



**Greenville  
Utilities**

# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina





**ON THE COVER:**

Ken Wade, Substation Control Engineer, is shown here at GUC's new Point of Delivery (POD) Substation on Mills Road near Highway 43 South. Construction is nearing completion on this third POD that joins our existing 230-kv POD substations, located on MacGregor Downs Road and Mumford Road. Together, these PODs will enhance our system reliability.

Our Main POD on Mumford Road was flooded during Hurricane Floyd in 1999, exposing the vulnerability of having only one delivery point. The second POD at

MacGregor Downs was built in 2002, giving our electric system a higher rate of reliability year-round, in addition to providing extra redundancy during storms and in flood situations like Hurricanes Floyd and (just last year) Matthew.

For a number of years, the Electric Department's long-range planning has recognized the need for additional POD capacity to enhance reliability of delivery and support long-term system growth. Construction of the new POD is scheduled to wrap up in early 2018.



**Greenville  
Utilities**

# **Greenville Utilities Commission**

of the City of Greenville, North Carolina

(Enterprise Fund of the City of Greenville, North Carolina)

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## **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2017

This Report Was Prepared By:

**Greenville Utilities Commission Finance Department**  
401 S. Greene Street Greenville, North Carolina 27834

Chief Financial Officer

**Jeff McCauley, CPA**

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Director

**Joseph K. Jones, CPA**

Financial Services & Accounting

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Finance Department Staff

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Tanya Brown, Accounting Technician II

Louisa Chan, Senior Financial Planning and Rates Analyst

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Cynthia Langley, Accounting Manager

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Margie Taylor, Accountant/Auditor IV

Brandie Whitehurst, Administrative Assistant

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# Introductory Section



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

DAVID BOYD

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Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina



**Greenville  
Utilities**

**OCTOBER 3, 2017**

## To the Board Of Commissioners and the Customers of the Greenville Utilities Commission of the City of Greenville, NC:

The management and staff of the Greenville Utilities Commission (Utilities Commission) of the City of Greenville are pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cherry Bekaert LLP, Certified Public Accountants, has issued an unmodified (“clean”) opinion on the Utilities Commission’s financial statements for the year ended June 30, 2017. The independent auditor’s report is located at the front of the financial section of this report.

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Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.





## Profile of the Greenville Utilities Commission

In 1903, Greenville was a town of just 2,565 governed by a Board of Aldermen. With an eye toward progress, on April 7, 1903, a \$65,000 bond referendum was passed to fund the creation of the water, sewer and electric systems. Two years later, on March 20, 1905, Greenville's new Water & Light Commission was established with about 72 electric and 30 water customers. The natural gas system was added in 1925.

The Utilities Commission is owned by the citizens of Greenville, and is governed by an eight-member Board of Commissioners responsible for approving rates, development plans, the annual budget and for setting policy that is

carried out by our General Manager/CEO. The City Manager of the City of Greenville serves as a full-voting member of the Board, five other Board members are nominated by the City Council and two are nominated by the Pitt County Board of Commissioners. All members are approved by the City Council. Board members serve three-year terms, with a maximum of two terms. Utilities Commission meetings are held the third Thursday of each month.

The Utilities Commission operates under a charter issued by the North Carolina General Assembly (the Utilities Commission Charter). In accordance with the provisions of

the Utilities Commission Charter, the Utilities Commission annually transfers to the City of Greenville an amount equal to six percent of the difference between the electric and natural gas systems' net fixed assets and total bonded indebtedness, plus an amount equal to fifty percent of the Utilities Commission's retail cost of service for the City of Greenville's public lighting. The annual transfer amount represents approximately five percent of the City's total annual budget and provides a secondary benefit to the citizens of Greenville in addition to the direct benefit of utility services.





## The Electric System

The Utilities Commission operates an electric distribution system serving the City and approximately seventy-five percent of the rural portion of the County with 66,508 connections. The Utilities Commission's electric system, measured by number of customers served, is the second largest municipal electric system in the State and the forty-fifth largest in the nation.

The electric system consists of 77 miles of high voltage transmission lines at 115,000 and 34,500 volts, as well as 1,191 miles of overhead distribution lines, 1,653 miles of underground distribution lines at 12,470 volts and 86 miles of fiber optic lines. In addition, the electric system consists of 19 distribution substations with a combined base rating capacity of 560 megavolt amps (MVA), two sub-transmission substations with a

combined base rating capacity of 50 MVA and two 115 kilovolts (kV) transmission substations with a combined base rating capacity of 480 MVA.

The Utilities Commission is a leader in the State of North Carolina in residential load management and has device controls for an estimated 41,900 appliances including customer heat pumps, air conditioners, water heaters and electric furnaces. Approximately thirty percent of the Utilities Commission's residential customers currently participate in this program.

The Utilities Commission and thirty-one other North Carolina municipalities are members of the North Carolina Eastern Municipal Power Agency (Power Agency), a joint agency of the State of North Carolina. On July 31,

2015, the Power Agency completed the sale of its electric generating assets to Duke Energy Progress for approximately \$1.25 billion. The proceeds from the sale were used to reduce outstanding debt on those assets. The Utilities Commission's share of the Power Agency's outstanding debt was reduced from approximately \$277.8 million to \$85 million. Duke Energy Progress has entered into a 30 year agreement to provide wholesale power to the Power Agency. The Utilities Commission, along with the other member entities, entered into a 30 year take and pay all requirements contract for the delivery of wholesale electric power. The reduced debt service costs and the lower costs of wholesale power have allowed the Utilities Commission to reduce electric retail rates by approximately 15% since July 2015.



## The Water Resources Systems



### WATER TREATMENT AND DISTRIBUTION SYSTEM

The Utilities Commission operates a water treatment and distribution system that serves the City and a portion of the County. The distribution system currently consists of approximately 631 miles of lines with 35,794 connections. Raw water is supplied by the Tar River and eight deep wells. River modeling indicates the Utilities Commission may be able to realize an average day withdrawal of 128 million gallons per day (MGD) from the Tar River, as compared to the current average day withdrawal of 13.364 MGD. Treatment is accomplished through a modern water treatment plant placed

in operation in 1983 and expanded in 2002 with a present capacity of 22.5 million gallons per day (MGD). With the 2.0 MGD peaking capacity of the supplemental supply from the eight deep wells, the total peak day capacity of the water system is 24.5 MGD.

Average daily water use in the fiscal year ended June 30, 2017 was approximately 12.804 MGD, with a maximum daily usage of approximately 17.629 MGD. Approximately 86.1% of the water system's 35,794 connections are located within the City limits.

The North Carolina Department of Environmental Quality (NCDEQ) regulates the quality of water sold by the

Utilities Commission to its customers, and the water treatment plant operates in compliance with NCDEQ regulations. The water system meets the current standards of the Federal Safe Drinking Water Act.

NCDEQ has implemented rules restricting water use from certain aquifers in areas of eastern North Carolina. Although the Utilities Commission's primary water supply, which is the Tar River, is not affected by these restrictions, several neighboring communities are mandated to reduce their aquifer withdrawals and are seeking supplemental water supplies. Foresight and long range planning in the areas of water treatment have positioned





the Utilities Commission to form partnerships with these neighboring communities to provide water service to areas outside the traditional service area. The Utilities Commission has entered into contracts to deliver water to the neighboring communities of Bethel, Farmville, Stokes, Winterville and Greene County.

### WASTEWATER COLLECTION AND TREATMENT SYSTEM

The Utilities Commission operates a wastewater collection and treatment system that serves the City as well as some adjacent areas. In addition, the municipalities of Bethel and Grimesland, who have their own

collection systems, have contracted with the Utilities Commission to treat the wastewater they collect. Mandatory connection is required by Utilities Commission rules and regulations which are incorporated into the City Code by reference.

The collection system consists of approximately 479 miles of lines with 29,478 connections. The wastewater treatment plant was placed on line in 1985 and expanded in 1995. It is rated to biologically treat a 30 day average of 17.5 million gallons per day (MGD). The annual average daily biological flow during fiscal year ended June 30, 2017 was 10.22 million gallons of wastewater with a single day hydraulic maximum of 21.95 MGD.

The wastewater treatment plant is regulated by the NCDEQ Division of Water Resources which enforces federal standards through the National Pollutant Discharge Elimination System as defined in the Clean Water Act. The Utilities Commission operates an Industrial Pretreatment program, which currently has six participants: Hyster-Yale Group (formerly NAACO Materials Handling Group), Patheon (formerly DSM Pharmaceuticals, Inc.), DSM Dyneema, Inc., The Hammock Source, Fuji Silysia, and Metrics Contract Services (a subsidiary of Mayne Pharma Group Limited).



## The Natural Gas System



The Utilities Commission operates a natural gas distribution system that serves the City as well as some adjacent areas. The natural gas system consists of 621 miles of pipeline and 446 miles of service lines with 23,108 connections. During the current fiscal year 3,249,342 dekatherms of natural gas were moved through the Utilities Commission's distribution system.

The Utilities Commission entered a 10-year gas services agreement effective January 5, 2010, with Piedmont Natural Gas (PNG) that provides Firm Transportation, Excess Redelivery and Bundled Sales Peaking Services. The

Utilities Commission secures its natural gas supplies through various marketers and transports the natural gas on a daily basis through Transcontinental Gas Pipe Line Corporation's transmission pipeline to PNG's gas system. The Utilities Commission routinely uses marketing firms to buy and sell natural gas contracts on its behalf. A Natural Gas Risk Management Policy, which includes a Hedging Plan and Credit Risk Policy, was developed and adopted by the Utilities Commission to mitigate the risks associated with purchasing natural gas on the New York Mercantile Exchange (NYMEX). The

Utilities Commission entered a 15-year agreement with Patriots Energy Group (PEG), effective February 1, 2007 to purchase 20 percent of the Utilities Commission's firm volumes (2,000 dekatherms per day during the winter period, November through March). The Utilities Commission receives a price discount projected to be between \$0.42 and \$0.47 per dekatherm and pays a fee of \$0.015 per dekatherm to PEG to cover the administrative costs of the agreement.

The Utilities Commission entered into a Supplemental Service and Construction Agreement with PNG



effective November 1, 2014 for a period of 5 years. Under the terms of the contract the Utilities Commission will pay additional demand charges to cover the costs of upgrades to the Utilities Commission's system completed by PNG. The initial amount of the contractual payment was \$470,000 per year. Effective June 2015 the amount was increased to \$593,093 per year to reflect the actual costs of the upgrades. These additional demand charges are payable through October 2019.

The Utilities Commission utilizes liquefied natural gas (LNG) as a

supply source for peak day natural gas requirements. The utilization of LNG as a natural gas supply for peak day requirements is part of a long range plan to enhance the natural gas system's reliability, control natural gas costs and offer additional services to the Utilities Commission's customers. The Utilities Commission completed a permanent facility that stores and vaporizes LNG into gas in December 1997. An expansion of that facility, which doubled storage capacity, was substantially completed in the fall of 2001 and enhancements to the security features at the site were completed in

2004. A second expansion, completed in December 2006, doubled the send-out capacity and added redundancy and reliability to the operations of the facility. During fiscal year 2015 two additional storage tanks were installed at the facility bringing the total storage capacity to 330,000 gallons. The volume of LNG stored at the facility would supply our customers for more than a week should our gas supply be cut off due to an emergency.



## LOCAL ECONOMY

The City of Greenville is a commercial, educational, cultural and medical hub for Eastern North Carolina. As a university community with a strong business and manufacturing base, the area is characterized by a multi-skilled labor force, a diversified economic base and a large regional health-care complex. The local economy is well positioned with government, wholesale, retail trade and manufacturing sectors contributing to total employment. Agriculture is also a strong contributor to the area with tobacco, corn, soybeans, wheat, peanuts, eggs, livestock, poultry and vegetables as the primary local agricultural products.

Locally there are fifteen manufacturing operations that employ 100 or more workers, five that employ 500 or more and several manufacturers that maintain corporate or divisional headquarters in the Utilities Commission's service area. Three non-manufacturing operations located in the area each employ more than 2,500 workers. Major employers include Vidant Medical Center (formerly Pitt County Memorial Hospital), East Carolina University, Pitt County Schools, Hyster-Yale Group (formerly NACCO Materials Handling Group), the City of Greenville, Pitt Community College, Patheon (formerly DSM Pharmaceuticals), Pitt County Government, Alliance One International and Physicians East. Unemployment rates since 2007 have ranged from a low of 4.9 percent to a high of 11.1 percent.

The health care community in Greenville is one of the largest in the State. Vidant Medical Center is one of four academic medical centers in North Carolina and serves as the teaching hospital for The Brody School of Medicine. The 900 plus bed hospital serves as a regional heart center and is the only level one trauma center in the

29 counties of Eastern North Carolina and serves over 1.4 million residents of the region.

East Carolina University (ECU), the third largest university in the State, has a student enrollment of nearly 29,000 students and employs more than 5,800 workers. ECU is a member of the 17-campus University of North Carolina system and is accredited by the Southern Association of Colleges and Schools. It offers professional schools of medicine, dentistry, nursing, allied health sciences, health and human performance, business, education, industry and technology, human environmental sciences, social work, music, art and a College of Arts and Sciences.

## LONG-TERM FINANCIAL PLANNING

The Utilities Commission is dedicated to enhancing the quality of life for those we serve by providing safe, reliable utility services at the lowest reasonable cost, with exceptional customer service. At the Board's direction, we developed a strategic management system using the Balanced Scorecard as a framework. Our Balanced Scorecard, branded as "On the Mark," was developed with input from the Board, management, employees and customers. On the Mark is a dynamic roadmap for greater success – for the Utilities Commission, our employees and the communities we serve. The Utilities Commission's Balanced Scorecard helps translate our mission, vision and strategies into action. We have defined three focus areas, or strategic themes: Exceptional Customer Service; Reliability, Safety & Value; and Shaping Our Future. Attaining excellence in these three areas will enable us to achieve our mission, realize our vision and deliver value to our customers.

The Utilities Commission's strategic plan includes a multi-year financial

plan to build reserves, fund our capital projects and continue to meet the needs of our customers, while maintaining competitive and stable rates. We are focusing on long-term financial sustainability, establishing key financial reserves to mitigate risk, and meeting customer requests and reliability standards.

Our approach to financial planning supports our long-term strategic goals. The Utilities Commission annually prepares, as part of the budgeting process, a five-year capital and financial plan that outlines major projects and identifies needs for long and short-term financing. This planning process focuses on key financial metrics including operating income, high debt service coverage and reasonable levels of fund balance. Rate modeling is used to assess cash flows and to identify the amount and plan the timing of revenue increases.

## RELEVANT FINANCIAL POLICIES

A comprehensive set of financial policies is necessary to ensure that the Utilities Commission's assets are effectively managed and to provide benchmarks to measure performance. The Utilities Commission's investment policy objectives are to properly manage idle cash while providing reasonable rates of return and achieving the primary goals of safety and liquidity. Our financial reserves policy is designed to identify prudent cash reserve levels while promoting long-term financial stability. Our capital investment policy provides guidelines for prudent utility capital investment planning to ensure the timely renewal and replacement of the operating system's assets.

## MAJOR INITIATIVES

The Utilities Commission is planning and designing several major additions to the electric grid in the upcoming years.

These projects include the addition of a new point of delivery transmission substation as a connection point between the Utilities Commission and its wholesale electric power provider, the North Carolina Eastern Municipal Power Agency. The new point of delivery substation, known as the South POD Substation will be the third connection point, which will provide redundancy and increased system reliability. The estimated cost for this project is \$4.8 million.

In addition, the Utilities Commission will be constructing a transmission line to connect the new point of delivery substation to the distribution substations in the electrical system. The estimated cost of this project is approximately \$5.6 million.

The Utilities Commission is also beginning to construct a new electric substation and a transmission line to serve it in the industrial park area totaling more than \$5 million.

Major projects to upgrade pump stations for the sanitary sewer collection system are underway. Other sanitary sewer projects include improvements to regional pump stations costing approximately \$1.8 million dollars and upgrades to the air distribution system at the Sewer Plant of more than \$2 million.

The Utilities Commission's current Operations Center, located in the 100 year flood plain, suffered extensive damage during Hurricane Floyd in 1999. The facilities at the Operation Center were also damaged due to flooding that occurred during Hurricane Matthew in October of 2016. Moreover; the current facilities, located on approximately 27 acres, cannot accommodate any further expansion. To remediate damage to facilities from flooding occurring in the future and better serve its customers,

the Utilities Commission has purchased an 82 acre parcel of land outside of the flood plain, centrally located in the Utilities Commission's service area, for the construction of a new Operations Center. The location selected will allow access to major transportation routes and will provide for future expansion. The construction of the facilities is expected to cost approximately \$40 million.

### AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Utilities Commission for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the eighth consecutive year the Utilities Commission has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals 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 Government Finance Officers Association of the United States and Canada (GFOA) presented the Utilities Commission with the Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for FY 2016. The PAFR is a document designed to make

an organization's CAFR easier to understand by those who do not have a financial or accounting background. The Utilities Commission's PAFR was evaluated by four independent judges in five categories: reader appeal, understandability, distribution methods, creativity and notable achievements, and overall quality. This is the second year in a row the Utilities Commission has won this award.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Distinguished Budget Presentation award to the Utilities Commission for the FY 2016-17 budget. To win the award, the budget document had to go through the scrutiny of three independent reviewers. It had to substantially conform to 90 points of challenging criteria which incorporate guidelines from the National Advisory Council on State and Local Budgeting. This document is an in-depth reporting of the Utilities Commission's budget and is designed for those who understand the complexities of running four separate utility services.

For the sixth consecutive year the Purchasing Section of the Utilities Commission's Finance Department received the Sustained Professional Purchasing Award from the Carolinas Association of Governmental Purchasing. The Utilities Commission is one of 15 member agencies in North and South Carolina to receive the award.

The Utilities Commission recently received a project implementation award - the prestigious Expanding Excellence Finalist Award under the category of Best Customer Information System Implementation. This award is designed to acknowledge and salute excellence in utility customer service and serves as recognition for a highly successful CIS project implementation. Nominated projects are evaluated on

adherence to budget and schedule, operational efficiency after go-live, innovation, and improved service levels.

The award was presented by CS Week, an international customer service conference serving electric, gas, water, and wastewater utility professionals. This year's conference took place in Fort Worth, Texas. IT Applications Manager Becky Pope shared our Navigate Project implementation strategy with the conference's Synergy Group, a special track of seminars designed for utility application and customer service professionals.

The N.C. Division of Water Resources has honored the Utilities Commission and 48 other water treatment plants in N.C. (out of 149 plants) for surpassing federal and state drinking water standards. This is the second time the Utilities Commission has received the prestigious N.C. Area Wide Optimization Award, which is part of a state effort to enhance the performance of surface water treatment facilities.

During fiscal year 2017 the Utilities Commission was honored with 16 safety awards from the North Carolina Department of Labor and the Greenville-Pitt County Chamber of Commerce. For some of our departments, this was the tenth consecutive year earning awards at the banquet.

ElectriCities, a member organization that includes electric power communities in North Carolina, South Carolina and Virginia and provides management services to the Utilities Commission's power provider annually presents Public Power Awards of Excellence to its members. During the 2017 fiscal year the Utilities Commission received awards for Competitive Business Environment, Energy Efficiency, Financial Stability, Legislative Involvement, and Service Excellence. This was the twelfth consecutive year these awards have been earned.

The Utilities Commission has long been a leader in environmental stewardship

in Eastern North Carolina. During FY 2017 the Tar-Pamlico Basin Association recognized the Utilities Commission for that, along with 25 years of active involvement in the Association, during its 25th Anniversary Celebration. The Utilities Commission's former General Manager/CEO Malcolm Green (along with former Rocky Mount Director of Water Resources Paul Blount) spearheaded the formation of this organization.

The American Public Power Association (APPA) awards the Reliable Public Power Provider (RP3) designation to recognize outstanding achievements in providing customers with the highest degree of reliable and safe electric service. Out of more than two thousand community-owned electric utilities fewer than ten percent attain this recognition. The designation is awarded every three years and GUC's current designation will be renewed in 2018. The Utilities Commission has held this designation continuously since May 2007.

## Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Utilities Commission's finances.



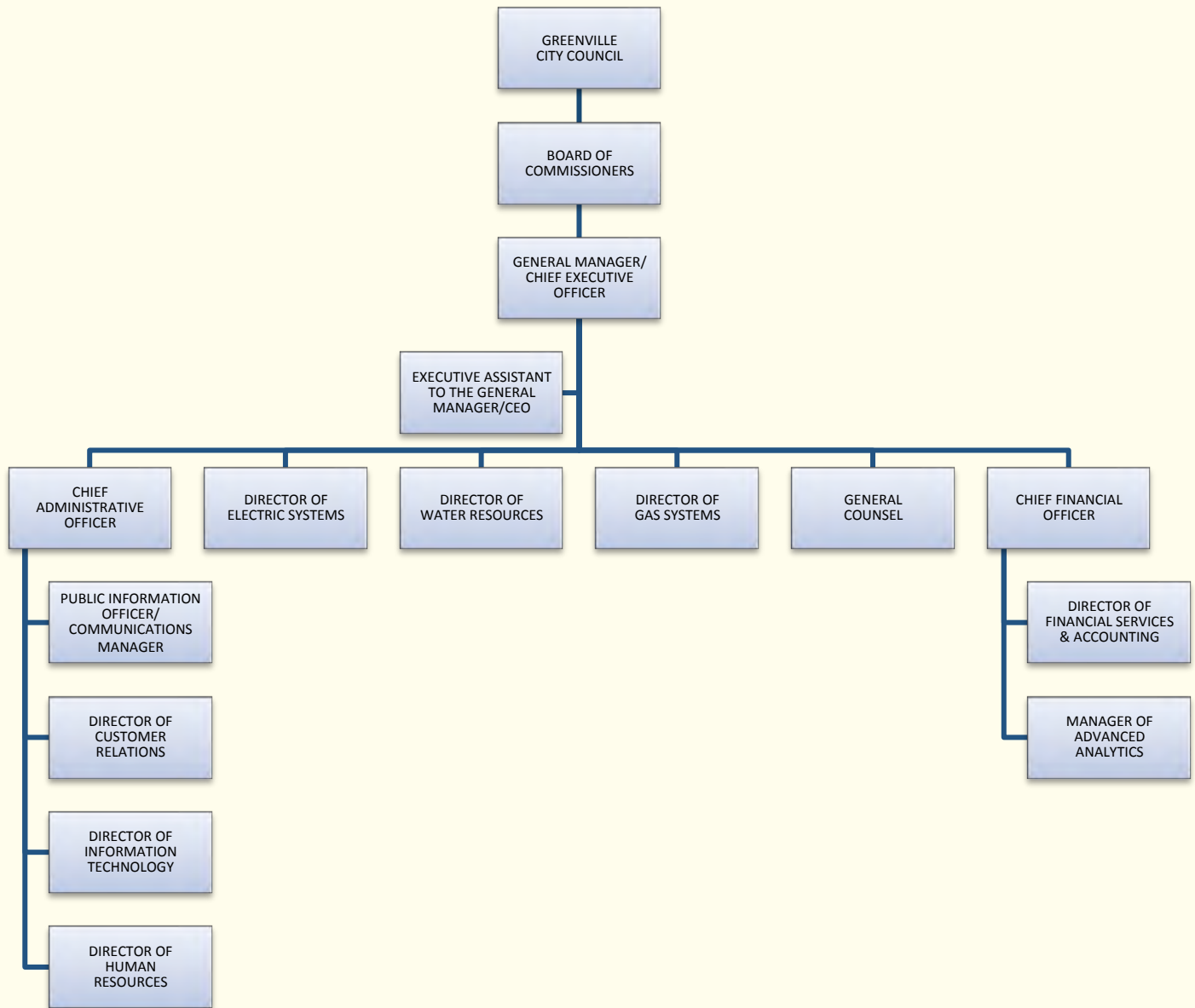
Anthony C. Cannon  
 General Manager/CEO



Jeff McCauley  
 Chief Financial Officer



## Organizational Chart



### Appointed Officials (October 3, 2017) COMMISSIONERS



Parker Overton, City Manager Ann Wall, Secretary Joel Butler, Chair Don Mills, Minnie Johnson Anderson, Chair-Elect Rebecca Blount, Tommy Stoughton and Toya Jacobs.

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### EXECUTIVE MANAGEMENT



Anthony C. Cannon  
General Manager/CEO



Chris Padgett  
Chief Administrative  
Officer



Jeff McCauley  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Greenville Utilities Commission  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



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# Independent Auditor's Report



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

**BROOKE NORTON**

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Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina



## Report of Independent Auditor

The Board of Commissioners  
Greenville Utilities Commission of the City of Greenville  
Greenville, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Greenville Utilities Commission (the "Commission") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**OTHER MATTERS****Nature of Reporting Entity**

As discussed in Note 1, the financial statements referred to above present only the Commission and are not intended to present fairly the financial position of the City of Greenville, North Carolina, and the changes in financial position and cash flows in accordance with accounting principles generally accepted in the United States of America.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information ("RSI") as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, individual fund statements and schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements and schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2017, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the Commission's internal control over financial reporting and compliance.

Chemy Bekaert LLP

Raleigh, North Carolina  
October 3, 2017

# Management's Discussion and Analysis



## **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2017

**RALPH LANGLEY**

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Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina



# Management's Discussion and Analysis

As management of the Greenville Utilities Commission (Utilities Commission), we offer readers of the Utilities Commission's financial statements this narrative overview and analysis of the financial activities of the Utilities Commission for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information in this report.

## Financial Highlights

- The assets and deferred outflows of resources of the Utilities Commission exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$378,926,067 (net position). Of this amount, \$112,258,108 (unrestricted net position) may be used to meet the Commission's ongoing obligations to its customers and creditors.
- Operating revenues decreased by \$1,202,564 or 0.5% primarily due to reductions in retail electric rates effective July 1, 2016 and April 1, 2017. Total revenues and contributions increased by \$788,093 or 0.3%.
- The Utilities Commission's total net position increased by \$12,404,187 primarily due to positive operating income.
- The Utilities Commission's total debt decreased by \$6,458,298 (4.6%) during the current fiscal year. The key factor in this decrease was the retirement of \$10,420,893 of existing debt, which exceeded the addition of new debt totaling \$4,389,733 and the net decrease in discounts and premiums totaling \$427,138.
- The Utilities Commission maintains bond ratings of Aa2 with a stable outlook from Moody's Investors Services and AA- with a stable outlook from Fitch Ratings.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Utilities Commission's basic financial statements. The Utilities Commission's basic financial statements are comprised of three components: (1) commission-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Commission-Wide Financial Statements** – The commission-wide financial statements are designed to provide readers with a broad overview of the Utilities Commission's finances, in a manner similar to a private-sector business. The commission-wide statements provide short and long-term information about the financial status of the Utilities Commission as a whole.

The Statement of Net Position presents the difference between the Utilities Commission's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial condition of the Utilities Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information showing how the Utilities Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected billings and earned but unused vacation leave).

All of the activities of the Utilities Commission are of a business-type (as compared to governmental activities). The Utilities Commission has no component units to report.

**Fund Financial Statements** – 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 Utilities Commission, like other local governments and special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Utilities Commission can be divided into two categories: proprietary funds and fiduciary funds.



**Proprietary Funds** – The Utilities Commission maintains only one type of proprietary fund – the enterprise fund type. Enterprise funds are used to report the same functions presented as business-type activities in the commission-wide financial statements. The Utilities Commission uses enterprise funds to account for its electric, water, sewer and natural gas business operations, all of which are considered major funds.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the Utilities Commission. Fiduciary funds are not reflected in the commission-wide financial statement because the resources of those funds are not available to support the Utilities Commission's own activities. The accounting used for fiduciary funds is much like that used for proprietary funds. The Utilities Commission has two fiduciary funds, one of which is a pension trust fund and one of which is an agency fund.

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the commission-wide and fund financial statements.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Utilities Commission's progress in funding its obligation to provide post-employment benefits to its employees.

## Commission-Wide Financial Analysis

### Greenville Utilities Commission Net Position

	2017	2016
Current and other assets	\$ 163,573,630	\$ 166,155,976
Capital assets	385,489,064	376,991,066
Total assets	549,062,694	543,147,042
Deferred outflows of resources	10,487,321	4,326,896
Current liabilities	33,750,233	35,539,459
Non-current liabilities	146,544,707	144,435,417
Total liabilities	180,294,940	179,974,876
Deferred inflows of resources	329,008	977,182
Net position:		
Net investment in capital assets	266,667,959	264,725,232
Unrestricted	112,258,108	101,796,648
<b>Total net position</b>	<b>\$ 378,926,067</b>	<b>\$ 366,521,880</b>

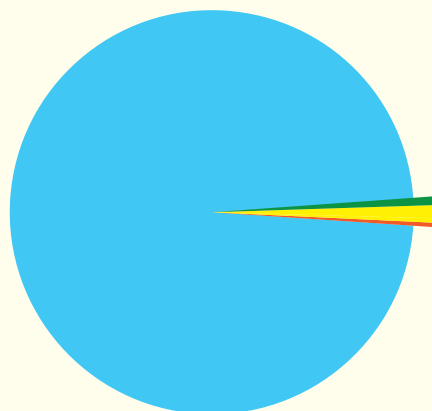
As noted earlier, net position may serve over time as a useful indicator of an enterprise's financial condition. The assets and deferred outflows of resources of the Utilities Commission exceeded the liabilities and deferred inflows of resources by \$378,926,067 as of June 30, 2017. The Utilities Commission's net position increased by \$12,404,187 during the fiscal year ended June 30, 2017.

