



CITY OF GREENVILLE

NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2006

City of Greenville

Greenville, North Carolina

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2006

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JUNE 30, 2006**

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FROM THE OFFICE OF THE DIRECTOR OF FINANCIAL SERVICES

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

During afternoon lunch breaks or on evening strolls, one can walk along the thoroughfares of Uptown Greenville and almost breathe in the vibrancy. The hustle and bustle of City/County Administration, the stimulus of a University microcosm, a wealth of trade and commerce, and the comings and goings of everyday passersby emanate the spirit of a growing metropolis poised for opportunity. Greenville's central business core reflects the tenor of the City's vision of renewal, revitalization, and results.

A vision of renewal is mediated through consistent, focused efforts to improve upon the existing and continuous progress towards unending promise. In fiscal year 2005-2006, Greenville unveiled a newly renovated/expanded City Hall in the heart of Uptown and began construction activity on the vacated building. This theme of improvement and expansion has given birth to restoration of historic buildings such as the Mclellen building now home to local shops with plans of greater expansion and the future possibilities of a performing arts/alumni center and hotel for joint use by the University and the City.

If renewal is the foundation, revitalization is the keystone to preserving the City's prominence and bringing activity to its environments. Economic activity in the form of the new Biotechnology Center Regional Office bridges the gap between the old manufacturing resources to the new age of technology. At an enrollment apex, East Carolina University supplies our employers with a highly trained and skilled labor force while Pitt Community College's innovation to meet present needs, conveniently, reaches the entire community. Accomplishment is measured by deliberate strategies that bring the complete community into a sustained, elevated quality of life. As seen through the ongoing revitalization of West Greenville through homeownership initiatives, beautification projects, and the like, we look forward to a bright future.

All this would be impossible without the collaborative work and progressive planning of public and private institutions, working in concert with sound financial management—management that continues progress while maintaining a stable tax rate. It is results that make the difference, and it is on results that we build our reputation as the 'hub of Eastern North Carolina.' It is our standing as an epicenter for Healthcare and Education that has made these sectors our top two employers and increases our economic stability. From its world-class regional medical facility and state-of-the-art Cardiovascular Institute currently under construction, to its commitment to scholarship at every level, to an appreciation that spans from the fine arts to its beloved Pirate sports—Greenville is the quintessential Emerald City.

Such a precious gem is preserved, in part, through financial stability. **Hence, we are pleased to submit the Comprehensive Annual Financial Report for the City of Greenville, North Carolina, for the fiscal year ended June 30, 2006.** In these next pages, readers will find a presentation of the financial position and results of operation for the City as reported in its government-wide and fund financial statements and notes to the statements. These statements are presented in accordance with generally accepted accounting principals (GAAP) and audited in accordance with generally accepted auditing

standards executed by a third-party accounting group, Martin Starnes & Associates, CPAs, P.A.. Independent auditors, in cooperation with the Financial Services Department, performed an outside review of presented documents to ensure no material misstatements. Based upon the audit, reviewers rendered an unqualified opinion that the following financial statements present, in all material aspects, the position of all city funds and activities. The Independent auditor's report can be found in the introduction of the Financial Section.

This report is the product of the Financial Services Department; therefore, responsibility for the accuracy and integrity of information, its completeness and fairness, rests with the City. The data, as presented, is accurate in all material respects to the extent which can be ascertained. Moreover, it includes all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs. Management's discussion of these affairs can be found in the Management's Discussion and Analysis (MD&A) immediately following the Independent Auditor's Report located in the Financial Section.

The City's system of internal accounting is designed to provide a reasonable assurance of the reliability of these statements. These safeguards ensure the protection of assets against loss from unauthorized use or disposition and compliance with requirements applicable to federal and state financial assistance programs. Likewise, budgetary controls are enacted to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. As part of the single audit, our independent auditor's disclosed no material internal control weaknesses or material violations of laws and regulations relative to its major federal programs.

It is with honor and distinction that the City of Greenville reports that the Government Finance Officers Association of the United States and Canada (GFOA) has awarded the highest form of recognition of governmental accounting and financial reporting, the Certificate of Achievement for Excellence in Financial Reporting, to the City for a consecutive seventeen years. We believe our current report continues to conform to the highest standards of financial reporting; therefore, this year's report will be submitted for consideration as well. For the first time in history, the City of Greenville was presented with the Distinguished Budget Award also conferred by GFOA. This award acknowledges the accomplishment of the Financial Services Department in developing a budgetary document of the highest quality, meeting the needs of decision-makers and citizens.

Acknowledgement and appreciation is bestowed upon the individuals whose dedication and commitment to excellence make the financial stability of the City possible. To all the employees of the Financial Services Department, sincere gratitude for your unwavering commitment to sound financial management and rigorous internal controls to which the integrity and accuracy of these statements are attributed. Expressions of thanks are also extended to the Greenville City Council and entire City Management Staff, for setting the standard for excellence and establishing policy congruent with financial growth.

Following is a thumbnail sketch of all the varying environments that complete the Greenville Cityscape. Information provided will offer insight into the City's economic foundation, quality of life, and ultimately, its financial condition.

Respectfully submitted,



Bernita W. Demery, CPA, MBA

Director of Financial Services

October 23, 2006

A Vision of Renewal...

Economic and Community Development

In February 2004, the City Council adopted *Horizons: Greenville's Comprehensive Community Plan* as a statement of what it is today and what it would like to be in the future. The plan answers the question of how to coordinate the development of land in order to serve the public interest. It establishes guiding principles for Urban Form, Smart Growth, and Location of Land Uses involving specific areas of function such as housing, mobility, environmental quality, and community character. Incorporated within this plan was a vision of renewal for downtown development, including the preservation of historic landmarks with an eye towards contemporary uses and human design. Among these landmarks is the newly renovated/expanded City Hall.



The former headquarters of the Greenville Utilities Commission (GUC), the City of Greenville's new administrative offices represents 45,000 square feet of renovated construction and 28,000 square feet of additional space. The facility houses operations of the Mayor, City Council (Council Chambers), City Manager, City Clerk, City Attorney, Financial Services, Human Resources, and Information Technology. Unveiled in an official ribbon-cutting

and dedication ceremony on June 5, 2006, the new facility satisfies a need for accessibility and consolidation of services while offering a modern face to City administration and Center City. The vacated City Hall Building will serve as the home of the Community Development Department, currently located a part from the central services facility.

A new administrative complex is just the first of many ventures on the Horizon for Center City and the remaining Greenville Community. The Historic **Proctor Hotel** located on the corner of one of Greenville's main roadways, opened in 1913 by two brothers, W.E. and J.O. Proctor from Grimesland, NC. The Hotel has changed hands and uses several times before finding its current capacity as home to the Self-Help Credit Union Regional Office of Eastern North Carolina. This community development lender is a nationwide financier, created to reach persons underserved by conventional lenders, particularly minorities, women, rural residents, and low-wealth families. Space is also occupied by East Carolina University and a local eatery, Café Europa.

The **McLellan Building**, another historic downtown property, has undergone its share of change to become the home of the Topsy Teapot as well as the Parker-Kennybrook Bookstore and the Green Lantern Irish Pub and Restaurant. Next door, the Renaissance is under construction—a residential space for luxury town homes. The latest addition to Center City construction is the **Blount-Harvey Building**, 2006 recipient of the Historic Preservation Commission's Architectural Excellence Award.





A need for renewal is not simply a desire for economic development. It is an all-encompassing ambition designed to not only strengthen our markets but to invest in our future. In 2005-2006, the City demonstrated this commitment with the renovation and expansion of the George Washington Carver Library. Renovations and expansions effectively doubled the library's capacity to 8,400 square feet, allowing space for new programs and an additional 28 public use computers secured through federal grant monies. The Library improvements represent an emblematic step forward for the City and its Citizens.

With a bright future in store, commercial and residential construction activity is increasing. The following table indicates construction activity in Greenville, as reflected in the type, number, and value of permits issued by the City:

Building Permits

| <u>CALENDAR YEAR</u> | <u>Commercial</u> | | <u>Residential</u> | | <u>TOTAL VALUE</u> |
|----------------------|-------------------|--------------|--------------------|--------------|--------------------|
| | <u>NUMBER</u> | <u>VALUE</u> | <u>NUMBER</u> | <u>VALUE</u> | |
| 2001 | 498 | 91,990,928 | 1200 | 93,897,529 | 185,888,457 |
| 2002 | 450 | 67,278,079 | 1546 | 104,926,574 | 172,204,653 |
| 2003 | 400 | 37,365,113 | 1698 | 87,496,321 | 124,861,434 |
| 2004 | 455 | 53,833,933 | 1698 | 110,275,957 | 164,109,890 |
| 2005 | 466 | 81,624,706 | 1906 | 133,809,285 | 215,433,991 |
| 2006 | 513 | 107,123,705 | 1576 | 128,110,345 | 235,234,050 |

***Note: During the period after the flood (1999) there was an increase in permits due to reconstruction. A decline back to reasonable levels were experienced during the following 2 years after flood. Since 2003 growth has been increasing at an average rate of 3.1%

Source: City Inspections Department.

Major Initiatives

In staying focused with the City Council and its goals for city improvement, several projects are underway. **The Stantonsburg Road-Tenth Street Connector** involves the extension of Tenth Street to Stantonsburg Road at Memorial Drive with a grade separation near the CSX Railroad on Dickinson Avenue. The roadway project will provide much needed east/west access through town while offering a direct connection between the core campus of ECU and the regional medical facility.

The City is also embarking on an aggressive program to continue Uptown renewal. A joint venture by the City and the University, plans include the possibility of a performing arts center, hotel/alumni center, land acquisitions for joint University/City projects, infrastructure improvements, and joint use parking structures. This effort is being led by the work of a newly created City Redevelopment Commission.

Other capital improvement projects include:

| <u>Amount</u> | <u>Project Description</u> |
|---------------------|--|
| \$ 1,141,000 | Information Technology (New and Improved Technology) |
| 59,493 | Library (Renovations of Main Library Basement) |
| 2,107,160 | Public Works (Equipment and Improvements) |
| <u>890,153</u> | Recreation/Parks (Resurfacing and Improvements) |
| \$ 4,197,806 | Total |



Some of the new General Obligation Bond Projects underway in FY 2006-2007 include:

- Stormwater Projects
- 10th Street Connector Environmental Assessment and Design
- Thomas Langston Road Extension
- West 3rd Street Reconstruction Design
- West Greenville/Center City Revitalization Projects

Revitalization... the Keystone to Prominence

Commerce and Industry

With the recent close of a major manufacturing facility in Greenville, the area welcomes the **North Carolina Biotechnology Center Regional Office in Greenville**. The office, dedicated on October 11, 2005, officially opened its doors on January 3, 2006. The new Biotechnology Center in Greenville represents significant partnerships with universities, governments and economic development agencies, which have contributed financial and in-kind resources as well as office space. Greenville was chosen as the site of the new regional center once it was determined that eastern North Carolina has the resources and capabilities to develop biotechnology, such as company development and recruitment, education and training programs and investment resources, as well as the many diverse sectors that can benefit from biotechnology development and applications.



However, Greenville and Pitt County continue to profit from its manufacturing sector which has been able to adapt and adjust to the changing economic climate. **ASMO Greenville of North Carolina** (DENSO), the fourth largest independent automotive supplier of advanced automotive

technology, systems, and components for the entire world's major automakers was established in Greenville in 1994. ASMO, a major player in attracting Japanese companies to Pitt County, continues to show its commitment by announcing that the company will add 17,000 square feet to their existing facility. This expansion is a plus "in a time when global pricing has led to many companies to go overseas." ASMO Greenville of North Carolina currently employs over 550 associates.

Enhancing the community **DSM Pharmaceuticals, Inc.**, part of DSM Pharmaceutical Product, is a global provider of custom manufacturing services to the pharmaceutical and biopharmaceutical industries. DSM Pharmaceuticals Inc. is the largest private employer in Pitt County, NC. Currently, the site employs 1,000 employees and is the largest U.S. manufacturing site in the DSM Pharmaceutical Products system. DSM Pharmaceuticals understands the importance of community through close involvement in many local charities. Most recently, DSM was the Title Sponsor for the first annual Drew Steele/Skip Holtz auction and golf event, which was held on June 4th and 5th, raising more than \$200,000 in support of the special population of Pitt County and the Drew Steele Endowment Fund.

The **Roberts Company**, industrial fabrication and construction company based in Pitt County, has expanded several times since its founding 29 years ago. The company currently employs approximately 300 craft and professional people and has been recognized for four consecutive years by *Inc. Magazine* as one of the 500 fastest growing private companies in the county. Pitt County also recognized the company as Industry of the Year for 2000-2001. Besides its sophisticated work for domestic companies, Roberts' products are shipped domestically and overseas to the Far East and the Caribbean.

Putting it all together is **AccuCopy**, Pitt County 2005-2006 Industry of the Year, selected by The Pitt County Development Commission. Accu-Copy was selected based on county and community involvement, commitment to safety, training and the environment, enhancement of the quality of life of employees and the community, achievement in specific industry longevity and leadership.

In 1980, AccuCopy, a local start-up industry, opened its doors in Greenville setting out to be the company with the "Fast Copies for Fast Times." Today the slogan is, "We Put It All Together." Eighty (80) percent of its business comes from Pitt County, bringing new dollars into the community. AccuCopy is also attracting international attention for its innovative use of software and hardware to produce personalized communication and marketing materials. Due to rapid growth, AccuCopy opened stores in New Bern and Goldsboro.



Education

The County's educational system has provided much of the support needed to progress a new economy and move forward into the 21st Century. Through a superior public educational system, students are prepared for top-notch institutions of higher learning such as East Carolina University

or Pitt Community College, and provide a highly skilled labor pool for the County's expanding economy.

Pitt County Schools

Public education is primarily a function and responsibility of State government. School operation is largely determined by State statutes and State policies adopted by the State Board of Education. School officials and teachers are employees of the State. The General Assembly has delegated financial responsibility for certain areas of public education, primarily construction and maintenance of school facilities, to the counties.



The City and the County have a consolidated school system, designated as the Pitt County School Administrative Unit, which is governed by a 12-member Board of Education elected on a non-partisan basis for staggered four-year terms. The Board of Education submits a budget request to the County Board of Commissioners annually.

The following table shows the number of schools by grade level and average daily membership for the Pitt County School Administrative Unit:

| SCHOOL YEAR | ELEMENTARY (K-5) | | INTERMEDIATE (6-8) | | SECONDARY (9-12) | | TOTAL ADM. |
|-------------|---------------------|--------|-----------------------|-------|---------------------|-------|------------|
| | NO. OF SCHOOLS | ADM* | NO. OF SCHOOLS | ADM* | NO. OF SCHOOLS | ADM* | |
| 2001-2002 | 22 | 9,971 | 13 | 4,983 | 7 | 5,646 | 20,600 |
| 2002-2003 | 22 | 9,719 | 13 | 5,085 | 7 | 5,608 | 20,412 |
| 2003-2004 | 22 | 9,928 | 13 | 5,178 | 6 | 5,559 | 20,665 |
| 2004-2005 | 22 | 10,221 | 12 | 5,232 | 6 | 6,359 | 21,812 |
| 2005-2006 | 22 | 10,305 | 12 | 5,233 | 6 | 6,578 | 22,116 |
| 2006-2007 | 22 | 10,500 | 12 | 5,340 | 6 | 6,769 | 22,609 |

*Average daily membership ("ADM") (determined by actual records at the schools for the first month of school) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public schools in the State. The average daily membership computations are used as a basis for teacher allotments and for distribution of local funds if there is more than one unit within a county.

Source: Superintendent's Office of the Pitt County School Administrative Unit.

Working Together for Youth

Pitt County has taken education and cooperative learning to the next level with the inception of the **Health Sciences Academy**, a unique program that prepares students for careers in the medical

field. A mutually beneficial relationship between Pitt County Schools, Pitt County Memorial Hospital, and local medical and civic organizations, students have the advantage of shadowing doctors and professors and taking courses from health-care professionals while pursuing a variety of health related careers. Modeled after the Health Sciences Academy is the **Business and Technology Academy**. Recruiting its first class for 2006, this program targets ninth grade high school students for instruction in various business and technology career fields such as computer science, information systems, and business administration. Plans are also in the works to enable Academy students to attend community college and earn credit while still in high school to jump-start their college careers. Another program, **Organizations/Businesses Assisting Schools in Success (OASIS)**, is a consortium of businesses and nonprofit groups that support local schools through their time, money, or in-kind giving.

Pitt Community College



One of the County's excellent institutions of higher learning is Pitt Community College ("PCC"), a comprehensive public, two year-educational institution serving adult citizens of the City and the County. It is the sixth largest community college in the State and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award associate degrees. For the 2005-2006 academic year, PCC served over 8,318 students, offering an array of programs including occupational and university transfer degree programs as well as non-credit professional development classes through its 44 associate degree, numerous certificate, 23 diploma, and 18 college transfer programs. Among its many accomplishments is the PCC Preschool and the Pitt County JobLink Center, both receiving the highest rating level for service in Pitt County.

PCC is also leading the way in distance learning education and technology. Recently, PCC purchased the MacThrift office building in an effort to alleviate the college's crowded conditions. The MacThrift structure is now called the "Greenville Center" and provides approximately 14,000 square feet for continuing education programs. A warehouse behind the main building provides another 8,000 square feet of instructional space for PCC's Law Enforcement Training programs.

East Carolina University



Cupola on the Mall 2000 enrollment statistics, and is expected to continue to climb through 2010.

Chartered by the North Carolina General Assembly in 1907, East Carolina University ("ECU") has evolved from a two-year Teacher Training School in 1929 to a four-year Teachers College to its present standing as a major comprehensive university, designated as a constituent institution of the University of North Carolina. The third largest institution of higher learning in North Carolina, ECU is expecting a student enrollment at 23,500 for the 2006-2007 fall semester, including approximately 5,150 graduate students. Fall enrollment represents a jump of approximately 5,000 students from

The increasing student population is simply another response to ECU's emerging distinction as a premier University. East Carolina is a public institution committed to rich and distinctive education,

exemplary teaching, research and scholarship, public service, and human and intellectual diversity. A hallmark of the institution lies in its willingness to innovate and provide inter-institutional programs and cross-disciplinary curricula as can be seen in its course offerings and degree programs. East Carolina leads the UNC system in distance learning enrollment. Distance education students who are enrolled in East Carolina courses number nearly 5,000.

The University takes this distinction seriously by expanding its facilities, increasing its services, and strengthening its academic programs in order to accommodate its new Pirate Nation. Four new master's level programs are being offered in the 2006-2007 academic year: Health Communication, Athletic Training, Construction Management, and Software Engineering. The \$61 million Allied Health Sciences Building also opened this summer, providing a new home for the School of Nursing and Allied Health Sciences and the Laupus Health Sciences Library.



Wright Auditorium

Facts in Brief

- Undergraduate degrees: **106**
- Master's degrees: **71**
- Specialist degrees: **4**
- First-professional MD program: **1**
- Doctoral degrees: **16**
- Nationally acclaimed Brody School of Medicine
- Leads the UNC system in distance-learning enrollment
- More than 8,000 East Carolina students contribute in excess of **100,000** hours of volunteer service to more than 100 community health and human service organizations
- New construction projects totaling **\$255** million are currently underway

Medical Facilities

Brody School of Medicine at East Carolina University

The Brody School of Medicine at East Carolina University, located within the City, was established in 1975 by an act of the North Carolina General Assembly. The Brody School of Medicine has a threefold mission: (1) to produce primary care physicians to serve the State, (2) to increase opportunities for minorities and disadvantaged students to pursue a medical education and (3) to expand and improve the network of health care in eastern North Carolina. For this reason, it admits, almost exclusively, in-state applicants with the expectation that graduates will remain in North Carolina, preferably practicing in underserved areas. Each year, the Brody



Brody School of Medicine

School of Medicine is ranked highly among the nation's medical schools in the percentage of its graduates who become primary care physicians, solidifying its reputation as a leader in primary care and rural medicine.

In Rank Order...

6th US News and World Report ranking of the Brody School of Medicine among the top 50 medical schools in America.

7th Ranking in rural medicine amongst 125 accredited US medical schools.

9th in family medicine program, up from 11th in 2004-2005.

Students who enter the program benefit from its moderate size, excelling as either generalists or specialists with an abundance of clinical experience throughout the four years. Currently, one may enter 12 areas of residency, Family Medicine being the largest, or enroll in the school's three combined residency programs, which include Emergency Medicine/Internal Medicine, Medicine/Pediatrics, and Medicine/Psychiatry. Brody also supports programs, which lead to the Doctor of Philosophy degree in six disciplines: anatomy and cell biology, biochemistry, microbiology and immunology, pathology, pharmacology, and physiology.

The Brody School of Medicine, together with Pitt County Memorial Hospital ("PCMH"), is situated on an approximately 90-acre tract within a designated medical

district. Medical school facilities include five major buildings, including the 550,000 square-foot Brody Medical Sciences Building. The Brody School of Medicine has a state-of-the-art cancer treatment center, serving patients throughout eastern Carolina. But, it is the school's leadership in robotic surgery that has captured the attention of the medical world.



Surgical teams from around the world come to Greenville to receive instruction on the operation of a robotic probe known as the daVinci. The daVinci enables heart surgeons to operate on patients via a computer console a few yards away, the software compensating for differences in dexterity, correcting any manual tremors. Consequently, surgeries that would have required large incisions and demanded extended recovery times now only done with dime-sized incisions, leading to shorter recovery times. Not

only does this approach cut down on the overall cost of treatment but also allows remote surgery from any part of the world.

Brody's leadership in heart health problems along with the dire need of adequate care in rural areas has led to the inception of a vision: the **Eastern Carolina Cardiovascular Institute (ECCI)**. ECCI will be the first facility in North Carolina devoted exclusively to the treatment and prevention of cardiovascular disease, and is a joint effort between Brody and Pitt County Memorial Hospital. Completion of this facility is scheduled for 2008. The institute will include two new buildings:

- A cardiovascular center at Pitt County Memorial Hospital with 120 beds, 11 interventional labs, and a suite of operating rooms dedicated to cardiac procedures.
- A cardiovascular clinic and research center operated by East Carolina University. This facility will include outpatient clinics, physician offices for all cardiovascular specialties within the

University, a training and education center, and laboratories to conduct scientific research and development for the prevention and cure of cardiovascular disease.

Pitt County Memorial Hospital

Pitt County Memorial Hospital is a private, non-profit hospital and regional referral center licensed to operate 745 beds. PCMH is owned and operated by University Health Systems of Eastern Carolina, which includes community hospitals, physician practices, home health, and other health services. PCMH is affiliated with, and serves as the teaching hospital for the Brody School of Medicine at East Carolina University. Inpatient services average 33,000 per year and are concentrated in five bed towers containing primarily private rooms. In an average year, more than 266,000 outpatients are treated at the facilities.



Pitt County Memorial Hospital

Within the next four years, Pitt County Memorial Hospital will change dramatically to accommodate growth and expansion. PCMH has begun three major projects including the redevelopment of the 'old hospital', the construction of PCMH's new heart hospital (the Cardiovascular Center) and a new central utility plant to support the new heart facility. When completed, the master plan will add about 1.5 million square feet of space to the hospital's current 1.2 million square feet.

Improving Quality of Life: Recreation and Culture

Visitors and residents of the City have a number of opportunities for cultural and recreational pursuits. From the well-respected outlet for the arts located on ECU's campus to the leisurely enjoyment of parks and green spaces to the growing reputation of Greenville as the sportiest place to be-- there is something for everyone.

The Arts

ECU's schools of music, art, theatre and dance, and communications have joined forces to become the new College of Fine Arts and Communications. At the **Wellington B. Gray Gallery**, there is a wide range of both touring and student exhibits. This gallery showcases the work of internationally renowned contemporary artists. It is a 7,500 square foot facility and is the largest gallery associated with a university arts school in the Carolinas. The music department hosts several festivals each year, including the **Four Seasons Chamber Music Festival**, a six-concert event featuring chamber music performers from around the world. **ECU/Loessin Playhouse & Theatre** presents a season of eight productions consisting of musicals, plays, dance concerts, comedies, and dramas.

However, culture permeates on and off East Carolina's campus as cultivated by local groups and private establishments. **Uptown Art Gallery** and **Emerge Gallery & Art Center** are two such outlets for local artists and art enthusiasts. Uptown showcases local art pieces in a quaint gallery located in Center City. Emerge caters to ECU student, faculty, and alumni artists as well as

community roving art projects on its sales floor and exhibition areas. It also houses an ‘artists’ nook’ in the upstairs studio area.

The emerging of theatre community is supported by acts such as the **Greenville Theatre Project** who perform throughout the City, offering socially-conscious entertainment for all people. With a belief that performances should not only bring joy to the audience and all those involved, each month the group chooses a worthy cause to support and part of its proceeds go to support that cause. The **Magnolia Arts Center** (MAC) is a comprehensive arts organization created to provide members of the greater Greenville Area with the opportunity to express their creativity and participate in the arts. As an incubator for creativity, MAC shows fruit of the burgeoning art life of the City.

Recreation and Parks

The City has won state and national awards for its comprehensive recreational program. The City owns and, through its Recreation and Parks Department, operates more than 25 parks and facilities on approximately 1,500 acres. One of the highlights is **River Park North**, located on 324 acres of land and water with 1.2 miles of frontage on the Tar River. The facility offers paddleboats, nature



River Park North

trails, fishing and picnic facilities. Also located on the park grounds is the **Walter Stasavich Science and Nature Center**, which offers several wildlife displays and a hands-on touch tank, and the “**Adventures in Health Children’s Museum**” which is a hands-on teaching center with exhibits. The Walter Stasavich Science Center and Nature Center houses a 70 seat theater and a variety of exhibits including a turtle touch tank, Waterfowl of the Atlantic Flyway, a 10,000 gallon freshwater aquarium, live snakes, The North American Wildlife Diorama and a shell exhibit. This facility has a 23-county regional draw and highlights animal and plant species from eastern North Carolina. The City’s Greenways Trail offers a hiking and biking nature trail throughout a major portion of the City; a 2.3 miles second phase was recently completed, extending the trail to 3.4 miles. The third phase includes 2.9 miles and is slated to get underway in 2007.

The Recreation and Parks Department also operates four gymnasiums, a teen center, a baseball stadium, seven lighted softball fields, five baseball fields, a boat ramp, roller hockey rink, a tennis center, and a city highlight—an extreme skate park. The In-Line Hockey Skate & Bike Park is one of the few in the nation suited for professional use. The facility is used by pros like national champion BMX biker Dave Mirra and amateurs alike.

The Recreation and Parks Department offers over 500 different programs. Among those programs are sports for youth, adults, and seniors from baseball, soccer, and basketball to cricket and in-line hockey. The City also owns and operates the **Bradford Creek Golf Course**. Bradford Creek features an 18-hole golf course and a clubhouse for corporate and catered events. The clubhouse also features a pro-shop and concession area. Additionally, residents can enjoy the **Greenville Aquatics and Fitness Center**. This center is an exercise/wellness facility, which also houses an

indoor pool and gymnasium for basketball. Over the next two years, renovations will be underway thanks a \$500,000 grant from the NC Parks & Recreation Trust Fund. These renovations will enhance the natatorium and gymnasium as well as improve the exercise and fitness facilities along with the children's play area.

The City sponsors a summer program entitled **“Sunday in the Park,”** which features local musical talent. The **International Festival** is held annually celebrating the diverse population that has come to make up the City and surrounding area. In addition, the Ronald McDonald House along with the National Golf Association holds the **Touch Stone Energy Open** each June at the Brook Valley Country Club to benefit the Ronald McDonald House. Overton's, the world's largest water sports equipment distributor, is headquartered in the City and has sponsored the **National Water Ski Tournament** in the area for the past three years. And, one cannot forget the spirit of **Pirate football** and other intercollegiate athletics sponsored by East Carolina.



Minges Coliseum &
Dowdy Ficklen Stadium

“Sportstown USA”

In 2004, the City was recognized by *Sports Illustrated* as “Sportstown USA” (#1) for North Carolina. The City is one of 50 in the United States noted during its 50th Anniversary for variety and depth of programming of leisure opportunities. The Sportstown designation honors the City of Greenville for its parks, recreational and leisure programs.

Transportation

There are approximately 220 miles of streets maintained by the City and State within the City limits. Funding for expansion, maintenance and improvements of the local street maintained by the City is derived from the City's proportionate share of the amount produced by a one-cent State tax on each gallon of motor fuel and from other revenues.

Several highways provide access to the City. The major east-west connector, U.S. Highway 264, is a four-lane controlled-access highway. North Carolina Highway 11 - U.S. Highway 13 is the primary north-south highway crossing the City. Interstate Highway 95 is 35 miles to the west and U.S. Highway 17 is 15 miles to the east and U.S. Highway 264 connects to both.



Other modes of transportation for both people and goods are air, rail, and public transit. The Pitt-Greenville Airport (the “PGV”) is a 1,000-acre municipal facility owned jointly by the County and the City. The PGV is located adjacent to the Greenville Industrial Park in the northwest portion of the City. The airport and its use have grown consistently, creating a need for the first take off of daily jet flights which, began in October 2006 to and from Charlotte, NC.

Daily rail service is provided to the City by Seaboard System Railroad (CSX) and Norfolk Southern Railway, two of the nation's largest railroad systems. Interconnecting in the City, these systems allow for the transport of freight shipments to and from such cities as Atlanta, New Orleans, Miami, St. Louis, Chicago, Detroit, Philadelphia, and Pittsburg. The City is approximately 85 miles from Morehead City, a seaport city with ocean route connections.

Greenville Area Transit ("GREAT") is a municipal operated service established in 1976, provides fixed route bus service for the City. GREAT is operated as a division of the Public Works Department and provides transit service within the corporate limits. In designating routes, GREAT seeks to provide transportation service for the City's transit-dependent groups to the major industrial, commercial, educational, and social service locations. Since its inception, ridership has steadily increased. Ridership currently averages approximately 19,100 passenger trips each month.

Greenville Convention Center

After eight years of planning and negotiating, the Greenville Convention Center made its grand opening in May 2002. The Convention Center helps to capture the more than \$157 million generated each year by visitors to The Greenville Metropolitan area as estimated by the US Travel Data Center. Its campus offers state of the art meeting and exhibit facilities, the



latest audio visual technology and a wide range of added features for meeting planners and show producers. The Convention Center's 28,800 square feet of exhibit space is connected via an enclosed walkway to the Greenville Hilton's 25,000 square feet of meeting, banquet, and breakout space. The adjacent City Hotel and Bistro adds an additional 9,000 square feet of meeting space to the Greenville Convention Center Campus. Both properties provide 333 guest rooms on site.

The Convention Center begins its fifth year of operation and continues to be the largest convention and meeting venue east of I-95 in North Carolina. The business mix for the Convention Center includes 47 percent conference and convention business, 21 percent consumer and tradeshow, 10 percent entertainment and 22 percent social and community events. The Convention Center has proved to be a positive economic anchor to the area's hospitality industry generating over \$9.54 million annually in economic impact and filling over 22,000 room nights. In 2005 and 2006, the Convention Center played host to a number of large conferences including NC Pork Council Association, NC United Methodist, the Diocese of NC as well as national dealer meetings for Grady White Boats and Fountain Power Boats. In 2009, the Center will host the North Carolina League of Municipalities annual conference, which is one of the state's largest governmental conferences. The event venue has become home for annual community events to include East Carolina University's Jazz Festival and Arts/Antique Expo, Kidsfest, Friends of the Library Book Sale and the Festival of Trees, as well as consumer shows for Factory Outlet Sales, Bridal Expo, Commercial Flowers Expo, Home and Garden Expo, Tools, and the Holiday Show. The Greenville Convention Center is a facility that offers unique flexibility, accommodating any type of event and servicing groups from 5 to 3,000 in attendance.

Results that Make the Difference...

Community Profile



Greenville is one of the fastest growing cities in the State of North Carolina. The county seat of Pitt County, it is situated on the Tar River in the central coastal plain of North Carolina. Centrally located approximately 85 miles east of Raleigh, our state's capital 87 miles west of the Atlantic Coast. The City was founded by English settlers in 1771 and named Martinsborough after Royal Governor Martin. In 1786, the residents changed the name to Greenville to honor revolutionary war hero and fellow North Carolinian, Nathaniel Greene. The City covers an area of approximately 31.38 square miles. The City has statutory authority to expand its boundaries through annexation and has extraterritorial planning and zoning jurisdiction extending up to one mile beyond its corporate limits. On December 31, 1992, the United States Department of Housing and Urban Development classified the City as a **Metropolitan Statistical Area** ("MSA").

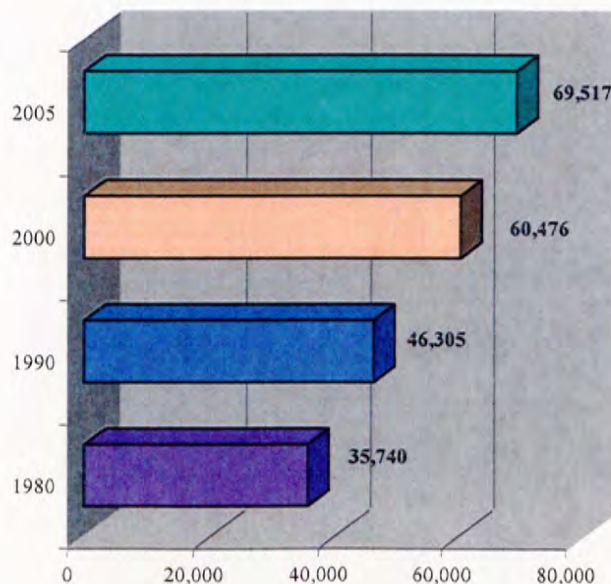
The City has a council-manager form of government. The City Council is comprised of a Mayor and six council members. The Mayor and all council members are elected every two years and serve two-year terms. All municipal elections are held on a nonpartisan basis. The City Council is the governing body of the City. The City Council appoints the members of various boards and commissions, the City Manager, City Attorney, and City Clerk. The Mayor presides over the City Council meetings. The City Manager is the chief administrative officer of the City and serves at the pleasure of the City Council.

Demographic Characteristics

Greenville is a rapidly growing city, with thousands of new residents migrating to the area. From 2000 to 2005, the City's population has increased 15% as recorded by the US Department of Commerce Bureau of Census, from 2000 to 2005.

As of July 1, 2005, the U.S. Census Bureau estimates the Greenville population to be **69,517**, the 11th largest city in the state. This number **does** include college students who have temporary residency within the City.

City of Greenville Population Estimate



Per capita income data for Pitt County and the State are presented in the following table¹.

| <u>YEAR</u> | <u>COUNTY</u> | <u>STATE</u> |
|-------------|---------------|--------------|
| 1998 | \$22,499 | \$24,661 |
| 1999 | 21,964 | 25,302 |
| 2000 | 24,599 | 26,882 |
| 2001 | 24,854 | 27,308 |
| 2002 | 24,731 | 27,785 |
| 2003 | 25,746 | 28,071 |
| 2004 | 26,777 | 29,322 |

Employment

The County's manufacturers employ a little over 6,700 area residents. Education, health care, public administration, distribution, communication, and financial services provide over 18,000 non-manufacturing jobs. Pitt County Memorial Hospital employs over 5,600 area residents. Regional educational institutions, East Carolina University and Pitt Community College, make major contributions to the economy, not only by educating the workforce, but also employ 5,400 workers. City and County agencies and other interested groups meet regularly to evaluate and guide industrial development in Pitt County while ensuring that commercial growth or expansion does not have a negative impact on area resources or residents' quality of life.

The following table lists the major employers in or within a few miles of the City:

| TOP EMPLOYERS IN GREENVILLE AND PITT COUNTY | | |
|--|---------------------------|-------------------------------|
| Company/Institution | Product/Service | Approx. # of Employees |
| Pitt County Memorial Hospital | Healthcare | 6,130 |
| East Carolina University | Education | 4,640 |
| Pitt County Schools | Education | 3,200 |
| NACCO Materials Handling Group | Lift Trucks | 1,200 |
| DSM Pharmaceuticals | Pharmaceuticals | 1,000 |
| County of Pitt | Government Administration | 975 |
| Pitt Community College | Education | 850 |
| City of Greenville | Government Administration | 700 |
| ASMO Greenville of North Carolina | Small Electric Motors | 550 |
| Physicians East | Medical Care | 500 |

Source: Pitt County Chamber of Commerce

¹ United States Department of Commerce, Bureau of Economic Analysis

The North Carolina Employment Security Commission estimated the percentage of unemployment in the County as follows:

| | Jan | Feb | March | April | May | June | July | Aug | Sept | Oct | Nov | Dec |
|-------------|------------|------------|--------------|--------------|------------|-------------|-------------|------------|-------------|------------|------------|------------|
| 2002 | 6.2% | 6.2% | 6.4% | 6.4% | 7.3% | 7.5% | 7.3% | 6.5% | 6.0% | 5.9% | 5.8% | 5.6% |
| 2003 | 6.5 | 6.5 | 6.5 | 6.5 | 6.7 | 7.3 | 7.2 | 7.0 | 6.2 | 6.1 | 6.0 | 5.4 |
| 2004 | 5.9 | 5.8 | 5.5 | 5.3 | 5.7 | 6.1 | 6.1 | 5.8 | 5.0 | 5.4 | 5.6 | 5.5 |
| 2005 | 5.8 | 6.1 | 5.6 | 5.5 | 6.0 | 6.4 | 6.4 | 6.1 | 5.4 | 5.3 | 5.3 | 4.9 |
| 2006 | 4.9 | 5.1 | 4.8 | 4.4 | 5.1 | 5.4 | 6.1 | 5.4 | N/A | | | |

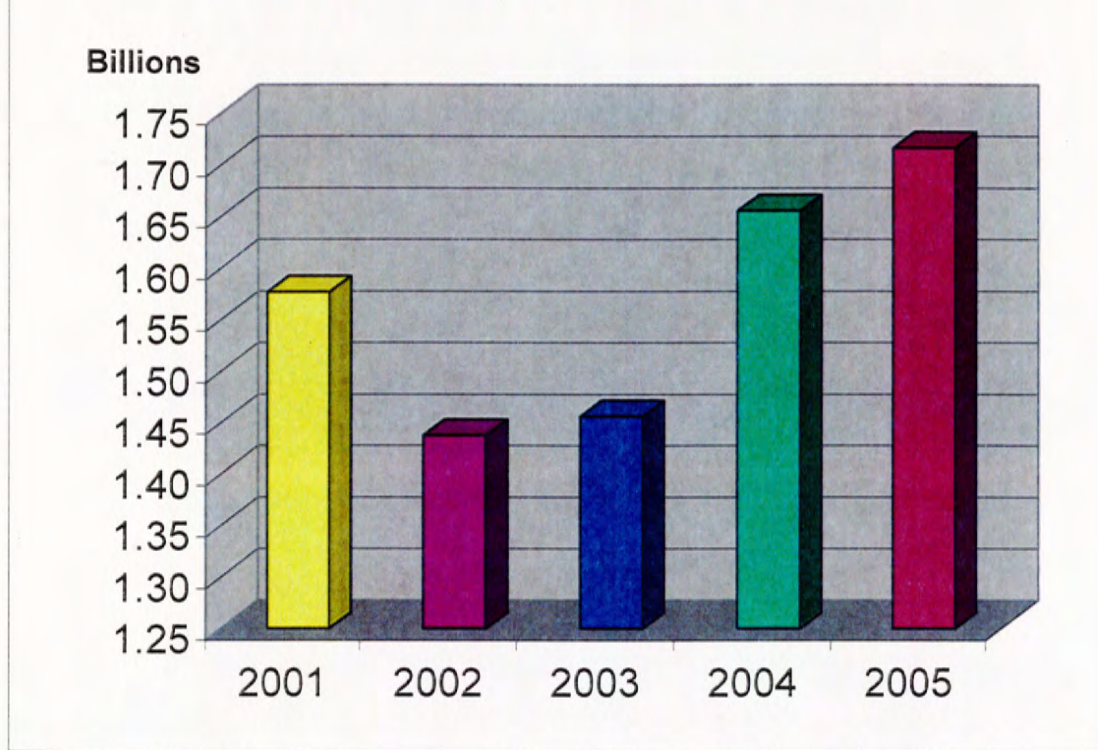
Retail Sales

With the cycle of economic expansion, employment, and new wealth has come a blossoming service and retail sector. Total retail sales for Greenville for 2000 through 2005 are shown in the table below:

| <u>Fiscal</u> <u>Year</u> | <u>Total</u> <u>Retail Sales</u> |
|--|---|
| 2000 | 1,538,565,828 |
| 2001 | 1,576,506,002 |
| 2002 | 1,437,495,459 |
| 2003 | 1,456,426,001 |
| 2004 | 1,655,726,840 |
| 2005 | 1,716,307,372 |

Source: North Carolina Department of Revenue, Sales and Use Tax Division.

Total Retail Sales for Greenville



General Fund Balance

In the financial policy adopted by the City Council, available fund balance should be at least 14% of the total annual operating budget of the City. The total fund balances/retained earnings of the key funds remain strong and demonstrate the financial strength of the City.

CITY OF GREENVILLE, NC FUND BALANCES/NET ASSETS - VARIOUS FUNDS LAST FIVE YEARS

| | 6/30/06 | 6/30/05 | 6/30/04 | 6/30/03 | 6/30/02 |
|-------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| General | \$ 28,678,338 | \$ 26,521,729 | \$ 23,031,474 | \$ 20,479,680 | \$ 17,146,371 |
| Spec. Rev. | 8,066,834 | 7,241,099 | 5,165,681 | 5,039,814 | 5,739,913 |
| Util. Ent. | <u>254,385,816</u> | <u>242,364,784</u> | <u>235,868,647</u> | <u>228,764,854</u> | <u>217,576,185</u> |
| Fund Total | <u>\$291,100,988</u> | <u>\$278,266,697</u> | <u>\$ 265,980,427</u> | <u>\$ 256,333,373</u> | <u>\$ 241,273,884</u> |

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, 2005

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.



Carla E. Perry

President

Jeffrey R. Egan

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, 2005**. This is the **17th** consecutive year that the government has achieved 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 only. 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.

