



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



**Greenville
Utilities**

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

DRIVING GROWTH

Greenville Utilities works closely with Pitt County, the City of Greenville and local business to ensure growth continues in our area. Seen here is Luna Pizza, Pitt Street Brewing and Whirligig Stage just three of the many new businesses on Dickinson Avenue.



Greenville Utilities Commission

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

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018

This report was prepared by Greenville Utilities Commission Finance Department
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Design and Photography by John Bullard, Bandit Design Studios.

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Introductory Section





WWTP Superintendent Jason Manning, Environmental Compliance Coordinator JoEllen Gaye, WWTP Chief of Maintenance Bryan Bland and Operations Coordinator Chris Hill

Greenville Utilities

October 25, 2018

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, 2018.

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, 2018. The independent auditor's report is located at the front of the financial section of this report.

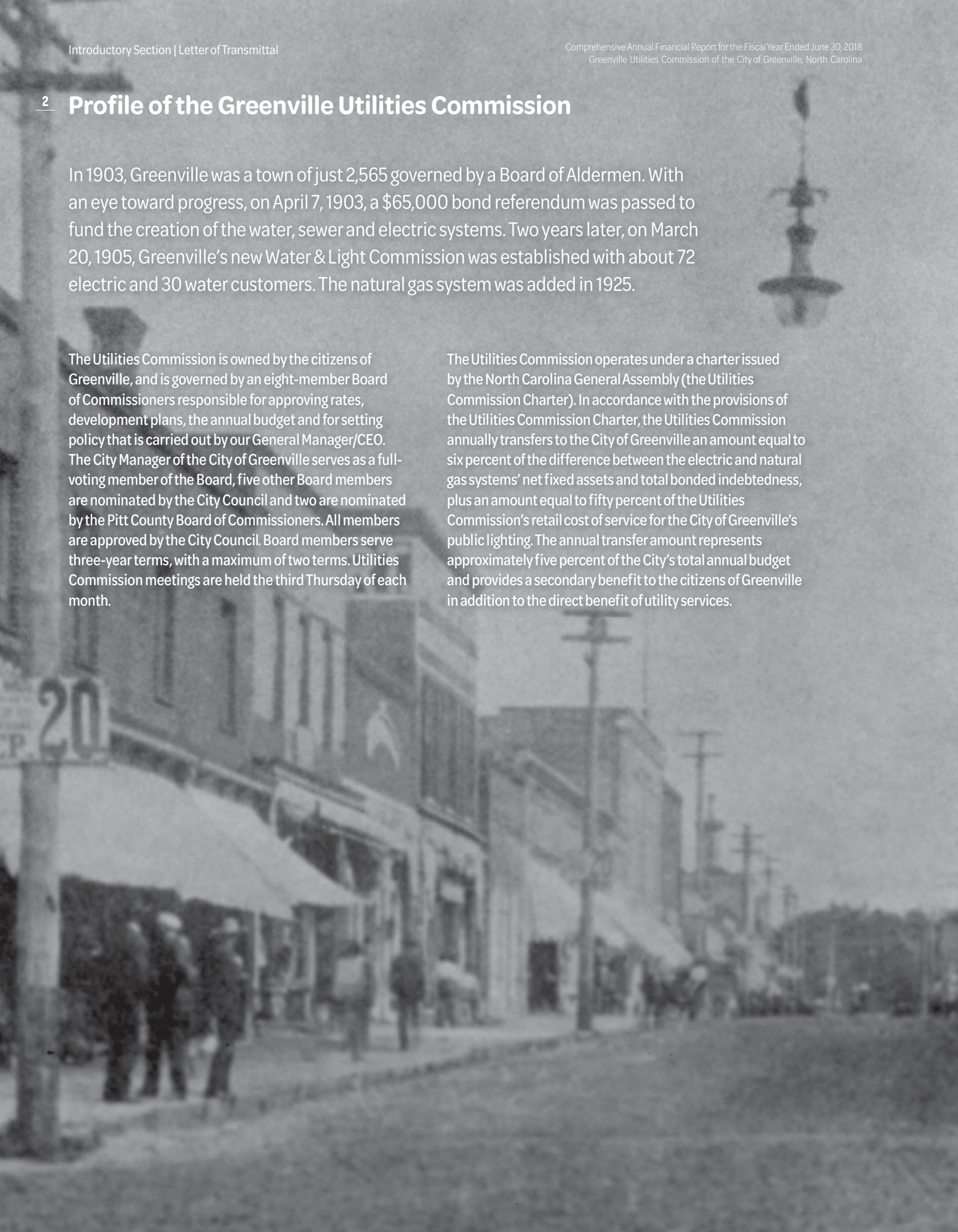
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

2 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.





4 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 67,964 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.

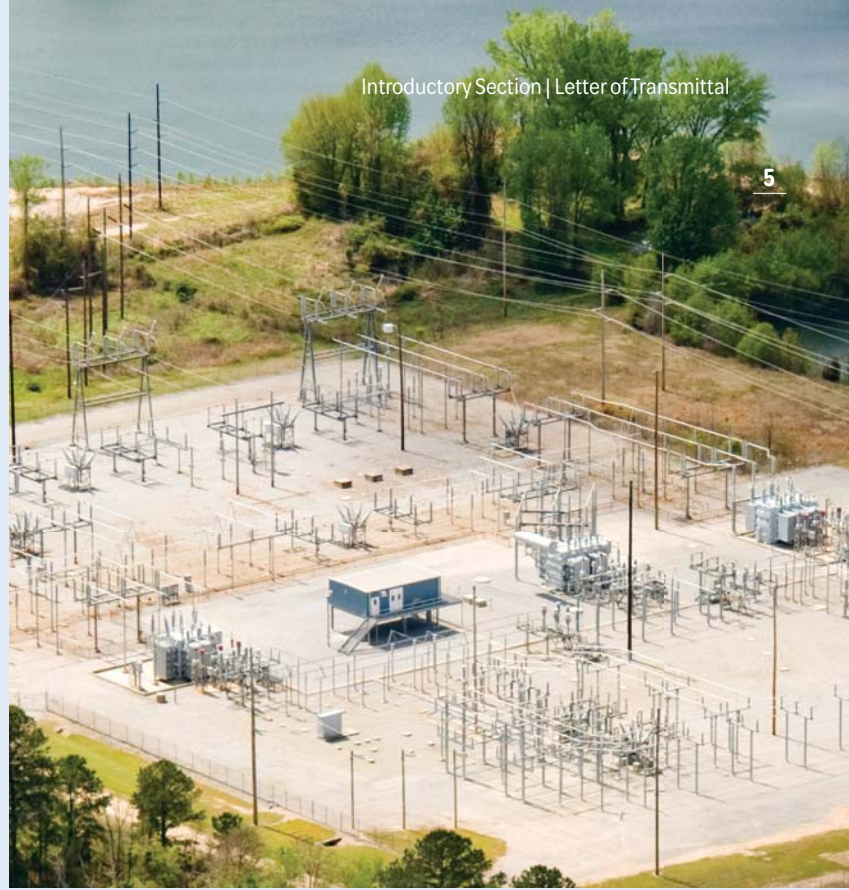


THE ELECTRIC SYSTEM CONSISTS OF 77 MILES OF HIGH voltage transmission lines at 115,000 and 34,500 volts, as well as 1,198 miles of overhead distribution lines, 1,665 miles of underground distribution lines at 12,470 volts and 94 miles of fiber optic lines. In addition, the electric system consists of 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 three 115 kilovolts (kV) transmission substations with a combined base rating capacity of 600 MVA.