The largest portion of the Utilities Commission's net position (70.4%) reflects its net investment in capital assets (e.g. plants, distribution systems, equipment, land, machinery). The Utilities Commission uses these capital assets to provide electric, water, sewer, and gas services to customers, consequently these assets are not available for future spending. Although the Utilities Commission's net investment in its capital assets is reported net of outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot practically be used to liquidate these liabilities.

The remaining balance of unrestricted net position (\$112,258,108) may be used to meet the Utilities Commission's ongoing obligations to citizens and creditors. This balance increased \$10,461,460 from fiscal year 2016 due to net operating income.

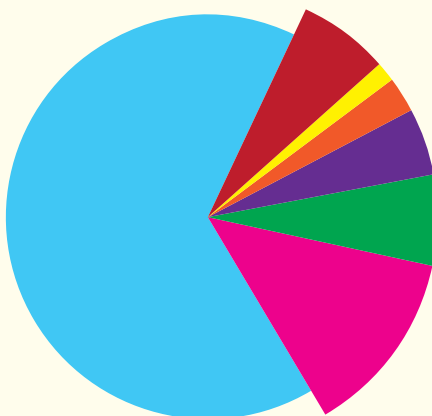
The \$12,404,187 increase in net position is primarily due to total revenues that exceeded total expenses. Revenues in the Water and Sewer funds reflected rate increases of 5.5% and 6.5%, respectively, combined with a 4% rate decrease in electric rates. Operating expenses increased primarily due to increases in purchased commodities and expenses related to Hurricane Matthew that affected the service area in October 2016.

	2017	2016
<b>Revenues:</b>		
<b>Operating revenues:</b>		
Charges for service	\$ 245,486,399	\$ 246,112,341
Other operating revenues	519,445	1,096,067
<b>Non-operating revenues:</b>		
Interest income	527,822	329,726
Other non-operating revenues	4,229,700	2,572,029
<b>Total revenues</b>	<b>250,763,366</b>	<b>250,110,163</b>
<b>Expenses</b>		
Operating expenses	228,470,861	213,746,499
Non-operating expenses	3,358,320	4,154,013
<b>Total expenses</b>	<b>231,829,181</b>	<b>217,900,512</b>
Increase in net position before contributions and transfers	18,934,185	32,209,651
Contributios	134,890	-
Transfers	(6,664,888)	(7,358,265)
Increase in net position	12,404,187	24,851,386
Net position, July 1	366,521,880	341,670,494
<b>Net position, June 30</b>	<b>\$ 378,926,067</b>	<b>\$ 366,521,880</b>



Sources of Revenue

- 97.5% Rates & Charges
- 0.9% Fees & Charges
- 0.1% Interest
- 1.5% Other



Uses of Revenue

- 56.0% Purchased Power & Gas
- 7.5% Depreciation
- 1.7% Interest
- 2.9% Transfers to the City of Greenville
- 9.9% Reinvested in Net Position
- 7.7% Administration & General
- 14.3% Operations & Maintenance

**Greenville Utilities Commission Changes in Net Position**

Charges for services decreased by \$625,942 or 0.3%. Transfers from the Utilities Commission Electric and Gas operations to the City of Greenville are authorized and defined by the charter, as amended, which established the Utilities Commission in 1905. There are no transfers from the Water or Sewer operations to the City.

### Financial Analysis of the Utilities Commission's Funds

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

**Proprietary Funds** – The Utilities Commission has a separate fund for the Electric, Water, Sewer and Gas operations. The total increase in net position for all funds was \$12,404,187. Net position at the end of the fiscal year for the Electric Fund was \$146,603,928, \$73,542,171 for the Water Fund, \$106,427,131 for the Sewer Fund, and \$52,352,837 for the Gas Fund.

### Capital Assets and Debt Administration

**Capital assets** – The Utilities Commission's investment in capital assets as of June 30, 2017 totals \$385,489,064 (net of accumulated depreciation). This investment in capital assets includes plants, distribution and collection systems, land, buildings, improvements, machinery and equipment. The total change in the Utilities Commission's investment in capital assets for the current fiscal year was a 2.3% increase. Additional information on the Utilities Commission's capital assets can be found in note 2.A of this report.

Major capital asset events during the current fiscal year include the following additions (there were no significant demolitions):

- Investment in Enterprise Resource Planning software configuration totaling \$1,369,259
- Investment in a new operations center totaling \$4,005,968
- Electric point of delivery transmission substation improvements totaling \$3,944,300
- Electric transmission lines extensions and improvements totaling \$2,045,195
- Electric overhead distribution lines extensions and improvements totaling \$647,679
- Electric underground distribution lines extensions and improvements totaling \$3,459,311
- Electric peaking generator program additions and improvements totaling \$422,622
- Water treatment plant improvements totaling \$1,110,197
- Water main improvements and extensions totaling \$527,087
- Wastewater treatment plant improvements totaling \$1,693,638
- Major sewer pumping stations improvements totaling \$3,617,647
- Natural gas main improvements and extensions totaling \$577,572

### Greenville Utilities Commission Capital Assets

	2017	2016
Land	\$ 7,640,320	\$ 3,628,897
Easements	104,071	66,405
Land improvements	1,659,961	1,719,024
General plant	6,215,599	6,459,480
Utility plant	98,690,925	70,184,592
Computer software	22,638,012	9,547,389
Vehicles and equipment	4,117,588	4,128,595
Distribution systems	210,700,789	204,687,747
Transmission system	10,461,471	11,378,454
Computer hardware	235,933	295,584
Fiber optics	950,776	1,036,273
Construction in progress	22,073,619	63,858,626
<b>Total capital assets</b>	<b>\$ 385,489,064</b>	<b>\$ 376,991,066</b>



**Long-term debt** – At the end of the current fiscal year, the Utilities Commission had total debt outstanding of \$133,857,076. Additional information on the Utilities Commission's long-term debt can be found in note 2.B of this report.

**Greenville Utilities Commission Outstanding Debt**

	2017		2016	
Revenue bonds	\$	85,620,599	\$	93,651,999
Loans		38,587,279		36,587,040
Unamortized bond discount/premium		9,649,198		10,076,335
<b>Total outstanding debt</b>	<b>\$</b>	<b>133,857,076</b>	<b>\$</b>	<b>140,315,374</b>

**Economic Factors and Next Year's Budgets and Rates**

The Utilities Commission service area includes a diverse local economy including a solid manufacturing base, the 3rd largest university in the state and a 900 bed teaching hospital that serves more than 1.4 million people in 29 counties of Eastern North Carolina. The Utilities Commission provides services in the Greenville metropolitan statistical area, including Greenville, the 10th largest city in North Carolina. The Utilities Commission serves approximately 75% of the county and the service area continues to expand. Unemployment for the county is 5.6% and is expected to decrease in the upcoming year. The Utilities Commission's budget for fiscal year 2018 was developed anticipating continuing customer growth, a vibrant local economy and a mix of residential, commercial and industrial customers. Electric customers will see approximately a 15% decrease in their bills since the fiscal year 2016 original budget was adopted. Capital outlay investments are increasing compared to the previous year's budget reflecting the Commission's goal to be the regional utility provider of choice.

**Requests for Information**

This financial report is designed to provide a general overview of the Utilities Commission's finances for all those with an interest in the Utilities Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Greenville Utilities Commission, P.O. Box 1847, Greenville, NC 27835.

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# Basic Financial Statements



## **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2017

**SANDY WOOLARD**

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Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina

Exhibit 1 | Statement of Net Position June 30, 2017

	Major Funds				
	Electric Fund	Water Fund	Sewer Fund	Gas Fund	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$51,014,372	\$4,496,796	\$8,419,487	\$18,754,644	\$82,685,299
Accounts receivable, net	19,925,448	2,339,602	2,392,046	1,820,691	26,477,787
Due from other governments	1,687,376	288,358	388,600	293,603	2,657,937
Inventories	5,279,890	770,027	226,126	574,547	6,850,590
Prepaid expenses and deposits	97,408	3,157	3,157	6,998	110,720
Restricted cash and cash equivalents	3,002,184	699,132	1,325	411,254	4,113,895
<b>Total current assets</b>	<b>81,006,678</b>	<b>8,597,072</b>	<b>11,430,741</b>	<b>21,861,737</b>	<b>122,896,228</b>
Non-current assets:					
Restricted assets:					
Restricted cash and cash equivalents:					
Bond proceeds	6,091,206	2,561,213	3,395,673	828,355	12,876,447
Capacity fees	-	1,533,690	1,719,976	-	3,253,666
Total restricted cash and cash equivalents	6,091,206	4,094,903	5,115,649	828,355	16,130,113
Total restricted assets	6,091,206	4,094,903	5,115,649	828,355	16,130,113
Investments	14,516,800	1,808,786	2,725,371	5,151,674	24,202,631
Notes receivable	-	344,658	-	-	344,658
Capital assets:					
Land, easements and construction in progress	11,955,658	3,457,900	10,895,015	3,509,437	29,818,010
Other capital assets, net of depreciation	96,115,518	83,759,253	134,932,172	40,864,111	355,671,054
Total capital assets	108,071,176	87,217,153	145,827,187	44,373,548	385,489,064
Total non-current assets	128,679,182	93,465,500	153,668,207	50,353,577	426,166,466
<b>Total Assets</b>	<b>209,685,860</b>	<b>102,062,572</b>	<b>165,098,948</b>	<b>72,215,314</b>	<b>549,062,694</b>
<b>Deferred Outflows of Resources</b>					
Pension deferrals	3,414,397	1,832,115	1,748,837	1,332,448	8,327,797
Unamortized bond refunding charges	545,370	798,606	669,038	146,510	2,159,524
<b>Total deferred outflows of resources</b>	<b>3,959,767</b>	<b>2,630,721</b>	<b>2,417,875</b>	<b>1,478,958</b>	<b>10,487,321</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued expenses	13,927,090	704,922	991,195	1,386,957	17,010,164
Customer deposits payable from restricted assets	3,002,184	699,132	1,325	411,254	4,113,895
Accrued interest payable	127,414	102,591	208,020	53,543	491,568
Due to City of Greenville	69,344	186,340	41,367	7,308	304,359
Unearned revenue	179,760	92,611	145,860	-	418,231
Current portion of compensated absences	711,987	336,596	297,579	249,181	1,595,343
Current maturities of long-term debt	1,738,006	2,596,969	4,636,033	845,665	9,816,673
<b>Total current liabilities</b>	<b>19,755,785</b>	<b>4,719,161</b>	<b>6,321,379</b>	<b>2,953,908</b>	<b>33,750,233</b>
Non-current liabilities:					
Compensated absences	188,690	140,793	159,595	179,012	668,090
Long-term debt, excluding current portion	37,266,637	21,644,164	50,410,850	14,718,752	124,040,403
Other post employment benefits	5,846,118	2,508,996	2,157,042	1,934,848	12,447,004
Net pension liability	3,849,576	2,065,626	1,971,734	1,502,274	9,389,210
<b>Total non-current liabilities</b>	<b>47,151,021</b>	<b>26,359,579</b>	<b>54,699,221</b>	<b>18,334,886</b>	<b>146,544,707</b>
<b>Total liabilities</b>	<b>66,906,806</b>	<b>31,078,740</b>	<b>61,020,600</b>	<b>21,288,794</b>	<b>180,294,940</b>
<b>Deferred Inflows of Resources</b>					
Pension deferrals	134,893	72,382	69,092	52,641	329,008
<b>Total deferred inflows of resources</b>	<b>134,893</b>	<b>72,382</b>	<b>69,092</b>	<b>52,641</b>	<b>329,008</b>
<b>Net Position</b>					
Net investment in capital assets	75,703,109	66,335,839	94,845,015	29,783,996	266,667,959
Unrestricted	70,900,819	7,206,332	11,582,116	22,568,841	112,258,108
<b>Total net position</b>	<b>\$146,603,928</b>	<b>\$73,542,171</b>	<b>\$106,427,131</b>	<b>\$52,352,837</b>	<b>\$378,926,067</b>

## Exhibit 2 | Statement of Revenues, Expenses, and Changes in Fund Net Position For the Year Ended June 30, 2017

	Major Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Gas Fund	
Operating revenues:					
Charges for services	\$175,165,273	\$19,367,918	\$22,628,218	\$28,324,990	\$245,486,399
Other operating revenues	159,433	79,809	81,396	198,807	519,445
<b>Total operating revenues</b>	<b>175,324,706</b>	<b>19,447,727</b>	<b>22,709,614</b>	<b>28,523,797</b>	<b>246,005,844</b>
Operating expenses:					
Administration and general	11,446,720	3,689,206	3,608,365	3,577,969	22,322,260
Operations and maintenance	16,231,502	8,878,782	8,770,267	5,593,739	39,474,290
Purchased power and gas	129,626,970	-	-	16,047,934	145,674,904
Depreciation	8,992,077	3,825,939	5,981,002	2,200,389	20,999,407
<b>Total operating expenses</b>	<b>166,297,269</b>	<b>16,393,927</b>	<b>18,359,634</b>	<b>27,420,031</b>	<b>228,470,861</b>
<b>Operating income</b>	<b>9,027,437</b>	<b>3,053,800</b>	<b>4,349,980</b>	<b>1,103,766</b>	<b>17,534,983</b>
Non-operating revenues (expenses):					
Interest income	317,419	54,281	60,242	95,880	527,822
Interest expense and service charges	(829,233)	(744,031)	(1,401,824)	(383,232)	(3,358,320)
Other non-operating revenues	2,846,463	561,675	558,228	263,334	4,229,700
<b>Net non-operating revenues (expenses)</b>	<b>2,334,649</b>	<b>(128,075)</b>	<b>(783,354)</b>	<b>(24,018)</b>	<b>1,399,202</b>
<b>Income before contributions and transfers</b>	<b>11,362,086</b>	<b>2,925,725</b>	<b>3,566,626</b>	<b>1,079,748</b>	<b>18,934,185</b>
Contributions and transfers:					
Capital Contributions	-	82,786	52,104	-	134,890
Transfer to City of Greenville, General Fund	(4,425,646)	-	-	(1,474,341)	(5,899,987)
Transfer to City of Greenville, street lighting reimb.	(764,901)	-	-	-	(764,901)
<b>Total contributions and transfers</b>	<b>(5,190,547)</b>	<b>82,786</b>	<b>52,104</b>	<b>(1,474,341)</b>	<b>(6,529,998)</b>
Changes in net position	6,171,539	3,008,511	3,618,730	(394,593)	12,404,187
<b>Net position, beginning of year</b>	<b>140,432,389</b>	<b>70,533,660</b>	<b>102,808,401</b>	<b>52,747,430</b>	<b>366,521,880</b>
<b>Net position, end of year</b>	<b>\$146,603,928</b>	<b>\$73,542,171</b>	<b>\$106,427,131</b>	<b>\$52,352,837</b>	<b>\$378,926,067</b>



Exhibit 3 | Statement of Cash Flows For the Year Ended June 30, 2017

	Major Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Gas Fund	
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$176,581,699	\$19,273,394	\$22,521,826	\$28,384,035	\$246,760,954
Other operating receipts	1,251,617	154,119	152,352	345,011	1,903,099
Payments for goods and services	(145,745,195)	(6,790,175)	(6,774,837)	(20,408,262)	(179,718,469)
Payments to employees	(11,873,394)	(5,636,098)	(5,552,751)	(4,665,437)	(27,727,680)
Payments received on loans	-	35,590	-	-	35,590
<b>Net cash provided by operating activities</b>	<b>20,214,727</b>	<b>7,036,830</b>	<b>10,346,590</b>	<b>3,655,347</b>	<b>41,253,494</b>
<b>Cash flows from noncapital financing activities:</b>					
Transfers to City of Greenville, General Fund	(5,190,547)	-	-	(1,474,341)	(6,664,888)
Noncapital contributions	144,981	1,975	-	14,754	161,710
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(5,045,566)</b>	<b>1,975</b>	<b>-</b>	<b>(1,459,587)</b>	<b>(6,503,178)</b>
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from issuance of debt	-	-	4,389,733	-	4,389,733
Capital grants/cash capital contributions	-	82,786	52,104	-	134,890
Capital related receipts from customers	-	219,885	350,331	-	570,216
Principal payments on debt obligations	(2,006,521)	(2,723,516)	(4,610,984)	(1,079,872)	(10,420,893)
Debt issuance costs	-	-	(34,362)	-	(34,362)
Acquisition and construction of capital assets	(17,000,562)	(2,854,853)	(6,842,773)	(3,362,242)	(30,060,430)
Payment of interest and service charges on debt obligations	(1,185,058)	(836,339)	(1,479,289)	(468,028)	(3,968,714)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(20,192,141)</b>	<b>(6,112,037)</b>	<b>(8,175,240)</b>	<b>(4,910,142)</b>	<b>(39,389,560)</b>
<b>Cash flows from investing activities:</b>					
Purchase of investments	(13,505,807)	(2,060,307)	(3,198,369)	(3,688,922)	(22,453,405)
Proceeds from sale and maturity of investments	7,927,864	1,210,803	1,879,908	2,161,261	13,179,836
Interest received on investments	335,145	56,166	63,003	103,116	557,430
<b>Net cash provided (used) by investing activities</b>	<b>(5,242,798)</b>	<b>(793,338)</b>	<b>(1,255,458)</b>	<b>(1,424,545)</b>	<b>(8,716,139)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10,265,778)</b>	<b>133,430</b>	<b>915,892</b>	<b>(4,138,927)</b>	<b>(13,355,383)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>70,373,540</b>	<b>9,157,401</b>	<b>12,620,569</b>	<b>24,133,180</b>	<b>116,284,690</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$60,107,762</b>	<b>\$9,290,831</b>	<b>\$13,536,461</b>	<b>\$19,994,253</b>	<b>\$102,929,307</b>
<b>Other disclosures:</b>					
Interest incurred	\$1,200,845	\$829,585	\$1,478,141	\$470,592	\$3,979,163
Interest paid	\$1,185,058	\$836,339	\$1,479,289	\$468,028	\$3,968,714
Interest capitalized	\$300,069	\$58,462	\$78,468	\$67,310	\$504,309
Change in unrealized gain/loss on investments	\$(52,413)	\$(6,497)	\$(9,781)	\$(18,699)	\$(87,390)
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating Income	\$9,027,437	\$3,053,800	\$4,349,980	\$1,103,766	\$17,534,983
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	8,992,077	3,825,939	5,981,002	2,200,389	20,999,407
Changes in assets, deferrals and liabilities					
Accounts receivable	(154,878)	(463,916)	(187,315)	(173,595)	(979,704)
Notes receivable	-	35,590	-	-	35,590
Due from other government	(635,697)	60,073	(46,659)	104,142	(518,141)
Due from City of Greenville	249,799	-	-	-	249,799
Inventories	(272,074)	(58,352)	(34,350)	158,874	(205,902)
Prepaid expenses and deposits	(97,408)	(3,157)	(3,157)	(6,998)	(110,720)
Deferred outflows of resources for pensions	(2,639,034)	(1,416,067)	(1,351,700)	(1,029,867)	(6,436,668)
Net pension liability	3,078,740	1,652,007	1,576,916	1,201,460	7,509,123
Deferred inflows of resources for pensions	(265,752)	(142,598)	(136,116)	(103,708)	(648,174)
Accounts payable and accrued expenses	(331,712)	(131,433)	(110,561)	(175,701)	(749,407)
Customer deposits	168,144	50,704	-	26,122	244,970
Due to City of Greenville	2,249	137,807	12,622	4,185	156,863
Compensated absences	66,542	39,898	31,738	40,244	178,422
Unearned Revenue	179,760	(6,890)	(9,360)	-	163,510
OPEB Payable	145,051	63,609	65,653	57,453	331,766
Miscellaneous income (expense)	2,701,483	339,816	207,897	248,581	3,497,777
<b>Total adjustments</b>	<b>11,187,290</b>	<b>3,983,030</b>	<b>5,996,610</b>	<b>2,551,581</b>	<b>23,718,511</b>
<b>Net cash provided by operating activities</b>	<b>\$20,214,727</b>	<b>\$7,036,830</b>	<b>\$10,346,590</b>	<b>\$3,655,347</b>	<b>\$41,253,494</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

## Exhibit 4 | Statement of Fiduciary Net Position • Fiduciary Funds For the Year Ended June 30, 2017

	OPEB Trust Fund	Agency Fund
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$1,032,950
Accounts receivable	-	1,434,248
Restricted assets		
Investments:		
Cash and cash equivalents	827,366	
Blackrock MSCI ACWI EQ Index Non-lendable Fund	2,010,034	-
NC Non Pension Fixed Income	318,911	-
<b>Total assets</b>	<b>3,156,311</b>	<b>2,467,198</b>
<b>Liabilities</b>		
Accounts payable	5,619	2,467,198
<b>Total liabilities</b>	<b>5,619</b>	<b>2,467,198</b>
<b>Net Position</b>		
<b>Net position restricted for postemployment benefits other than pensions</b>	<b>\$3,150,692</b>	<b>\$ -</b>

Exhibit 5 | Statement of Changes in Fiduciary Net Position • Fiduciary Funds for the Year Ended June 30, 2017

<b>OPEB Trust Fund</b>	
<b>Additions</b>	
Contributions:	
Employer contributions	\$1,979,929
Retiree contributions	171,801
<b>Total contributions</b>	<b>2,151,730</b>
Investment earnings:	
Interest	34,577
Dividends	-
Net increase/(decrease) in the fair value of investments	290,115
<b>Total investment earnings</b>	<b>324,692</b>
Less investment expense	3,255
<b>Net investment income</b>	<b>321,437</b>
<b>Total additions</b>	<b>2,473,167</b>
<b>Deductions</b>	
Benefits	1,651,730
Administrative Expense	-
<b>Total deductions</b>	<b>1,651,730</b>
Change in net position	821,437
<b>Net position restricted for postemployment benefits other than pensions, beginning of year</b>	<b>2,329,255</b>
<b>Net position restricted for postemployment benefits other than pensions, end of year</b>	<b>\$3,150,692</b>



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# Notes to the Financial Statements



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

CHRIS HILL

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Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina



# Notes to the Financial Statements

## Note 1: Summary of Significant Accounting and Reporting Policies

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

### A. Reporting Entity

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

The Utilities 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 Utilities Commission provides electric, water, sewer, and natural gas utilities to the City and residents of surrounding areas. The Electric and Gas Funds are distribution systems. Electricity is purchased from NC Eastern Municipal Power Agency and gas is purchased from Piedmont Natural Gas Corporation and gas marketers.

### B. Basis of Presentation

**Government-wide Statements:** The statement of net position displays information about the primary government (Utilities 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 Utilities 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.

#### **The Utilities Commission reports the following major enterprise funds:**

**Electric, Water, Sewer and Gas.** These 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 Utilities Commission reports the following fiduciary fund types:**

**Pension Trust Fund.** The Utilities Commission maintains one Pension Trust Fund – the Other Postemployment Benefits (OPEB) Trust Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefits plans. The OPEB Trust Fund accounts for the Utilities Commission's contributions for healthcare benefits provided to qualified retirees.

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



## C. Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Utilities 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 accrual basis of accounting and the economic resources measurement focus, except for the agency funds which have no measurement focus. 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 Utilities 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.

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 Utilities Commission enterprise funds are charges to customers for sales and services. The Utilities Commission also recognizes as operating revenues tap fees which are intended to recover the cost of connecting new customers to the water or sewer systems. 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.

## D. Budgetary Data

The Utilities Commission's budgets are adopted as required by the North Carolina General Statutes. The Utilities Commission operates under an annual 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. 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.

Budgetary control is exercised at the fund level. 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 fund. All amendments must be approved by the Board of Commissioners and the Greenville City Council. During the fiscal year ended June 30, 2017, one amendment to the original budget was necessary.

For budgeting purposes, the Utilities Commission adopts 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 (debt proceeds, federal and State grants), or if the project construction period will extend over multiple fiscal years. The capital projects funds are consolidated with the enterprise operating funds for reporting purposes.

## E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

### Deposits and Investments

All deposits of the Utilities Commission are made in board-designated official depositories and are secured as required by G.S. 159-31. The Utilities Commission may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Utilities Commission 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 Utilities 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. The Utilities Commission's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, are valued at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

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

General Statute 159-30.1 authorizes the Utilities Commission to establish an Other Postemployment Benefit (OPEB) Trust and G.S. 159-30(g) authorizes the Utilities Commission to make contributions to the Trust. G.S. 159-30.1 stipulates that the assets of the Utilities Commission's OPEB Trust Fund may be invested as provided in G.S. 159-30(c) or deposited with the State Treasurer for investment pursuant to G.S. 147-69.2(b)(1-6) and (8). Funds submitted to the State Treasurer are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1; the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6); and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8). Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The BIF is also valued at \$1 per share. The MSCI ACWI EQ Index Non-Lendable Class B Fund is priced at \$19.1579 per share at June 30, 2017.

### 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 Utilities 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 Utilities Commission requires customers to pay deposits on utility accounts as security against nonpayment. These deposits are restricted to the purpose for which the deposit was collected.

The Utilities 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.

The Utilities Commission charges customers requesting water and/or sewer service a one-time Capacity Fee, which is intended to recover a proportional share of the cost of capital facilities constructed to provide service capacity for new development, or new customers connecting to the water/sewer system. The amount of unspent Capacity Fee revenue is shown as a restricted asset because its use is completely restricted to capacity related capital investment and/or debt service on capacity related capital financing.

### Utilities Commission Restricted Cash

Customer deposits	\$4,113,895
Unexpended bond proceeds	12,876,447
Unexpended capacity fees	3,253,666
<b>Total</b>	<b>\$20,244,008</b>

### Allowance for Doubtful Accounts

Receivables are shown net of an allowance for doubtful accounts. The Commission records an estimate of losses due to uncollectible accounts as a percentage of sales. The allowance for uncollectible accounts receivables is determined principally on the basis of past collection experience as well as consideration of current economic conditions and customer collection trends. The Commission reserves 0.14% of rates and charges as bad debt expense and for the 2016-17 fiscal year \$341,026 was reserved for uncollectible accounts.

### Inventories and Prepaid Expenses

Inventories of materials, supplies and natural gas stored for future resale are reported at the lower of cost (weighted-average) or market. The materials and supplies inventories are being held for future use and not resale and are expensed when consumed rather than when purchased.

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

### Capital Assets

Capital assets are defined by the Utilities Commission as assets with an initial cost of more than \$5,000 and an estimated useful life of at least two years. Capital assets purchased or constructed are recorded at cost. Contributed capital assets received prior to June 15, 2015 are recorded at estimated fair market value at the time the asset is received. Contributed capital assets received after June 15, 2015 are recorded at acquisition value. Maintenance and repairs are charged to expense as incurred and renewals and betterments are capitalized at cost as incurred. Capital assets are depreciated over their estimated useful lives unless they are inexhaustible or are intangible assets with indefinite useful lives. Capital assets are depreciated using a method which approximates the straight-line method. Interest expense is capitalized on construction in progress in accordance to GASB Statement No. 62. Capitalized assets of the Utilities Commission are depreciated over the following estimated useful lives:

- Land improvements 10 years
- General plant 10 to 33 years
- Utility plant 5 to 33 years
- Computer software 3 to 15 years
- Vehicles and equipment 3 to 20 years
- Distribution systems 10 to 50 years
- Transmission systems 20 to 25 years
- Computer hardware 5 years
- Fiber optics 20 years

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Utilities Commission has two items that meet this criterion, contributions made to the pension plan after the measurement date, and unamortized losses on bond defeasance for refunding bonds. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Utilities Commission has one item that meets the criterion, deferrals of pension expense.



### 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 in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

### Compensated Absences

The vacation policy of the Utilities 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. Compensated absences are accounted for on a first-in, first-out (FIFO) basis and are liquidated in the enterprise funds. The portion of the vacation leave that is estimated to be used in the next fiscal year has been designated as a current liability.

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

### Net Position

Net position in the government-wide and fund financial statements is classified as net investment in capital assets; restricted (if any); and unrestricted. Restricted net position represents 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.

### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Utilities Commission's employer contributions are recognized when due and the Utilities Commission has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## Note 2: Detail Notes on All Funds

### A. Assets

#### Deposits

All the deposits of the Utilities Commission are either insured or collateralized under the pooling method. The pooling method is a collateral pool under which 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 Utilities Commission, these deposits are considered to be held by the Utilities Commission's agent in the Utilities 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 Utilities Commission or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Utilities Commission under the pooling method, the potential exists for undercollateralization, 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions and monitors them for compliance. The Utilities Commission complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Utilities 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, 2017, the Utilities Commission's deposits had a carrying amount of \$71,214,081 and a bank balance of \$71,294,529. Of the bank balance, \$1,750,000 was covered by Federal depository insurance, and \$69,544,529 was covered by collateral held under the pooling method. The Utilities Commission's deposits include checking accounts, savings accounts, money market accounts and \$500,000 in certificates of deposit which are reported as long-term investments on the statement of net position. The Utilities Commission's cash on hand at June 30, 2017 consisted of various petty cash funds totaling \$6,550.

#### Investments

At June 30, 2017, the Utilities Commission had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 – 12 Months	1 – 5 Years
Bank Certificates of Deposit	Amortized Cost	\$ 500,000	\$ -	\$ -	\$ 500,000
US Government Agencies	Fair Value-Level 1	23,702,631	2,831,497	1,497,502	19,373,632
NC Capital Management Trust – Government Portfolio	Amortized Cost	14,037,165	14,037,165	-	-
NC Capital Management Trust – Term Portfolio*	Fair Value-Level 1	19,204,461	19,204,461	-	-
<b>Totals</b>		<b>\$ 57,444,257</b>	<b>\$ 36,073,123</b>	<b>\$1,497,502</b>	<b>\$19,873,632</b>

\*Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

*Level of fair value hierarchy.* Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the Utilities Commission's investment policy limits investments with maturities exceeding three years to US Treasuries, US Agencies and Instrumentalities unless expressly approved by the Utilities Commission Board. Also, the Utilities 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 Utilities Commission's investment policy limits the securities available for purchase to the following: US Treasuries; US Agencies; NC Capital Management Trust; Money Market Accounts; Certificates of Deposit; Banker's Acceptances; Commercial Paper; and NC and Local Government Securities with AAA rating or better. The Utilities 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 Utilities Commission's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. The Utilities Commission's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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

*Concentration of Credit Risk.* The Utilities 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%; Capital Management Trust – 100%; Money Market Accounts – 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 Utilities Commission's investment policy limits the total amount that can be invested in any one agency, institution, or entity.

At June 30, 2017 the Utilities Commission OPEB Trust had \$3,156,311 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Utilities Commission's OPEB Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 26%, which is reported as cash and cash equivalents; State Treasurer's Bond Index Fund (BIF) 10% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 64% (the equities were split with 52.1% in domestic securities and 47.9% in international securities).

*Interest Rate Risk.* The Utilities Commission does not have a formal investment interest rate policy for the OPEB Trust Fund that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.6 years at June 30, 2017. The State Treasurer's Bond Index Fund (BIF) is unrated and had a weighted average maturity of 7.99 years at June 30, 2017.

*Credit Risk.* The Utilities Commission does not have a formal investment policy regarding credit risk for the OPEB Trust Fund. The State Treasurer's STIF is unrated and authorized under NC General Statute 147-69.1. The STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The State Treasurer's BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).



**Reconciliation of cash and investments:**

Totals per footnote:

	<b>2017</b>
Cash	\$70,714,081
Petty Cash	6,550
Certificates of Deposit	500,000
Investments	56,944,257
Investments – OPEB Trust Fund	3,156,311
<b>Total</b>	<b>\$131,321,199</b>

Totals per Statement of Net Position:

	<b>2017</b>
Cash and cash equivalents – unrestricted	\$82,685,299
Restricted cash and cash equivalents	4,113,895
Restricted cash and cash equivalents – non-current	16,130,113
Investments – non-current	24,202,631
Investments – OPEB Trust Fund	3,156,311
Cash and cash equivalents – Agency Fund	1,032,950
<b>Total</b>	<b>\$131,321,199</b>

**Receivables**

Receivables at the government-wide level for the business type activities at June 30, 2017, were as follows:

	<b>2017</b>
Billed customer accounts	\$18,068,101
Estimated unbilled customer services	11,773,745
Other receivables	1,784,460
Total accounts receivable	31,626,306
Allowance for uncollectible accounts	(5,148,519)
<b>Net accounts receivable</b>	<b>\$26,477,787</b>

The due from other governments that is owed to the Utilities Commission at June 30, 2017 consists of the following:

	<b>2017</b>
Sales tax refund	\$1,738,478
FEMA Receivable	791,638
Utilities sales tax refund	127,821
<b>Total due from other governments</b>	<b>\$2,657,937</b>

The Commission has entered into an agreement to supply supplemental water to Stokes Regional Water Corporation (SRWC). The agreement required the Commission to construct a water transmission main to connect with SRWC and to finance a portion of the project's cost. At the end of the fiscal year the note receivable due from SRWC was \$344,658 payable in monthly installments for 15 years at a 5.25% interest rate.

## Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	June 30, 2016	Additions	Deletions	Transfers	June 30, 2017
Capital assets not being depreciated:					
Land	\$3,628,897	\$ -	\$ -	\$4,011,423	\$7,640,320
Easements	66,405	37,666	-	-	104,071
Construction in progress	63,858,626	18,891,245	-	(60,676,252)	22,073,619
<b>Total capital assets not being depreciated:</b>	<b>67,553,928</b>	<b>18,928,911</b>	<b>-</b>	<b>(56,664,829)</b>	<b>29,818,010</b>
Capital assets being depreciated:					
Land improvements	2,854,344	28,044	-	-	2,882,388
General plant	12,905,002	105,724	-	-	13,010,726
Utility plant	131,386,159	914,750	-	32,300,176	164,601,085
Computer software	17,697,532	38,833	-	14,935,869	32,672,234
Vehicles and equipment	25,247,451	1,651,469	(37,520)	-	26,861,400
Distribution systems	424,184,795	7,722,793	-	9,428,784	441,336,372
Transmission systems	33,288,795	10,604	-	-	33,299,399
Computer hardware	3,177,541	72,545	-	-	3,250,086
Fiber optics	2,160,878	23,732	-	-	2,184,610
<b>Total capital assets being depreciated:</b>	<b>652,902,497</b>	<b>10,568,494</b>	<b>(37,520)</b>	<b>56,664,829</b>	<b>720,098,300</b>
Less accumulated depreciation for:					
Land improvements	1,135,320	87,107	-	-	1,222,427
General plant	6,445,522	349,605	-	-	6,795,127
Utility plant	61,201,567	4,708,593	-	-	65,910,160
Computer software	8,150,143	1,884,079	-	-	10,034,222
Vehicles and equipment	21,118,856	1,662,476	(37,520)	-	22,743,812
Distribution systems	219,497,048	11,138,535	-	-	230,635,583
Transmission systems	21,910,341	927,587	-	-	22,837,928
Computer hardware	2,881,957	132,196	-	-	3,014,153
Fiber optics	1,124,605	109,229	-	-	1,233,834
<b>Total accumulated depreciation</b>	<b>343,465,359</b>	<b>20,999,407</b>	<b>(37,520)</b>	<b>-</b>	<b>364,427,246</b>
Total capital assets being depreciated, net	309,437,138				355,671,054
<b>Net Capital Assets</b>	<b>\$376,991,066</b>				<b>\$385,489,064</b>

Depreciation expense is charged to the Electric, Water, Sewer, and Gas Funds. Amounts charged to the four funds for the year ended June 30, 2017 totaled \$8,992,077, \$3,825,939, \$5,981,002, and \$2,200,389, respectively.

Capital asset activity by fund for the year ended June 30, 2017, was as follows:

### Electric Fund

	June 30, 2016	Additions	Deletions	Transfers	June 30, 2017
Capital assets not being depreciated:					
Land	\$1,077,581	\$ -	\$ -	\$2,109,516	\$3,187,097
Easements	20,891	-	-	-	20,891
Construction in progress	12,944,329	9,677,858	-	(13,874,517)	8,747,670
<b>Total capital assets not being depreciated:</b>	<b>14,042,801</b>	<b>9,677,858</b>	<b>-</b>	<b>(11,765,001)</b>	<b>11,955,658</b>
Capital assets being depreciated:					
Land improvements	201,954	22,436	-	-	224,390
General plant	5,577,923	40,431	-	-	5,618,354
Computer software	8,881,015	18,645	-	7,471,783	16,371,443
Vehicles and equipment	11,835,401	976,111	(20,629)	-	12,790,883
Distribution systems	194,238,234	5,717,396	-	4,293,218	204,248,848
Transmission systems	33,288,795	10,604	-	-	33,299,399
Computer hardware	2,476,213	58,036	-	-	2,534,249
Fiber optics	1,740,545	5,934	-	-	1,746,479
<b>Total capital assets being depreciated:</b>	<b>258,240,080</b>	<b>6,849,593</b>	<b>(20,629)</b>	<b>11,765,001</b>	<b>276,834,045</b>
Less accumulated depreciation for:					
Land improvements	201,954	2,243	-	-	204,197
General plant	3,326,388	131,035	-	-	3,457,423
Computer software	4,062,837	960,363	-	-	5,023,200
Vehicles and equipment	9,803,944	863,686	(20,629)	-	10,647,001
Distribution systems	129,318,531	5,912,515	-	-	135,231,046
Transmission systems	21,910,341	927,587	-	-	22,837,928
Computer hardware	2,238,693	107,324	-	-	2,346,017
Fiber optics	884,391	87,324	-	-	971,715
<b>Total accumulated depreciation</b>	<b>171,747,079</b>	<b>8,992,077</b>	<b>(20,629)</b>	<b>-</b>	<b>180,718,527</b>
Total capital assets being depreciated, net	86,493,001				96,115,518
<b>Net Capital Assets</b>	<b>\$100,535,802</b>				<b>\$108,071,176</b>



Water Fund

	June 30, 2016	Additions	Deletions	Transfers	June 30, 2017
Capital assets not being depreciated:					
Land	\$579,832	\$ -	\$ -	\$575,378	\$1,155,210
Easements	14,590	-	-	-	14,590
Construction in progress	3,604,339	1,822,736	-	(3,138,975)	2,288,100
<b>Total capital assets not being depreciated:</b>	<b>4,198,761</b>	<b>1,822,736</b>	<b>-</b>	<b>(2,563,597)</b>	<b>3,457,900</b>
Capital assets being depreciated:					
Land improvements	2,369,419	1,402	-	-	2,370,821
General plant	2,529,975	21,471	-	-	2,551,446
Utility plant	55,525,784	272,655	-	325,180	56,123,619
Computer software	2,838,770	7,303	-	2,238,417	5,084,490
Vehicles and equipment	4,196,311	200,644	-	-	4,396,955
Distribution systems	80,747,911	619,484	-	-	81,367,395
Computer hardware	202,095	3,627	-	-	205,722
Fiber optics	196,509	5,933	-	-	202,442
<b>Total capital assets being depreciated:</b>	<b>148,606,774</b>	<b>1,132,519</b>	<b>-</b>	<b>2,563,597</b>	<b>152,302,890</b>
Less accumulated depreciation for:					
Land improvements	770,779	69,396	-	-	840,175
General plant	1,054,569	76,380	-	-	1,130,949
Utility plant	26,260,446	1,393,532	-	-	27,653,978
Computer software	1,406,614	282,385	-	-	1,688,999
Vehicles and equipment	3,649,657	203,256	-	-	3,852,913
Distribution systems	31,257,379	1,784,575	-	-	33,041,954
Computer hardware	187,424	6,294	-	-	193,718
Fiber optics	130,830	10,121	-	-	140,951
<b>Total accumulated depreciation</b>	<b>64,717,698</b>	<b>3,825,939</b>	<b>-</b>	<b>-</b>	<b>68,543,637</b>
Total capital assets being depreciated, net	83,889,076				83,759,253
<b>Net Capital Assets</b>	<b>\$88,087,837</b>				<b>\$87,217,153</b>

## Sewer Fund

	June 30, 2016	Additions	Deletions	Transfers	June 30, 2017
Capital assets not being depreciated:					
Land	\$1,665,274	\$ -	\$ -	\$575,378	\$2,240,652
Easements	26,128	-	-	-	26,128
Construction in progress	31,778,694	5,706,136	-	(28,856,595)	8,628,235
<b>Total capital assets not being depreciated:</b>	<b>33,470,096</b>	<b>5,706,136</b>	<b>-</b>	<b>(28,281,217)</b>	<b>10,895,015</b>
Capital assets being depreciated:					
Land improvements	92,704	1,402	-	-	94,106
General plant	2,122,302	21,471	-	-	2,143,773
Utility plant	66,722,523	623,287	-	26,040,104	93,385,914
Computer software	2,624,924	6,987	-	2,241,113	4,873,024
Vehicles and equipment	5,820,814	233,564	-	-	6,054,378
Distribution systems	112,659,099	348,258	-	-	113,007,357
Computer hardware	182,414	3,627	-	-	186,041
Fiber optics	111,911	5,932	-	-	117,843
<b>Total capital assets being depreciated:</b>	<b>190,336,691</b>	<b>1,244,528</b>	<b>-</b>	<b>28,281,217</b>	<b>219,862,436</b>
Less accumulated depreciation for:					
Land improvements	92,704	140	-	-	92,844
General plant	857,132	64,017	-	-	921,149
Utility plant	30,716,126	2,818,005	-	-	33,534,131
Computer software	1,170,328	288,277	-	-	1,458,605
Vehicles and equipment	4,860,708	371,015	-	-	5,231,723
Distribution systems	41,029,829	2,427,359	-	-	43,457,188
Computer hardware	167,744	6,297	-	-	174,041
Fiber optics	54,691	5,892	-	-	60,583
<b>Total accumulated depreciation</b>	<b>78,949,262</b>	<b>5,981,002</b>	<b>-</b>	<b>-</b>	<b>84,930,264</b>
Total capital assets being depreciated, net	111,387,429				134,932,172
<b>Net Capital Assets</b>	<b>\$144,857,525</b>				<b>\$145,827,187</b>

Gas Fund

	June 30, 2016	Additions	Deletions	Transfers	June 30, 2017
Capital assets not being depreciated:					
Land	\$306,210	\$ -	\$ -	\$751,151	\$1,057,361
Easements	4,796	37,666	-	-	42,462
Construction in progress	15,531,264	1,684,515	-	(14,806,165)	2,409,614
<b>Total capital assets not being depreciated:</b>	<b>15,842,270</b>	<b>1,722,181</b>	<b>-</b>	<b>(14,055,014)</b>	<b>3,509,437</b>
Capital assets being depreciated:					
Land improvements	190,267	2,804	-	-	193,071
General plant	2,674,802	22,351	-	-	2,697,153
Utility plant	9,137,852	18,808	-	5,934,892	15,091,552
Computer software	3,352,823	5,898	-	2,984,556	6,343,277
Vehicles and equipment	3,394,925	241,150	(16,891)	-	3,619,184
Distribution systems	36,539,551	1,037,655	-	5,135,566	42,712,772
Computer hardware	316,819	7,255	-	-	324,074
Fiber optics	111,913	5,933	-	-	117,846
<b>Total capital assets being depreciated:</b>	<b>55,718,952</b>	<b>1,341,854</b>	<b>(16,891)</b>	<b>14,055,014</b>	<b>71,098,929</b>
Less accumulated depreciation for:					
Land improvements	69,883	15,328	-	-	85,211
General plant	1,207,433	78,173	-	-	1,285,606
Utility plant	4,224,995	497,056	-	-	4,722,051
Computer software	1,510,364	353,054	-	-	1,863,418
Vehicles and equipment	2,804,547	224,519	(16,891)	-	3,012,175
Distribution systems	17,891,309	1,014,086	-	-	18,905,395
Computer hardware	288,096	12,281	-	-	300,377
Fiber optics	54,693	5,892	-	-	60,585
<b>Total accumulated depreciation</b>	<b>28,051,320</b>	<b>2,200,389</b>	<b>(16,891)</b>	<b>-</b>	<b>30,234,818</b>
Total capital assets being depreciated, net	27,667,632				40,864,111
<b>Net Capital Assets</b>	<b>\$43,509,902</b>				<b>\$44,373,548</b>



A summary of capital assets, by fund, at June 30, 2017 is as follows:

	Electric	Water	Sewer	Gas	Total
At June 30, 2017					
Land	\$3,187,097	\$1,155,210	\$2,240,652	\$1,057,361	\$7,640,320
Easements	20,891	14,590	26,128	42,462	104,071
Land improvements	224,390	2,370,821	94,106	193,071	2,882,388
General plant	5,618,354	2,551,446	2,143,773	2,697,153	13,010,726
Utility plant	-	56,123,619	93,385,914	15,091,552	164,601,085
Computer software	16,371,443	5,084,490	4,873,024	6,343,277	32,672,234
Vehicles and equipment	12,790,883	4,396,955	6,054,378	3,619,184	26,861,400
Distribution systems	204,248,848	81,367,395	113,007,357	42,712,772	441,336,372
Transmission systems	33,299,399	-	-	-	33,299,399
Computer hardware	2,534,249	205,722	186,041	324,074	3,250,086
Fiber optics	1,746,479	202,442	117,843	117,846	2,184,610
	<b>280,042,033</b>	<b>153,472,690</b>	<b>222,129,216</b>	<b>72,198,752</b>	<b>727,842,691</b>
Less accumulated depreciation	(180,718,527)	(68,543,637)	(84,930,264)	(30,234,818)	(364,427,246)
	<b>99,323,506</b>	<b>84,929,053</b>	<b>137,198,952</b>	<b>41,963,934</b>	<b>363,415,445</b>
Construction in progress	8,747,670	2,288,100	8,628,235	2,409,614	22,073,619
<b>Net Capital Assets</b>	<b>\$108,071,176</b>	<b>\$87,217,153</b>	<b>\$145,827,187</b>	<b>\$44,373,548</b>	<b>\$385,489,064</b>

### Construction Commitments

The Utilities Commission has active construction projects as of June 30, 2017. At year-end, the Utilities Commission's commitments with contractors are as follows:

Project Name	Spent-to-date	Remaining Commitments
Electric transmission system	\$6,887,512	\$1,466,313
Water treatment and distribution system	1,853,601	1,337,603
Sewer treatment and collection system	8,171,742	2,459,202
Natural gas distribution system	1,964,571	674,140
New Operations Center	217,561	565,537
<b>Totals</b>	<b>\$19,094,987</b>	<b>\$6,502,795</b>

## B. Liabilities

### Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at the government-wide level at June 30, 2017, were as follows:

Business type activities:	Vendors	Salaries and Benefits	Other	Total
Electric	\$13,439,902	\$485,423	\$1,765	\$13,927,090
Water	490,947	213,975	-	704,922
Sewer	784,335	206,860	-	991,195
Gas	1,201,664	185,293	-	1,386,957
<b>Totals</b>	<b>\$15,916,848</b>	<b>\$1,091,551</b>	<b>\$1,765</b>	<b>\$17,010,164</b>

## LONG-TERM OBLIGATIONS

### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

#### LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

##### Plan Description

The Utilities Commission is a participating employer 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

##### Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

## Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Utilities Commission employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, and are set annually by the LGERS Board of Trustees. The Utilities Commission's contractually required contribution rate for the year ended June 30, 2017 was 7.25% for general employees. Contributions to the pension plan from the Utilities Commission were \$2,158,620 for the year ended June 30, 2017.

Refunds of Contributions – Utilities Commission employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

## Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Utilities Commission reported a liability of \$9,389,210 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Utilities Commission's proportion of the net pension liability was based on a projection of the Utilities Commission's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the Utilities Commission's proportion was 0.442%, which was an increase of 0.023% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Utilities Commission recognized pension expense of \$2,563,810. At June 30, 2017, the Utilities Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 176,407	\$ 329,008
Changes of assumptions	643,077	-
Net difference between projected and actual earnings on pension plan investments	5,191,051	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	158,642	-
Employer contributions subsequent to the measurement date	2,158,620	-
<b>Totals</b>	<b>\$ 8,327,797</b>	<b>\$ 329,008</b>

\$2,158,620 reported as deferred outflows of resources related to pensions resulting from Utilities Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 916,738
2019	917,252
2020	2,496,275
2021	1,509,904
2022	-
Thereafter	-
	<b>\$ 5,840,169</b>

### Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Inflation:</b>	3.0 percent
<b>Salary increases:</b>	3.50 to 7.75 percent, including inflation and productivity factor
<b>Investment rate of return:</b>	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
<b>Total</b>	<b>100.0%</b>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2015 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

### Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current



contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Utility Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Utility Commission's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Utility Commission's proportionate share of the net pension liability or net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Utilities Commission's proportionate share of the net pension liability (asset)	\$22,284,975	\$9,389,210	(\$1,382,292)

#### Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

### OTHER POSTEMPLOYMENT BENEFITS

#### Plan Description

*Plan Administration.* The Utilities Commission administers the Greenville Utilities Commission Other Postemployment Benefits Plan (GUC OPEB Plan), a single-employer defined benefit plan which provides postemployment benefits other than pensions (OPEB) for all eligible retirees. An employee is eligible for retirement when he/she reaches 50 years of age and has completed 20 years of service or reaches age 60 and has completed 5 years of service. Also, an employee is eligible for disability retirement when he/she has completed 5 years of service. Upon service, early or disability retirement as approved by the North Carolina Local Governmental Employees' Retirement System and upon meeting the criteria established by the Utilities Commission, employees with a minimum of 5 continuous years of service with the Utilities Commission if hired before July 1, 2011 or with a minimum of 20 continuous years of service with the Utilities Commission if hired on or after July 1, 2011 are eligible to continue insurance coverage. The Utilities Commission obtains post-65 health care coverage and life insurance coverage through a private insurer and self-funds the health care coverage for pre-65 retirees up to \$200,000 per person per year. A separate report was not issued for the plan.

Management of the GUC OPEB Plan is vested in the Utilities Commission Board of Commissioners.

*Plan membership.* At June 30, 2016, the valuation date, the GUC OPEB Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	164
Inactive members entitled to but not yet receiving benefits	0
Active employees	448
	612

*Benefits provided.* The GUC OPEB Plan provides postretirement health care, prescription drugs, and vision benefits for retired or disabled employees. A retiree life insurance benefit of \$7,000 is provided to those retirees who were hired prior to August 1, 1975.

*Contributions.* The Utilities Commission’s obligation to contribute to the post retirement benefit plan is established and may be amended by the Board of Commissioners. Members hired prior to July 1, 2011 who retire with at least 20 years of service contribute 5% of the estimated cost for pre-65 health care coverage for the retiree. Members hired prior to July 1, 2011 who retire with less than 20 years of service contribute 100% of the estimated cost for pre-65 health care coverage for the retiree. Retirees who elect to have dependent health care coverage contribute 100% of the estimated cost of coverage. Participating retired employees hired prior to July 1, 2011 with a minimum of 20 years of service shall have their coverage transferred to a Medicare Supplemental plan after qualifying for Medicare, with the Utilities Commission continuing to pay the same dollars toward the premium cost as it pays for retirees under the base plan. For retired employees hired on or after July 1, 2011 with a minimum of 20 years of service the contribution rate for post-65 benefits consists of a \$250 monthly stipend defined contribution amount. The Utilities Commission pays 50% of the total life insurance premium cost for those retirees who have that benefit. Members hired on or after July 1, 2011 who retire with less than 20 years of service will not be eligible for post-retirement coverage. The contribution rates for pre-65 benefits for members hired on or after July 1, 2011 will be based on the member’s age at retirement and their length of service as detailed below:

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

The Utilities Commission is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the current fiscal year the Utilities Commission contributed \$1,979,929. The GUC OPEB Plan is accounted for as a trust fund.

**Investments**

*Investment policy.* As of the most recent adoption of the current long-term rate of return by the GUC OBEP Plan, the target asset allocation and best estimates of real rates of return for each major asset class, as provided by the GUC OPEB Plan’s investment strategies, are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return
Equity	65.00%	7.40%
Bonds	10.00%	3.06%
Cash and Cash Equivalents	25.00%	2.89%
<b>Total</b>	<b>100.00%</b>	

Note: In setting the long-term expected return for the GUC OPEB Plan, projections employed to model future returns provide a range of expected long-term returns that ultimately support a long-term expected rate of return assumption of 7.00%.

*Rate of return.* For the year ended June 30, 2017, the annual money weighted rate of return on investments, net of investment expense, was 10.18 percent. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the Utilities Commission**

The components of the net OPEB liability of the Utilities Commission at June 30, 2017 were as follows:

Total OPEB liability (TOL)	\$44,678,833
Plan fiduciary net position (FNP)	3,156,311
<b>Net OPEB liability (NOL)</b>	<b>\$41,522,522</b>

Plan fiduciary net position as a percentage of the total OPEB liability	7.06%
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*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actual assumptions, applied to all periods included in the measurement, unless otherwise specified:

<b>Inflation</b>	3.00%
<b>Real wage growth</b>	0.50%
<b>Wage inflation</b>	3.50%
<b>Salary increases, including wage inflation</b>	
<b>General Employees</b>	3.50% - 7.75%
<b>Long-term investment rate of return, net of OPEB plan investment expense, including price inflation</b>	7.00%
<b>Municipal bond index rate</b>	
<b>Prior measurement date</b>	3.01%
<b>Measurement date</b>	3.56%
<b>Year fiduciary net position is projected to be depleted</b>	
<b>Prior measurement date</b>	2041
<b>Measurement date</b>	2041
<b>Single equivalent interest rate, net of OPEB plan investment expense, including price inflation</b>	
<b>Prior measurement date</b>	4.18%
<b>Measurement date</b>	4.68%
<b>Healthcare cost trend rates</b>	
<b>Pre-Medicare</b>	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
<b>Medicare</b>	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

An expected TOL is determined as of June 30, 2017 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of June 30, 2016, subtracts the actual benefit payments and refunds for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). Actuarial gains and losses arising from the change in the SEIR from 4.18% on the Prior Measurement Date to 4.68% on the Measurement Date are accounted for as changes of assumptions or other inputs.

The discount rate used to measure the total OPEB liability was based on the single equivalent interest rate (SEIR).

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2014.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, are presented above.

*Discount Rate.* The discount rate used to measure the TOL as of the Measurement Date was 4.68%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- Active employees do not explicitly contribute to the Plan.
- In all years, the employer pays benefits directly to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2041 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 7.00% on Plan investments was applied to periods through 2041 and the Municipal Bond Index Rate at the Measurement Date (3.56%) was applied to periods on and after 2041, resulting in an SEIR at the Measurement Date (4.68%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 4.18% at the Prior Measurement Date to 4.68% at the Measurement Date.

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the Utilities Commission, as well as what the Utilities Commission's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current discount rate:

	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
<b>Net OPEB liability</b>	<b>\$49,743,570</b>	<b>\$41,522,523</b>	<b>\$35,011,969</b>

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the Utilities Commission, as well as what the Utilities Commission's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1- percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<b>Net OPEB liability</b>	<b>\$34,200,267</b>	<b>\$41,522,523</b>	<b>\$50,971,361</b>



### Annual OPEB Cost and Net OPEB Obligation

The Utilities Commission's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Utilities Commission's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Utilities Commission's net OPEB obligation for the post-retirement benefits:

Annual required contribution	\$2,070,367
Interest on net OPEB obligation	848,067
Adjustment to annual required contribution	(606,739)
Annual OPEB cost (expense)	2,311,695
Contributions made	(1,979,929)
Increase (decrease) in net OPEB obligation	331,766
Net OPEB obligation, beginning of year	12,115,238
<b>Net OPEB obligation, end of year</b>	<b>\$12,447,004</b>

The Utilities Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2015, 2016 and 2017 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$1,892,521	68.544%	\$11,445,339
2016	\$2,223,414	69.871%	\$12,115,238
2017	\$2,311,695	85.648%	\$12,447,004

### Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the plan was 7.7% funded. The actuarial accrued liability for benefits was \$30,359,826 and the actuarial value of assets was \$2,334,874, thus, the unfunded actuarial accrued liability (UAAL) was \$28,024,952. The covered payroll (annual payroll of active employees covered by the plan) was \$26,006,154, and the ratio of the UAAL to the covered payroll was 92.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

In the June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included (a) 7.00% investment rate of return, which included an inflation component of 3.00%, and (b) 7.75% - 5.00% pre-Medicare medical cost trend rate and 5.75% - 5.00% post-Medicare medical cost trend rate with 2022 the year of ultimate trend rate. The actuarial value of assets was determined using the market value of assets. The unfunded actuarial accrued liability (UAAL) is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 was 30 years.

### Long-term Debt

The City of Greenville issues any debt required by the Utilities Commission. The legal debt margin is disclosed in the City's Comprehensive Annual Financial Report.

