405	\$ 165,233,954
Other liabilities	10,444,736	8,804,836	38,519,363	37,112,197	48,964,099	45,917,033
Total Liabilities	\$ 55,778,504	54,065,891	\$ 162,045,000	\$ 157,085,096	\$ 217,823,504	211,150,987
Net Assets:						
Invested in capital assets, net of related debt	\$ 119,769,164	\$ 98,830,413	\$ 241,245,730	\$ 235,067,831	\$ 361,014,894	\$ 333,898,244
Restricted	2,927,069	2,052,568	-	-	2,927,069	2,052,568
Unrestricted	30,243,145	44,182,229	68,259,758	63,578,289	98,502,903	107,760,518
Total Net Assets	\$ 152,939,378	\$ 145,065,210	\$ 309,505,488	\$ 298,646,120	\$ 462,444,866	\$ 443,711,330

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 \$462,444,866 (*net assets*). Of this amount, \$98,502,903 can be used to meet the City's ongoing obligations to citizens and creditors.

The City of Greenville's net assets of governmental activities increased by \$7,874,168 over FY 2009 levels. The City of Greenville uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Greenville's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Government-wide, the City reports \$16,562,778 of OPEB liability as of June 30, 2010. Through the end of the fiscal year, management decided to continue with the pay-as-you-go system; however, as was done in FY 2009, \$250,000 was transferred to the OPEB Trust Fund to fund this liability.

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

	Governmental Activities		Business-Type		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 7,264,682	\$ 8,188,310	\$ 271,335,564	\$ 269,347,547	\$ 278,600,246	\$ 277,535,857
Operating grants and contributions	7,491,517	3,951,711	807,313	1,537,661	8,298,830	5,489,372
Capital grants and contributions	13,735,247	5,657,393	3,501,261	5,301,514	17,236,508	10,958,907
General revenues:						
Ad valorem taxes	30,516,661	29,460,925	-	-	30,516,661	29,460,925
Other taxes	11,036,287	12,757,388	-	-	11,036,287	12,757,388
Other	11,771,962	10,612,884	-	1,472,094	11,771,962	12,084,978
Total Revenues	\$ 81,816,356	\$ 70,628,611	\$ 275,644,138	\$ 277,658,816	\$ 357,460,494	\$ 348,287,427
Expenses:						
General governmental	10,720,892	12,826,503	-	-	10,720,892	12,826,503
Public safety	37,866,031	32,620,618	-	-	37,866,031	32,620,618
Transportation	11,993,890	8,253,526	-	-	11,993,890	8,253,526
Environmental protection	-	1,067,637	-	-	-	1,067,637
Cultural and recreation	11,192,147	6,006,433	-	-	11,192,147	6,006,433
Economic and physical development	5,198,660	10,359,752	-	-	5,198,660	10,359,752
Interest and fees	1,842,604	1,439,741	-	-	1,842,604	1,439,741
Electric	-	-	188,680,989	183,300,953	188,680,989	183,300,953
Water	-	-	14,778,348	14,437,396	14,778,348	14,437,396
Sewer	-	-	14,775,758	14,524,297	14,775,758	14,524,297
Gas	-	-	31,748,674	38,329,945	31,748,674	38,329,945
Public transportation	-	-	1,702,608	1,791,328	1,702,608	1,791,328
Bradford Creek Golf Course	-	-	905,623	911,017	905,623	911,017
Stormwater utility	-	-	2,638,298	2,719,453	2,638,298	2,719,453
Sanitation fund	-	-	5,495,410	5,958,491	5,495,410	5,958,491
Total Expenses	\$ 78,814,224	\$ 72,574,210	\$ 260,725,708	\$ 261,972,880	\$ 339,539,932	\$ 334,547,090
Increase in net assets before transfers	3,002,132	(1,945,599)	14,918,430	15,685,936	17,920,562	13,740,337
Transfers	4,872,036	10,863,711	(4,059,062)	(10,863,711)	812,974	-
Increase in net assets	\$ 7,874,168	\$ 8,918,112	\$ 10,859,368	\$ 4,822,225	\$ 18,733,536	\$ 13,740,337
Net assets, July 1	145,065,210	134,951,136	298,646,120	293,823,895	443,711,330	428,775,031
Prior period adjustment	-	1,195,962	-	-	-	1,195,962
Net assets, July 1, restated	\$ 145,065,210	\$ 136,147,098	\$ 298,646,120	\$ 293,823,895	\$ 443,711,330	\$ 429,970,993
Net assets, June 30	\$ 152,939,378	\$ 145,065,210	\$ 309,505,488	\$ 298,646,120	\$ 462,444,866	\$ 443,711,330

Governmental Activities: Governmental activities increased the City's net assets by \$7,874,168 accounting for 42% of the total growth in the government's net assets. Of total net assets, governmental activities accounted for \$152,939,378, or 33%.

- The capitalization of assets was key element of the increase. A significant portion of this increase was the capitalization of easements (\$4.9M) and donated streets as a result of an annexation (\$8.2M) in accordance with the implementation of GASB Statement #51.

Business-type Activities: The Greenville Utilities Commission has net assets of \$299,191,026 as of June 30, 2010. This represents 97% of the total business-type activities net assets amount. Of this amount, \$63,054,675 (unrestricted net assets) may be used to meet the Commission's ongoing obligations to its customers and creditors. Overall, business-type activities increased the City of Greenville's net assets by \$10,859,368 accounting for 57% of the total growth in the government's net assets. The majority of this increase is due to activities by the Greenville Utilities Commission. Key elements of this increase are as follows:

- The Commission's operating revenues increased by \$1,398,032, or .05%, and total revenues increased by \$664,579, or 0.3%, primarily due to rate increases.
- The Commission received a \$2,201,026 in grants to help fund capital projects in the Water Fund.
- The Commission's net capital assets increased \$10,328,590 primarily due to positive operating income.
- The Commission's net total debt (excluding compensated absences and OPEB) increased by \$1,776,062, or 1.5% during FY 2010. The key factor in this increase was the addition of \$10,113,804 in new debt, which exceeded the retirement of existing debt totaling \$8,406,320 plus the amortization of discount and premium of \$68,578.

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, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Greenville. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$17,203,185, while total fund balance was \$27,607,344. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22% of total General Fund expenditures, while total fund balance represents 43% of that same amount. As of June 30, 2010, the governmental funds of City of Greenville reported a combined fund balance of \$43,296,608, a 12% decrease over last year. The decrease is associated with increased capital project activity decreasing capital project fund balances.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General

Fund budget increased revenues and other financing sources by \$4,434,701. When compared to the adjustments proposed last year, this is a 5% decrease. The majority of this decrease concerns the transfer to the Capital Reserve Fund. This is an annual transfer that is approved by City Council based on audited fund balance levels at the end of the fiscal year. Our financial policy states that any amount greater than 14% of the audited undesignated, unreserved General Fund balance is eligible for transfer to the Capital Reserve. During FY 2010 this transfer was not made out of an abundance of caution concerning the recession and its potential effect on the City's revenues. Another reason for the decrease in budget ordinance appropriations was the FY 2009 \$180,921 negative appropriation which represented the departmental budget cuts implemented due to the difficult economic conditions. In addition, \$943,000 representing East Carolina University's contribution to the Stantonsburg/10th Street Connector capital project was transferred in FY 2009 from General Fund balance to a capital project fund. FY 2010 budget amendment appropriations concerned capital improvements (41%), grant and donations (35%), and worker's compensation and general liability claims (13%). Less than two percent of FY 2010 budget amendments involved contingency funds.

General Fund expenditures exceeded revenues by \$585,536 (before other financing sources), decreasing more than 100% from the surplus experienced in FY 2009 due to declines in economically-sensitive revenues and increases in expenditures. General Fund operating revenues decreased less than one percent as compared to total revenues, which decreased by over 10%. Operational expenditures increased five percent due to Public Safety and Capital Outlay costs. Although expenditures increased by five percent when compared to prior year, they fell short of expected budget appropriations by 10%. This was a result of dedicated fiscal stewardship exercised by both departmental and managerial personnel.

General Fund total revenues decreased more than 10% due to the continuing impact of the economic recession. Property Tax increased three percent over prior year actuals which reflected the 2008 property revaluation. While not the seven percent that the City averaged prior to the recession, it is a sign that natural growth occurred during FY 2010. Sales Tax continued to be difficult to forecast in FY 2010 due to the economy and the State's overpayment to the City for a number of months. This overpayment required \$303,852 in repayments to the State during this fiscal year. Factoring out the overpayments in FY 2009 and repayments in FY 2010, Sales Tax revenues actually increased \$80,189 over the prior year. Unrestricted Intergovernmental revenues were affected by the State's withholding of Beer & Wine receipts causing a decrease of \$229,842 or almost 67% for this revenue source. Restricted Intergovernmental revenues increased 14% due to an increase in grant revenues particularly the Staffing for Adequate Fire and Emergency Response (SAFER) grant. The recession had a varied impact on Licenses, Permits, and Fees revenue with Privilege License receipts decreasing but Inspections Fees increasing; overall total receipts decreased less than two percent. Sales and Services revenue decreased nine percent in large part due to the cancellation of a contract with the Pitt County Board of Education to fund school resource officers. Investment Earnings had the largest decline in year over year actual receipts decreasing over 36% percent due to continued low interest rates in FY 2010. However, this revenue source was expected to decline and receipts were only two percent short of their budget estimate. Notably, the City's investment efforts were recognized by the Association of Public Treasurers of the United States & Canada Financial Services with a Certificate of Excellence for the City's Investment Policy.

The main cause of the eight percent expenditures decrease is the FY 2009 transfer to debt service of \$7,090,976 to pay off the 1998 Certificates of Participation (COPS) bond debt. Adjusting for this large transfer, expenditures actually increased three percent. Even with no market or merit salary adjustments, personnel expenditures increased due to additional public safety personnel. These positions are currently subsidized by the Staffing for Adequate Fire and Emergency Response (SAFER) and Community Oriented Policing Services (COPS) Hiring Recovery grants. For the first time in five years, a department exceeded its authorized

appropriations (budgetary control is at the departmental level). This overage was due to the addition of public safety personnel mentioned above and to increased overtime directed by the City Council. Going forward, additional budgetary controls are being implemented to ensure departmental budgets do not exceed their fiscal year expenditure appropriations. Health insurance, the most expensive benefit, rose only five percent, an improvement from the change realized in FY 2009. In an attempt to minimize the cost of this benefit the City of Greenville switched from the traditional health insurance arrangement to being self-insured. Operational costs increased seven percent; however, over 27% of this increase was due to grant-related spending. Property and Casualty insurance, computer hardware, and demolition expenses experienced the greatest changes as a significant number of public safety computers were upgraded in FY 2010 and Code Enforcement efforts resulted in a substantial number of abandoned properties demolished. Also during the current year the City acquired a building to use as a City storage facility, land for a future Fire/Rescue station, and the installed a gymnasium heating, ventilation, and cooling unit. Overall, there was no unusual or significant activity noted within this fund's expenditures during FY 2010.

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, 2010, totals \$506,113,166 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

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

- The acquisition and capitalization of a city storage facility (\$491,419)
- The acquisition and capitalization of land for a future Fire/Rescue station (\$442,270)
- Center City Revitalization work (\$1.13M)
- Thomas Langston Road work (\$915,878)
- Lead-Based Paint Hazard work (\$688,660)
- New Technology for Public Safety work (\$651,826)
- Capitalization of easements (\$4.9M) and donated streets as a result of annexation (\$8.2M) in accordance with GASB Statement #51.

Utility Commission major capital asset events included:

- Construction of the Dickinson Avenue electric substation (\$1.62M)
- Implementation of automated meters (\$2.4M)
- Raw water pump station improvements (\$2.5M)
- Fire flow improvements (\$507,948)
- Construction of the Aquifer Storage and Recovery Wellhead Facilities (\$1.05M)
- Continued upgrades at the Wastewater Treatment Plant (\$8.8M)

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**

	Governmental Activities		Business-Type		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 37,447,683	\$ 36,564,930	\$ 6,270,338	\$ 6,270,338	\$ 43,718,021	\$ 42,835,268
Right-of-Way Easements	4,949,532	-	36,425	-	4,985,957	-
Construction in Progress	15,957,241	12,498,796	41,918,201	24,360,719	57,875,442	36,859,515
Buildings	56,659,927	56,810,573	110,006,747	109,439,157	166,666,674	166,249,730
Other Improvements	7,353,735	7,103,029	628,233	628,233	7,981,968	7,731,262
Infrastructure	63,738,549	54,366,550	80,631	80,631	63,819,180	54,447,181
Machinery and equipment	20,777,747	20,555,700	7,508,913	7,629,751	28,286,660	28,185,451
Furniture and office equipment	-	-	8,421,580	7,981,823	8,421,580	7,981,823
Vehicles and equipment	4,933,378	4,756,557	19,726,169	18,650,531	24,659,547	23,407,088
Distribution Systems	-	-	374,676,078	366,634,701	374,676,078	366,634,701
Transmission Systems	-	-	30,549,221	28,572,879	30,549,221	28,572,879
Subtotal	211,817,792	192,656,135	599,822,536	570,248,764	811,640,328	762,904,899
Accumulated Depreciation	(58,852,869)	(53,347,775)	(246,674,293)	(230,693,771)	(305,527,162)	(284,041,546)
Capital assets, net	<u>\$152,964,923</u>	<u>\$139,308,360</u>	<u>\$353,148,243</u>	<u>\$339,554,993</u>	<u>\$506,113,166</u>	<u>\$478,863,353</u>

Long-term Debt: As of June 30, 2010, the City of Greenville had total debt outstanding of \$161,665,435 (excluding compensated absences, Other Post-Employment Benefits (OPEB) and Law Enforcement Officer (LEO) Separation Allowance). Of this, \$37,348,027 is debt government backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured by fees collected by the enterprise funds.

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

	Governmental Activities		Business-Type		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 10,485,694	\$ 11,315,495	\$ 6,109,259	\$ 7,274,504	\$ 16,594,953	\$ 18,589,999
Certificates of Participation	11,380,000	12,195,000	-	-	11,380,000	12,195,000
Special Obligation (Revenue) Bonds	4,475,000	4,785,000	89,072,122	94,882,553	93,547,122	99,667,553
Installment Purchase Contracts	11,007,333	12,182,452	548,555	743,666	11,555,888	12,926,118
Authorized, but unissued	8,085,000	-	-	-	8,085,000	-
Other Debt (GUC)	-	-	28,587,426	19,925,933	28,587,426	19,925,933
Total	<u>\$ 45,433,027</u>	<u>\$ 40,477,947</u>	<u>\$124,317,362</u>	<u>\$122,826,656</u>	<u>\$169,750,389</u>	<u>\$163,304,603</u>

Total net debt (excluding compensated absences, Other Post-Employment Benefits (OPEB) and Law Enforcement Officer (LEO) Separation Allowance) has decreased by \$1.64 million (1%) during the current fiscal year. The City concentrated on paying debt retiring \$3.4M (7.4%). GUC retired \$8.4M in total debt but also added \$10.1M in Other Debt (Installment Purchase Contracts) to acquire heavy equipment resulting in a net increase of \$1.7M (1.46%) in total GUC debt.

As of June 30, 2010, the City maintained a bond rating of AA with Standard and Poor's and Aa3 by Moody's. The City of Greenville is one of few cities in eastern North Carolina that maintains this high financial rating from both major rating agencies. This achievement was a primary factor in keeping interest costs low on the City's outstanding debt. The Commission's expanding service areas, consistent operating/capital financial performance, and competitive rates enabled them to maintain an "A+" rating from Standard & Poor's with a stable outlook.

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 unit's boundaries. The legal debt margin for City of Greenville is approximately \$431M. The City has \$8,085,000 in authorized but unissued bonds as of June 30, 2010.

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 following key economic indicators reflect the growth of the City.

- The United States Department of Commerce, Bureau of Census, and the North Carolina Office of State Planning has recorded the population of the City to be as follows:

1980	1990	2010
35,740	46,305	81,747

- Growth in assessed values. The assessed valuation of property for fiscal year 2008-2010 was \$5,965,800,595, up 2.73% from the previous year.
- Interest rates. As a result of declining rates, General Fund investment earnings decreased over 36%. As of June 30, 2010, the T-Bill rate was .12% as compared to .18% on June 30, 2009.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2011

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

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

July	- Fiscal Year Begins
October – December	<ul style="list-style-type: none"> - Budget targets distributed to departments - Capital Improvement Plan (CIP) submitted - Revenue projections submitted and finalized - New position requests and IT requests submitted - Department Head CIP meetings conducted
January – March	<ul style="list-style-type: none"> - CIP workshops conducted by City Council - Budget requests submitted & Department Head meetings conducted - CIP presentation to City Council
April – June	<ul style="list-style-type: none"> - Balanced budget submitted, distributed & presented to City Council - Budget submitted to the City Manager for public display - Public hearing and consideration of adoption on the FY 2010-2011 budget and 2011-2012 plan

During the annual budget cycle a similar calendar is approved with the exclusion of the target and Capital Improvement Project requests and distribution, but inclusion of adjustments to the plan should a department require an increase in excess of a management agreed upon percentage of change. Adjustment requests are reviewed, prioritized, and approved by management revenues permitting.

Additional information on the City’s budget process can be found in the FY 2010 – 2011 Financial Plan posted on the Financial Services Department page on the City’s web page www.greenvillenc.gov.

As detailed in the preceding Community Profile section, the City of Greenville is fortunate to have a diverse economic base which includes strong education and health care components. These sectors fared better than other segments of the economy and are expected to do well in the recovery that follows.

In addition, the financial policies detailed in the transmittal letter ensure the City takes a long-term approach to its operations assuring a stable, strong financial base for the City not only during the next biennial budget cycle but for the foreseeable future as well.

Governmental Activities: Adopted budget expenditures in the General Fund are expected to increase to \$72,055,610. This amount represents a 1.29% increase over the original budget adopted for the prior fiscal year. Moreover, the fiscal year (FY) 2011 original budget is less than a three percent increase over fiscal year 2010 actuals.

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

- **Property Taxes**

Property Tax continues to be the leading revenue source for the City of Greenville, representing 42% of the proposed General fund budget revenues. The assessed value of the City as of June 30, 2010 was \$5,965,800,595. This valuation represents a 2.73% increase over the valuation used for the prior fiscal year. The adopted budget includes the continuation of the current tax rate of 52 cents per \$100 of assessed value and projects a two percent growth in property tax collections for 2010-2011. This is a sharp decline from the average 7.3% annual average growth seen over the last five years.

- **Sales Tax**

This revenue source constitutes 18% of total General Fund revenues and continues to be increasingly difficult to project due to changes in the distribution formula. Projections for 2009-2010 were also made difficult by the State payback amounts that were deducted from distributions to offset overpayments in 2008-2009. In addition, North Carolina has experienced a drastic reduction in construction activity which contributed to a significant loss of sales tax revenue. Indications are that this decline is leveling off and limited growth can be expected; however, sales tax revenue will continue to remain below historical levels for an undetermined period of time. Sales tax in the 2010-2011 adopted budget is conservatively estimated at one percent over the 2009-2010 projection.

- **Investment Income**

During this time of historically low interest rates that are a result of efforts to soften the impact of the recession, it is no surprise that the rate of return on investments have hit a historic low as well. The amount projected for 2010-2011 represents only a one percent increase over 2009-2010 actual receipts.

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

- **Personnel**

Because municipal government is primarily a service delivery function and personnel costs are traditionally the main component in the overall cost of service delivery, salaries and benefits represent 64% of the total General Fund budget, which is consistent with historical patterns. These expenditures are expected to decrease approximately one percent from fiscal year 2010 actuals. The approved budget includes funds to reinstitute probationary salary increases for newly hired and promoted employees. All probationary salary adjustments were suspended during 2009-2010 in order to stay consistent with the total wage freeze. The City Council decided not to appropriate funds for reinstatement of the 1.5% merit pool program. Discussions will resume on the merit program after the receipt of a report on Other Post Employment Benefits (OPEB) options and review of the findings from the classification and compensation study. All City employees participate in the North Carolina Local Government Employees' Retirement System (LGERS). Due to losses in the investment account of LGERS, the State has increased the employer contribution rate from 4.8% to 6.35%. Health insurance is an important component of overall personnel costs and is essential to recruiting and retaining a quality workforce. Due to consistent, significant health insurance cost growth, the City transitioned to a self-funded insurance plan. The 2010-2011 adopted budget anticipates a five percent rise in this cost.

- **Operations**

Operational costs are expected to increase by approximately 10% from prior year actual expenditures. This increase is directly related to the creation of an internal service fund for Fleet Maintenance. In order to show the true cost of vehicle maintenance, fleet labor charges will be assessed to General Fund department when their vehicles are serviced at the City Garage. A fuel surcharge will also be assessed when vehicles are refueled. These costs will offset the operating and overhead costs of the Fleet Maintenance 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). Just like other organizations, GUC continues to be affected by the worst economic recession in 50 years. The local effects of the recession are demonstrated by the way the number of new connections is not keeping pace with prior years. In addition to the slower growth rate the Utilities Commission is experiencing delay in off-system water sales and increases in the cost of providing safe and reliable services to its customers. The Utilities Commission is also continuing to absorb a portion (\$696,000 per year) of the rate adjustment received February 1, 2009 from the Utilities Commission's wholesale power provider.

The Electric and Gas Funds were balanced without any rate increases. Modest commodity rate adjustments for the Water and Sewer Funds were needed to balance the 2010-2011 budget. Effective July 1, 2010, the 4.9% Water Fund and 9.4% Sewer Fund increase will impact a typical residential customer \$1.15 and \$2.77 respectively with a total impact of \$3.92 per month.

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 the Director of Financial Services at bdemery@greenvillenc.gov.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 42,027,297	\$ 68,165,201	\$ 110,192,498
Taxes and licenses receivable, net	1,006,405	-	1,006,405
Accounts receivable, net	2,637,640	29,299,303	31,936,943
Notes/Loans receivable	352,014	532,266	884,280
Due from other governments	3,012,152	3,321,966	6,334,118
Inventories	117,517	4,539,032	4,656,549
Prepaid items and deposits	164,206	176,887	341,093
Internal balances	591,366	(591,366)	-
Total current assets	49,908,597	105,443,289	155,351,886
Cash and investments, restricted	5,844,362	12,958,956	18,803,318
Land, improvements and construction in progress	58,354,456	48,224,964	106,579,420
Other capital assets, net of depreciation	94,610,467	304,923,279	399,533,746
Total noncurrent assets	158,809,285	366,107,199	524,916,484
Total assets	208,717,882	471,550,488	680,268,370
Liabilities:			
Accounts payable and accrued liabilities	3,747,588	22,223,375	25,970,963
Customer deposits	-	3,150,455	3,150,455
Accrued interest payable	160,185	1,368,882	1,529,067
Other liabilities	1,212,350	-	1,212,350
Unearned revenue	355,110	935,633	1,290,743
Current portion of compensated absences	2,012,616	1,610,905	3,623,521
Current portion of long-term debt	2,860,079	9,524,629	12,384,708
Total current liabilities	10,347,928	38,813,879	49,161,807
Long-Term Liabilities:			
Noncurrent portion of long-term debt	45,430,576	123,231,121	168,661,697
Total liabilities	55,778,504	162,045,000	217,823,504
Net Assets:			
Investments in capital assets, net of related debt	119,769,164	241,245,730	361,014,894
Restricted	2,927,069	-	2,927,069
Unrestricted	30,243,145	68,259,758	98,502,903
Total net assets	\$ 152,939,378	\$ 309,505,488	\$ 462,444,866

See Notes to the Financial Statements.

**Statement of Activities
For the Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,720,892	\$ 447,172	\$ 136,193	\$ 120
Public safety	37,866,031	5,059,099	1,891,528	-
Transportation	11,993,890	264,398	2,229,910	13,190,232
Cultural and recreational	11,192,147	1,324,160	1,113,395	-
Economic and physical	5,198,660	169,853	2,120,491	544,895
Interest and fees	1,842,604	-	-	-
Total governmental	78,814,224	7,264,682	7,491,517	13,735,247
Business-type activities:				
Electric	188,680,989	194,530,630	-	-
Water	14,778,348	13,829,012	-	2,571,809
Sewer	14,775,758	14,904,657	-	929,452
Gas	31,748,674	37,962,249	-	-
Public transportation	1,702,608	234,735	787,580	-
Bradford Creek Golf Course	905,623	753,478	-	-
Stormwater utility	2,638,298	3,207,064	-	-
Sanitation fund	5,495,410	5,913,739	19,733	-
Total business-type	260,725,708	271,335,564	807,313	3,501,261
Total primary government	\$ 339,539,932	\$ 278,600,246	\$ 8,298,830	\$ 17,236,508

General revenues:

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

Total general revenues and transfers

Change in net assets
 Net assets, beginning of year:
 Net assets, ending

See Notes to the Financial Statements.

Exhibit B

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (10,137,407)	\$ -	\$ (10,137,407)
(30,915,404)	-	(30,915,404)
3,690,650	-	3,690,650
(8,754,592)	-	(8,754,592)
(2,363,421)	-	(2,363,421)
(1,842,604)	-	(1,842,604)
(50,322,778)	-	(50,322,778)
-	5,849,641	5,849,641
-	1,622,473	1,622,473
-	1,058,351	1,058,351
-	6,213,575	6,213,575
-	(680,293)	(680,293)
-	(152,145)	(152,145)
-	568,766	568,766
-	438,062	438,062
-	14,918,430	14,918,430
(50,322,778)	14,918,430	(35,404,348)
30,516,661	-	30,516,661
11,036,287	-	11,036,287
936,147	-	936,147
1,946,716	-	1,946,716
95,161	-	95,161
5,449,403	-	5,449,403
115,658	-	115,658
1,273,277	-	1,273,277
1,486,325	812,974	2,299,299
469,275	-	469,275
4,872,036	(4,872,036)	-
58,196,946	(4,059,062)	54,137,884
7,874,168	10,859,368	18,733,536
145,065,210	298,646,120	443,711,330
\$ 152,939,378	\$ 309,505,488	\$ 462,444,866

Basic Financial Statements

Balance Sheet - Governmental Funds June 30, 2010

Exhibit C

	General	Non-Major Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 24,175,598	\$ 12,328,073	\$ 36,503,671
Taxes receivable, net	1,006,405	-	1,006,405
Accounts receivable, net	2,490,741	126,797	2,617,538
Loans receivable	-	352,014	352,014
Due from other funds	2,569,251	-	2,569,251
Due from other governments	2,542,404	469,748	3,012,152
Inventories	117,517	-	117,517
Prepaid items and deposits	43,918	62,958	106,876
Restricted cash and investments	1,429,926	4,414,436	5,844,362
Total assets	\$ 34,375,760	\$ 17,754,026	\$ 52,129,786
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,104,459	\$ 714,568	\$ 2,819,027
Due to other funds	330,996	952,487	1,283,483
Other liabilities	1,212,350	-	1,212,350
Deferred/Unearned revenue	3,120,611	397,707	3,518,318
Total liabilities	6,768,416	2,064,762	8,833,178
Fund Balances:			
Reserved by State Statute	5,833,741	550,852	6,384,593
Reserved for encumbrances	1,744,084	-	1,744,084
Reserved for prepaid items and inventories	161,435	62,958	224,393
Reserved for restricted assets	826,743	-	826,743
Reserved for culture and recreation	-	94,642	94,642
Reserved for Streets, Powell Bill	1,838,156	-	1,838,156
Unreserved, designated for subsequent year's expenditures	1,238,981	108,370	1,347,351
Unreserved, designated for catastrophic losses	2,478,633	-	2,478,633
Unreserved, designated for League of Municipalities	120,606	-	120,606
Unreserved, undesignated fund balance	13,364,965	-	13,364,965
Unreserved fund balance reported in:			
Special revenue	-	3,987,017	3,987,017
Debt service	-	892,062	892,062
Capital projects	-	9,993,363	9,993,363
Total fund balance	27,607,344	15,689,264	43,296,608
Total liabilities and fund balances	\$ 34,375,760	\$ 17,754,026	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial and, therefore, are not reported in the governmental funds.