The Utilities Commission is a leader in the State of North Carolina in residential load management and has device controls for over 40,000 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.



Above: Greenville Utilities original Point of Delivery Substation on Mumford Road.
Facing page: The newest point-of-delivery substation on Mills Road.
Below: Electric Troubleshooter Crew Leader Jason Gaskins



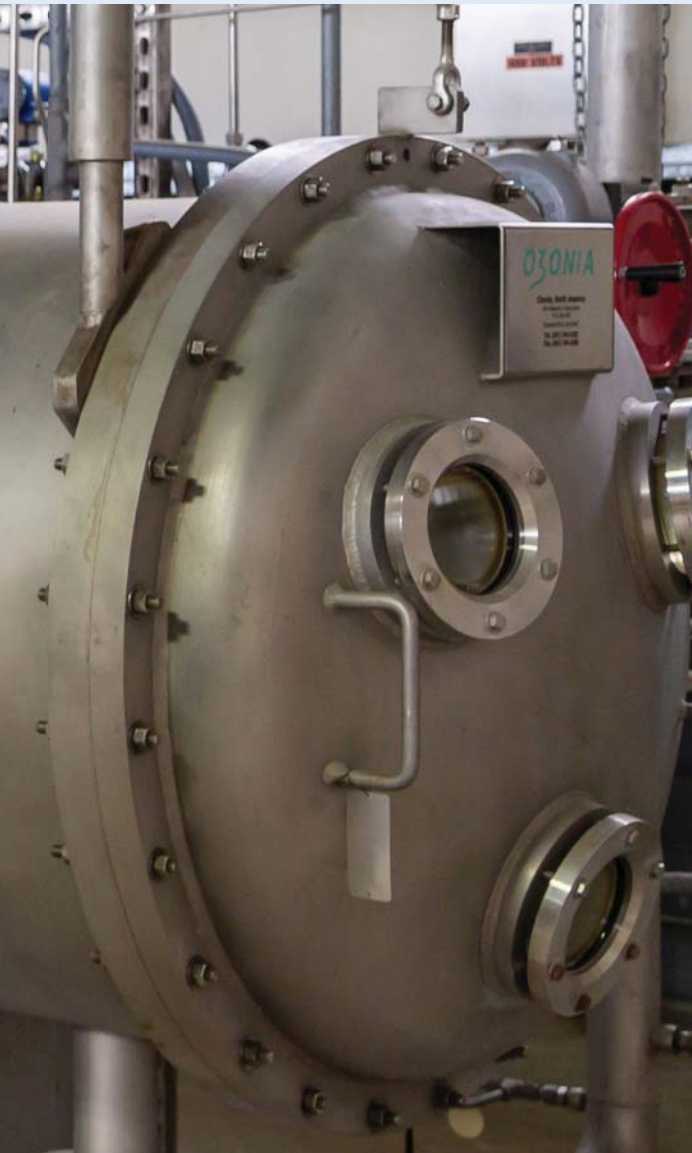
6 The Water Resources Systems



WTP Operator II Katherine Carruth

WATER TREATMENT AND DISTRIBUTION

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 36,338 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 13.461 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, 2018 was approximately 13.106 MGD, with a maximum daily usage of approximately 17.347 MGD. Approximately 86.6% of the water system's 36,338 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.



The Water Treatment Plant



WASTEWATER COLLECTION AND TREATMENT

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 480 miles of lines with 30,034 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, 2018 was 9.54 million gallons of wastewater with a single day hydraulic maximum of 17.34 MGD.

At left is WWTP Maintenance Mechanic II Scott Getsinger
Below is the Wastewater Treatment Plant (WWTP)



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).



Wastewater Treatment Operator III Tyrell Johnson



10 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 624 miles of pipeline and 446 miles of service lines with 23,379 connections. During the current fiscal year 3,682,821 dekatherms of natural gas were moved through the Utilities Commission's distribution system.



Natural Gas Distributions crews are frequently expanding service for growing industries in Pitt County.

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 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



Gas Systems Operator Crew Leader II Johnny Vernon, Gas Systems Operator Hugh Mills and Gas Systems Operator Stacy Vanderburg

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.

The Utilities Commission entered a 30-year agreement with The Black Belt Energy Gas District (Black Belt Energy), effective March 1, 2018 to purchase 40 percent of Utilities Commission's firm volumes (1,600 dekatherms per day during the summer period, April to October, and 2,500 dekatherms per day during the winter period, November through March). The Utilities Commission receives a price discount projected to be \$0.40 per dekatherm during the initial reset period from November 1, 2018 to October 31, 2023 and pays a fee of \$0.03 per dekatherm to Black Belt Energy to cover the administrative costs of the agreement. The Utilities Commission may elect to remarket the commodity in future

reset periods when the available discount realized from the initial reset period through the end of such reset period is less than \$0.25 per dekatherm, excluding any period for which the Utilities Commission delivered a remarking election.

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.