**DEBT SERVICED BY THE ELECTRIC FUND:**

**Revenue Bonds**

The Utilities Commission issues revenue bonds to provide financing for extension, expansion and improvement projects within the Electric Fund. The Utilities Commission has pledged future electric customer revenues and other unrestricted revenues including revenues of the Water, Sewer and Gas Funds, net of specified operating expenses, to repay revenue bonds, of which \$35,364,049 is currently outstanding. The bonds are payable solely from net revenues and are payable through fiscal year 2046. Annual principal and interest payments on the bonds are expected to require less than 16 percent of net revenues, or less than 2 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$54,210,196. Principal and interest paid for the current year, total customer net revenues and total revenues were \$2,447,959, \$18,338,520 and \$177,141,857, respectively. Revenue bonds outstanding at year end are as follows:

Description	Amount
Series 2008A Revenue Bonds with an original issue amount of \$3,903,762, due in annual installments with varying interest rates from 4.0% to 5.0%, final payment will be made on November 1, 2019	\$18,484
Series 2008A Refunding Revenue Bonds with an original issue amount of \$1,084,583, issued to refund a portion of the Series 1998 Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2018	274,185
Series 2008A Refunding Revenue Bonds with an original issue amount of \$605,347, issued to refund a portion of the Series 2000A Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2020	208,466
Series 2008B Taxable Revenue Bonds with an original issue amount of \$4,130,000, due in annual installments with varying interest rates from 5.3% to 5.78%, final payment will be made on November 1, 2018	1,020,000
Series 2010 Refunding Revenue Bonds with an original issue amount of \$3,902,210, issued to refund a portion of the Series 2001 Revenue Bonds, due in annual installments with an interest rate of 2.51%, final payment will be made on September 1, 2021	2,044,183
Series 2013 Refunding Revenue Bonds with an original issue amount of \$283,932, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	53,261
Series 2013 Refunding Revenue Bonds with an original issue amount of \$6,182,959, issued to refund the Series 2007 Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2027	4,365,153
Series 2016 Revenue Bonds with an original issue amount of \$22,679,530, due in annual installment with varying interest rates from 3.0% to 5.0%, final payment will be made on April 1, 2046	22,679,530
Series 2016 Revenue Bonds with an original issue amount of \$1,369,152, issued to refund the Series 2005 Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2026	1,243,646
Series 2016 Revenue Bonds with an original issue amount of \$3,470,208, issued to refund a portion of the Series 2008A Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2034	3,457,141
	<b>\$35,364,049</b>

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

Year Ending June 30	Principal	Interest	Total
2018	\$1,738,006	\$1,351,606	\$3,089,612
2019	2,094,742	1,288,196	3,382,938
2020	1,432,837	1,221,061	2,653,898
2021	2,072,146	1,174,833	3,246,979
2022	1,663,742	1,096,140	2,759,882
2023-2027	6,510,674	4,795,717	11,306,391
2028-2032	4,749,691	3,569,296	8,318,987
2033-2037	5,014,524	2,342,875	7,357,399
2038-2042	5,210,124	1,509,003	6,719,127
2043-2046	4,877,563	497,420	5,374,983
<b>Totals</b>	<b>\$35,364,049</b>	<b>\$18,846,147</b>	<b>\$54,210,196</b>

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**DEBT SERVICED BY THE WATER FUND:**

**Revenue Bonds**

The Utilities Commission issues revenue bonds to provide financing for extension, expansion and improvement projects within the Water Fund. The Utilities Commission has pledged future water customer revenues and other unrestricted revenues including revenues of the Electric, Sewer and Gas Funds, net of specified operating expenses, to repay revenue bonds, of which \$16,964,069 is currently outstanding. The bonds are payable solely from net revenues and are payable through fiscal year 2046. Annual principal and interest payments on the bonds are expected to require less than 41 percent of net revenues, or less than 16 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$23,151,998. Principal and interest paid for the current year, total customer net revenues and total revenues were \$3,019,790, \$7,036,689 and \$19,678,054, respectively. Revenue bonds outstanding at year end are as follows:

Description	Amount
Series 2008A Revenue Bonds with an original issue amount of \$10,641,133, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2019	\$714,486
Series 2008A Refunding Revenue Bonds with an original issue amount of \$2,378,250, issued to refund a portion of the Series 1998 Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2018	601,228
Series 2008A Refunding Revenue Bonds with an original issue amount of \$11,924,653, issued to refund a portion of the Series 2000A Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2020	4,106,534
Series 2010 Refunding Revenue Bonds with an original issue amount of \$1,695,666, issued to refund a portion of the Series 2001 Revenue Bonds, due in annual installments with an interest rate of 2.51%, final payment will be made on September 1, 2021	888,280
Series 2013 Refunding Revenue Bonds with an original issue amount of \$141,966, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	26,630
Series 2013 Refunding Revenue Bonds with an original issue amount of \$1,204,100, issued to refund the 2.87% Drinking Water State Revolving Fund Loan, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	194,300
Series 2016 Revenue Bonds with an original issue amount of \$2,243,132, due in annual installment with varying interest rates from 3.0% to 5.0%, final payment will be made on April 1, 2046	2,243,132
Series 2016 Revenue Bonds with an original issue amount of \$711,915, issued to refund the Series 2005 Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2026	646,656
Series 2016 Revenue Bonds with an original issue amount of \$7,571,332, issued to refund a portion of the Series 2008A Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2034	7,542,823
	<b>\$16,964,069</b>



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

Year Ending June 30	Principal	Interest	Total
2018	\$2,226,979	\$737,680	\$2,964,659
2019	2,135,460	636,576	2,772,036
2020	1,870,745	547,985	2,418,730
2021	1,517,144	481,584	1,998,728
2022	685,040	424,900	1,109,940
2023-2027	2,727,614	1,771,062	4,498,676
2028-2032	3,074,845	1,064,850	4,139,695
2033-2037	1,728,514	324,845	2,053,359
2038-2042	515,310	149,249	664,559
2043-2046	482,418	49,198	531,616
<b>Totals</b>	<b>\$16,964,069</b>	<b>\$6,187,929</b>	<b>\$23,151,998</b>

### Other Types of Debt

The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and resources, rivers, lakes, reservoirs, springs, and ground water wells. Congress established the Drinking Water State Revolving Fund loan program in the 1996 amendments to provide financial assistance to public water systems to comply with the SDWA. To fund drinking water capital projects that protect public health, the State of North Carolina makes loans at one-half of the market rate for a period of up to 20 years. The Utilities Commission's drinking water loans outstanding at year end are as follows:

Description	Amount
2.205% Drinking Water State Revolving Fund loan issued in 2004 to finance an inter-basin transfer analysis and the construction of a major water main, \$4,014,597 authorized and \$3,884,913 drawn to date, due in annual installments of \$194,246 with a final payment on May 1, 2030	\$2,525,194
2.50% Drinking Water State Revolving Fund loan issued in 2009 to finance improvements to the raw water pump station of the water treatment plant, \$460,425 authorized and \$460,425 drawn to date, due in annual installments of \$23,021 with a final payment on May 1, 2033	368,340
2.50% Drinking Water State Revolving Fund loan issued in 2010 to finance the construction of a new water main, \$300,055 authorized and \$269,492 drawn to date, due in annual installments of \$13,475 with a final payment on May 1, 2030	175,170
2.01% Drinking Water State Revolving Fund loan issued in 2009 to finance improvements to the raw water pump station of the water treatment plant, \$1,442,000 authorized and \$1,291,496 drawn to date, due in annual installments of \$64,575 with a final payment on May 1, 2033	1,033,197
	<b>\$4,101,901</b>

Annual debt service requirements to maturity for the Utilities Commission's Water Fund Drinking Water State Revolving Fund loans are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$295,316	\$90,036	\$385,352
2019	295,316	83,542	378,858
2020	295,316	77,049	372,365
2021	295,316	70,555	365,871
2022	295,316	64,062	359,378
2023-2027	1,476,583	222,906	1,699,489
2028-2032	1,061,142	65,190	1,126,332
2033	87,596	1,874	89,470
<b>Totals</b>	<b>\$4,101,901</b>	<b>\$675,214</b>	<b>\$4,777,115</b>

The American Recovery and Reinvestment Act of 2009 (ARRA) was passed by Congress to create and save jobs, spur economic activity and invest in long-term economic growth, and to foster unprecedented levels of accountability and transparency in government spending. A portion of the Recovery funds were distributed to states based on funding formulas. The North Carolina Department of Environment and Natural Resources received over \$65 million to fund drinking water capital projects that protect public health. The State of North Carolina has made these funds available to local governments in the form of principal forgiveness loans and zero percent interest loans through the State Revolving Fund program. The Utilities Commission's ARRA loans outstanding at year end are as follows:

Description	Amount
ARRA loan issued in 2009 to finance improvements to the raw water pump station of the water treatment plant, \$2,942,152 authorized and \$2,942,152 drawn to date, one-half of the principal has been forgiven and the remainder is due in annual installments of \$73,554 with a final payment on May 1, 2030	\$956,199
ARRA loan issued in 2009 to partially finance improvements to a water storage tank, \$48,982 authorized and \$44,782 drawn to date, one-half of the principal has been forgiven and the remainder is due in annual installments of \$1,120 with a final payment on May 1, 2031	15,673
	<b>\$971,872</b>

Annual debt service requirements to maturity for the Utilities Commission's Water Fund ARRA loans are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$74,673	\$0	\$74,673
2019	74,673	0	74,673
2020	74,673	0	74,673
2021	74,673	0	74,673
2022	74,673	0	74,673
2023-2027	373,367	0	373,367
2028-2031	225,140	0	225,140
<b>Totals</b>	<b>\$971,872</b>	<b>\$0</b>	<b>\$971,872</b>

**DEBT SERVICED BY THE SEWER FUND:****Revenue Bonds**

The Utilities Commission issues revenue bonds to provide financing for extension, expansion and improvement projects within the Sewer Fund. The Utilities Commission has pledged future sewer customer revenues and other unrestricted revenues including revenues of the Electric, Water and Gas Funds, net of specified operating expenses, to repay revenue bonds, of which \$19,070,407 is currently outstanding. The bonds are payable solely from net revenues and are payable through fiscal year 2046. Annual principal and interest payments on the bonds are expected to require less than 30 percent of net revenues, or less than 14 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$26,763,785. Principal and interest paid for the current year, total customer net revenues and total revenues were \$3,146,729, \$10,485,734 and \$22,811,442, respectively. Revenue bonds outstanding at year end are as follows:

Description	Amount
Series 2008A Revenue Bonds with an original issue amount of \$10,300,362, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2019	\$610,643
Series 2008A Refunding Revenue Bonds with an original issue amount of \$4,219,963, issued to refund a portion of the Series 1998 Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2018	1,066,818
Series 2010 Refunding Revenue Bonds with an original issue amount of \$2,172,644, issued to refund a portion of the Series 2001 Revenue Bonds, due in annual installments with an interest rate of 2.51%, final payment will be made on September 1, 2021	1,138,146
Series 2013 Refunding Revenue Bonds with an original issue amount of \$2,235,254, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	419,295
Series 2013 Refunding Revenue Bonds with an original issue amount of \$6,292,200, issued to refund the 2.57% Clean Water State Revolving Fund Loan, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2020	2,306,300
Series 2016 Revenue Bonds with an original issue amount of \$4,719,168, due in annual installment with varying interest rates from 3.0% to 5.0%, final payment will be made on April 1, 2046	4,719,168
Series 2016 Revenue Bonds with an original issue amount of \$2,118,933, issued to refund the Series 2005 Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2026	1,924,697
Series 2016 Revenue Bonds with an original issue amount of \$6,911,365, issued to refund a portion of the Series 2008A Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2034	6,885,340
	<b>\$19,070,407</b>

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

Year Ending June 30	Principal	Interest	Total
2018	\$2,403,149	\$759,641	\$3,162,790
2019	2,102,383	685,354	2,787,737
2020	1,547,400	630,090	2,177,490
2021	1,231,125	583,366	1,814,491
2022	899,598	527,536	1,427,134
2023-2027	3,469,878	2,170,425	5,640,303
2028-2032	3,218,990	1,352,224	4,571,214
2033-2037	2,098,833	567,245	2,666,078
2038-2042	1,084,125	313,994	1,398,119
2043-2046	1,014,926	103,503	1,118,429
<b>Totals</b>	<b>\$19,070,407</b>	<b>\$7,693,378</b>	<b>\$26,763,785</b>

### Other Types of Debt

The 1987 amendments to the Federal Clean Water Act replaced the Construction Grants program with the Clean Water State Revolving Fund Program (CWSRF). Under the CWSRF, Congress provides the states with grant funds to establish revolving loan programs to assist in the funding of wastewater treatment facilities and projects associated with estuary and nonpoint source programs. In North Carolina, these funds are made available to units of local government at one-half of the market rate for a period of up to twenty years. The Utilities Commission's CWSRF loans outstanding at year end are as follows:

Description	Amount
2.48% Clean Water State Revolving Fund loan issued in 2008 to finance upgrades to the electrical and SCADA systems at the wastewater treatment plant, \$13,851,680 authorized and \$13,761,629 drawn to date, due in annual installments of \$688,081 with a final payment on May 1, 2030	\$8,945,059
2.455% Clean Water State Revolving Fund loan issued in 2011 to finance the construction of a regional pump station and force main, \$9,241,586 authorized and \$8,866,000 drawn to date, due in annual installments of \$443,300 with a final payment on May 1, 2032,	6,649,500
2.455% Clean Water State Revolving Fund loan issued in 2011 to finance the construction of a regional pump station and force main, \$13,987,369 authorized and \$13,649,668 drawn to date, due in annual installments of \$682,483 with a final payment on May 1, 2033	10,919,734
0.0% Clean Water State Revolving Fund loan issued in 2013 to finance the energy efficiency replacement and upgrade to the wastewater treatment plant ultraviolet disinfection system, \$2,198,250 authorized and \$1,806,103 drawn to date, due in annual installments of \$92,156 with a final payment on May 1, 2036	1,738,202
2.0% Clean Water State Revolving Fund loan issued in 2017 to finance pump station upgrades, \$6,176,450 authorized and \$3,764,772 drawn to date, due in annual installments of \$188,239 with a final payment on May 1, 2037	3,764,772
1.66% Clean Water State Revolving Fund loan issued in 2017 to finance improvements to the wastewater treatment plant air distribution system, \$1,718,086 authorized and \$587,950 drawn to date, due in annual installments of \$29,398 with a final payment on May 1, 2038	587,950
	<b>\$32,605,217</b>



Annual debt service requirements to maturity for the Utilities Commission's Sewer Fund Clean Water State Revolving Fund loans are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$2,081,502	\$721,237	\$2,802,739
2019	2,123,657	691,234	2,814,891
2020	2,123,657	640,795	2,764,452
2021	2,123,657	591,840	2,715,497
2022	2,123,657	542,885	2,666,542
2023-2027	10,618,283	1,980,097	12,598,380
2028-2032	9,242,120	773,282	10,015,402
2033-2037	2,139,286	82,987	2,222,273
2038	29,398	488	29,886
<b>Totals</b>	<b>\$32,605,217</b>	<b>\$6,024,845</b>	<b>\$38,630,062</b>

The Utilities Commission entered into an inter-local agreement with the Town of Bethel to provide wastewater treatment services for the town, which has its own wastewater collection system. The Utilities Commission and the Town of Bethel each financed portions of the infrastructure constructed to connect the Town of Bethel's collection system to the Utilities Commission's system. Under the terms of the inter-local agreement, ownership of the portion of the infrastructure financed by the Town of Bethel was transferred to the Utilities Commission at the time the treatment service began and the Utilities Commission is paying the Town of Bethel for the asset over a term of 20 years. At June 30, 2017, \$908,289 of the inter-local agreement remained outstanding. The inter-local agreement carries an effective interest rate of 5.53% and is payable in annual installments of \$151,382 with a final principal payment on May 1, 2023.

Annual debt service requirements to maturity for the Utilities Commission's Sewer Fund inter-local agreement are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$151,382	\$87,995	\$239,377
2019	151,382	84,303	235,685
2020	151,382	80,611	231,993
2021	151,382	76,919	228,301
2022	151,382	73,227	224,609
2023	151,379	91,529	242,908
<b>Totals</b>	<b>\$908,289</b>	<b>\$494,584</b>	<b>\$1,402,873</b>

**DEBT SERVICED BY THE GAS FUND:**

**Revenue Bonds**

The Utilities Commission issues revenue bonds to provide financing for extension, expansion and improvement projects within the Gas Fund. The Utilities Commission has pledged future gas customer revenues and other unrestricted revenues including revenues of the Electric, Water and Sewer Funds, net of specified operating expenses, to repay revenue bonds, of which \$14,222,074 is currently outstanding. The bonds are payable solely from net revenues and are payable through fiscal year 2046. Annual principal and interest payments on the bonds are expected to require less than 39 percent of net revenues, or less than 5 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$22,049,635. Principal and interest paid for the current year, total customer net revenues and total revenues were \$1,211,718, \$3,429,494 and \$28,707,996, respectively. Revenue bonds outstanding at year end are as follows:

Description	Amount
Series 2008A Revenue Bonds with an original issue amount of \$1,029,743, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2019	\$66,388
Series 2008A Refunding Revenue Bonds with an original issue amount of \$1,237,204, issued to refund a portion of the Series 1998 Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2018	312,769
Series 2010 Refunding Revenue Bonds with an original issue amount of \$3,234,480, issued to refund a portion of the Series 2001 Revenue Bonds, due in annual installments with an interest rate of 2.51%, final payment will be made on September 1, 2021	1,694,391
Series 2013 Refunding Revenue Bonds with an original issue amount of \$1,123,849, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	210,814
Series 2013 Refunding Revenue Bonds with an original issue amount of \$1,487,041, issued to refund the Series 2007 Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2027	1,049,847
Series 2016 Revenue Bonds with an original issue amount of \$10,253,170, due in annual installment with varying interest rates from 3.0% to 5.0%, final payment will be made on April 1, 2046	10,253,170
Series 2016 Revenue Bonds with an original issue amount of \$637,094, issued to refund a portion of the Series 2008A Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2034	634,695
	<b>\$14,222,074</b>

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

Year Ending June 30	Principal	Interest	Total
2018	\$845,665	\$528,868	\$1,374,533
2019	816,215	504,706	1,320,921
2020	582,019	480,076	1,062,095
2021	844,586	462,725	1,307,311
2022	711,620	432,360	1,143,980
2023-2027	1,941,834	1,942,679	3,884,513
2028-2032	1,811,473	1,521,881	3,333,354
2033-2037	2,108,129	1,047,185	3,155,314
2038-2042	2,355,440	682,204	3,037,644
2043-2046	2,205,093	224,878	2,429,971
<b>Totals</b>	<b>\$14,222,074</b>	<b>\$7,827,562</b>	<b>\$22,049,636</b>

**Rate Covenants:**

The Utilities Commission's debt issuances are authorized and secured by the Bond Order adopted on August 11, 1994, and amended and restated as of April 13, 2000. Section 501 of the Bond Order contains covenants as to rates, fees and charges and requires the debt service coverage ratio to be no less than 125% for parity indebtedness (revenue bonds) and no less than 100% for other types of debt. The Utilities Commission has been in compliance with the covenants contained in Section 501 of the Bond Order since its adoption. The debt service coverage ratio calculation for the fiscal year ended June 30, 2016 is as follows:

Operating revenues	\$246,005,844
Operating expenses <sup>1</sup>	(206,715,407)
<b>Operating income</b>	<b>\$39,290,437</b>
Non-operating revenues (expenses)	
Miscellaneous revenues <sup>2</sup>	1,924,848
Interest income <sup>2</sup>	408,657
<b>Income available for debt service</b>	<b>\$41,623,942</b>
Parity debt service (principal and interest paid) <sup>3</sup>	\$9,826,196
Parity debt service coverage ratio	424%
Subordinate and other debt service (principal and interest paid)	\$3,255,331
Subordinate and other debt service coverage ratio	977%

<sup>1</sup> In accordance with rate covenants operating expenses excludes depreciation expense of \$20,999,407; unfunded OPEB expense of \$331,766; and pension expense and expenditures of \$424,281 promulgated by the implementation of GASB Statement No. 68 and GASB Statement No. 71.

<sup>2</sup> In accordance with rate covenants miscellaneous revenues and interest income excludes restricted revenues and revenues received in the capital projects funds.

<sup>3</sup> Excludes \$1,308,082 of capitalized interest paid from proceeds of the bonds in accordance with rate covenants.

**Advance Refunding:**

On June 14, 2016, the Utilities Commission issued \$18,590,000 of revenue advanced refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for the redemption of \$21,040,000 of revenue bonds which are callable on November 1, 2018. As a result, the refunded bonds are considered defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,546,282. This amount is being deferred and amortized over the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next eleven years by \$3,259,153 and resulted in an economic gain of \$2,362,122.

**Arbitrage:**

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the Utilities Commission must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2017, the Utilities Commission had no arbitrage liabilities.

**Unearned Revenue:**

Unearned revenue totaling \$179,760 in the Electric Fund consists of installation fees that were paid in advance for services that have not yet been installed. Unearned revenue totaling \$92,611 in the Water Fund and \$145,860 in the Sewer Fund consists of connection fees that were paid in advance for services that have not yet been installed. The fees paid in advance will be recognized as revenue by the Utilities Commission at the time the service is installed.

**Changes in Long-term Liabilities:**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

<b>Business type activities:</b>	<b>June 30, 2016</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2017</b>	<b>Current Portion</b>
Revenue bonds	\$93,651,999	\$0	(\$8,031,400)	\$85,620,599	\$7,213,799
Other types of debt	36,587,040	4,389,733	(2,389,494)	38,587,279	2,602,874
Discounts and premiums	10,076,335	-	(427,137)	9,649,198	-
Compensated absences	2,085,011	1,897,442	(1,719,020)	2,263,433	1,595,343
Other postemployment benefits	12,115,238	331,766	-	12,447,004	-
Net pension liability (LRS)	1,880,087	7,509,123	-	9,389,210	-
Unearned revenue	254,721	179,760	(16,250)	418,231	418,231
<b>Total long-term liabilities</b>	<b>\$156,650,431</b>	<b>\$14,307,824</b>	<b>(\$12,583,301)</b>	<b>\$158,374,954</b>	<b>\$11,830,247</b>

Changes in long-term liabilities by fund for the year ended June 30, 2017 are as follows:

<b>Electric Fund:</b>	<b>June 30, 2016</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2017</b>	<b>Current Portion</b>
Revenue bonds	\$37,370,570	\$0	(\$2,006,521)	\$35,364,049	\$1,738,006
Discounts and premiums	3,775,188	-	(134,594)	3,640,594	-
Compensated absences	834,135	808,564	(742,022)	900,677	711,987
Other postemployment benefits	5,701,067	145,051	-	5,846,118	-
Net pension liability (LRS)	770,836	3,078,740	-	3,849,576	-
Unearned revenue	-	179,760	-	179,760	179,760
<b>Electric Fund long-term liabilities:</b>	<b>\$48,451,796</b>	<b>\$4,212,115</b>	<b>(\$2,883,137)</b>	<b>\$49,780,774</b>	<b>\$2,629,753</b>

<b>Water Fund</b>	<b>June 30, 2016</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2017</b>	<b>Current Portion</b>
Revenue bonds	\$19,317,596	\$0	(\$2,353,527)	\$16,964,069	\$2,226,979
Other types of debt	5,443,763	-	(369,990)	5,073,773	369,990
Discounts and premiums	2,330,650	-	(127,359)	2,203,291	-
Compensated absences	437,491	390,865	(350,967)	477,389	336,596
Other postemployment benefits	2,445,387	63,609	-	2,508,996	-
Net pension liability (LRS)	413,619	1,652,007	-	2,065,626	-
Unearned revenue	99,501	-	(6,890)	92,611	92,611
<b>Water Fund long-term liabilities:</b>	<b>\$30,488,007</b>	<b>\$2,106,481</b>	<b>(\$3,208,733)</b>	<b>\$29,385,755</b>	<b>\$3,026,176</b>



Sewer Fund	June 30, 2016	Additions	Retirements	June 30, 2017	Current Portion
Revenue bonds	\$21,661,887	\$0	(\$2,591,480)	\$19,070,407	\$2,403,149
Other types of debt	31,143,277	4,389,733	(2,019,504)	33,513,506	2,232,884
Discounts and premiums	2,574,905	-	(111,935)	2,462,970	-
Compensated absences	425,436	365,908	(334,170)	457,174	297,579
Other postemployment benefits	2,091,389	65,653	-	2,157,042	-
Net pension liability (LGERS)	394,818	1,576,916	-	1,971,734	-
Unearned revenue	155,220	-	(9,360)	145,860	145,860
<b>Sewer Fund long-term liabilities:</b>	<b>\$58,446,932</b>	<b>\$6,398,210</b>	<b>(\$5,066,449)</b>	<b>\$59,778,693</b>	<b>\$5,079,472</b>

Gas Fund	June 30, 2016	Additions	Retirements	June 30, 2017	Current Portion
Revenue bonds	\$15,301,946	\$0	(\$1,079,872)	\$14,222,074	\$845,665
Discounts and premiums	1,395,592	-	(53,249)	1,342,343	-
Compensated absences	387,949	332,105	(291,861)	428,193	249,181
Other postemployment benefits	1,877,395	57,453	-	1,934,848	-
Net pension liability (LGERS)	300,814	1,201,460	-	1,502,274	-
<b>Gas Fund long-term liabilities:</b>	<b>\$19,263,696</b>	<b>\$1,591,018</b>	<b>(\$1,424,982)</b>	<b>\$19,429,732</b>	<b>\$1,094,846</b>

### C. Net Investment in Capital Assets

Capital assets	\$385,489,064
plus: unexpended bond proceeds	12,876,447
plus: unamortized bond refunding charges	2,159,524
less: long-term debt	133,857,076
<b>Net investment in capital assets</b>	<b>\$266,667,959</b>

### Note 3: Supplemental retirement income plan

All permanent, full-time and certain designated part-time employees of the Utilities Commission are eligible to participate in the Supplemental Retirement Income Plan, a defined contribution pension plan authorized by Article 5 of G.S. Chapter 135. The Supplemental Retirement Income Plan is administered by the Department of the State Treasurer and a Board of Trustees. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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 are established and may be amended by the Board of Commissioners.

The Utilities Commission's contributions for the years ended June 30, 2017, 2016 and 2015 were \$450,480, \$442,603, and \$444,480, respectively. These contributions represent 1.5%, 1.6% and 1.7%, respectively, of covered payroll.

## Note 4: Other employment benefits

The Utilities Commission has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("Death Benefit Plan"), a 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 but no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The Utilities Commission has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. The Utilities Commission considers these contributions to be immaterial.

## Note 5: Transfer activity with the City of Greenville

### Balances due to/from the City of Greenville

Balances due to the City of Greenville at June 30, 2017 consist of the following:

GTAC Project Water Main Relocation	\$120,223
Street lighting reimbursement	61,468
Street repairs	99,394
M/WBE Program	10,556
Wellness Program	10,438
Dumpster collection	2,180
Parking lot sweeping	100
<b>Total</b>	<b>\$304,359</b>

Balances due from the City of Greenville at June 30, 2017 on utility accounts totaled \$227,426. This amount is included in Accounts receivable, net on the Statement of Net Position with other sales receivables related to our core business.

### Transfers to/from the City of Greenville

Transfers to the City of Greenville's General Fund during fiscal year 2017 consist of the following:

Electric Fund general transfer	\$4,425,646
Gas Fund general transfer	1,474,341
Electric Fund street lighting reimbursement	764,901
<b>Total</b>	<b>\$6,664,888</b>

The transfers to the City's General Fund of \$6,664,888 included the general and street lighting reimbursement transfers. The general transfers were computed based on 6% of the Electric and Gas Funds' capital assets, net of related debt. The street lighting reimbursement represents 50% of current fiscal year street lighting revenues. The computation of the transfers is consistent with the method specified in Chapter 861 of Senate Bill 1069, An Act to Amend and Restate the Charter of the Greenville Utilities Commission of the City of Greenville.

## Note 6: Risk Management

The Utilities Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Management of these risks is maintained through a combination of self-insurance and commercial insurance coverage.

The Utilities Commission is self-insured with respect to workers' compensation up to \$100,000 per claim and carries commercial coverage for claims in excess of \$100,000.

The Utilities Commission and the City of Greenville self-fund a joint medical benefit plan up to \$200,000 per person per year. The Utilities Commission and the City of Greenville contracted with CIGNA Healthcare of North Carolina, Inc. to administer the benefits of the plan, including denials. The medical benefit plan is a Point of Service Open Access (POSOA) product. The Open Access (OA) feature allows covered employees and their covered dependents to seek care directly from any provider, so there is no referral authorization needed from Primary Care Physicians (PCP) to access care from Specialists.

Changes in the balances of medical claims liabilities during the fiscal years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Unpaid claims, beginning	\$ 611,637	\$ 577,692
Incurred claims	6,153,300	5,578,306
Claim payments	(6,014,949)	(5,544,361)
<b>Unpaid claims, ending</b>	<b>\$ 749,988</b>	<b>\$ 611,637</b>

The City of Greenville and the Utilities Commission self-fund a dental benefit plan for eligible employees with a maximum benefit of \$2,000 per calendar year in addition to a lifetime maximum of \$3,000 for orthodontia. The dental benefit plan is a preferred provider organization and the City of Greenville and the Utilities Commission contracted with CIGNA Healthcare of North Carolina, Inc. to administer the benefits of the plan, including denials.