148,602,558

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.

3,172,770

Internal service funds are used to charge dental, health care and vehicle replacement costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

8,330,898

Long-term liabilities, compensated absences, unfunded other postemployment benefits, and unfunded pension obligation are not due and payable in the current period and therefore, are not reported in the funds.

(50,463,456)

Net assets of governmental activities

\$ 152,939,378

See Notes to the Financial Statements.

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2010**

Exhibit D

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 30,580,836	\$ -	\$ 30,580,836
Other taxes	14,014,311	700,645	14,714,956
Unrestricted intergovernmental	5,573,345	-	5,573,345
Restricted intergovernmental	3,617,866	3,903,649	7,521,515
Licenses, permits and fees	2,358,417	-	2,358,417
Sales and services	4,947,139	-	4,947,139
Investment earnings	1,429,289	56,670	1,485,959
Other revenues	397,350	739,770	1,137,120
Total revenues	62,918,553	5,400,734	68,319,287
Expenditures:			
Current:			
General government	8,934,740	-	8,934,740
Public safety	34,228,927	405,396	34,634,323
Public works	8,879,829	3,847	8,883,676
Cultural and recreational	6,000,801	2,234,767	8,235,568
Economic and physical development	1,636,284	2,691,507	4,327,791
Capital outlay	4,133,354	5,497,682	9,631,036
Reimbursement of indirect cost	(559,846)	-	(559,846)
Contribution to OPEB Trust	250,000	-	250,000
Debt service:			
Principal retirement	-	3,129,920	3,129,920
Interest and fees	-	1,682,419	1,682,419
Total expenditures	63,504,089	15,645,538	79,149,627
Excess (deficiency) of revenues over (under) expenditures	(585,536)	(10,244,804)	(10,830,340)
Other Financing Sources (Uses):			
Transfers from other funds	6,588,626	6,410,458	12,999,084
Transfers to other funds	(6,463,202)	(1,663,846)	(8,127,048)
Total other financing sources	125,424	4,746,612	4,872,036
Net change in fund balances	(460,112)	(5,498,192)	(5,958,304)
Fund Balance:			
Beginning of year	28,067,456	21,187,456	49,254,912
End of year	\$ 27,607,344	\$ 15,689,264	\$ 43,296,608

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, 2010****Exhibit E**

Net change in fund balances - total governmental funds	\$ (5,958,304)
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.	6,387,207
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(6,175,845)
There are differences in the revenues in the statement of activities and revenues in the funds for:	
Property tax	152,383
Sales and services and other revenues	(390,271)
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.	(3,085,000)
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.	(160,185)
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.	3,129,920
Gain (loss) on disposal of capital assets is reported in the statement of activities, but not the funds statement.	(90,574)
Contributed capital from third party donors or other funds is reported in the statement of activities but not the fund statements.	13,190,232
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.	874,605
Change in net assets of governmental activities	\$ 7,874,168

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, 2010**

	General Fund			Variance With Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 30,501,388	\$ 30,501,388	\$ 30,580,836	\$ 79,448
Other taxes	14,805,117	14,805,117	14,014,311	(790,806)
Unrestricted intergovernmental	6,044,358	5,464,447	5,573,345	108,898
Restricted intergovernmental	2,749,770	3,906,005	3,617,866	(288,139)
Licenses, permits and fees	3,000,503	2,433,655	2,358,417	(75,238)
Sales and services	4,148,614	4,649,141	4,947,139	297,998
Investment earnings	1,464,348	1,464,346	1,429,289	(35,057)
Other revenues	287,502	448,918	397,350	(51,568)
Total revenues	63,001,600	63,673,017	62,918,553	(754,464)
Expenditures:				
Current:				
General government	9,453,448	10,459,429	8,934,740	1,524,689
Public safety	32,805,017	34,521,516	34,228,927	292,589
Public works	9,653,824	9,882,037	8,879,829	1,002,208
Economic development	1,628,898	2,014,844	1,636,284	378,560
Cultural and recreational	6,197,166	6,341,206	6,000,801	340,405
Capital outlay	4,099,961	7,245,715	4,133,354	3,112,361
Reimbursement of indirect cost	-	-	(559,846)	559,846
Contribution to OPEB Trust	-	250,000	250,000	-
Contingency	828,687	-	-	-
Total expenditures	64,667,001	70,714,747	63,504,089	7,210,658
Revenues over (under) expenditures	(1,665,401)	(7,041,730)	(585,536)	6,456,194
Other Financing Sources (Uses):				
Transfers from other funds	6,055,176	7,425,022	6,588,626	(836,396)
Transfers to other funds	(6,466,681)	(6,824,190)	(6,463,202)	360,988
Appropriated fund balance	2,076,906	6,440,898	-	(6,440,898)
Total other financing sources (uses)	1,665,401	7,041,730	125,424	(6,916,306)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	(460,112)	\$ (460,112)
Fund balance, beginning of year			28,067,456	
Fund balance, end of year			\$ 27,607,344	

See Notes to the Financial Statements.

Statement of Fund Net Assets

Proprietary Funds

June 30, 2010

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Gas Fund
Assets:				
Current Assets				
Cash and investments	\$ 38,269,693	\$ 5,154	\$ 6,554,390	\$ 14,042,475
Investments	1,932,295	13,637	345,028	709,040
Accounts receivable, net	23,249,333	1,649,434	1,660,056	2,019,914
Notes receivable	-	532,266	-	-
Due from other governments	524,193	2,500,399	215,987	60,245
Due from other funds	286,635	-	-	44,361
Inventories	3,380,844	578,621	93,838	471,532
Prepaid items and deposits	58,582	36,171	33,338	48,546
Total current assets	67,701,575	5,315,682	8,902,637	17,396,113
Noncurrent Assets				
Cash and investments, restricted	2,782,029	3,023,695	4,253,192	1,195,596
Land improvements and construction in progress	6,089,661	13,067,919	21,306,081	1,158,777
Other capital assets, net	84,100,785	83,231,544	106,909,689	28,501,037
Total noncurrent assets	92,972,475	99,323,158	132,468,962	30,855,410
Total assets	160,674,050	104,638,840	141,371,599	48,251,523
Liabilities and Net Assets:				
Current Liabilities:				
Accounts payable and accrued liabilities	17,734,050	1,308,401	1,505,279	1,472,668
Customer deposits	2,473,710	385,759	250	290,736
Accrued interest payable	267,053	572,067	398,694	131,068
Due to other funds	842,023	-	-	-
Unearned revenue	-	267,911	459,835	-
Current portion of compensated absences	672,395	276,174	247,521	214,801
Current maturities of long-term debt	1,910,580	2,290,045	4,091,343	882,067
Total current liabilities	23,899,811	5,100,357	6,702,922	2,991,340
Noncurrent Liabilities:				
Compensated absences payable	68,305	136,151	95,802	45,717
Unearned revenue	-	-	204,985	-
Noncurrent portion of other post-employment benefits	3,197,821	1,444,667	41,441,752	10,599,134
Noncurrent portion of long-term debt	25,557,612	32,167,015	1,073,350	1,018,245
Total noncurrent liabilities	28,823,738	33,747,833	42,815,889	11,663,096
Total liabilities	52,723,549	38,848,190	49,518,811	14,654,436
Net Assets:				
Investment in capital assets, net of related debt	65,504,283	64,600,886	86,656,973	19,374,209
Unrestricted net assets	42,446,218	1,189,764	5,195,815	14,222,878
Total net assets	\$ 107,950,501	\$ 65,790,650	\$ 91,852,788	\$ 33,597,087

See Notes to the Financial Statements.

Exhibit G

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 6,293,489	\$ 65,165,201	\$ 5,523,626
-	3,000,000	-
720,566	29,299,303	20,102
-	532,266	-
21,142	3,321,966	-
659,060	990,056	-
14,197	4,539,032	-
250	176,887	57,330
7,708,704	107,024,711	5,601,058
1,704,444	12,958,956	-
6,729,017	48,351,455	-
2,053,733	304,796,788	4,362,366
10,487,194	366,107,199	4,362,366
18,195,898	473,131,910	9,963,424
202,977	22,223,375	928,565
-	3,150,455	-
-	1,368,882	-
739,399	1,581,422	694,402
2,902	730,648	9,559
200,014	1,610,905	-
350,594	9,524,629	-
1,495,886	40,190,316	1,632,526
85,721	431,696	-
-	204,985	-
1,272,608	57,955,982	-
5,027,221	64,843,443	-
6,385,550	123,436,106	-
7,881,436	163,626,422	1,632,526
5,109,379	241,245,730	4,362,366
5,205,083	68,259,758	3,968,532
\$ 10,314,462	\$ 309,505,488	\$ 8,330,898

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010**

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Gas Fund
Operating revenues:				
Charges for services	\$ 193,860,817	\$ 13,319,603	\$ 14,349,889	\$ 37,651,164
Other operating revenues	483,335	79,354	77,579	89,329
Total operating revenues	194,344,152	13,398,957	14,427,468	37,740,493
Operating expenses:				
Administrative and general	7,121,953	2,370,435	2,086,289	2,383,915
Operations and maintenance	12,859,714	8,001,029	7,380,906	4,294,464
Purchased power and gas	160,758,673	-	-	23,104,820
Depreciation and amortization	6,892,378	3,231,417	4,068,592	1,456,607
Claims and payments to third party administrators	-	-	-	-
Total operating expenses	187,632,718	13,602,881	13,535,787	31,239,806
Operating income (loss)	6,711,434	(203,924)	891,681	6,500,687
Nonoperating revenues (expenses):				
Investment earnings	522,583	40,002	107,388	139,357
Restricted intergovernmental revenues	-	-	-	-
Other revenue	186,478	430,055	477,189	221,756
Interest expense	(1,048,271)	(1,175,467)	(1,239,971)	(508,868)
Total nonoperating revenue (expenses)	(339,210)	(705,410)	(655,394)	(147,755)
Income (loss) before transfers and contributions	6,372,224	(909,334)	236,287	6,352,932
Transfers in (out) and capital contributions:				
Capital contributions	-	2,571,809	929,452	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(4,203,818)	-	-	(1,020,962)
Total transfers in (out) and capital contributions	(4,203,818)	2,571,809	929,452	(1,020,962)
Change in net assets	2,168,406	1,662,475	1,165,739	5,331,970
Net assets:				
Beginning of year, July 1st	105,782,095	64,128,175	90,687,049	28,265,117
End of year, June 30th	\$ 107,950,501	\$ 65,790,650	\$ 91,852,788	\$ 33,597,087

See Notes to the Financial Statements.

Exhibit H

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 10,025,980	\$ 269,207,453	\$ 7,358,090
83,036	812,633	75,084
<u>10,109,016</u>	<u>270,020,086</u>	<u>7,433,174</u>
20,606	13,983,198	499,241
9,729,911	42,266,024	19,453
-	183,863,493	-
758,437	16,407,431	497,593
-	-	5,542,648
<u>10,508,954</u>	<u>256,520,146</u>	<u>6,558,935</u>
<u>(399,938)</u>	<u>13,499,940</u>	<u>874,239</u>
3,644	812,974	366
807,313	807,313	-
-	1,315,478	-
<u>(232,985)</u>	<u>(4,205,562)</u>	<u>-</u>
<u>577,972</u>	<u>(1,269,797)</u>	<u>366</u>
<u>178,034</u>	<u>12,230,143</u>	<u>874,605</u>
-	3,501,261	-
352,744	352,744	-
-	(5,224,780)	-
<u>352,744</u>	<u>(1,370,775)</u>	<u>-</u>
<u>530,778</u>	<u>10,859,368</u>	<u>874,605</u>
9,783,684	298,646,120	7,456,293
<u>\$ 10,314,462</u>	<u>\$ 309,505,488</u>	<u>\$ 8,330,898</u>

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010**

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Gas Fund
Operating Activities:				
Cash received from customers	\$ 191,407,661	\$ 13,212,319	\$ 13,989,157	\$ 37,884,272
Other operating receipts	308,899	180,969	116,717	184,164
Cash paid to vendors	(167,585,896)	(5,626,878)	(6,152,738)	(26,439,580)
Cash paid to employees	(8,968,888)	(4,538,253)	(4,145,141)	(3,367,612)
Net cash provided by (used in) operating activities	<u>15,161,776</u>	<u>3,228,157</u>	<u>3,807,995</u>	<u>8,261,244</u>
Noncapital Financing Activities:				
Transfer from (to) other funds	(4,198,523)	-	-	(1,020,962)
Restricted governmental operating grants	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(4,198,523)</u>	<u>-</u>	<u>-</u>	<u>(1,020,962)</u>
Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(6,541,094)	(6,632,541)	(12,439,174)	(1,362,587)
Capital grants	-	420,496	-	-
Capital related receipts from customers	-	189,162	210,739	-
Proceeds from issuance of long-term debt	514,460	153,459	9,111,057	334,828
Principal repayments of long-term debt	(1,961,105)	(2,010,962)	(3,587,504)	(846,749)
Interest and other debt related expenses	(1,293,200)	(1,371,059)	(1,468,322)	(546,510)
Net cash used in capital and related financing activities	<u>(9,280,939)</u>	<u>(9,251,445)</u>	<u>(8,173,204)</u>	<u>(2,421,018)</u>
Cash Flows From Investing Activities:				
Purchase of investments	(1,932,295)	(13,637)	(345,028)	(709,040)
Interest received on investments	511,815	40,210	105,866	135,064
Net cash provided by (used in) investing activities	<u>(1,420,480)</u>	<u>26,573</u>	<u>(239,162)</u>	<u>(573,976)</u>
Net increase (decrease) in cash and cash equivalents	261,834	(5,996,715)	(4,604,371)	4,245,288
Cash and Cash Equivalents/Investments:				
Beginning of year - July 1st	<u>40,789,888</u>	<u>9,025,564</u>	<u>15,411,953</u>	<u>10,992,783</u>
End of year - June 30th	<u>\$ 41,051,722</u>	<u>\$ 3,028,849</u>	<u>\$ 10,807,582</u>	<u>\$ 15,238,071</u>

See Notes to the Financial Statements.

Exhibit I

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 10,362,869	\$ 266,856,278	\$ 8,063,485
-	790,749	-
(3,833,753)	(209,638,845)	(5,190,107)
(6,105,706)	(27,125,600)	-
423,410	30,882,582	2,873,378
352,744	(4,866,741)	-
807,313	807,313	-
1,160,057	(4,059,428)	-
(699,820)	(27,675,216)	(843,136)
-	420,496	-
-	399,901	-
-	10,113,804	-
(285,411)	(8,691,731)	-
(232,985)	(4,912,076)	-
(1,218,216)	(30,344,822)	(843,136)
-	(3,000,000)	-
3,644	796,599	366
3,644	(2,203,401)	366
368,895	(5,725,069)	2,030,608
7,629,038	83,849,226	3,493,018
\$ 7,997,933	\$ 78,124,157	\$ 5,523,626

(Continued)

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010**

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Gas Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 6,711,434	\$ (203,924)	\$ 891,681	\$ 6,500,687
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	6,892,378	3,231,417	4,068,592	1,456,607
Miscellaneous income (expense) adjustments	186,478	240,893	266,450	221,756
Net change in assets and liabilities:				
Accounts receivable	(3,034,455)	(159,133)	(218,633)	106,417
Notes receivable	-	(532,266)	-	-
Due from other governments	252,292	(59,794)	(149,241)	4,051
Due from other funds	(153,554)	-	-	(44,361)
Inventories	567,100	124,674	(921)	71,203
Prepaid expense and deposits	(44,310)	(29,412)	(27,257)	(41,744)
Accounts payable and accrued expenses	2,886,733	316,377	291,404	(324,154)
Customer deposits	121,647	74,204	50	40,080
Due to other governments	(6,181)	-	(1,519,295)	-
Due to other funds	(38,499)	-	-	-
Compensated absences	(30,220)	(51,562)	84,891	16,025
Other postemployment benefits accrual	850,933	378,522	340,494	254,677
Unearned revenue	-	(101,839)	(220,220)	-
Net cash provided by (used in) operating activities	15,161,776	3,228,157	3,807,995	8,261,244
Other disclosures:				
Interest incurred	\$ 1,267,011	\$ 1,429,294	\$ 1,540,135	\$ 529,818
Interest paid	\$ 1,282,656	\$ 1,360,319	\$ 1,460,465	\$ 538,184
Interest capitalized	\$ 244,748	\$ 286,621	\$ 335,105	\$ 33,252
Noncash Capital and Related Financing Activities:				
Contributions of capital assets	\$ -	\$ 370,783	\$ 929,452	\$ -

See Notes to the Financial Statements.

Exhibit I
(continued)

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (399,938)	\$ 13,499,940	\$ 874,239
758,437	16,407,431	497,593
-	915,577	-
47,527	(3,258,277)	(20,102)
-	(532,266)	-
(1,786)	45,522	-
74,036	(123,879)	-
3	762,059	-
-	(142,723)	(57,330)
(15,313)	3,155,047	928,565
-	235,981	-
-	(1,525,476)	-
128,583	90,084	640,854
13,712	32,846	-
375,847	2,200,473	-
(557,698)	(879,757)	9,559
423,410	30,882,582	2,873,378
\$ 232,985	\$ 4,999,243	\$ -
\$ 232,985	\$ 4,874,609	\$ -
\$ -	\$ 899,726	\$ -
\$ -	\$ 1,300,235	\$ -

**Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2010**

Exhibit J

	OPEB Trust Fund
<hr/>	
Assets:	
Restricted cash and cash equivalents	<u><u>\$ 515,657</u></u>
Net Assets:	
Net assets	<u><u>\$ 515,657</u></u>

See Notes to Financial Statements.

**Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2010**

Exhibit K

	OPEB Trust Fund
<hr/>	
Additions:	
Employer contributions	\$ 250,000
Investment earnings	15,358
Total additions	<u>265,358</u>
Change in net assets	<u>265,358</u>
Net assets reserved for employees' other post-employment benefits:	
Beginning	250,299
Ending	<u><u>\$ 515,657</u></u>

See Notes to Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES, DISCLOSURES, & STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies and Reporting Entity

The City of Greenville, North Carolina ("City") is located in the coastal plains area of the State and has a population of 81,747. 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

The City reports the following major governmental fund:

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

Special Revenue Funds - The special revenue funds account for specific revenue sources (other than expendable trusts and agency funds or major capital projects) that are legally restricted to expenditures for specified purposes. The City maintains fifteen special revenue funds: the Community Development Fund, Capital Reserve 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 and Arlington Turn Lane Grant Fund.

Capital Projects Funds - The capital project funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). As of June 30, 2010, the City has sixteen 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,

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

South Tar River Greenway, Way Finding Community Development, Thomas Langston Road Extension Project, Intermodal Transportation Center Project, Employee Parking Lot Expansion Project, Convention Center Expansion Project, Community Oriented Policing Service Project, Technology for Public Safety Project, Public Works Beatty Street Project, and Drew Steele Center.

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 - 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 three internal service funds: the Dental Reimbursement Fund, the Health Insurance Fund and the Vehicle Replacement 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 are 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 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Governmental Fund Financial Statements

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

The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable 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 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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable 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. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, 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 biannual 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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

appropriations lapse at the fiscal year-end. All capital project funds and two of the fifteen special revenue funds are budgeted under project ordinances spanning more than one fiscal year. The City's three 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 name" 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, 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.

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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

Cash and Cash Equivalents

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

Restricted Assets

The City issues general obligation and revenue bonds for capital projects. The amount of unexpended bond proceeds, including investment earnings is shown as restricted assets because their 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 revenue is 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 yearend 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 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2009. 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Utility Service Revenues - Unbilled Usage

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

Allowance for Doubtful Accounts

An allowance for doubtful accounts is maintained for ad valorem taxes receivable, refuse fees, rescue fees receivable, and miscellaneous 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. 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 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 City has chosen to not retrospectively restate any indefinite-life intangibles assets acquired by donation prior to the fiscal year ended June 30, 2010. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. All assets are depreciated using a method which approximates the straight-line method. Interest expense is capitalized on business-type construction in progress to the extent that it exceeds income.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The estimated useful lives are as follows:

Asset Class	Estimated Useful Lives
Land Improvements	10 years
Buildings	30 - 33 years
Equipment	3 - 20 years
Distribution 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:

Asset Class	Estimated Useful Lives
Plant and Structures	30 years
Buses	10 years
Furniture, Fixtures, Machinery, and Equipment	5 - 8 years

The Bradford Creek Golf Course Fund assets were purchased through installment financing. The payments for this financing are being made utilizing the revenues of the Bradford Creek Golf Course Fund. The 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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 either, because they are not considered to be "available" or because they have been collected in advance of the licensing period. Restricted grants that are received before qualifying expenditures are made are also recorded as unearned revenue.

Net Assets/Fund Balances

Net Assets

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

Fund Balances

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, 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.

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Reserved for prepaid items and inventories - represents the year-end fund balance of ending prepaid items and inventories, which are not expendable, available resources.

Reserved for restricted assets - portion of fund balance that is available for appropriation but legally segregated for assets which have been restricted by a third party generally unexpended debt proceeds.

Reserved for culture and recreation - portion of fund balance that is available for appropriation that has been reserved for the library.

Reserved for streets - Powell Bill - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Unreserved:

Designated for NC League of Municipalities - portion of total fund balance available for appropriation that has been designated for hosting a future State conference in the City.

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

Designated for catastrophic losses - portion of total fund balance available for appropriation that has been designated for any unexpected casualty.

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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

2. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations:

The City has overextended its budget authority at the legal level of control in the police department of the General Fund by \$291,750. This was the result of excess overtime in the department which was not anticipated. The Council will monitor overtime in this department more closely in future years. Expenditures which exceed the legal level of control at the fund level occurred in the Debt Service Fund by \$3,201, the Dental Reimbursement Fund by \$2,007 and the Bradford Creek Golf Course Fund by \$40,747. All of the excess of expenditures were caused by unexpected increases in expenditures such as interest and claims in the cases of the Debt Service and Dental Reimbursements funds, respectively. The excess of expenditures for the Bradford Creek Golf Course Fund is a result of variations in costs associated with its operation which generally have not been able to be reasonably estimated. In all instances, the City's management and Council will monitor those funds to ensure that excess expenditures are accounted for properly.

Deficit in Fund Balance or Net Assets of Individual Funds:

The following individual funds had a deficit fund balance at June 30, 2010:

Management Plans to Address Deficit		
Fund	Amount	Timing of Reimbursement
Non-Major Capital Projects:		
South Tar River Greenway	\$ (200,442)	From N.C. DOT
Community-Oriented Policing Service Project	(23,238)	From Grant
Non-Major Special Revenue Funds:		
Lead Based ARRA Grant	(102,982)	From Grant
League of Municipalities Grant	(7,628)	From General Fund
CDBG Recovery Grant Project	(29,112)	From Grant
Energy Efficiency Recovery Grant	(62)	From Grant
COPS Hiring Grant	(15,294)	From General Fund
Internal Service Funds:		
Dental Reimbursement	(64,533)	From Operating Funds
Health Insurance	(1,231,406)	From Operating Funds

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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

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, 2010, the City's deposits had a carrying amount of \$14,708,806 and a bank balance of \$16,761,022. Of the bank balance, \$9,154,249 was covered by federal depository insurance and the remainder of \$7,606,773 was covered by collateral held under the pooling method. The City's cash on hand at June 30, 2010 consisted of various petty cash funds totaling \$15,956.

At June 30, 2010, the Commission's deposits had a carrying amount of \$62,635,451 and a bank balance of \$62,875,460. Of the bank balance, \$3,794,708 was covered by Federal depository insurance, and \$59,080,752 was covered by collateral held under the pooling method. The Commission's cash on hand at June 30, 2010 consisted of various petty cash funds totaling \$3,300.

Investments

At June 30, 2010, the investments and related maturities of the City were as follows:

Investment Type	Fair Value	Less Than			
		Six Months	6 - 12 Months	1 - 3 Years	3+ Years
NC Capital Management Trust, Cash	\$ 11,301,291	\$ 11,301,291	\$ -	\$ -	\$ -
US Treasury Notes	6,159,563	-	-	-	6,159,563
Government Agency, FHLB	11,745,211	-	2,723,130	7,172,555	1,849,526
Government Agency, FHLMC	3,461,574	-	316,032	720,035	2,425,507
Government Agency, FNMA	8,477,191	-	-	5,910,900	2,566,291
Total Investments	\$ 41,144,830	\$ 11,301,291	\$ 3,039,162	\$ 13,803,490	\$ 13,000,887

At June 30, 2010, the Commission had \$10,488,361 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's.

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

Credit risk: The City's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The policy expressly prohibits investment of stripped instruments ("Derivative Security") and repurchase agreements. The City's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

AAAm by Standard & Poor's as of June 30, 2010. The City's investments in US Government Agencies are rated AAA 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 policy limits the amount of the total portfolio that can be invested in any one type of investment or with a single financial institution. Investments making up more than 5% of the City's investments are as follows:

Issuer	Amount	Percentage of Investments
US Treasury Notes	\$ 6,159,563	15.0
Federal Home Loan Bank	11,745,211	29.0
Federal Home Loan Mortgage Corporation	3,461,574	9.0
Federal National Mortgage Association	8,477,191	21.0

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

OPEB Trust Fund: At June 30, 2010, City's OPEB Trust Fund had \$515,657 invested in the State Treasurer's Local Government Other Post-Employment Benefits ("OPEB") Fund pursuant to G.S. 147-69.4. 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) 27.04%; State Treasurer's Long Term Investment Fund (LTIF) 11.38% and Blackrock's Global Ex-US Alpha Tilts Fund B and Blackrock's Russell 3000 Alpha Tilts Fund B 61.58% (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 1.6 years at June 30, 2010. The State Treasurer's Long Term Investment Fund ("LTIF") is unrated and had a weighted average maturity of 15.8 years at June 30, 2010.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

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.