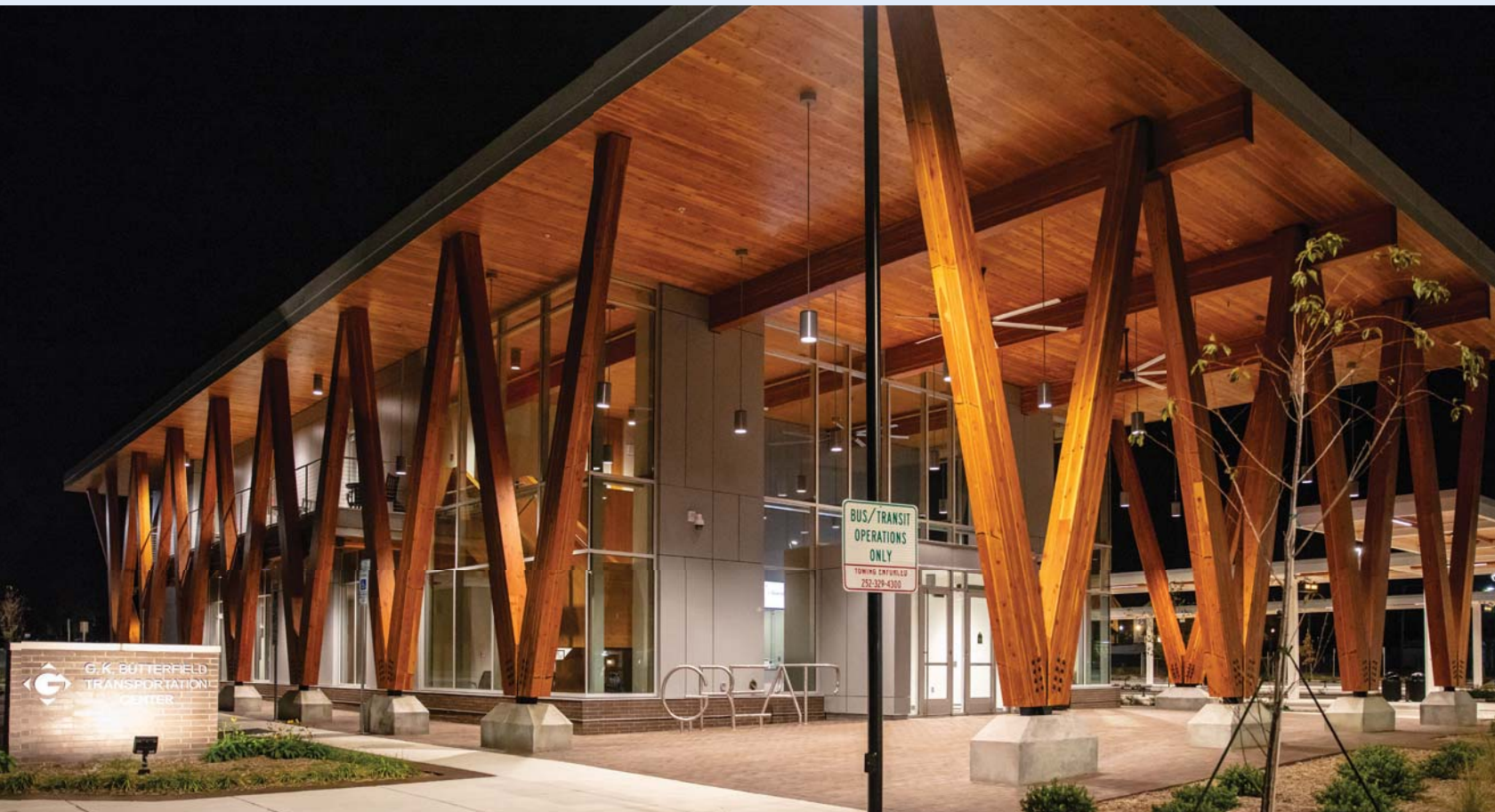
12 Additional Information

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.



Vidant Health recently opened the new 400,000+ square feet Cancer Center.



Greenville Utilities works closely with Pitt County, the City of Greenville and local business to ensure growth continues in our area. Seen here is the recently opened G.K. Butterfield Transportation Center in the heart of Greenville's City Center.

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, Patheon Manufacturing Services LLC (formerly DSM Pharmaceuticals), Pitt Community College, Pitt County Government, Alliance One International and ASMO. Unemployment rates since 2009 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 of North Carolina. 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 safely providing reliable utility solutions at the lowest reasonable cost, with exceptional customer service in an environmentally responsible manner. At the Board's direction, the Commission undertook an update to the organization's strategic plan. The existing plan has guided the Commission for more than a decade and kept our focus on important initiatives related to customer service and safety, among other things. As with any good plan, however, times change and revisions must be made to ensure that the Commission is meeting our current and future customers' needs.

To that end, the Commission engaged customers, employees, and its Board to update the plan. Much as a construction project requires a comprehensive set of blueprints to successfully build, our updated plan has been branded "Blueprint - Greenville Utilities Strategic Plan". A blueprint provides guidance as well as a view of what it will look like when we successfully carry out the Commission's mission and vision statements.

Vision – To provide safe, innovative, and sustainable utility solutions that serve as the foundation of growth for the Greenville region.

Mission – Greenville Utilities is dedicated to enhancing the quality of life for those we serve by safely providing reliable utility solutions at the lowest reasonable cost, with exceptional customer service in an environmentally responsible manner.

The Blueprint has added an emphasis on the Commission's foundational role in helping promote the growth of our region. It also places an emphasis on environmental stewardship.

to make goals more manageable. Future initiatives and projects will be measured against the Blueprint to ensure alignment with the Commission's mission and our customers' expectations.

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.



GUC'S STRATEGIC PLAN

Other parts of the Blueprint remain essentially the same, renewing our foundational commitment to both safety and customers. The Blueprint pares down objectives to ensure appropriate focus and

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 completed and placed into service a new point of delivery substation that will serve as the third connection point to the Commission's wholesale electric power provider. This addition will increase redundancy, support system load and will provide for additional growth. The project was completed at a cost of \$4.6 million and will begin serving customers in the upcoming fiscal year.

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 continues the construction of a new electric substation and a transmission line to serve the industrial park area totaling more than \$5 million.

The Electric system is planning significant improvements to its efforts to complement its peak shaving program. A new peaking generator will be installed to service Vidant Medical Center at a

cost of \$6 million. Additional improvements in the next five years include the upgrade and replacement of peaking generators currently in service at a cost of approximately \$3 million.

A major addition to the Water Plant is underway to add ten (10) million gallons a day (MGD) of additional capacity to meet system demand. The initial phase of this multi-year project is underway and a budget in the amount of \$47.5 has been established.

A headwork improvement project is planned for the Waste Water Treatment plant to replace and improve aging assets is planned at an estimated cost of \$2.5 million. The fourth phase of an ongoing project to recondition aging sewer outfall infrastructure is currently in process at an expected cost of \$1 million. Major projects to upgrade pump stations for the sanitary sewer collection system are underway including improvements to regional pump stations costing approximately \$1.8 million dollars and upgrades to the air distribution system at the Waste Water Treatment Plant of more than \$2 million.



The Gas Fund is engaged in a project, expected to cost approximately \$700,000 to improve infrastructure in areas that may experience low system pressures during peak times.

The Utilities Commission's current Operations Center, located in the 100 year flood plain, suffered extensive flooding damage during Hurricane Floyd in 1999 and also from 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 \$53 million.

At left is the new point-of-delivery substation on Mills Road.
Above are transmission lines to connect the Mills Road substation with the distribution system.
Below are renderings of the planned Operations Center.