Changes in the balances of dental claims liabilities during the fiscal years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Unpaid claims, beginning	\$ 38,363	\$ 35,308
Incurred claims	390,432	353,599
Claim payments	(380,783)	(350,544)
<b>Unpaid claims, ending</b>	<b>\$ 48,012</b>	<b>\$ 38,363</b>

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

In accordance with G.S. 159-29, the Utilities Commission's affected employees (those having access to \$100 or more at any given time of the Utilities Commission's funds) are bonded under a blanket bond for \$500,000. The Chief Financial Officer is individually bonded for \$50,000.

The Utilities Commission carries commercial coverage for all other risks of loss. Through this coverage, the Utilities Commission obtains general liability coverage of \$1 million per occurrence with a general aggregate of \$3 million, auto liability coverage of \$1 million per occurrence, property coverage up to \$267 million for real and personal property, and umbrella liability coverage of \$10 million. No accrual for possible losses attributable to incidents that may have occurred but that have not been identified has been made because the amount is not reasonably estimated. Further, a liability for outstanding claims at June 30, 2016, other than the medical and

dental benefit programs, has not been accrued as the amount of outstanding claims is not material to the financial statements.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

## Note 7: Summary disclosure of significant commitments and contingencies

### Purchased Power Contract

The Utilities Commission is a participant of the North Carolina Eastern Municipal Power Agency (NCEMPA), a joint agency formed by 32 municipal entities. NCEMPA was formed in 1982 for the purpose of supplying wholesale power to its 32 participants. NCEMPA used the proceeds of debt issuances to purchase ownership interests in two coal-fired and three nuclear-fueled generation plants. Each participant was entitled to a proportionate share of the output and was obligated to pay its share of the operating costs and debt service on these generation assets.

On July 31, 2015, the NCEMPA completed the sale of its electric generating assets to Duke Energy Progress for approximately \$1.25 billion. The proceeds from the sale were used to reduce outstanding debt on those assets. The Utilities Commission's share of NCEMPA's outstanding debt was reduced from approximately \$277.8 million to \$85 million. The Electric Enterprise Fund's share of this obligation is not recorded as a liability on the accompanying basic financial statements; however, it is included as a component of its power supply expenses. The Utilities Commission's share of NCEMPA's outstanding debt at June 30, 2017 was approximately \$78.7 million. As of the date of this report, NCEMPA is satisfying its obligations from its own operations and accordingly, no provision for contingent liability is reported in the Utilities Commission's financial statements.

Duke Energy Progress has entered into a 30 year agreement to provide wholesale power to NCEMPA. The Utilities Commission, along with the other member entities, entered into a 30 year take and pay all requirements contract for the delivery of wholesale electric power. The reduced debt service costs and the lower costs of wholesale power have allowed the Utilities Commission to reduce electric retail rates by approximately 15% since July 2015.

### Federal and State Assisted Programs

The Utilities 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. No provision has been made in the accompanying financial statements for the refund of grant monies.

### Natural Gas Contracts

On November 1, 2005, the Utilities Commission entered into an agreement with Piedmont Natural Gas (PNG) that allows the Utilities Commission to purchase all its natural gas requirements on the open market. The terms of the contract require PNG to transport natural gas through its pipeline to the Utilities Commission in exchange for annual payments of \$2,987,328. The contract was renewed effective January 5, 2010 for a period of 10 years with a Maximum Daily Quantity (MDQ) of 20,000 decatherms and an annual payment of \$3,698,544. The Utilities Commission may be allowed to exceed its MDQ to accommodate interruptible demand as capacity is available, and the Utilities Commission has the option to purchase firm peaking services during times when demand for natural gas is high.

The Utilities Commission secures its natural gas supplies through various marketers and uses marketing firms to buy and sell natural gas contracts on its behalf. We typically enter into contracts whereby we purchase and fix a portion of our gas supply in advance. At June 30, 2017, we have commitments to take delivery on a total of 920,000 MMBtu's at fixed prices ranging from \$2.54 to \$3.10 per MMBtu and in varying amounts from July 2017 through December 2018. In addition, we have commitments to take delivery on 1,084,000 additional MMBtu's per month during the period July 2017 through December 2018 for which we have not yet fixed a price.



The Utilities Commission entered into a Supplemental Service and Construction Agreement with PNG effective November 1, 2014 for a period of 5 years. Under the terms of the contract the Utilities Commission will pay additional demand charges to cover the costs of upgrades to the Utilities Commission's system completed by PNG. The initial amount of the contractual payment was \$470,000 per year. Effective June 2015 the amount was increased to \$593,093 per year to reflect the actual costs of the upgrades. These additional demand charges are payable through October 2019.

The Utilities Commission entered a 15-year agreement with Patriots Energy Group (PEG), effective February 1, 2007 to purchase 20 percent of the Utilities Commission's firm volumes (2,000 dekatherms per day during the winter period, November through March). The Utilities Commission receives a price discount projected to be between \$0.42 and \$0.47 per dekatherm and pays a fee of \$0.015 per dekatherm to PEG to cover the administrative costs of the agreement.

### Litigation

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

## Note 8: Pronouncements Issued But Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2017 that have effective dates that may impact future financial presentations.

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

**GASB Statement No. 75**, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

**GASB Statement No. 81**, "Irrevocable Split-Interest Agreements". This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

**GASB Statement No. 82**, "Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in

which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

**GASB Statement No. 83, "Certain Asset Retirement Obligations".** This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

**GASB Statement No. 84, "Fiduciary Activities".** The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

**GASB Statement No. 85, "Omnibus 2017".** The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

**GASB Statement 86, "Certain Debt Extinguishment Issues".** The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**GASB Statement No. 87, "Leases".** The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

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# Required Supplementary Information



## **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2017

**KAY SPRIGGS**

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Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina



SCHEDULE 1

Other Post Employment Benefits | Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/14	\$1,854,800	\$25,073,947	\$23,219,147	7.4%	\$24,675,093	94.1%
12/31/15	\$2,303,463	\$26,322,361	\$24,018,898	8.8%	\$24,470,208	98.2%
6/30/16	\$2,334,874	\$30,359,826	\$28,024,952	7.7%	\$26,006,154	107.8%

Schedule of Employer Contributions

Year Ending June 30,	Annual Required Contribution	Percentage Contributed
2015	\$1,751,427	74.066%
2016	\$2,050,401	75.766%
2017	\$2,070,367	95.632%

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

**Actuarial cost method:** Projected unit credit  
**Amortization method:** Level percentage of pay, open  
**Remaining amortization period:** 30 Years  
**Amortization factor:** 23.0606  
**Asset valuation method:** Market value of assets  
**Actuarial assumptions:**  
**Investment rate of return\*:** 7.00% \*Includes inflation at 3.00%  
**Medical trend assumptions:**  
**Pre-Medicare trend rate:** 7.75% - 5.00%  
**Post-Medicare trend rate:** 5.75% - 5.00%  
**Year of ultimate trend rate:** 2022

## SCHEDULE 2 • GREENVILLE UTILITIES COMMISSION'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

## Local Governmental Employees' Retirement System | Last Four Fiscal Years\*

Year Ending June 30,	Proportion of the net pension liability (asset) (%)	Proportion of the net pension liability (asset) (\$)	Covered-employee payroll	Proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability**
2017	0.44240%	\$9,389,210	\$26,489,847	35.44%	91.47%
2016	0.41892%	\$1,880,088	\$25,315,352	7.43%	98.09%
2015	0.42068%	\$(2,480,943)	\$24,852,254	(9.98%)	102.64%
2014	0.42030%	\$5,066,229	\$24,741,607	20.48%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**Note:** Information is not available prior to implementation of GASB Statement 68 in fiscal year 2014.

SCHEDULE 3 • GREENVILLE UTILITIES COMMISSION'S CONTRIBUTIONS

Local Governmental Employees' Retirement System | Last Four Fiscal Years\*

Year Ending June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered-employee payroll
2017	\$2,158,620	\$2,158,620	\$-	\$29,774,064	7.25%
2016	\$1,782,767	\$1,782,767	\$-	\$26,489,847	6.73%
2015	\$1,789,817	\$1,789,817	\$-	\$25,315,352	7.07%
2014	\$1,755,810	\$1,755,810	\$-	\$24,852,254	7.06%

**Note:** Information is not available prior to implementation of GASB Statement 68 in fiscal year 2014.

## SCHEDULE 4 • SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

## Other Post Employment Benefits

	2017
<b>Total OPEB Liability</b>	
Service cost at end of year	\$1,146,045
Interest	1,930,674
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(3,865,249)
Benefit payments	(1,442,003)
Net change in total OPEB liability	(2,230,533)
Total OPEB liability - beginning	46,909,366
<b>Total OPEB liability - ending</b>	<b>\$44,678,833</b>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$1,942,003
Contributions - nonemployer	-
Contributions - active members	171,801
Net investment income	321,437
Benefit payments	(1,613,804)
Administrative expense	-
Net change in plan fiduciary net position	821,437
Plan fiduciary net position - beginning	2,334,874
<b>Plan fiduciary net position - ending</b>	<b>\$3,156,311</b>
Net OPEB liability - ending	\$41,522,522
Plan fiduciary net position as a percentage of the total OPEB liability	7.06%
Covered payroll	26,006,154
Utilities Commission's net OPEB liability as a percentage of covered payroll	159.66%

**Note:** Differences between this schedule and the Schedule of Fiduciary Net Position and Schedule of Changes in Fiduciary Net Position presented in Exhibits 4 and 5 reflect differences between cash basis and full accrual accounting.

**Note 2:** Information is not available prior to implementation of GASB Statement 74 in fiscal year 2017.



SCHEDULE 5 • GREENVILLE UTILITIES COMMISSION'S CONTRIBUTIONS

Other Post Employment Benefits | Last Ten Fiscal Years

Year Ending June 30,	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2017	\$2,070,367	\$1,942,003	\$128,364	\$26,006,154	7.47%
2016	\$2,050,401	\$1,553,515	\$496,886	\$26,006,154	5.97%
2015	\$1,751,427	\$1,297,207	\$454,220	\$22,816,616	5.69%
2014	\$1,779,995	\$1,030,101	\$749,894	\$23,730,460	4.34%
2013	\$1,769,981	\$1,000,888	\$769,093	\$24,081,113	4.16%
2012	\$2,395,223	\$1,140,955	\$1,254,268	\$23,104,504	4.94%
2011	\$2,308,649	\$1,322,819	\$985,830	\$23,104,504	5.73%
2010	\$2,512,284	\$714,612	\$1,797,672	\$22,345,440	3.20%
2009	\$2,512,284	\$436,774	\$2,075,510	\$22,345,440	1.95%
2008	\$3,229,052	\$410,580	\$2,818,472	\$19,489,354	2.11%

**Notes to Schedule**

**Valuation date:** Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

**Actuarial cost method:** Projected unit credit

**Amortization method:** Level percentage of pay

**Amortization period:** 30 years, open

**Asset valuation method:** Market value of assets

**Inflation:** 3.00%

**Real wage growth:** 0.50%

**Wage inflation:** 3.50%

**Salary increases, including wage inflation:**

**General Employees:** 3.50% - 7.75%

**Long-term investment rate of return, net of OPEB plan investment expense, including price inflation:** 7.00%

**Healthcare cost trends:**

**Pre-Medicare:** 7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022

**Medicare:** 5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

## SCHEDULE 6 • SCHEDULE OF INVESTMENT RETURNS

## Other Post Employment Benefits | Last Six Fiscal Years

Year Ending June 30,	Annual money-weighted rate of return, net of investment expense
2017	10.18%
2016	-0.57%
2015	4.19%
2014	13.98%
2013	10.61%
2012	5.84%

**Note:** The Greenville Utilities Other Postemployment Benefits Trust was established in fiscal year 2012.

# Supplementary Information



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

SIMON STROUD

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Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina

SCHEDULE 7 • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

All Operating Funds | Year Ended June 30, 2017 (With Comparative Actual Totals For June 30, 2016)

	2017			2016
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues</b>				
Electric Revenues				
Rates and charges	\$172,937,733	\$173,232,911	\$295,178	\$177,785,263
Fees and charges	1,500,483	1,520,767	20,284	1,499,960
U.G. and temporary service charges	394,117	411,595	17,478	170,695
Miscellaneous	2,490,777	1,822,799	(667,978)	2,476,169
Interest on investments	207,479	240,446	32,967	170,725
FEMA/Insurance Reimbursements	-	1,181,352	1,181,352	-
<b>Total Electric Revenues</b>	<b>177,530,589</b>	<b>178,409,870</b>	<b>879,281</b>	<b>182,102,812</b>
Water Revenues				
Rates and charges	18,885,705	18,983,628	97,923	17,792,061
Fees and charges	345,906	369,790	23,884	336,621
U.G. and temporary service charges	12,300	14,500	2,200	3,900
Miscellaneous	302,977	298,876	(4,101)	259,746
Interest on investments	47,384	56,151	8,767	51,616
FEMA/Insurance Reimbursements	-	133,250	133,250	-
<b>Total Water Revenues</b>	<b>19,594,272</b>	<b>19,856,195</b>	<b>261,923</b>	<b>18,443,944</b>
Sewer Revenues				
Rates and charges	21,981,525	22,232,340	250,815	20,835,158
Fees and charges	363,734	395,878	32,144	337,938
Miscellaneous	151,244	145,380	(5,864)	188,174
Interest on investments	31,529	41,143	9,614	34,585
FEMA/Insurance Reimbursements	-	131,275	131,275	-
<b>Total Sewer Revenues</b>	<b>22,528,032</b>	<b>22,946,016</b>	<b>417,984</b>	<b>21,395,855</b>
Gas Revenues				
Rates and charges	29,815,290	28,173,864	(1,641,426)	27,221,435
Fees and charges	155,356	151,126	(4,230)	129,310
Miscellaneous	348,550	327,299	(21,251)	332,968
Interest on investments	59,900	70,917	11,017	69,295
FEMA/Insurance Reimbursements	-	134,809	134,809	-
<b>Total Gas Revenues</b>	<b>30,379,096</b>	<b>28,858,015</b>	<b>(1,521,081)</b>	<b>27,753,008</b>
<b>Total Revenues</b>	<b>250,031,989</b>	<b>250,070,096</b>	<b>38,107</b>	<b>249,695,619</b>
<b>Expenditures</b>				
Electric Fund				
Maintenance and repairs		610,096		1,553,476
Other operating expenses		161,566,638		153,000,843
Capital Outlay		6,849,593		4,482,944
Debt Service		3,191,579		3,352,378
<b>Total</b>	<b>173,837,208</b>	<b>172,217,906</b>	<b>1,619,302</b>	<b>162,389,641</b>
Water Fund				
Maintenance and repairs		1,668,431		1,293,547
Other operating expenses		10,742,608		9,977,890
Capital Outlay		1,132,519		761,075
Debt Service		3,559,855		3,779,719
<b>Total</b>	<b>\$18,206,691</b>	<b>\$17,103,413</b>	<b>\$1,103,278</b>	<b>\$15,812,231</b>



## SCHEDULE 7 continued • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

## All Operating Funds | Year Ended June 30, 2017 (With Comparative Actual Totals For June 30, 2016)

	2017		Variance Positive (Negative)	2016
	Budget	Actual		Actual
<b>Sewer Fund</b>				
Maintenance and repairs	\$ -	\$1,641,281		\$1,580,606
Other operating expenses		10,582,598		9,777,806
Capital Outlay		1,244,528		774,018
Debt Service		6,124,635		6,473,115
<b>Total</b>	<b>21,048,015</b>	<b>19,593,042</b>	<b>1,454,973</b>	<b>18,605,545</b>
<b>Gas Fund</b>				
Maintenance and repairs		457,193		181,754
Other operating expenses		26,111,453		25,137,377
Capital Outlay		1,379,520		1,093,207
Debt Service		1,547,900		1,449,843
<b>Total</b>	<b>31,143,691</b>	<b>29,496,066</b>	<b>1,647,625</b>	<b>27,862,181</b>
<b>Total expenditures</b>	<b>244,235,605</b>	<b>238,410,427</b>	<b>5,825,178</b>	<b>224,669,598</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>5,796,384</b>	<b>11,659,669</b>	<b>5,863,285</b>	<b>25,026,021</b>
<b>Other Financing Sources (Uses)</b>				
Contributed capital	134,889	134,890	1	-
Revenue bonds issued	-	-	-	813,405
Intra-fund transfers in	1,818,727	1,708,082	(110,645)	-
Intra-fund transfers out	(8,750,000)	(11,630,166)	(2,880,166)	(30,450,000)
Appropriated fund balance	1,000,000	-	(1,000,000)	-
<b>Total other financing sources (uses)</b>	<b>(5,796,384)</b>	<b>(9,787,194)</b>	<b>(3,990,810)</b>	<b>(29,636,595)</b>
<b>Revenues and Other Financing Sources</b>				
<b>Over Expenditures</b>	<b>\$ -</b>	<b>\$1,872,475</b>	<b>\$1,872,475</b>	<b>\$ (4,610,574)</b>
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		\$10,606,160		\$7,111,244
Budgetary appropriations - debt principal		10,420,893		10,743,316
Depreciation		(20,999,407)		(18,661,562)
Debt issued		-		(813,405)
Amortization of bond premium and discount		427,138		102,528
Amortization of deferred loss on refundings		(276,242)		(186,413)
Capitalization of bond interest		504,309		65,946
Changes in accrued interest payable		(10,449)		175,665
Changes in unrealized gains/losses on investments		(87,391)		7,037
Intra-fund transfers		9,922,084		30,450,000
Changes in OPEB liability		(331,766)		(669,899)
Changes in net pension asset		-		(2,480,945)
Changes in deferred outflows for pensions		6,436,668		21,542
Changes in net pension liability		(7,509,123)		(1,880,087)
Changes in deferred inflows for pensions		648,176		5,069,486
Revenue recognized in Rate Stabilization Fund		83,484		26,994
Revenue recognized in Capital Projects		697,178		380,513
<b>Total reconciling items</b>		<b>10,531,712</b>		<b>29,461,960</b>
<b>Changes in net position</b>		<b>\$12,404,187</b>		<b>\$24,851,386</b>

SCHEDULE 8 • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

Electric Operating Fund | Year Ended June 30, 2017 (With Comparative Actual Totals For June 30, 2016)

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues</b>				
Operating Revenues				
Rates and charges	\$172,937,733	\$173,232,911	\$295,178	\$177,785,263
Fees and charges	1,500,483	1,520,767	20,284	1,499,960
U.G. and temporary service charges	394,117	411,595	17,478	170,695
Miscellaneous	150,330	159,433	9,103	710,641
	174,982,663	175,324,706	342,043	180,166,559
Non-Operating Revenues				
Interest on investments	207,479	240,446	32,967	170,725
FEMA/Insurance reimbursements	-	1,181,352	1,181,352	-
Miscellaneous	2,340,447	1,663,366	(677,081)	1,765,528
	2,547,926	3,085,164	537,238	1,936,253
<b>Total Revenues</b>	<b>177,530,589</b>	<b>178,409,870</b>	<b>879,281</b>	<b>182,102,812</b>
<b>Expenditures</b>				
Electric Fund				
Maintenance and repairs		610,096		1,553,476
Other operating expenses		161,566,638		153,000,843
Capital Outlay		6,849,593		4,482,944
Debt Service		3,191,579		3,352,378
<b>Total expenditures</b>	<b>173,837,208</b>	<b>172,217,906</b>	<b>1,619,302</b>	<b>162,389,641</b>
<b>Excess of Revenues Over Expenditures</b>	<b>3,693,381</b>	<b>6,191,964</b>	<b>2,498,583</b>	<b>19,713,171</b>
<b>Other Financing Sources (Uses)</b>				
Revenue bonds issued	-	-	-	329,114
Intra-fund transfers in	806,619	743,619	(63,000)	-
Intra-fund transfers out	(4,500,000)	(5,900,000)	(1,400,000)	(17,600,000)
<b>Total other financing sources (uses)</b>	<b>(3,693,381)</b>	<b>(5,156,381)</b>	<b>(1,463,000)</b>	<b>(17,270,886)</b>
<b>Revenues and Other Financing Sources Over Expenditures</b>	<b>\$ -</b>	<b>\$1,035,583</b>	<b>\$1,035,583</b>	<b>\$2,442,285</b>
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		\$6,849,593		\$4,482,944
Budgetary appropriations - debt principal		2,006,521		2,420,378
Depreciation		(8,992,077)		(7,978,297)
Debt issued		-		(329,114)
Amortization of bond premium and discount		134,594		9,726
Amortization of deferred loss on refundings		(63,051)		(45,428)
Capitalization of bond interest		300,069		37,047
Changes in accrued interest payable		(15,787)		17,895
Changes in unrealized gains/losses on investments		(52,417)		4,213
Intra-fund transfers		5,156,381		17,600,000
Changes in OPEB liability		(145,051)		(300,137)
Changes in net pension asset		-		(1,111,749)
Changes in deferred outflows for pensions		2,639,034		(62,427)
Changes in net pension liability		(3,078,740)		(770,836)
Changes in deferred inflows for pensions		265,752		2,308,959
Revenue recognized in Rate Stabilization Fund		79,047		26,994
Revenue recognized in Capital Projects Fund		52,088		(28,810)
<b>Total reconciling items</b>		<b>5,135,956</b>		<b>16,281,358</b>
<b>Changes in net position</b>		<b>\$6,171,539</b>		<b>\$18,723,643</b>

## SCHEDULE 9 • SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

## Electric Rate Stabilization Fund | From Inception and for the Year Ended June 30, 2017

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest on investments	\$ -	\$26,994	\$79,047	\$106,041	\$106,041
<b>Other Financing Sources (Uses)</b>					
Transfer from Electric Operating Fund	\$19,000,000	\$14,500,000	\$4,500,000	\$19,000,000	\$-
Transfer to Electric Operating Fund	(19,000,000)	-	-	-	19,000,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>14,500,000</b>	<b>4,500,000</b>	<b>19,000,000</b>	<b>19,000,000</b>
<b>Revenues Over Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$14,526,994</b>	<b>\$4,579,047</b>	<b>\$19,106,041</b>	<b>\$19,106,041</b>

SCHEDULE 10 • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

Electric Capital Projects Fund | From Inception and for the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest and misc income	\$ -	\$53,269	\$52,088	\$105,357	\$105,357
State contributions	1,535,000	1,000,000	-	1,000,000	(535,000)
<b>Total revenues</b>	<b>1,535,000</b>	<b>1,053,269</b>	<b>52,088</b>	<b>1,105,357</b>	<b>(429,643)</b>
<b>Expenditures</b>					
ECP-133 Sugg Parkway Transmission Line	1,700,000	-	-	-	1,700,000
ECP-134 Sugg Parkway Substation	3,400,000	6,050	-	6,050	3,393,950
ECP-138 Greenville 230 kV South POD Substation	4,800,000	334,009	3,944,300	4,278,309	521,691
ECP-141 OPTICS Phase 3B*	8,126,034	6,810,726	650,663	7,461,389	664,645
ECP-142 Bells Fork to Hollywood Substation Upgrade	5,605,155	617,592	1,991,610	2,609,202	2,995,953
ECP-144 10th Street Connector Project	1,535,000	1,023,800	53,585	1,077,385	457,615
ECP-145 Dyneema Peaking Generator*	5,000,000	3,862,912	422,622	4,285,534	714,466
ECP10168 POD #3 to Simpson Substation Trans. Loop	300,000	-	-	-	300,000
ECP10174 Electric System Expansion	2,500,000	-	-	-	2,500,000
FCP-100 Downtown Office Efficiency & Enhancement	1,025,000	-	-	-	1,025,000
FCP10062 New Operations Center*	2,255,000	11,384	2,094,883	2,106,267	148,733
FCP10066 Downtown Facilities Development	400,000	240,809	100,467	341,276	58,724
FCP10072 New Operations Center Phase 2	22,518,022	-	119,659	119,659	22,398,363
<b>Total expenditures</b>	<b>59,164,211</b>	<b>12,907,282</b>	<b>9,377,789</b>	<b>22,285,071</b>	<b>36,879,140</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(57,629,211)</b>	<b>(11,854,013)</b>	<b>(9,325,701)</b>	<b>(21,179,714)</b>	<b>36,449,497</b>
<b>Other Financing Sources (Uses)</b>					
Appropriated fund balance	1,718,956	-	-	-	(1,718,956)
Revenue bonds issued	24,417,233	25,056,294	-	25,056,294	639,061
Long-term financing	31,493,022	-	-	-	(31,493,022)
Intra-fund transfers in	-	2,010,919	1,400,000	3,410,919	3,410,919
Intra-fund transfers out	-	-	(743,619)	(743,619)	(743,619)
<b>Total other financing sources (uses)</b>	<b>57,629,211</b>	<b>27,067,213</b>	<b>656,381</b>	<b>27,723,594</b>	<b>(29,905,617)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$15,213,200</b>	<b>\$(8,669,320)</b>	<b>\$6,543,880</b>	<b>\$6,543,880</b>

\*Project(s) already closed.



## SCHEDULE 11 • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

## Water Operating Fund | Year Ended June 30, 2017 (With Comparative Actual Totals For June 30, 2016)

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues</b>				
Operating Revenues				
Rates and charges	\$18,885,705	\$18,983,628	\$97,923	\$17,792,061
Fees and charges	345,906	369,790	23,884	336,621
U.G. and temporary service charges	12,300	14,500	2,200	3,900
Miscellaneous	74,955	79,809	4,854	97,450
	19,318,866	19,447,727	128,861	18,230,032
Non-Operating Revenues				
Interest on investments	47,384	56,151	8,767	51,616
FEMA/Insurance reimbursements	-	133,250	133,250	-
Miscellaneous	228,022	219,067	(8,955)	162,296
	275,406	408,468	133,062	213,912
<b>Total Revenues</b>	<b>19,594,272</b>	<b>19,856,195</b>	<b>261,923</b>	<b>18,443,944</b>
<b>Expenditures</b>				
Water Fund				
Maintenance and repairs		1,668,431		1,293,547
Other operating expenses		10,742,608		9,977,890
Capital Outlay		1,132,519		761,075
Debt Service		3,559,855		3,779,719
<b>Total expenditures</b>	<b>18,206,691</b>	<b>17,103,413</b>	<b>1,103,278</b>	<b>15,812,231</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,387,581</b>	<b>2,752,782</b>	<b>1,365,201</b>	<b>2,631,713</b>
Other Financing Sources (Uses)				
Contributed capital	82,786	82,786	-	-
Revenue bonds issued	-	-	-	158,228
Intra-fund transfers in	79,633	73,548	(6,085)	-
Intra-fund transfers out	(1,550,000)	(2,407,333)	(857,333)	(1,900,000)
<b>Total other financing sources (uses)</b>	<b>(1,387,581)</b>	<b>(2,250,999)</b>	<b>(863,418)</b>	<b>(1,741,772)</b>
<b>Revenues and Other Financing Sources Over Expenditures</b>	<b>\$ -</b>	<b>\$501,783</b>	<b>\$501,783</b>	<b>\$889,941</b>
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		\$1,132,519		\$761,075
Budgetary appropriations - debt principal		2,723,516		2,668,804
Depreciation		(3,825,939)		(3,962,590)
Debt issued		-		(158,228)
Amortization of bond premium and discount		127,360		56,831
Amortization of deferred loss on refundings		(100,268)		(63,948)
Capitalization of bond interest		58,462		3,557
Changes in accrued interest payable		6,754		73,190
Changes in unrealized gains/losses on investments		(6,531)		453
Intra-fund transfers		2,333,785		1,900,000
Changes in OPEB liability		(63,609)		(127,887)
Changes in net pension asset		-		(489,601)
Changes in deferred outflows for pensions		1,416,067		47,095
Changes in net pension liability		(1,652,007)		(413,619)
Changes in deferred inflows for pensions		142,599		978,297
Revenue recognized in Capital Projects Fund		214,020		196,145
<b>Total reconciling items</b>		<b>2,506,728</b>		<b>1,469,574</b>
<b>Changes in net position</b>		<b>\$3,008,511</b>		<b>\$2,359,515</b>

SCHEDULE 12 • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

Water Capital Projects Fund | From Inception and for the Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest and misc income	\$30,441	\$29,649	\$4,695	\$34,344	\$3,903
Capacity fees	-	1,342,409	209,325	1,551,734	1,551,734
<b>Total revenues</b>	<b>30,441</b>	<b>1,372,058</b>	<b>214,020</b>	<b>1,586,078</b>	<b>1,555,637</b>
<b>Expenditures</b>					
ECP-141 OPTICS Phase 3B*	2,437,810	2,023,053	215,364	2,238,417	199,393
FCP-100 Downtown Office Efficiency and Enhancement	1,025,000	-	-	-	1,025,000
FCP10062 New Operations Center*	615,000	9,984	564,508	574,492	40,508
FCP10066 Downtown Facilities Development	400,000	240,809	100,467	341,276	58,724
FCP10072 New Operations Center Phase 2	6,141,279	-	32,634	32,634	6,108,645
WCP-115 WTP Impoundment Dredging Project*	350,000	315,511	9,125	324,636	25,364
WCP-116 WTP Sedimentation Basin Upgrade**	600,000	109,532	(109,532)	-	600,000
WCP-117 WTP Upgrade Phase I	6,900,000	271,812	827,873	1,099,685	5,800,315
WCP-120 Water/Sewer Meter ERT/Lead Compliance	1,718,750	255,465	541	256,006	1,462,744
WCP-121 10th Street Connector Project	1,896,000	5,875	-	5,875	1,890,125
WCP-122 Water Main Rehabilitation Program Phase I	1,500,000	368,591	123,294	491,885	1,008,115
WCP-123 COG Town Creek Culvert Improvement	1,100,000	150	-	150	1,099,850
WCP-124 Residual Lagoon Improvements	1,250,000	-	-	-	1,250,000
<b>Total expenditures</b>	<b>25,933,839</b>	<b>3,600,782</b>	<b>1,764,274</b>	<b>5,365,056</b>	<b>20,568,783</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(25,903,398)</b>	<b>(2,228,724)</b>	<b>(1,550,254)</b>	<b>(3,778,978)</b>	<b>22,124,420</b>
<b>Other Financing Sources (Uses)</b>					
Appropriated fund balance	2,437,810	-	-	-	(2,437,810)
Revenue bonds issued	2,646,594	2,520,965	-	2,520,965	(125,629)
Long-term financing	20,818,994	-	-	-	(20,818,994)
Intra-fund transfers in	-	2,559,656	2,407,333	4,966,989	4,966,989
Intra-fund transfers out	-	-	(73,548)	(73,548)	(73,548)
<b>Total other financing sources (uses)</b>	<b>25,903,398</b>	<b>5,080,621</b>	<b>2,333,785</b>	<b>7,414,406</b>	<b>(18,488,992)</b>
<b>Revenues and Other Financing Sources</b>					
<b>Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$2,851,897</b>	<b>\$783,531</b>	<b>\$3,635,428</b>	<b>\$3,635,428</b>

\*Project(s) already closed.