Receivables

Disaggregate information regarding receivables at June 30, 2010, was as follows:

	Amount	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
Taxes receivable	\$ 1,754,692	\$ 748,287	\$ 1,006,405
Accounts receivable:			
Rescue fees receivable	3,056,354	1,434,150	1,622,204
Lot cutting fees receivable	580,879	-	580,879
Parking violations receivable	280,927	-	280,927
Other receivables	620,041	466,411	153,630
Due from governments	3,012,152	-	3,012,152
Notes/Loans receivables	352,014	-	352,014
Total Governmental Activities	\$ 9,657,059	\$ 2,648,848	\$ 7,008,211
Business-Type Activities:			
Accounts receivable:			
Greenville Utilities Commission	\$ 36,270,033	\$ 7,691,296	\$ 28,578,737
Other non-major enterprise	1,322,511	601,945	720,566
Due from governments	3,321,966	-	3,321,966
Notes/Loans receivables	532,266	-	532,266
Total Business-Type Activities	\$ 41,446,776	\$ 8,293,241	\$ 33,153,535

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

Capital Assets

Primary government

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

	Balance			Balance
CAPTIAL ASSETS	July 1, 2009	Increases	Decreases	June 30, 2010
Governmental Activities:				
Assets not being depreciated:				
Land	\$ 36,564,930	\$ 973,327	\$ (90,574)	\$ 37,447,683
Right-of-way easements	-	4,949,532	-	4,949,532
Construction	12,498,796	5,100,171	(1,641,726)	15,957,241
Total assets not being depreciated	49,063,726	11,023,030	(1,732,300)	58,354,456
Assets being depreciated:				
Buildings	56,810,573	130,855	(281,501)	56,659,927
Improvements	7,103,029	258,322	(7,616)	7,353,735
Infrastructure	54,366,550	9,371,999	-	63,738,549
Machinery and equipment	20,555,700	434,959	(212,912)	20,777,747
Total assets being depreciated	138,835,852	10,196,135	(502,029)	148,529,958
Less accumulated depreciation for:				
Buildings	(17,323,799)	(2,280,370)	281,501	(19,322,668)
Improvements	(3,598,937)	(546,269)	7,616	(4,137,590)
Infrastructure	(13,912,236)	(1,193,859)	-	(15,106,095)
Machinery and equipment	(17,773,069)	(2,155,347)	212,912	(19,715,504)
Total accumulated depreciation	(52,608,041)	(6,175,845)	502,029	(58,281,857)
Total assets being depreciated, net	86,227,811			90,248,101
Governmental activity assets, net	\$ 135,291,537			\$148,602,557
Internal Service Fund*:				
Vehicles	\$ 4,756,557	\$ 843,135	\$ (666,314)	\$ 4,933,378
Less accumulated depreciation	(739,733)	(497,593)	666,314	(571,012)
Total assets being depreciated, net	\$ 4,016,824	\$ 345,542	\$ -	\$ 4,362,366
*Internal Service Fund Capital Assets are reported in Governmental Activities				

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

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

General government	\$ 1,074,868
Public safety	1,293,004
Cultural and recreational	2,212,129
Transportation, related to infrastructure	401,985
Infrastructure	1,193,859
Total	\$ 6,175,845
General government, Internal Service Fund	\$ 497,593

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			Balance
CAPITAL ASSETS	July 1, 2009	Increases	Decreases	June 30, 2010
Business-Type Activities:				
(Reported in non-major funds)				
Assets not being depreciated:				
Land	\$ 2,667,190	\$ -	\$ -	\$ 2,667,190
Construction in progress	3,393,586	668,241	-	4,061,827
Total assets not being depreciated	6,060,776	668,241	-	6,729,017
Assets being depreciated:				
Buildings	475,142	31,580	-	506,722
Improvements other than buildings	224,365	-	-	224,365
Machinery and equipment	7,629,751	-	(120,838)	7,508,913
Infrastructure	80,631	-	-	80,631
Total assets being depreciated	8,409,889	31,580	(120,838)	8,320,631
Less accumulated depreciation for:				
Buildings	(151,781)	(15,838)		(167,619)
Improvements other than buildings	(80,413)	(16,221)		(96,634)
Machinery and equipment	(5,397,105)	(726,378)	120,838	(6,002,645)
Total accumulated depreciation	(5,629,299)	(758,437)	120,838	(6,266,898)
Total assets being depreciated, net	2,780,590			2,053,733
Business-type activity assets, net	\$ 8,841,366			\$ 8,782,750

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

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

CAPITAL ASSETS	Balance				Balance June 30, 2010
	July 1, 2009	Increases	Decreases	Transfers	
Business-Type Activities:					
Assets not being depreciated:					
Land	\$ 3,603,148	-	-	-	\$ 3,603,148
Easements	-	36,425	-	-	36,425
Construction in progress	20,967,132	20,334,015	-	(3,444,773)	37,856,374
Total assets not being depreciated	24,570,280	20,370,440	-	(3,444,773)	41,495,947
Assets being depreciated:					
Land improvements	403,868	-	-	-	403,868
Buildings	108,964,015	536,010	-	-	109,500,025
Furniture and office equipment	2,144,228	58,199	(32,906)	-	2,169,521
Computer software	5,837,595	94,464	-	320,000	6,252,059
Vehicles and equipment	18,650,531	1,346,301	(270,663)	-	19,726,169
Distribution systems	366,634,701	6,689,210	-	1,352,167	374,676,078
Transmission systems	28,572,879	203,736	-	1,772,606	30,549,221
Total assets being depreciated	531,207,817	8,927,920	(303,569)	3,444,773	543,276,941
Less accumulated depreciation for:					
Land improvements	(386,320)	(17,548)	-	-	(403,868)
Buildings	(38,373,571)	(3,351,081)	-	-	(41,724,652)
Furniture and office equipment	(1,957,018)	(75,928)	32,906	-	(2,000,040)
Computer software	(4,344,203)	(372,574)	-	-	(4,716,777)
Vehicles and equipment	(14,740,985)	(1,124,301)	273,167	-	(15,592,119)
Distribution systems	(150,247,341)	(9,765,416)	-	-	(160,012,757)
Transmission systems	(15,015,033)	(942,149)	-	-	(15,957,182)
Total accumulated depreciation	(225,064,471)	(15,648,997)	306,073	-	(240,407,395)
Total assets being depreciated, net	306,143,346				302,869,546
Business-type activity assets, net	\$ 330,713,626				\$344,365,493

*Beginning balances reflect categorical changes as a result of the implementation of GASB Statement No. 51 "Accounting and Reporting for Intangible Assets".

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, 2010 totaled \$6,892,378, \$3,231,420, \$4,068,592 and \$1,456,607, respectively.

Construction Commitments (Commission)

The Commission has active construction projects as of June 30, 2010. At year-end, the Commission's commitments with contractors are as follows:

Project Name	Remaining	
	Spent-to-Date	Commitments
Electric distribution system	\$ 4,362,580	\$ 417,043
Water treatment and distribution system	15,116,913	2,059,936
Sewer treatment and collection system	16,034,872	2,528,039
Natural gas distribution system	812,418	109,579
Total	\$ 36,326,783	\$ 5,114,597

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

Liabilities

Pension Plan Obligations

Local Government Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.87% and 4.86%, 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, 2010, 2009, and 2008 were \$1,809,012, \$1,747,018, and \$1,658,268, respectively. The Commission's contributions to LGERS for the years ended June 30, 2010, 2009 and 2008 were \$1,124,247, \$1,137,461, and \$1,097,303, 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

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. A separate report is not issued for the plan. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits and terminated employees, entitled to, but not yet receiving, benefits	20
Active plan members	184
Total	204

A separate report is not issued for the plan.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

Summary of Significant Accounting Policies

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

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

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

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases.

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	\$ 396,315
Interest on net pension obligation	102,604
Adjustment to annual required pension contribution	(89,150)
Annual pension cost	409,769
Employer contributions made for fiscal year ending June 30, 2010	301,006
Increase (decrease) in net pension obligation	108,763
Net pension obligation:	
Beginning of year, July 1	1,415,229
End of year, June 30	\$ 1,523,992

Three-Year Trend Information

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

Fiscal Year Ended	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation
2008	\$ 334,357	81.19%	1,342,237
2009	372,356	80.40%	1,415,229
2010	409,769	73.46%	1,523,992

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

Funded Status and Funding Progress

As of December 31, 2009, 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 \$4,960,374. The covered payroll (annual payroll of active employees covered by the plan) was \$10,274,344, and the ratio of the UAAL to the covered payroll was 48.28 percent.

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

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, 2010 were \$738,357 which consisted of \$522,320 from the City and \$216,037 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

The City has complied with changes in the laws which govern the City's Deferred Compensation Plans, requiring all assets of the plans to be held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement 32, *Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*, the City's Deferred Compensation Plans are not reported as City Agency Funds.

Other Postemployment Benefits - Healthcare Benefits Plan

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. In addition to providing pension benefits, the City (excluding the Commission, which has a separate plan) has elected to provide healthcare benefits to retirees of the City who have at least thirty years of service with the North Carolina Local Governmental Employees' Retirement System ("LGERS"); and/or employees who are credited with at least twenty years of service with LGERS. A retiree life insurance benefit of \$7,000 for post-65 retirees is provided to those retirees who were hired prior to August 15, 1975. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active City employees. The City pays 95% of the retiree premium costs and the retiree will be responsible for 5% of the premium costs. Retirees can purchase coverage for their dependents at the City's group rates. Currently, 166 retirees are eligible for post-retirement health benefits. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

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

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

Funding Policy. For members that retire with at least 20 years of service, the City pays 95% of the cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by the City Board. The City's members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. Per City Council resolution, the City 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.

The current ARC rate is 10.20% of annual covered payroll. For the current year, the City contributed \$648,719 or 1.72% of annual covered payroll. The City is self-insured up to certain limits and purchases re-insurance for additional coverage from a private carrier. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 10.20% and 10.20% of covered payroll, respectively. Contributions by employees for the fiscal year ended June 30, 2010 were \$164,275 and included dependent coverage and a portion of employee coverage. The City's obligation to contribute to the Plan is established and may be amended by the City Board.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

Summary of Significant Accounting Policies

The Plan's activities are accounted for primarily on a pay-as-you basis as part of the City's health insurance internal service fund. Plan member contributions are recognized in the period in which the contributions are due. 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. A separate report was not issued for the City's plan.

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

Annual OPEB Cost and Net Obligation

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

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

	Governmental	Business-Type	
	Activities	Activities	Total
Annual required contribution	\$ 3,409,495	\$ 442,380	\$ 3,851,875
Interest on net OPEB obligation	290,925	37,747	328,672
Adjustments to annual required contribution	(229,498)	(29,776)	(259,274)
Annual OPEB cost (expense)	3,470,922	450,351	3,921,273
Contributions made	(574,215)	(74,504)	(648,719)
Increase (decrease) in net OPEB obligation	2,896,707	375,847	3,272,554
Net OPEB obligation, beginning of year	5,659,380	896,761	6,556,141
Net OPEB obligation, end of year	\$ 8,556,087	\$ 1,272,608	\$ 9,828,695

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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 were as follows:

Fiscal Year	Annual Pension	APC	Net Pension
Ended	Cost (APC)	Contributed	Obligation
2008	\$ 3,712,651	16.08%	3,440,547
2009	4,298,685	19.60%	6,556,141
2010	3,921,273	16.54%	9,828,695

Fund Status and Funding Progress

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.5 to 5 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

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

Plan Description. The Commission administers a single-employer defined benefit plan for post retirement health care and life insurance benefits for retired or disabled employees. An employee is eligible for retirement when he/she reaches 50 years of age and has completed 20 years of service or reaches age 60 and has completed 5 years of service. Also, an employee is eligible for disability retirement when he/she has completed 5 years of service. Upon service, early or disability retirement as approved by the North Carolina Local Government Employees' Retirement System and upon meeting the criteria established by the Commission, employees with a minimum of 5 continuous years of service with the Commission are eligible to continue insurance coverage. Health care and prescription drugs are provided in the Commission's retiree health care plan. A retiree life insurance benefit of \$7,000 is provided to those retirees who were hired prior to August 1, 1975. The Commission obtains post-65 health care and life insurance coverage through a private insurer. Through December 31, 2009, the Commission obtained pre-65 health insurance coverage through a private insurer. Effective January 1, 2010, the Commission is self-funding the health insurance coverage for pre-65 retirees up to \$200,000 per person per year.

Membership of the post retirement benefit plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	107
Active members	425
Total	532

Funding Policy. For members that retire with at least 20 years of service the Commission pays 95% of the blended rate for pre-65 health care coverage for the retiree, and those who elect to have dependent health care pay for this at the Commission's group rate. Participating retired employees with a minimum of 20 years of service shall have their coverage transferred to a Medicare Supplemental plan after qualifying for Medicare, with the Commission continuing to pay the same dollars toward the premium cost as it pays for retirees under the base plan. The Commission pays 50% of the total life insurance premium cost for those retirees who have that benefit.

The current annual required contribution rate ("ARC") is 11.24% of annual covered payroll. For fiscal year 2009 the Commission contributed \$714,612, or 3.2% of annual covered payroll. Contributions by employees for the fiscal year ended June 30, 2010 were \$143,988 and included dependent coverage and a portion of employee coverage. The Commission's obligation to contribute to the post retirement benefit plan is established and may be amended by the Board of Commissioners.

Summary of Significant Accounting Policies

Benefit expenditures are made from the proprietary funds, which are reported on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation

The 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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

	Business-Type Activities
Annual required contribution	\$ 2,512,284
Interest on net OPEB obligation	196,378
Adjustments to annual required contribution	(169,424)
Annual OPEB cost (expense)	2,539,238
Contributions made	(714,612)
Increase (decrease) in net OPEB obligation	1,824,626
Net OPEB obligation, beginning of year	4,909,457
Net OPEB obligation, end of year	\$ 6,734,083

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, 2008, 2009 and 2010 were as follows:

Fiscal Year	3-Year Trend Information		
	Annual	Percent of Annual	Net OPEB
Ended	OPEB Cost	OPEB Cost Contributed	Obligation
2008	\$ 3,229,052	12.72%	\$ 2,818,472
2009	2,527,759	17.28%	4,909,457
2010	2,539,238	28.14%	6,734,083

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$31,995,113. The covered payroll (annual payroll of active employees covered by the plan) was \$22,345,440, and the ratio of the UAAL to the covered payroll was 143.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

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, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included (a) 4.00% investment rate of return, which included an inflation component of 3.75% and (b) a 10.50% - 5.00% medical cost trend rate with 2016 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, 2008 was 30 years.

Other Employment Benefit

Death Benefits

The City has also elected to provide death benefits to employees through the Death Trust Plan for Members of the Local Governmental Employees' Retirement System ("Death Trust Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Trust Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State.

Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Trust Plan and not by the City, the City does not determine the number of eligible participants. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.07 % and 0.14 % of covered payroll, respectively. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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	Other Non-major	Governmental
	Fund	Governmental Funds	Activities
Ad valorem taxes receivable	\$ 746,778	\$ -	\$ -
Prepaid property taxes	-	-	53,565
Auto license receivables	121,555	-	-
Pre-billed business licenses	-	-	291,986
Community development receivables	-	366,494	-
Capital project miscellaneous receivables	-	31,213	-
Rescue fees receivable	1,125,009	-	-
Lot cutting/cleaning fees receivable	638,451	-	-
Health insurance fund fees	-	-	9,559
Miscellaneous receivables	133,708	-	-
Total	\$2,765,501	\$ 397,707	\$ 355,110

Unearned revenue in the Water Fund totaling \$267,911 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 \$664,820 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.

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, 2010:

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

	Balance			Balance	Current
	July 1, 2009	Additions	Retirements	June 30, 2010	Portion
Governmental Activities:					
General obligation bonds	11,315,495	-	(829,801)	10,485,694	729,753
Certificates of participation	12,195,000	-	(815,000)	11,380,000	815,000
Special obligation revenue bonds	4,785,000	-	(310,000)	4,475,000	320,000
Installment purchase contracts	12,182,500	-	(1,175,167)	11,007,333	995,326
LEO separation allowance	1,415,229	409,769	(301,006)	1,523,992	-
OPEB accrued liability	5,659,380	3,470,922	(574,215)	8,556,087	-
Compensated absences	2,795,632	2,376,287	(2,296,754)	2,875,165	2,012,616
Total Governmental Activities	\$ 50,348,236	\$ 6,256,978	\$ (6,301,943)	\$ 50,303,271	\$ 4,872,695
Business-Type Activities:					
Managed by the City:					
General obligation bonds	4,919,504	-	(90,245)	4,829,259	90,248
Installment purchase contracts	743,673	-	(195,117)	548,556	260,345
OPEB accrued liability	896,761	450,351	(74,504)	1,272,608	-
Compensated absences	272,023	217,618	(203,906)	285,735	200,014
Total	\$ 6,831,961	\$ 667,969	\$ (563,772)	\$ 6,936,158	\$ 550,607
Managed by the Commission:					
Revenue bonds	94,882,553	-	(5,810,431)	89,072,122	5,686,050
General obligation bonds	2,355,000	-	(1,075,000)	1,280,000	1,050,000
Other types of debt	19,971,437	10,113,804	(1,520,889)	28,564,352	2,437,985
Discounts and premiums	(45,504)	-	68,578	23,074	-
OPEB accrued liability	4,909,457	2,539,238	(714,612)	6,734,083	-
Compensated absences	1,737,732	1,433,014	(1,413,880)	1,756,866	1,410,891
Total	123,810,675	14,086,056	(10,466,234)	127,430,497	10,584,926
Total Business-Type Activities	\$ 130,642,636	\$ 14,754,025	\$ (11,030,006)	\$ 134,366,655	\$ 11,135,533

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.

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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

General Obligation Bonds

	Governmental Funds	Enterprise Funds
Serviced by the City:		
1998 Public Improvement Series 1998, due in semi-annual installments of \$100,000 to \$300,000 through 2017, plus interest from 4.3 to 4.5%	\$ 1,700,000	\$ -
2001 Public Building, Series 2001, due in annual installments of \$35,000 to \$125,000 through 2011, plus interest at 4.0%	35,000	-
2004 Refunding Public Improvement, Series 1993, due in annual installments of \$175,000 to \$275,000 through 2012, plus interest from 2.0 to 3.5%	780,000	-
2003 Public Improvement, Series 2003, due in annual installments of \$65,000 to \$70,000 through 2021, plus interest from 3.0 to 4.5%	760,000	-
2006 Public Improvement, Series 2006, due in annual installments of \$135,000 to \$540,000 through 2027, plus interest from 4.125 to 5.0%	7,210,694	4,829,259
Serviced by the Commission:		
2003 GO Refunding Bonds due in annual installments of \$230,000 to \$1,050,000 through 2012, with varying interest rates	-	1,280,000
	\$ 10,485,694	\$ 6,109,259

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
2011	\$ 729,753	\$ 432,892	\$ 1,162,645	\$ 1,140,248	\$ 243,615	\$ 1,383,863
2012	803,544	406,435	1,209,979	396,457	214,880	611,337
2013	798,544	376,528	1,175,072	166,457	200,402	366,859
2014	663,461	344,007	1,007,468	196,539	192,079	388,618
2015	663,461	314,821	978,282	196,539	182,252	378,791
2016 - 2020	2,988,926	1,157,246	4,146,172	1,486,076	738,921	2,224,997
2021 - 2025	2,760,050	570,792	3,330,842	1,804,950	381,295	2,186,245
2026-2027	1,077,955	65,130	1,143,085	721,993	43,620	765,613
Total	\$ 10,485,694	\$ 3,667,851	\$ 14,153,545	\$ 6,109,259	\$ 2,197,064	\$ 8,306,323

Certificates of Participation

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

October 2004 certificate of deposit, due in annual installments of \$810,000 to \$815,000 through 2025, plus interest from 3.0 to 5.25%	\$ 11,380,000
---	----------------------

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the City's Certificates of Participation are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	\$ 815,000	\$ 492,871	\$ 1,307,871
2012	815,000	466,384	1,281,384
2013	815,000	437,859	1,252,859
2014	815,000	406,046	1,221,046
2015	815,000	335,484	1,150,484
2016 - 2020	4,065,000	1,263,614	5,328,614
2021 - 2025	3,240,000	376,449	3,616,449
Total	\$ 11,380,000	\$ 3,778,707	\$ 15,158,707

Special Obligation Revenue Bonds

A summary of the City's special obligation revenue bonds is as follows:

2001 Special Obligation Revenue Bonds, Series 2001, due in annual installments of \$160,000 to \$510,000 through 2021, plus interest from 4.0 to 5.0%	\$ 4,475,000
---	---------------------

Annual debt service requirements to maturity for the City's special obligation revenue bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	\$ 320,000	\$ 215,226	\$ 535,226
2012	335,000	201,466	536,466
2013	350,000	186,726	536,726
2014	365,000	170,976	535,976
2015	385,000	154,095	539,095
2016 - 2020	2,210,000	469,750	2,679,750
2021 - 2025	510,000	25,500	535,500
Total	\$ 4,475,000	\$ 1,423,739	\$ 5,898,739

The City has pledged net occupancy tax revenues and other replacement revenues to repay revenue bonds, of which \$4,475,000 is currently outstanding. Proceeds from the bonds provided financing for the construction, furnishing, and equipping of a Convention Center. The bonds are payable solely from proceeds from Occupancy Tax Collections and are payable through 2023. Annual principal and interest payments on the debt are expected to require four percent of gross Occupancy Tax. The total principal and interest remaining to be paid on the bonds is \$5,898,739. Principal and interest paid for the current year, debt service revenues from occupancy tax, and total Occupancy Tax were \$538,246, \$629,974 and \$1,241,050, respectively.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

Installment Purchase Contracts

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

Original Issue		Payment Information		Outstanding	
Date	Rate	Period	Amount	Balance	Security
Governmental Funds:					
June 2009	3.79%	Semi-Annual	\$ 1,446,646	\$ 11,007,333	Streets
Enterprise Funds:					
November 2003	3.02%	Semi-Annual	72,053	432,316	Equipment
September 2005	3.79%	Semi-Annual	57,916	116,239	Equipment
Total				\$ 548,555	

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

Year Ended	Governmental Funds			Enterprise Funds		
	Principal	Interest	Total	Principal	Interest	Total
June 30, 2011	\$ 995,326	\$ 414,269	\$ 1,409,595	\$ 260,346	\$ 13,642	\$ 273,988
2012	991,251	376,547	1,367,798	144,105	7,616	151,721
2013	986,371	308,978	1,295,349	144,105	3,264	147,369
2014	995,981	301,595	1,297,576	-	-	-
2015	989,412	263,847	1,253,259	-	-	-
2016 - 2020	4,638,034	773,292	5,411,326	-	-	-
2021 - 2025	1,410,958	133,850	1,544,808	-	-	-
Total	\$ 11,007,333	\$ 2,572,378	\$ 13,579,711	\$ 548,556	\$ 24,522	\$ 573,078

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

2001 Revenue Bonds, due in annual installments of \$1,055,000 to \$2,020,010 through 2021, plus interest from 4.375 to 5.5%	\$ 17,975,000
2003A Revenue Bonds, due in semi-annual installments of \$326,894 to \$36,692 through 2010, plus interest at 2.95%	336,692
2003B Revenue Bonds, due in semi-annual installments of \$262,424 to \$301,824 through 2018, plus interest at 3.67%	5,022,814
2005 Revenue Bonds, due in annual installments of \$315,000 to \$545,000 through 2025, plus interest at 3.43%	6,800,000
2007 Revenue Bonds, due in annual installments of \$425,322 to \$585,217 through 2027, plus interest at 3.79%	8,597,616
2008A Revenue Bonds, due in annual installments of \$570,001 to \$3,368,450 through 2033, plus interest from 3.5 to 5.0%	46,530,000
2008B Taxable Revenue Bonds, due in annual installments of \$320,000 to \$525,000 through 2018, plus interest from 5.3 to 5.78%	3,810,000
	\$ 89,072,122

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

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

Year Ended June 30,	Principal	Interest	Total
2011	\$ 5,686,050	\$ 3,891,443	\$ 9,577,493
2012	5,567,555	3,657,847	9,225,402
2013	5,797,492	3,419,576	9,217,068
2014	6,032,963	3,172,513	9,205,476
2015	6,294,410	2,907,048	9,201,458
2016 - 2020	29,608,734	10,108,731	39,717,465
2021 - 2025	14,575,368	5,009,570	19,584,938
2026 - 2030	8,624,550	2,649,191	11,273,741
2031 - 2035	6,885,000	709,875	7,594,875
Total	\$ 89,072,122	\$ 35,525,794	\$ 124,597,916

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 \$89,072,122 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 revenues and are payable through 2034. Annual principal and interest payments on the bonds service by the electric fund are expected to require less than 21 percent of net electric revenues, or less than 2 percent of total electric revenues.

Annual principal and interest payments on the debt serviced by the water fund are expected to require less than 89 percent of net water revenues, or less than 22 percent of total water revenues. Annual principal and interest payments on the debt serviced by the sewer fund are expected to require less than 48 percent of net sewer revenues, or less than 18 percent of total sewer revenues. Annual principal and interest payments on the debt serviced by the gas fund are expected to require less than 16 percent of net gas revenues, or less than 3 percent of total gas revenues.

Rate Covenants

The Commission's debt 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 subordinate and other indebtedness. 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, 2010 is as follows:

Operating revenues	\$ 259,911,075
Operating expenses*	(228,537,572)
Operating income	\$ 31,373,503
Non-operating revenues (expenses)	
Interest income**	809,525
Miscellaneous revenue**	797,275
Bond service charges	(37,467)
Income available for debt service	\$ 32,942,836
Parity debt service (principal and interest paid)	\$ 9,944,097
Parity debt service coverage ratio	331%
Subordinate and other debt service (principal and interest paid)	\$ 3,103,844
Total debt service coverage ratio	252%

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

* Excludes depreciation expense of \$15,648,994 and \$1,824,626 in accordance with rate covenants.

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

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	\$ 1,153,846
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	1,600,000
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	7,753,189
2.305% State Revolving Fund Loan, \$4,014,597 authorized and \$3,817,863 drawn to date, annual installments of \$200,730, issued in 2004 with a final payment on May 1, 2029	3,817,863
2.47% State Revolving Fund Loan, \$13,356,080 authorized and \$10,783,509 drawn to date, annual installments of \$667,804, issued in 2008 with a final payment on May 1, 2030	10,783,509
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	1,967,961
2.74% Installment purchase contract, due in annual installments, issued in 2009, secured by a lien against the equipment financed, with a final payment on June 15, 2010	216,203
2.56% Installment purchase contract, due in annual installments, issued in 2010, secured by a lien against the equipment financed, with a final payment on April 26, 2015	1,271,781
	\$ 28,564,352

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

Year Ended June 30,	Principal	Interest	Total
2011	\$ 2,437,985	\$ 1,110,834	\$ 3,548,819
2012	2,444,435	720,175	3,164,610
2013	2,341,202	657,829	2,999,031
2014	2,347,696	598,321	2,946,017
2015	2,354,357	538,646	2,893,003
2016 - 2020	8,883,841	1,928,458	10,812,299
2021 - 2025	4,104,484	952,541	5,057,025
2026 - 2030	3,650,352	266,576	3,916,928
Total	\$ 28,564,352	\$ 6,773,380	\$ 35,337,732

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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

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, 2010 was \$394 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, 2010, the legal debt margin for the City was \$431,830,971. The City had \$8,085,000 in authorized but unissued bonds which expire in November 2011.

Accounts Payable Disaggregated Information

Accounts payable and accrued liabilities and other liabilities disaggregated information for the year ended June 30, 2010 is as follows:

Type of Payable	Governmental Activities	Business-Type Activities
Trade payables	\$ 1,329,409	\$ 21,146,528
Accrued salaries and fringes	1,853,849	1,054,566
Other accrued expenses	1,776,680	22,336
Total	\$ 4,959,938	\$ 22,223,430

Interfund Balances and Activity

The composition of internal balances as of June 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount	Reconciliation to Exhibit A	
			Governmental	Business-Type
General	Internal Service	\$ 694,402	\$ -	\$ -
	Non-Major Enterprise	739,399	739,399	-
	Non-Major Governmental	952,487	-	-
	Major Electric	182,963	182,963	-
Major Electric	General	286,635	-	286,635
Major Gas	General	44,361	-	44,361
Non-Major Enterprise	Major Electric	659,060	-	-
		3,559,307	922,362	330,996
	Internal Balances		591,366	(591,366)

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

3. Detailed Notes on All Funds (Continued)

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

Transfers

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

Transfers Out	Transfers In				Totals
	Major General	Non-Major Governmental	Major Electric	Major Gas	
Major General Fund	\$ -	\$ 1,363,846	\$ 4,203,818	\$ 1,020,962	\$ 6,588,626
Non-Major Governmental	6,110,454	-	-	-	6,110,454
Non-Major Enterprise	352,744	-	-	-	352,744
Total Transfers Out	\$ 6,463,198	\$ 1,363,846	\$ 4,203,818	\$ 1,020,962	\$ 13,051,824

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 and capital expenditures by those funds, transfers from the General Fund to the Non-Major Enterprise Fund for operations and transfers from the Non-Major Governmental Funds to the General Fund to cover capital expenditures.

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:

Worker's compensation	\$ 600,000
Public officials' liability	25,000
Excess liability	250,000

Coverages	Liability Coverage Limits
Blanket property and personal property	\$ 67,122,509
Excess liability (general, auto, public officials*, law enforcement, firefighters, errors and omission, employees liability)	5,000,000
Worker's compensation	Statutory
Worker's compensation employers' liability	1,000,000
Public officials' legal liability	250,000
Public employee's blanket bond	1,000,000
Public officials' bonds, Director of Financial Services	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.*

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

4. Risk Management (Continued)

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

Effective January 1, 2010, the City has established a risk management program to account for and finance its uninsured risk of a loss in health insurance. Under this program the City funds coverage up to a maximum of \$200,000 per person per year and a combined maximum stop loss limit of \$14,709,829. The City purchases commercial insurance for amounts incurred in excess of the self-funded claims limits. The City and the Commission participate in this program and make payments to CIGNA Healthcare of North Carolina, Inc., the third party administrator, based on the actuary estimates of the amounts need to pay claims and to establish a reserve for catastrophic losses. Amounts withheld from employees and the City's operating funds are available to pay claims, claims reserve and the administrative costs of the program.