18 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, 2017. This was the ninth 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 GFOA also presented the Utilities Commission with the Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for FY 2017. 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 third consecutive year the Utilities Commission has won this award.

The GFOA of the United States and Canada awarded the Distinguished Budget Presentation award to the Utilities Commission for the FY 2017-18 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 seventh 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 American Public Gas Association (APGA) has once again presented the Utilities Commission's Natural Gas Department with the prestigious APGA System Operational Achievement Recognition (SOAR) for excellence in operations.

SOAR recognizes a utility's demonstrated commitment to excellence in four areas required to safely deliver natural gas to its customers: system integrity, system improvement, employee safety, and workforce development. The department scored in the 90-96% of possible points for those areas and was selected for SOAR level Silver by its peers on the APGA Operations and Safety Committee.

During fiscal year 2018 the Utilities Commission was honored with 17 safety awards from the NC Department of Labor and the Greenville-Pitt County Chamber of Commerce. For some of our departments, this was the eleventh 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 2018 fiscal year the Utilities Commission received awards in the following categories: Grid Modernization, Value of Public Power, Wholesale Power Cost, Workforce Planning and Development, and Continuous Improvement.

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 the Utilities Commission has held this designation continuously since May 2007. During fiscal year 2018 the Utilities Commission achieved Diamond Level designation, the highest level of designation in the RP3 award program.

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 unflinching support for maintaining the highest standards of professionalism in the management of the Utilities Commission's finances.

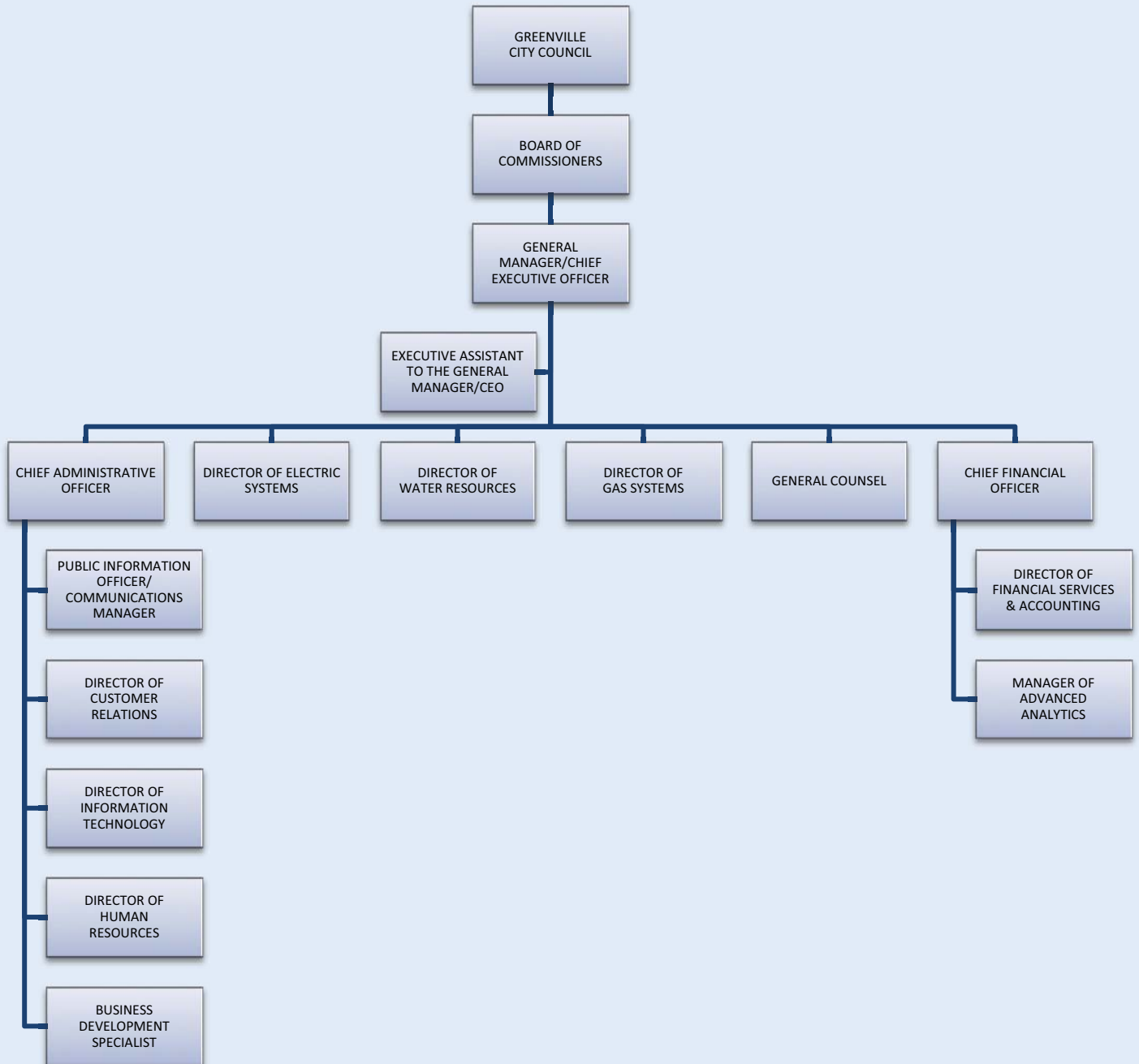


Anthony C. Cannon, General Manager/CEO



Jeff McCauley, Chief Financial Officer

Organizational Chart



Appointed Officials



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

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, 2017

Christopher P. Morill

Executive Director/CEO

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Independent Auditor's Report

Independent
Auditor's Report





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 each major fund, and the aggregate remaining fund information of the Greenville Utilities Commission (the "Commission"), a component unit of the City of Greenville, North Carolina, as of and for the year ended June 30, 2018, 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 each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2018, 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.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Commission adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. As a result, net position as of June 30, 2017 of the business-type activities has been restated. Also, as discussed in Note 8 to the financial statements, the Commission recorded an adjustment to beginning net position of the Water Fund and the Sewer Fund to record the discovery of donated assets in a prior year. Our opinion is not modified with respect to these matters.