\*\*Project cancelled.

## SCHEDULE 13 • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

## Sewer Operating Fund | Year Ended June 30, 2017 (With Comparative Actual Totals For June 30, 2016)

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues</b>				
Operating Revenues				
Rates and charges	\$21,981,525	\$22,232,340	\$250,815	\$20,835,158
Fees and charges	363,734	395,878	32,144	337,938
Miscellaneous	76,108	81,396	5,288	105,693
	22,421,367	22,709,614	288,247	21,278,789
Non-Operating Revenues				
Interest on investments	31,529	41,143	9,614	34,585
FEMA/Insurance reimbursements	-	131,275	131,275	-
Miscellaneous	75,136	63,984	(11,152)	82,481
	106,665	236,402	129,737	117,066
<b>Total Revenues</b>	<b>22,528,032</b>	<b>22,946,016</b>	<b>417,984</b>	<b>21,395,855</b>
<b>Expenditures</b>				
Sewer Fund				
Maintenance and repairs		1,641,281		1,580,606
Other operating expenses		10,582,598		9,777,806
Capital Outlay		1,244,528		774,018
Debt Service		6,124,635		6,473,115
<b>Total expenditures</b>	<b>21,048,015</b>	<b>19,593,042</b>	<b>1,454,973</b>	<b>18,605,545</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,480,017</b>	<b>3,352,974</b>	<b>1,872,957</b>	<b>2,790,310</b>
Other Financing Sources (Uses)				
Contributed capital	52,103	52,104	1	-
Revenue bonds issued	-	-	-	206,761
Intra-fund transfers in	167,880	154,733	(13,147)	-
Intra-fund transfers out	(1,700,000)	(2,572,833)	(872,833)	(4,700,000)
<b>Total other financing sources (uses)</b>	<b>(1,480,017)</b>	<b>(2,365,996)</b>	<b>(885,979)</b>	<b>(4,493,239)</b>
<b>Revenues and Other Financing Sources Over Expenditures</b>	<b>\$ -</b>	<b>\$986,978</b>	<b>\$986,978</b>	<b>\$(1,702,929)</b>
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		\$1,244,528		\$774,018
Budgetary appropriations - debt principal		4,610,984		4,526,960
Depreciation		(5,981,002)		(5,028,068)
Debt issued		-		(206,761)
Amortization of bond premium and discount		111,935		28,620
Amortization of deferred loss on refundings		(79,724)		(42,324)
Capitalization of bond interest		78,468		7,697
Changes in accrued interest payable		1,148		88,290
Changes in unrealized gains/losses on investments		(9,841)		664
Intra-fund transfers		2,418,100		4,700,000
Changes in OPEB liability		(65,653)		(127,556)
Changes in net pension asset		-		(466,593)
Changes in deferred outflows for pensions		1,351,700		45,523
Changes in net pension liability		(1,576,916)		(394,818)
Changes in deferred inflows for pensions		136,117		931,992
Revenue recognized in Capital Projects Fund		391,908		213,936
<b>Total reconciling items</b>		<b>2,631,752</b>		<b>5,051,580</b>
<b>Changes in net position</b>		<b>\$3,618,730</b>		<b>\$3,348,651</b>

SCHEDULE 14 • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

Sewer Capital Projects Fund | From Inception and for the Year Ended June 30, 2017

	Project Authorization	Actual Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest and misc income	\$ -	\$1,469	\$28,973	\$30,442	\$30,442
Capacity fees	-	1,505,055	232,556	1,737,611	1,737,611
Outfall acreage fee	-	826,581	130,379	956,960	956,960
<b>Total revenues</b>	<b>291,000</b>	<b>2,624,105</b>	<b>391,908</b>	<b>3,016,013</b>	<b>2,725,013</b>
<b>Expenditures</b>					
ECP-141 OPTICS Phase 3B*	2,437,810	2,023,053	215,364	2,238,417	199,393
FCP-100 Downtown Office Efficiency and Enhancement	1,025,000	-	-	-	1,025,000
FCP10062 New Operations Center*	615,000	9,984	564,508	574,492	40,508
FCP10066 Downtown Facilities Development	400,000	240,809	100,467	341,276	58,724
FCP10072 New Operations Center Phase 2	6,141,279	-	32,634	32,634	6,108,645
WCP-120 Water/Sewer Meter ERT/Lead Compliance	1,406,250	209,018	441	209,459	1,196,791
SCP-99 Sterling Pointe Pump Station & Force Main*	9,900,000	9,787,445	68,374	9,855,819	44,181
SCP-100 Westside Pump Station & Force Main*	15,287,369	15,110,661	3,272	15,113,933	173,436
SCP-117 WWTP Ultraviolet Disinfection Equipment	3,360,000	1,810,593	154,802	1,965,395	1,394,605
SCP-118 Southside Pump Station Upgrade	6,600,000	1,099,088	3,546,001	4,645,089	1,954,911
SCP-120 Sewer Biosolids Processing	6,800,000	17,556	5,016	22,572	6,777,428
SCP-121 Sewer Harris Mill Interceptor	995,000	52,539	51,371	103,910	891,090
SCP-122 WWTP Air Distribution System	2,000,000	130,459	885,416	1,015,875	984,125
SCP-123 COG Town Creek Culvert Improvement	1,900,000	480	-	480	1,899,520
SCP-124 Generators for Pumping Stations	310,000	208,962	-	208,962	101,038
SCP10217 10th Street Connector Project	306,000	-	-	-	306,000
SCP10219 Candlewick Area Sanitary Sewer District Proj.	800,000	-	-	-	800,000
SCP10221 Southeast Sewer Service Area Project	2,500,000	-	-	-	2,500,000
SCP10222 Sewer Outfall Rehabilitation Phase 4	2,480,000	-	-	-	2,480,000
SCP10223 Regional Pump Station Upgrades	1,800,000	-	-	-	1,800,000
<b>Total expenditures</b>	<b>67,063,708</b>	<b>30,700,647</b>	<b>5,627,666</b>	<b>36,328,313</b>	<b>30,735,395</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(66,772,708)</b>	<b>(28,076,542)</b>	<b>(5,235,758)</b>	<b>(33,312,300)</b>	<b>33,460,408</b>
<b>Other Financing Sources (Uses)</b>					
Appropriated fund balance	2,207,060	-	-	-	(2,207,060)
Revenue bonds issued	7,414,750	7,226,460	-	7,226,460	(188,290)
State loans	32,555,155	24,321,771	4,389,733	28,711,504	(3,843,651)
Long-term financing	24,595,743	-	-	-	(24,595,743)
Intra-fund transfers in	-	3,534,741	2,572,833	6,107,574	6,107,574
Intra-fund transfers out	-	-	(154,733)	(154,733)	(154,733)
<b>Total other financing sources (uses)</b>	<b>66,772,708</b>	<b>35,082,972</b>	<b>6,807,833</b>	<b>41,890,805</b>	<b>(24,881,903)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$7,006,430</b>	<b>\$1,572,075</b>	<b>\$8,578,505</b>	<b>\$8,578,505</b>

\*Project(s) already closed.

## SCHEDULE 15 • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

## Gas Operating Fund | Year Ended June 30, 2017 (With Comparative Actual Totals For June 30, 2016)

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues</b>				
Operating Revenues				
Rates and charges	\$29,815,290	\$28,173,864	\$(1,641,426)	\$27,221,435
Fees and charges	155,356	151,126	(4,230)	129,310
Miscellaneous	197,152	198,807	1,655	182,283
	30,167,798	28,523,797	(1,644,001)	27,533,028
Non-Operating Revenues				
Interest on investments	59,900	70,917	11,017	69,295
FEMA/Insurance reimbursements	-	134,809	134,809	-
Miscellaneous	151,398	128,492	(22,906)	150,685
	211,298	334,218	122,920	219,980
<b>Total Revenues</b>	<b>30,379,096</b>	<b>28,858,015</b>	<b>(1,521,081)</b>	<b>27,753,008</b>
<b>Expenditures</b>				
Gas Fund				
Maintenance and repairs		457,193		181,754
Other operating expenses		26,111,453		25,137,377
Capital Outlay		1,379,520		1,093,207
Debt Service		1,547,900		1,449,843
<b>Total expenditures</b>	<b>31,143,691</b>	<b>29,496,066</b>	<b>1,647,625</b>	<b>27,862,181</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(764,595)</b>	<b>(638,051)</b>	<b>126,544</b>	<b>(109,173)</b>
Other Financing Sources (Uses)				
Revenue bonds issued	-	-	-	119,302
Intra-fund transfers in	764,595	736,182	(28,413)	-
Intra-fund transfers out	(1,000,000)	(750,000)	250,000	(6,250,000)
Appropriated fund balance	1,000,000	-	(1,000,000)	-
<b>Total other financing sources (uses)</b>	<b>764,595</b>	<b>(13,818)</b>	<b>(778,413)</b>	<b>(6,130,698)</b>
<b>Revenues and Other Financing Sources Over Expenditures</b>	<b>\$ -</b>	<b>\$(651,869)</b>	<b>\$(651,869)</b>	<b>\$(6,239,871)</b>
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		\$1,379,520		\$1,093,207
Budgetary appropriations - debt principal		1,079,872		1,127,174
Depreciation		(2,200,389)		(1,692,607)
Debt issued		-		(119,302)
Amortization of bond premium and discount		53,249		7,351
Amortization of deferred loss on refundings		(33,199)		(34,713)
Capitalization of bond interest		67,310		17,645
Changes in accrued interest payable		(2,564)		(3,710)
Changes in unrealized gains/losses on investments		(18,602)		1,707
Intra-fund transfers		13,818		6,250,000
Changes in OPEB liability		(57,453)		(114,319)
Changes in net pension asset		-		(413,002)
Changes in deferred outflows for pensions		1,029,867		(8,649)
Changes in net pension liability		(1,201,460)		(300,814)
Changes in deferred inflows for pensions		103,708		850,238
Revenue recognized in Rate Stabilization Fund		4,437		-
Revenue recognized in Capital Projects Fund		39,162		(758)
<b>Total reconciling items</b>		<b>257,276</b>		<b>6,659,448</b>
<b>Changes in net position</b>		<b>\$(394,593)</b>		<b>\$419,577</b>



SCHEDULE 16 • SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

Gas Rate Stabilization Fund | From Inception and for the Year Ended June 30, 2017

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Interest on investments	\$ -	\$ -	\$4,437	\$4,437	\$4,437
<b>Other Financing Sources (Uses)</b>					
Transfer from Gas Operating Fund	\$1,250,000	\$1,000,000	\$ -	\$1,000,000	\$(250,000)
Transfer to Gas Operating Fund	(1,250,000)	-	\$(400,000)	(400,000)	850,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,000,000</b>	<b>(400,000)</b>	<b>600,000</b>	<b>600,000</b>
<b>Revenues Over Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$1,000,000</b>	<b>\$(395,563)</b>	<b>\$604,437</b>	<b>\$604,437</b>

## SCHEDULE 17 • SCHEDULE OF REVENUES AND EXPENDITURES, BUDGET AND ACTUAL (NON-GAAP)

## Gas Capital Projects Fund | From Inception and for the Year Ended June 30, 2017

	Actual			Total to Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year		
<b>Revenues</b>					
Interest and misc income	\$ -	\$(613)	\$39,162	\$38,549	\$38,549
<b>Total revenues</b>	<b>-</b>	<b>(613)</b>	<b>39,162</b>	<b>38,549</b>	<b>38,549</b>
<b>Expenditures</b>					
ECP-141 OPTICS Phase 3B *	3,250,413	2,696,688	287,868	2,984,556	265,857
FCP-100 Downtown Office Efficiency and Enhancement	1,025,000	-	-	-	1,025,000
FCP10062 New Operations Center *	615,000	9,984	564,508	574,492	40,508
FCP10066 Downtown Facilities Development	400,000	240,809	100,467	341,276	58,724
FCP10072 New Operations Center Phase 2	6,141,279	-	32,634	32,634	6,108,645
GCP-87 NC33 Main Ext. & Old River Rd. Main Repl. *	1,300,000	363,578	467,571	831,149	468,851
GCP-88 GUC-PNG Multiple Gas Facilities Upgrade	2,650,000	1,846,518	780	1,847,298	802,702
GCP-89 Western Loop High Pressure Gas Main Ext. *	4,300,000	4,251,595	45,917	4,297,512	2,488
GCP-90 LNG Plant Tank Additions *	4,000,000	3,679,398	3,871	3,683,269	316,731
GCP-91 Natural Gas Vehicle Fueling Station *	2,500,000	2,401,365	20,000	2,421,365	78,635
GCP-92 LNG Liquefaction Additions	1,000,000	11,809	16,619	28,428	971,572
GCP-93 Southwestern Loop Phase I	500,000	11,875	45,750	57,625	442,375
GCP10094 Thomas Langston Road Enhancements	1,000,000	-	31,220	31,220	968,780
GCP10099 High-Pressure Multiple Gas Facilities Relocation	9,500,000	-	-	-	9,500,000
GCP10100 NCDOT Southwest Bypass Relocations	1,500,000	-	-	-	1,500,000
GCP10101 Firetower Road Widening	1,300,000	-	-	-	1,300,000
<b>Total expenditures</b>	<b>40,981,692</b>	<b>15,513,619</b>	<b>1,617,205</b>	<b>17,130,824</b>	<b>23,850,868</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(40,981,692)</b>	<b>(15,514,232)</b>	<b>(1,578,043)</b>	<b>(17,092,275)</b>	<b>23,889,417</b>
<b>Other Financing Sources (Uses)</b>					
Appropriated fund balance	8,550,413	-	-	-	(8,550,413)
Revenue bonds issued	11,915,000	11,359,397	-	11,359,397	(555,603)
Long-term financing	20,516,279	-	-	-	(20,516,279)
Intra-fund transfers in	-	13,764,047	750,000	14,514,047	14,514,047
Intra-fund transfers out	-	-	(336,182)	(336,182)	(336,182)
<b>Total other financing sources (uses)</b>	<b>40,981,692</b>	<b>25,123,444</b>	<b>413,818</b>	<b>25,537,262</b>	<b>(15,444,430)</b>
<b>Revenues and Other Financing Sources</b>					
<b>Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$9,609,212</b>	<b>\$(1,164,225)</b>	<b>\$8,444,987</b>	<b>\$8,444,987</b>

\*Project(s) already closed.

SCHEDULE 18 • COMBINING STATEMENT OF FIDUCIARY NET POSITION

Agency Funds | June 30, 2017

	Stormwater Collection Agency Fund	Refuse Collection Agency Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$436,581	\$596,369	\$1,032,950
Accounts receivables	513,318	920,930	1,434,248
<b>Total assets</b>	<b>\$949,899</b>	<b>\$1,517,299</b>	<b>\$2,467,198</b>
<b>Liabilities</b>			
Accounts payable	\$949,899	\$1,517,299	\$2,467,198
<b>Total liabilities</b>	<b>\$949,899</b>	<b>\$1,517,299</b>	<b>\$2,467,198</b>

## SCHEDULE 19 • COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

## Agency Funds | For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Stormwater Collection Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$423,600	\$5,462,016	\$(5,449,035)	\$436,581
Accounts receivable	472,364	5,766,318	(5,725,364)	513,318
<b>Total assets</b>	<b>\$895,964</b>	<b>\$11,228,334</b>	<b>\$(11,174,399)</b>	<b>\$949,899</b>
<b>Liabilities:</b>				
Accounts payable	\$895,963	\$5,659,763	\$(5,605,827)	\$949,899
	\$895,963	\$5,659,763	\$(5,605,827)	\$949,899
<b>Refuse Collection Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$559,526	\$7,421,466	\$(7,384,623)	\$596,369
Accounts receivable	1,142,952	7,777,664	(7,999,686)	920,930
<b>Total assets</b>	<b>\$1,702,478</b>	<b>\$15,199,130</b>	<b>\$(15,384,309)</b>	<b>\$1,517,299</b>
<b>Liabilities:</b>				
Accounts payable	\$1,702,479	\$7,555,715	\$(7,740,895)	\$1,517,299
	\$1,702,479	\$7,555,715	\$(7,740,895)	\$1,517,299

SCHEDULE 20

Schedule of 2017-2018 Projected Transfer to the City of Greenville General Fund

	Electric Fund	Gas Fund	Total
<b>General Transfer</b>			
Capital assets, net of depreciation	\$96,991,514	\$36,622,405	\$133,613,918
Less long-term debt	26,081,854	9,978,132	36,059,986
Net transfer base	70,909,660	26,644,273	97,553,932
Transfer rate	6.00%	6.00%	6.00%
<b>Projected general transfer to City of Greenville</b>	<b>4,254,580</b>	<b>1,598,656</b>	<b>5,853,236</b>
<b>Street Lighting Reimbursement</b>			
Street lighting projected revenue	1,597,386		1,597,386
Transfer Rate	50%		50%
<b>Projected street lighting reimbursement</b>	<b>798,693</b>		<b>798,693</b>
<b>Total projected transfer to City of Greenville General Fund</b>	<b>\$5,053,273</b>	<b>\$1,598,656</b>	<b>\$6,651,929</b>



SCHEDULE 21

Schedule of Indebtedness | June 30, 2017

	Original Issue Amount	Date of Issue	Date of Maturity	Outstanding June 30, 2016	Added During Year	Retired During Year		Outstanding June 30, 2017	Discount/Premium	Long-term Debt Total	Maturing Next Year		Accrued Interest 2017
						Principal	Interest				Principal	Interest	
<b>Electric Fund:</b>													
2001 Rev Bonds Refund 1994	2,840,154	5/1/01	9/1/16	347,739	-	347,739	10,432	-	-	-	-	-	-
2008A Rev Bonds New Money	3,903,762	6/25/08	11/1/19	18,484	-	-	924	18,484	6,393	24,877	-	924	154
2008A Rev Bonds Refund 1998	1,084,583	6/25/08	11/1/18	401,855	-	127,670	16,901	274,185	6,840	281,025	133,749	10,366	2,285
2008A Rev Bonds Refund 2000A	605,347	6/25/08	11/1/20	263,783	-	55,317	11,557	208,466	6,192	214,658	58,216	8,719	1,696
2008B Rev Bonds Taxable	4,130,000	6/25/08	11/1/18	1,490,000	-	470,000	72,539	1,020,000	-	1,020,000	495,000	44,651	9,826
2010 Rev Bonds Refund 2001	3,902,210	11/12/10	9/1/21	2,423,589	-	379,406	56,071	2,044,183	-	2,044,183	388,271	46,436	17,103
2013 Rev Bonds Refund 2003B	283,932	3/11/13	5/1/18	105,771	-	52,510	1,946	53,261	-	53,261	53,260	980	163
2013 Rev Bonds Refund 2007	6,182,959	3/11/13	5/1/27	4,800,459	-	435,306	88,328	4,365,153	-	4,365,153	435,306	80,319	13,386
2016 Rev Bonds New Money	22,679,530	6/14/16	4/1/46	22,679,530	-	-	743,619	22,679,530	2,633,535	25,313,065	56,848	932,763	66,626
2016 Rev Bonds Refund 2005	1,369,152	6/14/16	4/1/26	1,369,152	-	125,506	47,494	1,243,646	222,627	1,466,273	117,356	57,064	4,076
2016 Rev Bonds Refund 2008A	3,470,208	6/14/16	4/1/34	3,470,208	-	13,067	135,246	3,457,141	765,007	4,222,148	-	169,385	12,099
	<b>50,451,837</b>			<b>37,370,570</b>	<b>-</b>	<b>2,006,521</b>	<b>1,185,057</b>	<b>35,364,049</b>	<b>3,640,594</b>	<b>39,004,643</b>	<b>1,738,006</b>	<b>1,351,607</b>	<b>127,414</b>
<b>Water Fund:</b>													
2001 Rev Bonds Refund 1994	1,538,624	5/1/01	9/1/16	188,384	-	188,384	5,652	-	-	-	-	-	-
2008A Rev Bonds New Money	10,641,133	6/25/08	11/1/19	1,028,704	-	314,218	43,580	714,486	20,995	735,481	330,620	27,459	5,954
2008A Rev Bonds Refund 1998	2,378,250	6/25/08	11/1/18	881,179	-	279,951	37,060	601,228	14,999	616,227	293,282	22,729	5,010
2008A Rev Bonds Refund 2000A	11,924,653	6/25/08	11/1/20	5,196,217	-	1,089,683	227,668	4,106,534	121,968	4,228,502	1,146,784	171,756	33,404
2010 Rev Bonds Refund 2001	1,695,666	11/12/10	9/1/21	1,053,147	-	164,867	24,365	888,280	-	888,280	168,719	20,178	7,432
2013 Rev Bonds Refund 2003B	141,966	3/11/13	5/1/18	52,885	-	26,255	973	26,630	-	26,630	26,630	490	82
2013 Rev Bonds Refund SRF Loan #2	1,204,100	3/11/13	5/1/18	390,700	-	196,400	7,189	194,300	-	194,300	194,300	3,575	596
2016 Rev Bonds New Money	2,243,132	6/14/16	4/1/46	2,243,132	-	-	73,548	2,243,132	260,472	2,503,604	5,623	92,255	6,590
2016 Rev Bonds Refund 2005	711,915	6/14/16	4/1/26	711,915	-	65,259	24,695	646,656	115,759	762,415	61,021	29,672	2,119
2016 Rev Bonds Refund 2008A	7,571,332	6/14/16	4/1/34	7,571,333	-	28,510	295,081	7,542,823	1,669,098	9,211,921	-	369,566	26,398
DWSRF Loan #4, 2004	3,884,913	11/18/10	5/1/30	2,719,440	-	194,246	59,964	2,525,194	-	2,525,194	194,246	55,681	9,280
DWSRF Loan #7	460,425	12/19/13	5/1/33	391,362	-	23,021	9,784	368,341	-	368,341	23,021	9,209	1,535
DWSRF Loan #9	269,492	6/21/10	5/1/30	188,645	-	13,475	4,716	175,170	-	175,170	13,475	4,379	730
DWSRF Loan #12	1,291,496	12/19/13	5/1/33	1,097,771	-	64,575	22,065	1,033,196	-	1,033,196	64,575	20,767	3,461
DWSRF Loan #6 (ARRA)	2,942,152	5/1/11	5/2/30	1,029,753	-	73,554	-	956,199	-	956,199	73,554	-	-
DWSRF Loan #8 (ARRA)	44,782	1/28/11	5/2/31	16,792	-	1,119	-	15,673	-	15,673	1,119	-	-
	<b>48,944,031</b>			<b>24,761,359</b>	<b>-</b>	<b>2,723,517</b>	<b>836,340</b>	<b>22,037,842</b>	<b>2,203,291</b>	<b>24,241,133</b>	<b>2,596,969</b>	<b>827,716</b>	<b>102,591</b>

SCHEDULE 21 continued

	Original Issue Amount	Date of Issue	Date of Maturity	Outstanding June 30, 2016	Added During Year	Retired During Year		Outstanding June 30, 2017	Discount/Premium	Long-term Debt Total	Maturing Next Year		Accrued Interest 2017
						Principal	Interest				Principal	Interest	
<b>Sewer Fund:</b>													
2001 Rev Bonds Refund 1994	1,667,119	5/1/01	9/1/16	204,116	-	204,116	6,124	-	-	-	-	-	-
2008A Rev Bonds New Money	10,300,362	6/25/08	11/1/19	876,370	-	265,727	37,175	610,643	20,216	630,859	279,325	23,549	5,089
2008A Rev Bonds Refund 1998	4,219,963	6/25/08	11/1/18	1,563,562	-	496,744	65,760	1,066,818	26,614	1,093,432	520,399	40,331	8,890
2010 Rev Bonds Refund 2001	1,695,666	11/12/10	9/1/21	1,349,389	-	211,243	31,219	1,138,146	-	1,138,146	216,178	25,854	9,522
2013 Rev Bonds Refund 2003B	141,966	3/11/13	5/1/18	832,684	-	413,389	15,321	419,295	-	419,295	419,295	7,715	1,286
2013 Rev Bonds Refund SRF Loan #3	6,292,200	3/11/13	5/1/20	3,086,300	-	780,000	56,788	2,306,300	-	2,306,300	774,500	42,436	7,073
2016 Rev Bonds New Money	4,719,168	6/14/16	4/1/46	4,719,168	-	-	154,733	4,719,168	547,987	5,267,155	11,829	194,090	13,864
2016 Rev Bonds Refund 2005	2,118,933	6/14/16	4/1/26	2,118,933	-	194,236	73,503	1,924,697	344,544	2,269,241	181,623	88,314	6,308
2016 Rev Bonds Refund 2008A	6,911,365	6/14/16	4/1/34	6,911,365	-	26,025	269,359	6,885,340	1,523,609	8,408,949	-	337,352	24,097
CWSRF Loan #5	13,761,629	3/6/10	5/1/30	9,633,141	-	688,081	238,902	8,945,060	-	8,945,060	688,081	221,837	36,973
CWSRF Loan #10	8,866,000	11/2/12	5/1/32	7,092,800	-	443,300	174,128	6,649,500	-	6,649,500	443,300	163,245	27,208
CWSRF Loan #11	13,649,668	9/30/13	5/1/33	11,551,562	-	631,829	264,591	10,919,733	-	10,919,733	682,483	268,079	44,680
CWSRF Loan #13	2,098,250	7/30/16	5/1/36	1,806,103	37,011	104,912	-	1,738,202	-	1,738,202	79,399	-	-
CWSRF Loan #14	6,176,450	6/5/17	5/1/37	-	3,764,772	-	-	3,764,772	-	3,764,772	188,239	68,075	6,189
CWSRF Loan #16	1,718,086	3/8/18	5/1/38	-	587,950	-	-	587,950	-	587,950	-	-	-
Bethel Inter-Local Agreement	2,895,724	1/6/03	5/1/23	1,059,671	-	151,382	91,687	908,289	-	908,289	151,382	87,995	16,841
	<b>87,232,549</b>			<b>52,805,164</b>	<b>4,389,733</b>	<b>4,610,984</b>	<b>1,479,290</b>	<b>52,583,913</b>	<b>2,462,970</b>	<b>55,046,883</b>	<b>4,636,033</b>	<b>1,568,872</b>	<b>208,020</b>
<b>Gas Fund:</b>													
2001 Rev Bonds Refund 1994	2,244,103	5/1/01	9/1/16	274,759	-	274,759	8,243	-	-	-	-	-	-
2008A Rev Bonds New Money	1,029,743	6/25/08	11/1/19	96,443	-	30,055	4,071	66,388	3,501	69,889	30,055	2,568	553
2008A Rev Bonds Refund 1998	1,237,204	6/25/08	11/1/18	458,404	-	145,635	19,279	312,769	7,803	320,572	152,570	11,824	2,606
2010 Rev Bonds Refund 2001	3,234,480	11/12/10	9/1/21	2,008,875	-	314,484	46,476	1,694,391	-	1,694,391	321,831	38,490	14,176
2013 Rev Bonds Refund 2003B	1,123,849	3/11/13	5/1/18	418,660	-	207,846	7,703	210,814	-	210,814	210,815	3,879	646
2013 Rev Bonds Refund 2007	1,487,041	3/11/13	5/1/27	1,154,541	-	104,694	21,244	1,049,847	-	1,049,847	104,694	19,317	3,220
2016 Rev Bonds New Money	10,253,170	6/14/16	4/1/46	10,253,170	-	-	336,182	10,253,170	1,190,592	11,443,762	25,700	421,692	30,121
2016 Rev Bonds Refund 2008A	637,094	6/14/16	4/1/34	637,094	-	2,399	24,830	634,695	140,447	775,142	-	31,097	2,221
	<b>21,246,684</b>			<b>15,301,946</b>	<b>-</b>	<b>1,079,872</b>	<b>468,028</b>	<b>14,222,074</b>	<b>1,342,343</b>	<b>15,564,417</b>	<b>845,665</b>	<b>528,867</b>	<b>53,543</b>
<b>Total All Funds</b>	<b>207,875,101</b>			<b>130,239,039</b>	<b>4,389,733</b>	<b>10,420,894</b>	<b>3,968,715</b>	<b>124,207,878</b>	<b>9,649,198</b>	<b>133,857,076</b>	<b>9,816,673</b>	<b>4,277,062</b>	<b>491,568</b>

SCHEDULE 22

Schedule of Expenditures of Federal and State Awards | For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CDFA Number	State/Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures	Total
<b>U.S. Department of Homeland Security</b>							
<b>Federal Emergency Management Agency</b>							
Passed through the NC Department of Public Safety							
Disaster Assistance	97.036	FEMA-4285-DR-NC	140,864	45,840	-	2,085,097	2,271,801
<b>Total Passed through the NC Department of Public Safety</b>			<b>140,864</b>	<b>45,840</b>	<b>-</b>	<b>2,085,097</b>	<b>2,271,801</b>
<b>Total U.S. Department of Homeland Security</b>			<b>140,864</b>	<b>45,840</b>	<b>-</b>	<b>2,085,097</b>	<b>2,271,801</b>
<b>U. S. Environmental Protection Agency</b>							
Pass-through: NC Department of Environmental Quality							
Division of Water Quality							
Clean Water State Revolving Fund	66.458	CS370487-08	8,866,000	-	-	989,819	9,855,819
Clean Water State Revolving Fund	66.458	CS370487-07	13,940,668	-	-	1,173,265	15,113,933
Clean Water State Revolving Fund	66.458	CS370487-09	1,965,395	-	-	-	1,965,395
Clean Water State Revolving Fund	66.458	CS370487-11	4,645,089	-	-	-	4,645,089
Clean Water State Revolving Fund	66.458	CS370487-12	1,015,875	-	-	-	1,015,875
<b>Total Pass-through NC Department of Environmental Quality</b>			<b>30,433,027</b>	<b>-</b>	<b>-</b>	<b>2,163,084</b>	<b>32,596,111</b>
<b>Total U. S. Environmental Protection Agency</b>			<b>30,433,027</b>	<b>-</b>	<b>-</b>	<b>2,163,084</b>	<b>32,596,111</b>
<b>Total Federal Assistance</b>			<b>\$30,573,891</b>	<b>\$-</b>	<b>\$-</b>	<b>\$2,163,084</b>	<b>\$32,596,111</b>
<b>Total Federal and State Expenditures</b>			<b>\$30,573,891</b>	<b>\$-</b>	<b>\$-</b>	<b>\$2,163,084</b>	<b>\$32,596,111</b>

The accompanying Schedule of expenditures of federal and State awards includes the federal and State grant and loan activity of the Greenville Utilities Commission. The information in this schedule is presented for informational purposes only. The activity in this schedule is also presented in the schedule of expenditures of federal and State awards for the City of Greenville, North Carolina.