The City of Greenville
Financial Services Department

CITY OF GREENVILLE, NORTH CAROLINA
City Council Members, City Officials and
Greenville Utilities Commission Board of Commissioners

CITY OF GREENVILLE
MAYOR AND CITY COUNCIL

Robert Parrott, Mayor
Mildred A. Council, Mayor Pro-Tem

Ray Craft
Pat Dunn

Rose H. Glover
Chip Little

Larry Spell

CITY OFFICIALS

Wayne Bowers
Thomas Moton
Dave A. Holec
Wanda T. Elks
Bernita W. Demery
S. Rex Wilder
Thomas N. Tysinger, Jr.
Michael Burton
Geraldine Case
Merrill Flood
William J. Anderson
H. Boyd Lee, Jr.

City Manager
Assistant City Manager
City Attorney
City Clerk
Director of Financial Services
Director of Information Technology
Director of Public Works
Chief of Fire/Rescue
Director of Human Resources
Director of Planning and Community Development
Chief of Police
Director of Recreation and Parks

GREENVILLE UTILITIES COMMISSION
BOARD OF COMMISSIONERS

Bryant Kittrell, Chair
Faye Taylor, Vice Chair

Wayne Bowers, City Manager
Lester Z. Brown

Wayne Powell, Secretary
Lynne Evans

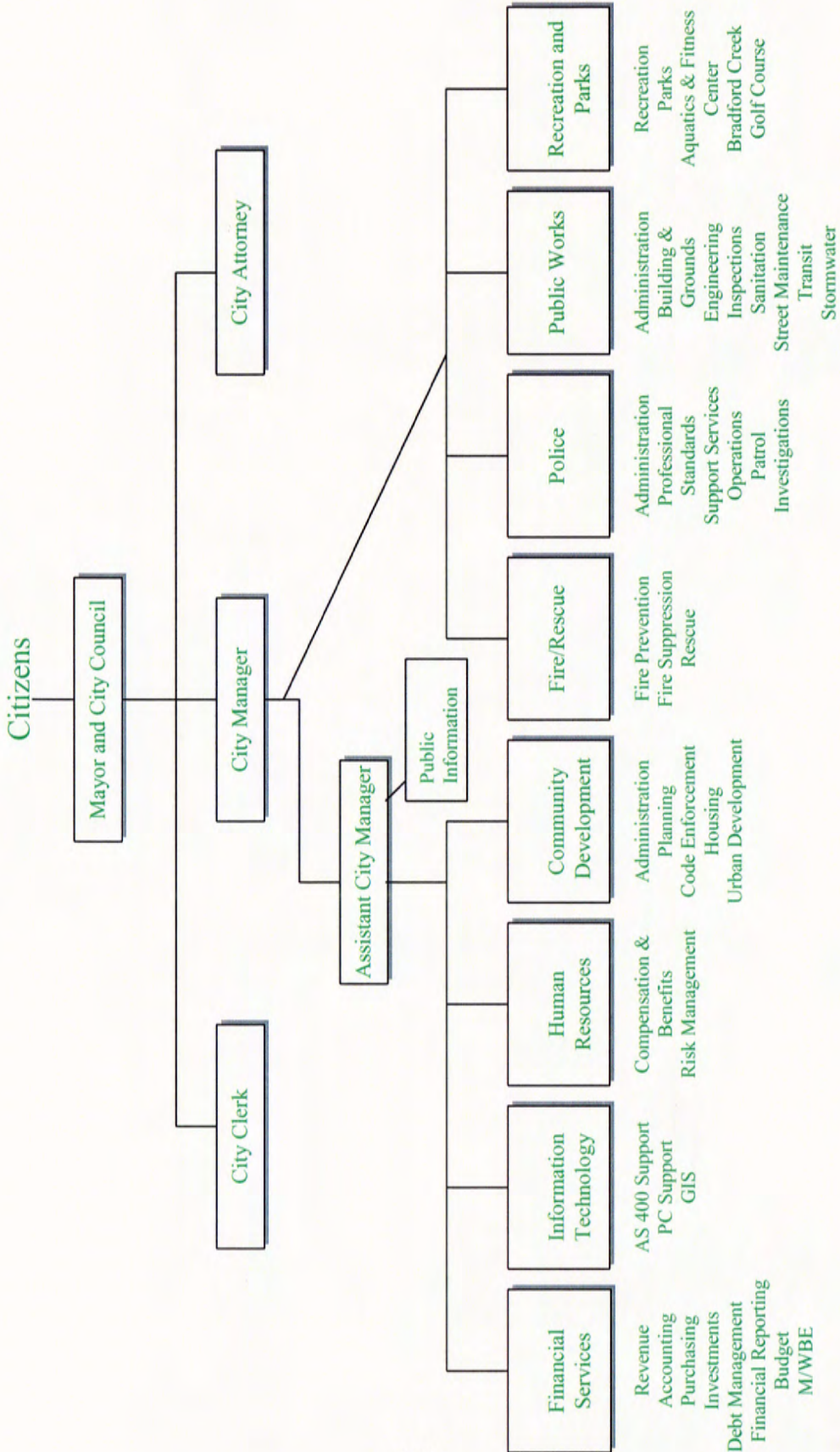
Louis Zincone, Jr.

GREENVILLE UTILITIES COMMISSION OFFICIALS

Ron D. Elks

General Manager

ORGANIZATIONAL CHART



FINANCIAL SECTION



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Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, North Carolina, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Greenville's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Greenville, North Carolina, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2006, on our consideration of City of Greenville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, employer contributions and the notes to the required schedules of Funding Progress, Employer Contributions, and Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance 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 the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on financial statements that collectively comprise the basic financial statements of the City of Greenville, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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.

Martin Starnes & Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
August 18, 2006

Management's Discussion and Analysis

As management of the City of Greenville, we offer readers of the City of Greenville's financial statements this narrative and analysis of the financial activities of the City of Greenville for the fiscal year ended June 30, 2006. We encourage readers to read the information presented in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

Highlights of the city's fiscal year ended June 30, 2006, include:

- The assets of the City of Greenville's governmental activities exceeded its liabilities at the close of the fiscal year by \$125,407,991 (*net assets*). Of this amount, \$40,333,264 can be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets of governmental activities increased by \$4,103,618.
- The City of Greenville's governmental funds reported combined ending fund balances of \$42,435,911 a decrease of \$4,414,998 in comparison with the prior year. A significant part of this decrease was due to activity recognized on Certificates of Participation capital projects whose funding of \$15.9M was issued in prior year.
- Unreserved fund balance for the General Fund was \$18,299,099 or 34% of total general fund expenditures for the fiscal year.
- The City of Greenville's total debt increased by \$1,772,364 during the current fiscal year. The key factors in this minimal net increase was the issuance of revenue bonds and the retirement of general obligation and revenue bonds.
- Property taxes and sales tax are the two largest sources of revenues and make up over 60% of the total revenues for governmental services to the citizens and the community in 2006.
- The City maintained a tax rate of \$.56 for the second year.
- The City has achieved the Certificate of Achievement for excellence in Financial Reporting for the 17th consecutive year. The City also obtained, for the first time in history, the Distinguished Budget award for the fiscal year 2006 budget.
- The City of Greenville holds a bond rating of Aa3 with Moody's Investors Service and a rating of AA with Standard & Poor's Rating Agencies.

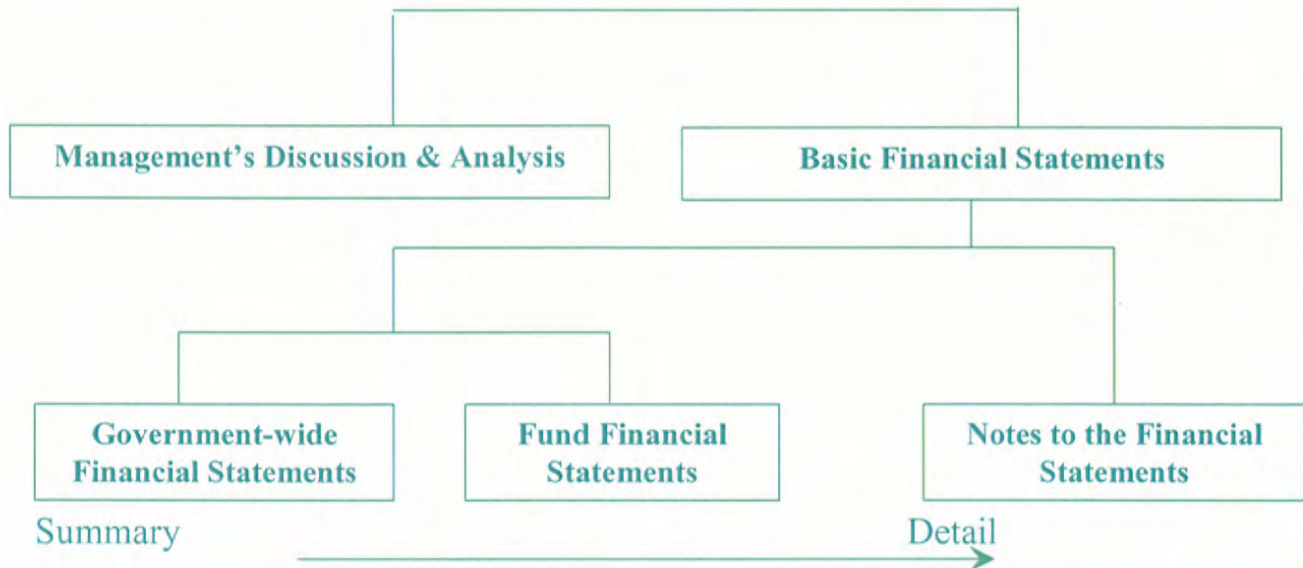
Overview of the Financial Statements

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 I) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary 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 also can 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, 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, aquatics and fitness, 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 (see Figure 2) 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 two categories: governmental funds and proprietary 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. 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 about 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 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, aquatics and fitness, 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 an accounting devices used to accumulate and allocate costs internally among the functions of City of Greenville and Greenville Utilities Commission. The City uses an internal service fund to account for its joint dental reimbursement.

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 I of this report.

Government-Wide Financial Analysis

The following is a summary of net assets as of June 30, 2006 (as shown in Exhibit A) with comparative data for June 30, 2005.

City of Greenville’s Net Assets
Figure 2

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and other assets | \$ 50,409,055 | \$ 54,470,766 | \$ 82,496,381 | \$ 78,244,464 | \$ 132,905,436 | \$ 132,715,230 |
| Capital assets, non depreciable | 47,113,889 | 42,171,892 | 21,378,297 | 31,038,588 | 68,492,186 | 73,210,480 |
| Capital assets, net | 75,872,617 | 37,396,805 | 276,439,941 | 253,039,239 | 352,312,558 | 290,436,044 |
| Total Assets | \$ 173,395,561 | \$ 134,039,463 | \$ 380,314,619 | \$ 362,322,291 | \$ 553,710,180 | \$ 496,361,754 |
| Long-term liabilities outstanding | \$ 42,985,086 | \$ 44,938,716 | \$ 95,859,286 | \$ 92,133,292 | \$ 138,844,372 | \$ 137,072,008 |
| Other liabilities | 5,002,484 | 5,306,662 | 22,658,165 | 21,994,456 | 27,660,649 | 27,301,118 |
| Total Liabilities | \$ 47,987,570 | \$ 50,245,378 | \$ 118,517,451 | \$ 114,127,748 | \$ 166,505,021 | \$ 164,373,126 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | \$ 83,851,343 | \$ 38,196,527 | \$ 207,484,653 | \$ 198,000,719 | \$ 291,335,996 | \$ 236,197,246 |
| Restricted | 1,223,384 | 1,243,003 | - | - | 1,223,384 | 1,243,003 |
| Unrestricted | 40,333,264 | 44,354,555 | 54,312,515 | 50,193,824 | 94,645,779 | 94,548,379 |
| Total Net Assets | \$ 125,407,991 | \$ 83,794,085 | \$ 261,797,168 | \$ 248,194,543 | \$ 387,205,159 | \$ 331,988,628 |

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 governmental activities exceeded its liabilities at the close of the fiscal year by \$125,407,991 (*net assets*). Of this amount, \$40,333,264 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 \$4,103,618. 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.

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 | |
|---|-------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 12,479,938 | \$ 11,118,553 | \$ 220,671,716 | \$ 196,119,806 | \$ 233,151,654 | \$ 207,238,359 |
| Operating grants and contributions | 4,537,753 | 3,772,002 | 1,080,611 | 907,569 | 5,618,364 | 4,679,571 |
| Capital grants and contributions | 3,360,056 | 2,770,119 | 7,042,611 | 3,111,712 | 10,402,667 | 5,881,831 |
| General revenues: | | | | | | |
| Ad valorem taxes | 22,965,051 | 21,439,499 | - | - | 22,965,051 | 21,439,499 |
| Other taxes | 14,226,814 | 12,483,571 | - | - | 14,226,814 | 12,483,571 |
| Unrestricted grants | 4,239,647 | 3,984,691 | - | - | 4,239,647 | 3,984,691 |
| Other | 1,907,607 | 963,576 | 2,097,476 | 1,340,886 | 4,005,083 | 2,304,462 |
| Total Revenues | <u>\$ 63,716,866</u> | <u>\$ 56,532,011</u> | <u>\$ 230,892,414</u> | <u>\$ 201,479,973</u> | <u>\$ 294,609,280</u> | <u>\$ 258,011,984</u> |
| Expenses: | | | | | | |
| General governmental | 16,352,775 | 13,023,132 | - | - | 16,352,775 | 13,023,132 |
| Public safety | 23,624,420 | 23,705,503 | - | - | 23,624,420 | 23,705,503 |
| Transportation | 5,720,395 | 2,897,180 | - | - | 5,720,395 | 2,897,180 |
| Environmental protection | 3,854,739 | 3,568,229 | - | - | 3,854,739 | 3,568,229 |
| Cultural and recreation | 5,044,169 | 6,626,456 | - | - | 5,044,169 | 6,626,456 |
| Economic and physical development | 7,652,308 | 1,932,449 | - | - | 7,652,308 | 1,932,449 |
| Interest and fees | 1,713,598 | 1,697,571 | - | - | 1,713,598 | 1,697,571 |
| Electric | - | - | 148,006,438 | 133,698,493 | 148,006,438 | 133,698,493 |
| Water | - | - | 11,583,907 | 12,302,339 | 11,583,907 | 12,302,339 |
| Sewer | - | - | 12,227,239 | 10,931,404 | 12,227,239 | 10,931,404 |
| Gas | - | - | 36,630,431 | 28,357,571 | 36,630,431 | 28,357,571 |
| Public transportation | - | - | 1,365,484 | 1,000,510 | 1,365,484 | 1,000,510 |
| Aquatics and fitness center | - | - | 582,710 | 536,944 | 582,710 | 536,944 |
| Bradford Creek Golf Course | - | - | 840,749 | 824,892 | 840,749 | 824,892 |
| Stormwater utility | - | - | 1,703,675 | 1,546,314 | 1,703,675 | 1,546,314 |
| Total Expenses | <u>\$ 63,962,404</u> | <u>\$ 53,450,520</u> | <u>\$ 212,940,633</u> | <u>\$ 189,198,467</u> | <u>\$ 276,903,037</u> | <u>\$ 242,648,987</u> |
| Increase in net assets before transfers | (245,538) | 3,081,491 | 17,951,781 | 12,281,506 | 17,706,243 | 15,362,997 |
| Transfers | 4,349,156 | 4,145,548 | (4,349,156) | (4,145,548) | - | - |
| Increase in net assets | <u>\$ 4,103,618</u> | <u>\$ 7,227,039</u> | <u>\$ 13,602,625</u> | <u>\$ 8,135,958</u> | <u>\$ 17,706,243</u> | <u>\$ 15,362,997</u> |
| Net assets, July 1 | 83,794,085 | 71,175,185 | 248,194,543 | 240,058,585 | 331,988,628 | 311,233,770 |
| Prior period adjustment | 37,510,288 | 5,391,861 | - | - | 37,510,288 | 5,391,861 |
| Net assets, July 1, restated | <u>\$ 121,304,373</u> | <u>\$ 76,567,046</u> | <u>\$ 248,194,543</u> | <u>\$ 240,058,585</u> | <u>\$ 369,498,916</u> | <u>\$ 316,625,631</u> |
| Net assets, June 30 | <u>\$ 125,407,991</u> | <u>\$ 83,794,085</u> | <u>\$ 261,797,168</u> | <u>\$ 248,194,543</u> | <u>\$ 387,205,159</u> | <u>\$ 331,988,628</u> |

Governmental Activities. Governmental activities increased the City's net assets by \$4,103,618. Of total net assets, governmental activities accounted for \$125,407,991 or 23.2% of growth. The growth in overall city revenues, particularly property and sales tax, were key elements of the increase.

Business-type Activities. Business-type activities increased the City of Greenville's net assets by \$13,602,625 accounting for 76.8% of the total growth in the government's net assets.

The assets of the Greenville Utilities Commission (Commission) exceeded its liabilities at the close of the fiscal year by \$254,385,816 (net assets). Of this amount, \$51,057,461 (unrestricted net assets) may be used to meet the Commission's ongoing obligations to its customers and creditors.

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 \$18,299,099, while total fund balance reached \$28,678,338. 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 34% of total General Fund expenditures, while total fund balance represents 54% of that same amount. At June 30, 2006, the governmental funds of City of Greenville reported a combined fund balance of \$42,435,911, a 9% decrease under last year. The changes in fund balance are detailed in the notes to the financial statements.

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 increased revenues by \$3,856,905.

Revenues were greater than the budgeted amounts primarily due to Property and Sales taxes. Additionally, inspection fees were on the rise because of new construction and investment earnings came in over budget by 156% due to a rise in interest rates.

Proprietary Funds. The City of Greenville's proprietary funds provide the same type of information found in 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, 2006, totals \$420,804,744 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. At June 30, 2006, the City of Greenville is obligated for \$30,077,752 in construction contract commitments. Of this amount, \$17,915,549 is related to water, sewer, and wastewater construction contracts. The remaining contract commitments are for major road projects, parks, a convention center, and flood recovery related projects. These commitments are fully budgeted. No major demolitions were recorded during the year.

City of Greenville's Capital Assets
Figure 4

| | Governmental Activities | | Business-Type | | Total | |
|-----------------------------------|-------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | \$ 34,951,686 | \$ 35,018,978 | \$ 6,129,938 | \$ 6,126,639 | \$ 41,081,624 | \$ 41,145,617 |
| Construction in Progress | 12,162,203 | 7,152,914 | 17,915,549 | 27,876,389 | 30,077,752 | 35,029,303 |
| Buildings | 35,177,261 | 31,582,722 | 104,870,951 | 101,871,926 | 140,048,212 | 133,454,648 |
| Improvements other than Buildings | 4,631,555 | 4,430,476 | 619,427 | 619,427 | 5,250,982 | 5,049,903 |
| Infrastructure | 53,848,289 | 6,328,027 | - | - | 53,848,289 | 6,328,027 |
| Machinery and equipment | 25,713,474 | 26,790,331 | 3,990,044 | 3,384,586 | 29,703,518 | 30,174,917 |
| Land rights | - | - | 368,768 | 368,768 | 368,768 | 368,768 |
| Furniture and office equipment | - | - | 6,975,133 | 6,909,706 | 6,975,133 | 6,909,706 |
| Vehicles and equipment | - | - | 15,807,711 | 15,262,841 | 15,807,711 | 15,262,841 |
| Distribution Systems | - | - | 305,150,452 | 270,708,355 | 305,150,452 | 270,708,355 |
| Transmission Systems | - | - | 20,091,254 | 20,004,542 | 20,091,254 | 20,004,542 |
| Subtotal | \$ 166,484,468 | \$ 111,303,448 | \$ 481,919,227 | \$ 453,133,179 | \$ 648,403,695 | \$ 564,436,627 |
| Accumulated Depreciation | (43,497,962) | (31,734,750) | (184,100,989) | (169,055,352) | (227,598,951) | (200,790,102) |
| Capital assets, net | \$ 122,986,506 | \$ 79,568,698 | \$ 297,818,238 | \$ 284,077,827 | \$ 420,804,744 | \$ 363,646,525 |

Additional information on the City's capital assets can be found in the notes (3A) of this report.

Long-term Debt. As of June 30, 2006, the City of Greenville had total debt outstanding of \$138,844,372. Of this, \$11,795,000 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) or building (i.e. certificates of participation) and equipment (i.e. installment purchase contracts and loans).

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

| | <u>Governmental Activities</u> | | <u>Business-type</u> | | <u>Total</u> | |
|---|--------------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| General Obligation Bonds | \$ 6,085,000 | \$ 6,805,000 | \$ 5,710,000 | \$ 6,885,000 | \$ 11,795,000 | \$ 13,690,000 |
| State Revolving Loan, Lease, Purchase & COPS | 27,410,163 | 28,662,170 | 20,876,827 | 19,607,857 | 48,286,990 | 48,270,027 |
| Revenue Bonds | 5,640,000 | 5,905,000 | 68,271,143 | 64,846,526 | 73,911,143 | 70,751,526 |
| Total | \$ 39,135,163 | \$ 41,372,170 | \$ 94,857,970 | \$ 91,339,383 | \$ 133,993,133 | \$ 132,711,553 |

Total debt only increased by \$1,772,364 (1.2%) during the current fiscal year.

Currently, the City's bond rating is AA by 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 is a primary factor in keeping interest costs low on the City's outstanding debt.

North Carolina general statutes restrict the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that units boundaries. The legal debt margin for City of Greenville is \$284,865,000.

Additional information regarding the City of Greenville's long-term debt can be found in the notes to the financial statements in Note 3B 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:

| | | |
|-------------|-------------|-------------|
| <u>1980</u> | <u>1990</u> | <u>2006</u> |
| 35,740 | 46,305 | 69,517 |

- Growth in assessed values. The assessed valuation of property for fiscal year 2005-2006 was \$4,068,816,035 up approximately \$228.4 million from the previous year. A significant portion of the increase in property taxes is attributed to the increase in new construction and renovations.
- Sales tax growth. Even while the local and national economy sputter, Greenville sales tax growth continues to be greater than national and state averages. Greenville's average growth was approximately 10%.

Budget Highlights for the Fiscal Year Ending June 30, 2007

The implementation of a two-year budget encourages the City to use more long-term financial planning. The adopted budget and financial plan for 2006-2007 and 2007-2008 represents a major change for the way the City of Greenville plans and conducts financial business.

Governmental Activities: Budgeted expenditures in the General and Powell Bill Funds are expected to increase to \$64,563,913. This amount represents a 5.3% increase over the original budget adopted for the prior fiscal year. The stable projection in both property and sales tax are a reflection of the growth in the local economy that is anticipated.

Business-type Activities: Budgeted expenditures for all of the utility funds for the year ended June 30, 2007 total \$230,803,582. The Greenville Utilities Commission is expected to approve rate increase of 60% for tap water fees, 38% for sewer connection fees, and 50% for sewer acreage fees. The increases are necessary to insure the long-term viability of the funds. Operating expenses are expected to increase by 3.6% from prior year's budget to cover increased personnel costs, system maintenance, debt service, general operations, and purchased commodities.

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 directed to the Director of Financial Services, City of Greenville, 200 Martin Luther King, Jr., Dr., Greenville, NC 27835.



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BASIC FINANCIAL STATEMENTS



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CITY OF GREENVILLE, NORTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2006

| | Governmental | Business | |
|--|---------------------|--------------------|--------------------|
| | Activities | Type | Total |
| | <u>Activities</u> | <u>Activities</u> | <u>Total</u> |
| Assets: | | | |
| Cash and cash equivalents | \$ 41,901,473 | \$ 53,492,606 | \$ 95,394,079 |
| Taxes and licenses receivable, net | 1,169,888 | - | 1,169,888 |
| Accounts receivable, net | 1,334,708 | 21,128,248 | 22,462,956 |
| Interest receivable | 6,329 | - | 6,329 |
| Loans receivable | 454,530 | - | 454,530 |
| Due from other governments | 3,433,891 | 924,927 | 4,358,818 |
| Inventories | 99,870 | 3,554,684 | 3,654,554 |
| Prepaid items and deposits | 1,266,845 | 156,043 | 1,422,888 |
| Internal balances | 741,521 | (741,521) | - |
| Cash and cash equivalents, restricted | - | 3,981,394 | 3,981,394 |
| Land, improvements and construction in progress | 47,113,889 | 24,045,487 | 71,159,376 |
| Other capital assets, net of depreciation | 75,872,617 | 273,772,751 | 349,645,368 |
| | <u>173,395,561</u> | <u>380,314,619</u> | <u>553,710,180</u> |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | 3,508,292 | 18,059,818 | 21,568,110 |
| Customer deposits | - | 2,501,499 | 2,501,499 |
| Accrued interest payable | - | 1,102,737 | 1,102,737 |
| Due to other governments | - | 6,810 | 6,810 |
| Other liabilities | 362,945 | - | 362,945 |
| Unearned revenue | 1,131,247 | 987,301 | 2,118,548 |
| Current portion of compensated absences | 1,700,000 | 1,190,000 | 2,890,000 |
| Current portion of long-term debt | 3,683,407 | 6,757,783 | 10,441,190 |
| Long-Term Liabilities: | | | |
| Noncurrent portion of long-term debt | 37,601,679 | 87,911,503 | 125,513,182 |
| | <u>47,987,570</u> | <u>118,517,451</u> | <u>166,505,021</u> |
| Net Assets: | | | |
| Investments in capital assets, net of related debt | 83,851,343 | 207,484,653 | 291,335,996 |
| Restricted for streets | 1,223,384 | - | 1,223,384 |
| Unrestricted | 40,333,264 | 54,312,515 | 94,645,779 |
| | <u>125,407,991</u> | <u>261,797,168</u> | <u>387,205,159</u> |
| Total net assets | \$ 125,407,991 | \$ 261,797,168 | \$ 387,205,159 |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

| Functions/Programs | Program Revenues | | | |
|-----------------------------------|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 16,352,775 | \$ 4,109,021 | \$ 491,743 | \$ - |
| Public safety | 23,624,420 | 3,811,125 | 473,603 | - |
| Transportation | 5,720,395 | 311,401 | - | 3,312,239 |
| Environmental protection | 3,854,739 | 3,719,078 | - | - |
| Cultural and recreational | 5,044,169 | 505,379 | 827,528 | 47,817 |
| Economic and physical development | 7,652,308 | 23,934 | 2,744,879 | - |
| Interest and fees | 1,713,597 | - | - | - |
| Total governmental activities | <u>63,962,404</u> | <u>12,479,938</u> | <u>4,537,753</u> | <u>3,360,056</u> |
| Business-Type Activities: | | | | |
| Electric | 148,006,438 | 154,577,541 | - | - |
| Water | 11,583,907 | 11,557,434 | - | 2,027,657 |
| Sewer | 12,227,239 | 12,833,511 | - | 5,014,954 |
| Gas | 36,630,431 | 37,218,714 | - | - |
| Public transportation | 1,365,484 | 131,739 | 1,080,611 | - |
| Aquatics and fitness center | 582,710 | 558,724 | - | - |
| Bradford Creek Golf Course | 840,749 | 849,645 | - | - |
| Stormwater utility | 1,703,675 | 2,944,408 | - | - |
| Total business-type activities | <u>212,940,633</u> | <u>220,671,716</u> | <u>1,080,611</u> | <u>7,042,611</u> |
| Total primary government | <u>\$ 276,903,037</u> | <u>\$ 233,151,654</u> | <u>\$ 5,618,364</u> | <u>\$ 10,402,667</u> |

General Revenues:

Ad valorem taxes
Sales and use taxes
Other taxes
Investment earnings
Transfers
Total general revenues and transfers

Change in net assets

Net assets, July 1, 2005 as previously stated
Prior period adjustment
Net assets, July 1- restated

Net assets - ending

The notes to the financial statements are in integral part of this statement.

Exhibit B

**Net (Expense) Revenue and
Changes in Net Assets**

| Governmental Activities | Business-Type Activities | Total |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (11,752,011) | \$ - | \$ (11,752,011) |
| (19,339,692) | - | (19,339,692) |
| (2,096,755) | - | (2,096,755) |
| (135,661) | - | (135,661) |
| (3,663,445) | - | (3,663,445) |
| (4,883,495) | - | (4,883,495) |
| (1,713,597) | - | (1,713,597) |
| <u>(43,584,657)</u> | <u>-</u> | <u>(43,584,657)</u> |
| - | 6,571,103 | 6,571,103 |
| - | 2,001,184 | 2,001,184 |
| - | 5,621,226 | 5,621,226 |
| - | 588,283 | 588,283 |
| - | (153,134) | (153,134) |
| - | (23,986) | (23,986) |
| - | 8,896 | 8,896 |
| - | <u>1,240,733</u> | <u>1,240,733</u> |
| - | <u>15,854,305</u> | <u>15,854,305</u> |
| <u>(43,584,657)</u> | <u>15,854,305</u> | <u>(27,730,352)</u> |
| 22,965,051 | - | 22,965,051 |
| 12,693,295 | - | 12,693,295 |
| 5,773,166 | - | 5,773,166 |
| 1,907,607 | 2,097,476 | 4,005,083 |
| 4,349,156 | (4,349,156) | - |
| <u>47,688,275</u> | <u>(2,251,680)</u> | <u>45,436,595</u> |
| <u>4,103,618</u> | <u>13,602,625</u> | <u>17,706,243</u> |
| 83,794,085 | 248,194,543 | 331,988,628 |
| <u>37,510,288</u> | <u>-</u> | <u>37,510,288</u> |
| <u>121,304,373</u> | <u>248,194,543</u> | <u>369,498,916</u> |
| <u>\$ 125,407,991</u> | <u>\$ 261,797,168</u> | <u>\$ 387,205,159</u> |

CITY OF GREENVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

| | General | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|--------------------------------|--------------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 25,171,511 | \$ 16,684,830 | \$ 41,856,341 |
| Taxes receivable, net | 1,169,888 | - | 1,169,888 |
| Accounts receivable, net | 1,334,483 | 225 | 1,334,708 |
| Interest receivable | - | 6,329 | 6,329 |
| Loans receivable | - | 454,530 | 454,530 |
| Due from other funds | 3,144,204 | 1,580 | 3,145,784 |
| Due from other governments | 2,823,853 | 610,038 | 3,433,891 |
| Inventories | 99,870 | - | 99,870 |
| Prepaid items and deposits | 1,216,167 | 50,678 | 1,266,845 |
| Total assets | <u>\$ 34,959,976</u> | <u>\$ 17,808,210</u> | <u>\$ 52,768,186</u> |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 2,253,196 | \$ 1,255,096 | \$ 3,508,292 |
| Due to other funds | 41,362 | 2,335,136 | 2,376,498 |
| Other liabilities | 362,945 | - | 362,945 |
| Deferred revenue | 3,624,135 | 460,405 | 4,084,540 |
| Total liabilities | <u>6,281,638</u> | <u>4,050,637</u> | <u>10,332,275</u> |
| Fund Balances: | | | |
| Reserved by State Statute | 5,979,540 | 618,527 | 6,598,067 |
| Reserved for encumbrances | 1,860,278 | - | 1,860,278 |
| Reserved for prepaid items and inventories | 1,316,037 | 50,678 | 1,366,715 |
| Reserved for Streets - Powell Bill | 1,223,384 | - | 1,223,384 |
| Reserved for culture and recreation | - | 92,336 | 92,336 |
| Designated for subsequent year's expenditures | 1,153,988 | - | 1,153,988 |
| Designated for catastrophic losses | 3,327,936 | - | 3,327,936 |
| Designated for NC League of Municipalities | 50,000 | - | 50,000 |
| Unreserved, undesignated fund balance | 13,767,175 | - | 13,767,175 |
| Unreserved Fund Balance Reported In: | | | |
| Special revenue | - | 7,965,213 | 7,965,213 |
| Debt service | - | 1,409,222 | 1,409,222 |
| Capital projects | - | 3,621,597 | 3,621,597 |
| Total fund balance | <u>28,678,338</u> | <u>13,757,573</u> | <u>42,435,911</u> |
| Total liabilities and fund balances | <u>\$ 34,959,976</u> | <u>\$ 17,808,210</u> | |
| 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 funds. | | | 122,986,507 |
| 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. | | | 2,953,293 |
| Internal service funds are used by management to charge the costs of dental insurance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | | | 17,367 |
| Long-term liabilities, compensated absences, and unfunded pension obligation are not due and payable in the current period and therefore, are not reported in the funds. | | | <u>(42,985,087)</u> |
| Net assets of governmental activities | | | <u>\$ 125,407,991</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

| | General | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------------|--------------------------------|
| Revenues: | | | |
| Ad valorem taxes | \$ 22,564,688 | \$ - | \$ 22,564,688 |
| Other taxes | 13,578,817 | 647,997 | 14,226,814 |
| Unrestricted intergovernmental | 4,239,647 | - | 4,239,647 |
| Restricted intergovernmental | 3,093,298 | 4,589,324 | 7,682,622 |
| Licenses, permits and fees | 7,687,206 | - | 7,687,206 |
| Sales and services | 3,888,214 | 135,277 | 4,023,491 |
| Investment earnings | 1,205,004 | 700,708 | 1,905,712 |
| Other revenues | 514,033 | 215,187 | 729,220 |
| Total revenues | <u>56,770,907</u> | <u>6,288,493</u> | <u>63,059,400</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 14,608,787 | - | 14,608,787 |
| Public safety | 26,332,542 | - | 26,332,542 |
| Transportation | 3,803,404 | - | 3,803,404 |
| Environmental protection | 3,740,349 | - | 3,740,349 |
| Cultural and recreational | 4,870,661 | 1,861,520 | 6,732,181 |
| Economic and physical development | - | 2,381,904 | 2,381,904 |
| Capital outlay | - | 10,273,784 | 10,273,784 |
| Debt Service: | | | |
| Principal retirement | - | 3,904,055 | 3,904,055 |
| Interest and fees | - | 1,713,597 | 1,713,597 |
| Total expenditures | <u>53,355,743</u> | <u>20,134,860</u> | <u>73,490,603</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,415,164</u> | <u>(13,846,367)</u> | <u>(10,431,203)</u> |
| Other Financing Sources (Uses): | | | |
| Transfers from other funds | 6,403,286 | 8,928,197 | 15,331,483 |
| Transfers to other funds | (9,328,889) | (1,653,437) | (10,982,326) |
| Long term debt issued | 1,667,048 | - | 1,667,048 |
| Total other financing sources (uses) | <u>(1,258,555)</u> | <u>7,274,760</u> | <u>6,016,205</u> |
| Net change in fund balances | 2,156,609 | (6,571,607) | (4,414,998) |
| Fund balances, beginning of year | <u>26,521,729</u> | <u>20,329,180</u> | <u>46,850,909</u> |
| Fund balances, end of year | <u>\$ 28,678,338</u> | <u>\$ 13,757,573</u> | <u>\$ 42,435,911</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ (4,414,998) |
| 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. | 12,354,435 |
| Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements. | (4,994,608) |
| There are differences in the revenues in the statement of activities and revenues in the funds for: | |
| Property tax | 400,363 |
| Sales and services and other revenues | 276,660 |
| Expenses related to 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. | (283,377) |
| 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. | (1,667,048) |
| Principal repayments on long-term debt are reported as expenditures in the governmental fund statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities. | 3,904,055 |
| Gain (loss) on disposal of capital assets is reported in the statement of activities but not the fund statements. | (1,452,307) |
| The internal service fund is used by management to charge the costs of dental insurance costs. The net revenue of the internal service fund is determined to be governmental-type. | <u>(19,557)</u> |
| Change in net assets of governmental activities | <u>\$ 4,103,618</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, NORTH CAROLINA

GENERAL FUND - BUDGET AND ACTUAL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2006

| | General Fund | | | |
|--|--------------------|--------------------|----------------------|---|
| | Original | Final | Actual Amounts | Variance with Final Budget - Positive (Negative) |
| Revenues: | | | | |
| Ad valorem taxes | \$ 22,360,360 | \$ 22,390,360 | \$ 22,564,688 | \$ 174,328 |
| Other taxes | 12,455,484 | 12,455,484 | 13,578,817 | 1,123,333 |
| Unrestricted intergovernmental | 4,540,956 | 4,540,956 | 4,239,647 | (301,309) |
| Restricted intergovernmental | 3,180,179 | 3,936,251 | 3,093,298 | (842,953) |
| Licenses, permits and fees | 7,122,932 | 7,122,932 | 7,687,206 | 564,274 |
| Sales and services | 3,393,681 | 3,448,821 | 3,888,214 | 439,393 |
| Investment earnings | 469,500 | 469,500 | 1,205,004 | 735,504 |
| Other revenues | 143,496 | 213,874 | 514,033 | 300,159 |
| Total revenues | <u>53,666,588</u> | <u>54,578,178</u> | <u>56,770,907</u> | <u>2,192,729</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 15,535,614 | 16,531,170 | 14,608,787 | 1,922,383 |
| Public safety | 26,271,373 | 27,957,155 | 26,332,542 | 1,624,613 |
| Transportation | 4,277,905 | 5,002,745 | 3,803,404 | 1,199,341 |
| Environmental protection | 3,939,449 | 4,182,613 | 3,740,349 | 442,264 |
| Cultural and recreational | 4,739,277 | 5,272,216 | 4,870,661 | 401,555 |
| Total expenditures | <u>54,763,618</u> | <u>58,945,899</u> | <u>53,355,743</u> | <u>5,590,156</u> |
| Revenues over (under) expenditures | <u>(1,097,030)</u> | <u>(4,367,721)</u> | <u>3,415,164</u> | <u>7,782,885</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers from other funds | 5,286,854 | 6,321,484 | 6,403,286 | 81,802 |
| Transfers to other funds | (6,418,127) | (8,798,089) | (9,328,889) | (530,800) |
| Long-term debt issued | 1,647,048 | 1,647,048 | 1,667,048 | 20,000 |
| Contingency | (100,000) | (315,620) | - | 315,620 |
| Appropriated fund balance | 681,255 | 5,512,898 | - | (5,512,898) |
| Total other financing sources (uses) | <u>1,097,030</u> | <u>4,367,721</u> | <u>(1,258,555)</u> | <u>(5,626,276)</u> |
| Revenues and other sources over (under) expenditures and other uses | <u>\$ -</u> | <u>\$ -</u> | <u>2,156,609</u> | <u>\$ 2,156,609</u> |
| Fund balance, beginning of year | | | <u>26,521,729</u> | |
| Fund balance, end of year | | | <u>\$ 28,678,338</u> | |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2006

| | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Gas Fund</u> |
|---|--------------------------|-----------------------|-----------------------|----------------------|
| Assets: | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 18,651,341 | \$ 1,925,774 | \$ 4,123,291 | \$ 1,762,243 |
| Investments | 16,591,332 | 1,713,024 | 3,668,065 | 1,567,302 |
| Accounts receivable, net | 16,511,870 | 1,168,434 | 1,247,555 | 2,171,873 |
| Due from other governments | 641,124 | 148,213 | 90,689 | 41,340 |
| Due from other funds | 84,994 | 3,299 | 87,277 | 54,987 |
| Inventories | 2,504,436 | 453,454 | 87,302 | 495,295 |
| Prepaid items and deposits | 16,484 | 3,664 | 3,360 | 132,285 |
| Cash and cash equivalents, restricted | 799,413 | 1,854,635 | 859,657 | 467,689 |
| Total current assets | <u>55,800,994</u> | <u>7,270,497</u> | <u>10,167,196</u> | <u>6,693,014</u> |
| Noncurrent Assets: | | | | |
| Other capital assets, net | 68,462,509 | 74,043,977 | 101,795,368 | 26,773,817 |
| Land improvements and construction in progress | 4,234,792 | 8,920,045 | 7,732,884 | 490,576 |
| Total noncurrent assets | <u>72,697,301</u> | <u>82,964,022</u> | <u>109,528,252</u> | <u>27,264,393</u> |
| Total assets | <u>128,498,295</u> | <u>90,234,519</u> | <u>119,695,448</u> | <u>33,957,407</u> |
| Liabilities and Net Assets: | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued liabilities | 12,701,543 | 2,582,576 | 478,623 | 2,170,021 |
| Customer deposits | 2,118,003 | 208,815 | 150 | 174,531 |
| Accrued interest payable | 214,368 | 408,793 | 327,329 | 152,247 |
| Due to other governments | 6,011 | 799 | - | - |
| Due to other funds | 1,156,559 | - | 266 | 457 |
| Deferred revenue | - | - | 724,129 | - |
| Current portion of compensated absences | 540,000 | 250,000 | 180,000 | 170,000 |
| Current maturities of long-term debt | 1,064,490 | 1,548,995 | 3,283,600 | 639,586 |
| Total current liabilities | <u>17,800,974</u> | <u>4,999,978</u> | <u>4,994,097</u> | <u>3,306,842</u> |
| Noncurrent Liabilities: | | | | |
| Compensated absences payable | 104,882 | 131,305 | 60,475 | 30,964 |
| Noncurrent portion of long-term debt | 14,120,697 | 27,507,577 | 35,044,476 | 9,897,586 |
| Total noncurrent liabilities | <u>14,225,579</u> | <u>27,638,882</u> | <u>35,104,951</u> | <u>9,928,550</u> |
| Total liabilities | <u>32,026,553</u> | <u>32,638,860</u> | <u>40,099,048</u> | <u>13,235,392</u> |
| Net Assets: | | | | |
| Investment in capital assets, net of related debt | 58,311,527 | 55,762,085 | 72,059,833 | 17,194,910 |
| Unrestricted net assets | 38,160,215 | 1,833,574 | 7,536,567 | 3,527,105 |
| Total net assets | <u>\$ 96,471,742</u> | <u>\$ 57,595,659</u> | <u>\$ 79,596,400</u> | <u>\$ 20,722,015</u> |

The notes to the financial statements are an integral part of this statement.