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 25, 2018, 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 25, 2018

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Management's Discussion and Analysis

Management's
Discussion & Analysis

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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, 2018. 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 \$375,096,028 (net position). Of this amount, \$97,101,223 (unrestricted net position) may be used to meet the Commission's ongoing obligations to its customers and creditors.
- Operating revenues increased by \$9,486,375 or 3.9% primarily due to increased gas sales. Total revenues and contributions increased by \$10,719,307 or 4.3%.
- The Utilities Commission's total net position increased by \$17,988,723 primarily due to positive operating income.
- The Utilities Commission's total debt decreased by \$7,463,590 (5.6%) during the current fiscal year. The key factor in this decrease was the retirement of \$9,962,771 of existing debt, which exceeded the addition of new debt totaling \$2,926,318 and the net decrease in discounts and premiums totaling \$427,137.
- 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 an OPEB 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**

	2018	2017
Current and other assets	\$ 174,785,141	\$ 163,573,630
Capital assets	393,095,650	385,489,064
Total assets	567,880,791	549,062,694
Deferred outflows of resources	7,964,887	10,487,321
Current liabilities	35,097,335	33,750,233
Non-current liabilities	159,394,953	146,544,707
Total liabilities	194,492,288	180,294,940
Deferred inflows of resources	6,257,362	329,008
Net position:		
Net investment in capital assets	277,994,805	266,667,959
Unrestricted	97,101,223	112,258,108
Total net position	\$ 375,096,028	\$ 378,926,067

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 \$375,096,028 as of June 30, 2018. The Utilities Commission's net position increased by \$17,988,723 during the fiscal year ended June 30, 2018.

The largest portion of the Utilities Commission's net position (74.1%) 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

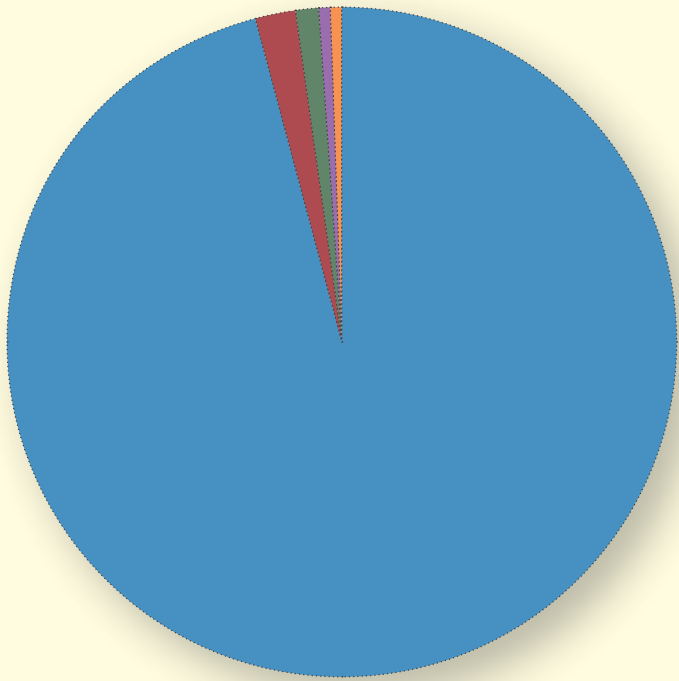
be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot practically be used to liquidate these liabilities.

The remaining balance of unrestricted net position (\$97,101,223) may be used to meet the Utilities Commission's ongoing obligations to citizens and creditors. This balance decreased \$15,156,885 from fiscal year 2017 primarily due to decreases in current assets, mainly cash, and increases in current liabilities.

The \$17,988,723 increase in net position is primarily due strong operating revenues and expenses less than expected for most categories. Operating expenses increased primarily due to increases in purchased commodities.

Greenville Utilities Commission Changes in Net Position

	2018	2017
Revenues:		
Operating revenues:		
Charges for service	\$ 254,569,448	\$ 245,486,399
Other operating revenues	922,771	519,445
Non-operating revenues:		
Interest income	1,159,451	527,822
Other non-operating revenues	3,751,894	4,229,700
Total revenues	260,403,564	250,763,366
Expenses		
Operating expenses	232,238,803	228,470,861
Non-operating expenses	4,789,254	3,358,320
Total expenses	237,028,057	231,829,181
Increase in net position before contributions and transfers	23,375,507	18,934,185
Contributions	1,213,999	134,890
Transfers	(6,600,783)	(6,664,888)
Increase in net position	17,988,723	12,404,187
Net position, July 1, previously reported	378,926,067	366,521,880
Restatement	(21,818,762)	
Net position, July 1, restated	357,107,305	
Net position, June 30	\$ 375,096,028	\$ 378,926,067

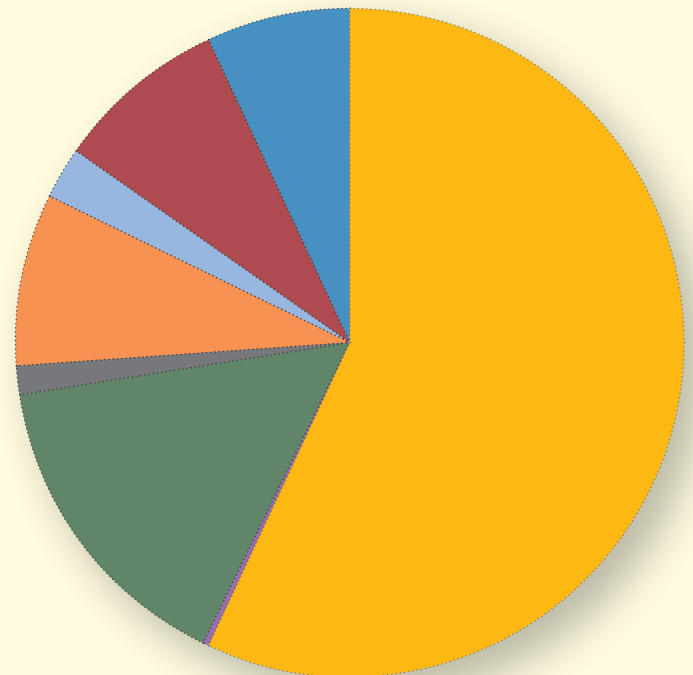


SOURCES OF REVENUE

- Rates and Charges: **96.0%**
- Other: **1.8%**
- Fees and Charges: **1.3%**
- Capital Contributions: **0.5%**
- Interest: **0.4%**

USES OF REVENUE

- Purchased Power and Gas: **57.2%**
- Operations and Maintenance: **15.1%**
- Administration and General: **8.3%**
- Depreciation: **8.2%**
- Reinvested in Net Position: **6.9%**
- Transfers to the City of Greenville: **2.5%**
- Administration and General: **1.6%**
- Operations and Maintenance: **0.2%**



Charges for services increased by \$9,083,049 or 3.7%, primarily due to more volumes delivered during a period of unusually cold winter weather and increased gas sales to commercial customers due to an improving and expanding local economy. 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 \$17,988,723. Net position at the end of the fiscal year for the Electric Fund was \$145,381,712, \$73,021,730 for the Water Fund, \$108,709,684 for the Sewer Fund, and \$47,982,902 for the Gas Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – The Utilities Commission's investment in capital assets as of June 30, 2018 totals \$393,095,650 (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 2.0% 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 a new operations center totaling \$2,406,757
- Electric transmission lines extensions and improvements totaling \$1,884,090
- Electric overhead distribution lines extensions and improvements totaling \$933,205
- Electric underground distribution lines extensions and improvements totaling \$4,162,736
- Electric street and area light installations and replacements totaling \$1,040,210
- Water treatment plant improvements totaling \$1,797,841
- Water main improvements and extensions totaling \$2,511,638
- Wastewater treatment plant improvements totaling \$1,715,996
- Major sewer pumping stations improvements totaling \$1,266,319
- Major sewer main extensions and improvements totaling \$1,645,733
- Natural gas main improvements and extensions totaling \$1,110,850