For the City, (except for Commission), the claims liability of \$922,000 reported in the Health Insurance Internal Service Fund at June 30, 2010 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:

	2010
Unpaid claims, beginning January 1, 2010	\$ -
Incurred claims	5,800,874
Claim payments	(4,878,874)
Unpaid claims, ending June 30, 2010	\$ 922,000

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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

4. Risk Management (Continued)

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 \$411,443.

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

	2010	2009
Unpaid claims, beginning	\$ 236,796	\$ 76,778
Incurred claims	402,332	373,631
Claim payments	(227,685)	(213,613)
Unpaid claims, ending	\$ 411,443	\$ 236,796

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

For the Commission, the claims liability of \$550,000 at June 30, 2010 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:

	2010
Unpaid claims, beginning January 1, 2010	\$ -
Incurred claims and administrative costs	2,369,457
Claim and administrative payments	(1,819,457)
Unpaid claims, ending June 30, 2010	\$ 550,000

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.

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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 Agencies debt at June 30, 2010 was \$394 million.

6. Joint Ventures

Convention Center

The City is a participant with Pitt County in a joint venture to purchase and develop property to be used as a convention center. Upon dissolution, the assets would be shared in proportion to each sponsor's original contribution. The City's initial contribution totaled \$1,200,000 which represents three-fifths of the total contribution. In April 2003, the City issued \$6.8 million of Special Obligation Revenue Bonds for the construction of the Convention Center. This debt will be repaid through the collection of hotel and motel occupancy tax. Other than the repayment of debt and certain capital expenditures, 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-Greenville Airport Authority

The City is a participant with Pitt County (the "County") in a joint venture to operate Pitt-Greenville Airport Authority (the "Authority") for the joint benefit of all co-sponsors. 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 co-sponsors are obligated to contribute funds on an annual basis, as needed, to enable the Authority to operate the airport. The City contributed \$48,654 to the Authority during the fiscal year ended June 30, 2010. 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, 2010. 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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.

8. Claims and Judgment

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.

9. Commitments and Contingencies

The City of Greenville has entered into an agreement to construct an industrial park pump station and force mains with the Town of Bethel and Pitt County. Financing for the project has been provided by the Town of Bethel through a loan from the North Carolina State Revolving Loan Fund, which is reported in the long-term debt footnotes.

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.

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.

11. Pronouncements Issued but Not Yet Effective

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

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

GASB Statement Number 54, "Fund Balance Reporting and Government Fund Type Definitions" will be effective for the City beginning with its year ending June 30, 2011.

GASB Statement Number 59 "Financial Instruments Omnibus" will be effective for the City beginning with its year ending June 30, 2011.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF GREENVILLE, NORTH CAROLINA

Schedule A-1

**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
For the Year Ended June 30, 2010**

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)
12/31/2009	\$ -	\$ 4,960,374	\$ 4,960,374	0.00%	\$ 10,274,344	48.28%
12/31/2008	-	3,766,789	3,766,789	0.00%	9,205,403	40.92%
12/31/2007	-	3,448,808	3,448,808	0.00%	8,584,240	40.18%
12/31/2006	-	3,156,234	3,156,234	0.00%	8,384,470	37.64%
12/31/2005	-	2,757,923	2,757,923	0.00%	7,621,333	36.19%
12/31/2004	-	2,874,490	2,874,490	0.00%	7,292,653	39.42%

Schedule of Employer Contributions

Year Ending June 30	Annual Required Contributions (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2010	396,315	301,006	75.95%
2009	357,105	299,364	84.00%
2008	320,219	271,451	85.00%
2007	284,639	262,311	92.00%
2006	306,091	222,005	73.00%
2005	273,669	207,673	76.00%

Notes to the Required Schedules:

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

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5% - 12.3%
Cost of living adjustments	N/A

**Other Post-Employment Benefits - City Plan
Required Supplementary Information
For the Year Ended June 30, 2010**

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)
12/31/2009	\$ 542,117	\$ 39,371,279	\$ 38,829,162	0.00%	\$ 37,779,784	102.8%
12/31/2008	250,000	43,474,907	43,474,907	0.00%	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
2010	\$ 3,921,273	16.54 %
2009	3,712,651	16.08
2008	4,281,579	19.60

Notes to the Required Schedules:

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

Additional information as of the latest valuation follows:

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5%
Medical cost trend rate	10.5% - 5%
Year of ultimate trend rate	2017

GREENVILLE UTILITIES COMMISSION

Schedule A-3

**Other Post-Employment Benefits - Utilities Commission Plan
Required Supplementary Information
For the Year Ended June 30, 2010**

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)
12/31/2008	\$ -	\$ 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
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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	10.50% - 5%
Year of ultimate trend rate	2016

**Schedule of Ad Valorem Taxes Receivable
Required Supplementary Information
June 30, 2010**

Fiscal Year	Balance July 1, 2009	Additions	Collections and Credits	Balance June 30, 2010
2010 - 2009	\$ -	\$ 31,039,086	\$ 30,202,323	\$ 836,763
2009 - 2008	881,083	-	668,381	212,702
2008 - 2007	180,452	-	62,738	117,714
2007 - 2006	135,843	-	19,471	116,372
2006 - 2005	91,892	-	8,960	82,932
2005 - 2004	82,456	-	4,850	77,606
2004 - 2003	91,018	-	3,957	87,061
2003 - 2002	87,954	-	2,772	85,182
2002 - 2001	73,677	-	2,695	70,982
2001 - 2000	72,272	-	4,894	67,378
2000 - 1999	72,490	-	72,490	-
	<u>\$ 1,769,137</u>	<u>\$ 31,039,086</u>	<u>\$ 31,053,531</u>	<u>1,754,692</u>
Less allowance for uncollectible accounts, General Fund				<u>748,287</u>
Ad valorem taxes receivable net, General Fund				<u>\$ 1,006,405</u>
Reconciliation with revenues:				
Ad valorem taxes, General Fund				\$ 30,580,836
Reconciling Items:				
Amount written off per statute				72,490
Interest collected				(175,360)
Tax refunds				182,111
Discounts				348,221
Miscellaneous				45,233
Total Collections and Credits				<u>\$ 31,053,531</u>

CITY OF GREENVILLE, NORTH CAROLINA

Schedule A-5

**Analysis of Current Year Levy
City-Wide Levy
For the Year Ended June 30, 2010**

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current	\$ 5,432,413,383	\$ 0.52	\$ 28,248,550	\$ 27,723,669	\$ 524,881
Penalties	-		10,665	10,665	-
Total	5,432,413,383		28,259,215	27,734,334	524,881
Discoveries:					
Current year taxes	627,258,862	0.52	3,261,746	790,617	2,471,129
Penalties	-		6,259	6,259	-
Total	627,258,862		3,268,005	796,876	2,471,129
Abatements	(93,871,650)		(488,134)	(488,134)	-
Total property	\$ 5,965,800,595				
Net levy			31,039,086	28,043,076	2,996,010
Uncollected taxes as of June			(836,763)	(350,223)	(486,540)
Current years taxes collected			\$ 30,202,323	\$ 27,692,853	\$ 2,509,470
Current levy collection			97.30%	98.75%	83.76%
Prior year collection			97.08%	98.67%	83.76%

Note: The motor vehicle abatements are not separable in the tax system utilized in fiscal year ending June 30, 2010.
Tax value of abatements not equal to current year tax rate because of prior years at varying tax rates.

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENT FUND FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

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.

THIS PAGE INTENTIONALLY LEFT BLANK

**General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

**Schedule A-6
Page 1 of 3**

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current year operations		\$ 30,407,331		\$ 29,588,132
Prior year		528,477		484,880
Interest and penalties		175,360		180,040
Tax discounts		(348,221)		(324,264)
Tax refunds		(182,111)		(213,634)
Total Ad Valorem Taxes	30,501,388	30,580,836	79,448	29,715,154
Other Taxes:				
Local options sales tax		5,170,981		5,585,188
Cable TV franchise tax		936,147		897,878
One-half percent sales tax		5,865,306		7,172,200
Medicaid Hold Harmless payment		1,946,716		795,188
Rental vehicle, gross receipts		95,161		97,136
Total Other Taxes	14,805,117	14,014,311	(790,806)	14,547,590
Unrestricted Intergovernmental:				
Other unrestricted revenues		8,284		7,814
Utilities franchise tax		5,449,403		5,206,917
Beer and wine tax		115,658		345,500
Total Unrestricted Intergovernmental	5,464,447	5,573,345	108,898	5,560,231
Restricted Intergovernmental:				
NC DOT traffic control lights		171,086		132,619
Pitt County Fire contribution		4,510		10,000
Housing Authority Drug Grant		112,564		106,258
Special Federal, State and Local Grants		136,193		71,773
Section 104F Planning Grant		47,626		97,177
Law enforcement block grant		541,268		382,851
Fire and rescue SAFER grant		397,749		-
Other restricted intergovernmental revenue		231,486		235,400
Powell Bill, State allocation payment		1,975,384		2,136,846
Total Restricted Intergovernmental	3,906,005	3,617,866	(288,139)	3,172,924
Licenses, Permits and Fees:				
Privilege licenses		564,347		582,672
Inspection fees		774,206		712,986
State fire protection		356,706		356,706
Planning department fees		95,447		120,471
Police department fees		218,554		263,691
Fire and rescue department fees		163,138		171,774
Refuse fees		91,816		81,315
Other permits and fees		94,203		108,670
Total Licenses, Permits and Fees	2,433,655	2,358,417	(75,238)	2,398,285

**General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

**Schedule A-6
Page 2 of 3**

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
Sales and Services:				
Rescue fees		\$ 2,849,763		\$ 2,877,205
Recreation programs and fees		1,164,793		1,140,548
Utilities street cuts		195,028		263,946
Rents and concessions		156,596		151,419
Other sales and services		522,707		704,151
Pitt County Board of Education		58,252		308,640
Total Sales and Services	4,649,141	4,947,139	297,998	5,445,909
Investment earnings	1,464,346	1,429,289	(35,057)	2,258,732
Other revenues:				
Parking violation penalty		279,416		243,241
Other revenues		117,934		(256,439)
Total other revenues	448,918	397,350	(51,568)	(13,198)
Total revenues	63,673,017	62,918,553	(754,464)	63,085,627
Expenditures:				
General government:				
Mayor and City Council	403,288	400,607	2,681	387,465
City Manager	1,139,595	976,715	162,880	1,000,290
City Clerk	275,445	273,257	2,188	259,859
City Attorney	435,459	420,501	14,958	419,617
Human Resources	2,228,458	1,895,085	333,373	1,998,726
Financial Services	2,714,597	2,124,159	590,438	2,131,192
Information Technology	3,262,587	2,844,416	418,171	2,761,921
Airport	-	-	-	32,356
Total General Government	10,459,429	8,934,740	1,524,689	8,991,426
Public Safety:				
Fire and Rescue	12,703,656	12,119,317	584,339	12,256,953
Police	21,817,860	22,109,610	(291,750)	20,489,783
Total Public Safety	34,521,516	34,228,927	292,589	32,746,736
Public Works:				
Other Public Works	8,717,695	7,965,723	751,972	7,958,652
Streets	1,164,342	914,106	250,236	915,670
Total Public Works	9,882,037	8,879,829	1,002,208	8,874,322

**General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

**Schedule A-6
Page 3 of 3**

	2010		Variance Positive (Negative)	2009
	Final Budget	Actual		Actual
Economic and Physical Development:				
Community Development	\$ 2,014,844	\$ 1,636,284	\$ 378,560	\$ 1,745,452
Cultural and Recreational:				
Recreation	6,341,206	6,000,801	340,405	5,815,803
Capital Outlay	7,245,715	4,133,354	3,112,361	2,529,023
Reimbursement of Indirect Cost	-	(559,846)	559,846	(528,486)
Contribution to OPEB Trust	250,000	250,000	-	250,000
Total Expenditures	70,714,747	63,504,089	7,210,658	60,424,276
Revenues over (under) expenditures	(7,041,730)	(585,536)	6,456,194	2,661,351
Other Financing Sources (Uses):				
Transfers in:				
Greenville Utilities Commission (GUC) turnover	4,633,707	4,562,569	(71,138)	4,658,824
GUC, lighting reimbursement	622,428	662,211	39,783	627,543
Other funds	2,168,887	1,363,846	(805,041)	2,053,936
Transfers out	(6,824,190)	(6,463,202)	360,988	(15,949,508)
Transfer to close Aquatics fund	-	-	-	(47,582)
Bond Proceeds	-	-	-	7,090,976
Appropriated fund balance	6,440,898	-	(6,440,898)	-
Total other financing sources (uses)	7,041,730	125,424	(6,916,306)	(1,565,811)
Excess of revenues and other financing sources over (under) expenditures and other financing sources	-	(460,112)	(460,112)	1,095,540
Fund Balance, Beginning of Year, July 1st		28,067,456		26,971,916
Fund Balance, End of Year, June 30th		\$ 27,607,344		\$ 28,067,456

**Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010**

Schedule B-1

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
Assets:				
Assets				
Cash and cash equivalents	\$ 4,818,977	\$ 950,445	\$ 6,558,651	\$ 12,328,073
Accounts receivable, net	82,550	-	37,540	120,090
Interest receivable	6,707	-	-	6,707
Loans receivable	221,796	-	130,218	352,014
Due from other governments	434,913	-	34,835	469,748
Prepaid items and deposits	62,958	-	-	62,958
Restricted cash and investments	262,168	-	4,152,268	4,414,436
Total Assets	\$ 5,890,069	\$ 950,445	\$ 10,913,512	\$ 17,754,026
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 163,456	\$ 58,383	\$ 492,729	\$ 714,568
Due to other funds	727,660	-	224,827	952,487
Deferred revenue	236,116	-	161,591	397,707
Total Liabilities	\$ 1,127,232	\$ 58,383	\$ 879,147	\$ 2,064,762
Fund Balances:				
Reserved by State statute	509,850	-	41,002	550,852
Reserved for prepaid items	62,958	-	-	62,958
Reserved for culture and recreation	94,642	-	-	94,642
Fund balance, designated for subsequent years	108,370	-	-	108,370
Fund balance, unreserved, undesignated	3,987,017	892,062	9,993,363	14,872,442
Total fund balances	4,762,837	892,062	10,034,365	15,689,264
Total Liabilities and Fund Balances	\$ 5,890,069	\$ 950,445	\$ 10,913,512	\$ 17,754,026

**Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended June 30, 2010**

Schedule B-2

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
Revenues:				
Other taxes	\$ -	\$ 491,058	\$ 209,587	\$ 700,645
Restricted intergovernmental	3,876,388	-	27,261	3,903,649
Investment earnings	17,238	31,105	8,327	56,670
Other revenues	224,755	-	515,015	739,770
Total revenues	4,118,381	522,163	760,190	5,400,734
Expenditures:				
Current:				
Cultural and recreational	2,234,767	-	-	2,234,767
Public safety	405,396	-	-	405,396
Public works	3,847	-	-	3,847
Economic and physical development	2,691,507	-	-	2,691,507
Capital outlay	-	-	5,497,682	5,497,682
Principal retirement	-	3,129,920	-	3,129,920
Interest and fees	-	1,682,419	-	1,682,419
Total expenditures	5,335,517	4,812,339	5,497,682	15,645,538
Excess (deficiency) of revenues over (under) expenditures	(1,217,136)	(4,290,176)	(4,737,492)	(10,244,804)
Other Financing Sources (Uses):				
Transfers in	1,264,882	4,265,851	879,725	6,410,458
Transfers out	(1,388,846)	-	(275,000)	(1,663,846)
Total other financing sources (uses)	(123,964)	4,265,851	604,725	4,746,612
Net change in fund balances:	(1,341,100)	(24,325)	(4,132,767)	(5,498,192)
Fund Balances:				
Fund Balances, Beginning of Year	6,103,937	916,387	14,167,132	21,187,456
Fund Balances, End of Year	\$ 4,762,837	\$ 892,062	\$ 10,034,365	\$ 15,689,264

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

LEAD BASED PAINT HAZARD GRANT - The Lead Based Paint Hazard Grant is used to remove lead paint from dwellings purchased by CDBG for resale.

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

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

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

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

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

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

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

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

**Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2010**

	Community Development & Home Fund	Capital Reserve Fund	Sheppard Memorial Library	Housing Trust Fund	Small Business Loan Program	League of Municipalities Conference	Lead Based Paint Hazard Grant
Assets							
Assets:							
Cash and cash equivalents	\$ 657,039	\$ 3,221,697	\$ 746,508	\$ 49,216	\$ 138,940	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Accounts receivable, net	81,645	-	905	-	-	-	-
Interest receivable	-	-	6,707	-	-	-	-
Loans receivable	151,941	-	-	11,644	58,211	-	-
Due from other governments	914	-	41,602	141	-	2,869	54,975
Prepaid items and deposits	-	-	61,901	-	1,057	-	-
Total assets	\$ 891,539	\$ 3,221,697	\$ 857,623	\$ 61,001	\$ 198,208	\$ 2,869	\$ 54,975
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 12,815	\$ -	\$ 45,590	\$ -	\$ 344	\$ -	\$ 84,673
Due to other funds	323,422	-	-	-	-	10,497	73,284
Deferred revenue	166,614	-	-	11,291	58,211	-	-
Total liabilities	502,851	-	45,590	11,291	58,555	10,497	157,957
Fund balances:							
Reserved by State statute	67,886	-	49,214	494	-	2,869	54,975
Reserved for prepaid items	-	-	61,901	-	1,057	-	-
Reserved for culture and recreation	-	-	94,642	-	-	-	-
Fund balance, designated	-	-	108,370	-	-	-	-
Fund balance, unreserved, undesignated	320,802	3,221,697	497,906	49,216	138,596	(10,497)	(157,957)
Total fund balance	388,688	3,221,697	812,033	49,710	139,653	(7,628)	(102,982)
Total liabilities and fund balances	\$ 891,539	\$ 3,221,697	\$ 857,623	\$ 61,001	\$ 198,208	\$ 2,869	\$ 54,975

CDBG Recovery Grant Project	Public Transit Capital Assistance Recovery Grant	Byrne-JAG Grant Recovery Fund	Energy Efficiency Recovery Grant	COPS Hiring Recovery Grant	Arlington Sidewalk Grant	Charles Sidewalk Grant	Arlington Turn Lane Grant	Total
\$ -	\$ -	\$ 5,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,818,977
-	-	262,168	-	-	-	-	-	262,168
-	-	-	-	-	-	-	-	82,550
-	-	-	-	-	-	-	-	6,707
-	-	-	-	-	-	-	-	221,796
357	49,483	-	-	99,956	64,774	39,280	80,562	434,913
-	-	-	-	-	-	-	-	62,958
\$ 357	\$ 49,483	\$ 267,745	\$ -	\$ 99,956	\$ 64,774	\$ 39,280	\$ 80,562	\$ 5,890,069
\$ 500	\$ -	\$ 11,094	\$ 62	\$ 8,378	\$ -	\$ -	\$ -	\$ 163,456
28,969	-	-	-	106,872	64,774	39,280	80,562	727,660
-	-	-	-	-	-	-	-	236,116
29,469	-	11,094	62	115,250	64,774	39,280	80,562	1,127,232
357	49,483	-	-	99,956	64,774	39,280	80,562	509,850
-	-	-	-	-	-	-	-	62,958
-	-	-	-	-	-	-	-	94,642
-	-	-	-	-	-	-	-	108,370
(29,469)	-	256,651	(62)	(115,250)	(64,774)	(39,280)	(80,562)	3,987,017
(29,112)	49,483	256,651	(62)	(15,294)	-	-	-	4,762,837
\$ 357	\$ 49,483	\$ 267,745	\$ -	\$ 99,956	\$ 64,774	\$ 39,280	\$ 80,562	\$ 5,890,069

**Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended June 30, 2010**

	Community Development & Home Fund	Capital Reserve Fund	Sheppard Memorial Library	Housing Trust Fund	Small Business Loan Program	League of Municipalities Conference	Lead Based Paint Hazard Grant
Revenues:							
Restricted Intergovernmental	\$ 1,132,910	\$ -	\$ 1,055,828	\$ -	\$ -	\$ -	\$ 586,540
Investment earnings	427	3,888	12,874	28	7	-	-
Other revenues	18,755	-	121,836	680	17,514	65,970	-
Total revenues	1,152,092	3,888	1,190,538	708	17,521	65,970	586,540
Expenditures:							
Current:							
Cultural and recreational	-	-	2,234,767	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Economic and physical development	1,439,920	-	-	2,246	19,317	111,150	688,659
Total expenditures	1,439,920	-	2,234,767	2,246	19,317	111,150	688,659
Excess (deficiency) of revenues over (under) expenditures	(287,828)	3,888	(1,044,229)	(1,538)	(1,796)	(45,180)	(102,119)
Other financing sources (uses):							
Transfers from other funds	135,096	-	1,100,392	-	-	29,394	-
Transfers to other funds	-	(1,388,846)	-	-	-	-	-
Total other financing sources (uses)	135,096	(1,388,846)	1,100,392	-	-	29,394	-
Net change in fund balances	(152,732)	(1,384,958)	56,163	(1,538)	(1,796)	(15,786)	(102,119)
Fund balances:							
Fund balances, beginning of year	541,420	4,606,655	755,870	51,248	141,449	8,158	(863)
Fund balances, end of year	\$ 388,688	\$ 3,221,697	\$ 812,033	\$ 49,710	\$ 139,653	\$ (7,628)	\$ (102,982)

CDBG Recovery Grant Project	Public Transit Capital Assistance Recovery Fund	Byrne-JAG Grant Recovery Fund	Energy Efficiency Recovery Grant	COPS Hiring Recovery Grant	Arlington Sidewalk Grant	Charles Sidewalk Grant	Arlington Turn Lane Grant	Total
\$ 189,731	\$ 53,330	\$ 490,323	\$ 29,000	\$ 156,416	\$ 63,383	\$ 38,365	\$ 80,562	\$ 3,876,388
-	-	14	-	-	-	-	-	17,238
-	-	-	-	-	-	-	-	224,755
189,731	53,330	490,337	29,000	156,416	63,383	38,365	80,562	4,118,381
-	-	-	-	-	-	-	-	2,234,767
-	-	233,686	-	171,710	-	-	-	405,396
-	3,847	-	-	-	-	-	-	3,847
218,843	-	-	29,062	-	63,383	38,365	80,562	2,691,507
218,843	3,847	233,686	29,062	171,710	63,383	38,365	80,562	5,335,517
(29,112)	49,483	256,651	(62)	(15,294)	-	-	-	(1,217,136)
-	-	-	-	-	-	-	-	1,264,882
-	-	-	-	-	-	-	-	(1,388,846)
-	-	-	-	-	-	-	-	(123,964)
(29,112)	49,483	256,651	(62)	(15,294)	-	-	-	(1,341,100)
-	-	-	-	-	-	-	-	6,103,937
\$ (29,112)	\$ 49,483	\$ 256,651	\$ (62)	\$ (15,294)	\$ -	\$ -	\$ -	\$ 4,762,837

**Community Development and Home Fund
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule C-3

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
CDBG and Home Entitlement Program:				
Property owners matching fund	\$ 146,083	\$ 218,276	\$ -	\$ 218,276
Federal grant, HUD	23,569,803	18,831,859	1,132,910	19,964,769
Other grants	34,000	-	-	-
Consortium members	-	13,666	-	13,666
Loan payments	516,877	545,718	18,816	564,534
Interest income	134,792	207,041	427	207,468
Sale of acquired property	147,930	162,248	(61)	162,187
Total CDBG entitlement program	<u>24,549,485</u>	<u>19,978,808</u>	<u>1,152,092</u>	<u>21,130,900</u>
Expenditures:				
CDBG and Home Entitlement Program:				
Administration	3,909,894	3,270,680	440,942	3,711,622
Rehab, third party owned dwellings	8,330,689	7,184,605	121,702	7,306,307
Rehab, rental	484,342	152,716	331,626	484,342
Outside agency funding	1,592,540	1,537,037	55,503	1,592,540
Acquisition dilapidated	721,882	695,796	26,086	721,882
Code enforcement	310,815	290,815	-	290,815
Conversion program	253,000	244,302	-	244,302
Small area revitalization	787,830	787,851	787,051	1,574,902
Demolition grants	408,910	130,040	222,349	352,389
Secondary mortgage	662,157	612,727	72,224	684,951
Ec. Dev. Study, West Grn./Meadowbrook	269,255	40,993	-	40,993
Neighborhood input grants	2,964	2,963	-	2,963
Concentrated needs	1,772,299	1,827,594	-	1,827,594
Sewer Oakgrove	25,482	15,130	-	15,130
Other expenses	58,010	58,010	-	58,010
Relocation	71,920	-	3,391	3,391
Contribution to other consortium members	5,368,497	3,960,411	164,368	4,124,779
Capital outlay	-	11,834	-	11,834
Total CDBG entitlement program	<u>26,183,017</u>	<u>20,823,504</u>	<u>1,439,920</u>	<u>22,263,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,633,532)</u>	<u>(844,696)</u>	<u>(287,828)</u>	<u>(1,132,524)</u>
Other financing sources (uses):				
Transfers in (out):				
Transfers in	2,301,032	2,053,616	135,096	2,188,712
Transfers out	(667,500)	(667,500)	-	(667,500)
Total other financing sources (uses)	<u>1,633,532</u>	<u>1,386,116</u>	<u>135,096</u>	<u>1,521,212</u>
Revenues and other financing sources over (under)				

**Capital Reserve Fund
Schedule of Revenues and Expenditures -
Budget and Actual
Year Ended June 30, 2010**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 3,888	\$ 3,888
Other financing sources (uses):			
Appropriated fund balance	1,634,041	-	(1,634,041)
Transfers from other funds	-	-	-
Transfers to other funds	(1,634,041)	(1,388,846)	245,195
Total other financing sources (uses)	-	(1,388,846)	(1,388,846)
Total revenues and other financing sources (uses)	\$ -	\$ (1,384,958)	\$ (1,384,958)
Fund Balances:			
Fund balances, beginning of year		4,606,655	
Fund balance, end of year		\$ 3,221,697	

**Sheppard Memorial Library
Schedule of Revenues and Expenditures -
Budget and Actual
Year Ended June 30, 2010**

Schedule C-5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental:			
County of Pitt	\$ 550,196	\$ 550,196	\$ -
Town of Bethel	26,805	26,805	-
Town of Winterville	131,050	131,050	-
State aid	302,448	297,831	(4,617)
Housing Authority	10,692	10,692	-
Other miscellaneous grants	43,983	39,254	(4,729)
Total restricted intergovernmental revenue	<u>1,065,174</u>	<u>1,055,828</u>	<u>(9,346)</u>
Other revenues:			
Fines and fees	123,562	121,836	(1,726)
Interest earnings	16,480	12,874	(3,606)
Total other revenues	<u>140,042</u>	<u>134,710</u>	<u>(5,332)</u>
Total revenues	<u>1,205,216</u>	<u>1,190,538</u>	<u>(14,678)</u>
Expenditures:			
Cultural and recreational:			
Salaries and benefits		1,420,874	
Capital outlay		228,311	
Maintenance and repairs		141,596	
Other operating expenditures		443,986	
Total expenditures	<u>2,436,321</u>	<u>2,234,767</u>	<u>201,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,231,105)</u>	<u>(1,044,229)</u>	<u>186,876</u>
Other Financing Sources (Uses):			
Transfers from other funds	1,100,392	1,100,392	-
Appropriated fund balance	130,713	-	(130,713)
Total other financing sources (uses)	<u>1,231,105</u>	<u>1,100,392</u>	<u>(130,713)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 56,163</u>	<u>\$ 56,163</u>
Fund Balances:			
Fund balances, beginning of year		755,870	
Fund balance, end of year		<u>\$ 812,033</u>	