Exhibit G

| <u>Other Nonmajor Enterprise</u> | <u>Total Enterprise Funds</u> | <u>Internal Service Fund</u> |
|--|---------------------------------------|--------------------------------------|
| \$ 3,490,234 | \$ 29,952,883 | \$ 45,132 |
| - | 23,539,723 | - |
| 28,516 | 21,128,248 | - |
| 3,561 | 924,927 | - |
| 474,503 | 705,060 | - |
| 14,197 | 3,554,684 | - |
| 250 | 156,043 | - |
| - | 3,981,394 | - |
| <u>4,011,261</u> | <u>83,942,962</u> | <u>45,132</u> |
| 2,697,080 | 273,772,751 | - |
| 2,667,190 | 24,045,487 | - |
| <u>5,364,270</u> | <u>297,818,238</u> | - |
| <u>9,375,531</u> | <u>381,761,200</u> | <u>45,132</u> |
| 127,055 | 18,059,818 | - |
| - | 2,501,499 | - |
| - | 1,102,737 | - |
| - | 6,810 | - |
| 289,299 | 1,446,581 | 27,765 |
| 263,172 | 987,301 | - |
| 50,000 | 1,190,000 | - |
| 221,112 | 6,757,783 | - |
| <u>950,638</u> | <u>32,052,529</u> | <u>27,765</u> |
| 26,681 | 354,307 | - |
| 986,860 | 87,557,196 | - |
| <u>1,013,541</u> | <u>87,911,503</u> | - |
| <u>1,964,179</u> | <u>119,964,032</u> | <u>27,765</u> |
| 4,156,298 | 207,484,653 | - |
| 3,255,054 | 54,312,515 | 17,367 |
| <u>\$ 7,411,352</u> | <u>\$ 261,797,168</u> | <u>\$ 17,367</u> |

CITY OF GREENVILLE, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Gas Fund</u> |
|---|--------------------------|-----------------------|-----------------------|----------------------|
| Operating Revenues: | | | | |
| Charges for services | \$ 153,566,514 | \$ 11,107,954 | \$ 12,302,123 | \$ 37,100,129 |
| Other operating revenues | 329,027 | 240,136 | 49,004 | 69,322 |
| Total operating revenues | <u>153,895,541</u> | <u>11,348,090</u> | <u>12,351,127</u> | <u>37,169,451</u> |
| Operating Expenses: | | | | |
| Administrative and general | 8,880,839 | 2,735,560 | 2,399,975 | 2,478,584 |
| Operations and maintenance | 8,509,313 | 4,750,540 | 4,848,202 | 2,627,419 |
| Purchased power and gas | 123,097,267 | - | - | 29,663,022 |
| Depreciation and amortization | 6,790,961 | 2,796,430 | 3,640,948 | 1,348,723 |
| Claims | - | - | - | - |
| Total operating expenses | <u>147,278,380</u> | <u>10,282,530</u> | <u>10,889,125</u> | <u>36,117,748</u> |
| Operating income (loss) | <u>6,617,161</u> | <u>1,065,560</u> | <u>1,462,002</u> | <u>1,051,703</u> |
| Nonoperating Revenues (Expenses): | | | | |
| Investment earnings | 1,366,882 | 171,395 | 372,105 | 126,161 |
| Restricted intergovernmental revenues | - | - | - | - |
| Other revenue | 682,000 | 209,344 | 482,384 | 49,263 |
| Interest expense | (728,058) | (1,301,377) | (1,338,114) | (512,683) |
| Total nonoperating revenue (expenses) | <u>1,320,824</u> | <u>(920,638)</u> | <u>(483,625)</u> | <u>(337,259)</u> |
| Income (loss) before transfers and contributions | 7,937,985 | 144,922 | 978,377 | 714,444 |
| Transfers In (Out) and Capital Contributions: | | | | |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | (3,850,598) | - | - | (946,709) |
| Capital contributions | - | 2,027,657 | 5,014,954 | - |
| Change in net assets | 4,087,387 | 2,172,579 | 5,993,331 | (232,265) |
| Net Assets: | | | | |
| Beginning of year - July 1st | <u>92,384,355</u> | <u>55,423,080</u> | <u>73,603,069</u> | <u>20,954,280</u> |
| End of year - June 30th | <u>\$ 96,471,742</u> | <u>\$ 57,595,659</u> | <u>\$ 79,596,400</u> | <u>\$ 20,722,015</u> |

The notes to the financial statements are an integral part of this statement.

Exhibit H

| <u>Other Nonmajor Enterprise</u> | <u>Total Enterprise Funds</u> | <u>Internal Service Fund</u> |
|--|---------------------------------------|--------------------------------------|
| \$ 4,483,852 | \$ 218,560,572 | \$ 339,948 |
| 664 | 688,153 | - |
| <u>4,484,516</u> | <u>219,248,725</u> | <u>339,948</u> |
| 19,378 | 16,514,336 | - |
| 3,990,808 | 24,726,282 | - |
| - | 152,760,289 | - |
| 453,828 | 15,030,890 | - |
| - | - | 361,400 |
| <u>4,464,014</u> | <u>209,031,797</u> | <u>361,400</u> |
| <u>20,502</u> | <u>10,216,928</u> | <u>(21,452)</u> |
| 60,933 | 2,097,476 | 1,895 |
| 1,080,611 | 1,080,611 | - |
| - | 1,422,991 | - |
| (28,604) | (3,908,836) | - |
| <u>1,112,940</u> | <u>692,242</u> | <u>1,895</u> |
| 1,133,442 | 10,909,170 | (19,557) |
| 448,151 | 448,151 | - |
| - | (4,797,307) | - |
| - | <u>7,042,611</u> | - |
| 1,581,593 | 13,602,625 | (19,557) |
| <u>5,829,759</u> | <u>248,194,543</u> | <u>36,924</u> |
| <u>\$ 7,411,352</u> | <u>\$ 261,797,168</u> | <u>\$ 17,367</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Gas Fund</u> |
|---|--------------------------|-----------------------|-----------------------|---------------------|
| Operating Activities: | | | | |
| Cash received from customers | \$ 152,378,445 | \$ 11,338,466 | \$ 12,252,352 | \$ 36,585,814 |
| Other operating receipts | 855,544 | 136,234 | (61,862) | (15,224) |
| Cash paid to vendors | (131,920,104) | (2,660,675) | (5,422,890) | (31,130,486) |
| Cash paid to employees | (8,001,038) | (4,396,240) | (2,875,033) | (2,832,560) |
| Other operating payments | 665,611 | (12,031) | (4,029) | (6,915) |
| Net cash provided by (used in) operating activities | <u>13,978,458</u> | <u>4,405,754</u> | <u>3,888,538</u> | <u>2,600,629</u> |
| Noncapital Financing Activities: | | | | |
| Transfer from (to) other funds | (3,850,598) | - | - | (946,709) |
| Change in due from other funds | - | - | - | - |
| Noncapital contributions | - | - | 430,438 | - |
| Net cash provided by (used in) noncapital financing activities | <u>(3,850,598)</u> | <u>-</u> | <u>430,438</u> | <u>(946,709)</u> |
| Capital and Related Financing Activities: | | | | |
| Acquisition and construction of capital assets | (9,974,747) | (3,580,082) | (6,088,678) | (1,499,229) |
| Capital grants | - | - | - | - |
| Proceeds from issuance of long-term debt | 2,607,909 | 2,897,808 | 5,435,938 | - |
| Principal repayments of long-term debt | (1,258,281) | (1,706,204) | (3,383,059) | (798,238) |
| Interest and other debt related expenses | (728,058) | (1,301,377) | (1,338,114) | (512,683) |
| Net cash provided by (used in) capital and related financing activities | <u>(9,353,177)</u> | <u>(3,689,855)</u> | <u>(5,373,913)</u> | <u>(2,810,150)</u> |
| Investing Activities: | | | | |
| Purchase of investments | (3,571,657) | (299,410) | (834,419) | (444,514) |
| Proceeds from sale and maturity of investments | 10,552,975 | 558,462 | 2,676,858 | 1,817,958 |
| Unrealized investment gain (loss) | 241,727 | 24,269 | 53,065 | 23,098 |
| Interest received on investments | 1,366,882 | 171,395 | 372,105 | 126,161 |
| Net cash provided by (used in) investing activities | <u>8,589,927</u> | <u>454,716</u> | <u>2,267,609</u> | <u>1,522,703</u> |
| Net increase (decrease) in cash and cash equivalents/investments | 9,364,610 | 1,170,615 | 1,212,672 | 366,473 |
| Cash and Cash Equivalents/Investments | | | | |
| Beginning of year - July 1st | <u>10,086,144</u> | <u>2,609,794</u> | <u>3,770,276</u> | <u>1,863,459</u> |
| End of year - June 30th | <u>\$ 19,450,754</u> | <u>\$ 3,780,409</u> | <u>\$ 4,982,948</u> | <u>\$ 2,229,932</u> |

The notes to the financial statements are an integral part of this statement.

Exhibit I
Page 1 of 2

| <u>Other Nonmajor Enterprise</u> | <u>Total Enterprise Funds</u> | <u>Internal Service Fund</u> |
|--|---------------------------------------|--------------------------------------|
| \$ 4,310,628 | \$ 216,865,705 | \$ 339,948 |
| - | 914,692 | - |
| (1,595,183) | (172,729,338) | (361,400) |
| (2,392,453) | (20,497,324) | - |
| - | 642,636 | - |
| <u>322,992</u> | <u>25,196,371</u> | <u>(21,452)</u> |
| 448,151 | (4,349,156) | - |
| (42,601) | (42,601) | (4,029) |
| - | 430,438 | - |
| <u>405,550</u> | <u>(3,961,319)</u> | <u>(4,029)</u> |
| (691,498) | (21,834,234) | - |
| 1,539,379 | 1,539,379 | - |
| - | 10,941,655 | - |
| (42,188) | (7,187,970) | - |
| (28,604) | (3,908,836) | - |
| <u>777,089</u> | <u>(20,450,006)</u> | <u>-</u> |
| - | (5,150,000) | - |
| - | 15,606,253 | - |
| - | 342,159 | - |
| 60,933 | 2,097,476 | 1,895 |
| <u>60,933</u> | <u>12,895,888</u> | <u>1,895</u> |
| 1,566,564 | 13,680,934 | (23,586) |
| <u>1,896,989</u> | <u>20,226,662</u> | <u>68,718</u> |
| <u>\$ 3,463,553</u> | <u>\$ 33,907,596</u> | <u>\$ 45,132</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Gas Fund</u> |
|---|--------------------------|-----------------------|-----------------------|---------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | |
| Operating income (loss) | \$ 6,617,161 | \$ 1,065,560 | \$ 1,462,002 | \$ 1,051,703 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | |
| Depreciation | 6,790,961 | 2,796,430 | 3,640,948 | 1,348,723 |
| Miscellaneous income (expense) adjustments | 682,000 | 209,344 | 51,946 | 49,263 |
| Change in Assets and Liabilities: | | | | |
| Accounts receivable | (1,622,976) | (30,329) | (63,720) | (601,359) |
| Due from other governments | (44,609) | (66,017) | 29,015 | (8,283) |
| Due from other funds | 31,972 | - | - | - |
| Intrafund balances | 145,563 | (3,299) | (87,277) | (54,987) |
| Inventories | (70,895) | 4,299 | 1,175 | (83,192) |
| Prepaid expense and deposits | 33,752 | 413 | 1,258 | (121,534) |
| Accounts payable and accrued expenses | 537,682 | 428,940 | (1,139,024) | 980,095 |
| Customer deposits | 146,498 | 16,911 | (50) | 16,505 |
| Due to other funds | 699,906 | (28) | (28) | (56) |
| Compensated absences | 31,443 | (16,470) | 82,844 | 23,751 |
| Deferred revenues | - | - | (90,551) | - |
| Net cash provided by (used in) operating activities | <u>\$ 13,978,458</u> | <u>\$ 4,405,754</u> | <u>\$ 3,888,538</u> | <u>\$ 2,600,629</u> |
| Other Disclosures: | | | | |
| Interest incurred | \$ 711,467 | \$ 1,296,145 | \$ 1,367,515 | \$ 510,552 |
| Interest paid | 683,722 | 1,317,351 | 1,673,039 | 519,925 |
| Interest capitalized | 4,797 | 10,449 | 75,295 | 9,371 |
| Noncash Capital and Related Financing Activities: | | | | |
| Contributions of capital assets | <u>\$ -</u> | <u>\$ 2,027,657</u> | <u>\$ 5,014,954</u> | <u>\$ -</u> |

The notes to the financial statements are an integral part of this statement.

Exhibit I
Page 2 of 2

| <u>Other Nonmajor Enterprise</u> | <u>Total Enterprise Funds</u> | <u>Internal Service Fund</u> |
|--|---------------------------------------|--------------------------------------|
| \$ 20,502 | \$ 10,216,928 | \$ (21,452) |
| 453,828 | 15,030,890 | - |
| 105,547 | 1,098,100 | - |
| (5,341) | (2,323,725) | - |
| - | (89,894) | - |
| - | 31,972 | - |
| - | - | - |
| - | (148,613) | - |
| 612 | (85,499) | - |
| (64,024) | 743,669 | - |
| - | 179,864 | - |
| - | 699,794 | - |
| (19,582) | 101,986 | - |
| <u>(168,550)</u> | <u>(259,101)</u> | <u>-</u> |
| <u>\$ 322,992</u> | <u>\$ 25,196,371</u> | <u>\$ (21,452)</u> |
| \$ 28,604 | \$ 3,914,283 | \$ - |
| 28,604 | 4,222,641 | - |
| - | 99,912 | - |
| <u>\$ -</u> | <u>\$ 7,042,611</u> | <u>\$ -</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

1. Summary of Significant Accounting Policies

The City of Greenville, North Carolina (the "City"), is located in the coastal plains area of the State and has a population of 69,517. 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 the 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.

The accounting policies of the City of Greenville, North Carolina, conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Greenville is a municipal corporation which is governed by an elected mayor and a six-member council. As required by accounting principles generally accepted in the United States of America, the City's financial statements include the operations of all funds, account groups, agencies, boards, commissions and authorities for which the City is financially accountable. The City has no component units.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities report information about the City. For the most part, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 1) fees and charges paid by the recipients of goods or services offered by the programs and 2) 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. Separate statements for each fund category – governmental and proprietary – 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 nonmajor funds.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions or ancillary activities. 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 revenues, and various other taxes and licenses. The primary expenditures are for police, fire, 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 fund types:

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 six Special Revenue Funds: the Community Development Fund, Capital Reserve Fund, Sheppard Memorial Library, Housing Trust Fund, Small Business Loan Fund, and Community Development Home Program 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). The City has nineteen Capital Project Funds covering various construction projects: Cemetery Development, Fire Tower Project, Affordable Housing Project, Southside Recreation Center, Computerized Traffic Signal System, River Park North Project, Greene Street Bridge & Streetscape Improvements, Greenway Phase II, Oxford Road Bridge Replacement, Flood Buyout Relocation & Replacement, 2005 COPS Various City Projects, City Hall Facility, 45 Block Revitalization, Center City Revitalization, Stantonsburg Road/10th Street Connector, South Tar River Greenway, Sidewalk Construction Project, Read/Hodges Parking Lot Improvement Project, and Stormwater Drainage Project.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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 one internal service fund, the Joint Dental Reimbursement Fund, which is used to account for the financing of the City’s dental insurance program.

C. 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 and Proprietary Fund Financial Statements. The government-wide and proprietary 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. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish between operating revenues/expenses and nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements. 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 property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Pitt County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

in the County, including the City of Greenville. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2005 through February 2006 apply to the fiscal year ended June 30, 2006. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31st each year with taxes due by May 1st of the following year. To transition from the staggered into the annual registration, the initial 2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

Sales taxes 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.

D. Budgetary Procedures and Budgetary Accounting

As required by the North Carolina Budget and Fiscal Control Act, the City Council adopts an annual budget ordinance for all governmental and proprietary fund types except funds authorized by project ordinance. All annual appropriations lapse at the fiscal year-end. All capital project funds and four of the six special revenue funds are budgeted under project ordinances spanning more than one fiscal year. All budget ordinances are prepared on the modified accrual basis of accounting as required by the Act.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means to finance them.
- 2) Public hearings are conducted by the City to obtain citizen comments.
- 3) Prior to June 30, the budget is legally enacted through passage of an ordinance. During the year ended June 30, 2006, several amendments to the original budget were necessary.
- 4) The City Manager is authorized to transfer funds from one appropriation to another within any fund in an amount not to exceed \$10,000. Any such transfers shall be reported to the City Council at its

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

next regular meeting and shall be entered in the minutes. Any revisions to transfer budgeted amounts over \$10,000 or that alter the total expenditures of any fund must be approved by the City Council before being recorded.

- 5) Formal budgetary integration is employed as a management control device during the year for all funds of the City except the Sheppard Memorial Library Trust fund.

Budgetary amounts are presented as originally adopted, or as amended in accordance with the procedures enumerated above, as of June 30, 2006. The annual budget ordinance creates appropriations, by department, at the subdepartmental levels of personnel, operating, and capital, with the exception of debt service. The debt service fund budget ordinance creates appropriations at the subdepartmental level of principal, interest, and service charges. Expenditures may not legally exceed appropriations at the subdepartmental level for all annually budgeted funds.

Individual amendments were not material in relation to the original appropriations.

Encumbrances

As required by North Carolina General Statutes, the City maintains encumbrance accounts under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the governmental funds in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end represent the estimated amounts for the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Open encumbrances at the end of the year are reported as reservations of fund balances. Encumbrances do not constitute expenditures or liabilities.

E. Assets, Liabilities, and Fund Equity

1. 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 valued at fair value.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

The City issues general obligation and revenue bonds for capital projects. The amount of unspent bond proceeds is shown as a restricted asset. This is because the use of the proceeds is completely restricted to the purpose for which the bonds were originally issued. Revenue bond proceeds are placed with a trustee for safekeeping and dispersion as needed.

4. Ad Valorem Taxes Receivable

For the fund financial statements, ad valorem taxes receivable are not accrued as revenue, except for collections received in the first 60 days after year-end, because they are not considered to be both "measurable and available." The amount of the receivable is reduced by an allowance for doubtful accounts equal to the percent of the original levy which has normally been written off based upon past experience. An amount equal to the net receivable less amounts collected in the first sixty days after year-end is shown as deferred revenue. In accordance with North Carolina General Statutes 105-347 and 159-13(a), the City levies ad valorem taxes on July 1, the beginning of the fiscal year. The taxes are due September 1; however, interest and penalties do not accrue until the following January 6. These taxes are based on the assessed values as of January 1. Uncollected taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

5. 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.

6. Allowance for Doubtful Accounts

An allowance for doubtful accounts is maintained for ad valorem taxes receivable and rescue fees receivable, which historically experience uncollectible accounts. An allowance for doubtful accounts is also maintained for enterprise fund customer receivables. All other receivables are generally collectible and any doubtful accounts are considered immaterial.

7. Inventories

Inventories consist of major items held for consumption by the governmental funds and for all enterprise fund supplies. Inventories are valued at cost using the first-in, first-out (FIFO) method. 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

8. Prepaid Items

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.

9. 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. The threshold for the City's capitalization policy was changed during the year and retroactively applied to the beginning balances for this fiscal year. 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. 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 construction in progress to the extent that it exceeds income.

The estimated useful lives are as follows:

| | |
|----------------------|----------------|
| Land improvements | 10 years |
| Buildings | 30 years |
| Equipment | 3 to 20 years |
| Distribution systems | 20 to 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 fixed assets, which are depreciated using the straight-line method, are as follows:

| | |
|--|--------------|
| Plant and structures | 30 years |
| Buses | 10 years |
| Furniture, fixtures, machinery and equipment | 5 to 8 years |

The Greenville Aquatics and Fitness Center Fund assets were purchased with Aquatics and Fitness Center Fund revenues. The assets are depreciated using the straight-line method over estimated useful lives of 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

10. 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 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 has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. 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 government 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 effective interest method. Bonds payable are reported net of the applicable bond premium 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.

12. Deferred Revenue

In the fund financial statements, ad valorem taxes receivable are not accrued as a 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 deferred revenue in 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 and prepaid licenses as deferred revenues. 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 deferred revenue.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

13. Net Assets/Fund Balances

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

In the governmental fund financial statements, reservations 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.

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 - represents the 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 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.

The following detail footnotes relate to funds controlled by the City. Footnotes related to the enterprise funds owned by the City but managed by the Greenville Utility Commission are presented separately within this report.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

2. Stewardship, Compliance, and Accountability

Excess of expenditures over appropriations in individual funds:

The City has overextended its budget authority at the legal level of control as of June 30, 2006 as follows:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|---------------|---------------|-----------------|
| General Fund: | | | |
| Financial Services - operating expenses | \$ 712,255 | \$ 712,760 | \$ (505) |
| Land Development & Zoning - salaries & benefits | 597,940 | 603,188 | (5,248) |
| Neighborhood Services - salaries & benefits | 71,679 | 100,133 | (28,454) |
| Redevelopment Commission - capital | 4,224 | 4,986 | (762) |
| Engineering - salaries & benefits | 996,194 | 1,182,793 | (186,599) |
| Inspections - operating expenses | 27,750 | 30,583 | (2,833) |
| Fleet Maintenance - capital | 6,000 | 10,140 | (4,140) |
| Transportation - Admin - salaries & benefits | 396,575 | 401,140 | (4,565) |
| Transportation - Admin - operating expenses | 129,965 | 182,198 | (52,233) |
| Streets - salaries & benefits | 464,657 | 653,844 | (189,187) |
| Airport - salaries & benefits | - | 35,250 | (35,250) |
| Airport - allotment | - | 554 | (554) |
| Sanitation - operating expenses | 493,218 | 523,383 | (30,165) |
| Teen Center - operating expenses | - | 518 | (518) |
| Library - salaries & benefits | - | 60,453 | (60,453) |
| Library - allotment | - | 8,060 | (8,060) |
| Transfers to debt service | 5,097,031 | 5,240,254 | (143,223) |
| Transfers to transit | 256,252 | 380,581 | (124,329) |
| Capital Project Fund: | | | |
| River Park North Capital Project | 1,690,022 | 1,818,455 | (128,433) |
| Enterprise Funds: | | | |
| Aquatics and Fitness Center Enterprise Fund | 489,720 | 547,788 | (58,068) |
| Bradford Creek Golf Course | 900,708 | 919,923 | (19,215) |
| Debt Service Fund: | | | |
| Transfer to Powell Bill | 304,250 | 371,820 | (67,570) |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Deficit Fund Balance or Net Assets of Individual Funds:

The following individual funds had a deficit fund balance at June 30, 2006:

Capital Projects:

| | |
|---|-----------|
| Greene Street Bridge & Streetscape Improvements | \$ 88,722 |
| 45 Block Revitalization | 407,028 |
| Center City Revitalization | 71,154 |
| Stantonsburg Road/10th Street Connector | 11,643 |
| South Tar River Greenway | 62,287 |
| Sidewalk Construction Project | 74,802 |
| Stormwater Drainage Project | 220,776 |

Enterprise Fund:

| | |
|-----------------------------|--------|
| Aquatics and Fitness Center | 35,246 |
|-----------------------------|--------|

3. Detailed Notes on All Funds

A. Assets

1. 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 the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase during periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits.

At June 30, 2006, the carrying amount of the City's deposits was \$25,642,247 and the bank balance was \$26,888,360. Of the bank balance, \$4,795,536 was covered by federal depository insurance and \$22,092,824 was covered by collateral held under the Pooling Method. At June 30, 2006, the City had \$4,200 cash on hand.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

2. Investments

At June 30, 2006, the investments and maturities of the City were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less than 6</u> | | | |
|---|-------------------|--------------------|--------------------|------------------|-----------------|
| | | <u>months</u> | <u>6-12 Months</u> | <u>1-3 Years</u> | <u>3+ Years</u> |
| NC Capital Management Trust - Cash Portfolio | \$ 16,334,552 | N/A | N/A | N/A | N/A |
| U.S. Government Agencies | 3,410,708 | - | 985,708 | 1,925,000 | 500,000 |
| Total | \$ 19,745,260 | \$ - | \$ 985,708 | \$ 1,925,000 | \$ 500,000 |

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

Credit Risk. The City's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The policy expressly prohibits investment of stripped instruments (Derivative Security) and repurchase agreements. The City's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2006. The City's investments in US Government Agencies are rated AAA by Standard & Poor's.

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 places no limit on the amount that the City may invest in any one issuer.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

3. Receivables

Disaggregate information regarding receivables at June 30, 2006, was as follows:

| | <u>Amount</u> | <u>Allowance For Doubtful Accounts</u> | <u>Net Receivable</u> |
|----------------------------------|---------------------|--|-----------------------|
| Governmental Activities: | | | |
| Taxes receivable | \$ 1,884,702 | \$ (714,814) | \$ 1,169,888 |
| Other receivables | 652,028 | (270,884) | 381,144 |
| Interest receivable | 6,329 | - | 6,329 |
| Loans receivable - nonmajor | 454,530 | - | 454,530 |
| Rescue fees receivable | 1,907,127 | (953,563) | 953,564 |
| Total governmental receivables | <u>\$ 4,904,716</u> | <u>\$ (1,939,261)</u> | <u>\$ 2,965,455</u> |
| Business-type Activities: | | | |
| Accounts receivable | <u>\$ 28,516</u> | <u>\$ -</u> | <u>\$ 28,516</u> |

Due From Other Governments

The due from other governments that is owed to the City consists of the following:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|--------------------------------|------------------------------------|-------------------------------------|
| Local option sales tax | \$ 1,976,234 | \$ - |
| Taxes collected by Pitt County | 50,247 | - |
| Other | 1,407,410 | 3,561 |
| Total | <u>\$ 3,433,891</u> | <u>\$ 3,561</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

4. Capital Assets

A summary of changes in the City's capital assets used in governmental activities follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|-------------------------------|-----------------------|---------------------|----------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 35,018,978 | \$ 82,270 | \$ (149,562) | \$ 34,951,686 |
| Construction in progress | 7,152,914 | 6,896,089 | (1,886,800) | 12,162,203 |
| Total capital assets not being depreciated | <u>42,171,892</u> | <u>6,978,359</u> | <u>(2,036,362)</u> | <u>47,113,889</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings | 31,582,722 | 3,594,539 | - | 35,177,261 |
| Improvements other than buildings | 4,430,476 | 380,942 | (179,863) | 4,631,555 |
| Infrastructure | 53,421,957 | 426,332 | - | 53,848,289 |
| Machinery and equipment | 24,798,996 | 2,861,062 | (1,946,584) | 25,713,474 |
| Total capital assets being depreciated | <u>114,234,151</u> | <u>7,262,875</u> | <u>(2,126,447)</u> | <u>119,370,579</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings | (9,714,536) | (1,252,426) | - | (10,966,962) |
| Improvements other than buildings | (2,120,596) | (353,947) | 151,606 | (2,322,937) |
| Infrastructure | (9,583,642) | (1,076,966) | - | (10,660,608) |
| Machinery and equipment | (19,024,265) | (2,311,269) | 1,788,079 | (19,547,455) |
| Total accumulated depreciation | <u>(40,443,039)</u> | <u>\$ (4,994,608)</u> | <u>\$ 1,939,685</u> | <u>(43,497,962)</u> |
| Total capital assets being depreciated, net | <u>73,791,112</u> | | | <u>75,872,617</u> |
| Governmental activity capital assets, net | <u>\$ 115,963,004</u> | | | <u>\$ 122,986,506</u> |

Beginning balances were restated to reflect the effect of removing items in the capital asset records that were below the City's \$5,000 capitalization threshold. Items removed had historical costs of \$2,289,141 and accumulated depreciation of \$1,066,655.

The City retroactively reported all infrastructure as a capital asset beginning July 1, 2005. Since the City implemented GASB 34 it has only reported additions to infrastructure as a capital asset. The estimated historical costs added were \$47,093,930 with accumulated depreciation of \$9,583,642. Beginning net assets – governmental activities were restated to reflect the increase of \$37,510,288.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--|---------------------|
| General government | \$ 626,823 |
| Public safety | 1,136,116 |
| Cultural and recreational | 430,941 |
| Environmental protection | 313,411 |
| Transportation - related to infrastructure | 1,076,966 |
| Transportation | <u>1,410,351</u> |
| Total | <u>\$ 4,994,608</u> |

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

| | <u>Beginning</u> <u>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending</u> <u>Balances</u> |
|---|-------------------------------------|---------------------|------------------|----------------------------------|
| Business-type Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 2,667,190 | \$ - | \$ - | \$ 2,667,190 |
| Total capital assets not being depreciated | <u>2,667,190</u> | <u>-</u> | <u>-</u> | <u>2,667,190</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings | 475,145 | - | - | 475,145 |
| Improvements other than buildings | 619,427 | - | - | 619,427 |
| Machinery and equipment | <u>3,300,723</u> | <u>692,459</u> | <u>(3,138)</u> | <u>3,990,044</u> |
| Total capital assets being depreciated | <u>4,395,295</u> | <u>692,459</u> | <u>(3,138)</u> | <u>5,084,616</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings | (88,429) | (15,838) | - | (104,267) |
| Improvements other than buildings | (504,951) | (25,904) | - | (530,855) |
| Machinery and equipment | <u>(1,343,466)</u> | <u>(412,086)</u> | <u>3,138</u> | <u>(1,752,414)</u> |
| Total accumulated depreciation | <u>(1,936,846)</u> | <u>\$ (453,828)</u> | <u>\$ 3,138</u> | <u>(2,387,536)</u> |
| Total capital assets being depreciated, net | <u>2,458,449</u> | | | <u>2,697,080</u> |
| Business-type activity capital assets, net | <u>\$ 5,125,639</u> | | | <u>\$ 5,364,270</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

B. Liabilities

1. Pension Plan Obligations

Local Government Employees Retirement System

Plan Description

The City of Greenville contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local 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, 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 4.89% and 4.78%, 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, 2006, 2005 and 2004 were \$1,535,849, \$1,424,355, and \$1,821,428, respectively. The contributions made by the City equaled the required contributions for each year.

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.

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, 2006 were \$586,023, which consisted of \$411,961 from the City and \$174,062 from the law enforcement officers.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Law Enforcement Officers Special Separation Allowance

Plan Description

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

The Separation Allowance covers all full-time City law enforcement officers. At December 31, 2005, the Separation Allowance's membership consisted of:

| | |
|--|------------|
| Retirees currently receiving benefits and terminated employees entitled to benefits but not yet receiving benefits | 19 |
| Active plan members | <u>168</u> |
| Total | <u>187</u> |

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.

A separate report is not issued for the plan.

Contributions

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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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The annual required contribution for the fiscal year ended June 30, 2006 was determined as part of the December 31, 2005 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 postretirement benefit increases. The City did not pay a percentage of covered payroll to the plan during the year ended June 30, 2006. The City made benefit payments to nineteen retirees in the amount of \$222,005, which has been charged to salaries and wages expense in the General Fund. The net pension obligation of \$1,240,118 is reflected in the financial statements as a long-term liability.

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

Annual Pension Cost and Net Pension Obligation

| | | |
|--|----|------------------|
| Employer annual required contribution | \$ | 306,091 |
| Interest on net pension obligation | | 82,568 |
| Adjustment to annual required contribution | | <u>(65,411)</u> |
| Annual pension cost | | 323,248 |
| Employer contributions made for fiscal year ending 6/30/06 | | <u>(222,005)</u> |
| Increase (decrease) in net pension obligation | | 101,243 |
| Net pension obligation beginning of fiscal year | | <u>1,138,875</u> |
| Net pension obligation end of fiscal year | \$ | <u>1,240,118</u> |

Three-Year Trend Information

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

| <u>Fiscal Year</u> <u>Ended</u> | <u>Annual Pension</u> <u>Cost (APC)</u> | <u>APC</u> <u>Contributed</u> | <u>Net Pension</u> <u>Obligation</u> |
|------------------------------------|--|----------------------------------|---|
| 6/30/2004 | 273,657 | 68.74% | 1,049,771 |
| 6/30/2005 | 290,887 | 69.37% | 1,138,875 |
| 6/30/2006 | 323,248 | 68.68% | 1,240,118 |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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.

Health Benefits

The City has elected to provide postretirement health care benefits to retirees of the City, who participate in the North Carolina Local Governmental Employees' Retirement System (the "System"), and have at least five years of creditable service with the City. Retirees pay 5% and the City pays 95% of the full cost of coverage for these benefits for retirees with a minimum of twenty-years of creditable service with the City. Retirees with at least five years, but less than twenty years of creditable service in the Plan, pay for their coverage. Also, retirees can purchase coverage for their dependents at the City's group rates. Currently 120 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2006, the City made payments for postretirement health benefit premiums of \$421,466. The City obtains health care coverage through private insurers.

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 months salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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. For the fiscal year ended June 30, 2006, the City made contributions to the State for death benefits of \$30,140. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09 % and 0.14 % covered payroll, respectively. The contributions to the Death Trust Plan cannot be separated between the post employment benefit amount and the other benefit amount.

2. Deferred/Unearned Revenue

| | Deferred Revenue | | Unearned Revenue |
|-----------------------------------|------------------|---|----------------------------|
| | General Fund | Other Nonmajor Governmental Funds | Governmental Activities |
| Ad valorem taxes receivable | \$ 1,169,888 | \$ - | \$ - |
| Prepaid taxes | 599,471 | - | 599,471 |
| Prepaid business licenses | 414,283 | - | 414,283 |
| Community Development receivables | - | 365,056 | - |
| Capital project misc receivables | - | 95,349 | - |
| Rescue fees | 953,563 | - | - |
| Lot cutting/cleaning fees | 369,437 | - | - |
| Miscellaneous | 117,493 | - | 117,493 |
| | \$ 3,624,135 | \$ 460,405 | \$ 1,131,247 |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

3. Long-Term Obligations

Changes in Long-Term Debt

The following is a summary of changes in the long-term obligations of the City.

| | <u>Balance</u> <u>July 1, 2005</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2006</u> | <u>Current</u> <u>Portion</u> |
|----------------------------------|---------------------------------------|---------------------|---------------------|--|----------------------------------|
| Governmental Activities: | | | | | |
| General obligation bonds | \$ 6,805,000 | \$ - | \$ 720,000 | \$ 6,085,000 | \$ 710,000 |
| Certificates of Participation | 25,105,000 | - | 1,465,000 | 23,640,000 | 1,460,000 |
| Special obligation revenue bonds | 5,905,000 | - | 265,000 | 5,640,000 | 275,000 |
| Installment purchase contracts | 3,557,170 | 1,667,048 | 1,454,055 | 3,770,163 | 1,238,407 |
| LEO separation allowance | 1,132,985 | 327,494 | 220,361 | 1,240,118 | - |
| Compensated absences | 2,433,561 | 1,874,276 | 1,698,032 | 2,609,805 | 1,700,000 |
| Total governmental activities | <u>\$ 44,938,716</u> | <u>\$ 3,868,818</u> | <u>\$ 5,822,448</u> | <u>\$ 42,985,086</u> | <u>\$ 5,383,407</u> |
| Business-type Activities: | | | | | |
| <i>Serviced by the City:</i> | | | | | |
| Installment purchase contracts | \$ 1,406,519 | \$ 30,000 | \$ 228,547 | \$ 1,207,972 | \$ 221,112 |
| Compensated absences | 69,582 | 59,615 | 52,516 | 76,681 | 50,000 |
| Total business-type activities | <u>\$ 1,476,101</u> | <u>\$ 89,615</u> | <u>\$ 281,063</u> | <u>\$ 1,284,653</u> | <u>\$ 271,112</u> |

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, 2006

General Obligation Bonds

Serviced by the City's Governmental Funds:

| | |
|---|---------------------|
| 1998 Public Improvement, Series 1998, due in annual installments of \$100,000 to \$300,000 through March 1, 2017, plus interest from 4.3 to 4.5% | \$ 2,600,000 |
| 2001 Public Building, Series 2001, due in annual installments of \$35,000 to \$125,000 through June 1, 2011, plus interest at 4.0% | 535,000 |
| 2004 Refunding Public Improvement, Series 1993 due in annual installments of \$175,000 to \$275,000 through March 1, 2013, plus interest from 2.0 to 3.5% | 1,910,000 |
| 2003 Public Improvement, Series 2003 due in annual installments of \$65,000 to \$70,000 plus interest from 3.0 to 4.5% | <u>1,040,000</u> |
| Total serviced by the City's governmental funds | <u>\$ 6,085,000</u> |

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

| | <u>Governmental Funds</u> | | |
|-----------|---------------------------|---------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2007 | \$ 710,000 | \$ 231,825 | \$ 941,825 |
| 2008 | 705,000 | 209,250 | 914,250 |
| 2009 | 700,000 | 183,925 | 883,925 |
| 2010 | 695,000 | 158,680 | 853,680 |
| 2011 | 595,000 | 133,360 | 728,360 |
| 2012-2016 | 2,215,000 | 355,979 | 2,570,979 |
| 2017-2021 | <u>465,000</u> | <u>52,486</u> | <u>517,486</u> |
| | <u>\$ 6,085,000</u> | <u>\$ 1,325,505</u> | <u>\$ 7,410,505</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Certificates of Participation

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

| <u>Original Issue</u> | | | <u>Payment Information</u> | | <u>Outstanding</u> |
|-------------------------------------|----------------|--------------|----------------------------|------------------------|----------------------|
| <u>Amount</u> | <u>Date</u> | <u>Rate</u> | <u>Period</u> | <u>Amount</u> | <u>Balance</u> |
| \$ 14,600,000 | September 1998 | 3.5% - 5% | Annual | \$615,000 - 850,000 | \$ 9,005,000 |
| 15,985,000 | October 2004 | 3.0% - 5.25% | Annual | \$810,000 - 815,000 | <u>14,635,000</u> |
| Total certificates of participation | | | | | <u>\$ 23,640,000</u> |

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

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|----------------------|---------------------|----------------------|
| 2007 | \$ 1,460,000 | \$ 1,005,046 | \$ 2,465,046 |
| 2008 | 1,465,000 | 959,521 | 2,424,521 |
| 2009 | 1,465,000 | 911,196 | 2,376,196 |
| 2010 | 1,465,000 | 858,146 | 2,323,146 |
| 2011 | 1,465,000 | 804,446 | 2,269,446 |
| 2012-2016 | 7,375,000 | 3,128,007 | 10,503,007 |
| 2017-2021 | 6,515,000 | 1,481,052 | 7,996,052 |
| 2022-2025 | 2,430,000 | 220,319 | 2,650,319 |
| | <u>\$ 23,640,000</u> | <u>\$ 9,367,733</u> | <u>\$ 33,007,733</u> |

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 June 1, 2021, plus interest from 4.0 to 5.0% | <u>\$ 5,640,000</u> |
|---|---------------------|

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

| | Principal | Interest | Total |
|-----------|---------------------|---------------------|---------------------|
| 2007 | \$ 275,000 | \$ 262,815 | \$ 537,815 |
| 2008 | 285,000 | 251,815 | 536,815 |
| 2009 | 295,000 | 240,415 | 535,415 |
| 2010 | 310,000 | 228,246 | 538,246 |
| 2011 | 320,000 | 215,226 | 535,226 |
| 2012-2016 | 1,835,000 | 849,263 | 2,684,263 |
| 2017-2021 | 2,320,000 | 359,251 | 2,679,251 |
| | \$ 5,640,000 | \$ 2,407,031 | \$ 8,047,031 |

Installment Purchase Contracts

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

| Original Issue | Payment Information | | Outstanding | Security | |
|----------------------------|----------------------------|---------------|--------------------|---------------------|-----------|
| Date | Rate | Period | Amount | Balance | |
| Governmental Funds: | | | | | |
| December 2002 | 2.278% | Quarterly | \$ 39,960 | \$ 180,336 | Equipment |
| September 2003 | 1.97% | Quarterly | 86,544 | 610,132 | Equipment |
| June 2004 | 3.12% | Quarterly | 137,455 | 1,479,796 | Equipment |
| September 2005 | 3.89% | Semi-annual | 92,866 | 1,499,899 | Equipment |
| | | | | \$ 3,770,163 | |
| Enterprise Funds: | | | | | |
| November 2003 | 3.02% | Semi-annual | \$ 72,053 | \$ 1,008,738 | Equipment |
| December 2002 | 2.278% | Quarterly | 3,329 | 16,096 | Equipment |
| September 2003 | 1.97% | Quarterly | 8,190 | 67,126 | Equipment |
| September 2004 | 3.12% | Quarterly | 7,797 | 88,994 | Equipment |
| September 2005 | 3.89% | Semi-annual | 7,000 | 27,018 | Equipment |
| | | | | \$ 1,207,972 | |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

| | <u>Governmental Funds</u> | | | <u>Enterprise Funds</u> | | |
|-----------|---------------------------|-------------------|---------------------|-------------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2007 | \$ 1,238,407 | \$ 107,245 | \$ 1,345,652 | \$ 221,112 | \$ 33,049 | \$ 254,161 |
| 2008 | 1,157,673 | 69,982 | 1,227,655 | 219,815 | 26,957 | 246,772 |
| 2009 | 844,822 | 38,758 | 883,580 | 180,242 | 21,271 | 201,513 |
| 2010 | 349,416 | 15,532 | 364,948 | 149,651 | 16,320 | 165,971 |
| 2011 | 179,845 | 2,628 | 182,473 | 149,651 | 11,968 | 161,619 |
| 2012-2016 | - | - | - | 287,501 | 10,879 | 298,380 |
| | <u>\$ 3,770,163</u> | <u>\$ 234,145</u> | <u>\$ 4,004,308</u> | <u>\$ 1,207,972</u> | <u>\$ 120,444</u> | <u>\$ 1,328,416</u> |

The City is subject to the Municipal Finance Law of North Carolina which limits the amount of net bonded debt the City may have outstanding to 8 percent of the appraised value of property subject to taxation. At June 30, 2006, net debt outstanding subject to the limit was \$39,135,000. The statutory limit at that date was \$324,000,000 providing a debt margin of \$284,865,000.