# Statistical Section



**Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2017

**KRISTEN JARMAN**

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Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina

# Statistical Section

(Unaudited)

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

## CONTENTS PAGES

### **Financial Trends Information**

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

### **Revenue Capacity Information**

These schedules contain information intended to help the reader assess the Utilities Commission's most significant revenue sources.

### **Debt Capacity Information**

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

### **Demographic and Economic Information**

These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the Utilities Commission's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Utilities Commission's financial report relates to the services the Utilities Commission provides and the activities it performs.

**Sources:** Unless otherwise noted, the information contained in these schedules is derived from the audited financial statements for the relevant year and the historical files and records of the Utilities Commission.



Net Position by Component | Last Ten Fiscal Years (amounts expressed in thousands)

TABLE 1

Fiscal Year	2008	2009	2010	2011	2012
Business-type activities					
Net investment in capital assets	\$221,178	\$231,890	\$236,136	\$235,421	\$238,986
Unrestricted	57,730	56,973	63,055	75,583	79,196
<b>Total business-type activities net position</b>	<b>\$278,908</b>	<b>\$288,863</b>	<b>\$299,191</b>	<b>\$311,004</b>	<b>\$318,182</b>
Fiscal Year	2013	2014	2015	2016	2017
Business-type activities					
Net investment in capital assets	\$246,776	\$253,843	\$272,213	\$264,725	\$266,668
Unrestricted	79,035	77,924	69,458	101,797	112,258
<b>Total business-type activities net position</b>	<b>\$325,811</b>	<b>\$331,767</b>	<b>\$341,671</b>	<b>\$366,522</b>	<b>\$378,926</b>

Changes in Net Position | Last Ten Fiscal Years (amounts expressed in thousands)

TABLE 2

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating revenues:										
Charges for services	\$235,850	\$257,795	\$259,181	\$270,573	\$255,943	\$260,272	\$269,776	\$270,859	\$246,112	\$245,486
Other operating revenues	668	718	730	800	785	773	996	1,128	1,096	519
<b>Total operating revenues</b>	<b>236,517</b>	<b>258,513</b>	<b>259,911</b>	<b>271,373</b>	<b>256,728</b>	<b>261,045</b>	<b>270,772</b>	<b>271,987</b>	<b>247,208</b>	<b>246,006</b>
Operating expenses:										
Administration and general	13,796	13,466	13,963	14,756	15,456	15,916	17,493	17,711	19,226	22,322
Operations and maintenance	31,030	32,428	32,536	33,784	36,433	33,916	33,915	35,032	35,827	39,474
Purchased power and gas	164,060	185,204	183,863	188,585	175,992	179,141	188,110	180,031	140,033	145,675
Depreciation	14,810	15,324	15,649	16,744	16,962	17,565	18,181	18,140	18,662	20,999
<b>Total operating expenses</b>	<b>223,695</b>	<b>246,422</b>	<b>246,011</b>	<b>253,869</b>	<b>244,842</b>	<b>246,538</b>	<b>257,700</b>	<b>250,914</b>	<b>213,746</b>	<b>228,471</b>
Non-operating revenues (expenses):										
Interest income	2,212	1,426	809	637	335	226	208	284	330	528
Interest expense and service charges	(3,713)	(4,170)	(3,973)	(4,330)	(3,984)	(4,091)	(3,574)	(3,683)	(4,154)	(3,358)
Other, net	1,410	1,433	1,315	2,382	4,677	2,721	1,761	1,444	2,572	4,230
<b>Net non-operating revenues</b>	<b>(91)</b>	<b>(1,312)</b>	<b>(1,848)</b>	<b>(1,311)</b>	<b>1,027</b>	<b>(1,143)</b>	<b>(1,604)</b>	<b>(1,955)</b>	<b>(1,252)</b>	<b>1,399</b>
<b>Income before contributions and transfers</b>	<b>12,731</b>	<b>10,779</b>	<b>12,052</b>	<b>16,193</b>	<b>12,913</b>	<b>13,364</b>	<b>11,468</b>	<b>19,117</b>	<b>32,210</b>	<b>18,934</b>
Contributions and transfers:										
Capital Contributions	5,055	4,462	3,501	1,062	-	-	568	602	-	135
Transfer to City of Greenville, General Fund	(4,444)	(4,659)	(4,563)	(4,765)	(5,039)	(5,038)	(5,360)	(5,748)	(6,592)	(5,900)
Transfer to City of Greenville, street lighting reimb.	(570)	(628)	(662)	(678)	(696)	(696)	(721)	(757)	(766)	(765)
<b>Total contributions and transfers</b>	<b>40</b>	<b>(825)</b>	<b>(1,724)</b>	<b>(4,381)</b>	<b>(5,735)</b>	<b>(5,733)</b>	<b>(5,513)</b>	<b>(5,903)</b>	<b>(7,358)</b>	<b>(6,530)</b>
<b>Changes in net position</b>	<b>\$12,771</b>	<b>\$9,954</b>	<b>\$10,329</b>	<b>\$11,812</b>	<b>\$7,178</b>	<b>\$7,630</b>	<b>\$5,955</b>	<b>\$13,214</b>	<b>\$24,851</b>	<b>\$12,404</b>

Operating Revenues by Major Source | Last Ten Fiscal Years

TABLE 3

Fiscal Year	Electric Fund			Water Fund		
	Rates & Charges	Fees & Charges	Other Operating Revenue	Rates & Charges	Fees & Charges	Other Operating Revenue
2008	\$166,967,883	\$1,214,369	\$432,762	\$12,646,586	\$909,860	\$72,586
2009	\$185,301,475	\$1,046,817	\$472,514	\$12,934,404	\$526,328	\$78,685
2010	\$192,716,425	\$1,144,392	\$483,335	\$12,921,434	\$398,169	\$79,354
2011	\$200,357,626	\$1,165,263	\$536,485	\$14,568,726	\$321,294	\$85,994
2012	\$191,029,354	\$1,112,192	\$494,829	\$15,719,715	\$292,152	\$106,365
2013	\$194,108,566	\$1,233,242	\$504,564	\$15,410,078	\$383,665	\$90,114
2014	\$199,134,647	\$1,286,852	\$699,404	\$15,819,721	\$348,287	\$98,063
2015	\$196,828,376	\$1,341,514	\$822,672	\$16,753,280	\$277,287	\$96,915
2016	\$177,785,263	\$1,670,655	\$710,641	\$17,792,061	\$340,521	\$97,450
2017	\$173,232,911	\$1,932,362	\$159,433	\$18,983,628	\$384,290	\$79,809

Fiscal Year	Sewer Fund			Gas Fund		
	Rates & Charges	Fees & Charges	Other Operating Revenue	Rates & Charges	Fees & Charges	Other Operating Revenue
2008	\$12,458,883	\$686,020	\$77,379	\$40,751,828	\$214,223	\$85,080
2009	\$13,282,500	\$388,926	\$73,490	\$44,176,441	\$138,363	\$93,095
2010	\$13,982,944	\$366,945	\$77,579	\$37,491,825	\$159,339	\$89,329
2011	\$16,251,177	\$319,025	\$85,329	\$37,440,126	\$149,616	\$92,378
2012	\$17,247,740	\$263,573	\$90,269	\$30,150,678	\$127,392	\$94,036
2013	\$17,124,153	\$363,627	\$90,648	\$31,513,234	\$135,445	\$87,753
2014	\$17,539,513	\$329,446	\$101,204	\$35,181,326	\$136,379	\$97,094
2015	\$18,896,038	\$280,526	\$111,569	\$36,342,568	\$139,335	\$96,432
2016	\$20,835,158	\$337,938	\$105,693	\$27,221,435	\$129,310	\$182,283
2017	\$22,232,340	\$395,878	\$81,396	\$28,173,864	\$151,126	\$198,807

REVENUE BASE BY CUSTOMER CLASS

TABLE 4

Electric Kilowatt Hours Sold | Last Ten Fiscal Years

Fiscal Year	Residential	Small General Service	Medium General Service	Large General Service	Lighting	Seasonal	Total	Effective Rate (per kWh) <sup>1</sup>
2008	660,765,253	120,108,448	349,929,722	476,845,992	16,667,538	5,303,297	1,629,620,250	\$0.10246
2009	688,061,414	119,860,338	347,356,181	456,366,784	17,231,719	4,600,280	1,633,476,716	\$0.11344
2010	701,375,321	119,505,611	338,255,635	468,568,472	17,551,533	4,869,163	1,650,125,735	\$0.11679
2011	735,045,523	121,941,172	347,635,077	486,112,644	17,779,021	3,496,959	1,712,010,396	\$0.11703
2012	659,675,766	117,140,900	338,546,911	497,654,640	17,919,207	1,928,168	1,632,865,592	\$0.11699
2013	695,864,293	117,071,188	332,957,674	489,990,456	18,064,409	2,718,765	1,656,666,785	\$0.11717
2014	714,076,550	116,525,549	337,651,551	495,199,376	18,433,379	2,960,481	1,684,846,886	\$0.11819
2015	719,680,705	119,699,090	337,550,002	511,184,520	18,637,900	3,147,325	1,709,899,542	\$0.11511
2016	678,819,366	116,229,245	361,126,164	510,353,608	18,683,136	40,809	1,685,252,328	\$0.10549
2017	712,955,477	124,936,945	356,742,531	503,637,480	18,700,481	-	1,716,972,914	\$0.10089

<sup>1</sup>Due to the complexity of the rate structure the effective rate is shown in place of a direct rate. Direct electric rates for all customer classes are shown on Table 8.

REVENUE BASE BY CUSTOMER CLASS

TABLE 5

Water Kgallons Sold<sup>1</sup> | Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Irrigation	Wholesale	Total	Effective Rate (per kgallon) <sup>2</sup>
2008	2,131,055	992,940	344,058	53,338	74,253	3,595,644	\$3.51720
2009	2,042,636	856,751	305,860	232,898	106,488	3,544,633	\$3.64901
2010	2,021,753	887,840	264,401	194,403	76,595	3,444,992	\$3.75079
2011	2,089,084	892,614	313,564	254,396	156,231	3,705,889	\$3.93124
2012	2,028,669	850,346	332,646	197,900	376,064	3,785,625	\$4.15248
2013	1,988,443	853,785	369,955	129,112	516,267	3,857,562	\$3.99477
2014	2,008,183	865,907	371,670	119,616	556,214	3,921,590	\$4.03401
2015	2,008,169	838,646	377,268	107,861	585,806	3,917,750	\$4.27625
2016	2,032,403	850,487	367,545	112,451	606,709	3,969,595	\$4.48208
2017	2,045,980	867,853	374,635	109,332	621,409	4,019,209	\$4.72322

<sup>1</sup>One Kgallon equals one thousand gallons.

<sup>2</sup>Due to the complexity of the rate structure the effective rate is shown in place of a direct rate. Direct water rates for all customer classes are shown on Table 9.



REVENUE BASE BY CUSTOMER CLASS

TABLE 6

Wastewater Kgallons Collected<sup>1</sup> | Last Ten Fiscal Years

Fiscal Year	Residential	Commercial & Industrial	Wholesale	Total	Effective Rate (per kgallon) <sup>2</sup>
2008	1,595,457	1,047,692	85,478	2,728,627	\$4.56599
2009	1,592,987	1,008,308	92,379	2,693,674	\$4.93100
2010	1,590,458	983,386	85,282	2,659,126	\$5.25847
2011	1,658,057	1,030,383	106,435	2,794,875	\$5.81463
2012	1,623,172	1,015,532	108,011	2,746,715	\$6.27941
2013	1,599,305	1,023,339	106,849	2,729,493	\$6.27375
2014	1,615,090	1,010,964	116,070	2,742,124	\$6.39632
2015	1,620,718	1,013,803	124,347	2,758,868	\$6.84920
2016	1,641,074	1,060,248	133,034	2,834,356	\$7.35093
2017	1,661,150	1,068,663	123,964	2,853,778	\$7.79049

<sup>1</sup>One Kgallon equals one thousand gallons.

<sup>2</sup>Due to the complexity of the rate structure the effective rate is shown in place of a direct rate. Direct wastewater rates for all customer classes are shown on Table 10.

REVENUE BASE BY CUSTOMER CLASS

TABLE 7

Natural Gas CCFs Sold<sup>1</sup> | Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Interruptible	Seasonal	Total	Effective Rate (per CCF) <sup>2</sup>
2008	7,052,603	5,233,201	1,436,740	13,044,444	853	26,767,841	\$1.52242
2009	8,544,675	5,742,073	1,331,757	13,155,716	15,699	28,789,920	\$1.53444
2010	9,071,756	6,026,915	1,320,226	14,809,280	15,439	31,243,616	\$1.19998
2011	9,204,734	6,202,471	1,452,745	15,535,877	9,415	32,405,242	\$1.15537
2012	6,446,047	5,060,450	1,286,999	15,440,944	11,791	28,246,231	\$1.06742
2013	8,770,015	6,052,098	1,305,580	15,267,893	24,568	31,420,154	\$1.00296
2014	9,480,133	6,366,093	1,517,889	15,344,473	252,094	32,960,682	\$1.06737
2015	9,568,069	6,584,310	1,891,424	15,104,558	263,557	33,411,918	\$1.08771
2016	6,954,321	5,514,777	1,668,283	15,007,843	246,598	29,391,822	\$0.92616
2017	6,941,053	5,481,832	1,865,882	15,419,520	189,875	29,898,162	\$0.94233

<sup>1</sup>One ccf equals one hundred cubic feet.

<sup>2</sup>Due to the complexity of the rate structure the effective rate is shown in place of a direct rate. Direct natural gas rates for all customer classes are shown on Table 11.

Direct Electric Rates (as of June 30) | Last Ten Fiscal Years

TABLE 8

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Effective Rate (per kWh)</b>	\$0.10246	\$0.11344	\$0.11679	\$0.11703	\$0.11699	\$0.11717	\$0.11819	\$0.11511	\$0.10549	\$0.10089
<b>Residential</b>										
Base facilities charge (per month)	\$8.74	\$8.74	\$8.99	\$8.99	\$8.99	\$10.99	\$10.99	\$10.99	\$13.00	\$15.00
Energy (per kWh)	Summer	\$0.11074	\$0.12257	\$0.12600	\$0.12600	\$0.12600	\$0.12600	\$0.12600	n/a	n/a
	Winter	\$0.10017	\$0.11200	\$0.11514	\$0.11514	\$0.11514	\$0.11514	\$0.11514	n/a	n/a
	all kWh	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.11086	\$0.10014
<b>Residential Time of Use with Demand Net Metering for Solar Energy Facilities</b>										
Base facilities charge (per month)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$19.47	\$21.47
Demand (per kW)	all kW	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$7.94	\$6.82
Energy (per kWh)	all on-peak kWh	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.13668	\$0.12829
	all off-peak kWh	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.04393	\$0.03873
<b>Small General Service</b>										
Base facilities charge (per month)	\$12.54	\$12.54	\$12.89	\$12.89	\$12.89	\$15.76	\$15.76	\$15.76	\$21.00	\$21.00
Energy (per kWh)	a. first 1,000 kWh	\$0.11635	\$0.12818	\$0.13177	\$0.13177	\$0.13177	\$0.13177	\$0.13177	\$0.11938	\$0.11066
	b. next 5,000 kWh	\$0.11033	\$0.12216	\$0.12558	\$0.12558	\$0.12558	\$0.12558	\$0.12558	\$0.11319	\$0.10447
	c. all additional kWh	\$0.09222	\$0.10405	\$0.10696	\$0.10696	\$0.10696	\$0.10696	\$0.10696	\$0.09457	\$0.08585
<b>Medium General Service</b>										
Base facilities charge (per month)	\$12.97	\$12.97	\$13.33	\$13.33	\$13.33	\$16.30	\$16.30	\$16.30	\$50.00	\$50.00
Demand (per kW)	a. first 35 kW	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
	b. all additional kW	\$4.06	\$4.06	\$4.17	\$4.17	\$4.17	\$4.17	\$4.17	\$4.17	\$4.17
Energy (per kWh)	a. first 12,500 kWh	\$0.10804	\$0.11987	\$0.12323	\$0.12323	\$0.12323	\$0.12323	\$0.12323	\$0.10464	\$0.09592
	b. all additional kWh	\$0.07799	\$0.08982	\$0.09233	\$0.09233	\$0.09233	\$0.09233	\$0.09233	\$0.08900	\$0.08028
<b>Medium General Service - CP</b>										
Base facilities charge (per month)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$50.00	\$50.00
Demand (per kW)	a. all coincident peak	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$14.95	\$14.57
	b. allocated non-coincident peak	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$16.75	\$15.61
	c. excess non-coincident peak	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$5.38	\$5.38
	d. all rKVA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.25	\$0.25
Energy (per kWh)	all kWh per month	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.04224	\$0.03677
<b>Large General Service</b>										
Base facilities charge (per month)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$150.00	\$150.00
Demand (per kW)	a. all coincident peak	\$12.71	\$12.71	\$12.71	\$12.71	\$12.71	\$12.71	\$12.71	\$19.53	\$19.03
	b. allocated non-coincident peak	\$15.52	\$15.52	\$17.42	\$17.42	\$17.42	\$17.42	\$17.42	\$15.19	\$13.13
	c. excess non-coincident peak	\$4.44	\$4.44	\$4.98	\$4.98	\$4.98	\$4.98	\$4.98	\$6.82	\$6.82
	d. all rKVA	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25
Energy (per kWh)	all kWh per month	\$0.03795	\$0.04928	\$0.04928	\$0.04928	\$0.04928	\$0.04928	\$0.04928	\$0.03522	\$0.03066

Direct Electric Rates (as of June 30) | Last Ten Fiscal Years

TABLE 8  
 continued

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Seasonal General Service</b>										
Base facilities charge (per month)	\$14.44	\$14.44	\$14.84	\$14.84	\$14.84	\$18.14	\$18.14	\$18.14	n/a	n/a
Energy (per kWh)										
Summer										
a. first 750 kWh	\$0.12733	\$0.13916	\$0.14306	\$0.14306	\$0.14306	\$0.14306	\$0.14306	\$0.14306	n/a	n/a
b. next 2,250 kWh plus 150 kWh per kW of billing demand in excess of 10 kW per billing month	\$0.11642	\$0.12825	\$0.13184	\$0.13184	\$0.13184	\$0.13184	\$0.13184	\$0.13184	n/a	n/a
c. all additional kWh	\$0.09174	\$0.10357	\$0.10647	\$0.10647	\$0.10647	\$0.10647	\$0.10647	\$0.10647	n/a	n/a
Winter										
a. first 750 kWh	\$0.10719	\$0.11902	\$0.12235	\$0.12235	\$0.12235	\$0.12235	\$0.12235	\$0.12235	n/a	n/a
b. all additional kWh	\$0.07943	\$0.09126	\$0.09382	\$0.09382	\$0.09382	\$0.09382	\$0.09382	\$0.09382	n/a	n/a
<b>Public Communications Network Device Service</b>										
Base facilities charge (per month)	1.25	1.25	1.25	1.25	1.25	1.58	1.58	1.58	\$2.10	\$2.10
Energy (per kWh)										
Wireless IP network device	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$0.60	\$0.56
Public safety cameras	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$1.20	\$1.11
CAD 12 ONU installations	1.28	1.41	1.41	1.41	1.41	1.45	1.45	1.45	\$1.32	\$1.22
MLU 48 ONU installations	5.11	5.63	5.63	5.63	5.63	5.79	5.79	5.79	\$5.26	\$4.87
<b>Outdoor Lighting Service (rate per unit per month)</b>										
General Customers										
175W (7,000 lumens) mercury vapor	\$11.77	\$12.59	\$12.85	\$12.85	\$12.85	\$12.85	\$12.85	\$12.85	\$12.57	\$12.37
250W (11,000 lumens) mercury vapor	\$14.93	\$16.11	\$16.47	\$16.47	\$16.47	\$16.47	\$16.47	\$16.47	\$16.06	\$15.78
400W (20,000 lumens) mercury vapor	\$20.45	\$22.23	\$22.77	\$22.77	\$22.77	\$22.77	\$22.77	\$22.77	\$22.16	\$21.73
100W (8,500 lumens) high pressure sodium	n/a	n/a	n/a	n/a	n/a	n/a	\$12.85	\$12.85	\$12.57	\$12.37
150W (14,000 lumens) high pressure sodium	\$14.84	\$15.66	\$15.92	\$15.92	\$15.92	\$15.92	\$15.92	\$15.92	\$15.64	\$15.44
250W (23,000 lumens) high pressure sodium	\$19.62	\$20.86	\$21.24	\$21.24	\$21.24	\$21.24	\$21.24	\$21.24	\$20.81	\$20.51
400W (45,000 lumens) high pressure sodium	\$29.74	\$31.64	\$32.21	\$32.21	\$32.21	\$32.21	\$32.21	\$32.21	\$31.56	\$31.10
400W-F (45,000 lumens) high pressure sodium	\$30.82	\$32.72	\$33.29	\$33.29	\$33.29	\$33.29	\$33.29	\$33.29	\$32.64	\$32.18
400W (40,000 lumens) metal halide	\$32.37	\$34.27	\$34.84	\$34.84	\$34.84	\$34.84	\$34.84	\$34.84	\$34.19	\$33.73
400W-F (40,000 lumens) metal halide	n/a	n/a	n/a	n/a	n/a	n/a	\$34.84	\$34.84	\$34.19	\$33.73
70W (4,500 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$25.64
50W (5,000 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$20.18	\$20.18	\$20.09
110W (8,000 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$21.74	\$21.74	\$21.61
150W (13,500 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$26.67	\$26.67	\$26.37
210W (24,000 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$33.21
280W-F (25,000 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$39.55	\$39.55	\$39.14

Direct Electric Rates (as of June 30) | Last Ten Fiscal Years

TABLE 8  
 continued

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Outdoor Lighting Service (rate per unit per month)</b>										
County, Municipal or Housing Authority										
175W (7,000 lumens) mercury vapor	\$10.76	\$11.58	\$11.84	\$11.84	\$11.84	\$11.84	\$11.84	\$11.84	\$11.56	\$11.36
250W (11,000 lumens) mercury vapor	\$14.22	\$15.40	\$15.76	\$15.76	\$15.76	\$15.76	\$15.76	\$15.76	\$15.35	\$15.07
400W (20,000 lumens) mercury vapor	\$19.51	\$21.29	\$21.83	\$21.83	\$21.83	\$21.83	\$21.83	\$21.83	\$21.22	\$20.79
400W-T (20,000 lumens) mercury vapor	\$16.35	\$17.23	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.20	\$16.98
100W (8,500 lumens) high pressure sodium	n/a	n/a	n/a	n/a	n/a	n/a	\$11.84	\$11.84	\$11.56	\$11.36
150W (14,000 lumens) high pressure sodium	\$13.43	\$14.26	\$14.51	\$14.51	\$14.51	\$14.51	\$14.51	\$14.51	\$14.23	\$14.03
250W (23,000 lumens) high pressure sodium	\$17.70	\$18.95	\$19.32	\$19.32	\$19.32	\$19.32	\$19.32	\$19.32	\$18.89	\$18.59
400W (45,000 lumens) high pressure sodium	\$26.74	\$28.64	\$29.21	\$29.21	\$29.21	\$29.21	\$29.21	\$29.21	\$28.56	\$28.10
400W-F (45,000 lumens) high pressure sodium	\$27.83	\$29.73	\$30.30	\$30.30	\$30.30	\$30.30	\$30.30	\$30.30	\$29.65	\$29.19
400W (40,000 lumens) metal halide	\$29.38	\$31.28	\$31.85	\$31.85	\$31.85	\$31.85	\$31.85	\$31.85	\$31.20	\$30.74
400W-F (40,000 lumens) metal halide	n/a	n/a	n/a	n/a	n/a	n/a	\$31.85	\$31.85	\$31.20	\$30.74
70W (4,500 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	\$30.96	\$30.96	\$30.83	\$23.08
50W (5,000 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	\$18.16	\$18.16	\$18.07	\$16.87
110W (8,000 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	\$19.57	\$19.57	\$19.44	\$19.34
150W (13,500 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	\$24.00	\$24.00	\$23.70	\$21.25
210W (24,000 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$29.89
280W-F (25,000 lumens) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	\$35.60	\$35.60	\$35.19	\$34.24
<b>Rural Street Lighting Service (rate per customer per month)</b>										
175W (7,000 lumens) mercury vapor @ 6 customers	\$2.43	\$2.57	\$2.62	\$2.62	\$2.62	\$2.62	\$2.62	\$2.62	\$2.09	\$2.06
150W (14,000 lumens) sodium vapor @ 8 customers	\$2.30	\$2.41	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$1.95	\$1.93
50W (5,000 lumens) light emitting diode (LED) @ 8 customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.51	\$2.31
<b>Sports Field Lighting Service</b>										
Base facilities charge (per month)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$21.00	\$21.00
Demand (per kW)	\$2.21	\$2.21	\$2.27	\$2.27	\$2.27	\$2.27	\$2.27	\$2.27	\$2.00	\$2.00
Energy (per kWh)	\$0.09008	\$0.10191	\$0.10476	\$0.10476	\$0.10476	\$0.10476	\$0.10476	\$0.10476	\$0.09190	\$0.08318
<b>Bilateral Metering for Solar Energy Facilities</b>										
Base facilities charge (per month)										
Residential	n/a	n/a	n/a	n/a	n/a	n/a	\$6.48	\$6.48	\$7.67	\$8.85
Small General Service	n/a	n/a	n/a	n/a	n/a	n/a	\$10.44	\$10.44	\$13.86	\$13.86
Medium General Service	n/a	n/a	n/a	n/a	n/a	n/a	\$10.88	\$10.88	\$33.00	\$33.00
Energy credit (per kWh)	n/a	n/a	n/a	n/a	n/a	n/a	\$0.07	\$0.07	\$0.07	\$0.06163