**Housing Trust Fund
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted Intergovernmental:				
Grants	\$ 170,500	\$ 173,476	\$ -	\$ 173,476
Other revenues:				
Investment earnings	4,265	12,409	28	12,437
Loan payments	7,210	24,352	680	25,032
Total other revenues	11,475	36,761	708	37,469
Total revenues	181,975	210,237	708	210,945
Expenditures:				
Small area revitalization		19,978	-	19,978
Rehabilitation		215,374	-	215,374
Loans made		44,637	2,246	46,883
Total expenditures		302,975	2,246	282,235
Revenues over (under) expenditures	(121,000)	(69,752)	(1,538)	(71,290)
Other financing sources:				
Transfers from:				
Community Development Fund	121,000	121,000	-	121,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 51,248	\$ (1,538)	\$ 49,710

**Small Business Loan Program
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule C-7

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Other revenues:				
Bank contribution	\$ 475,000	\$ 448,243	\$ -	\$ 448,243
Loan payments	253,552	430,052	17,514	447,566
Application fees	2,000	1,550	-	1,550
Investment earnings	1,706	5,798	7	5,805
Total revenues	732,258	885,643	17,521	903,164
Expenditures:				
Administration	2,000	7	-	7
Payments to banks	255,258	433,226	18,972	452,198
Loans made	475,000	448,242	-	448,242
Loan loss reserve	142,500	5,219	345	5,564
Total expenditures	874,758	886,694	19,317	906,011
Revenues over (under) expenditures	(142,500)	(1,051)	(1,796)	(2,847)
Other financing sources (uses):				
Transfers from:				
Community Development Fund	142,500	142,500	-	142,500
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 141,449	\$ (1,796)	\$ 139,653

**League of Municipalities Conference
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule C-8

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Other revenues:				
Other, donations	\$ 150,000	\$ 20,000	\$ 65,970	\$ 85,970
Total revenues	150,000	20,000	65,970	85,970
Expenditures:				
Administration	30,000	-	9,085	9,085
Contracted services	80,000	6,000	68,018	74,018
Supplies and materials	69,394	5,842	34,047	39,889
Total expenditures	179,394	11,842	111,150	122,992
Revenues over (under) expenditures	(29,394)	8,158	(45,180)	(37,022)
Other financing sources (uses):				
Transfers from:				
General Fund	29,394	-	29,394	29,394
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 8,158	\$ (15,786)	\$ (7,628)

**Lead Based Paint Hazard Grant
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule C-9

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Recovery lead-based paint grant	\$ 1,922,370	\$ 19,063	\$ 586,540	\$ 605,603
Expenditures:				
Administration	216,894	11,612	64,594	76,206
Operations	1,705,476	8,314	624,065	632,379
Total expenditures	1,922,370	19,926	688,659	708,585
Revenue over (under) expenditures	\$ -	\$ (863)	\$ (102,119)	\$ (102,982)

**CDBG Recovery Grant Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted Intergovernmental:				
CDBG recovery grant	\$ 218,843	\$ -	\$ 189,731	\$ 189,731
Expenditures:				
Administration	6,564	-	6,564	6,564
Public service	19,320	-	-	-
Operations	192,959	-	212,279	212,279
Total expenditures	218,843	-	218,843	218,843
Revenues over (under) expenditures	\$ -	\$ -	\$ (29,112)	\$ (29,112)

**Public Transit Capital Assistance Recovery Grant
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule C-11

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted Intergovernmental:				
Public transit recovery grant	\$ 1,577,464	\$ -	\$ 53,330	\$ 53,330
Expenditures				
Operations	1,577,464	-	3,847	3,847
Revenues over (under) expenditures	\$ -	\$ -	\$ 49,483	\$ 49,483

**Byrne-JAG Grant Recovery
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted Intergovernmental:				
Byrne-JAG recovery grant	\$ 490,323	\$ -	\$ 490,323	\$ 490,323
Investment earnings	-	-	14	14
Total revenues	490,323	-	490,337	490,337
Expenditures:				
Operating	63,193	-	22,404	22,404
Capital outlay	427,130	-	211,282	211,282
Total expenditures	490,323	-	233,686	233,686
Revenues over (under) expenditures	\$ -	\$ -	\$ 256,651	\$ 256,651

**Energy Efficiency Recovery Grant
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule C-13

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted Intergovernmental:				
Energy efficiency recovery grant	\$ 30,000	\$ -	\$ 29,000	\$ 29,000
Expenditures:				
Administration		-	62	62
Operations		-	29,000	29,000
Total expenditures	30,000	-	29,062	29,062
Revenues over (under) expenditures	\$ -	\$ -	\$ (62)	\$ (62)

**COPS Hiring Recovery Program Grant
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted Intergovernmental:				
COPS hiring recovery grant	\$ 1,211,803	\$ -	\$ 156,416	\$ 156,416
Expenditures:				
Operations	1,621,180	-	171,710	171,710
Revenues over (under) expenditures	(409,377)	-	(15,294)	(15,294)
Other financing sources:				
Transfers from:				
General Fund	409,377	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ (15,294)	\$ (15,294)

**Arlington Sidewalk Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule C-15

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted Intergovernmental:				
Arlington sidewalk recovery grant	\$ 108,897	\$ -	\$ 63,383	\$ 63,383
Expenditures:				
Construction	108,897	-	63,383	63,383
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

**Charles Sidewalk Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted Intergovernmental:				
Charles sidewalk recovery grant	\$ 60,090	\$ -	\$ 38,365	\$ 38,365
Expenditures:				
Construction	60,090	-	38,365	38,365
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

**Arlington Turn Lane Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule C-17

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted Intergovernmental:				
Arlington turn lane recovery grant	\$ 91,227	\$ -	\$ 80,562	\$ 80,562
Expenditures:				
Construction	91,227	-	80,562	80,562
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

CAPITAL PROJECT FUNDS

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, 2010, the City had the following projects, showing activity, in the Capital Project Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government Fund Financial Statements

Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2010

	Cemetery Development Fund	Affordable Housing Project	City Hall Facility	West Greenville Revitalization	Center City Revitalization	Stantonsburg Road/10th Street Connector	South Tar River Greenway
Assets:							
Cash and cash equivalents	\$ 27,754	\$ 471,805	\$ 543,516	\$ 25,296	\$ -	\$ 2,579,281	\$ -
Accounts receivable	-	-	-	6,327	-	31,213	-
Loans receivable	-	130,218	-	-	-	-	-
Due from other governments	-	552	54	-	8,788	-	1,147
Restricted cash & investments	-	-	-	-	1,573,612	183,905	-
Total assets	\$ 27,754	\$ 602,575	\$ 543,570	\$ 31,623	\$ 1,582,400	\$ 2,794,399	\$ 1,147
Liabilities and Fund Balances							
Liabilities:							
Accounts payable & accrued liabilities	-	56,900	70,849	42	-	-	-
Due to other funds	-	-	-	-	-	-	201,589
Deferred revenue	-	130,378	-	-	-	31,213	-
Total liabilities	-	187,278	70,849	42	-	31,213	201,589
Fund balances:							
Reserved by state statute	-	392	54	6,327	8,788	-	1,147
Unreserved, unrestricted	27,754	414,905	472,667	25,254	1,573,612	2,763,186	(201,589)
Total fund balance	27,754	415,297	472,721	31,581	1,582,400	2,763,186	(200,442)
Total liabilities and fund balances	\$ 27,754	\$ 602,575	\$ 543,570	\$ 31,623	\$ 1,582,400	\$ 2,794,399	\$ 1,147

Way Finding Community Development	Thomas Langston Road Extension Project	Intermodal Transportation Center Project	Employee Parking Lot Expansion Project	Convention Center Expansion Project	Community Oriented Policing Service Project	Technology for Public Safety Project	Public Works Beatty Street Project	Drew Steele Center	Total
\$ 257,958	\$ -	\$ 634,056	\$ 95,661	\$ -	\$ -	\$ 1,382,377	\$ 77,146	\$ 463,801	\$ 6,558,651
-	-	-	-	-	-	-	-	-	37,540
-	-	-	-	-	-	-	-	-	130,218
-	13,333	817	-	10,144	-	-	-	-	34,835
-	2,142,252	-	-	252,499	-	-	-	-	4,152,268
\$ 257,958	\$ 2,155,585	\$ 634,873	\$ 95,661	\$ 262,643	\$ -	\$ 1,382,377	\$ 77,146	\$ 463,801	\$ 10,913,512
-	162,102	-	-	186,038	-	16,798	-	-	492,729
-	-	-	-	-	23,238	-	-	-	224,827
-	-	-	-	-	-	-	-	-	161,591
-	162,102	-	-	186,038	23,238	16,798	-	-	879,147
-	13,333	817	-	10,144	-	-	-	-	41,002
257,958	1,980,150	634,056	95,661	66,461	(23,238)	1,365,579	77,146	463,801	9,993,363
257,958	1,993,483	634,873	95,661	76,605	(23,238)	1,365,579	77,146	463,801	10,034,365
\$ 257,958	\$ 2,155,585	\$ 634,873	\$ 95,661	\$ 262,643	\$ -	\$ 1,382,377	\$ 77,146	\$ 463,801	\$ 10,913,512

Government Fund Financial Statements

**Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended June 30, 2010**

	Cemetery Development Fund	Affordable Housing Project	City Hall Facility	West Greenville Revitalization	Center City Revitalization	Stantonsburg Road/10th Street Connector	South Tar River Greenway
Revenues:							
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (164,773)	\$ 132,476
Other taxes and licenses	-	-	-	-	-	-	-
Investment earnings	17	26	18	35	4,101	1,069	-
Other revenues	-	10,470	300	10,000	-	-	-
Total revenues	17	10,496	318	10,035	4,101	(163,704)	132,476
Expenditures:							
Current:							
Capital outlay	-	748,062	125,970	324,506	1,126,214	394,437	314,030
Total expenditures	-	748,062	125,970	324,506	1,126,214	394,437	314,030
Excess (deficiency) of revenues over (under) expenditures	17	(737,566)	(125,652)	(314,471)	(1,122,113)	(558,141)	(181,554)
Other Financing Sources (Uses):							
Transfers in	-	-	248,608	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	248,608	-	-	-	-
Net change in fund balances	17	(737,566)	122,956	(314,471)	(1,122,113)	(558,141)	(181,554)
Fund balances:							
Fund balances, beginning of year	27,737	1,152,863	349,765	346,052	2,704,513	3,321,327	(18,888)
Fund balances, end of year	\$ 27,754	\$ 415,297	\$ 472,721	\$ 31,581	\$ 1,582,400	\$ 2,763,186	\$ (200,442)

Way Finding Community Development	Thomas Langston Road Extension Project	Intermodal Transportation Center Project	Employee Parking Lot Expansion Project	Convention Center Expansion Project	Community Oriented Policing Service Project	Technology for Public Safety Project	Public Works Beatty Street Project	Drew Steele Center	Total
\$ -	\$ -	\$ 29,558	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 27,261
-	-	-	-	209,587	-	-	-	-	209,587
13	2,926	16	5	-	-	79	4	18	8,327
-	-	-	-	30,342	-	120	-	463,783	515,015
13	2,926	29,574	5	269,929	-	199	4	463,801	760,190
75	915,878	31,726	-	864,709	-	651,826	249	-	5,497,682
75	915,878	31,726	-	864,709	-	651,826	249	-	5,497,682
(62)	(912,952)	(2,152)	5	(594,780)	-	(651,627)	(245)	463,801	(4,737,492)
-	-	631,117	-	-	-	-	-	-	879,725
-	-	-	(275,000)	-	-	-	-	-	(275,000)
-	-	631,117	(275,000)	-	-	-	-	-	604,725
(62)	(912,952)	628,965	(274,995)	(594,780)	-	(651,627)	(245)	463,801	(4,132,767)
258,020	2,906,435	5,908	370,656	671,385	(23,238)	2,017,206	77,391	-	14,167,132
\$ 257,958	\$ 1,993,483	\$ 634,873	\$ 95,661	\$ 76,605	\$ (23,238)	\$ 1,365,579	\$ 77,146	\$ 463,801	\$ 10,034,365

**Cemetery Development
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-3

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Special Federal/State/Local grants	\$ 105,000	\$ 107,521	\$ -	\$ 107,521
Interest earnings	-	12,320	17	12,337
Total revenues	105,000	119,841	17	119,858
Expenditures:				
Capital improvements	390,000	377,104	-	377,104
Excess (deficiency) of revenues over (under) expenditures	(285,000)	(257,263)	17	(257,246)
Other financing sources (uses):				
Bonds issued	75,000	75,000	-	75,000
Transfer to General Fund	(10,000)	(10,000)	-	(10,000)
Transfer from General Fund	220,000	220,000	-	220,000
Total other financing sources (uses)	285,000	285,000	-	285,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 27,737	\$ 17	\$ 27,754

**Affordable Housing Capital Project Fund
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Interest earnings	\$ 160,500	\$ 190,849	\$ 26	\$ 190,875
Loan payments	142,100	201,532	10,470	212,002
Sale of property	1,176,000	1,369,676	-	1,369,676
Total revenues	<u>1,478,600</u>	<u>1,762,057</u>	<u>10,496</u>	<u>1,772,553</u>
Expenditures:				
Bond administration cost		6,349	-	6,349
Home ownership		1,184,510	605,080	1,789,590
Land banking		688,274	142,982	831,256
Rehabilitation		255,536	-	255,536
Total expenditures	<u>3,003,600</u>	<u>2,134,669</u>	<u>748,062</u>	<u>2,882,731</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,525,000)</u>	<u>(372,612)</u>	<u>(737,566)</u>	<u>(1,110,178)</u>
Other Financing Sources (Uses):				
Bonds issued	1,000,000	1,000,475	-	1,000,475
Transfer from General Fund	525,000	525,000	-	525,000
Total other financing sources (uses)	<u>1,525,000</u>	<u>1,525,475</u>	<u>-</u>	<u>1,525,475</u>
Revenues and other financing over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,152,863</u>	<u>\$ (737,566)</u>	<u>\$ 415,297</u>

**City Hall Facility
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-5

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Federal and State grants	\$ 121,028	\$ 121,028	\$ -	\$ 121,028
Other income	32,216	31,916	300	32,216
Interest earnings	826,746	850,812	18	850,830
Total revenues	<u>979,990</u>	<u>1,003,756</u>	<u>318</u>	<u>1,004,074</u>
Expenditures:				
Construction		9,917,125	76,221	9,993,346
Capital outlay		1,247,868	-	1,247,868
Acquisition		950,000	-	950,000
Bond administration cost		102,049	-	102,049
Design		721,696	49,749	771,445
Total expenditures		<u>13,347,540</u>	<u>125,970</u>	<u>13,064,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,367,550)</u>	<u>(11,934,982)</u>	<u>(125,652)</u>	<u>(12,060,634)</u>
Other financing sources:				
Bonds issued	425,000	425,000	-	425,000
Certificate of participation issued	10,723,942	10,889,747	-	10,889,747
Transfers from other funds	1,218,608	970,000	248,608	1,218,608
Total other financing sources	<u>12,367,550</u>	<u>12,284,747</u>	<u>248,608</u>	<u>12,533,355</u>
Revenues and other financing over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 349,765</u>	<u>\$ 122,956</u>	<u>\$ 472,721</u>

**West Greenville Revitalization
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-6

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Other income	\$ 439,817	\$ 429,312	\$ 10,000	\$ 439,312
Sales and services	382,020	382,025	-	382,025
Interest earnings	105,798	121,262	35	121,297
Total revenues	<u>927,635</u>	<u>932,599</u>	<u>10,035</u>	<u>942,634</u>
Expenditures:				
Acquisition		2,619,843	3,834	2,623,677
Demolition		400,423	3,857	404,280
Construction		581,175	-	581,175
Infrastructure		142,890	262,674	405,564
Development financing		84,711	43,705	128,416
Relocation assistance		265,281	3,868	269,149
Owner occupied rehabilitation		205,503	6,568	212,071
Furnishings		44,968	-	44,968
Bond administration		33,487	-	33,487
Total expenditures	<u>5,927,635</u>	<u>4,378,281</u>	<u>324,506</u>	<u>4,702,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,000,000)</u>	<u>(3,445,682)</u>	<u>(314,471)</u>	<u>(3,760,153)</u>
Other financing sources:				
Premium received on debt issue	-	16,734	-	16,734
Bonds issued	5,000,000	3,775,000	-	3,775,000
Total other financing sources	<u>5,000,000</u>	<u>3,791,734</u>	<u>-</u>	<u>3,791,734</u>
Revenues and other financing over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 346,052</u>	<u>\$ (314,471)</u>	<u>\$ 31,581</u>

**Center City Revitalization
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-7

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted intergovernmental	\$ 25,000	\$ -	\$ -	\$ -
Interest earnings	-	264,339	4,101	268,440
Total revenues	<u>25,000</u>	<u>264,339</u>	<u>4,101</u>	<u>268,440</u>
Expenditures:				
Acquisition		302,778	-	302,778
Demolition		-	-	-
Infrastructure		227,729	1,008,000	1,235,729
Construction		-	64,919	64,919
Development financing		16,600	53,295	69,895
Bond administration		26,017	-	26,017
Business retention		-	-	-
Total expenditures	<u>5,025,000</u>	<u>573,124</u>	<u>1,126,214</u>	<u>1,699,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,000,000)</u>	<u>(308,785)</u>	<u>(1,122,113)</u>	<u>(1,430,898)</u>
Other Financing Sources:				
Premium received on debt issue	-	13,298	-	13,298
Bonds issued	5,000,000	3,000,000	-	3,000,000
Total other financing sources	<u>5,000,000</u>	<u>3,013,298</u>	<u>-</u>	<u>3,013,298</u>
Revenues and other financing over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,704,513</u>	<u>\$ (1,122,113)</u>	<u>\$ 1,582,400</u>

**Stantonsburg Road / 10th Street Connector
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted intergovernmental revenue	\$ 4,000,000	\$ 2,771,619	\$ (164,773)	\$ 2,606,846
Interest earnings	22,000	837	1,069	1,906
Total revenues	<u>4,022,000</u>	<u>2,772,456</u>	<u>(163,704)</u>	<u>2,608,752</u>
Expenditures:				
Bond administration cost		31,987	23,623	55,610
Engineering		1,444,879	370,814	1,815,693
Total expenditures	<u>6,022,000</u>	<u>1,476,866</u>	<u>394,437</u>	<u>1,871,303</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,000,000)</u>	<u>1,295,590</u>	<u>(558,141)</u>	<u>737,449</u>
Other Financing Sources (Uses):				
Bonds issued	<u>2,000,000</u>	<u>2,025,737</u>	-	<u>2,025,737</u>
Revenues and other financing over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,321,327</u>	<u>\$ (558,141)</u>	<u>\$ 2,763,186</u>

**South Tar River Greenway Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-9

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted intergovernmental revenue	\$ 1,480,000	\$ 169,383	\$ 132,476	\$ 301,859
Expenditures:				
Construction		3,150	330,063	333,213
Engineering		172,413	(13,018)	159,395
Right of way		13,708	(3,015)	10,693
Total expenditures	1,481,000	189,271	314,030	503,301
Excess (deficiency) of revenues over (under) expenditures	(1,000)	(19,888)	(181,554)	(201,442)
Other Financing Sources (Uses):				
Transfers in	1,000	1,000	-	1,000
Revenues and other financing over (under) expenditures and other financing uses	\$ -	\$ (18,888)	\$ (181,554)	\$ (200,442)

**Way Finding Community Development
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Interest earnings	\$ -	\$ 2,504	\$ 13	\$ 2,517
Expenditures:				
Construction	255,700	184	75	259
Excess (deficiency) of revenues over (under) expenditures	(255,700)	2,320	(62)	2,258
Other Financing Sources (Uses):				
Transfers in	255,700	255,700	-	255,700
Revenues and other financing over (under) expenditures and other financing uses	\$ -	\$ 258,020	\$ (62)	\$ 257,958

**Thomas Langston Road Extension Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-11

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Interest earnings	\$ 114,400	\$ -	\$ 2,926	\$ 2,926
Other income	-	102,567	-	102,567
Total revenues	<u>114,400</u>	<u>102,567</u>	<u>2,926</u>	<u>105,493</u>
Expenditures:				
Engineering		165,076	22,571	187,647
Bond administration expense		22,369	16,517	38,886
Construction		16,367	876,790	893,157
Total expenditures	<u>3,083,898</u>	<u>203,812</u>	<u>915,878</u>	<u>1,119,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,969,498)</u>	<u>(101,245)</u>	<u>(912,952)</u>	<u>(1,014,197)</u>
Other Financing Sources (Uses):				
Bonds issued	2,860,000	2,896,803	-	2,896,803
Transfers in	109,498	110,877	-	110,877
Total other financing sources (uses)	<u>2,969,498</u>	<u>3,007,680</u>	<u>-</u>	<u>3,007,680</u>
Revenues and other financing over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,906,435</u>	<u>\$ (912,952)</u>	<u>\$ 1,993,483</u>

**Intermodal Transportation Center Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Federal and State grants	\$ 950,500	\$ 119,871	\$ 29,558	\$ 149,429
Interest earnings	-	48	16	64
Total revenues	<u>950,500</u>	<u>119,919</u>	<u>29,574</u>	<u>149,493</u>
Expenditures:				
Construction	<u>1,691,111</u>	<u>135,729</u>	<u>31,726</u>	<u>167,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(740,611)</u>	<u>(15,810)</u>	<u>(2,152)</u>	<u>(17,962)</u>
Other Financing Sources (Uses):				
Transfers in	<u>740,611</u>	<u>21,718</u>	<u>631,117</u>	<u>652,835</u>
Revenues and other financing over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,908</u>	<u>\$ 628,965</u>	<u>\$ 634,873</u>

**Employee Parking Lot Expansion Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-13

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Interest earnings	\$ -	\$ 1,473	\$ 5	\$ 1,478
Expenditures:				
Renovations	94,183	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(94,183)	1,473	5	1,478
Other Financing Sources (Uses):				
Sale of property	175,500	175,500	-	175,500
Transfers in	193,683	193,683	-	193,683
Transfers Out	(275,000)	-	(275,000)	(275,000)
Total other financing sources (uses)	94,183	369,183	(275,000)	94,183
Revenues and other financing over (under) expenditures and other financing uses	\$ -	\$ 370,656	\$ (274,995)	\$ 95,661

**Convention Center Expansion/Streetscape Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-14

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Federal and state grants	\$ 30,000	\$ -	\$ 30,000	\$ 30,000
Occupancy taxes	1,062,202	748,564	209,587	958,151
Interest earnings	-	1,025	-	1,025
Other revenue	-	-	30,342	30,342
Total revenues	<u>1,092,202</u>	<u>749,589</u>	<u>269,929</u>	<u>1,019,518</u>
Expenditures:				
Allocation to Convention and Visitor Authority		223,566	-	223,566
Construction		1,583,909	864,709	2,448,618
Total expenditures		<u>1,807,475</u>	<u>864,709</u>	<u>2,672,184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,729,271)</u>	<u>(1,057,886)</u>	<u>(594,780)</u>	<u>(1,652,666)</u>
Other Financing Sources (Uses):				
Transfers in	<u>1,729,271</u>	<u>1,729,271</u>	-	<u>1,729,271</u>
Revenues and other financing over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 671,385</u>	<u>\$ (594,780)</u>	<u>\$ 76,605</u>

**Community Oriented Policing Services (COPS) Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-15

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Federal and State grants	\$ 3,308,159	\$ 3,033,284	\$ -	\$ 3,033,284
Interest earnings	-	1,862	-	1,862
Total revenues	<u>3,308,159</u>	<u>3,035,146</u>	-	<u>3,035,146</u>
Expenditures:				
Administration		2,280,964	-	2,280,964
Capital outlay		1,439,051	-	1,439,051
Total expenditures		<u>3,969,790</u>	-	<u>3,720,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(661,631)</u>	<u>(684,869)</u>	-	<u>(684,869)</u>
Other Financing Sources (Uses):				
Transfers in	661,631	661,631	-	661,631
Revenues and other financing over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (23,238)</u>	<u>\$ -</u>	<u>\$ (23,238)</u>

**New Technology for Public Safety Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-16

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Interest earnings	\$ -	\$ 5,998	\$ 79	\$ 6,077
Other revenue	-	-	120	120
Total revenues	-	5,998	199	6,197
Expenditures:				
Testing		1,300,995	399,604	1,700,599
Capital outlay		171,797	252,222	424,019
Total expenditures	3,484,000	1,472,792	651,826	2,124,618
Excess (deficiency) of revenues over (under) expenditures	(3,484,000)	(1,466,794)	(651,627)	(2,118,421)
Other Financing Sources (Uses):				
Transfers in	3,484,000	3,484,000	-	3,484,000
Revenues and other financing over (under) expenditures and other financing uses	\$ -	\$ 2,017,206	\$ (651,627)	\$ 1,365,579

**Public Works Yard, Beatty Street Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule D-17

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Interest earnings	\$ -	\$ 242	\$ 4	\$ 246
Expenditures:				
Construction	403,700	326,551	249	326,800
Excess (deficiency) of revenues over (under) expenditures	(403,700)	(326,309)	(245)	(326,554)
Other Financing Sources (Uses):				
Transfers in	403,700	403,700	-	403,700
Revenues and other financing over (under) expenditures and other financing uses	\$ -	\$ 77,391	\$ (245)	\$ 77,146

**Drew Steele Center
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Investment earnings	\$ -	\$ -	\$ 18	\$ 18
Other revenue - donations	500,000	-	463,783	463,783
Total revenues	500,000	-	463,801	463,801
Expenditures:				
Construction	500,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	\$ 500,000	\$ -	\$ 463,801	\$ 463,801

THIS PAGE INTENTIONALLY LEFT BLANK

PROPRIETARY FUND FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

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.