4. Accounts Payable and Interfund Balances

Accounts Payable Disaggregate Information

| <u>Type of Payable</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|------------------------------|------------------------------------|-------------------------------------|
| Trade payables | \$ 2,390,657 | \$ 72,602 |
| Accrued salaries and fringes | 1,117,635 | 54,453 |
| Total | <u>\$ 3,508,292</u> | <u>\$ 127,055</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

The composition of internal balances as of June 30, 2006 is as follows:

| <u>Fund</u> | <u>Due From</u> | <u>Due To</u> |
|---|---------------------|---------------------|
| General Fund | \$ 3,144,204 | \$ 41,362 |
| Community Development Fund | - | 404,848 |
| Capital Reserve Fund | - | 130,726 |
| Sheppard Memorial Library | - | 128,075 |
| Small Business Loan Program | - | 5,732 |
| Community Development Home Program | - | 154,723 |
| Cemetery Development Fund | - | 327,694 |
| Greene Street Bridge & Streetscape Improvements | - | 67,879 |
| 45 Block Revitalization | - | 404,258 |
| Center City Revitalization | - | 66,488 |
| Stantonsburg Road / 10th Street Connector | - | 361,643 |
| South Tar River Greenway | - | 48,222 |
| Sidewalk Construction Project | - | 14,072 |
| Stormwater Drainage Project | - | 220,776 |
| Affordable Housing | 1,580 | - |
| Electric Fund | 84,994 | 1,156,559 |
| Water Fund | 3,299 | - |
| Sewer Fund | 87,277 | 266 |
| Gas Fund | 54,987 | 457 |
| Acquatic and Fitness Center Fund | - | 27,420 |
| Public Transportation Fund | 9,980 | - |
| Bradford Creek Golf Course Fund | - | 177,561 |
| Stormwater Utility Fund | 464,523 | 84,318 |
| Internal Service Fund | - | 27,765 |
| | <u>\$ 3,850,844</u> | <u>\$ 3,850,844</u> |

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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

5. 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. During the last three fiscal years there have been no insurance settlements that exceeded insurance coverage. Property and liability coverages are provided through third party insurance. The City's retention is on a per claim basis as follows:

| | |
|-----------------------------|-----------|
| Buildings and contents | \$ 10,000 |
| Public officials' liability | \$ 25,000 |

Coverages

| | <u>Liability Coverage Limits</u> |
|--|----------------------------------|
| Blanket property and personal property | \$ 47,753,824 |
| Excess liability (general, auto, public officials, law enforcement, firefighters, errors & omission, employer's liability) | 5,000,000 |
| Workers' compensation | Statutory |
| Public officials' legal liability | 250,000 |
| Public employees' blanket bond | 500,000 |
| 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 \$1,000,000.

Due to the City being in an area close to a river, it is susceptible to flood damage; therefore the City carries flood insurance through The Hartford Fire Insurance Company, for one of its off-site locations. The City has coverage of \$500,000 on the building and \$150,000 on the contents.

Workers' Compensation, General Liability, and Auto Liability

A limited risk management program to provide workers' compensation benefits to City employees is accounted for in the General Fund. The General Fund is reimbursed premium costs by other funds. The interfund premiums are based upon the claims experience of the insured funds and are used to reduce the amount of claims expenditure reported in the General Fund. An excess coverage insurance policy provides for individual claims in excess of \$600,000. The program is accounted for in the General Fund, and premium costs are reimbursed by other funds. The "commercial general liability" and the "auto liability protection" are part of the Excess Liability policy. The reserves or IBNR was calculated by the third party administrator as \$128,928 for workers compensation; \$808 auto liability; and \$7,489 general liability. Total reserves are \$137,225.

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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

6. Jointly Governed Organizations

Pitt-Greenville Convention and Visitors Authority

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

North Carolina Eastern Municipal Power Agency

The City, in conjunction with 32 other local governments, is a member of the North Carolina Eastern Municipal Power Agency (the "Agency"). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The 32 members, who receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement or residual interest. The City's purchases of power for the fiscal year ended June 30, 2006, were \$109,759,837.

7. Joint Ventures

Convention Center

The City is a participant with the County of Pitt 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. 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 the County of Pitt (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 made \$68,536 in contributions to the Authority during the fiscal year ended June 30, 2006. 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, 2006. 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, 2006

8. 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.

9. Claims and Judgments

The City is a defendant in various litigation incidental 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.

10. Contingencies

A site of a former coal gasification plant owned by the City may contain contaminated soil resulting from the production of coal tar as a by-product of the coal gasification process. The cost to the City of the remedial action necessary is not known as of the date of this report and no amounts have been expended or accrued by the City as of June 30, 2006.

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 will be provided by the Town of Bethel through a loan from the North Carolina State Revolving loan fund, which is reported in the Greenville Utility Commission's long-term debt footnote. The City's share of the obligation is \$8,957 per year for 20 years.

11. 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.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

12. Transfers

Interfund operating transfers are summarized as follows:

| <u>Fund Name</u> | <u>Transfer Out</u> | <u>Transfer In</u> | <u>Purpose</u> |
|------------------------------------|----------------------|----------------------|----------------------------|
| General Fund | \$ - | \$ 6,403,286 | |
| GUC turnover | 4,287,386 | | Annual turnover |
| GUC lighting reimbursement | 553,722 | | Annual reimbursement |
| State Tenant | 32,349 | | Transfer unspent funds |
| Debt service | 304,250 | - | Funds for CVB Project |
| NC Flood Capital Project | 145,259 | - | Close project |
| Greenway Phase II Capital Project | 193,079 | - | Close project |
| Capital Reserve Fund | 859,895 | - | Funds to start project |
| Oxford Road Bridge Capital Project | 27,346 | - | Close project |
| General Fund | 9,065,641 | - | |
| Sheppard Library Special Revenue | - | 914,415 | Annual contribution |
| Debt Service Fund | - | 5,390,683 | Debt service |
| Capital Reserve Fund | - | 1,535,060 | Annual contribution |
| Convention Center Project | - | 271,199 | Transfer unspent funds |
| 2005 COPS Capital Project | - | 44,003 | Transfer unspent funds |
| Reade / Hodges Parking Lot Project | - | 255,700 | Transfer unspent funds |
| City Hall | - | 20,000 | Local contribution |
| Sidewalk Capital Project | - | 200,000 | Powell Bill eligible funds |
| River Park Capital Project | - | 54,000 | Powell Bill eligible funds |
| Public Transportation Fund | - | 380,581 | City's match |
| Capital Reserve | 833,340 | - | |
| Community Development | - | 833,340 | Purchase property |
| Debt Service Fund | 67,570 | - | Debt service |
| Stormwater Utility Fund | - | 67,570 | |
| Fire Tower Capital Project | 30,173 | - | Close project |
| 2005 COPS Capital Project | - | 30,173 | |
| Southside Recreation Project | 8,847 | - | Close project |
| Capital Reserve | - | 8,847 | |
| | <u>\$ 16,408,857</u> | <u>\$ 16,408,857</u> | |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

The following detail footnotes relate to funds owned by the City and managed by the Greenville Utility Commission (GUC).

13. Summary of Significant Accounting and Reporting Policies (GUC)

The accounting policies of Greenville Utilities Commission (the "Commission") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Commission, which is governed by an eight-member board of commissioners, was established in 1905, and operates and administers the utility enterprise funds of the City of Greenville, North Carolina.

The Commission's financial data is incorporated into the Comprehensive Annual Financial Report of the City of Greenville and is an integral part of the City's financial statements.

The Commission provides electric, water, sewer, and gas utilities to the City and residents of surrounding areas. The electric and gas funds are distribution systems. Electricity is purchased from North Carolina Eastern Municipal Power Agency, and gas is purchased from North Carolina Natural Gas Corporation and gas marketers.

B. Basis of Presentation

Government-wide Statements: The statement of net assets displays information about the primary government (the Commission). This statement includes the financial activities of the overall government, except fiduciary activities. Business-type activities are financed in whole or in part by fees charged to external parties.

Fund Financial Statements: The fund financial statements provide information about the Commission's funds, including its fiduciary funds. Separate statements for each fund category - proprietary and fiduciary - are presented.

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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

The Commission reports the following major enterprise funds:

Enterprise Funds - Enterprise Funds account for those operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Commission has four major Enterprise funds: Electric, Water, Sewer and Gas.

The Commission reports the following fund type:

Fiduciary Fund — Fiduciary funds are custodial in nature and do not involve the measurement of operating results. Fiduciary funds are used to account for assets the Commission holds on behalf of others. The Commission holds two fiduciary funds: the Refuse Collection and the Stormwater Funds, which account for refuse and stormwater fees that are billed and collected by the Commission for the City.

C. Measurement Focus, Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as operating 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 non-operating revenues rather than as operating revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

All enterprise funds of the Commission follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principals Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The Commission has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments, as of June 30, 2002. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management Discussion and Analysis as required supplementary information.

D. Budgetary Data

The Commission operates under the budget ordinance that provides for revenues and appropriations of the electric operation, water operation, sewer operation, and gas operation. All annual appropriations lapse at the fiscal year-end.

Budgetary control is exercised over aggregated funds by departments at the personnel, operating and capital outlay levels. The budgets are prepared on the modified accrual basis as required by North Carolina law, except that bad debt expense and changes in accrued vacation are also budgeted. Amendments are required for any revisions that alter total expenditures of any department. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary.

For budgeting purposes, the Commission adopts project ordinances for Capital Projects Funds in the enterprise funds to segregate monies used for the construction of capital assets if funding is from external sources (bond proceeds, federal and State grants) or if the project construction period will extend over multiple fiscal years, which are consolidated with the enterprise operating funds for reporting purposes. Additionally, the Commission maintains Capital Reserve Accounts in all enterprise funds except Electric, for earmarking monies designated by the Board for specified uses in future years. The budget ordinance must be adopted 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.

E. Assets, Liabilities and Fund Equity

Deposits and Investments

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

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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State law [G.S. 159-30(c)] authorizes the Commission 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), an SEC-registered money market mutual fund.

Cash and Cash Equivalents

Cash and cash equivalents and investments of the individual funds are combined to form several pools of cash and investments. All cash equivalents are accounted for at cost, which approximates market. Investments are reported at fair value. Interest earned as a result of pooling is distributed to the appropriate funds based on their equity in the pool.

For purposes of the statements of cash flows, the Commission considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments, as presented in the financial statements, consist of securities authorized by State law with an original maturity greater than three months.

Restricted Assets

The Commission issues Revenue Bonds to fund capital projects. The proceeds from these issuances are placed with a trustee for safekeeping and dispersion as needed. The amount of unspent bond proceeds, including interest earnings, is shown as a restricted asset because their use is completely restricted to the purpose for which the bonds were originally issued.

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The Commission provides allowances for uncollectible utility receivables for all balances outstanding more than 120 days.

Inventories and Prepaid Expenses

Inventories of materials and spare parts are reported at the lower of cost or market, cost being determined on the weighted-average basis, which approximates the first-in, first-out (FIFO) method.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Capital Assets

Capital assets purchased or constructed are recorded at cost. Contributed assets are recorded at estimated fair market value at the time the asset is received. Maintenance and repairs are charged to expense as incurred and renewals and betterments are capitalized if costs are greater than \$5,000 and the useful life is at least 2 years. Gains and losses on disposals are credited or charged to operations. All capital assets are depreciated using a method which approximates the straight-line method. Interest expense is capitalized on construction in progress to the extent that it exceeds interest income. Capitalized assets of the Commission are depreciated over the following estimated useful lives:

| | |
|----------------------|----------------|
| Land Improvements | 10 years |
| Buildings | 33 years |
| Equipment | 3 to 20 years |
| Distribution Systems | 20 to 50 years |

Long-Term Obligations

In the government-wide financial statements and the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

Long-term obligations include General Obligation Bonds, Revenue Bonds, and North Carolina Global TransPark and State Revolving Loans, installment notes, and unearned revenue. Principal payments and interest on all outstanding debt issues herein are being paid from revenues of the Commission.

Compensated Absences

The vacation policy of the Commission provides for accumulation of earned vacation leave to full-time and designated part-time employees based upon the number of years of service with such leave being fully vested when earned. The cost of vacation leave is recorded when earned.

The Commission'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 Commission has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Assets

Net assets in the government-wide and 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 statutes.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

14. Detail Notes on All Funds (GUC)

A. Assets

Deposits

All the deposits of the Commission are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Commission's agent in the Commission's name. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Commission, these deposits are considered to be held by the Commission's agent in the Commission's 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 Commission or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Commission under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Commission's investment policy specifies that deposit-type securities (i.e. certificates of deposit and checking accounts) are 100% collateralized as required by North Carolina General Statutes.

At June 30, 2006, the Commission's deposits had a carrying amount of \$22,217,145 and a bank balance of \$22,405,681. Of the bank balance, \$200,000 was covered by Federal depository insurance, and \$22,205,681 was covered by collateral held under the Pooling Method. The Commission's cash on hand at June 30, 2006 consisted of various petty cash funds totaling \$3,400.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Investments

At June 30, 2006, the Commission's investment balances were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less Than 6 Months</u> | <u>6-12 Months</u> | <u>1 - 3 Years</u> |
|----------------------------------|----------------------|-------------------------------|------------------------|---------------------|
| Federal Farm Credit Bank | \$ 2,896,937 | \$ 995,155 | \$ 1,091,752 | \$ 810,030 |
| Federal Home Loan Bank | 9,677,938 | 4,513,822 | 2,314,162 | 2,849,954 |
| Federal Home Loan Mortgage Corp. | 4,933,775 | 2,965,405 | 495,610 | 1,472,760 |
| Federal National Mortgage Assoc. | 6,031,073 | 1,474,695 | 1,967,035 | 2,589,343 |
| NC Capital Management Trust | | | | |
| Cash Portfolio | 8,243,725 | 8,243,725 | - | - |
| Total | <u>\$ 31,783,448</u> | <u>\$ 18,192,802</u> | <u>\$ 5,868,559</u> | <u>\$ 7,722,087</u> |

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission's investment policy limits investments with maturities exceeding three years to US Treasuries, US Agencies and Instrumentalities. Also, the Commission's investment policy advocates purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

Credit Risk. The Commission's investment policy limits the securities available for purchase to the following: US Treasuries; US Agencies; NC Capital Management Trust; Certificates of Deposit; Banker's Acceptances; Commercial Paper; and NC and Local Government Securities with AAA rating or better. The Commission's investment policy expressly prohibits investment in repurchase agreements; commingled investment pools established by GS 160-A-464; participating shares in a mutual fund for local government; and evidences of ownership of future interest and principal payments of direct obligations of the US government. The Commission's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2006. The Commission's investments in US Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's investment policy does not allow investment in any security that would not be held in the Commission's name.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

Receivables

Receivables at the government-wide level for the business type activities at June 30, 2006, were as follows:

| | <u>2006</u> |
|--------------------------------------|----------------------|
| Billed customer accounts | \$ 16,835,163 |
| Estimated unbilled customer services | 9,560,967 |
| Other receivables | <u>432,199</u> |
| Total accounts receivable | 26,828,329 |
| Allowance for uncollectible accounts | <u>(5,728,597)</u> |
| Net accounts receivable | <u>\$ 21,099,732</u> |

The due from other governments that is owed to the Commission consists of the following:

| | |
|------------------------|-------------------|
| Local option sales tax | <u>\$ 921,366</u> |
|------------------------|-------------------|

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

| | <u>June 30, 2005</u> | <u>Additions</u> | <u>Deletions</u> | <u>Transfers</u> | <u>June 30, 2006</u> |
|---|-----------------------|----------------------|-------------------|---------------------|-----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 3,459,449 | \$ 3,299 | \$ - | \$ - | \$ 3,462,748 |
| Construction in progress | <u>27,876,389</u> | <u>10,995,441</u> | <u>-</u> | <u>(20,956,281)</u> | <u>17,915,549</u> |
| Total capital assets not being depreciated | <u>31,335,838</u> | <u>10,998,740</u> | <u>-</u> | <u>(20,956,281)</u> | <u>21,378,297</u> |
| Capital assets being depreciated: | | | | | |
| Land rights | 368,768 | - | - | - | 368,768 |
| Buildings | 101,396,781 | 191,602 | - | 2,807,423 | 104,395,806 |
| Furniture and office equipment | 6,909,706 | 79,701 | (14,274) | - | 6,975,133 |
| Vehicles and equipment | 15,262,841 | 361,446 | - | 183,424 | 15,807,711 |
| Distribution systems | 270,708,355 | 16,476,663 | - | 17,965,434 | 305,150,452 |
| Transmission systems | <u>20,004,542</u> | <u>86,712</u> | <u>-</u> | <u>-</u> | <u>20,091,254</u> |
| Total capital assets being depreciated | <u>414,650,993</u> | <u>17,196,124</u> | <u>(14,274)</u> | <u>20,956,281</u> | <u>452,789,124</u> |
| Less accumulated depreciation for: | | | | | |
| Land rights | 368,770 | - | (2) | - | 368,768 |
| Buildings | 25,346,705 | 3,199,933 | - | - | 28,546,638 |
| Furniture and office equipment | 3,874,134 | 1,165,478 | (4,755) | - | 5,034,857 |
| Vehicles and equipment | 11,758,265 | 1,110,456 | - | - | 12,868,721 |
| Distribution systems | 113,714,629 | 8,503,409 | - | - | 122,218,038 |
| Transmission systems | <u>12,078,645</u> | <u>597,786</u> | <u>-</u> | <u>-</u> | <u>12,676,431</u> |
| Total accumulated depreciation | <u>167,141,148</u> | <u>\$ 14,577,062</u> | <u>\$ (4,757)</u> | <u>\$ -</u> | <u>181,713,453</u> |
| Total capital assets being depreciated, net | <u>247,509,845</u> | | | | <u>271,075,671</u> |
| Net Capital Assets | <u>\$ 278,845,683</u> | | | | <u>\$ 292,453,968</u> |

Depreciation expense is charged to the electric, water, sewer, and gas funds. Amounts charged to these four funds for the year ended June 30, 2006 totaled \$6,790,961, \$2,796,430, \$3,640,948, and \$1,348,723, respectively.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

A summary of capital assets, by fund, at June 30 2006 is as follows:

| | <u>Electric</u> | <u>Water</u> | <u>Sewer</u> | <u>Gas</u> | <u>Total</u> |
|--------------------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| At June 30, 2006: | | | | | |
| Land | \$ 1,023,831 | \$ 548,301 | \$ 1,633,795 | \$ 256,821 | \$ 3,462,748 |
| Land rights | 189,535 | 71,580 | 80,285 | 27,368 | 368,768 |
| Buildings | 5,073,010 | 42,186,102 | 47,251,810 | 9,884,884 | 104,395,806 |
| Furniture and office equipment | 4,125,614 | 1,058,234 | 1,036,909 | 754,376 | 6,975,133 |
| Vehicles and equipment | 7,474,716 | 2,563,895 | 3,792,354 | 1,976,746 | 15,807,711 |
| Distribution systems | 133,505,844 | 58,220,008 | 86,236,163 | 27,188,437 | 305,150,452 |
| Transmission systems | 20,091,254 | - | - | - | 20,091,254 |
| | <u>\$ 171,483,804</u> | <u>\$ 104,648,120</u> | <u>\$ 140,031,316</u> | <u>\$ 40,088,632</u> | <u>\$ 456,251,872</u> |

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2006, were as follows:

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Other</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------------------|-----------------|----------------------|
| Business type activities: | | | | |
| Electric | \$ 12,397,086 | \$ 302,371 | \$ 2,086 | \$ 12,701,543 |
| Water | 2,471,732 | 110,588 | 256 | 2,582,576 |
| Sewer | 427,734 | 50,889 | - | 478,623 |
| Gas | <u>2,102,058</u> | <u>67,746</u> | <u>217</u> | <u>2,170,021</u> |
| Total | <u>\$ 17,398,610</u> | <u>\$ 531,594</u> | <u>\$ 2,559</u> | <u>\$ 17,932,763</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Long-term Obligations

Debt serviced by Electric Fund:

Revenue Bonds

| | |
|--|----------------------|
| 1994 Revenue Bonds due in an annual installment of \$198,734 with an interest rate of 5.75% and final payment will be made on September 1, 2006 | \$ 198,734 |
| 1998 Revenue Bonds due in annual installments of \$85,113 to \$144,692 with varying interest rates from 4.0% to 5.0% and final payment will be on September 1, 2018 | 1,445,706 |
| 2000 Revenue Bonds due in annual installments of \$33,335 to \$469,569 with varying interest rates from 5.0% to 5.6% and final payment will be made on September 1, 2020 | 737,239 |
| 2001 Revenue Bonds due in annual installments of \$230,121 to \$704,097 with varying interest rates from 4.25% to 5.5% and final payment will be made on September 1, 2021 | 7,932,861 |
| 2003A Revenue Bonds due in annual installments of \$216,801 to \$424,218 with an interest rate of 2.95% and final payment will be made on November 14, 2010 | 1,841,525 |
| 2003B Revenue Bonds due in annual installments of \$35,737 to \$54,412 with an interest rate of 3.67% and final payment will be made on May 1, 2018 | 527,824 |
| 2005 Revenue Bonds due in annual installments of \$92,907 to \$177,664 with interest rate of 3.43% and final payment will be made on September 1, 2025 | <u>2,607,909</u> |
| | <u>\$ 15,291,798</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|----------------------|
| 2007 | \$ 1,064,490 | \$ 668,670 | \$ 1,733,160 |
| 2008 | 1,104,560 | 627,453 | 1,732,013 |
| 2009 | 1,145,768 | 585,748 | 1,731,516 |
| 2010 | 1,188,024 | 542,161 | 1,730,185 |
| 2011 | 1,015,384 | 493,564 | 1,508,948 |
| 2012-2016 | 4,635,815 | 1,800,474 | 6,436,289 |
| 2017-2021 | 3,850,558 | 681,363 | 4,531,921 |
| 2022-2026 | 1,287,199 | 85,012 | 1,372,211 |
| Total | <u>\$ 15,291,798</u> | <u>\$ 5,484,445</u> | <u>\$ 20,776,243</u> |

Take or Pay Contract

The Commission has a long-term take or pay all requirements contract with the North Carolina Eastern Municipal Power Agency (NCEMPA) for the delivery of wholesale electric power. NCEMPA is a joint agency formed by 32 municipal entities, including the Commission that 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. GUC is obligated to pay its share of the indebtedness regardless of the ability of NCEMPA to provide electricity or to meet the Commission's need for the electricity.

This contract constitutes an obligation of the Electric Enterprise Fund to make debt service payments from operating revenues. The Electric Enterprise Fund's share of debt is not recorded as an obligation on the accompanying basic financial statements; however, it is included as a component of its power supply expenses. The Commission's share of NCEMPA's debt at June 30, 2006 was \$449 million.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Debt serviced by Water Fund:

Revenue Bonds

| | |
|---|----------------------|
| 1994 Revenue Bonds due in an annual installment of \$107,652 with an interest rate of 5.7% and final payment will be made on September 1, 2006 | \$ 107,652 |
| 1998 Revenue Bonds due in annual installments of \$186,634 to \$317,278 with varying interest rates from 4.0% to 5.0% and final payment will be made on September 1, 2018 | 3,170,112 |
| 2000 Revenue Bonds due in annual installments of \$656,665 to \$1,370,431 with varying interest rates from 5.0% to 5.6% and final payment will be made on September 1, 2020 | 14,522,761 |
| 2001 Revenue Bonds due in annual installments of \$101,099 to \$343,236 with varying interest rates from 4.25% to 5.5% and final payment will be made on September 1, 2021 | 3,743,529 |
| 2003B Revenue Bonds due in annual installments of \$17,869 to \$26,656 with interest rate of 3.67% and final payment will be made May 1, 2018 | 263,912 |
| 2005 Revenue Bonds due in annual installments of \$48,309 to \$92,379 with interest rate of 3.43% and final payment will be made on September 1, 2025 | <u>1,356,029</u> |
| | <u>\$ 23,163,995</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|--------------------------|-------------------------|--------------------------|
| 2007 | \$ 1,118,226 | \$ 1,143,905 | \$ 2,262,131 |
| 2008 | 1,174,709 | 1,090,345 | 2,265,054 |
| 2009 | 1,227,683 | 1,034,760 | 2,262,443 |
| 2010 | 1,286,909 | 976,123 | 2,263,032 |
| 2011 | 1,347,140 | 912,912 | 2,260,052 |
| 2012-2016 | 7,843,605 | 3,448,536 | 11,292,141 |
| 2017-2021 | 8,535,648 | 1,241,217 | 9,776,865 |
| 2022-2026 | 630,075 | 43,174 | 673,249 |
| Total | <u>\$ 23,163,995</u> | <u>\$ 9,890,972</u> | <u>\$ 33,054,967</u> |

Other Types of Debt

| | |
|--|---------------------|
| 2.55% State Revolving Loan, \$3 million authorized and \$3 million drawn to date, annual installments of \$236,654 to \$283,731, including interest, issued in 1997 with final payment on May 1, 2015 | \$ 2,076,923 |
| 2.87% State Revolving Loan, \$3 million authorized and \$3 million drawn to date, annual installments of \$205,740 to \$268,880, including interest, issued in 1998 with final payment on May 1, 2018 | 2,400,000 |
| 2.305% State Revolving Loan, \$4,014,597 authorized and \$1,541,779 drawn to date, estimated annual installments of \$205,354 to \$320,520, including interest, issued in 2004 with final payment on May 1, 2027 | <u>1,541,779</u> |
| | <u>\$ 6,018,702</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

| Year Ending June 30 | Principal | Interest | Total |
|---------------------|---------------------|---------------------|---------------------|
| 2007 | \$ 430,769 | \$ 121,842 | \$ 552,611 |
| 2008 | 507,858 | 156,222 | 664,080 |
| 2009 | 507,858 | 132,353 | 640,211 |
| 2010 | 507,858 | 118,952 | 626,810 |
| 2011 | 507,858 | 105,550 | 613,408 |
| 2012-2016 | 2,308,523 | 326,729 | 2,635,252 |
| 2017-2021 | 785,445 | 97,180 | 882,625 |
| 2022-2026 | 385,445 | 35,538 | 420,983 |
| 2027-2031 | 77,088 | 1,776 | 78,864 |
| Total | <u>\$ 6,018,702</u> | <u>\$ 1,096,142</u> | <u>\$ 7,114,844</u> |

Debt Serviced by Sewer Fund:

General Obligation Indebtedness

All general obligation bonds serviced by the Commission are collateralized by the full faith, credit, and taxing power of the City of Greenville. Principal and interest payments are appropriated when due. The Commission's general obligation bonds payable at June 30, 2006, were comprised of the following individual issues:

\$9,355,000 of 2003 GO Bonds issued on April 1, 2003

due in semi-annual installments for a period not to exceed nine years;

interest at 2.00% on bonds maturing March 1, 2004 through March 1, 2007;

interest at 3.00% on bonds maturing March 1, 2008 through March 1, 2010;

interest at 3.25% on bonds maturing March 1, 2011;

interest at 3.40% on bonds maturing March 1, 2012

\$ 5,710,000

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Annual debt service requirements to maturity for the Commission's Sewer Fund general obligation bonds are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|-------------------|---------------------|
| 2007 | \$ 1,145,000 | \$ 163,395 | \$ 1,308,395 |
| 2008 | 1,115,000 | 140,495 | 1,255,495 |
| 2009 | 1,095,000 | 107,045 | 1,202,045 |
| 2010 | 1,075,000 | 74,195 | 1,149,195 |
| 2011 | 1,050,000 | 41,945 | 1,091,945 |
| 2012-2016 | <u>230,000</u> | <u>7,820</u> | <u>237,820</u> |
| Total | <u>\$ 5,710,000</u> | <u>\$ 534,895</u> | <u>\$ 6,244,895</u> |

Revenue Bonds

| | |
|--|----------------------|
| 1994 Revenue Bonds due in an annual installment of \$116,623 with an interest rate of 5.7% and final payment will be made on September 1, 2006 | \$ 116,623 |
| 1998 Revenue Bonds due in annual installments of \$331,163 to \$562,977 with varying interest rates of 4.0% to 5.0% and final payment will be made on September 1, 2018 | 5,625,040 |
| 2001 Revenue Bonds due in annual installments of \$128,435 to \$402,527 with varying interest rates of 4.25% to 5.5% and final payment will be made on September 1, 2021 | 4,500,322 |
| 2003A Revenue Bonds due in annual installments of \$119,891 to \$234,593 with an interest rate of 2.95% and final payment will be made on November 14, 2010 | 1,018,363 |
| 2003B Revenue Bonds due in annual installments of \$281,343 to \$419,698 with an interest rate of 3.67% and final payment will be made on May 1, 2018 | 4,155,301 |
| 2005 Revenue Bonds due in annual installments of \$143,785 to \$274,957 with an interest rate of 3.43% and final payment will be made on September 1, 2025 | <u>4,036,062</u> |
| | <u>\$ 19,451,711</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|---------------------|
| 2007 | \$ 1,216,213 | \$ 799,239 | \$ 2,015,452 |
| 2008 | 1,260,444 | 752,869 | 2,013,313 |
| 2009 | 1,308,428 | 704,406 | 2,012,834 |
| 2010 | 1,358,976 | 653,776 | 2,012,752 |
| 2011 | 1,289,062 | 598,969 | 1,888,031 |
| 2012-2016 | 6,665,308 | 2,153,454 | 8,818,762 |
| 2017-2021 | 4,816,167 | 697,135 | 5,513,302 |
| 2022-2026 | <u>1,537,113</u> | <u>119,624</u> | <u>1,656,737</u> |
| Total | <u>\$ 19,451,711</u> | <u>\$ 6,479,472</u> | <u>\$25,931,183</u> |

Other Types of Debt

2.57% State Revolving Loan, \$11,694,486 authorized and \$11,629,783 drawn to date, annual installments of \$795,245 to \$1,056,222, including interest, issued in 2001 with a final payment on May 1, 2020 \$ 10,850,151

Bethel Interlocal Agreement, with an effective interest rate of 5.53%, annual installments of \$21,994 to \$276,297, including interest, with a final principal payment due on May 1, 2023 2,573,487

\$ 13,423,638

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|----------------------|
| 2007 | \$ 922,387 | \$ 401,670 | \$ 1,324,057 |
| 2008 | 926,700 | 383,949 | 1,310,649 |
| 2009 | 926,700 | 360,332 | 1,287,032 |
| 2010 | 926,700 | 336,714 | 1,263,414 |
| 2011 | 926,700 | 313,096 | 1,239,796 |
| 2012-2016 | 4,633,503 | 1,211,215 | 5,844,718 |
| 2017-2021 | 3,858,184 | 620,771 | 4,478,955 |
| 2022-2026 | 302,764 | 164,755 | 467,519 |
| Total | <u>\$ 13,423,638</u> | <u>\$ 3,792,502</u> | <u>\$ 17,216,140</u> |

Debt Serviced by Gas Fund:

Revenue Bonds

| | |
|--|----------------------|
| 1994 Revenue Bonds due in an annual installment of \$156,992 with an interest rate of 5.7% and final payment will be made on September 1, 2006 | \$ 156,992 |
| 1998 Revenue Bonds due in annual installments of \$97,090 to \$165,053 with varying interest rates of 4.0% to 5.0% and final payment will be made on September 1, 2018 | 1,649,143 |
| 2001 Revenue Bonds due in annual installments of \$190,345 to \$570,140 with varying interest rates of 4.25% to 5.5% and final payment will be made on September 1, 2021 | 6,468,288 |
| 2003B Revenue Bonds due in annual installments of \$141,455 to \$211,017 with an interest rate of 3.67% and final payment will be made on May 1, 2018 | <u>2,089,216</u> |
| | <u>\$ 10,363,639</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|--------------------------|-------------------------|--------------------------|
| 2007 | \$ 585,882 | \$ 481,048 | \$ 1,066,930 |
| 2008 | 609,883 | 455,816 | 1,065,699 |
| 2009 | 635,243 | 430,240 | 1,065,483 |
| 2010 | 661,200 | 403,394 | 1,064,594 |
| 2011 | 691,082 | 372,699 | 1,063,781 |
| 2012-2016 | 4,001,125 | 1,311,123 | 5,312,248 |
| 2017-2021 | 2,798,611 | 383,571 | 3,182,182 |
| 2022-2026 | 380,613 | 9,991 | 390,604 |
| Total | <u>\$ 10,363,639</u> | <u>\$ 3,847,882</u> | <u>\$ 14,211,521</u> |

Other Types of Gas Fund Debt

3.5% North Carolina Global TransPark Loan payable in quarterly installments of \$15,233, including interest, issued May 26, 2000, with final payment due June 1, 2010

\$ 226,515

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|-----------------------|----------------------|-----------------------|
| 2007 | \$ 53,704 | \$ 7,228 | \$ 60,932 |
| 2008 | 55,608 | 5,324 | 60,932 |
| 2009 | 57,580 | 3,352 | 60,932 |
| 2010 | 59,623 | 1,310 | 60,933 |
| Total | <u>\$ 226,515</u> | <u>\$ 17,214</u> | <u>\$ 243,729</u> |

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

The following is a summary of changes in long-term obligations for the year ended June 30, 2006:

| | <u>June 30, 2005</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2006</u> | <u>Current Portion of Balance</u> |
|----------------------------------|----------------------|----------------------|-----------------------|----------------------|---------------------------------------|
| Business-type activities: | | | | | |
| Other type of debts | \$ 18,201,338 | \$ 2,941,655 | \$ (1,474,138) | \$ 19,668,855 | \$ 1,406,860 |
| General obligation bonds | 6,885,000 | - | (1,175,000) | 5,710,000 | 1,145,000 |
| Revenue bonds | 64,846,527 | 8,000,000 | (4,575,384) | 68,271,143 | 3,984,811 |
| Discounts and Premiums | (616,732) | - | 73,740 | (542,991) | - |
| Compensated absences | 1,346,058 | 1,275,870 | (1,154,302) | 1,467,626 | 1,140,000 |
| Unearned Revenue | 814,680 | - | (90,551) | 724,129 | 115,517 |
| Total | <u>\$ 91,476,871</u> | <u>\$ 12,217,525</u> | <u>\$ (8,395,635)</u> | <u>\$ 95,298,762</u> | <u>\$ 7,792,188</u> |

In prior years, the Commission defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account's assets and the liability for the defeased are not included in the Commission's financial statements.

The City of Greenville issues any debt required by the Commission. The legal debt margin is disclosed in the City's debt footnotes.

Unearned revenue in the Sewer Fund totaling \$724,129 reflects a portion of the \$2,000,000 tapping fee received from the Town of Bethel. The agreement between the Commission and the Town of Bethel stipulates that \$1,000,000 of the tapping fee be refunded over a period of 10 years through a discounted utility rate. The discounts given to the Town of Bethel in this manner will be recognized as revenue by the Commission at the time the discount is given.

Compensated absences are accounted for on LIFO basis, assuming that employees are taking leave time as it is earned. Compensated absences are liquidated in the enterprise funds.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

15. Pension Plan Obligations (GUC)

Local Government Employees Retirement System

All permanent, full-time and designated part-time Greenville Utilities Commission employees participate in 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 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 27699-1 41 0, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The Commission is required to contribute at an actuarially determined rate. For the Commission, the current rate for employees is 4.87% of annual covered payroll. The contribution requirements of members and of the Commission are established and may be amended by the North Carolina General Assembly. The Commission's contributions to LGERS for the years ended June 30, 2006, 2005, and 2004 were \$1,016,749, \$924,909 and \$854,034, respectively. The contributions made by the Commission equaled the required contributions for the year.

16. Supplemental Retirement Income Plan (GUC)

All permanent, full-time and certain designated part-time employees of the Commission are eligible to participate in the Supplemental Retirement Income Plan, a defined contribution pension plan. Participation begins at the date of employment. In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employer contributions must be approved by the Board of Commissioners.

The Commission's contributions for the year ended June 30, 2006 and 2005 were \$370,825 and \$369,145, respectively. These contributions represent 1.8% and 2.1%, respectively, of covered payroll.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

17. Other Post Employment Benefits (GUC)

The Commission provides 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. Life insurance benefits equal an employee's annual salary not to exceed \$50,000, except for disability retirees whose benefit equals their last annual salary up until they reach age 65 when the coverage becomes \$7,000. However, employees who began working after August 1, 1975 are not eligible for continued life insurance coverage upon retirement. There are 65 Commission retirees who have life insurance benefits.

Currently, there are 88 Commission retirees receiving health care benefits, 11 of which also have dependent coverage. The Commission pays a portion of the cost of coverage for the retirees, and those who elect to have dependent health care pay for this at the Commission's group rate.

For the fiscal years ended June 30, 2006 and 2005, the Commission paid \$341,533 and \$369,269, respectively, for retiree health care coverage and \$684 and \$694, respectively, for retiree life insurance coverage. The Commission obtains health care and life insurance coverage through a private insurer.

The Commission has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("Death Benefit Plan"), a 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 months salary in a row during the 24 months prior to his/her death, but the benefit is no less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The Commission 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. Because the benefit payments are made by the Death Benefit Plan and not by the Commission, the Commission does not determine the number of eligible participants. For the fiscal years ended June 30, 2006 and 2005, the Commission made contributions to the State for death benefits of \$14,614 and \$13,294, respectively. The Commission's required contributions represented 0.07% and 0.07%, respectively, of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

CITY OF GREENVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

18. Risk Management (GUC)

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, property coverage up to \$175 million for real and personal property, workers' compensation coverage up to the statutory limits, and umbrella liability of \$10 million.

The City of Greenville and Greenville Utilities contract with CIGNA Healthcare of North Carolina, Inc. to provide group medical insurance under a fully insured plan. The plan is a Point of Service Plan called Choice Plus. The plan provides for in-network coverage where services must be provided or approved by a primary care physician and approved by CIGNA, and out-of-network coverage where members pay a higher share of the costs. Deductibles are now applicable for in-network and out-of-network coverage.

19. Summary Disclosure of Significant Commitments and Contingencies (GUC)

Federal and State Assisted Programs

The Commission 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. The accompanying financial statements include a provision of \$7,534 refund of the grant monies received from the Federal and State Emergency Management Agencies for Hurricane Floyd.

Natural Gas Contracts

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 spot market. The terms of the contract require PNG to transport natural gas through its pipeline to the Commission in exchange for annual payments of \$2,150,000 as guaranteed margins. The Commission may be allowed to exceed its Maximum Daily Quantity (MDQ) 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. The Commission will pay its share of PNG's under-collected deferred account balance of \$1,309,181, or 5.547%, in varying monthly amounts over a 30 month period.

Litigation

The Commission is presently involved in certain litigation matters that have arisen in the normal course of conducting its operations. Management of the Commission believes these cases are not expected to result in a material adverse financial impact to the Commission.

REQUIRED SUPPLEMENTAL FINANCIAL DATA



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CITY OF GREENVILLE, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets A | Actuarial Accrued | | Funded Ratio A / B | Covered Payroll C | UAAL as a Percentage Covered Payroll (B - A) / C |
|--------------------------------|--------------------------------------|---|------------------------------------|--------------------------|-------------------------|--|
| | | Liability (AAL) -Projected Unit Credit B | Unfunded AAL (UAAL) B - A | | | |
| 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% |
| 12/31/2003 | - | 2,683,598 | 2,683,598 | 0.00% | 6,291,158 | 42.66% |
| 12/31/2002 | - | 2,389,580 | 2,389,580 | 0.00% | 6,251,285 | 38.23% |
| 12/31/2001 | - | 2,436,059 | 2,436,059 | 0.00% | 6,559,387 | 37.14% |
| 12/31/2000 | - | 2,138,793 | 2,138,793 | 0.00% | 5,973,452 | 35.80% |

Schedule of Employer Contributions

| Year Ended June 30 | Annual | | Percentage of ARC Contributed |
|-----------------------|-----------------------------------|--------------------------------------|-------------------------------------|
| | Required Contribution (ARC) | Amount Contributed By Employer | |
| 2006 | \$ 284,639 | \$ 222,005 | 78.00% |
| 2005 | 273,669 | 207,673 | 75.88% |
| 2004 | 273,784 | 117,577 | 42.95% |
| 2003 | 241,194 | 87,762 | 36.39% |
| 2002 | 228,204 | 71,674 | 31.41% |
| 2001 | 155,537 | 57,539 | 36.99% |



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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**



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GENERAL FUND

The General Fund is established to account 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 and other governmental service functions.