Direct Water Rates (as of June 30) | Last Ten Fiscal Years

TABLE 9

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Effective rate (per kgallon)</b>	\$3.51720	\$3.64901	\$3.75079	\$3.93124	\$4.15248	\$3.99477	\$4.03401	\$4.27625	\$4.48208	\$4.72322
<b>Base facilities charge (based on meter size)</b>										
Inside City 3/4"	\$5.79	\$5.79	\$5.79	\$6.61	\$6.61	\$6.61	\$7.04	\$7.04	\$7.46	\$7.80
1"	\$9.30	\$9.30	\$9.30	\$10.77	\$10.77	\$10.77	\$11.51	\$11.51	\$12.20	\$12.76
1-1/2"	\$17.32	\$17.32	\$17.32	\$20.28	\$20.28	\$20.28	\$21.74	\$21.74	\$23.03	\$24.08
2"	\$27.34	\$27.34	\$27.34	\$32.16	\$32.16	\$32.16	\$34.52	\$34.52	\$36.57	\$38.24
3"	\$59.40	\$59.40	\$59.40	\$70.17	\$70.17	\$70.17	\$75.41	\$75.41	\$79.90	\$83.56
4"	\$100.98	\$100.98	\$100.98	\$119.47	\$119.47	\$119.47	\$128.45	\$128.45	\$136.09	\$142.32
6"	\$209.70	\$209.70	\$209.70	\$248.37	\$248.37	\$248.37	\$267.11	\$267.11	\$283.00	\$295.96
8"	\$301.38	\$301.38	\$301.38	\$357.07	\$357.07	\$357.07	\$384.05	\$384.05	\$406.89	\$425.52
10"	\$485.25	\$485.25	\$485.25	\$575.07	\$575.07	\$575.07	\$618.56	\$618.56	\$655.35	\$685.36
12"	\$718.72	\$718.72	\$718.72	\$851.88	\$851.88	\$851.88	\$916.34	\$916.34	\$970.83	\$1,015.28
Outside City 3/4"	\$6.54	\$6.54	\$6.54	\$7.50	\$7.50	\$7.50	\$8.10	\$8.10	\$8.59	\$8.97
1"	\$10.58	\$10.58	\$10.58	\$12.29	\$12.29	\$12.29	\$13.24	\$13.24	\$14.04	\$14.68
1-1/2"	\$19.80	\$19.80	\$19.80	\$23.22	\$23.22	\$23.22	\$25.00	\$25.00	\$26.49	\$27.69
2"	\$31.32	\$31.32	\$31.32	\$36.88	\$36.88	\$36.88	\$39.70	\$39.70	\$42.06	\$43.98
3"	\$68.19	\$68.19	\$68.19	\$80.60	\$80.60	\$80.60	\$86.73	\$86.73	\$91.89	\$96.10
4"	\$116.01	\$116.01	\$116.01	\$137.29	\$137.29	\$137.29	\$147.72	\$147.72	\$156.51	\$163.67
6"	\$241.04	\$241.04	\$241.04	\$285.53	\$285.53	\$285.53	\$307.18	\$307.18	\$325.46	\$340.36
8"	\$346.47	\$346.47	\$346.47	\$410.53	\$410.53	\$410.53	\$441.66	\$441.66	\$467.93	\$489.35
10"	\$557.92	\$557.92	\$557.92	\$661.23	\$661.23	\$661.23	\$711.35	\$711.35	\$753.66	\$788.17
12"	\$826.41	\$826.41	\$826.41	\$979.56	\$979.56	\$979.56	\$1,053.79	\$1,053.79	\$1,116.46	\$1,167.57
16"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$1,812.05	\$1,812.05
<b>Volume Charge (per kgal)</b>										
Inside City Residential, non irrigation	\$2.95	\$2.95	\$2.95	\$3.35	\$3.35	\$3.35	\$3.59	\$3.59	\$3.78	\$4.00
Commercial, non irrigation	\$2.39	\$2.39	\$2.39	\$2.71	\$2.71	\$2.71	\$2.90	\$2.90	\$3.05	\$3.23
Industrial, non irrigation	\$2.23	\$2.23	\$2.23	\$2.53	\$2.53	\$2.53	\$2.71	\$2.71	\$2.85	\$3.02
Irrigation, all customers	n/a	n/a	n/a	\$5.03	\$5.03	\$5.03	\$5.39	\$5.39	\$5.67	\$6.00
Outside City Residential, non irrigation	\$4.58	\$4.58	\$4.58	\$5.20	\$5.20	\$5.20	\$5.56	\$5.56	\$5.86	\$6.20
Commercial, non irrigation	\$3.70	\$3.70	\$3.70	\$4.20	\$4.20	\$4.20	\$4.50	\$4.50	\$4.73	\$5.01
Industrial, non irrigation	\$2.23	\$2.23	\$2.23	\$2.53	\$2.53	\$2.53	\$2.71	\$2.71	\$2.85	\$3.02
Irrigation, residential	n/a	n/a	n/a	\$7.80	\$7.80	\$7.80	\$8.35	\$8.35	\$8.79	\$9.30
Irrigation, commercial	n/a	n/a	n/a	\$7.80	\$7.80	\$7.80	\$8.35	\$8.35	\$8.79	\$9.30
Irrigation, industrial	n/a	n/a	n/a	\$5.03	\$5.03	\$5.03	\$5.39	\$5.39	\$5.67	\$6.00

Direct Wastewater Rates (as of June 30) | Last Ten Fiscal Years

TABLE 10

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Effective rate (per kgallon)</b>	\$4.56599	\$4.93100	\$5.25847	\$5.81463	\$6.27941	\$6.27375	\$6.39632	\$6.84920	\$7.35093	\$7.79049
<b>Base facilities charge (based on water/wastewater meter size)</b>										
3/4"	\$8.55	\$8.55	\$8.97	\$10.24	\$10.24	\$10.24	\$10.37	\$10.37	\$10.96	\$11.70
1"	\$13.80	\$13.80	\$14.60	\$16.78	\$16.78	\$16.78	\$17.01	\$17.01	\$17.97	\$19.21
1-1/2"	\$25.80	\$25.80	\$27.47	\$31.73	\$31.73	\$31.73	\$32.17	\$32.17	\$34.01	\$36.38
2"	\$40.80	\$40.80	\$43.55	\$50.41	\$50.41	\$50.41	\$51.13	\$51.13	\$54.05	\$57.84
3"	\$88.80	\$88.80	\$95.00	\$110.18	\$110.18	\$110.18	\$111.81	\$111.81	\$118.17	\$126.51
4"	\$151.05	\$151.05	\$161.73	\$187.70	\$187.70	\$187.70	\$190.49	\$190.49	\$201.34	\$215.57
6"	\$313.80	\$313.80	\$336.20	\$390.38	\$390.38	\$390.38	\$396.21	\$396.21	\$418.77	\$448.41
8"	\$451.05	\$451.05	\$483.33	\$561.30	\$561.30	\$561.30	\$569.69	\$569.69	\$602.14	\$644.70
10"	\$726.30	\$726.30	\$778.40	\$904.08	\$904.08	\$904.08	\$917.61	\$917.61	\$969.87	\$1,038.56
12"	\$1,075.80	\$1,075.80	\$1,153.07	\$1,339.33	\$1,339.33	\$1,339.33	\$1,359.37	\$1,359.37	\$1,436.81	\$1,538.56
<b>Sewer Only Customers</b>										
<b>Base facilities charge (based on water/wastewater meter size)</b>										
3/4"	\$12.83	\$12.83	\$13.46	\$15.36	\$15.36	\$15.36	\$15.56	\$15.56	\$16.44	\$17.55
1"	\$20.70	\$20.70	\$21.90	\$25.17	\$25.17	\$25.17	\$25.52	\$25.52	\$29.96	\$28.82
1-1/2"	\$38.70	\$38.70	\$41.21	\$47.60	\$47.60	\$47.60	\$48.26	\$48.26	\$51.02	\$54.57
2"	\$61.20	\$61.20	\$65.33	\$75.62	\$75.62	\$75.62	\$76.70	\$76.70	\$81.08	\$86.76
3"	\$133.20	\$133.20	\$142.50	\$165.27	\$165.27	\$165.27	\$167.72	\$167.72	\$177.26	\$189.77
4"	\$226.58	\$226.58	\$242.60	\$281.55	\$281.55	\$281.55	\$285.74	\$285.74	\$302.01	\$323.36
6"	\$470.70	\$470.70	\$504.30	\$585.57	\$585.57	\$585.57	\$594.32	\$594.32	\$628.16	\$672.62
8"	\$676.58	\$676.58	\$725.00	\$841.95	\$841.95	\$841.95	\$854.54	\$854.54	\$903.21	\$967.16
10"	\$1,089.45	\$1,089.45	\$1,167.60	\$1,356.12	\$1,356.12	\$1,356.12	\$1,376.42	\$1,376.42	\$1,454.81	\$1,557.84
12"	\$1,613.70	\$1,613.70	\$1,729.61	\$2,009.00	\$2,009.00	\$2,009.00	\$2,039.06	\$2,039.06	\$2,155.22	\$2,307.87
<b>Volume Charge (per kgal, based on 93.5% of water usage unless separately metered)</b>										
Residential	\$3.500	\$3.500	\$3.670	\$4.450	\$4.450	\$4.450	\$4.980	\$4.980	\$5.320	\$5.660
Commercial/Industrial	\$3.880	\$3.880	\$4.070	\$4.930	\$4.930	\$4.930	\$5.510	\$5.510	\$5.890	\$6.270
Metered wastewater (100%)	\$4.270	\$4.270	\$4.480	\$5.430	\$5.430	\$5.430	\$6.080	\$6.080	\$6.490	\$6.910
Municipalities**	\$4.400	\$4.400	\$4.620	\$5.600	\$5.600	\$5.600	\$5.600	\$5.600	\$5.600	\$5.600

\*\*Monthly billings will include any other applicable charges included in the Interlocal Agreement, other Sewer Charge Schedules or the Commission's Utility Regulations.



Ten Largest Customers | Current Year and Nine Years Ago

TABLE 12

Electric Fund		Fiscal Year 2017		Fiscal Year 2008	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC <sup>1</sup>	Pharmaceuticals	\$ 6,073,188	3.48%	\$ 5,715,133	3.54%
Vidant Medical Center <sup>2</sup>	Health Care	4,823,093	2.76%	4,500,600	2.79%
East Carolina University	Education	4,702,151	2.69%	3,507,299	2.17%
DSM Dyneema, LLC	High Performance Fibers	4,667,844	2.68%	2,821,167	1.75%
East Carolina University	Education	2,881,778	1.65%	2,911,635	1.80%
Attends Healthcare Products <sup>3</sup>	Medical Products	2,868,071	1.64%	2,345,354	1.45%
ASMO of Greenville	Motors	1,645,768	0.94%	973,796	0.60%
Vidant Medical Center <sup>2</sup>	Health Care	1,625,844	0.93%		
East Carolina University	Education	1,592,896	0.91%	2,497,092	1.55%
City of Greenville	Government	1,380,608	0.79%		
Hyster Yale Group <sup>4</sup>	Fork Lift Trucks			1,038,402	0.64%
Vermont American Corp	Drill Bits			796,298	0.49%
<b>Totals</b>		<b>\$ 32,261,241</b>	<b>18.49%</b>	<b>\$ 27,106,776</b>	<b>16.78%</b>

Water Fund		Fiscal Year 2017		Fiscal Year 2008	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Town of Farmville	Government	\$ 703,767	3.72%	\$	
Patheon Manufacturing Services LLC <sup>1</sup>	Pharmaceuticals	692,103	3.66%	402,170	3.22%
Town of Winterville	Government	336,001	1.78%		
Vidant Medical Center <sup>2</sup>	Health Care	246,193	1.30%	223,694	1.79%
DSM Dyneema, LLC	High Performance Fibers	158,209	0.84%	99,182	0.79%
Stokes Regional Water Corporation	Water Utility	118,440	0.63%		
Fuji Silysia Chemical USA, LTD	Silica Gel	113,124	0.60%	63,467	0.51%
DSM Dyneema, LLC	High Performance Fibers	106,192	0.56%	42,821	0.34%
Vidant Medical Center <sup>2</sup>	Health Care	100,567	0.53%	66,033	0.53%
Vidant Medical Center <sup>2</sup>	Health Care	92,089	0.49%		
Greenville Housing Authority	Apartments			74,197	0.59%
East Carolina University	Education			63,896	0.51%
Pitt County	Government			45,420	0.36%
Greenville Housing Authority	Apartments			41,204	0.33%
<b>Totals</b>		<b>\$ 2,666,683</b>	<b>14.11%</b>	<b>\$ 1,122,084</b>	<b>8.97%</b>

<sup>1</sup>Formerly DSM Pharmaceuticals, Inc., <sup>2</sup>Formerly Pitt County Memorial Hospital, <sup>3</sup>Formerly Paper Pak Products, Inc., <sup>4</sup>Formerly NACCO Materials Handling

Ten Largest Customers | Current Year and Nine Years Ago

TABLE 12  
 continued

Sewer Fund		Fiscal Year 2017		Fiscal Year 2008	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC <sup>1</sup>	Pharmaceuticals	\$ 1,041,940	4.68%	\$ 590,014	4.79%
Town of Bethel	Government	638,503	2.87%	238,901	1.94%
DSM Dyneema, LLC	High Performance Fibers	636,891	2.86%	68,351	0.56%
Vidant Medical Center <sup>2</sup>	Health Care	445,543	2.00%	324,365	2.63%
Fuji Silysia Chemical USA, LTD	Silica Gel	215,881	0.97%	96,245	0.78%
Vidant Medical Center <sup>2</sup>	Health Care	181,935	0.82%	95,727	0.78%
Vidant Medical Center <sup>2</sup>	Health Care	164,403	0.74%		
East Carolina University	Education	95,526	0.43%	92,173	0.75%
Province Greenville NC LP	Apartments	82,144	0.37%		
Greenville Housing Authority	Apartments	70,767	0.32%	79,638	0.65%
Karastan Bigelow	Carpet Yarn			61,314	0.50%
Pitt County	Government			42,735	0.35%
<b>Totals</b>		<b>\$ 3,573,533</b>	<b>16.06%</b>	<b>\$ 1,689,463</b>	<b>13.73%</b>

Gas Fund		Fiscal Year 2017		Fiscal Year 2008	
Customer	Product/Service	Annual Revenue	Percentage of Total Revenue	Annual Revenue	Percentage of Total Revenue
Patheon Manufacturing Services LLC <sup>1</sup>	Pharmaceuticals	\$ 2,886,142	10.33%	\$ 2,818,039	7.00%
East Carolina University	Education	2,171,944	7.77%	3,746,456	9.31%
Vidant Medical Center <sup>2</sup>	Health Care	1,437,346	5.14%	2,041,493	5.07%
DSM Dyneema, LLC	High Performance Fibers	857,977	3.07%	1,590,571	3.95%
DSM Dyneema, LLC	High Performance Fibers	680,114	2.43%	748,289	1.86%
East Carolina University	Education	663,579	2.37%	1,505,424	3.74%
Vidant Medical Center <sup>2</sup>	Health Care	579,082	2.07%		
Fuji Silysia Chemical USA, LTD	Silica Gel	445,988	1.60%	650,502	1.62%
Hyster Yale Group <sup>4</sup>	Fork Lift Trucks	389,719	1.39%	908,629	2.26%
Metallix, Inc.	Refining Precious Metals	359,574	1.29%		
Greenville Paving & Contracting, Inc.	Construction			625,727	1.56%
Metrics, Inc.	Pharmaceuticals			409,370	1.02%
<b>Totals</b>		<b>\$ 10,471,465</b>	<b>37.46%</b>	<b>\$ 15,044,500</b>	<b>37.39%</b>

<sup>1</sup>Formerly DSM Pharmaceuticals, Inc., <sup>2</sup>Formerly Pitt County Memorial Hospital, <sup>3</sup>Formerly Paper Pak Products, Inc., <sup>4</sup>Formerly NACCO Materials Handling



Ratios of Outstanding Debt by Type | Last Ten Fiscal Years

TABLE 13

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes	Total	Per Capita	Percentage of Per Capita Personal Income
2008	3,338,801	99,830,049	19,004,601	122,173,451	760	2.29%
2009	2,267,613	94,924,436	19,971,437	117,163,486	712	2.23%
2010	1,216,424	89,158,772	28,564,352	118,939,548	707	2.20%
2011	190,235	83,449,241	31,526,877	115,166,353	678	2.06%
2012	-	77,817,581	32,027,308	109,844,889	637	1.82%
2013	-	80,643,105	36,029,680	116,672,785	671	1.92%
2014	-	73,025,115	38,488,921	111,514,036	639	1.77%
2015	-	65,181,025	35,559,334	100,740,359	574	1.55%
2016	-	103,728,334	36,587,040	140,315,374	798	*
2017	-	95,269,797	38,587,279	133,857,076	759	*

\*Information unavailable at time of report.

Pledged Revenue Coverage | Last Ten Fiscal Years

TABLE 14

Fiscal Year	Utility Fund Revenues <sup>1</sup>	Utility Fund Expenses <sup>2</sup>	Net Revenues Available for Debt Service	Debt Service Requirement <sup>3</sup>			Coverage Ratio
				Principal	Interest	Total	
2008	239,416,633	206,091,230	33,325,403	7,087,322	3,939,780	11,027,102	3.02
2009	260,504,717	229,042,677	31,462,040	7,469,584	3,471,466	10,941,050	2.88
2010	261,517,870	228,575,039	32,942,831	8,406,320	4,641,621	13,047,941	2.52
2011	273,935,999	236,149,838	37,786,161	9,417,822	4,946,781	14,364,603	2.63
2012	261,581,753	226,875,068	34,706,685	8,889,912	4,230,467	13,120,379	2.65
2013	264,251,248	228,066,646	36,184,602	9,388,432	4,061,308	13,449,740	2.69
2014	272,354,329	238,628,174	33,726,155	11,229,452	3,905,269	15,134,721	2.23
2015	273,193,091	233,792,956	39,400,135	11,476,429	3,670,885	15,147,314	2.60
2016	249,567,397	195,145,037	54,422,360	10,743,316	3,461,146	14,204,462	3.83
2017	248,339,349	206,715,407	41,623,942	10,420,893	2,660,634	13,081,527	3.18

<sup>1</sup>Total revenues including interest and exclusive of any restricted revenue. Includes revenues for the electric, water, sewer and gas funds.

<sup>2</sup>Includes total operating expenses, exclusive of depreciation, unfunded OPEB expense and pension expense and expenditures promulgated by the implementation of GASB Statement No. 68 and GASB Statement No. 71.

<sup>3</sup>Includes principal and interest of revenue bonds, general obligation bonds and other subordinate debt exclusive of capitalized interest paid from proceeds of the bonds.

Demographic and Economic Statistics | Last Ten Calendar Years

TABLE 15

Calendar Year	Population <sup>1</sup>	Personal Income (\$000) <sup>1</sup>	Per Capita Personal Income <sup>1</sup>	June 30 Unemployment Rate <sup>2</sup>
2008	160,674	5,341,562	33,245	6.9%
2009	164,602	5,261,414	31,964	10.8%
2010	168,148	5,403,185	32,134	10.5%
2011	169,803	5,598,286	32,969	11.1%
2012	172,569	6,045,023	35,030	10.0%
2013	173,879	6,065,607	34,884	9.0%
2014	174,424	6,290,057	36,062	7.0%
2015	175,532	6,513,624	37,108	6.8%
2016	175,885	*	*	5.9%
2017	176,424	*	*	4.9%

\*Information unavailable at time of report.

**Note:** Information reported is for Pitt County.

**Sources:**

<sup>1</sup>North Carolina Office of State Budget and Management.

<sup>2</sup>Bureau of Labor Statistics, United States Department of Labor.

Principal Employers | Current Year and Nine Years Ago

TABLE 16

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Vidant Medical Center <sup>1</sup>	6,560	1	7.93%	6,297	1	8.32%
East Carolina University	5,750	2	6.95%	4,936	2	6.52%
Pitt County Public Schools	3,650	3	4.41%	2,940	3	3.89%
Hyster-Yale Group <sup>3</sup>	1,173	4	1.42%	1,200	4	1.59%
City of Greenville	1,132	5	1.37%	704	9	0.93%
Pitt Community College	1,100	6	1.33%	783	8	1.03%
Patheon Manufacturing Services LLC <sup>2</sup>	1,040	7	1.26%	1,200	5	1.59%
County of Pitt	901	8	1.09%	865	6	1.14%
Alliance One International	850	9	1.03%	850	7	1.12%
Physicians East	615	10	0.74%			0.00%
Asmo Greenville of North Carolina				535	10	0.71%
<b>Total</b>	<b>22,771</b>		<b>27.53%</b>	<b>20,310</b>		<b>26.84%</b>

Sources:

Pitt County Development Commission, Bureau of Labor Statistics, United States Department of Labor.

<sup>1</sup>Formerly Pitt County Memorial Hospital, <sup>2</sup>Formerly DSM Pharmaceuticals, <sup>3</sup>Formerly NACCO Materials Handling

Employees by Function | Last Ten Fiscal Years

TABLE 17

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Electric:</b>										
Management	4	4	4	4	3	3	3	3	3	4
Engineering	9	14	13	12	12	14	18	19	16	16
Load Management	4	3	4	3	6	5	6	6	5	6
Dispatching	7	7	7	7	7	7	7	8	9	7
Electric System Maintenance	79	78	71	79	77	71	78	75	78	85
<b>Water/Wastewater:</b>										
Management	4	4	4	3	4	4	4	4	4	4
Engineering	12	14	11	11	9	10	12	12	13	14
Water Plant	24	25	24	25	27	27	29	29	30	31
Wastewater Plant	23	25	26	25	25	25	28	28	28	31
Water/Wastewater Systems Maintenance	49	47	48	47	46	45	42	42	43	44
<b>Natural Gas:</b>										
Management	5	5	5	4	4	5	5	5	4	6
Engineering	8	8	6	8	7	8	9	8	10	10
Natural Gas System Maintenance	29	30	31	29	25	25	30	33	30	31
<b>Administration:</b>										
Executive Administration	8	7	7	8	8	12	15	13	15	13
Finance and Accounting	11	10	11	10	11	31	31	32	33	31
Human Resources	15	15	16	17	16	9	9	9	8	9
Information Technology	19	18	19	20	26	26	27	31	28	29
Customer Relations	51	52	52	52	48	38	36	36	43	37
Fleet Management	13	13	13	13	13	13	12	13	11	13
Warehouse	7	8	8	7	8	7	7	8	8	9
Meter Services	32	36	32	32	33	32	33	35	34	33
Utility Locating Services	7	6	5	5	5	5	6	6	7	7
<b>Total Employees:</b>	<b>420</b>	<b>429</b>	<b>417</b>	<b>421</b>	<b>420</b>	<b>422</b>	<b>447</b>	<b>455</b>	<b>460</b>	<b>470</b>

Source: Various Utilities Commission Departments



Operating Indicators | Last Ten Fiscal Years

TABLE 18

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Electric System:</b>										
Peaks (MW)	358.8	344.8	345.8	348.8	355.2	353.6	336.5	370.2	357.9	360.3
Average daily purchase (MWH)	4,625	4,610	4,644	4,822	4,609	4,671	4,771	4,844	4,710	4,834
<b>Total MWH sold</b>	<b>1,629,620</b>	<b>1,633,477</b>	<b>1,650,126</b>	<b>1,712,010</b>	<b>1,632,866</b>	<b>1,656,667</b>	<b>1,684,847</b>	<b>1,709,900</b>	<b>1,685,252</b>	<b>1,716,973</b>
<b>Water System:</b>										
Peaks (MGD)	16.125	16.204	15.605	17.536	16.340	14.871	16.070	17.779	15.070	14.412
Average daily treatment (Mgals)	10.797	10.785	10.977	11.850	11.896	12.008	12.394	13.044	12.384	12.600
<b>Total kgals sold</b>	<b>3,595,644</b>	<b>3,544,633</b>	<b>3,444,992</b>	<b>3,705,889</b>	<b>3,785,625</b>	<b>3,857,562</b>	<b>3,921,590</b>	<b>3,917,750</b>	<b>3,969,595</b>	<b>4,019,200</b>
<b>Wastewater System:</b>										
Peaks (MGD)	14.090	12.680	22.830	24.240	21.240	14.810	20.040	17.320	21.040	13.590
Average daily treatment (Mgals)	9.152	8.879	10.120	9.593	10.301	10.426	10.530	11.290	11.195	10.220
<b>Total kgals collected</b>	<b>2,728,627</b>	<b>2,693,674</b>	<b>2,659,126</b>	<b>2,794,875</b>	<b>2,746,715</b>	<b>2,729,493</b>	<b>2,742,124</b>	<b>2,758,868</b>	<b>2,834,356</b>	<b>3,730,850</b>
<b>Natural Gas System</b>										
Peaks (MCFs)	20,643	22,733	23,845	24,176	21,465	20,537	20,092	22,897	28,331	24,855
Average daily purchase (MCFs)	7,662	8,232	8,920	9,360	7,959	8,870	9,277	9,452	8,462	8,537
<b>Total MCFs sold</b>	<b>2,676,784</b>	<b>2,878,992</b>	<b>3,124,362</b>	<b>3,240,524</b>	<b>2,824,623</b>	<b>3,142,015</b>	<b>3,296,068</b>	<b>3,341,192</b>	<b>2,939,182</b>	<b>2,989,816</b>

**Notes:**

MW = megawatt = 1,000,000 watts  
 MGD = million gallons per day  
 Mgal = million gallons = 1,000,000 gallons  
 kgal = kilo gallon = 1,000 gallons  
 MCF = thousand cubic feet = 1,000 cubic feet

**Source:** Various Utilities Commission Departments

Capital Indicators | Last Ten Fiscal Years

TABLE 19

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Electric System:</b>										
Miles of lines	2,638	2,638	2,638	2,672	2,714	2,719	2,781	2,884	2,901	2,921
Substations	22	22	23	23	23	23	23	23	23	23
Customer connections	61,868	62,363	63,136	63,745	63,789	64,362	64,673	65,347	66,252	66,508
Maximum capacity transmission (MVA)	480	480	480	480	480	480	480	480	480	480
Maximum capacity distribution (MVA)	520	540	540	540	560	560	560	560	560	560
<b>Water System:</b>										
Miles of lines	615	618	626	626	628	628	627	627	629	631
Customer connections	33,051	33,733	34,336	34,419	34,514	34,742	34,959	35,179	35,599	35,794
Maximum capacity (MGD)	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5	22.5
<b>Wastewater System:</b>										
Miles of lines	464	466	468	469	471	479	471	471	479	479
Customer connections	26,595	27,240	27,805	28,054	28,157	28,435	28,640	28,885	29,253	29,478
Maximum capacity (MGD)	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
<b>Natural Gas System</b>										
Miles of lines	1,002	1,016	1,019	1,024	1,034	1,043	1,049	1,051	1,054	1,067
Customer connections	21,522	21,661	22,004	22,211	22,259	22,434	22,554	22,837	23,066	23,108
Maximum capacity (MCF)	38,164	38,164	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512

**Notes:**

MW = megawatt = 1,000,000 watts  
 MGD = million gallons per day  
 MCF = thousand cubic feet = 1,000 cubic feet

**Source:** Various Utilities Commission Departments

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# Compliance Section



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

JOHN WORRELL

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Greenville Utilities is an enterprise fund of The City Of Greenville, North Carolina



**Report of Independent Auditor 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***

The Board of Commissioners  
Greenville Utilities Commission of the City of Greenville  
Greenville, North Carolina

We have audited, in accordance with the 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, the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Greenville Utilities Commission (the "Commission"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 3, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from 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*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chemy Bekaert LLP

Raleigh, North Carolina  
October 3, 2017



**Office of the General Manager/CEO**

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