Greenville Utilities Commission Capital Assets (net of depreciation)

	2018	2017
Land	\$ 8,375,720	\$ 7,640,320
Easements	119,567	104,071
Land improvements	2,184,771	1,659,961
General plant	5,993,325	6,215,599
Utility plant	97,860,395	98,690,925
Computer software	20,861,703	22,638,012
Vehicles and equipment	3,673,500	4,117,588
Distribution systems	216,237,285	210,700,789
Transmission system	9,537,363	10,461,471
Computer hardware	321,653	235,933
Fiber optics	947,956	950,776
Construction in progress	26,982,412	22,073,619
Total capital assets	\$ 393,095,650	\$ 385,489,064

Long-term debt – At the end of the current fiscal year, the Utilities Commission had total debt outstanding of \$126,393,486. 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

	2018	2017
Revenue bonds	\$ 78,406,800	\$ 85,620,599
Loans	38,764,625	38,587,279
Unamortized bond discount/premium	9,222,061	9,649,198
Total outstanding debt	\$ 126,393,486	\$ 133,857,076

Of the total debt, \$9,891,572 is the current portion.

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 4.1% and is expected to decrease in the upcoming year. New customer accounts added during the year were more than double the numbers from the previous year reflecting new construction and growth in the local economy. The Utilities Commission's budget for fiscal year 2019 was developed anticipating continuing customer growth, a vibrant

local economy and a mix of residential, commercial and industrial customers. Capital outlay investments are increasing compared to the previous year's budget reflecting the Commission's vision to provide safe, innovative, and sustainable utility solutions that serve as the foundation of growth for the Greenville region.

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

Exhibit 1. Statement of Net Position | June 30, 2018

	Major Funds				
	Electric Fund	Water Fund	Sewer Fund	Gas Fund	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 49,643,000	\$ 4,365,002	\$ 8,790,341	\$ 15,684,995	\$ 78,483,338
Accounts receivable, net	20,758,825	2,251,155	2,562,710	2,290,565	27,863,255
Due from other governments	975,267	224,101	266,585	168,814	1,634,767
Inventories	6,054,880	799,897	216,818	696,767	7,768,362
Prepaid expenses and deposits	202,480	12,655	12,655	25,310	253,100
Restricted cash and cash equivalents	3,166,019	737,275	1,397	433,691	4,338,382
Total current assets	80,800,471	8,390,085	11,850,506	19,300,142	120,341,204
Non-current assets:					
Restricted assets:					
Restricted cash and cash equivalents:					
Bond proceeds	3,422,159	2,580,748	2,721,415	678,310	9,402,632
Capacity fees	-	1,920,812	2,158,902	-	4,079,714
Total restricted cash and cash equivalents	3,422,159	4,501,560	4,880,317	678,310	13,482,346
Total restricted assets	3,422,159	4,501,560	4,880,317	678,310	13,482,346
Investments	24,827,167	3,240,209	5,079,105	7,507,956	40,654,437
Notes receivable	-	307,154	-	-	307,154
Capital assets:					
Land, easements and construction in progress	15,366,890	4,299,076	11,278,785	4,532,948	35,477,699
Other capital assets, net of depreciation	94,421,167	84,748,606	138,634,156	39,814,022	357,617,951
Total capital assets	109,788,057	89,047,682	149,912,941	44,346,970	393,095,650
Total non-current assets	138,037,383	97,096,605	159,872,363	52,533,236	447,539,587
Total assets	218,837,854	105,486,690	171,722,869	71,833,378	567,880,791
Deferred outflows of resources					
Pension deferrals	2,307,329	1,238,079	1,181,803	900,421	5,627,632
OPEB deferrals	183,371	98,394	93,922	71,559	447,246
Unamortized bond refunding charges	483,635	699,033	592,114	115,227	1,890,009
Total deferred outflows of resources	2,974,335	2,035,506	1,867,839	1,087,207	7,964,887
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	14,816,955	774,013	762,896	1,533,424	17,887,288
Customer deposits payable from restricted assets	3,166,019	737,275	1,397	433,691	4,338,382
Accrued interest payable	115,927	84,522	208,745	48,307	457,501
Due to City of Greenville	91,639	94,219	21,731	11,293	218,882
Unearned revenue	179,760	82,541	132,180	-	394,481
Current portion of compensated absences	791,566	389,887	409,729	318,047	1,909,229
Current maturities of long-term debt	2,094,742	2,505,450	4,475,165	816,215	9,891,572
Total current liabilities	21,256,608	4,667,907	6,011,843	3,160,977	35,097,335
Non-current liabilities:					
Compensated absences	129,548	85,730	17,712	119,800	352,790
Long-term debt, excluding current portion	35,037,301	19,011,354	48,603,971	13,849,288	116,501,914
Net OPEB liability	14,617,717	7,843,653	7,487,123	5,704,475	35,652,968
Net pension liability	2,823,785	1,515,202	1,446,329	1,101,965	6,887,281
Total non-current liabilities	52,608,351	28,455,939	57,555,135	20,775,528	159,394,953
Total liabilities	73,864,959	33,123,846	63,566,978	23,936,505	194,492,288
Deferred Inflows of Resources					
Pension deferrals	79,932	42,891	40,941	31,193	194,957
OPEB deferrals	2,485,586	1,333,729	1,273,105	969,985	6,062,405
Total deferred inflows of resources	2,565,518	1,376,620	1,314,046	1,001,178	6,257,362
Net position					
Net investment in capital assets	76,561,808	70,810,659	100,147,334	30,475,004	277,994,805
Unrestricted	68,819,904	2,211,071	8,562,350	17,507,898	97,101,223
Total net position	\$ 145,381,712	\$ 73,021,730	\$ 108,709,684	\$ 47,982,902	\$ 375,096,028

The Notes to the Financial Statements are an integral part of these statements

Exhibit 2. Statement of Revenues, Expenses and Changes in Fund Net Position | For the Year Ended June 30, 2018