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CITY OF GREENVILLE, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|--|-------------------|-------------------|------------------------------------|-------------------|
| | Final Budget | Actual | | Actual |
| Revenues: | | | | |
| Ad Valorem Taxes: | | | | |
| Current year operations | \$ 22,010,923 | \$ 22,266,217 | | \$ 21,023,782 |
| Prior year | 456,753 | 343,530 | | 387,818 |
| Interest and penalties | 183,600 | 202,562 | | 167,223 |
| Tax discounts | (223,800) | (227,664) | | (213,092) |
| Tax refunds | (37,116) | (19,957) | | (40,771) |
| Total Ad Valorem Taxes | <u>22,390,360</u> | <u>22,564,688</u> | \$ 174,328 | <u>21,324,960</u> |
| Other Taxes: | | | | |
| Local options sales tax | 4,970,321 | 5,387,657 | | 5,047,374 |
| Cable TV franchise tax | 610,656 | 794,691 | | 451,604 |
| One-half percent sales tax | 6,792,162 | 7,305,638 | | 6,367,304 |
| Rental vehicle - gross receipts | 82,345 | 90,831 | | 69,605 |
| Total Other Taxes | <u>12,455,484</u> | <u>13,578,817</u> | 1,123,333 | <u>11,935,887</u> |
| Unrestricted Intergovernmental: | | | | |
| Other unrestricted revenues | 18,000 | 6,386 | | 23,660 |
| Utilities franchise tax | 4,244,849 | 3,935,007 | | 3,669,785 |
| Beer and wine tax | 278,107 | 298,254 | | 291,246 |
| Total Unrestricted Intergovernmental | <u>4,540,956</u> | <u>4,239,647</u> | (301,309) | <u>3,984,691</u> |
| Restricted Intergovernmental: | | | | |
| NC DOT traffic control lights | 140,000 | 156,793 | | 127,197 |
| Pitt County Fire contribution | 9,005 | 9,751 | | 6,754 |
| Housing Authority Drug Grant | 148,222 | 64,394 | | 147,709 |
| Special Federal, State and Local Grants | 78,389 | 6,739 | | 47,924 |
| Federal Emergency Management Asst. | - | 39,055 | | 44,038 |
| Section 104F Planning Grant | 136,000 | (11,125) | | 119,782 |
| Law enforcement block grant | 541,208 | 392,719 | | 225,961 |
| Other restricted intergovernmental revenue | 905,859 | 491,743 | | 421,000 |
| Powell Bill - State allocation payment | 1,977,568 | 1,943,229 | | 1,912,098 |
| Total Restricted Intergovernmental | <u>3,936,251</u> | <u>3,093,298</u> | (842,953) | <u>3,052,463</u> |

CITY OF GREENVILLE, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|---|-----------------|------------|------------------------------------|------------|
| | Final Budget | Actual | | Actual |
| Licenses, Permits and Fees: | | | | |
| Privilege licenses | 505,400 | 563,689 | | 495,890 |
| Auto licenses | 785,200 | 787,497 | | 774,736 |
| Inspection fees | 1,064,797 | 1,503,441 | | 1,234,001 |
| State fire protection | 202,740 | 318,995 | | 202,740 |
| Planning department fees | 233,275 | 239,856 | | 240,327 |
| Police department fees | 126,580 | 144,931 | | 124,665 |
| Fire and rescue department fees | 129,500 | 125,961 | | 127,231 |
| Refuse fees | 3,950,000 | 3,881,596 | | 3,880,096 |
| Other permits and fees | 125,440 | 121,240 | | 119,491 |
| Total Licenses, Permits and Fees | 7,122,932 | 7,687,206 | 564,274 | 7,199,177 |
| Sales and Services: | | | | |
| Rescue fees | 1,611,750 | 1,708,787 | | 1,693,820 |
| Recreation department programs and fees | 398,540 | 401,456 | | 372,407 |
| Utilities street cuts | 192,500 | 311,401 | | 160,671 |
| Rents and concessions | 116,030 | 150,074 | | 101,087 |
| Other sales and services | 900,001 | 1,106,158 | | 1,286,888 |
| Pitt County Board of Education | 230,000 | 210,338 | | 210,338 |
| Total Sales and Services | 3,448,821 | 3,888,214 | 439,393 | 3,825,211 |
| Investment earnings | 469,500 | 1,205,004 | 735,504 | 596,187 |
| Other Revenues: | | | | |
| Parking violation penalty | 127,300 | 118,401 | | 108,107 |
| Other revenues | 86,574 | 395,632 | | 135,967 |
| Total Other Revenues | 213,874 | 514,033 | 300,159 | 244,074 |
| Total Revenues | 54,578,178 | 56,770,907 | 2,192,729 | 52,162,650 |
| Expenditures: | | | | |
| General Government: | | | | |
| Mayor and City Council: | | | | |
| Salaries and benefits | 43,782 | 41,674 | 2,108 | 35,475 |
| Operating expenses | 299,001 | 246,098 | 52,903 | 245,719 |
| Fees paid to elected officials | 56,800 | 55,109 | 1,691 | 56,786 |
| Total Mayor and City Council | 399,583 | 342,881 | 56,702 | 337,980 |

CITY OF GREENVILLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|--|-----------------|-----------|------------------------------------|-----------|
| | Final Budget | Actual | | Actual |
| City Manager: | | | | |
| Salaries and benefits | 725,080 | 710,950 | 14,130 | 588,388 |
| Operating expenses | 174,467 | 152,534 | 21,933 | 100,891 |
| Capital outlay | - | - | - | 14,537 |
| Total City Manager | 899,547 | 863,484 | 36,063 | 703,816 |
| City Clerk: | | | | |
| Salaries and benefits | 193,888 | 189,994 | 3,894 | 188,076 |
| Operating expenses | 81,630 | 67,280 | 14,350 | 63,388 |
| Total City Clerk | 275,518 | 257,274 | 18,244 | 251,464 |
| City Attorney: | | | | |
| Salaries and benefits | 313,154 | 305,530 | 7,624 | 287,263 |
| Operating expenses | 30,000 | 29,302 | 698 | 27,800 |
| Total City Attorney | 343,154 | 334,832 | 8,322 | 315,063 |
| Human Resources, Administrative: | | | | |
| Salaries and benefits | 1,123,612 | 1,066,631 | 56,981 | 975,048 |
| Operating expenses | 347,062 | 308,404 | 38,658 | 335,812 |
| Total Human Resources, Administrative | 1,470,674 | 1,375,035 | 95,639 | 1,310,860 |
| Human Resources, Building Services: | | | | |
| Salaries and benefits | 134,123 | 123,849 | 10,274 | 107,617 |
| Operating expenses | 824,828 | 645,440 | 179,388 | 620,136 |
| Capital outlay | 10,096 | 5,380 | 4,716 | 16,491 |
| Total Human Resources, Building Services | 969,047 | 774,669 | 194,378 | 744,244 |
| Total Human Resources | 2,439,721 | 2,149,704 | 290,017 | 2,055,104 |
| Financial Services: | | | | |
| Salaries and benefits | 1,057,494 | 976,353 | 81,141 | 994,663 |
| Operating expenses | 712,255 | 712,760 | (505) | 495,257 |
| Capital outlay | 9,000 | - | 9,000 | 798 |
| Total Financial Services | 1,778,749 | 1,689,113 | 89,636 | 1,490,718 |

CITY OF GREENVILLE, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|---|-----------------|-----------|------------------------------------|-----------|
| | Final Budget | Actual | | Actual |
| Information Technology: | | | | |
| Salaries and benefits | 1,381,458 | 1,311,467 | 69,991 | 1,065,255 |
| Operating expenses | 1,486,882 | 1,218,905 | 267,977 | 820,147 |
| Capital outlay | 1,259,640 | 729,067 | 530,573 | 670,148 |
| Total Information Technology | 4,127,980 | 3,259,439 | 868,541 | 2,555,550 |
| Development - Administration: | | | | |
| Salaries and benefits | 250,347 | 215,577 | 34,770 | 254,239 |
| Operating expenses | 59,006 | 18,630 | 40,376 | 18,166 |
| Capital outlay | 80,000 | 11,513 | 68,487 | - |
| Total Development - Administration | 389,353 | 245,720 | 143,633 | 272,405 |
| Development - Land Development & Zoning: | | | | |
| Salaries and benefits | 597,940 | 603,188 | (5,248) | 562,447 |
| Operating expenses | 29,086 | 24,739 | 4,347 | 22,321 |
| Capital outlay | - | - | - | 1,200 |
| Total Development - Land Dev. & Zoning | 627,026 | 627,927 | (901) | 585,968 |
| Development - Long Range Planning: | | | | |
| Salaries and benefits | 207,566 | 75,162 | 132,404 | 196,081 |
| Operating expenses | 36,022 | 20,683 | 15,339 | 15,661 |
| Capital outlay | 74,588 | 28,768 | 45,820 | 48,194 |
| Total Development - Long Range Planning | 318,176 | 124,613 | 193,563 | 259,936 |
| Development - Community Development: | | | | |
| Salaries and benefits | 250,886 | 235,559 | 15,327 | 78,931 |
| Operating expenses | 21,399 | 21,105 | 294 | 13,360 |
| Capital outlay | 172,718 | 91,051 | 81,667 | - |
| Total Development - Community Development | 445,003 | 347,715 | 97,288 | 92,291 |
| Development - Neighborhood Services: | | | | |
| Salaries and benefits | 71,679 | 100,133 | (28,454) | - |
| Operating expenses | 19,950 | 3,592 | 16,358 | - |
| Total Development - Neighborhood Services | 91,629 | 103,725 | (12,096) | - |

CITY OF GREENVILLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|--|-----------------|------------|------------------------------------|------------|
| | Final Budget | Actual | | Actual |
| Development - Redevelopment Commission: | | | | |
| Supplies and materials | 25,750 | 7,850 | 17,900 | 23,723 |
| Capital outlay | 4,224 | 4,986 | (762) | 82,762 |
| Total Development - Redevelopment Commission | 29,974 | 12,836 | 17,138 | 106,485 |
| Total Development | 1,901,161 | 1,462,536 | 438,625 | 1,317,085 |
| Engineering: | | | | |
| Salaries and benefits | 996,194 | 1,182,793 | (186,599) | 998,158 |
| Operating expenses | 1,390,748 | 1,290,909 | 99,839 | 1,201,227 |
| Capital outlay | 181,821 | 107,891 | 73,930 | 23,549 |
| Total Engineering | 2,568,763 | 2,581,593 | (12,830) | 2,222,934 |
| Inspections: | | | | |
| Salaries and benefits | 607,271 | 590,943 | 16,328 | 535,304 |
| Operating expenses | 27,750 | 30,583 | (2,833) | 23,713 |
| Capital outlay | 14,500 | 13,032 | 1,468 | - |
| Total Inspections | 649,521 | 634,558 | 14,963 | 559,017 |
| Fleet Maintenance: | | | | |
| Salaries and benefits | 1,025,946 | 927,650 | 98,296 | 897,516 |
| Operating expenses | 115,527 | 95,583 | 19,944 | 72,445 |
| Capital outlay | 6,000 | 10,140 | (4,140) | 243,439 |
| Total Fleet Maintenance | 1,147,473 | 1,033,373 | 114,100 | 1,213,400 |
| Total General Government | 16,531,170 | 14,608,787 | 1,922,383 | 13,022,131 |
| Public Safety: | | | | |
| Fire and Rescue: | | | | |
| Salaries and benefits | 8,905,269 | 8,424,792 | 480,477 | 7,754,872 |
| Operating expenses | 687,726 | 619,499 | 68,227 | 522,443 |
| Capital outlay | 1,452,248 | 1,071,299 | 380,949 | 611,324 |
| Total Fire and Rescue | 11,045,243 | 10,115,590 | 929,653 | 8,888,639 |

CITY OF GREENVILLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|-------------------------------|-----------------|------------|------------------------------------|------------|
| | Final Budget | Actual | | Actual |
| Police: | | | | |
| Salaries and benefits | 13,680,279 | 13,184,169 | 496,110 | 12,471,443 |
| Operating expenses | 1,960,195 | 1,880,417 | 79,778 | 1,665,712 |
| Capital outlay | 1,271,438 | 1,152,366 | 119,072 | 737,087 |
| Total Police | 16,911,912 | 16,216,952 | 694,960 | 14,874,242 |
| Total Public Safety | 27,957,155 | 26,332,542 | 1,624,613 | 23,762,881 |
| Transportation: | | | | |
| Administration: | | | | |
| Salaries and benefits | 396,575 | 401,140 | (4,565) | 433,656 |
| Operating expenses | 129,965 | 182,198 | (52,233) | 148,784 |
| Capital outlay | 19,724 | 19,250 | 474 | 1,830 |
| Total Administration | 546,264 | 602,588 | (56,324) | 584,270 |
| Buildings and Grounds: | | | | |
| Salaries and benefits | 1,045,644 | 972,308 | 73,336 | 922,550 |
| Operating expenses | 199,841 | 183,566 | 16,275 | 151,297 |
| Capital outlay | 110,747 | 51,517 | 59,230 | 266,854 |
| Total Buildings and Grounds | 1,356,232 | 1,207,391 | 148,841 | 1,340,701 |
| Streets: | | | | |
| Salaries and benefits | 464,657 | 653,844 | (189,187) | 658,235 |
| Operating expenses | 234,276 | 223,773 | 10,503 | 198,956 |
| Capital outlay | 2,401,316 | 1,080,004 | 1,321,312 | 666,551 |
| Total Streets | 3,100,249 | 1,957,621 | 1,142,628 | 1,523,742 |
| Airport: | | | | |
| Salaries and benefits | - | 35,250 | (35,250) | 15,484 |
| Allotment | - | 554 | (554) | 475 |
| Total Airport | - | 35,804 | (35,804) | 15,959 |
| Total Transportation | 5,002,745 | 3,803,404 | 1,199,341 | 3,464,672 |

CITY OF GREENVILLE, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | | 2005 |
|-----------------------------------|-----------------|-----------|------------------------------------|-----------|
| | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Environmental Protection: | | | | |
| Sanitation: | | | | |
| Salaries and benefits | 3,107,369 | 3,001,664 | 105,705 | 2,893,112 |
| Operating expenses | 493,218 | 523,383 | (30,165) | 447,487 |
| Capital outlay | 582,026 | 215,302 | 366,724 | 26,808 |
| Total Sanitation | 4,182,613 | 3,740,349 | 442,264 | 3,367,407 |
| Total Environmental Protection | 4,182,613 | 3,740,349 | 442,264 | 3,367,407 |
| Cultural and Recreational: | | | | |
| Recreation: | | | | |
| Salaries and benefits | 1,628,147 | 1,538,937 | 89,210 | 1,403,590 |
| Operating expenses | 551,838 | 522,083 | 29,755 | 387,618 |
| Capital outlay | 207,785 | 203,597 | 4,188 | 461,181 |
| Total Recreation | 2,387,770 | 2,264,617 | 123,153 | 2,252,389 |
| Parks: | | | | |
| Salaries and benefits | 1,557,654 | 1,480,055 | 77,599 | 1,359,951 |
| Operating expenses | 637,748 | 570,572 | 67,176 | 493,146 |
| Capital outlay | 633,868 | 482,449 | 151,419 | 177,916 |
| Total Parks | 2,829,270 | 2,533,076 | 296,194 | 2,031,013 |
| Teen Center: | | | | |
| Operating expenses | - | 518 | (518) | 16,261 |
| Total Teen Center | - | 518 | (518) | 21,709 |
| Library: | | | | |
| Salaries and benefits | - | 60,453 | (60,453) | (15,169) |
| Allotment | - | 8,060 | (8,060) | 2,344 |
| Carver library renovation | 55,176 | 3,937 | 51,239 | 20,016 |
| Total Library | 55,176 | 72,450 | (17,274) | 7,191 |

CITY OF GREENVILLE, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance | 2005 |
|--|--------------------|------------------|---------------------|------------------|
| | Final | Actual | Positive | Actual |
| | Budget | | (Negative) | |
| Sports Center: | | | | |
| Salaries and benefits | - | - | - | 43,118 |
| Operating expenses | - | - | - | 30,930 |
| Capital outlay | - | - | - | 1,128 |
| Total Sports Center | - | - | - | 75,176 |
| | | | | |
| Total Cultural and Recreational | 5,272,216 | 4,870,661 | 401,555 | 4,387,478 |
| | | | | |
| Total expenditures | 58,945,899 | 53,355,743 | 5,590,156 | 48,004,569 |
| | | | | |
| Revenues over (under) expenditures | (4,367,721) | 3,415,164 | 7,782,885 | 4,158,081 |
| | | | | |
| Other Financing Sources (Uses): | | | | |
| Transfers In: | | | | |
| Greenville Utilities Commission turnover | 4,257,630 | 4,287,386 | 29,756 | 4,071,733 |
| Greenville Utilities Commission, lighting reimbursement | 524,134 | 553,722 | 29,588 | 449,378 |
| Other funds | 1,539,720 | 1,562,178 | 22,458 | - |
| Transfers out | (8,798,089) | (9,328,889) | (530,800) | (8,206,549) |
| Long term debt issued | 1,647,048 | 1,667,048 | 20,000 | 2,411,054 |
| Contingency | (315,620) | - | 315,620 | - |
| Appropriated fund balance | 5,512,898 | - | (5,512,898) | - |
| Total other financing sources (uses) | 4,367,721 | (1,258,555) | (5,626,276) | (1,274,384) |
| | | | | |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses | \$ - | 2,156,609 | \$ 2,156,609 | 2,883,697 |
| | | | | |
| Fund balance, Beginning of year - July 1st | | 26,521,729 | | 23,031,474 |
| Prior period adjustment | | - | | 606,558 |
| Fund balance, Beginning of year - restated | | 26,521,729 | | 23,638,032 |
| | | | | |
| Fund balance, End of year - June 30th | | \$ 28,678,338 | | \$ 26,521,729 |

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

| | Special Revenue Funds | Debt Service Fund | Capital Project Funds | Total |
|--|-----------------------------|-------------------------|-----------------------------|-------------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ 8,909,257 | \$ 1,409,222 | \$ 6,366,351 | \$ 16,684,830 |
| Accounts receivable, net | 225 | - | - | 225 |
| Interest receivable | 6,329 | - | - | 6,329 |
| Loans receivable | 359,181 | - | 95,349 | 454,530 |
| Due from other funds | - | - | 1,580 | 1,580 |
| Due from other governments | 208,890 | - | 401,148 | 610,038 |
| Prepaid items and deposits | 50,678 | - | - | 50,678 |
| | <u>9,534,560</u> | <u>1,409,222</u> | <u>6,864,428</u> | <u>17,808,210</u> |
| Total assets | \$ 9,534,560 | \$ 1,409,222 | \$ 6,864,428 | \$ 17,808,210 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 21,374 | \$ - | \$ 1,233,722 | \$ 1,255,096 |
| Due to other funds | 824,104 | - | 1,511,032 | 2,335,136 |
| Deferred revenue | 365,056 | - | 95,349 | 460,405 |
| | <u>1,210,534</u> | <u>-</u> | <u>2,840,103</u> | <u>4,050,637</u> |
| Total liabilities | 1,210,534 | - | 2,840,103 | 4,050,637 |
| Fund Balances: | | | | |
| Reserved by State statute | 215,799 | - | 402,728 | 618,527 |
| Reserved for prepaid items and inventories | 50,678 | - | - | 50,678 |
| Reserved for culture and recreation | 92,336 | - | - | 92,336 |
| Fund balance - unreserved, undesignated | 7,965,213 | 1,409,222 | 3,621,597 | 12,996,032 |
| | <u>8,324,026</u> | <u>1,409,222</u> | <u>4,024,325</u> | <u>13,757,573</u> |
| Total fund balances | 8,324,026 | 1,409,222 | 4,024,325 | 13,757,573 |
| Total liabilities and fund balances | \$ 9,534,560 | \$ 1,409,222 | \$ 6,864,428 | \$ 17,808,210 |

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006

| | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Total |
|--|-----------------------------|-------------------------|------------------------------|----------------------|
| Revenues: | | | | |
| Other taxes | \$ - | \$ 647,997 | \$ - | \$ 647,997 |
| Restricted | 3,329,290 | - | 1,260,034 | 4,589,324 |
| Sales and services | 135,277 | - | - | 135,277 |
| Investment earnings | 206,380 | 46,806 | 447,522 | 700,708 |
| Other revenues | 56,977 | - | 158,210 | 215,187 |
| | <u>3,727,924</u> | <u>694,803</u> | <u>1,865,766</u> | <u>6,288,493</u> |
| Total revenues | | | | |
| | 3,727,924 | 694,803 | 1,865,766 | 6,288,493 |
| Expenditures: | | | | |
| Current: | | | | |
| Cultural and recreational | 1,861,520 | - | - | 1,861,520 |
| Economic and physical development | 2,381,904 | - | - | 2,381,904 |
| Capital outlay | - | - | 10,273,784 | 10,273,784 |
| Principal retirement | - | 3,904,055 | - | 3,904,055 |
| Interest and fees | - | 1,713,597 | - | 1,713,597 |
| | <u>4,243,424</u> | <u>5,617,652</u> | <u>10,273,784</u> | <u>20,134,860</u> |
| Total expenditures | | | | |
| | 4,243,424 | 5,617,652 | 10,273,784 | 20,134,860 |
| Excess (deficiency) of revenues over (under) expenditures | <u>(515,500)</u> | <u>(4,922,849)</u> | <u>(8,408,018)</u> | <u>(13,846,367)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers from other funds | 2,458,322 | 5,390,683 | 1,079,192 | 8,928,197 |
| Transfers to other funds | (859,895) | (371,820) | (421,722) | (1,653,437) |
| | <u>1,598,427</u> | <u>5,018,863</u> | <u>657,470</u> | <u>7,274,760</u> |
| Total other financing sources (uses) | | | | |
| | 1,598,427 | 5,018,863 | 657,470 | 7,274,760 |
| Net change in fund balances | 1,082,927 | 96,014 | (7,750,548) | (6,571,607) |
| Fund Balances: | | | | |
| Fund balances, beginning of year - July 1st | <u>7,241,099</u> | <u>1,313,208</u> | <u>11,774,873</u> | <u>20,329,180</u> |
| Fund balances, end of year - June 30th | <u>\$ 8,324,026</u> | <u>\$ 1,409,222</u> | <u>\$ 4,024,325</u> | <u>\$ 13,757,573</u> |

NONMAJOR SPECIAL REVENUE FUNDS

COMMUNITY DEVELOPMENT FUND

The Community Development Fund is established to account for United States Department of Housing and Urban Development (HUD) block 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 accumulate 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.

COMMUNITY DEVELOPMENT HOME PROGRAM

The Community Development Fund is established to account for United States Department of Housing and Urban Development (HUD) home program grant proceeds allocated to the City for community development programs.

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

| | <u>Community Development Fund</u> | <u>Capital Reserve Fund</u> | <u>Sheppard Memorial Library</u> | <u>Housing Trust Fund</u> |
|--|---|-------------------------------------|--|-----------------------------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,302,056 | \$ 6,509,789 | \$ 808,688 | \$ 47,571 |
| Accounts receivable, net | 225 | - | - | - |
| Interest receivable | - | - | 6,329 | - |
| Loans receivable | 125,834 | - | - | 15,272 |
| Due from other governments | 60,074 | - | 30,531 | - |
| Prepaid items and deposits | - | - | 47,816 | - |
| Total assets | <u>\$ 1,488,189</u> | <u>\$ 6,509,789</u> | <u>\$ 893,364</u> | <u>\$ 62,843</u> |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 8,605 | \$ - | \$ 12,769 | \$ - |
| Due to other funds | 404,848 | 130,726 | 128,075 | - |
| Deferred revenue | 131,409 | - | - | 14,917 |
| Total liabilities | <u>544,862</u> | <u>130,726</u> | <u>140,844</u> | <u>14,917</u> |
| Fund Balances: | | | | |
| Reserved by State statute | 60,299 | - | 36,860 | 355 |
| Reserved for prepaid items and inventories | - | - | 47,816 | - |
| Reserved for culture and recreation | - | - | 92,336 | - |
| Fund balance - unreserved, undesignated | 883,028 | 6,379,063 | 575,508 | 47,571 |
| Total fund balance | <u>943,327</u> | <u>6,379,063</u> | <u>752,520</u> | <u>47,926</u> |
| Total liabilities and fund balances | <u>\$ 1,488,189</u> | <u>\$ 6,509,789</u> | <u>\$ 893,364</u> | <u>\$ 62,843</u> |

Schedule C-1

| <u>Small Business Loan Program</u> | <u>Community Development Home Program</u> | <u>Total</u> |
|--|---|---------------------|
| \$ 141,884 | \$ 99,269 | \$ 8,909,257 |
| - | - | 225 |
| - | - | 6,329 |
| 162,349 | 55,726 | 359,181 |
| - | 118,285 | 208,890 |
| <u>2,862</u> | <u>-</u> | <u>50,678</u> |
| <u>\$ 307,095</u> | <u>\$ 273,280</u> | <u>\$ 9,534,560</u> |

| | | |
|-------------------|-------------------|---------------------|
| \$ - | \$ - | \$ 21,374 |
| 5,732 | 154,723 | 824,104 |
| <u>162,349</u> | <u>56,381</u> | <u>365,056</u> |
| <u>168,081</u> | <u>211,104</u> | <u>1,210,534</u> |
| - | 118,285 | 215,799 |
| 2,862 | - | 50,678 |
| - | - | 92,336 |
| <u>136,152</u> | <u>(56,109)</u> | <u>7,965,213</u> |
| <u>139,014</u> | <u>62,176</u> | <u>8,324,026</u> |
| <u>\$ 307,095</u> | <u>\$ 273,280</u> | <u>\$ 9,534,560</u> |

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Community Development Fund</u> | <u>Capital Reserve Fund</u> | <u>Sheppard Memorial Library</u> | <u>Housing Trust Fund</u> |
|--|---|-------------------------------------|--|-----------------------------------|
| Revenues: | | | | |
| Restricted | \$ 1,635,087 | \$ - | \$ 827,528 | \$ 6,000 |
| Sales and services | - | - | 103,923 | - |
| Investment earnings | 15,501 | 171,901 | 16,205 | 1,324 |
| Other revenues | - | - | 50,863 | 6,114 |
| Total revenues | <u>1,650,588</u> | <u>171,901</u> | <u>998,519</u> | <u>13,438</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Cultural and recreational | - | - | 1,861,520 | - |
| Economic and physical development | 1,533,798 | - | - | - |
| Total expenditures | <u>1,533,798</u> | <u>-</u> | <u>1,861,520</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>116,790</u> | <u>171,901</u> | <u>(863,001)</u> | <u>13,438</u> |
| Other Financing Sources (Uses): | | | | |
| Intrafund transfers | 833,340 | (833,340) | - | - |
| Transfers from other funds | - | 1,543,907 | 914,415 | - |
| Transfers to other funds | - | (859,895) | - | - |
| Total other financing sources (uses) | <u>833,340</u> | <u>(149,328)</u> | <u>914,415</u> | <u>-</u> |
| Net change in fund balances | 950,130 | 22,573 | 51,414 | 13,438 |
| Fund Balances: | | | | |
| Fund balances, beginning of year | <u>(6,803)</u> | <u>6,356,490</u> | <u>701,106</u> | <u>34,488</u> |
| Fund balances, end of year | <u>\$ 943,327</u> | <u>\$ 6,379,063</u> | <u>\$ 752,520</u> | <u>\$ 47,926</u> |

Schedule C-2

| <u>Small Business Loan Program</u> | <u>Community Development Home Program</u> | <u>Total</u> |
|--|---|---------------------|
| \$ - | \$ 860,675 | \$ 3,329,290 |
| 31,354 | - | 135,277 |
| 1,449 | - | 206,380 |
| <u>-</u> | <u>-</u> | <u>56,977</u> |
| <u>32,803</u> | <u>860,675</u> | <u>3,727,924</u> |
| - | - | 1,861,520 |
| <u>32,548</u> | <u>815,558</u> | <u>2,381,904</u> |
| <u>32,548</u> | <u>815,558</u> | <u>4,243,424</u> |
| <u>255</u> | <u>45,117</u> | <u>(515,500)</u> |
| - | - | - |
| - | - | 2,458,322 |
| <u>-</u> | <u>-</u> | <u>(859,895)</u> |
| <u>-</u> | <u>-</u> | <u>1,598,427</u> |
| 255 | 45,117 | 1,082,927 |
| <u>138,759</u> | <u>17,059</u> | <u>7,241,099</u> |
| <u>\$ 139,014</u> | <u>\$ 62,176</u> | <u>\$ 8,324,026</u> |

CITY OF GREENVILLE, NORTH CAROLINA

COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | |
| CDBG Entitlement Program: | | | | |
| Property owners matching fund | \$ 105,943 | \$ 154,845 | \$ 16,956 | \$ 171,801 |
| Federal grant - HUD | 10,648,861 | 8,631,774 | 1,550,853 | 10,182,627 |
| Loan payments | 307,199 | 349,485 | 22,701 | 372,186 |
| Interest income | 134,792 | 140,769 | 15,501 | 156,270 |
| Sale of acquired property | 147,930 | 106,966 | 44,577 | 151,543 |
| Total CDBG entitlement program | <u>11,344,725</u> | <u>9,383,839</u> | <u>1,650,588</u> | <u>11,034,427</u> |
| Expenditures: | | | | |
| CDBG Entitlement Program: | | | | |
| Administration | 1,561,392 | 1,571,837 | 166,780 | 1,738,617 |
| Rehab - third party owned dwellings | 4,749,185 | 4,071,276 | 389,871 | 4,461,147 |
| Rehab - rental | 89,841 | 89,841 | - | 89,841 |
| Outside agency funding | 1,085,650 | 897,711 | 145,124 | 1,042,835 |
| Acquisition dilapidated | 531,267 | 531,267 | - | 531,267 |
| Code enforcement | 957,340 | 124,000 | - | 124,000 |
| Conversion program | 253,000 | 156,744 | 86,410 | 243,154 |
| Small area revitalization | 782,830 | 782,851 | - | 782,851 |
| Demolition grants | 117,410 | 14,553 | 97,884 | 112,437 |
| Ecnom. Dev. Study - West Grn./Meadowbrook | 69,255 | 39,493 | 1,500 | 40,993 |
| Neighborhood input grants | 2,964 | 2,963 | - | 2,963 |
| Concentrated needs | 1,772,299 | 1,128,661 | 637,622 | 1,766,283 |
| Sewer oakgrove | 25,482 | 15,130 | - | 15,130 |
| Other expenses | 60,000 | - | - | - |
| Salaries and benefits | - | - | 8,607 | 8,607 |
| Administration | 172,490 | - | - | - |
| Clearance | 40,900 | 58,580 | - | 58,580 |
| Rehab-third party owned dwellings | 105,757 | 105,754 | - | 105,754 |
| Capital outlay | 12,403 | 11,834 | - | 11,834 |
| Total CDBG entitlement program | <u>12,389,465</u> | <u>9,602,495</u> | <u>1,533,798</u> | <u>11,136,293</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,044,740)</u> | <u>(218,656)</u> | <u>116,790</u> | <u>(101,866)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In (Out): | | | | |
| Transfers in | 353,900 | 354,353 | - | 354,353 |
| Transfers from Capital Reserve Fund | 833,340 | - | 833,340 | 833,340 |
| Transfers to Small Business Loan Fund | (142,500) | (142,500) | - | (142,500) |
| Total other financing sources (uses) | <u>1,044,740</u> | <u>211,853</u> | <u>833,340</u> | <u>1,045,193</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ (6,803)</u> | <u>\$ 950,130</u> | <u>\$ 943,327</u> |

CITY OF GREENVILLE, NORTH CAROLINA

CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|---------------------|---|
| Revenues: | | | |
| Investment earnings | \$ 60,000 | \$ 171,901 | \$ 111,901 |
| Other Financing Sources (Uses): | | | |
| Transfers from other funds | 2,270,150 | 1,543,907 | (726,243) |
| Transfers to other funds | (1,496,810) | (859,895) | 636,915 |
| Transfers to Community Development Fund | <u>(833,340)</u> | <u>(833,340)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(60,000)</u> | <u>(149,328)</u> | <u>(89,328)</u> |
| Total revenues and other financing sources | <u>\$ -</u> | <u>22,573</u> | <u>\$ 22,573</u> |
| Fund Balances: | | | |
| Fund balances, beginning of year | | <u>6,356,490</u> | |
| Fund balances, end of year | | <u>\$ 6,379,063</u> | |

CITY OF GREENVILLE, NORTH CAROLINA

SHEPPARD MEMORIAL LIBRARY
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|--------------------|-------------------|---|
| Revenues: | | | |
| Restricted Intergovernmental: | | | |
| County of Pitt | \$ 457,207 | \$ 457,207 | \$ - |
| Town of Bethel | 22,053 | 22,053 | - |
| Town of Winterville | 107,816 | 107,816 | - |
| State aid | 204,675 | 205,712 | 1,037 |
| Housing Authority | 9,900 | 9,900 | - |
| Other miscellaneous grants | 24,840 | 24,840 | - |
| Total restricted intergovernmental revenue | <u>826,491</u> | <u>827,528</u> | <u>1,037</u> |
| Other Revenues: | | | |
| Fines and fees | 91,406 | 99,384 | 7,978 |
| Photocopies | 4,869 | 4,539 | (330) |
| Interest earnings | 5,000 | 16,205 | 11,205 |
| Miscellaneous | 83,709 | 50,863 | (32,846) |
| Total other revenues | <u>184,984</u> | <u>170,991</u> | <u>(13,993)</u> |
| Total revenues | <u>1,011,475</u> | <u>998,519</u> | <u>(12,956)</u> |
| Expenditures: | | | |
| Cultural and Recreational: | | | |
| Salaries and benefits | 1,270,402 | 1,124,280 | 146,122 |
| Capital outlay | 253,879 | 250,366 | 3,513 |
| Maintenance and repairs | 120,268 | 111,720 | 8,548 |
| Other operating expenditures | 380,850 | 375,154 | 5,696 |
| Total expenditures | <u>2,025,399</u> | <u>1,861,520</u> | <u>163,879</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,013,924)</u> | <u>(863,001)</u> | <u>150,923</u> |
| Other Financing Sources (Uses): | | | |
| Transfers from other funds | - | 914,415 | 914,415 |
| Appropriated fund balance | 1,013,924 | - | (1,013,924) |
| Total other financing sources (uses) | <u>1,013,924</u> | <u>914,415</u> | <u>(99,509)</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>51,414</u> | <u>\$ 51,414</u> |
| Fund Balance, beginning of year | | <u>701,106</u> | |
| Fund Balance, end of year | | <u>\$ 752,520</u> | |

CITY OF GREENVILLE, NORTH CAROLINA

HOUSING TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|----------------|-----------------|------------|
| Revenues: | | | | |
| Restricted Intergovernmental: | | | | |
| Grants | \$ 297,500 | \$ 162,476 | \$ 6,000 | \$ 168,476 |
| Other Revenues: | | | | |
| Investment earnings | 4,265 | 6,887 | 1,324 | 8,211 |
| Loan payments | 7,210 | 15,251 | 6,114 | 21,365 |
| Total other revenues | 11,475 | 22,138 | 7,438 | 29,576 |
| Total revenues | 308,975 | 184,614 | 13,438 | 198,052 |
| Expenditures: | | | | |
| Secondary mortgage loan | 150,000 | - | - | - |
| Small area revitalization | 19,332 | 19,330 | - | 19,330 |
| Rehabilitation | 221,113 | 215,374 | - | 215,374 |
| Loans made | 39,530 | 36,422 | - | 36,422 |
| Total expenditures | 429,975 | 271,126 | - | 271,126 |
| Revenues over (under) expenditures | (121,000) | (86,512) | 13,438 | (73,074) |
| Other Financing Sources (Uses): | | | | |
| Transfers From: | | | | |
| Community Development Fund | 121,000 | 121,000 | - | 121,000 |
| Revenues and other financing sources over expenditures and other financing uses | \$ - | \$ 34,488 | \$ 13,438 | \$ 47,926 |

CITY OF GREENVILLE, NORTH CAROLINA

SMALL BUSINESS LOAN FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|-------------------|-----------------|-------------------|
| Revenues: | | | | |
| Other Revenues: | | | | |
| Bank contribution | \$ 475,000 | \$ 448,243 | \$ - | \$ 448,243 |
| Loan payments | 253,552 | 300,089 | 31,354 | 331,443 |
| Application fees | 2,000 | 1,550 | - | 1,550 |
| Investment earnings | 1,706 | 2,489 | 1,449 | 3,938 |
| Total revenues | <u>732,258</u> | <u>752,371</u> | <u>32,803</u> | <u>785,174</u> |
| Expenditures: | | | | |
| Administration | 2,000 | 7 | - | 7 |
| Payments to banks | 255,258 | 302,449 | 32,548 | 334,997 |
| Loans made | 475,000 | 448,242 | - | 448,242 |
| Loan loss reserve | 142,500 | 5,414 | - | 5,414 |
| Total expenditures | <u>874,758</u> | <u>756,112</u> | <u>32,548</u> | <u>788,660</u> |
| Revenues over (under) expenditures | (142,500) | (3,741) | 255 | (3,486) |
| Other Financing Sources (Uses): | | | | |
| Transfers From: | | | | |
| Community Development Fund | <u>142,500</u> | <u>142,500</u> | <u>-</u> | <u>142,500</u> |
| Revenues and other financing sources over expenditures and other financing uses | <u>\$ -</u> | <u>\$ 138,759</u> | <u>\$ 255</u> | <u>\$ 139,014</u> |

CITY OF GREENVILLE, NORTH CAROLINA

COMMUNITY DEVELOPMENT HOME PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|---|----------------------------------|------------------------|-------------------------|------------------|
| Revenues: | | | | |
| Restricted Intergovernmental | | | | |
| Property owners matching funds | \$ 40,140 | \$ 40,221 | \$ 150 | \$ 40,371 |
| HUD - City of Greenville | 6,588,600 | 3,932,192 | 847,954 | 4,780,146 |
| NCHFA - City of Greenville | 20,400 | - | - | - |
| NCHFA - Other consortium members | 13,600 | - | - | - |
| Loan payments | 22,749 | 16,995 | 12,571 | 29,566 |
| American Dream grant | 58,010 | 50,000 | - | 50,000 |
| Total revenues | <u>6,743,499</u> | <u>4,039,408</u> | <u>860,675</u> | <u>4,900,083</u> |
| Expenditures: | | | | |
| Rehabilitation 3rd party owners | 1,871,514 | 1,272,346 | 196,490 | 1,468,836 |
| Program administration | 390,796 | 359,792 | 25,338 | 385,130 |
| Rehab to owner occupants | 62,875 | 62,875 | - | 62,875 |
| Small area revitalization | 5,000 | 5,000 | - | 5,000 |
| Secondary mortgage assistance | 506,205 | 241,409 | 180,183 | 421,592 |
| American dream | 58,010 | 50,000 | 8,010 | 58,010 |
| Transfers to other consortium members | 3,849,099 | 2,030,927 | 405,537 | 2,436,464 |
| Total expenditures | <u>6,743,499</u> | <u>4,022,349</u> | <u>815,558</u> | <u>4,837,907</u> |
| Revenues over (under) expenditures | <u>\$ -</u> | <u>\$ 17,059</u> | <u>\$ 45,117</u> | <u>\$ 62,176</u> |



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CAPITAL PROJECTS FUNDS

The purpose of the Capital Projects Funds is to account for the financial resources segregated for 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 Projects Funds, but in the respective enterprise funds. At June 30, 2006, the City had the following projects in the Capital Projects 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.

FIRE TOWER PROJECT - The Fire Tower Project is established to account for funds used in the renovation of the fire training tower located on Chestnut Street.

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

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.

SOUTHSIDE RECREATION CENTER PROJECT - The Southside Recreation Center Project is established to account for the funds that will be used in the construction of the Southside Recreation Center.

COMPUTERIZED TRAFFIC SIGNAL PROJECT - The Computerized Traffic Signal Project is established to account for the funds that will be used in the construction and acquisition of assets for a computerized traffic signal system

RIVER PARK NORTH PROJECT - The River Park North Project is established to account for the funds that will be used to perform a state mandated environmental study at River Park North.

GREENE STREET BRIDGE RELOCATION AND STREETScape IMPROVEMENTS PROJECT - The Greene Street Bridge Relocation and Streetscape Improvements Project is established to account for the funds that will be used in the relocation of Greene Street Bridge and Streetscape Improvements

GREENWAY PHASE II PROJECT – The Greenway Phase II Project is established to account for funds to be used in the second phase of developing the Greenway.

OXFORD ROAD BRIDGE REPLACEMENT – The Oxford Road Bridge Project is established to account for funds to be used to construct a bridge located on Oxford Road.

FLOOD BUYOUT, RELOCATION, & REPLACEMENT PROJECT - The Flood Buyout, Relocation, & Replacement Project is established to account for the funds used in the purchase, relocation, and replacement of residences that were flooded during Hurricane Floyd. This project fund is funded through Federal and State grants.

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

45 BLOCK 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.

2005COPS VARIOUS CITY PROJECTS – The 2005 COPS Various City Projects consists of renovation and expansion of City administrative facilities, including the Municipal Building and the Greenville Utilities Commission Building, the construction and equipping of a fire/rescue station and training facility, the expansion and renovation of a City library and the development, renovation and expansion of City park facilities.

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.

STORM DRAINAGE PROJECT - The Storm Drainage Project is established to account for the funds used in correcting drainage problems throughout the City.

SIDEWALK CONSTRUCTION PROJECT – The Sidewalk Construction Project provides for the installation of sidewalks along thoroughfares and other high priority locations.

READE / HODGES PARKING LOT IMPROVEMENTS PROJECT - The Reade/ Hodges Parking Lot Improvements Project uses funds to make enhancements to the Hodges parking lot (landscaping, etc.), and streetscape improvements along Reade Street from its intersection with Cotanche Street up to East 5th Street.