ELECTRIC FUND

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

WATER FUND

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

SEWER FUND

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

GAS FUND

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

PUBLIC TRANSPORTATION FUND

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

SANITATION

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

BRADFORD CREEK GOLF COURSE FUND

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

STORMWATER UTILITY FUND

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

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

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Electric Operating Fund - Major Enterprise Fund
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

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

	2010		Variance	2009
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Rates and charges	\$ 193,754,655	\$ 192,716,425	\$ (1,038,230)	\$ 185,301,475
Fees and charges	883,870	1,004,252	120,382	849,996
U.G. temp service charges	102,000	140,140	38,140	196,821
Miscellaneous	368,311	483,335	115,024	472,514
Total operating revenues	195,108,836	194,344,152	(764,684)	186,820,806
Nonoperating revenues:				
Interest on investments	540,000	519,435	(20,565)	680,167
Miscellaneous	128,946	186,478	57,532	383,083
Total nonoperating revenues	668,946	705,913	36,967	1,063,250
Total revenues	195,777,782	195,050,065	(727,717)	187,884,056
Expenditures:				
Governing Body department	2,103,938	1,687,736	416,202	1,807,934
Finance department	4,415,198	4,267,268	147,930	3,726,435
Human Resources department	1,369,423	1,382,488	(13,065)	1,122,807
Information Technology department	1,453,422	1,431,412	22,010	1,301,420
Customer Relations department	3,584,253	3,336,484	247,769	3,458,859
Electric department	181,838,987	178,378,657	3,460,330	176,344,880
Meter department	1,413,180	1,316,750	96,430	1,428,052
Utility Locating Services	139,381	120,148	19,233	117,126
Total expenditures	196,317,782	191,920,943	4,396,839	189,307,513
Excess (deficiency) of revenues over (under) expenditures	(540,000)	3,129,122	3,669,122	(1,423,457)
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	1,435,714
Installment debt issued	540,000	514,460	(25,540)	320,000
Total other financing sources	540,000	514,460	(25,540)	1,755,714
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,643,582	\$ 3,643,582	\$ 332,257

(Continued)

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Electric Operating Fund - Major Enterprise Fund (Continued)
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

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

		2010	2009
Budget	Actual	Variance Positive (Negative)	Actual

Reconciliation to Full Accrual Basis From Modified Accrual Basis:

Revenues over expenditures	<u>\$ 3,643,582</u>	<u>\$ 332,257</u>
Budgetary appropriations, capital	4,573,414	8,051,764
Budgetary appropriations, debt principal	1,961,104	1,498,985
Depreciation	(6,892,378)	(6,903,947)
Debt issued	(514,460)	(1,755,714)
Amortization of bond premium/discount	(11,173)	(11,959)
Amortization of bond issuance costs	(4,291)	(4,291)
Capitalization of bond interest	244,748	244,958
Changes in accrued interest payable	15,645	(78,045)
Changes in OPEB liability	(850,933)	(999,386)
Revenue recognized in Capital Projects	<u>3,148</u>	<u>114,260</u>
Change in Net Assets - GAAP Basis	<u><u>\$ 2,168,406</u></u>	<u><u>\$ 488,882</u></u>

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Water Operating Fund - Major Enterprise Fund
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Rates and charges	\$ 12,571,737	\$ 12,921,434	\$ 349,697	\$ 12,934,404
Fees and charges	320,280	398,169	77,889	526,328
Miscellaneous	174,483	79,354	(95,129)	78,685
Total operating revenues	13,066,500	13,398,957	332,457	13,539,417
Nonoperating revenues:				
Interest on investments	51,000	56,706	5,706	76,296
Capacity fees	130,000	-	(130,000)	-
Miscellaneous	114,881	219,891	105,010	339,803
Total nonoperating revenues	295,881	276,597	(19,284)	416,099
Total revenues	13,362,381	13,675,554	313,173	13,955,516
Expenditures:				
Governing Body department	539,758	626,229	(86,471)	625,218
Finance department	3,942,558	3,846,507	96,051	3,536,443
Human Resources department	719,873	701,239	18,634	609,730
Information Technology department	436,707	534,705	(97,998)	381,308
Customer Relations department	111,517	214,186	(102,669)	127,425
Meter department	415,807	397,030	18,777	314,768
Water department	8,094,281	7,707,591	386,690	8,651,253
Utility locating services	139,381	120,282	19,099	116,538
Total expenditures	14,399,882	14,147,769	252,113	14,362,683
Excess (deficiency) of revenues over (under) expenditures	(1,037,501)	(472,215)	565,286	(407,167)
Other Financing Sources (Uses):				
Capital contributed	-	370,783	370,783	1,833,101
Debt issued	140,800	125,459	(15,341)	630,838
Intrafund transfers in	173,000	172,998	(2)	114,937
Appropriated fund balance	723,701	-	(723,701)	-
Total other financing sources	1,037,501	669,240	(368,261)	2,578,876
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 197,025	\$ 197,025	\$ 2,171,709

(Continued)

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Water Operating Fund - Major Enterprise Fund (Continued)
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

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

	2010		2009
	Budget	Actual	Actual
		Variance Positive (Negative)	
Reconciliation to Full Accrual Basis From Modified Accrual Basis:			
Revenues over expenditures		\$ 197,025	\$ 2,171,709
Budgetary appropriations, capital		772,806	1,565,404
Budgetary appropriations, debt principal		2,010,962	1,817,776
Depreciation		(3,231,417)	(3,134,453)
Debt proceeds		(125,459)	(630,838)
Amortization of bond premium/discount		215	(5,544)
Amortization of bond issuance costs		(22,269)	(22,268)
Capitalization of bond interest		286,621	323,405
Intra-fund transfers		(172,998)	(114,937)
Changes in accrued interest payable		(68,975)	(244,640)
Changes in OPEB liability		(378,522)	(374,393)
Revenue recognized in Capital Projects		2,394,486	823,179
Change in Net Assets - GAAP Basis		\$ 1,662,475	\$ 2,174,400

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Sewer Operating Fund - Major Enterprise Fund
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Rates and charges	\$ 13,594,776	\$ 13,982,944	\$ 388,168	\$ 13,282,500
Fees and charges	277,920	366,945	89,025	388,926
Miscellaneous	76,083	77,579	1,496	73,490
Total operating revenues	13,948,779	14,427,468	478,689	13,744,916
Nonoperating revenues:				
Interest on investments	105,000	95,480	(9,520)	155,313
Capacity fees	115,000	-	(115,000)	-
Acreage fees	150,000	103,753	(46,247)	-
Pitt County	130,437	130,438	1	130,438
Miscellaneous	48,526	41,259	(7,267)	94,656
Total nonoperating revenues	548,963	370,930	(178,033)	380,407
Total revenues	14,497,742	14,798,398	300,656	14,125,323
Expenditures:				
Governing Body department	539,109	623,839	(84,730)	638,152
Finance department	5,611,104	5,505,522	105,582	5,259,659
Human Resources department	687,150	671,241	15,909	583,033
Information Technology department	548,331	420,898	127,433	495,019
Customer Relations department	224,016	114,016	110,000	248,361
Meter department	171,177	137,313	33,864	255,296
Sewer department	7,423,552	7,723,622	(300,070)	7,228,308
Utility locating services	139,381	120,273	19,108	116,499
Total expenditures	15,343,820	15,316,724	27,096	14,824,327
Excess (deficiency) of revenues over (under) expenditures	(846,078)	(518,326)	327,752	(699,004)
Other Financing Sources (Uses):				
Capital contributed	-	929,452	929,452	2,043,614
Debt issued	333,800	297,034	(36,766)	861,177
Intrafund transfers in	455,000	276,247	(178,753)	-
Intrafund transfers out	(10,000)	-	10,000	-
Appropriated fund balance	67,278	-	(67,278)	-
Total other financing sources (uses)	846,078	1,502,733	656,655	2,904,791
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 984,407	\$ 984,407	\$ 2,205,787

(Continued)

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Sewer Operating Fund - Major Enterprise Fund (Continued)
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

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

	2010		2009
	Budget	Actual	Variance Positive (Negative) Actual
Reconciliation to Full Accrual Basis From Modified Accrual Basis:			
Revenues over (under) expenditures		\$ 984,407	\$ 2,205,787
Budgetary appropriations, capital		1,134,196	1,013,964
Budgetary appropriations, debt principal		3,587,505	3,367,976
Depreciation		(4,068,592)	(3,895,206)
Debt proceeds		(297,034)	(861,177)
Amortization of bond premium/discount		(19,478)	(21,495)
Amortization of bond issuance costs		(7,606)	(7,606)
Capitalization of bond interest		335,105	313,209
Changes in accrued interest payable		(79,670)	(71,693)
Intra-fund transfers		(276,247)	-
Changes in OPEB liability		(340,494)	(399,119)
Revenue recognized in Capital Projects		213,647	456,937
Change in Net Assets - GAAP Basis		\$ 1,165,739	\$ 2,101,577

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Gas Operating Fund - Major Enterprise Fund
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

**Schedule E-4
Page 1 of 2**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Rates and charges	\$ 35,889,830	\$ 37,491,825	\$ 1,601,995	\$ 44,176,441
Fees and charges	124,500	159,339	34,839	138,363
Miscellaneous	81,198	89,329	8,131	93,095
Total operating revenues	<u>36,095,528</u>	<u>37,740,493</u>	<u>1,644,965</u>	44,407,899
Nonoperating revenues:				
Interest on investments	120,000	137,904	17,904	97,828
Miscellaneous	227,457	221,709	(5,748)	68,274
Total nonoperating revenues	<u>347,457</u>	<u>359,613</u>	<u>12,156</u>	166,102
Total revenues	<u>36,442,985</u>	<u>38,100,106</u>	<u>1,657,121</u>	44,574,001
Expenditures:				
Governing Body department	634,702	679,107	(44,405)	657,804
Finance department	1,903,745	1,781,392	122,353	1,734,290
Human Resources department	523,543	527,827	(4,284)	448,056
Information Technology department	604,204	601,029	3,175	554,060
Customer Relations department	448,033	411,343	36,690	431,240
Meter department	323,368	379,047	(55,679)	567,149
Gas department	32,288,009	28,668,097	3,619,912	34,820,840
Utility Locating Services	139,381	120,300	19,081	115,038
Total expenditures	<u>36,864,985</u>	<u>33,168,142</u>	<u>3,696,843</u>	39,328,477
Excess (deficiency) of revenues over (under) expenditures	<u>(422,000)</u>	<u>4,931,964</u>	<u>5,353,964</u>	5,245,524
Other Financing Sources (Uses):				
Debt issued	422,000	334,828	(87,172)	123,698
Total other financing sources	<u>422,000</u>	<u>334,828</u>	<u>(87,172)</u>	123,698
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,266,792</u>	<u>\$ 5,266,792</u>	\$ 5,369,222

(Continued)

**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP) -
Gas Operating Fund - Major Enterprise Fund (Continued)
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

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

	2010		2009
	Budget	Actual	Variance Positive (Negative) Actual
Reconciliation to Full Accrual Basis From Modified Accrual Basis:			
Revenues over expenditures		\$ 5,266,792	\$ 5,369,222
Budgetary appropriations, capital		1,225,398	809,524
Budgetary appropriations, debt principal		846,750	784,847
Depreciation		(1,456,607)	(1,390,741)
Bond proceeds		(334,828)	(123,698)
Amortization of bond premium/discount		(1,404)	(1,998)
Amortization of bond issuance costs		(2,572)	(2,572)
Capitalization of bond interest		33,252	52,414
Changes in accrued interest payable		8,366	(12,740)
Changes in OPEB liability		(254,677)	(318,087)
Revenue recognized in Capital Projects		1,500	23,159
Change in Net Assets - GAAP Basis		\$ 5,331,970	\$ 5,189,330

**Nonmajor Enterprise Funds
Combining Statement of Net Assets
June 30, 2010**

Schedule E-5

	Public Transportation Fund	Bradford Creek Golf Course Fund	Stormwater Utility Fund	Sanitation Fund	Total
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 1,529,567	\$ -	\$ 4,310,005	\$ 453,917	\$ 6,293,489
Accounts receivable, net	123,649	-	202,922	393,995	720,566
Due from other governments	1,625	6,293	11,723	1,501	21,142
Due from other funds	-	-	242,428	416,632	659,060
Inventories	-	14,197	-	-	14,197
Prepaid items and deposits	-	250	-	-	250
Total current assets	1,654,841	20,740	4,767,078	1,266,045	7,708,704
Noncurrent Assets:					
Restricted cash and investments	-	-	1,704,444	-	1,704,444
Land and construction in progress	-	2,684,455	4,044,562	-	6,729,017
Other capital assets, net of depreciation	855,012	437,258	176,653	584,810	2,053,733
Total noncurrent assets	855,012	3,121,713	5,925,659	584,810	10,487,194
Total assets	2,509,853	3,142,453	10,692,737	1,850,855	18,195,898
Liabilities:					
Current Liabilities:					
Accounts payable and accrued liabilities	31,655	31,241	43,485	96,596	202,977
Due to other funds	-	739,399	-	-	739,399
Unearned revenue	2,902	-	-	-	2,902
Compensated absences payable	37,874	22,870	-	139,270	200,014
Current maturities of long-term debt	-	147,664	132,799	70,131	350,594
Total current liabilities	72,431	941,174	176,284	305,997	1,495,886
Noncurrent Liabilities:					
Noncurrent portion of compensated absences	16,231	9,801	-	59,689	85,721
Noncurrent portion of other post employment ben	130,699	104,277	316,833	720,799	1,272,608
Noncurrent portion of long-term debt	-	288,215	4,739,006	-	5,027,221
Total noncurrent liabilities	146,930	402,293	5,055,839	780,488	6,385,550
Total liabilities	219,361	1,343,467	5,232,123	1,086,485	7,881,436
Net Assets:					
Investment in capital assets, net of related debt	855,012	2,685,834	1,053,854	514,679	5,109,379
Unrestricted net assets	1,435,480	(886,848)	4,406,760	249,691	5,205,083
Total net assets	\$ 2,290,492	\$ 1,798,986	\$ 5,460,614	\$ 764,370	\$ 10,314,462

City of Greenville, North Carolina

**Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
June 30, 2010**

Schedule E-6

	Transportation Fund	Bradford Creek Golf Course Fund	Stormwater Utility Fund	Sanitation Fund	Total
Operating revenues:					
Charges for services	\$ 234,519	\$ 753,478	\$ 3,207,064	\$ 5,830,919	\$ 10,025,980
Other operating revenues	216	-	-	82,820	83,036
Total operating revenue	<u>234,735</u>	<u>753,478</u>	<u>3,207,064</u>	<u>5,913,739</u>	<u>10,109,016</u>
Operating expenses:					
Administrative and general	20,606	-	-	-	20,606
Operations and maintenance	1,244,516	857,244	2,385,471	5,242,680	9,729,911
Depreciation and amortization	437,486	32,059	38,258	250,634	758,437
Total operating expenses	<u>1,702,608</u>	<u>889,303</u>	<u>2,423,729</u>	<u>5,493,314</u>	<u>10,508,954</u>
Operating income (loss)	<u>(1,467,873)</u>	<u>(135,825)</u>	<u>783,335</u>	<u>420,425</u>	<u>(399,938)</u>
Non-Operating Revenues (Expenses):					
Investment earnings	60	-	3,564	20	3,644
Restricted intergovernmental revenues	787,580	-	-	19,733	807,313
Interest expense	-	(16,320)	(214,569)	(2,096)	(232,985)
Total nonoperating revenues (expense)	<u>787,640</u>	<u>(16,320)</u>	<u>(211,005)</u>	<u>17,657</u>	<u>577,972</u>
Income (loss) before transfers and contributions	(680,233)	(152,145)	572,330	438,082	178,034
Transfers from other funds	<u>352,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,744</u>
Change in net assets	(327,489)	(152,145)	572,330	438,082	530,778
Net assets, beginning of year	<u>2,617,981</u>	<u>1,951,131</u>	<u>4,888,329</u>	<u>326,243</u>	<u>9,783,684</u>
Net assets, end of year	<u>\$ 2,290,492</u>	<u>\$ 1,798,986</u>	<u>\$ 5,460,659</u>	<u>\$ 764,325</u>	<u>\$ 10,314,462</u>

**Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2010**

Schedule E-7

	Public Transportation Fund	Bradford Creek Golf Course Fund	Stormwater Utility Fund	Sanitation Fund	Total
Operating Activities:					
Cash received from customers	\$ 315,160	\$ 753,478	\$ 3,004,143	\$ 6,290,088	\$ 10,362,869
Cash paid to vendors	(483,278)	(202,204)	(743,938)	(2,404,333)	(3,833,753)
Cash paid to employees	(734,554)	(373,584)	(1,595,183)	(3,402,385)	(6,105,706)
Net cash provided by (used in) operating activities	(902,672)	177,690	665,022	483,370	423,410
Non-Capital Financing Activities:					
Transfer from other funds	352,744	-	-	-	352,744
Restricted intergovernmental revenues	787,580	-	-	19,733	807,313
Net cash provided by (used in) non-capital financing activities	1,140,324	-	-	19,733	1,160,057
Capital and Related Financing Activities:					
Repayment of principal of long-term debt	-	(144,105)	(94,196)	(47,110)	(285,411)
Interest paid	-	(16,320)	(214,569)	(2,096)	(232,985)
Acquisition and construction of capital assets	-	(17,265)	(682,555)	-	(699,820)
Net cash provided by (used in) capital and related financing activities	-	(177,690)	(991,320)	(49,206)	(1,218,216)
Investing Activities:					
Interest received on investments	60	-	3,564	20	3,644
Net cash provided by (used in) investing activities	60	-	3,564	20	3,644
Net increase in cash and cash equivalents	237,712	-	(322,734)	453,917	368,895
Cash and cash equivalents/investments:					
Beginning of year	1,291,855	-	6,337,183	-	7,629,038
End of year	\$ 1,529,567	\$ -	\$ 6,014,449	\$ 453,917	\$ 7,997,933
Reconciliation of Operating Income (loss) to Net Cash Provided by (used in) Operating Activities:					
Operating income (loss)	\$ (1,467,873)	\$ (135,825)	\$ 783,335	\$ 420,425	\$ (399,938)
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by (used in) Operating Activities:					
Depreciation	437,486	32,059	38,258	250,634	758,437
Change in assets and liabilities:					
Accounts receivable	83,543	-	(27,343)	(8,673)	47,527
Due from other governments	224	(202)	(8,052)	6,244	(1,786)
Due from other funds	9,980	-	3,377	60,679	74,036
Inventory	-	3	-	-	3
Accounts payable and accrued expenses	(16,125)	2,187	2,120	(3,495)	(15,313)
Due to other funds	-	221,049	(34,318)	(58,148)	128,583
Unearned revenue	2,902	-	(175,578)	(385,022)	(557,698)
Compensated absences	6,922	(643)	-	7,433	13,712
Other post employment benefits accrual	40,269	59,062	83,223	193,293	375,847
Net cash provided by (used in) operating activities	\$ (902,672)	\$ 177,690	\$ 665,022	\$ 483,370	\$ 423,410

**Public Transportation Enterprise Fund
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

Schedule E-8

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 165,583	\$ 234,519	\$ 68,936	\$ 216,686
Public transportation planning and operating grants	1,556,820	787,580	(769,240)	1,499,320
Investment earnings	2,710	60	(2,650)	1,438
Other operating revenues	100	216	116	1,731
Total operating revenue	<u>1,725,213</u>	<u>1,022,375</u>	<u>(702,838)</u>	1,719,175
Expenditures:				
Administrative and general	32,105	20,606	11,499	21,327
Operations and maintenance	189,210	169,626	19,584	184,734
Salaries and benefits	769,404	767,904	1,500	760,315
Capital outlay	1,052,081	266,717	785,364	988,953
Total operating expenses	<u>2,042,800</u>	<u>1,224,853</u>	<u>817,947</u>	1,955,329
Revenues over (under) expenditures	<u>(317,587)</u>	<u>(202,478)</u>	<u>115,109</u>	(236,154)
Other Financing Sources (Uses):				
Appropriated fund balance	281	-	(281)	-
Transfers from General Fund	317,306	352,744	35,438	468,990
Total other financing sources (uses)	<u>317,587</u>	<u>352,744</u>	<u>35,157</u>	468,990
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>150,266</u>	<u>\$ 150,266</u>	232,836
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Depreciation		(437,486)		(432,045)
Capitalized expenditures		-		639,460
Change in OPEB liability		(40,269)		(41,044)
Loss on disposal of capital assets		-		(2,370)
Change in net assets - GAAP basis		<u>\$ (327,489)</u>		<u>\$ 396,837</u>

**Bradford Creek Golf Course Enterprise Fund
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

Schedule E-9

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 935,125	\$ 753,478	\$ (181,647)	\$ 799,943
Other operating revenues	-	-	-	4
Total operating revenue	<u>935,125</u>	<u>753,478</u>	<u>(181,647)</u>	<u>799,947</u>
Expenditures:				
Operations and maintenance	353,302	366,179	(12,877)	406,143
Salaries and benefits	421,398	432,003	(10,605)	431,340
Capital outlay	-	17,265	(17,265)	-
Retirement of long-term debt	144,105	144,105	-	144,105
Interest expense	16,320	16,320	-	20,672
Total operating expenses	<u>935,125</u>	<u>975,872</u>	<u>(40,747)</u>	<u>1,002,260</u>
Revenues over (under) expenditures	<u>-</u>	<u>(222,394)</u>	<u>(222,394)</u>	<u>(202,313)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	8,000
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(222,394)</u>	<u>\$ (222,394)</u>	<u>(194,313)</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Depreciation		(32,059)		(32,340)
Capital outlay		17,265		-
Change in OPEB liability		(59,062)		(20,522)
Retirement of long-term debt		144,105		144,105
Change in net assets - GAAP basis		<u>\$ (152,145)</u>		<u>\$ (103,070)</u>

Stormwater Utility Fund
Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)
Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009

Schedule E-10

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Revenues:				
Charges for services	\$ 2,898,243	\$ 3,004,142	\$ 105,899	\$ 2,958,256
Grant revenue	-	-	-	18,431
Investment earnings	60,616	624	(59,992)	14,154
Total operating revenues	<u>2,958,859</u>	<u>3,004,766</u>	<u>45,907</u>	2,990,841
Expenditures:				
Operations and maintenance	522,093	451,123	70,970	447,021
Salaries and benefits	1,813,470	1,595,183	218,287	1,585,329
Capital outlay	2,710,907	623,492	2,087,415	230,889
Retirement of long-term debt	94,150	94,196	(46)	124,587
Interest paid	214,567	214,569	(2)	219,144
Indirect cost reimbursement	-	255,245	(255,245)	240,995
Total operating expenses	<u>5,355,187</u>	<u>3,233,808</u>	<u>2,121,379</u>	2,847,965
Revenues over (under) expenditures	<u>(2,396,328)</u>	<u>(229,042)</u>	<u>(2,075,472)</u>	142,876
Other Financing Sources (Uses):				
Transfer to other funds	(1,450,245)	(1,195,000)	255,245	-
Appropriated fund balance	3,846,573	-	(3,846,573)	-
Total other financing sources (uses)	<u>2,396,328</u>	<u>(1,195,000)</u>	<u>(3,591,328)</u>	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(1,424,042)</u>	<u>\$ (1,424,042)</u>	142,876
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Depreciation		(38,258)		(67,705)
Transfer to capital projects		1,195,000		-
Gain (loss) on disposal of capital assets		-		(2,263)
Capital project interest earnings		2,940		30,972
Deferred revenue		202,922		-
Other capital project activity		(697)		-
Capital asset additions		623,492		179,923
Change in OPEB liability		(83,223)		(106,030)
Retirement of long-term debt		94,196		124,587
Change in net assets - GAAP basis		<u>\$ 572,330</u>		<u>\$ 302,360</u>

**Stormwater Drainage Capital Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

Schedule E-11

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Interest earnings	\$ 204,000	\$ 302,382	\$ 2,882	\$ 305,264
Total revenues	<u>204,000</u>	<u>302,382</u>	<u>2,882</u>	<u>305,264</u>
Expenditures:				
Stormwater drainage projects	5,384,232	3,431,496	59,063	3,490,559
Revenues over (under) expenditures	<u>(5,180,232)</u>	<u>(3,129,114)</u>	<u>(56,181)</u>	<u>(3,185,295)</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	80,232	-	-	-
Total other financing sources (uses)	<u>5,180,232</u>	<u>5,122,607</u>	<u>-</u>	<u>5,122,607</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,993,493</u>	<u>\$ (56,181)</u>	<u>\$ 1,937,312</u>

**SW Drainage Maintenance Improvement Capital Project
Schedule of Revenues and Expenditures -
Budget and Actual
From Inception and For the Year Ended June 30, 2010**

	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Interest earnings	\$ -	\$ -	\$ 58	\$ 58
Total revenues	-	-	58	58
Expenditures:				
Stormwater drainage projects	1,195,000	-	697	697
Revenues over (under) expenditures	(1,195,000)	-	(639)	(639)
Other Financing Sources (Uses):				
Transfers in	1,195,000	-	1,195,000	1,195,000
Total other financing sources	1,195,000	-	1,195,000	1,195,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 1,194,361	\$ 1,194,361

Sanitation Fund

Schedule E-13

**Schedule of Revenues and Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP)**

With Comparative Actual Amounts for Year Ended June 30, 2009

	2010		Variance	2009
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Charges for services	\$ 5,634,238	\$ 5,447,325	\$ (186,913)	\$ 5,396,142
Grant revenue	23,925	19,733	(4,192)	19,910
Investment earnings	-	20	20	4
Other revenue	53,840	82,820	28,980	29,012
Total operating revenues	<u>5,712,003</u>	<u>5,549,898</u>	<u>(162,105)</u>	5,445,068
Expenditures:				
Operations and maintenance	1,667,039	1,342,401	324,638	1,175,525
Salaries and benefits	3,740,309	3,402,385	337,924	3,723,613
Capital outlay	-	-	-	126,294
Retirement of long-term debt	47,117	47,110	7	23,162
Interest paid	2,095	2,096	(1)	447
Indirect cost reimbursement	-	304,601	(304,601)	260,491
Total operating expenses	<u>5,456,560</u>	<u>5,098,593</u>	<u>357,967</u>	5,309,532
Revenues over (under) expenditures	<u>255,443</u>	<u>451,305</u>	<u>195,862</u>	135,536
Other Financing Sources (Uses):				
Appropriated fund balance	15,258	-	(15,258)	-
Transfers from General Fund	33,900	-	(33,900)	-
Transfers to General Fund	(304,601)	-	304,601	-
Total other financing sources (uses)	<u>(255,443)</u>	-	<u>255,443</u>	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>451,305</u>	<u>\$ 451,305</u>	135,536
Reconciliation from Budgetary Basis to Full Accrual Basis:				
Depreciation		(250,634)		(249,154)
Contributed Capital		-		839,666
Deferred revenue		383,594		104,539
Change in OPEB liability		(193,293)		(527,506)
Retirement of long-term debt		47,110		23,162
Change in net assets - GAAP basis		<u>\$ 438,082</u>		<u>\$ 326,243</u>

INTERNAL SERVICE FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK

INTERNAL SERVICE FUND

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

DENTAL REIMBURSEMENT FUND

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

VEHICLE REPLACEMENT FUND

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

HEALTH INSURANCE FUND

The Health Insurance Fund is established to account for financing the City's health insurance premiums and claims paid on behalf of the City employees under the plan administered by Cigna.