	Major Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Gas Fund	
Operating revenues:					
Charges for services	\$ 175,344,783	\$ 19,963,056	\$ 22,988,915	\$ 36,272,694	\$ 254,569,448
Other operating revenues	581,463	111,896	124,065	105,347	922,771
Total operating revenues	175,926,246	20,074,952	23,112,980	36,378,041	255,492,219
Operating expenses:					
Administration and general	10,572,599	3,793,341	3,711,440	3,633,001	21,710,381
Operations and maintenance	15,434,020	9,043,686	9,107,287	5,882,322	39,467,315
Purchased power and gas	127,069,600	-	-	22,587,629	149,657,229
Depreciation	9,022,087	3,943,788	6,251,534	2,186,469	21,403,878
Total operating expenses	162,098,306	16,780,815	19,070,261	34,289,421	232,238,803
Operating income	13,827,940	3,294,137	4,042,719	2,088,620	23,253,416
Non-operating revenues (expenses):					
Interest income	675,901	124,743	164,929	193,878	1,159,451
Interest expense and service charges	(1,267,261)	(805,389)	(1,578,196)	(501,667)	(4,152,513)
Other non-operating revenues	2,358,188	572,212	664,849	156,645	3,751,894
Other non-operating expenses	(636,741)	-	-	-	(636,741)
Net non-operating revenues (expenses)	1,130,087	(108,434)	(748,418)	(151,144)	122,091
Income before contributions and transfers	14,958,027	3,185,703	3,294,301	1,937,476	23,375,507
Contributions and transfers:					
Capital Contributions	-	487,951	726,048	-	1,213,999
Transfer to City of Greenville, General Fund	(4,254,580)	-	-	(1,598,656)	(5,853,236)
Transfer to City of Greenville, street lighting reimb.	(747,547)	-	-	-	(747,547)
Total contributions and transfers	(5,002,127)	487,951	726,048	(1,598,656)	(5,386,784)
Changes in net position	9,955,900	3,673,654	4,020,349	338,820	17,988,723
Net position, beginning of year previously reported	146,603,928	73,542,171	106,427,131	52,352,837	378,926,067
Restatement	(11,178,116)	(4,194,095)	(1,737,796)	(4,708,755)	(21,818,762)
Net position, beginning of year, restated	135,425,812	69,348,076	104,689,335	47,644,082	357,107,305
Net position, end of year	\$ 145,381,712	\$ 73,021,730	\$ 108,709,684	\$ 47,982,902	\$ 375,096,028

The Notes to the Financial Statements are an integral part of these statements

Exhibit 3. Statement of Cash Flow | For the Year Ended June 30, 2018

	Major Funds				
	Electric Fund	Water Fund	Sewer Fund	Gas Fund	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 174,425,658	\$ 20,016,927	\$ 22,989,082	\$ 35,976,790	\$ 253,408,457
Other operating receipts	3,623,842	379,116	110,471	168,894	4,282,323
Payments for goods and services	(141,648,158)	(6,873,257)	(6,911,256)	(27,114,380)	(182,547,051)
Payments to employees	(11,449,289)	(6,016,386)	(5,851,812)	(4,969,318)	(28,286,805)
Payments received on loans	-	37,504	-	-	37,504
Net cash provided by operating activities	24,952,053	7,543,904	10,336,485	4,061,986	46,894,428
Cash flows from noncapital financing activities:					
Transfers to City of Greenville, General Fund	(4,999,063)	-	-	(1,598,656)	(6,597,719)
Noncapital contributions	362,573	102,201	122,754	89,426	676,954
Net cash provided (used) by noncapital financing activities	(4,636,490)	102,201	122,754	(1,509,230)	(5,920,765)
Cash flows from capital and related financing activities:					
Proceeds from issuance of debt	-	-	2,926,318	-	2,926,318
Capital grants/cash capital contributions	-	-	14,295	-	14,295
Capital related receipts from customers	-	341,125	511,570	-	852,695
Principal payments on debt obligations	(1,738,006)	(2,596,969)	(4,782,131)	(845,665)	(9,962,771)
Debt issuance costs	-	(23,529)	-	-	(23,529)
Acquisition and construction of capital assets	(11,382,995)	(2,907,902)	(5,174,106)	(2,190,002)	(21,655,005)
Payment of interest and service charges on debt obligations	(1,351,607)	(827,716)	(1,612,482)	(528,868)	(4,320,673)
Net cash provided (used) by capital and related financing activities	(14,472,608)	(6,014,991)	(8,116,536)	(3,564,535)	(32,168,670)
Cash flows from investing activities:					
Purchase of investments	(15,669,601)	(2,175,463)	(3,577,183)	(3,581,055)	(25,003,302)
Proceeds from sale and maturity of investments	5,225,175	726,218	1,195,130	1,186,811	8,333,334
Interest received on investments	724,887	131,137	174,944	208,766	1,239,734
Net cash provided (used) by investing activities	(9,719,539)	(1,318,108)	(2,207,109)	(2,185,478)	(15,430,234)
Net increase (decrease) in cash and cash equivalents	(3,876,584)	313,006	135,594	(3,197,257)	(6,625,241)
Cash and cash equivalents, beginning of year	60,107,762	9,290,831	13,536,461	19,994,253	102,929,307
Cash and cash equivalents, end of year	56,231,178	9,603,837	13,672,055	16,796,996	96,304,066
Other disclosures:					
Interest incurred	1,340,120	809,647	1,613,207	523,632	4,286,606
Interest paid	1,351,607	827,716	1,612,482	528,868	4,320,673
Contributions of capital assets	-	2,919,815	5,536,645	-	8,456,460
Change in unrealized gain/loss on investments	(134,058)	(17,823)	(28,320)	(37,960)	(218,161)
Reconciliation of operating income to net cash provided by operating activities:					
Operating Income	13,827,940	3,294,137	4,042,719	2,088,620	23,253,416
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	9,022,087	3,943,788	6,251,534	2,186,469	21,403,878
Changes in assets, deferrals and liabilities					
Accounts receivable	(748,305)	99,876	(152,359)	(446,801)	(1,247,589)
Notes receivable	-	37,504	-	-	37,504
Due from other government	712,109	64,257	122,015	124,789	1,023,170
Inventories	(774,990)	(29,870)	9,308	(122,220)	(917,772)
Prepaid expenses and deposits	(105,072)	(9,498)	(9,498)	(18,312)	(142,380)
Deferred outflows of resources for pensions	1,107,068	594,036	567,034	432,027	2,700,165
Deferred outflows of resources for OPEB	(183,371)	(98,394)	(93,922)	(71,559)	(447,246)
Net pension liability	(1,025,791)	(550,424)	(525,405)	(400,309)	(2,501,929)
Deferred inflows of resources for pensions	(54,961)	(29,491)	(28,151)	(21,448)	(134,051)
Deferred inflows of resources for OPEB	2,485,586	1,333,729	1,273,105	969,985	6,062,405
Accounts payable and accrued expenses	1,533,892	122,491	145,164	176,578	1,978,125
Customer deposits	163,835	38,143	72	22,437	224,487
Due to City of Greenville	19,231	(92,121)	(19,636)	3,985	(88,541)
Compensated absences	20,437	(1,772)	(29,733)	9,654	(1,414)
Unearned Revenue	-	(10,070)	(13,680)	-	(23,750)
Net OPEB liability	(2,406,517)	(1,291,302)	(1,232,606)	(939,128)	(5,869,553)
Miscellaneous income (expense)	1,358,875	128,885	30,524	67,219	1,585,503
Total adjustments	11,124,113	4,249,767	6,293,766	1,973,366	23,641,012
Net cash provided by operating activities	\$ 24,952,053	\$ 7,543,904	\$ 10,336,485	\$ 4,061,986	\$ 46,894,428