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2006

| | Cemetery Development Fund | Affordable Housing Project | Computerized Traffic Signal System | River Park North Project | Greene Street Bridge & Streetscape Improvements | 2005 COPS Various City Projects |
|--|---------------------------------|----------------------------------|--|-----------------------------|--|---------------------------------------|
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 358,294 | \$ 1,023,557 | \$ 236,121 | \$ 19,033 | \$ - | \$ 380,788 |
| Loans receivable | - | 95,349 | - | - | - | - |
| Due from other funds | - | 1,580 | - | - | - | - |
| Due from other governments | - | 38 | 21 | - | 30,470 | 20,527 |
| Total assets | <u>\$ 358,294</u> | <u>\$ 1,120,524</u> | <u>\$ 236,142</u> | <u>\$ 19,033</u> | <u>\$ 30,470</u> | <u>\$ 401,315</u> |
| Liabilities and Fund Balances: | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 33,804 | \$ - | \$ - | \$ 51,313 | \$ 12,262 |
| Due to other funds | 327,694 | - | - | - | 67,879 | - |
| Deferred revenue | - | 95,349 | - | - | - | - |
| Total liabilities | <u>327,694</u> | <u>129,153</u> | <u>-</u> | <u>-</u> | <u>119,192</u> | <u>12,262</u> |
| Fund Balances: | | | | | | |
| Fund balance - unreserved, undesignated | <u>30,600</u> | <u>991,371</u> | <u>236,142</u> | <u>19,033</u> | <u>(88,722)</u> | <u>389,053</u> |
| Total fund balance | <u>30,600</u> | <u>991,371</u> | <u>236,142</u> | <u>19,033</u> | <u>(88,722)</u> | <u>389,053</u> |
| Total liabilities and fund balances | <u>\$ 358,294</u> | <u>\$ 1,120,524</u> | <u>\$ 236,142</u> | <u>\$ 19,033</u> | <u>\$ 30,470</u> | <u>\$ 401,315</u> |

| City Hall Facility | 45 Block Revitalization | Center City Revitalization | Stantonsburg Road / 10th St Connector | South Tar River Greenway | Sidewalk Construction Project | Reade/Hodges Parking Lot Improvement Project | Stormwater Drainage Project | Total |
|---------------------|-------------------------|----------------------------|---------------------------------------|--------------------------|-------------------------------|--|-----------------------------|---------------------|
| \$ 4,092,858 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 255,700 | \$ - | \$ 6,366,351 |
| - | - | - | - | - | - | - | - | 95,349 |
| - | - | - | - | - | - | - | - | 1,580 |
| <u>36</u> | <u>-</u> | <u>-</u> | <u>350,000</u> | <u>-</u> | <u>56</u> | <u>-</u> | <u>-</u> | <u>401,148</u> |
| <u>\$ 4,092,894</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 350,000</u> | <u>\$ -</u> | <u>\$ 56</u> | <u>\$ 255,700</u> | <u>\$ -</u> | <u>\$ 6,864,428</u> |
| \$ 1,054,056 | \$ 2,770 | \$ 4,666 | \$ - | \$ 14,065 | \$ 60,786 | \$ - | \$ - | \$ 1,233,722 |
| - | 404,258 | 66,488 | 361,643 | 48,222 | 14,072 | - | 220,776 | 1,511,032 |
| - | - | - | - | - | - | - | - | 95,349 |
| <u>1,054,056</u> | <u>407,028</u> | <u>71,154</u> | <u>361,643</u> | <u>62,287</u> | <u>74,858</u> | <u>-</u> | <u>220,776</u> | <u>2,840,103</u> |
| <u>3,038,838</u> | <u>(407,028)</u> | <u>(71,154)</u> | <u>(11,643)</u> | <u>(62,287)</u> | <u>(74,802)</u> | <u>255,700</u> | <u>(220,776)</u> | <u>4,024,325</u> |
| <u>3,038,838</u> | <u>(407,028)</u> | <u>(71,154)</u> | <u>(11,643)</u> | <u>(62,287)</u> | <u>(74,802)</u> | <u>255,700</u> | <u>(220,776)</u> | <u>4,024,325</u> |
| <u>\$ 4,092,894</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 350,000</u> | <u>\$ -</u> | <u>\$ 56</u> | <u>\$ 255,700</u> | <u>\$ -</u> | <u>\$ 6,864,428</u> |

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2006

| | Cemetery Development Fund | Fire Tower Project | Affordable Housing Project | Southside Recreation Center | Computerized Traffic Signal System | River Park North Project | Greene Street Bridge & Streetscape Improvements | Greenway Phase II | Oxford Road Bridge Replacement |
|--|---------------------------------|--------------------------|----------------------------------|-----------------------------------|--|-----------------------------|--|----------------------|--------------------------------------|
| Revenues: | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 47,817 | \$ 862,217 | \$ - | \$ - |
| Investment earnings | 3,738 | 271 | 10,225 | - | 6,185 | 164 | 1,817 | - | - |
| Other revenues | - | - | 91,368 | - | - | 3,941 | 1,671 | - | - |
| Total revenues | <u>3,738</u> | <u>271</u> | <u>101,593</u> | <u>-</u> | <u>6,185</u> | <u>51,922</u> | <u>865,705</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| Capital outlay | <u>4,530</u> | <u>-</u> | <u>53,506</u> | <u>-</u> | <u>10,224</u> | <u>1,843</u> | <u>1,407,267</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>4,530</u> | <u>-</u> | <u>53,506</u> | <u>-</u> | <u>10,224</u> | <u>1,843</u> | <u>1,407,267</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(792)</u> | <u>271</u> | <u>48,087</u> | <u>-</u> | <u>(4,039)</u> | <u>50,079</u> | <u>(541,562)</u> | <u>-</u> | <u>-</u> |
| Other Financing Sources (Uses): | | | | | | | | | |
| Transfers from other funds | - | 6,546 | - | - | - | - | 522,770 | - | - |
| Transfers to other funds | - | - | - | (8,847) | - | - | - | (191,345) | (26,809) |
| Total other financing sources (uses) | <u>-</u> | <u>6,546</u> | <u>-</u> | <u>(8,847)</u> | <u>-</u> | <u>-</u> | <u>522,770</u> | <u>(191,345)</u> | <u>(26,809)</u> |
| Net change in fund balances | <u>(792)</u> | <u>6,817</u> | <u>48,087</u> | <u>(8,847)</u> | <u>(4,039)</u> | <u>50,079</u> | <u>(18,792)</u> | <u>(191,345)</u> | <u>(26,809)</u> |
| Fund Balances: | | | | | | | | | |
| Fund balances, beginning of year | <u>31,392</u> | <u>(6,817)</u> | <u>943,284</u> | <u>8,847</u> | <u>240,181</u> | <u>(31,046)</u> | <u>(69,930)</u> | <u>191,345</u> | <u>26,809</u> |
| Fund balances, end of year | <u>\$ 30,600</u> | <u>\$ -</u> | <u>\$ 991,371</u> | <u>\$ -</u> | <u>\$ 236,142</u> | <u>\$ 19,033</u> | <u>\$ (88,722)</u> | <u>\$ -</u> | <u>\$ -</u> |

| Flood Buyout Relocation & Replacement | 2005 COPS Various City Projects | City Hall Facility | 45 Block Revitalization | Center City Revitalization | Stantonsburg Road / 10th St Connector | South Tar River Greenway | Sidewalk Construction Project | Reade/Hodges Parking Lot Improvement Project | Stormwater Drainage Project | Total |
|---|---------------------------------------|-----------------------|----------------------------|-------------------------------|---|--------------------------------|-------------------------------------|---|-----------------------------------|--------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 350,000 | \$ - | \$ - | \$ - | \$ - | \$ 1,260,034 |
| - | 114,739 | 310,383 | - | - | - | - | - | - | - | 447,522 |
| - | 61,230 | - | - | - | - | - | - | - | - | 158,210 |
| - | 175,969 | 310,383 | - | - | 350,000 | - | - | - | - | 1,865,766 |
| - | 2,382,972 | 5,015,752 | 407,028 | 71,154 | 361,643 | 62,287 | 274,802 | - | 220,776 | 10,273,784 |
| - | 2,382,972 | 5,015,752 | 407,028 | 71,154 | 361,643 | 62,287 | 274,802 | - | 220,776 | 10,273,784 |
| - | (2,207,003) | (4,705,369) | (407,028) | (71,154) | (11,643) | (62,287) | (274,802) | - | (220,776) | (8,408,018) |
| - | 74,176 | 20,000 | - | - | - | - | 200,000 | 255,700 | - | 1,079,192 |
| (194,721) | - | - | - | - | - | - | - | - | - | (421,722) |
| (194,721) | 74,176 | 20,000 | - | - | - | - | 200,000 | 255,700 | - | 657,470 |
| (194,721) | (2,132,827) | (4,685,369) | (407,028) | (71,154) | (11,643) | (62,287) | (74,802) | 255,700 | (220,776) | (7,750,548) |
| 194,721 | 2,521,880 | 7,724,207 | - | - | - | - | - | - | - | 11,774,873 |
| \$ - | \$ 389,053 | \$ 3,038,838 | \$ (407,028) | \$ (71,154) | \$ (11,643) | \$ (62,287) | \$ (74,802) | \$ 255,700 | \$ (220,776) | \$ 4,024,325 |

CITY OF GREENVILLE, NORTH CAROLINA

CEMETERY DEVELOPMENT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|------------------|
| Revenues: | | | | |
| Special Federal/State/Local grants | \$ 105,000 | \$ 107,521 | \$ - | \$ 107,521 |
| Interest earnings | - | 3,862 | 3,738 | 7,600 |
| Total revenues | <u>105,000</u> | <u>111,383</u> | <u>3,738</u> | <u>115,121</u> |
| Expenditures: | | | | |
| Capital improvements | <u>390,010</u> | <u>364,991</u> | <u>4,530</u> | <u>369,521</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(285,010)</u> | <u>(253,608)</u> | <u>(792)</u> | <u>(254,400)</u> |
| Other Financing Sources (Uses): | | | | |
| Bonds issued | 75,000 | 75,000 | - | 75,000 |
| Transfer to General Fund | (10,000) | (10,000) | - | (10,000) |
| Transfer from General Fund | <u>220,010</u> | <u>220,000</u> | <u>-</u> | <u>220,000</u> |
| Total other financing sources (uses) | <u>285,010</u> | <u>285,000</u> | <u>-</u> | <u>285,000</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 31,392</u> | <u>\$ (792)</u> | <u>\$ 30,600</u> |

CITY OF GREENVILLE, NORTH CAROLINA

AFFORDABLE HOUSING CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|-------------------|------------------|-------------------|
| Revenues: | | | | |
| Interest earnings | \$ 160,500 | \$ 163,083 | \$ 10,225 | \$ 173,308 |
| Loan payments | 142,100 | 145,284 | 13,368 | 158,652 |
| Sale of property | 1,176,000 | 1,232,783 | 78,000 | 1,310,783 |
| Total revenues | <u>1,478,600</u> | <u>1,541,150</u> | <u>101,593</u> | <u>1,642,743</u> |
| Expenditures: | | | | |
| Bond administration cost | 6,349 | 6,349 | - | 6,349 |
| Home ownership | 1,496,151 | 719,882 | 4,155 | 724,037 |
| Land banking | 733,000 | 688,274 | - | 688,274 |
| Rehabilitation | 243,100 | 183,836 | 49,351 | 233,187 |
| Total expenditures | <u>2,478,600</u> | <u>1,598,341</u> | <u>53,506</u> | <u>1,651,847</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,000,000)</u> | <u>(57,191)</u> | <u>48,087</u> | <u>(9,104)</u> |
| Other Financing Sources (Uses): | | | | |
| Bonds issued | 1,000,000 | 1,000,475 | - | 1,000,475 |
| Total other financing sources (uses) | <u>1,000,000</u> | <u>1,000,475</u> | <u>-</u> | <u>1,000,475</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 943,284</u> | <u>\$ 48,087</u> | <u>\$ 991,371</u> |

CITY OF GREENVILLE, NORTH CAROLINA

COMPUTERIZED TRAFFIC SIGNAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------|
| Revenues: | | | | |
| Interest earnings | \$ 430,000 | \$ 451,049 | \$ 6,185 | \$ 457,234 |
| NCDOT grant | 600,000 | 600,000 | - | 600,000 |
| Miscellaneous | - | 900 | - | 900 |
| Total revenues | <u>1,030,000</u> | <u>1,051,949</u> | <u>6,185</u> | <u>1,058,134</u> |
| Expenditures: | | | | |
| Bond administration cost | 47,285 | 42,590 | - | 42,590 |
| Traffic signal maintenance facility | 4,808,000 | 4,560,147 | 10,224 | 4,570,371 |
| Total expenditures | <u>4,855,285</u> | <u>4,602,737</u> | <u>10,224</u> | <u>4,612,961</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,825,285)</u> | <u>(3,550,788)</u> | <u>(4,039)</u> | <u>(3,554,827)</u> |
| Other Financing Sources (Uses): | | | | |
| Bonds issued | 3,825,285 | 3,790,969 | - | 3,790,969 |
| Total other financing sources (uses) | <u>3,825,285</u> | <u>3,790,969</u> | <u>-</u> | <u>3,790,969</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 240,181</u> | <u>\$ (4,039)</u> | <u>\$ 236,142</u> |

CITY OF GREENVILLE, NORTH CAROLINA

RIVER PARK NORTH CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|--------------------|------------------|------------------|
| Revenues: | | | | |
| Federal emergency mgmt. assistance | \$ 420,000 | \$ 321,970 | \$ 47,817 | \$ 369,787 |
| Recreation donations | 146,840 | 273,056 | 3,941 | 276,997 |
| Recreation & parks trust | 250,000 | 250,000 | - | 250,000 |
| Investment earnings | 4,000 | 18,530 | 164 | 18,694 |
| Total revenues | <u>820,840</u> | <u>863,556</u> | <u>51,922</u> | <u>915,478</u> |
| Expenditures: | | | | |
| River park north site improvement | 1,132,880 | 1,118,783 | - | 1,118,783 |
| River park north furnishings | 172,182 | 251,123 | - | 251,123 |
| River park north exhibits | 384,960 | 446,706 | 1,843 | 448,549 |
| Total expenditures | <u>1,690,022</u> | <u>1,816,612</u> | <u>1,843</u> | <u>1,818,455</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(869,182)</u> | <u>(953,056)</u> | <u>50,079</u> | <u>(902,977)</u> |
| Other Financing Sources (Uses): | | | | |
| Bonds issued | 750,000 | 750,000 | - | 750,000 |
| Transfer from General Fund | 100,000 | 172,010 | - | 172,010 |
| Appropriated fund balance | 19,182 | - | - | - |
| Total other financing sources (uses) | <u>869,182</u> | <u>922,010</u> | <u>-</u> | <u>922,010</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ (31,046)</u> | <u>\$ 50,079</u> | <u>\$ 19,033</u> |

CITY OF GREENVILLE, NORTH CAROLINA

GREENE STREET BRIDGE RELOCATION AND
 GREENE STREET STREETScape IMPROVEMENTS
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|--------------------|--------------------|--------------------|
| Revenues: | | | | |
| Restricted intergovernmental | \$ 1,414,836 | \$ - | \$ 862,217 | \$ 862,217 |
| Miscellaneous | - | - | 1,671 | 1,671 |
| Investment earnings | - | - | 1,817 | 1,817 |
| Total revenues | <u>1,414,836</u> | <u>-</u> | <u>865,705</u> | <u>865,705</u> |
| Expenditures: | | | | |
| Greene Street Bridge Relocation: | | | | |
| Engineering | 125,000 | - | 94,368 | 94,368 |
| Land acquisition | 63,000 | - | 73,981 | 73,981 |
| Construction | 1,274,664 | - | 1,099,748 | 1,099,748 |
| Greene Street Streetscape Improvements: | | | | |
| Engineering | 52,300 | - | 36,822 | 36,822 |
| Construction | 518,786 | - | 102,348 | 102,348 |
| Total expenditures | <u>2,033,750</u> | <u>-</u> | <u>1,407,267</u> | <u>1,407,267</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(618,914)</u> | <u>-</u> | <u>(541,562)</u> | <u>(541,562)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers from other funds | 452,840 | (69,930) | 522,770 | 452,840 |
| Appropriated fund balance | 166,074 | - | - | - |
| Total other financing sources (uses) | <u>618,914</u> | <u>(69,930)</u> | <u>522,770</u> | <u>452,840</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ (69,930)</u> | <u>\$ (18,792)</u> | <u>\$ (88,722)</u> |

CITY OF GREENVILLE, NORTH CAROLINA

2005 COPS - VARIOUS CITY CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|---------------------|-----------------------|--------------------|
| Revenues: | | | | |
| Other revenues | \$ 150,000 | \$ 106,981 | \$ 61,230 | \$ 168,211 |
| Interest earnings | 150,000 | 72,581 | 114,739 | 187,320 |
| Total revenues | <u>300,000</u> | <u>179,562</u> | <u>175,969</u> | <u>355,531</u> |
| Expenditures: | | | | |
| Fire and rescue project | 3,095,506 | 1,057,450 | 1,713,256 | 2,770,706 |
| Guy Smith Stadium | 900,000 | 730,308 | 134,622 | 864,930 |
| Greenfield Terrace | 399,131 | 343,899 | 1,012 | 344,911 |
| SW Park Development | 170,685 | 38,235 | 51,505 | 89,740 |
| Carver Library | 1,387,774 | 583,043 | 482,577 | 1,065,620 |
| Total expenditures | <u>5,953,096</u> | <u>2,752,935</u> | <u>2,382,972</u> | <u>5,135,907</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,653,096)</u> | <u>(2,573,373)</u> | <u>(2,207,003)</u> | <u>(4,780,376)</u> |
| Other Financing Sources (Uses): | | | | |
| COPS issued | 5,351,058 | 5,095,253 | - | 5,095,253 |
| Transfers from other funds | 108,151 | - | 74,176 | 74,176 |
| Appropriated fund balance | 193,887 | - | - | - |
| Total other financing sources (uses) | <u>5,653,096</u> | <u>5,095,253</u> | <u>74,176</u> | <u>5,169,429</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 2,521,880</u> | <u>\$ (2,132,827)</u> | <u>\$ 389,053</u> |

CITY OF GREENVILLE, NORTH CAROLINA

CITY HALL FACILITY
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|---------------------|-----------------------|---------------------|
| Revenues: | | | | |
| Other income | \$ - | \$ 31,916 | \$ - | \$ 31,916 |
| Interest earnings | - | 186,304 | 310,383 | 496,687 |
| Total revenues | <u>-</u> | <u>218,220</u> | <u>310,383</u> | <u>528,603</u> |
| Expenditures: | | | | |
| Construction | 9,206,080 | 3,160,376 | 4,030,936 | 7,191,312 |
| Capital outlay | 1,170,997 | 22,764 | 889,333 | 912,097 |
| Acquisition | 950,000 | 950,000 | - | 950,000 |
| Bond administration cost | 250,000 | 102,049 | - | 102,049 |
| Design | 1,070,000 | 523,571 | 95,483 | 619,054 |
| Total expenditures | <u>12,647,077</u> | <u>4,758,760</u> | <u>5,015,752</u> | <u>9,774,512</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(12,647,077)</u> | <u>(4,540,540)</u> | <u>(4,705,369)</u> | <u>(9,245,909)</u> |
| Other Financing Sources (Uses): | | | | |
| Bonds issued | 425,000 | 425,000 | - | 425,000 |
| COPS issued | 10,723,942 | 10,889,747 | - | 10,889,747 |
| Transfers from other funds | 970,000 | 950,000 | 20,000 | 970,000 |
| Appropriated fund balance | 528,135 | - | - | - |
| Total other financing sources (uses) | <u>12,647,077</u> | <u>12,264,747</u> | <u>20,000</u> | <u>12,284,747</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 7,724,207</u> | <u>\$ (4,685,369)</u> | <u>\$ 3,038,838</u> |

CITY OF GREENVILLE, NORTH CAROLINA

45 BLOCK REVITALILZATION
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|---------------------|
| Expenditures: | | | | |
| Acquisition | 1,900,000 | - | 303,316 | 303,316 |
| Demolition | 475,000 | - | 61,509 | 61,509 |
| Construction | 200,000 | - | - | - |
| Infrastructure | 1,000,000 | - | 41,789 | 41,789 |
| Development financing | 550,000 | - | - | - |
| Relocation assistance | 475,000 | - | - | - |
| Owner occupied rehabilitation | 400,000 | - | 414 | 414 |
| Total expenditures | <u>5,000,000</u> | <u>-</u> | <u>407,028</u> | <u>407,028</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,000,000)</u> | <u>-</u> | <u>(407,028)</u> | <u>(407,028)</u> |
| Other Financing Sources (Uses): | | | | |
| Bonds issued | <u>5,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>5,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (407,028)</u> | <u>\$ (407,028)</u> |

CITY OF GREENVILLE, NORTH CAROLINA

CENTER CITY REVITALIZATION
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------|
| Expenditures: | | | | |
| Acquisition | \$ 2,250,000 | \$ - | \$ - | \$ - |
| Demolition | 500,000 | - | - | - |
| Infrastructure | 1,250,000 | - | 71,154 | 71,154 |
| Development financing | 500,000 | - | - | - |
| Business retention | 500,000 | - | - | - |
| Total expenditures | <u>5,000,000</u> | <u>-</u> | <u>71,154</u> | <u>71,154</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,000,000)</u> | <u>-</u> | <u>(71,154)</u> | <u>(71,154)</u> |
| Other Financing Sources (Uses): | | | | |
| Bonds issued | <u>5,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>5,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (71,154)</u> | <u>\$ (71,154)</u> |

CITY OF GREENVILLE, NORTH CAROLINA

STANTONSBURG ROAD / 10TH STREET CONNECTOR
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|----------------|--------------------|--------------------|
| Revenues: | | | | |
| Restricted intergovernmental revenue | \$ 4,000,000 | \$ - | \$ 350,000 | \$ 350,000 |
| Interest earnings | 22,000 | - | - | - |
| Total revenues | <u>4,022,000</u> | <u>-</u> | <u>350,000</u> | <u>350,000</u> |
| Expenditures: | | | | |
| Bond administration cost | 22,000 | - | - | - |
| Engineering | 3,000,000 | - | 361,643 | 361,643 |
| Right of way | <u>3,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>6,022,000</u> | <u>-</u> | <u>361,643</u> | <u>361,643</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,000,000)</u> | <u>-</u> | <u>(11,643)</u> | <u>(11,643)</u> |
| Other Financing Sources (Uses): | | | | |
| Bonds issued | <u>2,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>2,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (11,643)</u> | <u>\$ (11,643)</u> |

CITY OF GREENVILLE, NORTH CAROLINA

SOUTH TAR RIVER GREENWAY PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------|
| Revenues: | | | | |
| Restricted intergovernmental revenue | \$ 1,480,000 | \$ - | \$ - | \$ - |
| Total revenues | <u>1,480,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Testing | 25,000 | - | - | - |
| Construction | 1,243,000 | - | - | - |
| Engineering | 162,000 | - | 62,287 | 62,287 |
| Right of way | 50,000 | - | - | - |
| Total expenditures | <u>1,480,000</u> | <u>-</u> | <u>62,287</u> | <u>62,287</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (62,287)</u> | <u>\$ (62,287)</u> |

CITY OF GREENVILLE, NORTH CAROLINA

SIDEWALK CONSTRUCTION PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------|
| Revenues: -- | | | | |
| Restricted intergovernmental revenue | \$ 375,600 | \$ - | \$ - | \$ - |
| Total revenues | <u>375,600</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Construction | <u>575,600</u> | <u>-</u> | <u>274,802</u> | <u>274,802</u> |
| Total expenditures | <u>575,600</u> | <u>-</u> | <u>274,802</u> | <u>274,802</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(200,000)</u> | <u>-</u> | <u>(274,802)</u> | <u>(274,802)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | <u>200,000</u> | <u>-</u> | <u>200,000</u> | <u>200,000</u> |
| Total other financing sources (uses) | <u>200,000</u> | <u>-</u> | <u>200,000</u> | <u>200,000</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (74,802)</u> | <u>\$ (74,802)</u> |

CITY OF GREENVILLE, NORTH CAROLINA

READE / HODGES PARKING LOT IMPROVEMENT PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total</u> |
|--|----------------------------------|------------------------|-------------------------|-------------------|
| Expenditures: | | | | |
| Construction | \$ 255,700 | \$ - | \$ - | \$ - |
| Other Financing Sources: | | | | |
| Transfers in | <u>255,700</u> | <u>-</u> | <u>255,700</u> | <u>255,700</u> |
| Excess of other financing sources over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 255,700</u> | <u>\$ 255,700</u> |

CITY OF GREENVILLE, NORTH CAROLINA

STORMWATER DRAINAGE PROJECT
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2006

| | Project Authorization | Prior Years | Current Year | Total |
|--|--------------------------|----------------|---------------------|---------------------|
| Revenues: | | | | |
| Interest earnings | \$ 204,000 | \$ - | \$ - | \$ - |
| Total revenues | <u>204,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | |
| Engineering | 350,000 | - | 184,666 | 184,666 |
| Non-contractual | 204,000 | - | - | - |
| Skinner construction | 680,000 | - | - | - |
| Village Grove/ Sylvan Drive construction | 1,618,232 | - | 36,110 | 36,110 |
| West Haven subdivision construction | 670,000 | - | - | - |
| Dickinson / Chestnut construction | 738,000 | - | - | - |
| Red Oak construction | 586,000 | - | - | - |
| Colonial Heights construction | 538,000 | - | - | - |
| Total expenditures | <u>5,384,232</u> | <u>-</u> | <u>220,776</u> | <u>220,776</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,180,232)</u> | <u>-</u> | <u>(220,776)</u> | <u>(220,776)</u> |
| Other Financing Sources (Uses): | | | | |
| Bonds issued | 5,100,000 | - | - | - |
| Transfers in | 80,232 | - | - | - |
| Total other financing sources (uses) | <u>5,180,232</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (220,776)</u> | <u>\$ (220,776)</u> |



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ENTERPRISE FUNDS

The 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.

AQUATICS AND FITNESS CENTER FUND

The Aquatics and Fitness Center Fund is established to account for the operations of the athletic center located at the Eastern Carolina Vocational Center on Station Road.

PUBLIC TRANSPORTATION FUND

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

BRADFORD CREEK GOLF COURSE FUND

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

STORMWATER UTILITY FUND

The Stormwater Utility Fund is established to account for the operations of the Stormwater Utility operated through the Public Works Department of the City.

CITY OF GREENVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (Non-GAAP) -
ELECTRIC OPERATING FUND - MAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|---|--------------------|--------------------|------------------------------------|--------------------|
| | Budget | Actual | | Actual |
| Revenues: | | | | |
| Operating Revenues: | | | | |
| Rates and charges | \$ 155,700,000 | \$ 152,459,360 | \$ (3,240,640) | \$ 136,339,149 |
| Fees and charges | 603,000 | 574,037 | (28,963) | 642,199 |
| U.G. temp service charges | 506,000 | 533,117 | 27,117 | 441,931 |
| Miscellaneous | 397,267 | 315,741 | (81,526) | 659,903 |
| | <u>157,206,267</u> | <u>153,882,256</u> | <u>(3,324,012)</u> | <u>138,083,182</u> |
| Non-Operating Revenues: | | | | |
| Interest on temporary investments | 1,250,000 | 1,279,681 | 29,681 | 797,232 |
| FEMA/Insurance reimbursements | - | 34,295 | 34,295 | - |
| Miscellaneous | - | 647,705 | 647,705 | 329,439 |
| | <u>1,250,000</u> | <u>1,961,681</u> | <u>711,681</u> | <u>1,126,671</u> |
| Total revenues | <u>158,456,267</u> | <u>155,843,936</u> | <u>(2,612,331)</u> | <u>139,209,853</u> |
| Expenditures | | | | |
| Non-Department: | | | | |
| Personnel | 194,763 | 193,150 | 1,613 | 188,873 |
| Operations | 5,983,947 | 5,689,809 | 294,138 | 5,497,681 |
| Capital | 26,900 | 26,774 | 126 | 15,753 |
| | <u>6,205,610</u> | <u>5,909,733</u> | <u>295,877</u> | <u>5,702,307</u> |
| Governing Body Department: | | | | |
| Personnel | 260,381 | 264,625 | (4,244) | 223,556 |
| Operations | 226,730 | 188,240 | 38,490 | 127,839 |
| | <u>487,111</u> | <u>452,865</u> | <u>34,246</u> | <u>351,395</u> |
| Finance Department: | | | | |
| Personnel | 117,440 | 116,794 | 646 | 98,999 |
| Operations | 90,934 | 47,979 | 42,955 | 25,649 |
| | <u>208,374</u> | <u>164,773</u> | <u>43,601</u> | <u>124,648</u> |
| Information Technology Department: | | | | |
| Personnel | 301,346 | 299,784 | 1,562 | 281,713 |
| Operations | 718,445 | 617,542 | 100,903 | 517,047 |
| Capital | 89,880 | 63,759 | 26,121 | 176,103 |
| | <u>1,109,671</u> | <u>981,085</u> | <u>128,586</u> | <u>974,863</u> |

CITY OF GREENVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (Non-GAAP) -
ELECTRIC OPERATING FUND - MAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | | 2005 |
|--|--------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Customer Relations Department: | | | | |
| Personnel | 1,210,156 | 1,195,869 | 14,287 | 1,116,233 |
| Operations | 270,459 | 247,976 | 22,483 | 274,862 |
| Capital | 9,047 | 2,827 | 6,220 | - |
| | <u>1,489,662</u> | <u>1,446,672</u> | <u>42,990</u> | <u>1,391,095</u> |
| Support Services Department: | | | | |
| Personnel | 1,918,556 | 1,938,598 | (20,042) | 1,909,224 |
| Operations | 2,814,987 | 2,471,571 | 343,416 | 2,357,289 |
| Capital | 11,360 | 11,293 | 67 | 67,467 |
| | <u>4,744,903</u> | <u>4,421,462</u> | <u>323,441</u> | <u>4,333,980</u> |
| Utility Locating Services: | | | | |
| Personnel | 69,250 | 67,924 | 1,326 | 62,348 |
| Operations | 14,052 | 13,764 | 288 | 12,570 |
| | <u>83,302</u> | <u>81,688</u> | <u>1,614</u> | <u>74,918</u> |
| Electric Department: | | | | |
| Personnel | 3,762,196 | 3,735,321 | 26,875 | 3,200,790 |
| Operations | 133,179,558 | 129,241,806 | 3,937,752 | 115,927,049 |
| Capital | 7,185,880 | 6,479,326 | 706,554 | 6,149,278 |
| | <u>144,127,634</u> | <u>139,456,453</u> | <u>4,671,181</u> | <u>125,277,117</u> |
| Total expenditures | <u>158,456,267</u> | <u>152,914,731</u> | <u>5,541,536</u> | <u>138,230,323</u> |
| Excess of revenues over (under) expenditures | <u>\$ -</u> | <u>\$ 2,929,205</u> | <u>\$ 2,929,205</u> | <u>\$ 979,530</u> |
| Reconciliation to Full Accrual Basis From Modified Accrual Basis: | | | | |
| Revenues over (under) expenditures | | <u>\$ 2,929,205</u> | | <u>\$ 979,530</u> |
| Budgetary appropriations - capital | | 6,583,979 | | 6,408,601 |
| Budgetary appropriations - debt principal | | 1,276,338 | | 1,234,748 |
| Depreciation | | (6,790,961) | | (6,837,344) |
| Changes in bond interest accrual | | - | | 14,947 |
| Amortization of bond premium/discount | | (16,458) | | (16,456) |
| Capitalization of bond interest | | 4,797 | | - |
| Changes in unrealized gains/losses on investments | | 29,129 | | (30,730) |
| Revenue recognized in Capital Projects | | <u>71,358</u> | | <u>151,159</u> |
| | | <u>1,158,182</u> | | <u>924,925</u> |
| Change in net assets - GAAP Basis | | <u>\$ 4,087,387</u> | | <u>\$ 1,904,455</u> |

CITY OF GREENVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (Non-GAAP) -
WATER OPERATING FUND - MAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|---|-------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues: | | | | |
| Operating Revenues: | | | | |
| Rates and charges | \$ 10,669,050 | \$ 10,439,411 | \$ (229,639) | \$ 9,620,951 |
| Fees and charges | 784,578 | 807,523 | 22,945 | 475,413 |
| Miscellaneous | 89,067 | 89,920 | 853 | 26,767 |
| | <u>11,542,695</u> | <u>11,336,854</u> | <u>(205,841)</u> | <u>10,123,131</u> |
| Non-Operating Revenues: | | | | |
| Interest on temporary investments | 75,000 | 85,537 | 10,537 | 82,047 |
| FEMA/Insurance reimbursements | - | 12,003 | 12,003 | - |
| Miscellaneous | - | 37,231 | 37,231 | 23,704 |
| | <u>75,000</u> | <u>134,771</u> | <u>59,771</u> | <u>105,751</u> |
| Total revenues | <u>11,617,695</u> | <u>11,471,625</u> | <u>(146,070)</u> | <u>10,228,882</u> |
| Expenditures: | | | | |
| Non-Department: | | | | |
| Personnel | 113,915 | 112,754 | 1,161 | 106,054 |
| Operations | 3,825,369 | 4,015,371 | (190,002) | 4,084,173 |
| Capital | 4,900 | 4,873 | 27 | 72,512 |
| | <u>3,944,184</u> | <u>4,132,998</u> | <u>(188,814)</u> | <u>4,262,739</u> |
| Governing Body Department: | | | | |
| Personnel | 139,060 | 134,418 | 4,642 | 121,146 |
| Operations | 674,997 | 705,248 | (30,251) | 1,387,498 |
| | <u>814,057</u> | <u>839,666</u> | <u>(25,609)</u> | <u>1,508,644</u> |
| Finance Department: | | | | |
| Personnel | 117,440 | 116,793 | 647 | 98,999 |
| Operations | 36,934 | 47,883 | (10,949) | 25,308 |
| | <u>154,374</u> | <u>164,676</u> | <u>(10,302)</u> | <u>124,307</u> |
| Information Technology Department: | | | | |
| Personnel | 301,346 | 299,264 | 2,082 | 282,151 |
| Operations | 44,903 | 48,900 | (3,997) | 33,564 |
| Capital | 5,618 | 3,985 | 1,633 | 11,006 |
| | <u>351,867</u> | <u>352,149</u> | <u>(282)</u> | <u>326,721</u> |
| Customer Relations Department: | | | | |
| Personnel | 216,295 | 214,495 | 1,800 | 204,414 |
| Operations | 44,575 | (160,795) | 205,370 | 47,242 |
| Capital | 565 | 2,827 | (2,262) | - |
| | <u>261,435</u> | <u>56,527</u> | <u>204,908</u> | <u>251,656</u> |

CITY OF GREENVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (Non-GAAP) -
WATER OPERATING FUND - MAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|--|-------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | Actual |
| Support Services Department: | | | | |
| Personnel | 389,060 | 332,909 | 56,151 | 420,490 |
| Operations | 253,142 | 284,134 | (30,992) | 254,042 |
| Capital | 710 | 706 | 4 | 4,217 |
| | <u>642,912</u> | <u>617,749</u> | <u>25,163</u> | <u>678,749</u> |
| Utility Locating Services: | | | | |
| Personnel | 69,250 | 67,922 | 1,328 | 62,185 |
| Operations | 14,052 | 11,540 | 2,512 | 10,844 |
| | <u>83,302</u> | <u>79,462</u> | <u>3,840</u> | <u>73,029</u> |
| Water Department: | | | | |
| Personnel | 2,410,196 | 2,399,185 | 11,011 | 2,266,103 |
| Operations | 1,955,618 | 1,874,960 | 80,658 | 1,874,488 |
| Capital | 1,258,591 | 1,188,345 | 70,246 | 883,228 |
| | <u>5,624,405</u> | <u>5,462,490</u> | <u>161,915</u> | <u>5,023,819</u> |
| Total expenditures | <u>11,876,536</u> | <u>11,705,717</u> | <u>170,819</u> | <u>12,249,664</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(258,841)</u> | <u>(234,092)</u> | <u>24,749</u> | <u>(2,020,782)</u> |
| Other Financing Sources (Uses): | | | | |
| Contractor's Contributions | - | 2,027,657 | 2,027,657 | 1,061,144 |
| Intra-fund transfers | 258,841 | 258,000 | (841) | (20,429) |
| Total other financing sources (uses) | <u>258,841</u> | <u>2,285,657</u> | <u>2,026,816</u> | <u>1,040,715</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 2,051,565</u> | <u>\$ 2,051,565</u> | <u>\$ (980,067)</u> |
| Reconciliation to Full Accrual Basis From Modified Accrual Basis: | | | | |
| Revenues over (under) expenditures | | <u>\$ 2,051,565</u> | | <u>\$ (980,067)</u> |
| Budgetary appropriations - capital | | 1,200,736 | | 970,963 |
| Budgetary appropriations - debt principal | | 1,717,804 | | 1,632,986 |
| Depreciation | | (2,796,430) | | (2,698,370) |
| Changes in bond interest accrual | | - | | 20,443 |
| Amortization of bond premium/discount | | (10,750) | | (10,751) |
| Capitalization of bond interest | | 10,449 | | 32,056 |
| Intra-fund transfers | | (258,000) | | 20,429 |
| Changes in unrealized gains/losses on investments | | (2,994) | | 35,741 |
| Revenue recognized in Capital Projects | | 260,158 | | 223,422 |
| Revenue recognized in Capital Reserve | | 41 | | 4,537 |
| | | <u>121,014</u> | | <u>231,456</u> |
| Change in Net Assets - GAAP Basis | | <u>\$ 2,172,579</u> | | <u>\$ (748,611)</u> |

CITY OF GREENVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (Non-GAAP) -
SEWER OPERATING FUND - MAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|---|-------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues: | | | | |
| Operating Revenues: | | | | |
| Rates and charges | \$ 11,189,318 | \$ 11,061,575 | \$ (127,743) | \$ 10,882,171 |
| Fees and charges | 588,855 | 597,831 | 8,976 | 440,702 |
| Acreage | 516,000 | 642,718 | 126,718 | - |
| Miscellaneous | 37,767 | 37,773 | 6 | 16,765 |
| | <u>12,331,940</u> | <u>12,339,896</u> | <u>7,956</u> | <u>11,339,638</u> |
| Non-Operating Revenues: | | | | |
| Interest on temporary investments | 292,000 | 260,633 | (31,367) | 171,704 |
| Pitt County Dev. Comm. | 430,437 | 430,438 | 1 | 430,438 |
| FEMA/Insurance reimbursements | - | 4,001 | 4,001 | - |
| Miscellaneous | - | 47,945 | 47,945 | 19,045 |
| | <u>722,437</u> | <u>743,017</u> | <u>20,580</u> | <u>621,187</u> |
| Total revenues | <u>13,054,377</u> | <u>13,082,913</u> | <u>28,536</u> | <u>11,960,825</u> |
| Expenditures | | | | |
| Personnel: | | | | |
| Personnel | 41,213 | 39,750 | 1,463 | 34,149 |
| Operations | 5,854,854 | 5,926,517 | (71,663) | 4,747,212 |
| Capital | 4,900 | 4,874 | 26 | 15,512 |
| | <u>5,900,967</u> | <u>5,971,141</u> | <u>(70,174)</u> | <u>4,796,873</u> |
| Governing Body Department: | | | | |
| Personnel | 139,060 | 134,417 | 4,643 | 121,147 |
| Operations | 140,270 | 127,114 | 13,156 | 101,715 |
| | <u>279,330</u> | <u>261,531</u> | <u>17,799</u> | <u>222,862</u> |
| Finance Department: | | | | |
| Personnel | 117,440 | 116,794 | 646 | 98,999 |
| Operations | 45,934 | 47,883 | (1,949) | 25,307 |
| | <u>163,374</u> | <u>164,677</u> | <u>(1,303)</u> | <u>124,306</u> |
| Information Technology Department: | | | | |
| Personnel | 301,346 | 299,264 | 2,082 | 281,814 |
| Operations | 44,902 | 48,314 | (3,412) | 33,448 |
| Capital | 5,618 | 3,985 | 1,633 | 11,006 |
| | <u>351,866</u> | <u>351,563</u> | <u>303</u> | <u>326,268</u> |
| Customer Relations Department: | | | | |
| Personnel | 216,295 | 214,494 | 1,801 | 204,411 |
| Operations | 44,575 | 45,557 | (982) | 47,036 |
| Capital | 565 | 2,827 | (2,262) | - |
| | <u>261,435</u> | <u>262,878</u> | <u>(1,443)</u> | <u>251,447</u> |
| Support Services Department: | | | | |
| Personnel | 172,094 | 212,467 | (40,373) | 118,341 |
| Operations | 229,897 | 272,385 | (42,488) | 243,343 |
| Capital | 710 | 706 | 4 | 4,217 |
| | <u>402,701</u> | <u>485,558</u> | <u>(82,857)</u> | <u>365,901</u> |

CITY OF GREENVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (Non-GAAP) -
SEWER OPERATING FUND - MAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|--|-------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | Actual |
| Utility Locating Services: | | | | |
| Personnel | 69,250 | 67,923 | 1,327 | 62,186 |
| Operations | 14,052 | 11,540 | 2,512 | 10,844 |
| | <u>83,302</u> | <u>79,463</u> | <u>3,839</u> | <u>73,030</u> |
| Sewer Department: | | | | |
| Personnel | 2,682,354 | 2,357,694 | 324,660 | 2,267,528 |
| Operations | 2,261,243 | 2,125,082 | 136,161 | 2,041,065 |
| Capital | 1,220,086 | 1,220,086 | - | 823,945 |
| | <u>6,163,683</u> | <u>5,702,862</u> | <u>460,821</u> | <u>5,132,538</u> |
| Total expenditures | <u>13,606,658</u> | <u>13,279,673</u> | <u>326,985</u> | <u>11,293,225</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(552,281)</u> | <u>(196,760)</u> | <u>355,521</u> | <u>667,600</u> |
| Other Financing Sources (Uses): | | | | |
| Contractor's Contributions | - | 5,014,954 | 5,014,954 | 2,050,568 |
| Intra-fund transfers | 552,281 | 199,000 | (353,281) | - |
| Total other financing sources (uses) | <u>552,281</u> | <u>5,213,954</u> | <u>4,661,673</u> | <u>2,050,568</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ 5,017,195</u> | <u>\$ 5,017,195</u> | <u>\$ 2,718,168</u> |
| Reconciliation to Full Accrual Basis From Modified Accrual Basis: | | | | |
| Revenues over (under) expenditures | | <u>\$ 5,017,195</u> | | <u>\$ 2,718,168</u> |
| Budgetary appropriations - capital | | 1,232,478 | | 854,680 |
| Budgetary appropriations - debt principal | | 3,426,571 | | 2,627,967 |
| Depreciation | | (3,640,948) | | (3,189,386) |
| Changes in bond interest accrual | | - | | (228,816) |
| Amortization of bond premium/discount | | (40,963) | | (40,962) |
| Capitalization of bond interest | | 75,295 | | 338,338 |
| Intra-fund transfers | | (199,000) | | - |
| Changes in unrealized gains/losses on investments | | 9,620 | | 15,224 |
| Revenue recognized in Capital Projects | | 112,958 | | 502,373 |
| Revenue recognized in Capital Reserve | | 125 | | 158 |
| | | <u>976,136</u> | | <u>879,576</u> |
| Change in Net Assets - GAAP Basis | | <u>\$ 5,993,331</u> | | <u>\$ 3,597,744</u> |

CITY OF GREENVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (Non-GAAP) -
GAS OPERATING FUND - MAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|---|-------------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | | Actual |
| Revenues: | | | | |
| Operating Revenues: | | | | |
| Rates and charges | \$ 37,697,621 | \$ 36,938,809 | \$ (758,812) | \$ 30,611,326 |
| Fees and charges | 171,000 | 161,320 | (9,680) | 169,409 |
| Miscellaneous | 52,067 | 58,091 | 6,024 | 16,924 |
| | <u>37,920,688</u> | <u>37,158,220</u> | <u>(762,468)</u> | <u>30,797,659</u> |
| Non-Operating Revenues: | | | | |
| Interest on temporary investments | 70,000 | 90,791 | 20,791 | 44,985 |
| Pitt County Dev. Comm. | - | - | - | 35,000 |
| FEMA/Insurance reimbursements | - | 6,859 | 6,859 | - |
| Miscellaneous | - | 42,404 | 42,404 | 45,235 |
| | <u>70,000</u> | <u>140,054</u> | <u>70,054</u> | <u>125,220</u> |
| Total revenues | <u>37,990,688</u> | <u>37,298,274</u> | <u>(692,414)</u> | <u>30,922,879</u> |
| Expenditures | | | | |
| Non-Department: | | | | |
| Personnel | 61,285 | 59,944 | 1,341 | 55,559 |
| Operations | 2,174,878 | 2,207,590 | (32,712) | 2,207,464 |
| Capital | 4,900 | 4,874 | 26 | 15,566 |
| | <u>2,241,063</u> | <u>2,272,408</u> | <u>(31,345)</u> | <u>2,278,589</u> |
| Governing Body Department: | | | | |
| Personnel | 147,148 | 143,098 | 4,050 | 127,973 |
| Operations | 159,291 | 138,783 | 20,508 | 85,089 |
| | <u>306,439</u> | <u>281,881</u> | <u>24,558</u> | <u>213,062</u> |
| Finance Department: | | | | |
| Personnel | 117,440 | 116,794 | 646 | 98,999 |
| Operations | 45,934 | 47,896 | (1,962) | 25,308 |
| | <u>163,374</u> | <u>164,690</u> | <u>(1,316)</u> | <u>124,307</u> |
| Information Technology Department: | | | | |
| Personnel | 301,346 | 299,500 | 1,846 | 283,389 |
| Operations | 89,805 | 83,607 | 6,198 | 65,762 |
| Capital | 11,235 | 7,970 | 3,265 | 22,013 |
| | <u>402,386</u> | <u>391,077</u> | <u>11,309</u> | <u>371,164</u> |
| Customer Relations Department: | | | | |
| Personnel | 282,552 | 279,918 | 2,634 | 265,198 |
| Operations | 61,267 | 59,014 | 2,253 | 61,264 |
| Capital | 1,131 | 2,827 | (1,696) | - |
| | <u>344,950</u> | <u>341,759</u> | <u>3,191</u> | <u>326,462</u> |
| Support Services Department: | | | | |
| Personnel | 364,854 | 359,057 | 5,797 | 358,179 |
| Operations | 484,839 | 467,857 | 16,982 | 398,747 |
| Capital | 1,420 | 1,412 | 8 | 8,433 |
| | <u>851,113</u> | <u>828,326</u> | <u>22,787</u> | <u>765,359</u> |