**Internal Service Funds
Combining Balance Sheet
June 30, 2010**

Schedule F-1

	Dental Reimbursement Fund	Vehicle Replacement Fund	Health Insurance Fund	Total
Assets:				
Current Assets:				
Cash, cash equivalents, and investments	\$ 3,869	\$ 5,271,036	\$ 248,721	\$ 5,523,626
Receivables	-	-	20,102	20,102
Prepaid expenses	-	-	57,330	57,330
Total current assets	<u>3,869</u>	<u>5,271,036</u>	<u>326,153</u>	<u>5,601,058</u>
Noncurrent Assets:				
Other capital assets, net	-	4,362,366	-	4,362,366
Total assets	<u>3,869</u>	<u>9,633,402</u>	<u>326,153</u>	<u>9,963,424</u>
Liabilities and Net Assets:				
Current Liabilities:				
Accounts payable	-	6,565	922,000	928,565
Due to other funds	68,402	-	626,000	694,402
Unearned revenue	-	-	9,559	9,559
Total current liabilities	<u>68,402</u>	<u>6,565</u>	<u>1,557,559</u>	<u>1,632,526</u>
Net Assets:				
Investment in capital assets	-	4,362,366	-	4,362,366
Unrestricted net assets	(64,533)	5,264,471	(1,231,406)	3,968,532
Total net assets	<u>\$ (64,533)</u>	<u>\$ 9,626,837</u>	<u>\$ (1,231,406)</u>	<u>\$ 8,330,898</u>

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2010

	Dental Reimbursement Fund	Vehicle Replacement Fund	Health Insurance Fund	Total
Operating Revenues:				
Charges for services	\$ 220,691	\$ 2,568,062	\$ 4,569,337	\$ 7,358,090
Other operating revenues	-	75,084	-	75,084
Total operating revenues	220,691	2,643,146	4,569,337	7,433,174
Operating Expenses:				
Administration	-	-	499,241	499,241
Operations and maintenance	-	19,453	-	19,453
Depreciation	-	497,593	-	497,593
Claims and payments to third party administrators	241,015	-	5,301,633	5,542,648
Total operating expenses	241,015	517,046	5,800,874	6,558,935
Operating income (loss)	(20,324)	2,126,100	(1,231,537)	874,239
Non-Operating Revenues (Expenses):				
Investment earnings	5	230	131	366
Total non-operating revenue (expenses)	5	230	131	366
Change in Net Assets	(20,319)	2,126,330	(1,231,406)	874,605
Net Assets:				
Beginning of Year	(44,214)	7,500,507	-	7,456,293
End of Year	\$ (64,533)	\$ 9,626,837	\$ (1,231,406)	\$ 8,330,898

**Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2010**

Schedule F-3

	Dental Reimbursement Fund	Vehicle Replacement Fund	Health Insurance Fund	Total
Operating Activities:				
Cash received from customers	\$ 235,545	\$ 2,643,146	\$ 5,184,794	\$ 8,063,485
Cash paid to vendors	(241,015)	(12,888)	(4,936,204)	(5,190,107)
Net cash provided by (used in) operating activities	(5,470)	2,630,258	248,590	2,873,378
Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(843,136)	-	(843,136)
Net cash provided by (used in) capital and related financing activities	-	(843,136)	-	(843,136)
Investing Activities:				
Interest received on investments	5	230	131	366
Net cash provided by (used in) investing activities	5	230	131	366
Net increase (decrease) in cash and cash equivalents/investments	(5,465)	1,787,352	248,721	2,030,608
Cash and Cash Equivalents/Investments:				
Beginning of Year	9,334	3,483,684	-	3,493,018
End of Year	\$ 3,869	\$ 5,271,036	\$ 248,721	\$ 5,523,626
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Operating income (loss)	\$ (20,324)	\$ 2,126,100	\$ (1,231,537)	\$ 874,239
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Depreciation	-	497,593	-	497,593
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	(20,102)	(20,102)
(Increase) decrease in prepaids	-	-	(57,330)	(57,330)
Increase (decrease) in due to other funds	14,854	-	626,000	640,854
Increase (decrease) in unearned revenue	-	-	9,559	9,559
Increase (decrease) in accounts payable	-	6,565	922,000	928,565
Net cash provided by (used in) operating activities	\$ (5,470)	\$ 2,630,258	\$ 248,590	\$ 2,873,378

Dental Reimbursement Internal Service Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
Year Ended June 30, 2010

	2010		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Charges for services	\$ 239,008	\$ 220,691	\$ (18,317)
Investment earnings	-	5	5
Total revenue	<u>239,008</u>	<u>220,696</u>	<u>(18,312)</u>
Expenditures:			
Claims	<u>239,008</u>	<u>241,015</u>	<u>(2,007)</u>
Total operating expenses	<u>239,008</u>	<u>241,015</u>	<u>(2,007)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (20,319)</u>	<u>\$ (20,319)</u>

**Vehicle Replacement Internal Service Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
Year Ended June 30, 2010**

Schedule F-5

	2010		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Charges for services	\$ 2,702,690	\$ 2,568,062	\$ (134,628)
Investment earnings	50,000	230	(49,770)
Other operating revenues	-	75,084	75,084
Total revenue	<u>2,752,690</u>	<u>2,643,376</u>	<u>(109,314)</u>
Expenditures:			
Capital outlay	<u>2,845,776</u>	<u>862,588</u>	<u>1,983,188</u>
Revenues over (under) expenditures	<u>(93,086)</u>	<u>1,780,788</u>	<u>1,873,874</u>
Other Financing Sources (Uses):			
Fund balance appropriated	<u>93,086</u>	-	<u>(93,086)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,780,788</u>	<u>\$ 1,780,788</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Depreciation		(497,593)	
Capital asset purchased		843,135	
Change in net assets - GAAP basis		<u>\$ 2,126,330</u>	

Health Insurance Internal Service Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
Year Ended June 30, 2010

	2010		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Charges for services	\$ 9,543,727	\$ 4,569,337	\$ (4,974,390)
Investment earnings	-	131	131
Total revenue	<u>9,543,727</u>	<u>4,569,468</u>	<u>(4,974,259)</u>
Expenditures:			
Administration		499,241	
Payment to third party administrator		4,379,633	
Total expenditures	<u>9,543,727</u>	<u>4,878,874</u>	<u>4,664,853</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(309,406)</u>	<u>\$ (309,406)</u>
Reconciliation from Budgetary Basis to Full Accrual Basis:			
Accrual of IBNR		<u>(922,000)</u>	
Change in net assets - GAAP basis		<u>\$ (1,231,406)</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

DEBT SERVICE FUND

THIS PAGE INTENTIONALLY LEFT BLANK

DEBT SERVICE FUND

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

THIS PAGE INTENTIONALLY LEFT BLANK

Nonmajor Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2010

	2010		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Other taxes	\$ 538,246	\$ 491,058	\$ (47,188)
Investment earnings	-	31,105	31,105
Total revenues	<u>538,246</u>	<u>522,163</u>	<u>(16,083)</u>
Expenditures:			
Current:			
Principal retirement	3,135,512	3,129,920	5,592
Interest and fees	1,673,626	1,682,419	(8,793)
Total expenditures	<u>4,809,138</u>	<u>4,812,339</u>	<u>(3,201)</u>
Revenues over (under) expenditures	<u>(4,270,892)</u>	<u>(4,290,176)</u>	<u>(19,284)</u>
Other Financing Sources:			
Transfers in	<u>4,270,892</u>	<u>4,265,851</u>	<u>(5,041)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (24,325)</u>	<u>\$ (24,325)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

STATISTICAL SECTION

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

CONTENTS:

FINANCIAL TRENDS INFORMATION

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

REVENUE CAPACITY INFORMATION

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

DEBT CAPACITY INFORMATION

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Charts and tables provide information for the past ten years or a comparison of the current fiscal year and nine years prior. GASB 34 was implemented in 2002; some information is not available prior to that year.

Notes at the bottom of the 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, North Carolina
Net Assets by Component

Table 1

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

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

Table 2
City of Greenville, North Carolina
Changes in Net Assets

Page 1 of 2

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:									
Governmental activities:									
General government	\$ 11,108	\$ 11,115	\$ 12,750	\$ 13,023	\$ 16,353	\$ 18,144	\$ 16,290	\$ 12,826	\$ 10,721
Public safety	19,998	20,493	21,925	23,705	23,624	28,366	29,719	32,621	37,866
Transportation	5,793	4,503	3,543	2,897	5,720	3,190	9,703	8,253	11,994
Environmental protection	3,058	3,172	3,290	3,568	3,855	4,295	4,366	1,068	-
Economic development	7,568	6,197	7,698	1,932	7,652	3,528	5,139	6,006	5,199
Cultural and recreation	5,731	4,006	2,125	6,626	5,044	4,926	6,690	10,360	11,192
Interest on long term debt	1,575	1,317	1,168	1,697	1,714	1,937	1,788	1,440	1,842
Total governmental activities expenses	54,831	50,803	52,499	53,448	63,962	64,386	73,695	72,574	78,814
Business-type activities:									
Electric	115,479	126,098	130,598	133,698	148,006	157,151	163,119	183,301	188,681
Water	8,825	9,023	10,019	12,302	11,584	11,836	13,170	14,437	14,778
Sewer	9,748	10,053	10,233	10,931	12,227	12,800	12,972	14,524	14,776
Gas	16,653	19,383	22,752	28,357	36,630	37,068	38,148	38,330	31,749
Public transportation	864	830	919	1,000	1,366	1,389	1,412	1,791	1,703
Bradford Creek	896	809	791	825	841	871	878	911	906
Stormwater utility	-	133	1,277	1,546	1,704	1,848	2,367	2,720	2,638
Sanitation	-	-	-	-	-	-	-	5,959	5,495
Total business-type activities expenses	152,465	166,329	176,589	188,659	212,358	222,963	232,066	261,973	260,726
Total primary government expenses	\$ 207,296	\$ 217,132	\$ 229,088	\$ 242,107	\$ 276,320	\$ 287,349	\$ 305,761	\$ 334,547	\$ 339,540
Program Revenues:									
Governmental activities:									
Charges for services:									
General government	1,547	1,387	1,583	3,328	4,109	4,392	4,112	2,323	447
Public safety	2,210	2,486	2,603	2,518	3,811	4,189	3,709	4,221	5,060
Transportation	1,148	1,060	1,049	161	311	275	210	264	264
Environmental protection	2,694	3,655	3,984	3,881	3,719	4,004	4,634	81	-
Economic development	434	422	455	876	505	668	768	1,280	170
Cultural and recreation	20	12	9	356	24	31	516	19	1,324
Operating grants and contributions:	3,425	3,078	3,564	3,772	4,538	4,578	3,101	3,952	7,491
Capital grants and contributions	14,264	6,553	3,085	2,770	3,360	3,022	3,691	5,657	13,735
Total governmental activities revenue	25,742	18,653	16,332	17,662	20,377	21,159	20,741	17,797	28,491
Business-type activities:									
Charge for services:									
Electric	121,460	131,900	136,506	138,528	154,577	164,380	168,993	187,204	194,531
Water	9,398	9,498	9,670	10,298	11,557	11,977	13,714	13,955	13,829
Sewer	10,171	10,105	11,486	12,206	12,833	13,613	14,111	14,310	14,905
Gas	19,312	21,981	24,208	30,896	37,219	38,267	41,109	44,476	37,962
Public transportation	90	91	115	114	132	166	185	218	235
Bradford Creek	945	778	848	885	850	843	876	800	753
Stormwater utility	-	-	1,919	2,669	2,944	2,823	2,958	2,958	3,207
Sanitation	-	-	-	-	-	-	-	5,427	5,914
Operating grants and contributions	646	3,150	569	907	1,081	930	699	1,538	807
Capital grants and contributions	2,125	1,720	372	3,112	7,043	12,350	5,074	5,301	3,501
Total business-type activities revenues	164,147	179,223	185,693	199,615	228,236	245,349	247,719	276,187	275,644
Total primary government revenues	\$ 189,889	\$ 197,876	\$ 202,025	\$ 217,277	\$ 248,613	\$ 266,508	\$ 268,460	\$ 293,984	\$ 304,135

**City of Greenville, North Carolina
Changes in Net Assets**

**Table 2
Page 2 of 2**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net (expense) revenue:									
Governmental activities	\$ (29,089)	\$ (32,150)	\$ (36,167)	\$ (35,786)	\$ (43,585)	\$ (43,227)	\$ (52,954)	\$ (54,777)	\$ (50,323)
Business-type activities	11,682	12,894	9,104	10,956	15,878	22,386	15,628	14,214	14,918
Total primary government net (expense) revenue	(17,407)	(19,256)	(27,063)	(24,830)	(27,707)	(20,841)	(37,326)	(40,563)	(35,405)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes	17,585	18,440	18,624	21,439	22,965	24,054	26,033	29,461	30,517
Other taxes, grants and contributions	11,773	13,777	15,138	16,469	18,466	19,708	20,712	20,915	20,853
Investment earnings	852	342	283	964	1,908	2,765	2,706	2,455	1,486
Miscellaneous	709	1,151	662	-	-	-	-	-	469
Transfers	3,634	3,450	4,601	4,145	4,349	4,469	5,039	10,864	4,872
Total general revenues	34,553	37,160	39,308	43,017	47,688	50,996	54,490	63,695	58,197
Business-type activities:									
Unrestricted grants and contributions	9	7	-	-	-	-	-	-	-
Investment earnings	3,001	1,330	501	1,341	2,097	3,088	2,377	1,472	813
Miscellaneous	2,525	1,593	2,426	-	-	-	-	-	-
Transfers	(3,634)	(3,450)	(4,601)	(4,145)	(4,349)	(4,469)	(5,039)	(10,864)	(4,872)
Total business-type activities revenues	1,901	(520)	(1,674)	(2,804)	(2,252)	(1,381)	(2,662)	(9,392)	(4,059)
Total primary government revenues	\$ 36,454	\$ 36,640	\$ 37,634	\$ 40,213	\$ 45,436	\$ 49,615	\$ 51,828	\$ 54,303	\$ 54,138
Change in Net Assets									
Governmental activities	5,464	5,464	5,010	3,141	7,231	4,103	7,771	1,536	7,874
Business-type activities	13,583	13,583	12,374	7,430	8,152	13,626	20,020	12,966	10,859
Total primary government	\$ 19,047	\$ 19,047	\$ 17,384	\$ 10,571	\$ 15,383	\$ 17,729	\$ 27,791	\$ 14,502	\$ 18,733

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

Note 2: Amounts are expressed in Thousands

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

Note 4: Environmental protection balances show significant decrease due to the change in accounting for the sanitation division. Amounts are now categorized as business-type.

Table 3
City of Greenville, North Carolina
Fund Balances of Governmental Funds

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 10,785	\$ 9,955	\$ 9,549	\$ 8,726	\$ 9,749	\$ 10,379	\$ 10,002	\$ 11,315	\$ 9,671	\$ 10,404
Unreserved	5,779	7,192	10,930	14,305	16,773	18,299	17,457	15,657	18,396	17,203
Total General Fund	\$ 16,564	\$ 17,147	\$ 20,479	\$ 23,031	\$ 26,522	\$ 28,678	\$ 27,459	\$ 26,972	\$ 28,067	\$ 27,607
All other governmental funds										
Reserved	6,285	704	62	87	83	761	123	108	116	709
Unreserved, reported in:										
Subsequent Year's	-	-	-	-	-	-	-	-	-	108
Special revenue funds	5,872	5,674	5,091	5,230	7,158	7,965	9,430	6,901	5,990	3,987
Debt Service Funds	310	334	383	2,734	11,775	1,409	1,756	806	916	892
Capital Project Funds	7,668	2,859	3,668	416	1,313	3,622	9,333	11,822	14,166	9,993
Total all other governmental funds	\$ 20,135	\$ 9,571	\$ 9,204	\$ 8,467	\$ 20,329	\$ 13,757	\$ 20,642	\$ 19,637	\$ 21,188	\$ 15,689
Total Governmental Funds	\$ 36,699	\$ 26,718	\$ 29,683	\$ 31,498	\$ 46,851	\$ 42,435	\$ 48,101	\$ 46,609	\$ 49,255	\$ 43,297

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

Note 2: Amounts are expressed in Thousands

Table 4
City of Greenville, North Carolina
Changes in Fund Balances of Governmental Funds

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:										
Ad valorem taxes	\$ 14,792	\$ 17,185	\$ 18,297	\$ 19,031	\$ 21,325	\$ 22,565	\$ 23,896	\$ 26,296	\$ 29,715	\$ 30,581
Other taxes	8,832	9,556	9,918	11,307	12,484	14,227	15,002	15,794	15,355	14,715
Unrestricted Intergovernmental	4,069	2,217	3,859	3,832	3,985	4,239	4,706	4,918	5,560	5,573
Restricted Intergovernmental	5,317	17,672	9,631	6,649	6,542	7,683	6,331	6,509	10,031	7,522
Licenses, permits and fees	5,175	5,409	6,220	6,699	7,199	7,687	7,927	7,742	2,398	2,358
Sales and services	2,817	2,885	2,908	2,984	4,051	4,023	4,360	5,474	5,604	4,947
Investment earning	1,213	852	342	283	962	1,906	2,743	2,685	2,450	1,486
Other revenue	23,228	613	968	662	623	729	1,941	725	424	1,137
Total Revenues	\$ 65,443	\$ 56,389	\$ 52,143	\$ 51,447	\$ 57,171	\$ 63,059	\$ 66,906	\$ 70,143	\$ 71,537	\$ 68,319
Expenditures:										
General government	11,343	10,861	10,470	11,693	13,022	14,609	8,451	8,843	8,991	8,935
Public safety	20,250	20,004	20,076	21,631	23,763	26,332	27,363	29,553	32,747	34,634
Public works	3,623	3,820	3,331	3,393	3,465	3,803	8,385	8,893	8,874	8,884
Environmental protection	3,002	3,160	3,060	3,561	3,367	3,740	3,950	4,162	-	-
Cultural and recreation	5,301	4,861	4,888	5,600	6,129	6,732	3,653	3,938	3,886	8,235
Economic & physical development	1,396	1,814	1,835	2,125	1,932	2,382	6,219	6,733	7,560	4,328
Capital outlay	25,674	23,699	7,349	4,006	7,978	10,274	7,471	8,158	11,454	9,631
Reimbursement of indirect cost	-	-	-	-	-	-	-	-	(528)	(560)
Contribution to OPEB Trust	-	-	-	-	-	-	-	-	250	250
Debt service										
Principal	1,698	2,639	2,549	2,576	3,612	3,904	3,693	4,108	10,636	3,130
Interest and fees	982	1,029	1,272	1,165	1,697	1,714	1,967	1,787	1,440	1,682
Other charges	-	-	72	-	-	-	-	-	-	-
Total Expenditures	\$ 73,269	\$ 71,887	\$ 54,902	\$ 55,750	\$ 64,965	\$ 73,490	\$ 71,152	\$ 76,175	\$ 85,310	\$ 79,149
Excess of revenues over (under) expenditures	\$ (7,826)	\$ (15,498)	\$ (2,759)	\$ (4,303)	\$ (7,794)	\$ (10,431)	\$ (4,246)	\$ (6,032)	\$ (13,773)	\$ (10,830)
Other Financing Sources (Uses)										
Transfers from other funds	8,360	8,300	10,221	10,884	13,148	15,331	14,519	23,048	23,854	12,999
Transfers to other funds	(4,621)	(4,666)	(6,771)	(6,282)	(9,002)	(10,982)	(12,488)	(18,509)	(19,124)	(8,127)
Sale of property	-	-	-	-	-	-	-	-	175	-
Long term debt issued	8,322	1,805	2,293	1,496	18,396	1,667	7,645	-	12,014	-
Total other financing sources (uses)	\$ 12,061	\$ 5,439	\$ 5,743	\$ 6,098	\$ 22,542	\$ 6,016	\$ 9,676	\$ 4,539	\$ 16,919	\$ 4,872
Net Change in Fund Balances	4,235	(10,059)	2,984	1,795	14,748	(4,415)	5,430	(1,493)	3,146	(5,958)
Debt services as a percentage of noncapital expenditures	6.0%	8.2%	8.8%	7.8%	10.3%	9.8%	9.8%	9.5%	19.5%	7.4%

Note 1: Amounts are expressed in Thousands

**City of Greenville, North Carolina
Revenue Base - Greenville Utilities Commission**

Table 5

Fiscal Year Ended June 30	Electric KWh Sold		Water Kgal Sold		Gas ccf Sold	
	Residential	Commercial and Industrial	Residential	Commercial and Industrial	Residential	Commercial and Industrial
2001	553,403,919	894,530,257	1,852,476	1,353,769	8,044,267	13,035,894
2002	536,391,466	893,732,885	1,920,024	1,358,111	6,348,872	14,399,275
2003	592,984,144	912,641,446	1,833,556	1,343,366	8,524,065	14,878,955
2004	605,165,310	913,099,749	1,849,412	1,368,166	8,189,959	12,818,087
2005	600,001,241	900,185,280	1,877,758	1,280,264	7,907,363	14,946,889
2006	626,475,047	910,780,491	1,959,878	1,303,545	7,017,145	15,070,393
2007	632,461,374	929,415,069	2,018,787	1,212,248	7,483,501	18,800,489
2008	660,765,253	968,854,997	2,154,763	1,440,881	7,052,603	19,715,238
2009	688,061,414	945,415,302	2,133,699	1,410,934	8,544,675	20,245,245
2010	701,375,321	948,750,414	2,101,457	1,343,535	9,071,756	22,171,860

Table 6 City of Greenville, North Carolina
Assessed Value and Estimated Actual Value of Taxable Property

Fiscal Year Ended June 30	Real Property			Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable/Market Value	(1) Assessed Value as a Percentage of Market Value
	Residential and Commercial Property	Motor Vehicle and Other Personal Property	Personal Property	Motor Vehicle and Other Personal Property	Total Taxable Assessed Value				
2001	2,142,920,725	569,069,288			2,711,990,013	0.0100	3,162,301,788	85.76%	
2002	2,260,269,501	587,530,809			2,847,800,310	0.0600	3,467,007,925	82.14%	
2003	2,377,777,793	610,040,201			2,987,817,994	0.0600	3,755,899,427	79.55%	
2004	2,486,194,940	621,986,475			3,108,181,415	0.0600	3,898,872,824	79.72%	
2005	3,216,339,298	624,081,173			3,840,420,471	0.0100	3,883,920,379	98.88%	
2006	3,363,220,215	705,595,820			4,068,816,035	0.0100	4,205,494,610	96.75%	
2007	3,926,388,821	580,382,679			4,506,771,500	0.0100	4,866,923,866	92.60%	
2008	4,160,752,821	596,214,107			4,756,966,929	0.0100	5,401,961,082	88.06%	
2009	5,190,768,565	616,651,923			5,807,420,488	0.0100	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%	

(1) Source Pitt County Tax Assessor's Office

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

Total assessed values are net of abatements

(2) Per \$100 value.

Table 7 **Greenville Utilities Commission**
Direct and Overlapping Revenue Rates

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Electric (per kWh):										
Residential	\$ 0.0925	\$ 0.0966	\$ 0.0991	\$ 0.1015	\$ 0.1031	\$ 0.1111	\$ 0.1151	\$ 0.1145	\$ 0.1241	\$ 0.1280
Commercial and industrial	0.0715	0.0730	0.0750	0.0769	0.0785	0.0860	0.0897	0.0886	0.0993	0.1031
Water (per kgal)										
Residential	2.8987	3.1499	3.3911	3.4133	3.5513	3.7398	3.7640	4.0708	4.2999	4.3392
Commercial and industrial	1.9366	2.1105	2.2282	2.2364	2.3560	2.4885	2.4955	2.5912	2.7337	2.7720
Gas (per ccf):										
Residential	1.4305	1.3668	1.2010	1.4087	1.6255	2.0860	1.9046	2.0073	1.8639	1.5896
Commercial and industrial	0.9294	0.7293	0.7839	0.9665	1.1842	1.4503	1.2560	1.3225	1.4106	1.0519

Source: Greenville Utilities Commission.

Table 8
City of Greenville, North Carolina
Property Tax Rates
Direct and Overlapping Governments

Fiscal Year Ended June 30	City of Greenville		Pitt County		Total Direct and Overlapping Rates
	Rate Per \$100	Total City Levy	Rate Per \$100	Total County Levy	
2001	0.550	14,716,098	0.680	42,093,619	56,809,717
2002	0.620	17,426,583	0.680	43,399,920	60,826,503
2003	0.620	18,295,565	0.680	43,369,414	61,664,979
2004	0.620	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

Last revaluation occurred in 2009. Revaluation occurs every four years.

**City of Greenville, North Carolina
Greenville Utilities Commission - Top Customers**

**Table 9
Page 1 of 2**

Customer	Fiscal Year 2010		Fiscal Year 2001	
	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Electric Fund				
Product/Service				
DSM Pharmaceuticals, Inc. ¹	\$ 6,817,175	3.67%	\$ 6,200,202	5.46%
Pitt County Memorial Hospital	5,181,055	2.79%	3,456,480	3.04%
East Carolina University	4,277,327	2.30%	2,632,780	2.32%
East Carolina University	3,586,400	1.93%	1,668,383	1.47%
East Carolina University	3,371,231	1.82%	1,578,002	1.39%
Attends Healthcare Products ²	2,987,198	1.61%	1,732,093	1.52%
DSM Dyneema, LLC	2,833,937	1.53%	-	0.00%
Pitt County Memorial Hospital	1,522,855	0.82%	-	0.00%
ASMO of Greenville	1,074,342	0.58%	1,180,185	1.04%
NACCO Material Handling	982,323	0.53%	-	0.00%
Town of Winterville	-	0.00%	1,971,840	1.74%
Robert Bosch Tool Corp. ³	-	0.00%	1,267,002	1.12%
TRW	-	0.00%	1,142,777	1.01%
Totals	\$ 32,633,843	17.58%	\$ 22,829,744	20.11%
Water Fund				
Product/Service				
DSM Pharmaceuticals, Inc. ¹	\$ 387,476	3.04%	\$ 392,359	5.05%
Pitt County Memorial Hospital	209,329	1.64%	166,733	2.15%
Town of Winterville	95,566	0.75%	-	0.00%
Pitt County Memorial Hospital	84,144	0.66%	-	0.00%
East Carolina University	73,804	0.58%	28,731	0.37%
Pitt County	59,597	0.47%	-	0.00%
Pitt County Memorial Hospital	52,958	0.42%	-	0.00%
Greenville Housing Authority	51,796	0.41%	49,118	0.63%
Fuji Silysia Chemical USA, LTD	45,763	0.36%	-	0.00%
DSM Dyneema, LLC	41,931	0.33%	-	0.00%
Karastan Bigelow	-	0.00%	74,577	0.96%
Greenville Housing Authority	-	0.00%	38,384	0.49%
Berlin Miles Inc.	-	0.00%	32,789	0.42%
East Carolina University	-	0.00%	28,508	0.37%
East Carolina University	-	0.00%	27,656	0.36%
Greystone MHP	-	0.00%	25,107	0.32%
Totals	\$ 1,102,364	8.66%	\$ 863,962	11.12%

Table 9
Page 2 of 2
City of Greenville, North Carolina
Greenville Utilities Commission - Top Customers

Customer	Fiscal Year 2010			Fiscal Year 2001		
	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue	Percentage of Total Revenue
DSM Pharmaceuticals, Inc. ¹	Pharmaceuticals	\$ 514,926	3.74%	\$ 727,770	8.54%	
Pitt County Memorial Hospital	Health Care	331,896	2.41%	278,353	3.26%	
Town of Bethel	Government	284,085	2.07%	-	0.00%	
Pitt County Memorial Hospital	Health Care	123,258	0.90%	-	0.00%	
East Carolina University	Education	113,425	0.82%	47,621	0.56%	
DSM Dyneema, LLC	High Performance Fibers	85,512	0.62%	-	0.00%	
Pitt County Memorial Hospital	Health Care	80,132	0.58%	-	0.00%	
Fuji Silysia Chemical USA, LTD	Silica Gel	76,524	0.56%	-	0.00%	
Pitt County	Government	60,192	0.44%	35,717	0.42%	
Town of Grimesland	Government	58,581	0.43%	-	0.00%	
Karastan Bigelow	Carpet Yarn	-	0.00%	132,711	1.56%	
Greenville Housing Authority	Apartments	-	0.00%	61,285	0.72%	
Greenville Housing Authority	Apartments	-	0.00%	47,993	0.56%	
East Carolina University	Education	-	0.00%	46,156	0.54%	
Berlin Miles Inc.	Apartments	-	0.00%	41,242	0.48%	
East Carolina University	Education	-	0.00%	35,196	0.41%	
Totals		\$ 1,728,531	12.57%	\$ 1,454,044	17.05%	
Gas Fund						
Customer	Product/Service	Annual Revenue	Percentage of Total Revenue	Annual Revenue	Percentage of Total Revenue	Percentage of Total Revenue
DSM Pharmaceuticals, Inc. ¹	Pharmaceuticals	\$ 3,594,491	9.54%	\$ 1,280,580	5.41%	
East Carolina University	Education	3,430,720	9.11%	865,841	3.66%	
Pitt County Memorial Hospital	Health Care	1,946,986	5.17%	556,331	2.35%	
East Carolina University	Education	1,234,393	3.28%	353,626	1.49%	
DSM Dyneema, LLC	High Performance Fibers	808,397	2.15%	-	0.00%	
Pitt County Memorial Hospital	Health Care	682,641	1.81%	-	0.00%	
DSM Dyneema, LLC	High Performance Fibers	532,325	1.41%	-	0.00%	
Metrics, Inc.	Pharmaceuticals Manufacturing	509,006	1.35%	-	0.00%	
Fuji Silysia Chemical USA, LTD	Silica Gel	436,467	1.16%	-	0.00%	
NACCO Material Handling	Fork Lift Trucks	344,955	0.92%	208,976	0.88%	
TRW	Steering Components	-	0.00%	424,844	1.79%	
DSM Pharmaceuticals, Inc. ¹	Pharmaceuticals	-	0.00%	299,784	1.27%	
Prince Manufacturing Corp.	Metal Finishing	-	0.00%	260,327	1.10%	
Karastan Bigelow	Carpet Yarn	-	0.00%	228,940	0.97%	
Greenville Housing Authority	Apartments	-	0.00%	228,022	0.96%	
Totals		\$ 13,520,381	35.90%	\$ 4,707,271	19.88%	

Source: Greenville Utilities Commission.

¹ Formerly Catalytica Pharmaceuticals, Inc.

² Formerly Paper Pak Products, Inc.

³ Formerly Vermont American Corp.