CITY OF GREENVILLE, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (Non-GAAP) -
GAS OPERATING FUND - MAJOR ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|---|-------------------|---------------------|------------------------------------|---------------------|
| | Budget | Actual | | Actual |
| Utility Locating Services: | | | | |
| Personnel | 69,250 | 67,922 | 1,328 | 62,195 |
| Operations | 14,053 | 12,933 | 1,120 | 11,057 |
| | <u>83,303</u> | <u>80,855</u> | <u>2,448</u> | <u>73,252</u> |
| | | | | |
| Gas Department: | | | | |
| Personnel | 1,458,216 | 1,427,397 | 30,819 | 1,283,976 |
| Operations | 31,539,678 | 31,264,716 | 274,962 | 23,287,286 |
| Capital | 1,235,832 | 1,122,535 | 113,297 | 1,045,105 |
| | <u>34,233,726</u> | <u>33,814,648</u> | <u>419,078</u> | <u>25,616,367</u> |
| Total expenditures | <u>38,626,354</u> | <u>38,175,644</u> | <u>450,710</u> | <u>29,768,562</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(635,666)</u> | <u>(877,370)</u> | <u>(241,704)</u> | <u>1,154,317</u> |
| | | | | |
| Other Financing Sources (Uses): | | | | |
| Appropriated fund balance | 635,666 | - | (635,666) | - |
| Intra-fund transfers | 635,666 | - | (635,666) | - |
| Total other financing sources (uses) | | | | |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ (877,370)</u> | <u>\$ (877,370)</u> | <u>\$ 1,154,317</u> |
| | | | | |
| Reconciliation to Full Accrual Basis From Modified Accrual Basis: | | | | |
| Revenues over (under) expenditures | | <u>\$ (877,370)</u> | | <u>\$ 1,154,317</u> |
| Budgetary appropriations - capital | | 1,139,618 | | 1,091,117 |
| Budgetary appropriations - debt principal | | 803,808 | | 783,212 |
| Depreciation | | (1,348,723) | | (1,334,527) |
| Changes in bond interest accrual | | - | | 9,309 |
| Amortization of bond premium/discount | | (5,570) | | (5,570) |
| Capitalization of bond interest | | 9,371 | | - |
| Changes in unrealized gains/losses on investments | | 11,163 | | (8,505) |
| Changes in gains/losses on forward contracts | | - | | 11,100 |
| Revenue recognized in Capital Projects | | 34,629 | | 41,076 |
| Revenue recognized in Capital Reserve | | 809 | | 1,020 |
| | | <u>645,105</u> | | <u>588,232</u> |
| Change in net assets - GAAP basis | | <u>\$ (232,265)</u> | | <u>\$ 1,742,549</u> |

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2006

| | Aquatic and Fitness Center Fund | Public Transportation Fund | Bradford Creek Golf Course Fund | Stormwater Utility Fund | Total |
|---|---------------------------------------|----------------------------------|---------------------------------------|-------------------------------|---------------------|
| Assets: | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 8,938 | \$ 597,799 | \$ - | 2,883,497 | \$ 3,490,234 |
| Accounts receivable, net | 20,314 | 3,864 | 4,338 | - | 28,516 |
| Due from other governments | 795 | 1,316 | 690 | 760 | 3,561 |
| Due from other funds | - | 9,980 | - | 464,523 | 474,503 |
| Intrafund receivable (payable) | - | 4,138 | (4,138) | - | - |
| Inventories | - | - | 14,197 | - | 14,197 |
| Prepaid items and deposits | - | - | 250 | - | 250 |
| Total current assets | <u>30,047</u> | <u>617,097</u> | <u>15,337</u> | <u>3,348,780</u> | <u>4,011,261</u> |
| Noncurrent Assets: | | | | | |
| Capital assets, net | 928 | 1,814,046 | 3,196,530 | 352,766 | 5,364,270 |
| Total noncurrent assets | <u>928</u> | <u>1,814,046</u> | <u>3,196,530</u> | <u>352,766</u> | <u>5,364,270</u> |
| Total assets | <u>30,975</u> | <u>2,431,143</u> | <u>3,211,867</u> | <u>3,701,546</u> | <u>9,375,531</u> |
| Liabilities: | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable and accrued liabilities | 19,801 | 27,781 | 25,421 | 54,052 | 127,055 |
| Due to other funds | 27,420 | - | 177,561 | 84,318 | 289,299 |
| Deferred revenue | - | - | - | 263,172 | 263,172 |
| Compensated absences payable | 12,389 | 21,677 | 15,934 | - | 50,000 |
| Current maturities of long-term debt | - | - | 162,187 | 58,925 | 221,112 |
| Total current liabilities | <u>59,610</u> | <u>49,458</u> | <u>381,103</u> | <u>460,467</u> | <u>950,638</u> |
| Noncurrent Liabilities | | | | | |
| Noncurrent portion of compensated absences | 6,611 | 11,567 | 8,503 | - | 26,681 |
| Noncurrent portion of long-term debt | - | - | 862,647 | 124,213 | 986,860 |
| Total noncurrent liabilities | <u>6,611</u> | <u>11,567</u> | <u>871,150</u> | <u>124,213</u> | <u>1,013,541</u> |
| Total liabilities | <u>66,221</u> | <u>61,025</u> | <u>1,252,253</u> | <u>584,680</u> | <u>1,964,179</u> |
| Net Assets: | | | | | |
| Investment in capital assets, net of related debt | 928 | 1,814,046 | 2,171,696 | 169,628 | 4,156,298 |
| Unrestricted net assets | <u>(36,174)</u> | <u>556,072</u> | <u>(212,082)</u> | <u>2,947,238</u> | <u>3,255,054</u> |
| Total net assets | <u>\$ (35,246)</u> | <u>\$ 2,370,118</u> | <u>\$ 1,959,614</u> | <u>\$ 3,116,866</u> | <u>\$ 7,411,352</u> |

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006

| | Aquatic and Fitness Center Fund | Public Transportation Fund | Bradford Creek Golf Course Fund | Stormwater Utility Fund | Total |
|---|---------------------------------------|----------------------------------|---------------------------------------|-------------------------------|---------------------|
| Operating Revenues: | | | | | |
| Charges for services | \$ 558,724 | \$ 130,628 | \$ 850,092 | \$ 2,944,408 | \$ 4,483,852 |
| Other operating revenues | - | 1,111 | (447) | - | 664 |
| Total operating revenue | <u>558,724</u> | <u>131,739</u> | <u>849,645</u> | <u>2,944,408</u> | <u>4,484,516</u> |
| Operating Expenses: | | | | | |
| Administrative and general | - | 19,378 | - | - | 19,378 |
| Operations and maintenance | 563,022 | 1,051,816 | 743,081 | 1,632,889 | 3,990,808 |
| Depreciation and amortization | 19,688 | 294,290 | 76,194 | 63,656 | 453,828 |
| Total operating expenses | <u>582,710</u> | <u>1,365,484</u> | <u>819,275</u> | <u>1,696,545</u> | <u>4,464,014</u> |
| Operating income (loss) | <u>(23,986)</u> | <u>(1,233,745)</u> | <u>30,370</u> | <u>1,247,863</u> | <u>20,502</u> |
| Nonoperating Revenues (Expenses): | | | | | |
| Investment earnings | 27 | 3,586 | 406 | 56,914 | 60,933 |
| Restricted intergovernmental revenues | - | 1,080,611 | - | - | 1,080,611 |
| Interest expense | - | - | (21,474) | (7,130) | (28,604) |
| Total nonoperating revenues (expenses) | <u>27</u> | <u>1,084,197</u> | <u>(21,068)</u> | <u>49,784</u> | <u>1,112,940</u> |
| Income (loss) before transfers and contributions | <u>(23,959)</u> | <u>(149,548)</u> | <u>9,302</u> | <u>1,297,647</u> | <u>1,133,442</u> |
| Transfers in | - | 380,581 | - | 67,570 | 448,151 |
| Change in net assets | <u>(23,959)</u> | <u>231,033</u> | <u>9,302</u> | <u>1,365,217</u> | <u>1,581,593</u> |
| Fund balance, beginning of year | <u>(11,287)</u> | <u>2,139,085</u> | <u>1,950,312</u> | <u>1,751,649</u> | <u>5,829,759</u> |
| Fund balance, end of year | <u>\$ (35,246)</u> | <u>\$ 2,370,118</u> | <u>\$ 1,959,614</u> | <u>\$ 3,116,866</u> | <u>\$ 7,411,352</u> |

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

| | Aquatic and Fitness Center Fund | Public Transportation Fund | Bradford Creek Golf Course Fund | Stormwater Utility Fund | Total |
|---|---------------------------------------|----------------------------------|---------------------------------------|-------------------------------|---------------------|
| Operating Activities: | | | | | |
| Cash received from customers | \$ 558,724 | \$ 130,738 | \$ 845,306 | \$ 2,775,860 | \$ 4,310,628 |
| Cash paid to vendors | (212,685) | (482,222) | (376,087) | (524,189) | (1,595,183) |
| Cash paid to employees | (354,813) | (520,066) | (391,728) | (1,125,846) | (2,392,453) |
| Net cash provided by (used in) operating activities | <u>(8,774)</u> | <u>(871,550)</u> | <u>77,491</u> | <u>1,125,825</u> | <u>322,992</u> |
| Noncapital Financing Activities: | | | | | |
| Transfer from other funds | - | 380,581 | - | 67,570 | 448,151 |
| Change in due from other funds | 78 | (14,118) | 4,643 | (33,204) | (42,601) |
| Net cash provided by (used in) noncapital financing activities | <u>78</u> | <u>366,463</u> | <u>4,643</u> | <u>34,366</u> | <u>405,550</u> |
| Capital and Related Financing Activities: | | | | | |
| Repayment of principal of long-term debt | - | (11,748) | - | (30,440) | (42,188) |
| Capital grants | - | 1,695,738 | (156,359) | - | 1,539,379 |
| Interest paid | - | - | (21,474) | (7,130) | (28,604) |
| Acquisition and construction of capital assets | - | (594,934) | - | (96,564) | (691,498) |
| Net cash provided by (used in) capital and related financing activities | <u>-</u> | <u>1,089,056</u> | <u>(177,833)</u> | <u>(134,134)</u> | <u>777,089</u> |
| Investing Activities: | | | | | |
| Interest received on investments | 27 | 3,586 | 406 | 56,914 | 60,933 |
| Net cash provided by (used in) investing activities | <u>27</u> | <u>3,586</u> | <u>406</u> | <u>56,914</u> | <u>60,933</u> |
| Net increase in cash and cash equivalents | (8,669) | 587,555 | (95,293) | 1,082,971 | 1,566,564 |
| Cash and Cash Equivalents/Investments: | | | | | |
| Beginning of year | 10,996 | (1,323) | 86,790 | 1,800,526 | 1,896,989 |
| End of year | <u>\$ 2,327</u> | <u>\$ 586,232</u> | <u>\$ (8,503)</u> | <u>\$ 2,883,497</u> | <u>\$ 3,463,553</u> |
| Reconciliation of Operating Income (loss) to Net Cash Provided by (used in) Operating Activities: | | | | | |
| Operating income (loss) | \$ (23,986) | \$ (1,233,745) | \$ 30,370 | \$ 1,247,863 | \$ 20,502 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | | |
| Depreciation | 19,688 | 294,290 | 76,194 | 63,656 | 453,828 |
| Miscellaneous income (expense) adjustments | 15,234 | 85,083 | 990 | 4,240 | 105,547 |
| Change in Assets and Liabilities: | | | | | |
| Accounts receivable | - | (1,003) | (4,338) | - | (5,341) |
| Prepaid expense and deposits | - | - | 612 | - | 612 |
| Accounts payable and accrued expenses | (14,655) | (9,977) | (18,008) | (21,384) | (64,024) |
| Deferred revenues | - | - | - | (168,550) | (168,550) |
| Compensated absences | (5,055) | (6,198) | (8,329) | - | (19,582) |
| Net cash provided by (used in) operating activities | <u>\$ (8,774)</u> | <u>\$ (871,550)</u> | <u>\$ 77,491</u> | <u>\$ 1,125,825</u> | <u>\$ 322,992</u> |

CITY OF GREENVILLE, NORTH CAROLINA

AQUATICS AND FITNESS CENTER ENTERPRISE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|---|-----------------|--------------------|------------------------------------|-----------------|
| | Final Budget | Actual | | Actual |
| Revenues: | | | | |
| Charges for services | \$ 489,700 | \$ 558,724 | \$ 69,024 | \$ 523,252 |
| Investment earnings | - | 27 | 27 | 59 |
| Total operating revenues | <u>489,700</u> | <u>558,751</u> | <u>69,051</u> | <u>523,311</u> |
| Expenditures: | | | | |
| Operations and maintenance | | 198,896 | | 170,259 |
| Salaries and benefits | | 344,597 | | 343,303 |
| Capital outlay | | 4,295 | | 3,490 |
| Total operating expenses | <u>489,720</u> | <u>547,788</u> | <u>(58,068)</u> | <u>517,052</u> |
| Revenues over (under) expenditures | (20) | 10,963 | 10,983 | 6,259 |
| Other Financing Sources (Uses): | | | | |
| Appropriated fund balance | <u>20</u> | <u>-</u> | <u>(20)</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>10,963</u> | <u>\$ 10,963</u> | <u>\$ 6,259</u> |
| Reconciliation From Budgetary Basis to Full Accrual Basis: | | | | |
| Depreciation | | (19,688) | | |
| Assets disposed below capitalization threshold | | <u>(15,234)</u> | | |
| Change in net assets - GAAP basis | | <u>\$ (23,959)</u> | | |

CITY OF GREENVILLE, NORTH CAROLINA

PUBLIC TRANSPORTATION ENTERPRISE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|---|------------------|-------------------|------------------------------------|--------------------|
| | Final Budget | Actual | | Actual |
| Revenues: | | | | |
| Charges for services | \$ 95,320 | \$ 130,628 | \$ 35,308 | \$ 113,081 |
| Public transportation planning and operating grants | 1,314,870 | 1,080,611 | (234,259) | 907,569 |
| Investment earnings | - | 3,586 | 3,586 | 1,332 |
| Other operating revenues | 850 | 1,111 | 261 | 549 |
| Total operating revenue | <u>1,411,040</u> | <u>1,215,936</u> | <u>(195,104)</u> | <u>1,022,531</u> |
| Expenditures: | | | | |
| Administrative and general | | 19,378 | | 33,108 |
| Operations and maintenance | | 130,769 | | 248,041 |
| Salaries and benefits | | 581,184 | | 506,158 |
| Capital outlay | | 849,716 | | 483,368 |
| Retirement of long-term debt | | 11,748 | | 11,280 |
| Interest expense | | - | | 771 |
| Total operating expenses | <u>1,667,292</u> | <u>1,592,795</u> | <u>74,497</u> | <u>1,282,726</u> |
| Revenues over (under) expenditures | <u>(256,252)</u> | <u>(376,859)</u> | <u>(120,607)</u> | <u>(260,195)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers from General Fund | <u>256,252</u> | <u>380,581</u> | <u>124,329</u> | <u>202,439</u> |
| Total other financing sources (uses) | <u>256,252</u> | <u>380,581</u> | <u>124,329</u> | <u>202,439</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>3,722</u> | <u>\$ 3,722</u> | <u>\$ (57,756)</u> |
| Reconciliation From Budgetary Basis to Full Accrual Basis: | | | | |
| Depreciation | | (294,290) | | |
| Assets disposed below capitalization threshold | | (85,051) | | |
| Capitalized expenditures | | 594,904 | | |
| Retirement of long-term debt | | <u>11,748</u> | | |
| Change in net assets - GAAP basis | | <u>\$ 231,033</u> | | |

CITY OF GREENVILLE, NORTH CAROLINA

BRADFORD CREEK GOLF COURSE ENTERPRISE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|--|-----------------|-----------------|------------------------------------|--------------------|
| | Final Budget | Actual | | Actual |
| Revenues: | | | | |
| Charges for services | \$ 892,802 | \$ 850,092 | \$ (42,710) | \$ 897,180 |
| Investment earnings | - | 406 | 406 | 520 |
| Other operating revenues | - | (447) | (447) | (11,531) |
| Total operating revenue | <u>892,802</u> | <u>850,051</u> | <u>(42,751)</u> | <u>886,169</u> |
| Expenditures: | | | | |
| Operations and maintenance | | 564,870 | | 529,151 |
| Salaries and benefits | | 177,220 | | 176,463 |
| Retirement of long-term debt | | 156,359 | | 156,580 |
| Interest expense | | 21,474 | | 39,247 |
| Total operating expenses | <u>900,708</u> | <u>919,923</u> | <u>(19,215)</u> | <u>901,441</u> |
| Revenues over (under) expenditures | (7,906) | (69,872) | (61,966) | (15,272) |
| Other Financing Sources (Uses): | | | | |
| Appropriated fund balance | <u>7,906</u> | - | (7,906) | - |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>(69,872)</u> | <u>\$ (69,872)</u> | <u>\$ (15,272)</u> |
| Reconciliation From Budgetary Basis to Full Accrual Basis: | | | | |
| Depreciation | | (76,194) | | |
| Gain (loss) on disposal of capital assets | | (991) | | |
| Retirement of long-term debt | | <u>156,359</u> | | |
| Change in net assets - GAAP basis | | <u>\$ 9,302</u> | | |

CITY OF GREENVILLE, NORTH CAROLINA

STORMWATER ENTERPRISE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2005

| | 2006 | | Variance Positive (Negative) | 2005 |
|--|------------------|---------------------|------------------------------------|---------------------|
| | Final Budget | Actual | | Actual |
| Revenues: | | | | |
| Charges for services | \$ 2,640,000 | \$ 2,944,408 | \$ 304,408 | \$ 2,668,931 |
| Investment earnings | 25,000 | 56,914 | 31,914 | 9,401 |
| Total operating revenues | <u>2,665,000</u> | <u>3,001,322</u> | <u>336,322</u> | <u>2,678,332</u> |
| Expenditures: | | | | |
| Operations and maintenance | | 1,526,191 | | 1,439,485 |
| Salaries and benefits | | 72,957 | | 68,570 |
| Capital outlay | | 60,727 | | 168,198 |
| Retirement of long-term debt | | 60,440 | | 57,152 |
| Interest paid | | 4,900 | | 5,195 |
| Total operating expenses | <u>3,283,637</u> | <u>1,725,215</u> | <u>1,558,422</u> | <u>1,738,600</u> |
| Revenues over (under) expenditures | <u>(618,637)</u> | <u>1,276,107</u> | <u>1,894,744</u> | <u>939,732</u> |
| Other Financing Sources (Uses): | | | | |
| Long term debt issued | - | 30,000 | 30,000 | 145,000 |
| Transfers from General Fund | - | - | - | 235,699 |
| Contingency | 618,637 | - | (618,637) | - |
| Total other financing sources (uses) | <u>618,637</u> | <u>30,000</u> | <u>(588,637)</u> | <u>380,699</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>1,306,107</u> | <u>\$ 1,306,107</u> | <u>\$ 1,320,431</u> |
| Reconciliation From Budgetary Basis to Full Accrual Basis: | | | | |
| Depreciation | | (63,656) | | |
| Gain (loss) on disposal of capital assets | | (4,238) | | |
| Capitalized expenditures | | 96,564 | | |
| Long-term debt issued | | (30,000) | | |
| Retirement of long-term debt | | 60,440 | | |
| Change in net assets - GAAP basis | | <u>\$ 1,365,217</u> | | |

DEBT SERVICE FUND

DEBT SERVICE FUND

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

CITY OF GREENVILLE, NORTH CAROLINA

NONMAJOR DEBT SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|-------------------------|---------------------|---|
| Revenues: | | | |
| Other taxes | \$ 538,415 | \$ 647,997 | \$ 109,582 |
| Investment earnings | - | 46,806 | 46,806 |
| Total revenues | <u>538,415</u> | <u>694,803</u> | <u>156,388</u> |
| Expenditures: | | | |
| Current: | | | |
| Principal retirement | 3,759,802 | 3,904,055 | (144,253) |
| Interest and fees | <u>2,026,073</u> | <u>1,713,597</u> | <u>312,476</u> |
| Total operating expenses | <u>5,785,875</u> | <u>5,617,652</u> | <u>168,223</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,247,460)</u> | <u>(4,922,849)</u> | <u>324,611</u> |
| Other Financing Sources (Uses): | | | |
| Transfers in | 5,247,460 | 5,390,683 | (143,223) |
| Transfers out | (304,250) | (371,820) | 67,570 |
| Contingency | <u>304,250</u> | <u>-</u> | <u>304,250</u> |
| Total other financing sources (uses) | <u>5,247,460</u> | <u>5,018,863</u> | <u>228,597</u> |
| Change in fund balances | <u>\$ -</u> | <u>96,014</u> | <u>\$ 96,014</u> |
| Fund balance, beginning of year | | <u>1,313,208</u> | |
| Fund balance, end of year | | <u>\$ 1,409,222</u> | |

CITY OF GREENVILLE, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable
June 30, 2006

| <u>Fiscal Year</u> | <u>Balance 06/30/05</u> | <u>Additions</u> | <u>Collections and Credits</u> | <u>Balance 06/30/06</u> |
|---|-----------------------------|----------------------|------------------------------------|-----------------------------|
| 2006-2005 | | \$ 22,714,734 | \$ 21,946,244 | \$ 768,490 |
| 2005-2004 | \$ 749,816 | - | 560,957 | 188,859 |
| 2004-2003 | 208,187 | - | 71,783 | 136,404 |
| 2003-2002 | 157,323 | - | 34,105 | 123,218 |
| 2002-2001 | 109,103 | - | 14,890 | 94,213 |
| 2001-2000 | 92,870 | - | 7,514 | 85,356 |
| 2000-1999 | 96,502 | - | 7,484 | 89,018 |
| 1999-1998 | 77,027 | - | 5,592 | 71,435 |
| 1998-1997 | 56,716 | - | 2,742 | 53,974 |
| 1997-1996 | 46,366 | - | 2,445 | 43,921 |
| 1996-1995 | 44,541 | - | 44,541 | - |
| | <u>\$ 1,638,451</u> | <u>\$ 22,714,734</u> | <u>\$ 22,698,297</u> | <u>1,654,888</u> |
| Less: Allowance for uncollectible accounts - General Fund | | | | (714,814) |
| Plus other 2006 taxes | | | | <u>229,814</u> |
| Ad Valorem Taxes Receivable Net - General Fund | | | | <u>\$ 1,169,888</u> |
| <u>Reconciliation with Revenues:</u> | | | | |
| Ad Valorem Taxes - General Fund | | | | \$ 22,564,688 |
| Reconciling Items: | | | | |
| Amount written off per statute | | | | 42,793 |
| Interest Collected | | | | 202,562 |
| Tax Refunds | | | | (19,957) |
| Discounts | | | | 227,664 |
| Miscellaneous | | | | <u>(319,453)</u> |
| Total Collections and Credits | | | | <u>\$ 22,698,297</u> |

CITY OF GREENVILLE, NORTH CAROLINA

Analysis of Current Tax Levy
 City - Wide Levy
 For the Fiscal Year Ended June 30, 2006

| | City - Wide | | Total Levy | | |
|---------------------------------------|-------------------------|------|---------------------|--|---------------------------------|
| | Property Valuation | Rate | Total Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original Levy: | | | | | |
| Property taxed at current year's rate | \$ 3,974,892,746 | 0.56 | \$22,259,399 | \$ 20,011,496 | \$2,247,903 |
| Penalties | - | | 2,092 | 2,092 | - |
| Total | <u>3,974,892,746</u> | | <u>22,261,491</u> | <u>20,013,588</u> | <u>2,247,903</u> |
| Discoveries: | | | | | |
| Current year taxes | 93,923,289 | 0.56 | 525,970 | 19,293 | 506,677 |
| Penalties | - | | 51,760 | - | 51,760 |
| Total | <u>93,923,289</u> | | <u>577,730</u> | <u>19,293</u> | <u>558,437</u> |
| Abatements | (18,311,179) | | (124,488) | (124,488) | - |
| Total property valuation | <u>\$ 4,050,504,856</u> | | | | |
| Net Levy | | | 22,714,734 | 19,908,393 | 2,806,341 |
| Uncollected taxes as of June 30, 2006 | | | (768,490) | (217,064) | (551,426) |
| Current year's taxes collected | | | <u>\$21,946,244</u> | <u>\$ 19,691,329</u> | <u>\$2,254,915</u> |
| Current levy collection percentage | | | 96.62% | | |

Note: The Motor Vehicle abatements are not separable in the tax system utilized in fiscal year ending June 30, 2006. Tax Value of Abatements not equal to current year tax rate because of prior years at varying tax rates.

STATISTICAL SECTION



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City of Greenville
Net Assets by Component
Last Five Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Governmental activities | | | | | |
| Invested in capital assets, net of related debt | 39,714 | 39,947 | 45,056 | 38,196 | 47,418 |
| Restricted | 334 | 383 | 416 | 1,243 | 1,223 |
| Unrestricted | 22,973 | 27,703 | 25,704 | 44,355 | 40,341 |
| Total Governmental activities net assets | <u>63,021</u> | <u>68,033</u> | <u>71,176</u> | <u>83,794</u> | <u>88,982</u> |
| Business-type activities | | | | | |
| Invested in capital assets, net of related debt | 168,376 | 182,803 | 184,616 | 198,000 | 207,485 |
| Restricted | - | - | - | - | - |
| Unrestricted | 52,029 | 49,837 | 55,442 | 50,194 | 54,312 |
| Total business-type activities net assets | <u>220,405</u> | <u>232,640</u> | <u>240,058</u> | <u>248,194</u> | <u>261,797</u> |
| Primary government | | | | | |
| Invested in capital assets, net of related debt | 208,090 | 222,750 | 229,672 | 236,196 | 254,903 |
| Restricted | 334 | 383 | 416 | 1,243 | 1,223 |
| Unrestricted | 75,002 | 77,540 | 81,146 | 94,549 | 94,653 |
| Total primary government net assets | <u>283,426</u> | <u>300,673</u> | <u>311,234</u> | <u>331,988</u> | <u>350,779</u> |

Note: Net Asset information not available for years 1997-2001. GASB 34 Implementation in 2002

City of Greenville
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 11,108 | \$ 11,115 | \$ 12,750 | \$ 13,023 | \$ 16,353 |
| Public safety | 19,998 | 20,493 | 21,925 | 23,705 | 23,624 |
| Transportation | 5,793 | 4,503 | 3,543 | 2,897 | 5,720 |
| Environmental protection | 3,058 | 3,172 | 3,290 | 3,568 | 3,855 |
| Economic development | 7,568 | 6,197 | 7,698 | 1,932 | 7,652 |
| Culture and recreation | 5,731 | 4,006 | 2,125 | 6,626 | 5,044 |
| Interest on long-term debt | 1,575 | 1,317 | 1,168 | 1,697 | 1,714 |
| Total governmental activities expenses | <u>54,831</u> | <u>50,803</u> | <u>52,499</u> | <u>53,448</u> | <u>63,962</u> |
| Business-type activities: | | | | | |
| Electric | 115,479 | 126,098 | 130,598 | 133,698 | 148,006 |
| Water | 8,825 | 9,023 | 10,019 | 12,302 | 11,584 |
| Sewer | 9,748 | 10,053 | 10,233 | 10,931 | 12,227 |
| Gas | 16,653 | 19,383 | 22,752 | 28,357 | 36,630 |
| Public Transportation | 864 | 830 | 919 | 1,000 | 1,365 |
| Aquatics and Fitness Center | 666 | 614 | 548 | 537 | 583 |
| Bradford Creek | 896 | 809 | 791 | 825 | 841 |
| Stormwater Utility | - | 133 | 1,277 | 1,546 | 1,704 |
| Total business-type activities | <u>153,131</u> | <u>166,943</u> | <u>177,137</u> | <u>189,196</u> | <u>212,940</u> |
| Total primary governmental expenses | <u>207,962</u> | <u>217,746</u> | <u>229,636</u> | <u>242,644</u> | <u>276,902</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 1,547 | \$ 1,387 | \$ 1,583 | \$ 3,328 | \$ 4,109 |
| Public safety | 2,210 | 2,486 | 2,603 | 2,518 | 3,811 |
| Transportation | 1,148 | 1,060 | 1,049 | 161 | 311 |
| Environmental protection | 2,694 | 3,655 | 3,984 | 3,881 | 3,719 |
| Economic development | 434 | 422 | 455 | 876 | 505 |
| Culture and recreation | 20 | 12 | 9 | 356 | 24 |
| Interest on long-term debt | - | - | - | - | - |
| Operating grants and contributions | 3,425 | 3,078 | 3,564 | 3,772 | 4,538 |
| Capital grants and contributions | 14,264 | 6,553 | 3,085 | 2,770 | 3,360 |
| Total governmental activities program revenues | <u>25,742</u> | <u>18,653</u> | <u>16,332</u> | <u>17,662</u> | <u>20,377</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Electric | 121,460 | 131,900 | 136,506 | 138,528 | 154,577 |
| Water | 9,398 | 9,498 | 9,670 | 10,298 | 11,557 |
| Sewer | 10,171 | 10,105 | 11,486 | 12,206 | 12,833 |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Gas | 19,312 | 21,981 | 24,208 | 30,896 | 37,219 |
| Public Transportation | 90 | 91 | 115 | 114 | 132 |
| Aquatics and Fitness Center | 585 | 575 | 534 | 523 | 559 |
| Bradford Creek | 945 | 778 | 848 | 885 | 850 |
| Stormwater Utility | - | - | 1,919 | 2,669 | 2,944 |
| Operating grants and contributions | 646 | 3,150 | 569 | 907 | 1,081 |
| Capital grants and contributions | 2,125 | 1,720 | 372 | 3,112 | 7,043 |
| Total business-type activities program revenues | 164,732 | 179,798 | 186,227 | 200,138 | 228,795 |
| Total primary governmental program revenues | \$ 190,474 | \$ 198,451 | \$ 202,559 | \$ 217,800 | \$ 249,172 |
| Net (expense)/revenue | | | | | |
| Governmental activities | (29,089) | (32,150) | (36,167) | (35,786) | (43,585) |
| Business-type activities | 11,601 | 12,855 | 9,090 | 10,942 | 15,855 |
| Total primary governmental net expense | (17,488) | (19,295) | (27,077) | (24,844) | (27,730) |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental activities: | | | | | |
| Property taxes | 17,585 | 18,440 | 18,624 | 21,439 | 22,965 |
| Other Taxes | 9,556 | 9,918 | 11,307 | 12,484 | 14,226 |
| Unrestricted grants and contributions | 2,217 | 3,859 | 3,831 | 3,985 | 4,240 |
| Investment earnings | 852 | 342 | 283 | 964 | 1,907 |
| Gain on sales of capital assets | 58 | - | - | - | - |
| Miscellaneous | 651 | 1,151 | 662 | - | - |
| Transfers | 3,634 | 3,450 | 4,601 | 4,145 | 4,349 |
| Total General revenues | 34,553 | 37,160 | 39,308 | 43,017 | 47,687 |
| Business-type activities: | | | | | |
| Property taxes | - | - | - | - | - |
| Other Taxes | - | - | - | - | - |
| Unrestricted grants and contributions | 9 | 7 | - | - | - |
| Investment earnings | 3,001 | 1,330 | 501 | 1,341 | 2,097 |
| Gain on sales of capital assets | - | - | - | - | - |
| Miscellaneous | 2,525 | 1,593 | 2,426 | - | - |
| Transfers | (3,634) | (3,450) | (4,601) | (4,145) | (4,349) |
| Total business-type activities | 1,901 | (520) | (1,674) | (2,804) | (2,252) |
| Total primary government | 36,454 | 36,640 | 37,634 | 40,213 | 45,435 |
| Change in Net Assets | | | | | |
| Governmental activities | \$ 5,464 | \$ 5,010 | \$ 3,141 | \$ 7,231 | \$ 4,102 |
| Business-type activities | 13,502 | 12,335 | 7,416 | 8,138 | 13,603 |
| Total primary government | \$ 18,966 | \$ 17,345 | \$ 10,557 | \$ 15,369 | \$ 17,705 |

Note: Net Asset information not available for years 1997-2001. GASB 34 Implementation in 2002

Table 3

City of Greenville
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 5,535 | \$ 7,289 | \$ 6,761 | \$ 9,424 | \$ 10,785 | \$ 9,955 | \$ 9,549 | \$ 8,726 | \$ 9,749 | \$ 9,256 |
| Unreserved | 12,115 | 10,906 | 10,105 | 7,124 | 5,779 | 7,192 | 10,930 | 14,305 | 16,773 | 19,422 |
| Total General Fund | \$ 17,650 | \$ 18,195 | \$ 16,866 | \$ 16,548 | \$ 16,564 | \$ 17,147 | \$ 20,479 | \$ 23,031 | \$ 26,522 | \$ 28,678 |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ 4,704 | \$ 7,479 | \$ 4,205 | \$ 3,419 | \$ 6,285 | \$ 704 | \$ 62 | \$ 87 | \$ 83 | \$ 668 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 1,037 | 5,478 | 8,003 | 6,181 | 5,872 | 5,674 | 5,091 | 5,230 | 7,158 | 8,067 |
| Debt Service Funds | - | - | - | - | 310 | 334 | 383 | 2,734 | 11,775 | 1,409 |
| Capital Project Funds | 501 | (4,205) | 13,719 | 6,317 | 7,668 | 2,859 | 3,688 | 416 | 1,313 | 3,621 |
| Total all other governmental funds | \$ 6,242 | \$ 8,752 | \$ 25,927 | \$ 15,917 | \$ 20,135 | \$ 9,571 | \$ 9,224 | \$ 8,467 | \$ 20,329 | \$ 13,765 |
| Total Governmental funds | \$ 23,892 | \$ 26,947 | \$ 42,793 | \$ 32,465 | \$ 36,699 | \$ 26,718 | \$ 29,703 | \$ 31,498 | \$ 46,851 | \$ 42,443 |

City of Greenville
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|--|------------------|------------------|------------------|--------------------|------------------|--------------------|------------------|------------------|------------------|-------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Revenues | | | | | | | | | | |
| Ad Valorem Taxes | \$ 11,170 | \$ 12,053 | \$ 13,295 | \$ 14,214 | \$ 14,792 | \$ 17,185 | \$ 18,297 | \$ 19,031 | \$ 21,325 | \$ 22,565 |
| Other Taxes | 7,279 | 8,096 | 8,271 | 8,692 | 8,832 | 9,556 | 9,918 | 11,307 | 12,484 | 14,227 |
| Unrestricted Intergovernmental | 3,591 | 3,577 | 3,745 | 3,696 | 4,069 | 2,217 | 3,859 | 3,832 | 3,985 | 4,239 |
| Restricted Intergovernmental | 4,304 | 5,387 | 4,567 | 6,324 | 5,317 | 17,672 | 9,631 | 6,649 | 6,542 | 7,683 |
| Licenses, Permits and fees | 2,412 | 2,942 | 3,692 | 4,067 | 5,175 | 5,409 | 6,220 | 6,699 | 7,199 | 7,687 |
| Sales and Services | 1,886 | 2,041 | 2,092 | 2,216 | 2,817 | 2,885 | 2,908 | 2,984 | 4,051 | 4,023 |
| Investment Earning | 1,186 | 1,562 | 1,415 | 1,401 | 1,213 | 852 | 342 | 283 | 962 | 1,904 |
| Other Revenue | 646 | 874 | 1,927 | 2,638 | 23,228 | 613 | 968 | 662 | 623 | 729 |
| Total revenues | \$ 32,474 | \$ 36,532 | \$ 39,004 | \$ 43,248 | \$ 65,443 | \$ 56,389 | \$ 52,143 | \$ 51,447 | \$ 57,171 | \$ 63,057 |
| Expenditures | | | | | | | | | | |
| General government | \$ 6,962 | \$ 8,369 | \$ 10,099 | \$ 11,491 | \$ 11,343 | \$ 10,861 | \$ 10,470 | \$ 11,693 | \$ 13,022 | \$ 14,609 |
| Public safety | 13,464 | 15,390 | 16,546 | 18,311 | 20,250 | 20,004 | 20,076 | 21,631 | 23,763 | 26,332 |
| Transportation | 3,269 | 2,978 | 3,559 | 4,758 | 3,623 | 3,820 | 3,331 | 3,393 | 3,465 | 3,803 |
| Environmental Protection | 2,643 | 2,368 | 2,758 | 3,657 | 3,002 | 3,160 | 3,060 | 3,561 | 3,367 | 3,740 |
| Cultural and Recreation | 886 | 4,704 | 4,496 | 5,197 | 5,301 | 4,861 | 4,888 | 5,600 | 6,129 | 6,723 |
| Economic and physical development | 3,731 | 975 | 1,124 | 991 | 1,396 | 1,814 | 1,835 | 2,125 | 1,932 | 2,382 |
| Capital Outlay | 363 | 1,625 | 4,255 | 11,083 | 25,674 | 23,699 | 7,349 | 4,006 | 7,978 | 10,274 |
| Other expenditures | 500 | 300 | - | - | - | - | - | - | - | - |
| Debt service | | | | | | | | | | |
| Principal | \$ 571 | \$ 791 | \$ 1,164 | \$ 1,681 | \$ 1,698 | \$ 2,639 | \$ 2,549 | \$ 2,576 | \$ 3,612 | \$ 3,904 |
| Interest and fees | 273 | 264 | 748 | 1,025 | 982 | 1,029 | 1,272 | 1,165 | 1,697 | 1,714 |
| Other charges | - | - | - | - | - | - | 72 | - | - | - |
| Total expenditures | \$ 32,662 | \$ 37,764 | \$ 44,749 | \$ 58,194 | \$ 73,269 | \$ 71,887 | \$ 54,902 | \$ 55,750 | \$ 64,965 | \$ 73,481 |
| Excess of revenues over (under) expenditures | \$ (188) | \$ (1,232) | \$ (5,745) | \$ (14,946) | \$ (7,826) | \$ (15,498) | \$ (2,759) | \$ (4,303) | \$ (7,794) | \$ (10,424) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers from other funds | \$ 8,321 | \$ 10,440 | \$ 10,960 | \$ 9,542 | \$ 8,360 | \$ 8,300 | \$ 10,221 | \$ 10,884 | \$ 13,148 | \$ 12,474 |
| Transfers to other funds | (5,015) | (6,869) | (7,221) | (5,412) | (4,621) | (4,666) | (6,771) | (6,282) | (9,002) | (8,125) |
| Long Term debt issued | 923 | 799 | 17,854 | 486 | 8,322 | 1,805 | 2,293 | 1,496 | 18,396 | 1,667 |
| Total other financing sources (uses) | \$ 4,229 | \$ 4,370 | \$ 21,593 | \$ 4,616 | \$ 12,061 | \$ 5,439 | \$ 5,743 | \$ 6,098 | \$ 22,542 | \$ 6,016 |
| Net change in fund balances | \$ 4,041 | \$ 3,138 | \$ 15,848 | \$ (10,330) | \$ 4,235 | \$ (10,059) | \$ 2,984 | \$ 1,795 | \$ 14,748 | \$ (4,408) |
| Debt services as a percentage of noncapital expenditures | 2.7% | 3.0% | 5.0% | 6.1% | 6.0% | 8.2% | 8.8% | 7.8% | 10.3% | 9.8% |

**Revenue Base - Greenville Utilities Commission
Last Ten Fiscal Years**

| Fiscal Year | Electric kWh Sold | | Water Kgal Sold | | Gas ccf Sold | |
|----------------|-------------------|----------------------------|-----------------|----------------------------|--------------|----------------------------|
| | Residential | Commercial & Industrial | Residential | Commercial & Industrial | Residential | Commercial & Industrial |
| 1997 | 461,617,622 | 777,099,196 | 1,841,093 | 1,446,737 | 6,325,955 | 15,860,459 |
| 1998 | 490,493,797 | 804,856,615 | 1,856,342 | 1,381,502 | 6,440,533 | 15,579,999 |
| 1999 | 515,018,437 | 1,878,181,308 | 1,969,308 | 1,567,361 | 6,353,811 | 16,978,988 |
| 2000 | 535,407,570 | 873,711,374 | 1,984,092 | 1,454,974 | 7,115,856 | 17,035,541 |
| 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 |

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

| Fiscal Year Ended June 30 | Real Property | | Personal Property | | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable/Market Value | Assessed Value as a Percentage of Market Value |
|---------------------------|-------------------------------------|----|---|----|------------------------------|-----------------------|---------------------------------------|--|
| | Residential and Commercial Property | | Motor Vehicle and Other Personal Property | | | | | |
| 1997 | \$ 1,791,976,618 | \$ | 370,289,135 | \$ | 2,162,265,753 | 0.0052 | \$ 2,197,201,253 | 98.41% |
| 1998 | 1,874,396,559 | | 457,682,842 | | 2,332,079,401 | 0.0052 | 2,455,337,335 | 94.98% |
| 1999 | 1,971,105,196 | | 476,722,029 | | 2,447,827,225 | 0.0055 | 2,632,072,285 | 93.00% |
| 2000 | 2,091,585,301 | | 527,660,798 | | 2,619,246,099 | 0.0055 | 2,900,926,015 | 90.29% |
| 2001 | 2,142,920,725 | | 569,069,288 | | 2,711,990,013 | 0.0055 | 3,118,663,768 | 86.96% |
| 2002 | 2,260,269,501 | | 587,530,809 | | 2,847,800,310 | 0.0615 | 3,274,839,363 | 86.96% |
| 2003 | 2,377,777,793 | | 610,040,201 | | 2,987,817,994 | 0.0615 | 3,435,853,259 | 86.96% |
| 2004 | 2,486,194,940 | | 621,986,475 | | 3,108,181,415 | 0.0615 | 3,738,490,997 | 83.14% |
| 2005 | 3,216,339,298 | | 624,081,173 | | 3,840,420,471 | 0.0056 | 3,964,100,404 | 96.88% |
| 2006 | 3,363,220,215 | | 705,595,820 | | 4,068,816,035 | 0.0056 | 4,205,494,610 | 96.75% |

(1)

(1) Source Pitt County Tax Assessor's Office

Public service companies appraised each year included in total values on this schedule. Total assessed values are net of abatements.

(2) Per \$100 value

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

| | Average Cost Per Unit of Commodity | | | | | | | | | |
|-------------------------|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Electric (per kWh) | | | | | | | | | | |
| Residential | \$ 0.0923 | \$ 0.0929 | \$ 0.0930 | \$ 0.0937 | \$ 0.0925 | \$ 0.0966 | \$ 0.0991 | \$ 0.1015 | \$ 0.1031 | \$ 0.1111 |
| Commercial & Industrial | 0.0743 | 0.0728 | 0.0703 | 0.0711 | 0.0715 | 0.0730 | 0.0750 | 0.0769 | 0.0785 | 0.0860 |
| Water (per kgal) | | | | | | | | | | |
| Residential | 2.4090 | 2.5705 | 2.6861 | 2.8160 | 2.8987 | 3.1499 | 3.3911 | 3.4133 | 3.5513 | 3.7398 |
| Commercial & Industrial | 1.6158 | 1.7018 | 1.6736 | 1.8903 | 1.9366 | 2.1105 | 2.2282 | 2.2364 | 2.3560 | 2.4885 |
| Gas (per ccf) | | | | | | | | | | |
| Residential | 0.8716 | 0.8422 | 0.8304 | 1.0326 | 1.4305 | 1.3668 | 1.2010 | 1.4087 | 1.6255 | 2.0860 |
| Commercial & Industrial | 0.5328 | 0.5137 | 0.4195 | 0.5824 | 0.9294 | 0.7293 | 0.7839 | 0.9665 | 1.1842 | 1.4503 |

Source: Greenville Utilities Commission

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

| Fiscal Year | Overlapping Rates | | | | | | | | | | |
|-------------|--------------------|-----------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------------------------|
| | City of Greenville | | | | | Pitt County | | | | | Total Direct & Overlapping Rates |
| | Rate Per \$100 | Total City Levy | Rate Per \$100 | Total County Levy | Rate Per \$100 | Total County Levy | Rate Per \$100 | Total County Levy | Rate Per \$100 | Total County Levy | |
| 1997 | \$ 0.520 | \$ 11,111,706 | \$ 0.660 | \$ 33,431,763 | \$ | | \$ | | | | \$ 44,543,469 |
| 1998 | 0.520 | 11,983,426 | 0.680 | 36,631,265 | | | | | | | 48,614,691 |
| 1999 | 0.550 | 13,282,368 | 0.680 | 37,415,793 | | | | | | | 50,698,161 |
| 2000 | 0.550 | 14,244,843 | 0.680 | 39,166,137 | | | | | | | 53,410,980 |
| 2001 | 0.550 | 14,716,098 | 0.680 | 42,093,619 | | | | | | | 56,809,717 |
| 2002 | 0.615 | 17,426,583 | 0.680 | 43,399,920 | | | | | | | 60,826,503 |
| 2003 | 0.615 | 18,295,565 | 0.680 | 43,369,414 | | | | | | | 61,664,979 |
| 2004 | 0.615 | 19,048,466 | 0.700 | 45,509,940 | | | | | | | 64,558,406 |
| 2005 | * | 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 |

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

| <u>Customer</u> | <u>Product/Service</u> | Fiscal Year 2006 | | Fiscal Year 1997 | |
|-------------------------------|-------------------------|----------------------|------------------------------------|----------------------|------------------------------------|
| | | <u>Amount Billed</u> | <u>Percentage of Total Revenue</u> | <u>Amount Billed</u> | <u>Percentage of Total Revenue</u> |
| DSM Pharmaceuticals, Inc. | Pharmaceuticals | \$ 5,710,109 | 3.86% | \$ 5,905,731 | 5.89% |
| Pitt County Memorial Hospital | Health Care | 4,240,292 | 2.87% | 3,389,245 | 3.38% |
| East Carolina University | Education | 3,533,626 | 2.39% | 2,959,844 | 2.95% |
| East Carolina University | Education | 2,421,087 | 1.64% | 933,517 | 0.93% |
| Paper-Pak Products | Medical Products | 2,284,832 | 1.54% | 2,877,050 | 2.87% |
| East Carolina University | Education | 2,097,898 | 1.42% | 1,526,235 | 1.52% |
| Vermont American Corp. | Drill Bits | 1,120,805 | 0.76% | 1,248,644 | 1.24% |
| NACCO Material Handling | Fork Lift Trucks | 1,040,128 | 0.70% | 797,947 | 0.80% |
| DSM Dyneema, LLC | High Performance Fibers | 869,290 | 0.59% | n/a | n/a |
| ASMO of Greenville | Motors | 847,432 | 0.57% | 600,790 | 0.60% |
| Totals | | \$ 24,165,499 | 16.33% | \$ 20,239,003 | 20.18% |

| <u>Customer</u> | <u>Product/Service</u> | Fiscal Year 2006 | | Fiscal Year 1997 | |
|--------------------------------|-------------------------|----------------------|------------------------------------|----------------------|------------------------------------|
| | | <u>Amount Billed</u> | <u>Percentage of Total Revenue</u> | <u>Amount Billed</u> | <u>Percentage of Total Revenue</u> |
| DSM Pharmaceuticals, Inc. | Pharmaceuticals | \$ 392,748 | 3.71% | \$ 367,739 | 5.43% |
| Pitt County Memorial Hospital | Health Care | 215,751 | 2.04% | 140,998 | 2.08% |
| East Carolina University | Education | 57,721 | 0.55% | 16,532 | 0.24% |
| Greenville Housing Authority | Apartments | 57,248 | 0.54% | 41,958 | 0.62% |
| Karastan Bigelow | Carpet Yarn | 54,710 | 0.52% | 52,849 | 0.78% |
| Greenville Housing Authority | Apartments | 47,438 | 0.45% | 31,086 | 0.46% |
| Fuji Silysia Chemical USA, LTD | Silica Gel | 46,322 | 0.44% | n/a | n/a |
| DSM Dyneema, LLC | High Performance Fibers | 36,857 | 0.35% | n/a | n/a |
| East Carolina University | Education | 33,931 | 0.32% | 10,938 | 0.16% |
| Pitt County | Government | 29,095 | 0.28% | 18,042 | 0.27% |
| Totals | | \$ 971,822 | 9.19% | \$ 680,143 | 10.04% |

| Sewer Fund | Customer | Product/Service | Fiscal Year 2006 | | Fiscal Year 1997 | |
|------------|--------------------------------|-------------------------|------------------|-----------------------------|------------------|-----------------------------|
| | | | Amount Billed | Percentage of Total Revenue | Amount Billed | Percentage of Total Revenue |
| | DSM Pharmaceuticals, Inc. | Pharmaceuticals | \$ 598,932 | 5.44% | \$ 466,089 | 8.44% |
| | Pitt County Memorial Hospital | Health Care | 350,930 | 3.19% | 182,851 | 3.31% |
| | Town of Bethel | Government | 221,689 | 2.01% | n/a | n/a |
| | Karastan Bigelow | Carpet Yarn | 93,546 | 0.85% | 73,120 | 1.32% |
| | East Carolina University | Education | 93,182 | 0.85% | 19,645 | 0.36% |
| | Fuji Silysia Chemical USA, LTD | Silica Gel | 78,216 | 0.71% | n/a | n/a |
| | Greenville Housing Authority | Apartments | 68,865 | 0.63% | 42,094 | 0.76% |
| | Greenville Housing Authority | Apartments | 57,162 | 0.52% | 31,239 | 0.57% |
| | East Carolina University | Education | 54,414 | 0.49% | 11,980 | 0.22% |
| | Pitt County | Government | 45,479 | 0.41% | 23,335 | 0.42% |
| | Totals | | \$ 1,662,415 | 15.11% | \$ 850,353 | 15.40% |
| | | | | | | |
| Gas Fund | Customer | Product/Service | Fiscal Year 2006 | | Fiscal Year 1997 | |
| | East Carolina University | Education | \$ 3,234,850 | 8.86% | \$ 914,267 | 6.55% |
| | Pitt County Memorial Hospital | Health Care | 1,562,374 | 4.28% | 1,179,745 | 8.45% |
| | East Carolina University | Education | 1,315,990 | 3.61% | 339,580 | 2.43% |
| | DSM Pharmaceuticals, Inc. | Pharmaceuticals | 966,178 | 2.65% | 397,469 | 2.85% |
| | DSM Dyneema, LLC | High Performance Fibers | 827,727 | 2.27% | n/a | n/a |
| | NACCO Material Handling | Fork Lift Trucks | 701,899 | 1.92% | 93,551 | 0.67% |
| | Fuji Silysia Chemical USA, LTD | Silica Gel | 628,474 | 1.72% | n/a | n/a |
| | Metrics, Inc. | Pharmaceuticals | 355,637 | 0.97% | n/a | n/a |
| | DSM Pharmaceuticals, Inc. | Pharmaceuticals | 265,985 | 0.73% | 202,388 | 1.45% |
| | Karastan Bigelow | Carpet Yarn | 221,509 | 0.61% | 146,146 | 1.05% |
| | Totals | | \$ 10,080,622 | 27.62% | \$ 3,273,145 | 23.45% |

City of Greenville
Principal Property Taxpayers
12/31/2005 for Fiscal Year 2006

| Taxpayer | 2006 | | | 1997 | | |
|---|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Carolina Telephone/ Sprint | \$ 40,000,000 | 1 | 0.98% | \$ 36,400,000 | 1 | 1.68% |
| Northwest Mutual Life (Plaza), now Colonial Realty Lp (Mall) | 27,055,000 | 2 | 0.66% | 21,835,400 | 2 | 1.01% |
| Ferebee, John J. (Apartments) | | | | 12,246,500 | 3 | 0.57% |
| Wal-mart (Retail) | 11,714,000 | 9 | 0.29% | 10,724,600 | 4 | 0.50% |
| JDN Realty Corp., (University Commons) | | | | 10,229,100 | 5 | 0.47% |
| Shadow Lake Properties/Heritage Property (Carolina East Mall) | 16,193,000 | 6 | 0.40% | 10,071,400 | 6 | 0.47% |
| Wachovia | | | | 10,025,900 | 7 | 0.46% |
| New Shelter Ltd. Prtn. (Tar River Apartments) | | | | 9,312,100 | 8 | 0.43% |
| Speight, Joseph D. (Shopping Center) | | | | 9,275,900 | 9 | 0.43% |
| Belks (Retail Store) | | | | 8,625,200 | 10 | 0.40% |
| Speight, Maxine (Developer) | 22,582,000 | 3 | 0.56% | | | |
| Southeast Properties (Apartments) | 18,577,000 | 4 | 0.46% | | | |
| Treybrooke LLC (Apartments) | 18,139,000 | 5 | 0.45% | | | |
| Waterford Place (Apartments) | 12,548,000 | 7 | 0.31% | | | |
| Winterville Village (Medical Property) | 12,254,000 | 8 | 0.30% | | | |
| GVL Lynncroft | 11,023,000 | 10 | 0.27% | | | |
| Totals | \$ 190,085,000 | | 4.67% | \$ 138,746,100 | | 6.42% |

City of Greenville
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years

| Fiscal Year | Property Tax | Sales Tax | * Franchise Tax | Alcoholic Beverage Tax | Other Taxes | Total |
|----------------|-----------------|--------------|-----------------------|------------------------------|----------------|------------|
| 1997 | 11,169,899 | 6,559,473 | 2,941,277 | 237,366 | 403,009 | 21,311,024 |
| 1998 | 12,053,386 | 7,353,020 | 590,143 | 245,584 | 398,556 | 20,640,689 |
| 1999 | 13,295,318 | 7,511,745 | 3,150,386 | 236,060 | 394,710 | 24,588,219 |
| 2000 | 14,214,513 | 7,917,659 | 3,150,113 | 246,406 | 398,934 | 25,927,625 |
| 2001 | 14,791,816 | 7,969,842 | 3,580,664 | 254,221 | 470,801 | 27,067,344 |
| 2002 | 17,184,908 | 8,071,763 | 2,303,736 | - | 489,328 | 28,049,735 |
| 2003 | 18,297,257 | 8,772,606 | 4,047,097 | 258,879 | 69,165 | 31,445,004 |
| 2004 | 19,031,401 | 10,111,043 | 4,086,532 | 272,651 | 82,181 | 33,583,808 |
| 2005 | 21,324,960 | 11,414,678 | 4,121,389 | 291,246 | 69,605 | 37,221,878 |
| 2006 | 22,564,688 | 12,693,295 | 4,729,698 | 298,254 | 90,831 | 40,376,766 |

* Franchise Tax includes Cable TV and Utilities Franchise taxes

Table 12

**City of Greenville
Property Tax levies and Collections
Last Ten Fiscal Years**

| Fiscal Year Ended | Total Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | | Total Collections to Date | |
|----------------------|----------------------------------|---|--------------------|------------------------------------|--------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | Amount | Percentage of Levy | Amount | Percentage of Levy |
| 1997 | \$ 11,111,706 | \$ 10,806,451 | 97.25% | \$ 261,334 | | \$ 11,067,785 | 99.60% |
| 1998 | 11,983,426 | 11,661,691 | 97.32% | 267,761 | | 11,929,452 | 99.55% |
| 1999 | 13,282,368 | 12,910,203 | 97.20% | 300,730 | | 13,210,933 | 99.46% |
| 2000 | 14,244,843 | 13,747,058 | | 408,767 | | 14,155,825 | 99.38% |
| 2001 | 14,716,098 | 14,070,832 | 95.62% | 559,910 | | 14,630,742 | 99.42% |
| 2002 | 17,426,583 | 16,538,241 | 94.90% | 794,129 | | 17,332,370 | 99.46% |
| 2003 | 18,295,565 | 17,434,864 | 95.30% | 737,483 | | 18,172,347 | 99.33% |
| 2004 | 19,048,466 | 18,293,964 | 96.04% | 618,098 | | 18,912,062 | 99.28% |
| 2005 | 21,246,583 | 20,592,449 | 96.92% | 465,275 | | 21,057,724 | 99.11% |
| 2006 | 22,714,734 | 21,946,245 | 96.62% | 175,036 | | 22,121,281 | 97.39% |

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

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

| Fiscal Year | Governmental Activities | | | | Business-type Activities | | | | | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|--------------------------|-------------------------------|----------------|--------------------------|--------------------------|----------------|------------|----------------|-----------|-------|--------------------------|-------------------------------|------------|
| | General Obligation Bonds | Special Assessment Bonds | Certificates of Participation | Capital Leases | Revenue Bonds | General Obligation Bonds | Capital Leases | Other Debt | Capital Leases | | | | | |
| 1997 | \$ 4,378 | \$ - | \$ - | 1,230 | \$ 20,809 | \$ 17,111 | \$ - | \$ - | \$ - | \$ 43,528 | 1.56% | \$ 777 | | |
| 1998 | 4,107 | - | - | 1,511 | 29,779 | 15,718 | - | - | - | 51,115 | 1.76% | 903 | | |
| 1999 | 7,361 | - | 14,355 | 1,007 | 47,213 | 14,328 | - | - | - | 84,264 | 2.60% | 1,468 | | |
| 2000 | 6,994 | - | 13,505 | 1,029 | 65,449 | 12,951 | 1,873 | - | - | 101,801 | 3.12% | 1,631 | | |
| 2001 | 7,791 | 6,800 | 12,655 | 1,109 | 80,289 | 11,579 | 1,723 | 5,694 | - | 127,640 | 3.87% | 2,013 | | |
| 2002 | 7,285 | 6,640 | 11,805 | 2,166 | 77,809 | 10,200 | 1,600 | 7,920 | - | 125,425 | 3.72% | 1,912 | | |
| 2003 | 8,120 | 6,405 | 10,955 | 2,169 | 73,422 | 9,355 | 1,524 | 13,996 | - | 125,946 | 3.60% | 1,880 | | |
| 2004 | 7,455 | 6,160 | 10,305 | 2,668 | 69,219 | 8,090 | 1,486 | 17,757 | - | 123,140 | 3.28% | 1,800 | | |
| 2005 | 6,805 | 5,905 | 25,105 | 3,557 | 64,846 | 6,885 | 1,406 | 18,201 | - | 132,710 | (1) | 1,909 | | |
| 2006 | 6,085 | 5,640 | 23,640 | 3,770 | 68,271 | 5,710 | 1,208 | 19,669 | - | 133,993 | (1) | (1) | | |

Note 1: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
 Note 2: Debt excludes LEO separation allowances and compensated absences
 Note 3: Percentage of Personal Income based on income for the County. Income information not provided on the City level.
 Note 4: Population amounts are as of July 1 of the fiscal year.
 Note 5: GO Bond amounts exclude bonds approved but unissued.

(1) Information not available to complete the analysis

City of Greenville
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Personal Income | Percentage of Estimated Actual Taxable Value of Property | | Per Capita |
|-------------|--------------------------|--|--------|-------------------------------|--|----|------------|
| | | | | | | | |
| 1997 | \$ 5,609 | \$ - | 5,609 | 0.20% | 0.26% | \$ | 100 |
| 1998 | 5,617 | - | 5,617 | 0.19% | 0.23% | \$ | 99 |
| 1999 | 22,723 | 660 | 22,063 | 0.68% | 0.84% | \$ | 387 |
| 2000 | 21,527 | - | 21,527 | 0.66% | 0.74% | \$ | 347 |
| 2001 | 28,355 | 244 | 28,111 | 0.85% | 0.90% | \$ | 441 |
| 2002 | 22,723 | 287 | 22,436 | 0.67% | 0.69% | \$ | 342 |
| 2003 | 27,649 | 291 | 27,358 | 0.78% | 0.80% | \$ | 408 |
| 2004 | 96,552 | 366 | 96,186 | 2.56% | 2.57% | \$ | 1,415 |
| 2005 | 41,372 | 1,313 | 40,059 | (1) | 1.01% | \$ | 576 |
| 2006 | 39,135 | 1,409 | 37,726 | (1) | 0.90% | | (1) |

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

Note 2: Percentage of Personal Income based on income for the County. Income information not provided on the City level.

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

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

(1) Information not available for this period

City of Greenville
Legal Debt Margin- Governmental Activities
Last Ten Fiscal Years
 (amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|--|-------------|-------------|-------------|----------------|-------------|-------------|-------------|-------------|-------------|----------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Debt limit | 172,159,375 | 185,323,973 | 194,882,465 | \$ 208,571,764 | 215,629,766 | 226,591,159 | 237,647,610 | 247,480,906 | 304,704,715 | \$ 325,000,000 |
| Total net debt applicable to limit | 21,979,809 | 21,626,547 | 34,819,939 | 36,978,581 | 34,407,451 | 33,056,604 | 32,123,514 | 34,019,015 | 47,758,689 | 39,135,000 |
| Legal debt margin | 150,179,566 | 163,697,426 | 160,062,526 | \$ 171,593,183 | 181,222,315 | 193,534,555 | 205,524,096 | 213,461,891 | 256,946,026 | \$ 285,865,000 |
| Total net debt applicable to the limit as a percentage of debt limit | 12.77% | 11.67% | 17.87% | 15.96% | 15.96% | 14.59% | 13.52% | 13.75% | 15.67% | 12.04% |

Legal Debt Margin Calculation for Fiscal Year 2015

| | |
|---|--------------------------|
| Assessed value | \$ 4,068,816,035 |
| Debt Limit (8% of total assessed value) | 325,000,000.00 |
| Debt applicable to limit: | |
| General obligation bonds | 6,085,000.00 |
| Certificates of Participation | 23,640,000.00 |
| Special obligation revenue | 5,640,000.00 |
| Other Debt | 3,770,000.00 |
| Legal debt margin | <u>\$ 285,865,000.00</u> |

Note: Under state finance law, the Name of Government's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Greenville
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006
 (amounts expressed in thousands)

| Governmental Unit | Net General Obligation Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|-------------------------------------|--|---------------------------------------|--|
| Overlapping Pitt County | \$ 6,655,000 | 49.44% | 3,290,232 |
| Direct City of Greenville | | | 39,135,000 |
| Total direct and overlapping debt | | | \$ 42,425,232 |

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

CITY OF GREENVILLE, NORTH CAROLINA
Pledged Revenue Coverage
Last Ten Fiscal Years
(Amounts expressed in Thousands)

| Fiscal Year | Utility Fund Revenues (1) | Operating Expenses (2) | Net Revenues Available for Debt Service | Debt Service Requirement (3) | | | Special Assessment Bonds | | | |
|-------------|---------------------------|------------------------|---|------------------------------|----------|-------|--------------------------------|------------------------|----------|----------|
| | | | | Principal | Interest | Total | Special Assessment Collections | Debt Service Principal | Interest | Coverage |
| 1997 | 131,591 | 114,479 | 17,112 | 970 | 1,143 | 2,113 | - | - | - | N/A |
| 1998 | 135,176 | 118,618 | 16,558 | 1,030 | 1,339 | 2,369 | - | - | - | N/A |
| 1999 | 139,866 | 121,205 | 18,661 | 1,291 | 1,558 | 2,848 | - | - | - | N/A |
| 2000 | 146,927 | 130,707 | 16,220 | 1,378 | 699 | 2,076 | - | - | - | N/A |
| 2001 | 159,863 | 139,022 | 20,841 | 2,150 | 3,215 | 5,365 | - | - | - | N/A |
| 2002 | 157,604 | 146,087 | 11,517 | 2,782 | 3,347 | 6,129 | 559 | 160 | 374 | 1.05 |
| 2003 | 176,408 | 162,149 | 14,259 | 3,970 | 3,768 | 7,738 | 584 | 235 | 303 | 1.09 |
| 2004 | 182,372 | 157,694 | 24,678 | 4,204 | 3,378 | 7,581 | 571 | 245 | 293 | 1.06 |
| 2005 | 190,003 | 167,660 | 22,343 | 4,372 | 3,194 | 7,566 | 557 | 255 | 284 | 1.03 |
| 2006 | 214,764 | 189,991 | 24,773 | 4,575 | 3,001 | 7,576 | 695 | 265 | 273 | 1.29 |

(1) Total revenues (including interest) exclusive of tap fees. Includes revenues for Electric, Water, Sewer and Gas

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds only. Amount does not include the general obligation bonds reported in the electric, water, sewer, and gas funds.

**City of Greenville
Demographic and Economic Statistics
Last Ten Fiscal Years**

| Fiscal Year | Population (2) | Personal Income (amounts expressed in thousands) | Capita Personal Income | | Median Age | School Enrollment | Unemployment Rate |
|-------------|----------------|--|------------------------|------------------------|------------|-------------------|-------------------|
| | | | Personal Income | Capita Personal Income | | | |
| 1997 | 56,000 | \$ 2,787 | \$ 21,802 | 29 | 19,592 | 4.7% | |
| 1998 | 56,630 | 2,897 | 22,197 | (1) | 19,336 | 5.0% | |
| 1999 | 57,405 | 3,246 | 21,462 | (1) | 20,112 | 4.5% | |
| 2000 | 62,432 | 3,263 | 24,331 | 32 | 19,817 | 5.5% | |
| 2001 | 63,815 | 3,296 | 24,396 | 30 | 20,600 | 6.1% | |
| 2002 | 65,647 | 3,373 | 24,631 | 31 | 20,412 | 5.5% | |
| 2003 | 67,048 | 3,499 | 25,262 | 31 | 20,665 | 5.7% | |
| 2004 | 68,371 | 3,755 | 26,777 | (1) | 21,812 | 5.5% | |
| 2005 | 69,517 | (1) | (1) | 33 | 22,116 | 5.1% | |
| 2006 | (1) | (1) | (1) | (1) | 22,609 | 5.4% | |

Note 1: Population and Personal Income obtained from U.S. Census Bureau

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

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

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

Note 4: Unemployment rates obtained from Employment Security Commission

(1) Information unavailable for this period

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

**City of Greenville
Principal Employers
Current Year and Nine Years Ago**

| Employer | 2006 | | | 1997 | | |
|-----------------------------------|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Pitt County Memorial Hospital | 6,130 | 1 | 8.63% | 4,000 | 1 | 6.44% |
| East Carolina University | 4,640 | 2 | 6.53% | 4,000 | 2 | 6.44% |
| Pitt County Public Schools | 3,200 | 3 | 4.50% | 2,500 | 3 | 4.03% |
| DSM Pharmaceuticals (Catalytica) | 1,000 | 5 | 1.41% | 1,300 | 4 | 2.09% |
| Collins & Aikman | | | | 900 | 5 | 1.45% |
| County of Pitt | 975 | 6 | 1.37% | 800 | 6 | 1.29% |
| Alliance (DIMON) International | | | | 750 | 7 | 1.21% |
| NACCO Materials Handling Group | 1,200 | 4 | 1.69% | 700 | 8 | 1.13% |
| Procter & Gamble | | | | 650 | 9 | 1.05% |
| Rubbermaid (Empire Brushes) | | | | 625 | 10 | 1.01% |
| Pitt Community College | 850 | 7 | 1.20% | | | |
| City of Greenville | 700 | 8 | 0.99% | 600 | 11 | 0.97% |
| Fullarton Industries | | | | 500 | 12 | 0.81% |
| ASMO Greenville of North Carolina | 550 | 9 | 0.77% | | | |
| Physicians East | 500 | 10 | 0.70% | | | |
| Total | <u>19,745</u> | | <u>27.80%</u> | <u>17,325</u> | | <u>27.90%</u> |
| | | | (1) | | | (1) |

Note: Information obtained from Pitt County Development Commission and Employment Securities Commission

(1) available. Percentage based on employment for County

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

| | Full-time Equivalent Employees as of June 30 | | | | | | | | | |
|-------------------------|--|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Function | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| General government | 44 | 49 | 50 | 50 | 53 | 50 | 51 | 51 | 56 | 59 |
| Public safety | | | | | | | | | | |
| Police | 169 | 186 | 188 | 193 | 194 | 194 | 197 | 210 | 212 | 219 |
| Fire | 117 | 118 | 124 | 124 | 124 | 124 | 124 | 130 | 142 | 143 |
| Public Works | 172 | 172 | 173 | 174 | 181 | 180 | 185 | 186 | 188 | 192 |
| Culture and recreation | 48 | 50 | 53 | 53 | 62 | 61 | 59 | 59 | 57 | 59 |
| Planning and Comm. Dev. | 20 | 27 | 28 | 29 | 36 | 35 | 30 | 25 | 24 | 24 |
| Electric | 124 | 127 | 127 | 96 | 101 | 99 | 99 | 95 | 97 | 97 |
| Water | 45 | 43 | 46 | 51 | 52 | 56 | 55 | 53 | 55 | 57 |
| Sewer | 50 | 50 | 54 | 56 | 55 | 58 | 56 | 55 | 57 | 58 |
| Gas | 38 | 40 | 43 | 44 | 44 | 45 | 45 | 47 | 46 | 47 |
| Other* | 101 | 102 | 105 | 144 | 152 | 154 | 156 | 154 | 152 | 153 |
| | <u>928</u> | <u>964</u> | <u>991</u> | <u>1,014</u> | <u>1,054</u> | <u>1,056</u> | <u>1,057</u> | <u>1,065</u> | <u>1,086</u> | <u>1,108</u> |

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

*Includes administrative personnel for the Greenville Utilities Commission.

City of Greenville
Operating Indicators by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Police | | | | | | | | | | |
| Physical arrests | 5,356 | 4,507 | 4,151 | 6,748 | 4,091 | 4,380 | 4,397 | 4,599 | 4,722 | 3,507 |
| Parking violations | 10,384 | - | - | - | - | - | - | - | - | - |
| Traffic violations | 12,913 | 14,001 | 14,429 | 17,702 | 21,416 | 23,180 | 30,163 | 22,003 | 11,337 | 24,508 |
| Fire | | | | | | | | | | |
| Number of calls answered | 1,846 | 1,877 | 2,167 | 2,207 | 1,948 | 1,549 | 3,461 | 2,530 | 3,062 | 3,598 |
| Inspections | 3,296 | 3,102 | 3,220 | 3,008 | 2,832 | 3,325 | 3,672 | * | 3,500 | 3,400 |
| EMS | | | | | | | | | | |
| Number of calls answered | 8,743 | 8,526 | 8,719 | 8,692 | 8,758 | 8,857 | 9,136 | 9,136 | 9,190 | 9,885 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing (miles) | 9 | 5 | 10 | 5 | (1) | 6 | 6 | 5 | 5 | (1) |
| Sanitation | | | | | | | | | | |
| Refuse collected (tons/day) | * | 23,319 | 23,258 | 25,073 | 24,619 | 24,652 | 26,375 | 28,120 | 25,676 | 27,182 |
| Recyclables collected (tons/day) | * | 1,697 | 1,680 | 1,865 | 1,677 | 1,631 | 1,839 | 1,804 | 1,850 | 1,792 |
| Culture and recreation | | | | | | | | | | |
| Facility reservations issued | 767 | 700 | 757 | 553 | 777 | 349 | 382 | 467 | 393 | 715 |
| Water | | | | | | | | | | |
| Connections (of service connect) | 24,186 | 24,186 | 25,934 | 26,283 | 26,644 | 27,217 | 28,411 | * | 29,540 | 30,829 |
| Water Lines (miles) | 453 | 460 | 475 | 486 | 511 | 511 | 531 | * | 565 | 583 |
| Average daily consumption (thousands of gallons) | 10,200 | 10,700 | 11,000 | 10,257 | 10,087 | 10,000 | 10,400 | * | 9,843 | 10,000 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 8,500 | 8,600 | 9,500 | 9,030 | 9,399 | 8,300 | 8,380 | * | - | 9,700 |

Sources: Various government departments.

*Information unavailable

(1) A street resurfacing project was not under taken during this fiscal year.

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

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Public safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 97 | 98 | 101 | 101 | 133 | 138 | 151 | 151 | 159 | 160 |
| Fire stations | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 6 | 6 |
| Sanitation | | | | | | | | | | |
| Collection trucks | 34 | 32 | 36 | 39 | 37 | 38 | 33 | 36 | 36 | 37 |
| Highways and streets | | | | | | | | | | |
| Streets (miles) | 184.0 | 187.0 | 191.0 | 196.0 | 204.0 | 204.0 | 212.0 | 212.0 | 220.0 | 230.1 |
| Streetlights | 4,324 | 4,582 | 4,763 | 4,853 | 5,171 | 5,171 | 5,529 | 5,529 | 5,785 | 5,983 |
| Traffic signals | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 27 |
| Culture and recreation | | | | | | | | | | |
| Parks acreage | 1,257 | 1,257 | 1,257 | 1,282 | 1,307 | 1,308 | 1,300 | 1,300 | 1,475 | 1,500 |
| Parks | 19 | 17 | 17 | 19 | 20 | 21 | 27 | 27 | 30 | 31 |
| 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 | 8 | 7 | 7 | 7 | 7 | 7 | 11 | 11 | 13 | 13 |
| Electric | | | | | | | | | | |
| Number of distribution stations | 16 | 16 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Miles of service lines | 1,400 | 1,700 | 1,900 | 1,900 | 2,300 | 2,300 | 2,300 | 2,384 | 2,447 | 2,474 |
| Water | | | | | | | | | | |
| Water lines (miles) | 458 | 460 | 477 | 477 | 477 | 511 | 531 | 550 | 565 | 583 |
| Maximum daily treatment capacity (millions of gallons) | 16.0 | 16.0 | 17.0 | 17.0 | 17.0 | 24.5 | 24.5 | 24.5 | 24.5 | 24.5 |
| Sewer | | | | | | | | | | |
| Sanitary sewers (miles) | 322 | 322 | 329 | 329 | 329 | 350 | 364 | 404 | 423 | 433 |
| Maximum daily treatment capacity (millions of gallons) | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 |
| Gas | | | | | | | | | | |
| Miles of pipeline | 389 | 403 | 433 | 433 | 433 | 486 | 500 | 509 | 530 | 545 |
| Miles of service lines | 251 | 267 | 282 | 282 | 282 | 330 | 344 | 359 | 375 | 398 |

SINGLE AUDIT SECTION



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Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, North Carolina, as of and for the year ended June 30, 2006, which collectively comprise the City of Greenville's basic financial statements, and have issued our report thereon dated August 18, 2006. 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 the City of Greenville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greenville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, 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.

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
August 18, 2006



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

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

Compliance

We have audited the compliance of the City of Greenville, North Carolina, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2006. The City of Greenville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Greenville's management. Our responsibility is to express an opinion on the 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on the City of Greenville's compliance with those requirements.

In our opinion, the City of Greenville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City of Greenville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
August 18, 2006



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

Report on Compliance With Requirements Applicable to Each Major State Program and 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 the compliance of the City of Greenville, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major State program for the year ended June 30, 2006. The City of Greenville's major State 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 major State program is the responsibility of the City of Greenville's management. Our responsibility is to express an opinion on the 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; and 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 affect on a major State program occurred. An audit includes examining, on a test basis, evidence about the 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 on the City of Greenville's compliance with those requirements.

In our opinion, the City of Greenville complied, in all material respects, with the requirements referred to above that are applicable to each major State program for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City of Greenville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Martin Starnes + Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
August 18, 2006

CITY OF GREENVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

1. Summary of Auditors' Results

- A. An unqualified opinion was issued on the financial statements of the City of Greenville, North Carolina.
- B. Our audit of the basic financial statements disclosed no reportable conditions in internal control.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the City's major programs disclosed no reportable conditions in internal controls over major programs.
- E. Our audit disclosed no audit findings which related to Federal and State awards.
- F. An unqualified opinion was issued on the City of Greenville's compliance with the types of compliance requirements applicable to each major Federal and State program.
- G. The Major Federal programs for the City of Greenville, North Carolina for the fiscal year ended June 30, 2006 are:

| <u>Program Name</u> | <u>CFDA#</u> |
|--------------------------------------|--------------|
| CDBG Entitlement Grant | 14.218 |
| CDBG Home Program Grant | 14.239 |
| Federal Transit Formula Grants | 20.507 |
| NC Governor's Highway Safety Program | 20.600 |

- H. The Major State programs for the City of Greenville for the year ended June 30, 2006 are:
 Powell Bill
- I. The threshold for determining Type A programs for City of Greenville is \$300,000.
- J. City of Greenville did not qualify as a low risk auditee under Section 530 of Circular No. A-133.

CITY OF GREENVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

2. Findings Related to the Audit of the Basic Financial Statements

The audit did not detect any findings as it relates to the basic financial statements.

3. Findings and Questioned Costs Related to the Audit of Federal and State Awards

The audit did not detect any findings or questioned costs as it relates to federal or State awards.

CITY OF GREENVILLE, NORTH CAROLINA

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2006**

Not applicable

CITY OF GREENVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

None. No uncorrected prior year findings.

CITY OF GREENVILLE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

| <u>Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number/ State Number</u> | <u>Grant Number</u> | <u>Federal (Direct and Pass Through) Expenditures</u> | <u>State Expenditures</u> | <u>Local Expenditures</u> | <u>Total Expenditures</u> |
|---|--|-------------------------|---|-------------------------------|-------------------------------|-------------------------------|
| FEDERAL FINANCIAL ASSISTANCE: | | | | | | |
| U. S. Department of Homeland Security Operations and Firefighter Safety | 97.044 | ENW2004-FG-17290 | \$ 70,378 | \$ - | \$ - | \$ 70,378 |
| Total U.S. Department of Homeland Security | | | 70,378 | - | - | 70,378 |
| U.S. Department of Housing and Urban Development Pass-through N. C. Department of Commerce | | | | | | |
| CDBG Entitlement Grant | 14.218 | BO4-MC-37-0020 | 1,112,473 | - | - | 1,112,473 |
| CDBG Home Program Grant | 14.239 | | 812,797 | - | - | 812,797 |
| CDBG Demolition Grant | 14.866 | B045PNC0566 | 36,530 | - | - | 36,530 |
| Total U.S. Department of Housing and Urban Development | | | 1,961,800 | - | - | 1,961,800 |
| U.S. Department of Transportation | | | | | | |
| Direct Programs - | | | | | | |
| Public Transportation Division | 20.505 | 06-08-013 (PLNG) | 20,707 | 2,588 | 2,588 | 25,884 |
| Public Transportation Division | 20.505 | 05-08-013 (PLNG) | 10,642 | 1,331 | 1,331 | 13,303 |
| Enhancement Grant | 20.205-2 | E-4107(PE & Const) | 116,225 | - | 51,991 | 168,216 |
| Metropolitian Planning Organization | 20.205-5 | PL-104 (2005) | 27,854 | - | 116,907 | 144,761 |
| Metropolitian Planning Organization | 20.205-5 | PL-104 (2006) | 35,317 | - | - | 35,317 |
| Federal Transit Administration | 20.507 | NC-904-365 | 283,685 | - | 113,650 | 397,335 |
| Federal Transit Administration | 20.507 | NC-900-365 | 80,517 | - | 20,129 | 100,646 |
| Federal Transit Administration | 20.507 | NC-908-365 | 574,828 | - | 121,600 | 696,428 |
| Total U.S. Department of Transportation | | | 1,149,775 | 3,919 | 428,196 | 1,581,890 |
| U.S. Bureau of Justice Assistance: | | | | | | |
| Direct Payments | | | | | | |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2005-DJ-BX-0787 | 18,683 | - | - | 18,683 |
| Bulletproof Vest Initiative | 16.607 | | 5,801 | - | 11,602 | 17,403 |
| Total U.S. Bureau of Justice Assistance | | | 24,484 | - | 11,602 | 36,086 |
| U.S. Department of Justice | | | | | | |
| Office of Justice Programs | 16.540 | 2004CKWX0116 | 197,012 | - | - | 197,012 |
| Total U.S. Department of Justice | | | 197,012 | - | - | 197,012 |

CITY OF GREENVILLE, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

| <u>Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number/ State Number</u> | <u>Grant Number</u> | <u>Federal (Direct and Pass Through) Expenditures</u> | <u>State Expenditures</u> | <u>Local Expenditures</u> | <u>Total Expenditures</u> |
|---|--|-------------------------|---|-------------------------------|-------------------------------|-------------------------------|
| STATE OF NORTH CAROLINA FINANCIAL ASSISTANCE | | | | | | |
| State of North Carolina | | | | | | |
| Department of Crime Control and Public Safety | | | | | | |
| CHANCE | | 074-1-05-009-AT-865 | - | 183,130 | - | 183,130 |
| Victim's Advocate Grant | | 074-1-04-011-AV-115 | - | 29,604 | 7,401 | 37,005 |
| Total Department of Crime Control and Public Safety | | | - | 212,734 | 7,401 | 220,136 |
| Department of Transportation | | | | | | |
| Division of Highways - | | | | | | |
| Powell Bill Funds | | | | | | |
| State Maintenance Assistance Program | DOT-9 | 06-SM-010 | - | 1,943,229 | - | 1,943,229 |
| Public Transportation Divison | DOT-11 | 05-09-340 (CAP) | - | 146,739 | - | 146,739 |
| Public Transportation Divison | DOT-11 | 05-09-340 (PLNG) | - | 22,324 | - | 22,324 |
| N.C. Governor's Highway Safety Program | | | - | 7,000 | - | 7,000 |
| RAID (2006) | 20.600 | PT-06-04-05-20 | 83,887 | - | 69,703 | 153,590 |
| RAID (2005) | 20.600 | PT-05-04-05-09 | 240,723 | - | - | 240,723 |
| LEL (2004-2005) | 20.604 | 157(b)4-06-14-H | 5,046 | - | 11,973 | 17,019 |
| LEL (2005-2006) | 20.605 | 06-10-01-21-B | 1,431 | - | - | 1,431 |
| Total Department of Transportation | | | 331,087 | 2,119,293 | 81,676 | 2,532,055 |
| Department of Cultural Resources | | | | | | |
| State Historic Preservation Office | | | | | | |
| Office of Archives and History | | | | | | |
| Dickinson Ave. Project | | | - | - | 6,700 | 6,700 |
| Total Department of Cultural Resources | | | - | - | 6,700 | 6,700 |
| Department of Environment & Natural Resources | | | | | | |
| Division of Parks and Recreation | | | | | | |
| | | P05041 | - | 250,000 | 85,492 | 335,492 |
| Division of Purchase and Services | | | | | | |
| Mosquito Control Grant | | T06060 | - | 11,586 | 180,414 | 192,000 |
| Community Waste Reduction/Recycling | | H06041 | - | 7,438 | 2,500 | 9,938 |
| Citizen Tree Ordinance Education | | F06024 | - | - | 2,636 | 2,636 |
| Total Department of Cultural Resources | | | - | 269,024 | 271,042 | 540,066 |
| Total Federal and State Assistance | | | \$ 3,734,536 | \$ 2,604,970 | \$ 806,617 | \$ 7,146,123 |

CITY OF GREENVILLE, NORTH CAROLINA

Notes To Schedule of Expenditures of Federal And State Awards For The Fiscal Year Ended June 30, 2006

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 to 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 government agencies is included on the schedule.

Note 2 - Basis of Accounting

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

Note 3 – Outstanding State Revolving Loan Fund Balance

The accompanying Schedule of Expenditures of Federal and State Awards includes expenditures related to the North Carolina State Revolving Loan Fund.



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