**City of Greenville
Principal Property Taxpayers**

Table 10

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
North Campus Crossing Sprint	\$ 45,418,511	1	0.76%	\$ 32,000,000	1	1.18%
Copper Beech Townhouse Communities	\$ 43,132,107	2	0.72%	\$ 23,631,000	2	0.87%
Colonial Realty LP (Plaza)	\$ 41,868,724	3	0.70%	\$ 16,924,000	3	0.62%
Marelda Greenville Mall / Colonial Mall Wachovia	\$ 39,542,426	4	0.66%	\$ 16,173,000	4	0.60%
PL Greenville LP (Bellamy)	\$ 38,500,000	5	0.65%	\$ 13,078,000	5	0.48%
Pirates Cove of Greenville	\$ 29,909,333	6	0.50%	\$ 12,107,000	6	0.45%
Carolina Telephone	\$ 21,899,283	7	0.37%	\$ 10,459,000	7	0.39%
Speight, Joseph D.	\$ 21,400,965	8	0.36%	\$ 10,096,000	8	0.37%
Corridor Greenville LLC	\$ 20,710,833	9	0.35%	\$ 10,358,000	9	0.38%
Treybrook, LLC (Apartments)	\$ 20,407,167	10	0.34%	\$ 9,850,000	10	0.36%
Southeast Region (Pirates Cove)						
Heritage Property Investments (Shopping Center)						
Waterford Place Apartment (I, II, III, & IV)						
Shadow Lake Properties (Carolina East Mall)						
Centro Heritage UC Greenville (University Commons)						
Walmart						
Lowes Home Centers (Two Locations)						
Ward Family, LLC						
Totals	\$ 322,789,349		5.41%	\$ 154,676,000		5.70%

Note: Information as of December 31, 2009 for FY 2010 and December 31, 2000 for FY 2001.
Source: Pitt County Government

Table 11
City of Greenville, North Carolina
General Fund Tax Revenues By Source

Fiscal Year	*** Property Tax	Sales Tax	* Franchise Tax	Alcoholic Beverage Tax	** Other Taxes	Total
2001	14,791,816	7,969,842	3,580,664	254,221	1,214,582	27,811,125
2002	17,184,908	8,071,763	2,303,736	-	1,222,674	28,783,081
2003	18,297,257	8,772,606	4,047,097	258,879	832,940	32,208,779
2004	19,031,401	10,111,043	4,086,532	272,651	864,077	34,365,704
2005	21,324,960	11,414,678	4,121,389	291,246	868,001	38,020,274
2006	22,564,688	12,693,295	4,729,698	298,254	782,888	41,068,823
2007	23,896,190	** ↓	5,068,888	311,689	107,038	42,976,602
2008	26,295,736	14,321,873	5,190,851	332,734	108,852	46,250,046
2009	29,715,153	13,552,575	6,104,795	345,500	104,950	49,822,973
2010	30,580,836	12,983,003	6,385,550	115,658	103,445	50,168,492

* Franchise Tax includes Cable TV and Utilities Franchise taxes

** Includes Motor Vehicle Munciple Tax / Prior to 2003 Includes Intangibles Tax

*** Net of Collection Fees

Table 12
City of Greenville, North Carolina
Property Tax Levies and Collections

Fiscal Year Ended	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	Amount	Percentage of Levy
	(1)						
	Total Levy for						
2001	14,716,098	14,070,832	95.62%	571,346		14,642,178	99.50%
2002	17,426,583	16,538,241	94.90%	436,742		16,974,983	97.41%
2003	18,295,565	17,434,864	95.30%	543,743		17,978,607	98.27%
2004	19,048,466	18,293,964	96.04%	435,674		18,729,638	98.33%
2005	21,426,583	20,592,449	96.11%	542,026		21,134,475	98.64%
2006	22,714,734	21,946,245	96.62%	752,052		22,698,297	99.93%
2007*	25,237,917	24,356,252	96.51%	737,389		25,093,641	99.43%
2008	26,650,553	25,866,384	97.06%	838,605		26,704,989	100.20%
2009	30,211,997	29,330,914	97.08%	812,156		30,143,070	99.77%
2010	31,039,086	30,202,323	97.30%	778,718		30,981,041	99.81%

(1) Analysis of Current Year Tax and Pitt County Tax Collections Report - Net of Abatements
 * County Records First Year of New Computer Tax Collection Software

Table 13

**City of Greenville, North Carolina
Ratio of Outstanding Debt by Type**

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Obligation Bonds	Certificates of Participation	Installment Purchase Contracts	Revenue Bonds	General Obligation Bonds	Installment Purchase Contracts	Other Debt			
2001	7,791	6,800	12,655	1,109	80,289	11,579	1,723	5,694	127,640	3.71%	1,994
2002	7,285	6,640	11,805	2,166	77,809	10,200	1,600	7,920	125,425	3.51%	1,900
2003	8,120	6,405	10,955	2,169	73,422	9,355	1,524	13,996	125,946	3.38%	1,880
2004	7,455	6,160	10,305	2,668	69,219	8,090	1,486	17,757	123,140	3.12%	1,811
2005	6,805	5,905	25,105	3,557	64,846	6,885	1,406	18,201	132,710	3.13%	1,923
2006	6,085	5,640	23,640	3,770	68,271	5,710	1,208	19,669	133,993	2.94%	1,861
2007	12,990	5,365	22,180	2,522	74,136	9,665	992	20,287	148,137	3.03%	2,057
2008	12,150	5,080	20,715	1,004	99,842	8,460	805	18,882	166,938	3.26%	2,197
2009	11,315	4,785	12,195	12,182	94,882	7,304	744	19,926	163,333	(1)	2,016
2010	10,486	4,475	11,380	11,007	89,072	6,109	1,820	27,316	161,665	(1)	1,972

- Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements
 - Note 2: GUC entered into Installment Purchase Contracts in FY 2010 details of which can be found in each GUC fund's Other Debt section
 - Note 3: Debt excludes OPEB liability, LEO separation allowances, and compensated absences
 - Note 4: Percentage of Personal Income based on income for Pitt County (Obtained from BEA - US Dept of Commerce)
 - Note 5: Population amounts are as of July 1 of the fiscal year
 - Note 6: GO Bond amounts exclude bonds approved but unissued
 - Note 7: Amounts (except Per Capita) are expressed in Thousands
- (1) Information not available to complete the analysis

City of Greenville, North Carolina
Ratios of General Bonded Debt Outstanding

Table 14

Fiscal Year	General/Special Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Personal Income	Percentage of Estimated	
					Actual Taxable Value of Property	Per Capita
2001	\$ 28,355	\$ 244	\$ 28,111	0.82%	0.89%	\$ 439
2002	22,723	287	22,436	0.63%	0.65%	340
2003	27,649	291	27,358	0.73%	0.73%	408
2004	23,920	416	23,504	0.59%	0.60%	346
2005	41,372	1,313	40,059	0.94%	1.03%	581
2006	39,135	1,409	37,726	0.83%	0.90%	524
2007	43,057	1,756	41,301	0.85%	0.85%	574
2008	38,949	806	38,143	0.74%	0.71%	502
2009	40,478	916	39,562	(1)	0.68%	488
2010	37,348	892	36,456	(1)	0.60%	445

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 Greenville MSA (Obtained from the BEA-US Commerce Dept.).

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 to complete the analysis

Table 15

**City of Greenville, North Carolina
Legal Debt Margin- Governmental Activities**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 215,630	\$ 226,591	\$ 237,648	\$ 247,481	\$ 304,705	\$ 325,000	\$ 360,000	\$ 380,000	\$ 464,000	\$ 477,264
Total net debt applicable to limit	<u>34,407</u>	<u>33,057</u>	<u>32,124</u>	<u>34,019</u>	<u>47,759</u>	<u>39,135</u>	<u>43,057</u>	<u>38,949</u>	<u>40,478</u>	<u>45,433</u>
Legal debt margin	<u>\$ 181,223</u>	<u>\$ 193,534</u>	<u>\$ 205,524</u>	<u>\$ 213,462</u>	<u>\$ 256,946</u>	<u>\$ 285,865</u>	<u>\$ 316,943</u>	<u>\$ 341,051</u>	<u>\$ 423,522</u>	<u>\$ 431,831</u>
Total net debt applicable to limit as a percentage of debt limit	15.96%	14.59%	13.52%	13.75%	15.67%	12.04%	11.96%	10.25%	8.72%	9.52%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value:	
Debt Limit (8% of total assessed value)	\$ 477,264
Debt applicable to limit:	
General obligation bonds	10,486
Certificates of Participation	11,380
Special obligation revenue	4,475
Other debt	11,007
Authorized but unissued bonds	<u>8,085</u>
Legal debt margin	<u>\$ 431,831</u>

Note 1: Amounts are expressed in Thousands

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

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

**City of Greenville, North Carolina
Direct and Overlapping Governmental Activities Debt**

Table 16

Governmental Unit	Net General Obligation Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Pitt County	\$ 155,612,917	52.48%	\$ 81,665,659
Direct City of Greenville			37,348,076
Total Direct and Overlapping Debt			\$ 119,013,735

Note 1: Information as of June 30, 2010

Note 2: Debt outstanding data provided by Pitt County.

Note 3: Assessed value data used to estimate applicable percentages provided by Pitt County Website,
Analysis of Adopted Tax Levy.

**City of Greenville, North Carolina
Pledged Revenue Coverage**

Table 17

Fiscal Year	Utility Fund Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	Special Assessment Bonds						
				Debt Service Requirement (3)		Special Assessment Collections	Debt Service		Coverage	
				Principal	Interest		Principal	Interest		
2001	162,969	139,022	23,947	2,190	3,237	5,427	-	-	-	N/A
2002	163,024	137,080	25,944	2,939	3,733	6,672	559	160	374	1.05
2003	175,453	150,644	24,809	4,256	3,934	8,190	584	235	303	1.09
2004	183,609	157,695	25,914	4,770	3,829	8,599	571	245	293	1.06
2005	192,272	167,660	24,612	5,074	3,451	8,525	557	255	284	1.03
2006	217,706	189,991	27,715	6,050	4,007	10,057	695	265	273	1.29
2007	229,213	200,430	28,783	5,392	3,624	9,016	661	275	263	1.23
2008	239,417	206,067	33,350	5,972	3,799	9,771	758	285	252	1.41
2009	260,505	229,007	31,498	6,375	3,364	9,739	795	295	240	1.03
2010	261,518	228,538	32,980	7,331	4,567	11,898	807	310	228	1.50

Note: Amounts are expressed in Thousands

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

(2) Total operating expenses exclusive of depreciation.

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

Table 18
City of Greenville, North Carolina
Demographic and Economic Statistics

Fiscal Year	Population		Personal Income		Per Capita Personal Income		Median Age	School Enrollment	Unemployment Rate
	Population	Personal Income	Personal Income	Income					
2001	63,815	3,440,821	25,402	30	20,600	6.1%			
2002	65,647	3,577,146	25,936	31	20,412	7.7%			
2003	67,048	3,723,450	26,731	31	20,665	8.0%			
2004	68,371	3,951,691	27,854	31	21,812	6.8%			
2005	69,517	4,239,767	29,432	32	22,116	5.8%			
2006	72,052	4,557,580	30,982	32	22,609	5.3%			
2007	72,233	4,887,164	32,205	31	22,994	4.9%			
2008	76,058	5,126,229	32,940	31	23,240	6.4%			
2009	81,092	(1)	(1)	30	23,022	9.2%			
2010	81,747	(1)	(1)	(1)	23,267	8.6%			

Note 1: Population obtained from North Carolina Office of Budget & Management as of July 1 of the fiscal year
 Note 2: Personal Income obtained from the BEA-US Dept. of Commerce for Pitt County - City level information not available

Per Capita income is per person for Pitt County

Note 3: Median age obtained from US Census Bureau Factfinder, 2004 is an estimate, data unavailable

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

Note 5: Unemployment rates obtained from Employment Security Commission for July of that year

Unemployment rates are for the City of Greenville except for 2001 when City level information not available

(1) Information not available to complete the analysis

Table 19
City of Greenville, North Carolina
Principal Employers

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pitt County Memorial Hospital	7,373	1	10.38%	4,150	1	6.68%
East Carolina University	5,253	2	7.40%	4,070	2	6.55%
Pitt County Public Schools	3,111	3	4.38%	3,200	3	5.15%
DSM Pharmaceuticals (Catalytica)	1,100	4	1.55%	1,400	4	2.25%
County of Pitt	968	5	1.36%	925	7	1.49%
NACCO Materials Handling Group	900	6	1.27%	1,100	5	1.77%
Pitt Community College	861	7	1.21%	650	9	1.05%
Alliance One International	850	8	1.20%	675		1.09%
City of Greenville	743	9	1.05%	675	8	1.09%
Physicians East	500	10	0.70%	550		0.89%
Collins & Aikman Corp			0.00%	1,000	6	1.61%
ASMO Greenville of NC, Inc			0.00%	550	10	0.89%
Total	21,659		30.50%	18,945		30.51%

Source: Pitt County Development Commission

Table 20
City of Greenville, North Carolina
Full-time Equivalent City Government Employees by Function

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	53	50	51	51	56	59	58	66	67	68
Public safety										
Police	194	194	197	210	212	219	211	214	230	238
Fire	124	124	124	130	142	143	143	145	145	157
Public Works	181	180	185	186	188	192	199	200	203	203
Recreation and Parks	62	61	59	59	57	59	61	61	62	62
Planning and Comm. Dev.	36	35	30	25	24	24	32	32	26	26
Electric	185	189	182	181	183	182	196	196	200	142
Water and Sewer	81	87	92	87	91	92	85	98	102	116
Gas	65	64	66	68	67	68	65	82	66	51
	981	984	986	997	1,020	1,038	1,050	1,094	1,101	1,063

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

**City of Greenville, North Carolina
Operating Indicators by Function**

Table 21

<u>Function</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Physical arrests	4,091	4,380	4,397	4,599	4,722	3,507	4,497	4,756	5,141	4,826
Parking violations	*	*	*	*	*	*	2,303	13,392	15,112	11,862
Traffic violations	21,416	23,180	30,163	22,003	21,908	24,508	19,998	18,088	17,527	20,326
Fire										
Number of calls answered	1,948	1,549	3,461	2,530	3,062	3,598	4,152	4,388	4,711	4,114
Inspections	2,832	3,325	3,672		3,500	3,400	2,162	3,500	2,340	2,644
EMS										
Number of calls answered	8,758	8,857	9,136	9,136	9,190	9,885	10,725	11,198	11,227	13,035
Sanitation										
Refuse collected (tons/day)	24,619	24,652	26,375	28,120	25,676	27,182	27,322	27,442	28,458	29,163
Recyclables collected (tons/day)	1,677	1,631	1,839	1,804	1,850	1,792	1,816	3,056	3,030	3,599
Culture and recreation										
Facility reservations issued	777	349	382	467	393	715	817	916	1,140	1,560
Water										
Connections (of service connect)	26,287	27,426	27,991	28,538	29,540	30,829	32,065	33,051	33,733	34,336
Water Lines (miles)	516	531	538	550	565	580	593	615	618	626
Average daily consumption (thousands of gallons)	10,088	10,579	9,766	9,476	9,845	8,941	10,264	10,797	10,785	10,977
Wastewater										
Average daily sewage treatment (thousands of gallons)	9,441	8,299	9,492	9,944	8,895	9,345	10,587	9,152	8,879	10,120

Source: Various City and GUC Departments.

* Information unavailable

Table 22 City of Greenville, North Carolina
Capital Asset Statistics by Function

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	2
Patrol units	133	138	151	151	159	160	174	177	180	183
Fire stations	5	5	5	5	6	6	6	6	6	6
Sanitation										
Collection trucks	37	38	33	36	36	37	37	37	42	42
Highways and streets										
Streets (miles)	204	204	212	212	220	230	234	235	255	264
Streetlights	5,171	5,171	5,529	5,529	5,785	5,983	6,166	6,482	6,672	6,672
Traffic signals	26	26	26	26	26	27	27	33	33	33
Culture and recreation										
Parks acreage	1,307	1,308	1,300	1,300	1,475	1,500	1,511	1,120	1,450	1,450
Parks	20	21	27	27	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	7	7	11	11	13	13	13	5	5	5
Recreation Centers	5	(5)	-	-	-	-	-	6	6	6
Electric										
Number of distribution stations	17	17	17	17	17	17	17	18	18	19
Miles of service lines	2,300	2,300	2,300	2,384	2,447	2,474	2,509	2,575	2,575	2,575
Water										
Water lines (miles)	516	531	538	550	565	580	593	615	618	618
Maximum daily treatment capacity (millions of gallons)	20	25	25	25	25	25	25	25	25	25
Sewer										
Sanitary sewers (miles)	353	364	389	404	423	435	448	464	466	468
Maximum daily treatment capacity (millions of gallons)	18	18	18	18	18	18	18	18	18	18
Gas										
Miles of pipeline	433	486	500	509	530	545	562	581	593	597
Miles of service lines	282	330	344	359	375	398	394	421	423	422

SINGLE AUDIT & COMPLIANCE SECTIONS

THIS PAGE INTENTIONALLY LEFT BLANK

McGladrey & Pullen, LLP
Certified Public Accountants

3621 John Platt Drive
Morehead City, NC 28557
O 252.726.0551 F 252.726.2740
www.mcgladrey.com



**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 basic 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, 2010, which collectively comprise City of Greenville's basic financial statements, and have issued our report thereon dated October 26, 2010. Our report included an emphasis of a matter related to a change in accounting method. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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 the 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.

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.

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 City of Greenville, in a separate letter dated October 26, 2010.

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

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 26, 2010



McGladrey & Pullen, LLP
Certified Public Accountants

3621 John Platt Drive
Morehead City, NC 28557
O 252.726.0551 F 252.726.2740
www.mcgladrey.com

**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, 2010. 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, 2010.

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

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

Internal Control over Compliance

Management of City of 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 requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

This report is intended solely for the information and use of the management, others within the organization, members of the Greenville City Council, and federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 26, 2010

McGladrey & Pullen, LLP
Certified Public Accountants

3621 John Platt Drive
Morehead City, NC 28557
O 252.726.0551 F 252.726.2740
www.mcgladrey.com



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

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

Compliance

We have audited City of Greenville, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of City of Greenville's major State programs for the year ended June 30, 2010. City of Greenville's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of City of Greenville's management. Our responsibility is to express an opinion on City of Greenville's compliance based on our audit.

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

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

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

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

Internal Control over Compliance

Management of City of 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 requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 26, 2010

City of Greenville, North Carolina
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

1. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
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?	No

Identification of major Federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Community Development Entitlement Grant (Cluster)	14.218/14.253
Lead-Based Paint Hazard Control (Cluster)	14.907
Federal Transit Formula Grant (Cluster)	20.507
Public Safety Partnership and Community Policing Grant (COPS)	16.710
Edward Byrne Memorial JAG (ARRA)	16.804
SAFER Hiring Grant	97.083
GUC - Drinking Water State Revolving Fund	66.468
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as a low-risk auditee?	No

City of Greenville, North Carolina

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

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

State Awards

Internal control over major State programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? No

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

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

Identification of major State programs:

Program Name

- Non-State System Street Aid Allocation
- Sanitary Sewer Revolving Fund Loan
- NC Economic Infrastructure Program Grant

2. Financial Statements Findings

None Reported.

3. Federal Award Findings and Questioned Costs

None Reported.

4. State Award Findings and Questioned Costs

None Reported.

City of Greenville, North Carolina

**Corrective Action Plan
Year Ended June 30, 2010**

No corrective action plan is required for the current year

City of Greenville, North Carolina
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2010

None. No uncorrected prior year findings.

City of Greenville, North Carolina
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2010

Note 1. General

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

Note 2. Basis of Accounting

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

City of Greenville, North Carolina
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2010

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Ref # *	Expenditures			Total
				Federal	State	Local	
Federal Assistance							
U. S. Department of Housing and Urban Development (U.S. HUD)							
Passed through NC Department of Commerce:							
Community Development Block Grant (CDBG) Cluster:							
CDBG Entitlement Grant-2003	14.218	B-03-MC-37-0020	M	\$ 111	\$ -	15	\$ 126
CDBG Entitlement Grant-2005	14.218	B-05-MC-37-0020	M	13,520	-	1,801	15,321
CDBG Entitlement Grant-2006	14.218	B-06-MC-37-0020	M	68,182	-	9,081	77,263
CDBG Entitlement Grant-2007	14.218	B-07-MC-37-0020	M	244,127	-	32,516	276,643
CDBG Entitlement Grant-2008	14.218	B-08-MC-37-0020	M	416,275	-	55,444	471,719
CDBG Entitlement Grant-2009	14.218	B-09-MC-37-0020	GL	84,038	-	11,193	95,231
CDBG Entitlement Grant (ARRA)	14.253	B-09-MY-37-0020	M	218,843	-	-	218,843
Total CDBG Cluster Total				1,045,096	-	110,050	1,155,146
HOME Investment Partnership-2003	14.239	M03-DC370211		531	-	41	572
HOME Investment Partnership-2004	14.239	M04-DC370211		3,370	-	257	3,627
HOME Investment Partnership-2005	14.239	M05-DC370211		29,112	-	2,220	31,332
HOME Investment Partnership-2006	14.239	M06-DC370211		234,128	-	17,858	251,986
HOME Investment Partnership-2007	14.239	M07-DC370211		24,788	-	1,891	26,679
HOME Investment Partnership-2008	14.239	M08-DC370211		13,322	-	1,016	14,338
HOME Investment Partnership-2009	14.239	M09-DC370211		23,126	-	1,764	24,890
Total Home Investment Partnership Grants				328,377	-	25,047	353,424
Lead-Based Paint Hazard Control (ARRA)	14.907	NCLHB0432-08	CON	688,659	-	-	688,659
U.S. HUD Total				2,062,132	-	135,097	2,197,229
U. S. Department of Transportation (U.S. DOT)							
Direct Programs:							
Planning Work Program	20.205	PL-104 (2009)		71,499	-	17,875	89,374
Charles Blvd Sidewalk (ARRA)	20.205	STM-0043(12)		38,365	-	-	38,365
Arlington Blvd Sidewalk (ARRA)	20.205	STM-1323(4)		63,383	-	-	63,383
Arlington Blvd improvements (ARRA)	20.205	STM-0264(42)		80,562	-	-	80,562
Total Transportation Grants				253,809	-	17,875	271,684
Planning Work Program (Section 5305)	20.505	36230-7.7.6		26,430	3,304	3,304	33,038
Federal Transit Administration (441-Operating)	20.507	NC-90-0441	904-0	300,994	-	300,994	601,988
Federal Transit Administration (441-Capital)	20.507	NC-90-0441		107,997	-	26,999	134,996
Federal Transit Administration (441-ADA)	20.507	NC-90-8441		85,788	-	21,447	107,235
Federal Transit Administration (340)	20.507	NC-90-2340		12,500	1,563	1,563	15,626
Federal Transit Administration (0032)	20.507	NC-04-0032		12,880	1,610	1,610	16,100
Public Transportation Assistance (ARRA)	20.507	NC-96-X005		3,847	-	-	3,847
Total Federal Transit Administration Grants				524,006	3,173	352,613	879,792
U. S. DOT Total				804,245	6,477	373,792	1,184,514
U. S. Department of Justice (U. S. DOJ)							
Direct Programs:							
Office of Justice Programs							
COPS Technology Grant	16.710	2007-CK-WX-0045	M	278,858	\$ -	92,953	\$ 371,811
COPS Technology Grant	16.710	2009-CK-WX-0511	M	26,863	-	-	26,863
COPS Hiring Recovery (ARRA)	16.710	2009-RK-WX-0573	M	171,710	-	-	171,710
Total COPS Grants				477,431	-	92,953	570,384

City of Greenville, North Carolina
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2010

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Ref #	Expenditures			Total
				Federal	State	Local	
U. S. Department of Justice (Continued)							
Bureau of Justice Assistance							
JAG 2009	16.592	2009-JV-FX-0078		58,875	-	-	58,875
G.R.E.A.T. 2008	16.592	2008-JV-FX-0078		652	-	217	869
Total JAG Grants				59,527	-	217	59,744
Edward Bryne Memorial JAG (ARRA)	16.804	2009-SB-B9-2743	M	233,686	-	-	233,686
U. S. DOJ Total				770,644	-	93,170	863,814
U. S. Department of Homeland Security							
Pass-through Federal Emergency Management Agency SAFR Grant	97.083	EMW-2008-FF-00449	M	478,873	-	53,208	532,081
U. S. Department of Energy							
Direct Programs:							
Energy Efficiency Conservation Block Grant (ARRA)	81.128	DE-SC002370		29,000	-	-	29,000
U. S. Department of Commerce							
Pass-through Economic Development Administration Investment for Public Works and Economic Development Facilities	11.300	04-01-05985		363,269	-	-	363,269
U. S. Environmental Protection Agency (U. S. EPA)							
Direct Programs:							
Office of Solid Waste and Emergency Response Brownsfields Assessment Cooperative Agreement	66.818	BF 96486507-0		8,508	-	-	8,508
Brownsfields Assessment Cooperative Agreement	66.818	BF 96486509-0		3,098	-	-	3,098
Total Brownsfields Assessment Grants				11,606	-	-	11,606
Pass-through: NC Department of Environment and Natural Resources							
Public Water Supply Division							
Drinking Water State Revolving Fund (ARRA)	66.468			1,412,151	-	-	1,412,151
U. S. EPA Total				1,423,757	-	-	1,423,757
Federal Assistance Total				\$ 5,931,920	\$ 6,477	\$ 655,267	\$ 6,593,664
State Grants (all direct):							
Department of Crime Control and Public Safety (NC DCCPS)							
Swiftwater/Urban and Rescue Funding		SFT/USAR 0607-014		-	8,001	-	8,001
Urban Search and Rescue Equipment		2007-GE-T7-0048		-	61,673	-	61,673
Urban Search and Rescue Equipment		2008-GE-T80033		-	18,924	-	18,924
Homeland Security-USAR		USAR-10-1026-06		-	457	-	457
NC DCCPS Total				-	89,055	-	89,055
Department of Transportation (NC DOT)							
Division of Highways							
Nonstate System Street Aid Allocation	NA	07-SM-010	M	-	1,975,384	-	1,975,384
State Maintenance Assistance Program	NA			-	198,897	-	198,897
Total				-	2,174,281	-	2,174,281

City of Greenville, North Carolina
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2010

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Ref #	Expenditures		Total
				Federal	State	
State Grants (Continued)						
Department of Crime Control and Public Safety (NC DCCPS)						
Division of Governor's Crime Commission						
Pitt county Re-Entry Program	NA	074-1-09-003-BH-123		\$	53,048	\$ 70,731
Multi-Disciplinary Response Continuum	NA	074-1-08-2VA-AW-739		-	40,981	54,641
Cops Outfitting	NA	074-1-09-R01-RJ-763		-	13,039	13,039
Enhanced Victim's Services	NA	074-1-09-2VA-Aw-472		-	70,258	23,419
				-	177,326	54,762
						232,088
NC DCCPS Total						
Department of Environment and Natural Resources (NC DNR)						
Division of Environmental Health						
Public Water Supply Grant	NA	DEH-1072		-	109,849	109,849
Water Supply Revolving Fund Loan (1)	NA	H-LRXX-F-04-0991		-	28,000	28,000
Sanitary Sewer Revolving Fund Loan (2)	NA		M		8,814,023	8,814,023
2009 Community Waste Reduction & Recycling Grant	NA	2395		-	9,247	9,247
				-	8,961,119	8,961,119
						9,500
						3,800
						5,700
						315,757
						315,757
						84,016
						30,756
						114,772
						114,772
						100,000
						197,831
						297,831
						58,562
						12,135,841
						12,194,403
						713,829
						18,788,067
						5,931,920
						12,142,318
						713,829
						18,788,067

Total State Grants \$ - \$ 12,135,841 \$ 58,562 \$ 12,194,403

Total Federal and State Expenditures \$ 5,931,920 \$ 12,142,318 \$ 713,829 \$ 18,788,067

* M Indicates major program

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

Note 1: Water Supply Revolving Fund Loan amount represents the outstanding balance on the Revolving Fund Loan. Current year drawdowns were \$28,000.

Note 2: Sanitary Sewer Revolving Fund Loan amount represents the outstanding balance on the Revolving Fund Loan. Current year drawdowns were \$8,814,023.