The Notes to the Financial Statements are an integral part of these statements

Exhibit 4. Statement of Fiduciary Net Position | June 30, 2018

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	OPEB Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ 1,344,642	\$ 1,161,835
Accounts receivable	-	1,542,481
Restricted assets		
Investments:		
Blackrock MSCI ACWI EQ Index Non-lendable Fund	2,231,515	-
NC Non Pension Fixed Income	317,342	-
Total assets	3,893,499	2,704,316
Liabilities		
Accounts payable	5,619	2,704,316
Total liabilities	5,619	2,704,316
Net Position		
Net position restricted for postemployment benefits other than pensions	\$ 3,887,880	\$ -

Exhibit 5. Statement of Changes in Fiduciary Net Position | For the Year Ended June 30, 2018

	OPEB Trust Fund
Additions	
Contributions:	
Employer contributions	\$ 2,192,179
Total contributions	2,192,179
Investment earnings:	
Interest	26,948
Net increase/(decrease) in the fair value of investments	210,762
Total investment earnings	237,710
Less investment expense	522
Net investment income	237,188
Total additions	2,429,367
Deductions	
Benefits	1,692,179
Total deductions	1,692,179
Change in net position	737,188
Net position restricted for postemployment benefits other than pensions, beginning of year	3,150,692
Net position restricted for postemployment benefits other than pensions, end of year	\$ 3,887,880

The Notes to the Financial Statements are an integral part of these statements

Notes to the Financial Statements



Notes to the Financial Statement

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

The accounting policies of the Greenville Utilities Commission (Utilities Commission) conform to U.S. 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 North Carolina 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 NC 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.

38 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, 2018, two amendments to the original budget were 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 \$21.2727 per share at June 30, 2018.

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	\$ 4,338,382
Unexpended bond proceeds	9,402,632
Unexpended capacity fees	4,079,714
Total	\$ 17,820,728

Allowance for Doubtful Accounts

Receivables are shown net of an allowance for doubtful accounts. The Utilities 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 Utilities Commission reserves 0.14% of rates and charges as bad debt expense and for the 2017-18 fiscal year \$350,497 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. 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 three items that meet this criterion, deferrals related to pension, deferrals related to OPEB, and unamortized losses on bond defeasance for refunding bonds. In addition to liabilities, the statement of net position

40 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 two items that meet the criterion, deferrals related to pension and deferrals related to OPEB.

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.

Defined Benefit Pension and OPEB Plans

The Utilities Commission participates in a multiple-employer defined benefit pension plan that is administered by the State, the Local Governmental Employees' Retirement System (LGERS). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

The Utilities Commission participates in a single-employer defined benefit other postemployment benefit plan (OPEB), the Greenville Utilities Commission Other Postemployment Benefits Plan (GUC OPEB Plan). For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the GUC OPEB plan and additions to/deductions from the GUC OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the GUC OPEB plan. For this purpose, the GUC OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Investments for both plans 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, 2018, the Utilities Commission's deposits had a carrying amount of \$45,238,785 and a bank balance of \$44,472,841. Of the bank balance, \$2,750,100 was covered by Federal depository insurance, and \$41,722,741 was covered by collateral held under the pooling method. The Utilities Commission's deposits include checking accounts, savings accounts, money market accounts and \$7,508,082 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, 2018 consisted of various petty cash funds totaling \$6,700.

Investments

At June 30, 2018, 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	\$ 7,508,082	\$ 7,008,082	\$ 500,000	\$ -
US Government Agencies	Fair Value-Level 1	33,138,263	6,984,639	7,938,305	18,215,319
US Treasury Bills	Fair Value-Level 1	3,492,304	3,492,304	-	-
NC Capital Management Trust – Government Portfolio	Amortized Cost	20,719,374	20,719,374	-	-
NC Capital Management Trust – Term Portfolio*	Fair Value-Level 1	35,524,912	35,524,912	-	-
Totals		\$ 100,382,935	\$ 73,729,311	\$ 8,438,305	\$ 18,215,319

* 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, 2018. 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. The Utilities Commission's investments in US Government Agencies, which include Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association, are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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, 2018 the Utilities Commission OPEB Trust had \$3,893,499 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) 35%, which is reported as cash and cash equivalents; State Treasurer's Bond Index Fund (BIF) 8% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 57% (the equities were split with 53.7% in domestic securities and 46.3% in international securities).

42 Level of the fair value hierarchy. Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices— included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2018 of 1.4 years.

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. The BIF, which does not have a credit rating, was valued at \$1 per unit and had an average maturity of 8.24 years at June 30, 2018.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2018 the fair value of the funds was \$21.272653 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Valuation technique. North Carolina Department of State Treasurer OPEB Trust 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.

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 1.4 years at June 30, 2018. The State Treasurer's Bond Index Fund (BIF) is unrated and had a weighted average maturity of 8.24 years at June 30, 2018.

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:

	2018
Cash	\$ 37,730,703
Petty Cash	6,700
Certificates of Deposit	7,508,082
Investments	92,874,853
Investments – OPEB Trust Fund	3,893,499
Total	\$ 142,013,837

Totals per Statement of Net Position:

	2018
Cash and cash equivalents – unrestricted	\$ 78,483,338
Restricted cash and cash equivalents	4,338,382
Restricted cash and cash equivalents – non-current	13,482,346
Investments – non-current	40,654,437
Investments – OPEB Trust Fund	3,893,499
Cash and cash equivalents – Agency Fund	1,161,835
Total	\$ 142,013,837

Receivables

Receivables at the government-wide level for the business type activities at June 30, 2018, were as follows:

	2018
Billed customer accounts	\$ 20,177,832
Estimated unbilled customer services	12,375,103
Other receivables	849,580
Total accounts receivable	33,402,515
Allowance for uncollectible accounts	(5,539,260)
Net accounts receivable	\$ 27,863,255

The due from other governments that is owed to the Utilities Commission at June 30, 2018 consists of the following:

	2018
Sales tax refund	\$ 1,427,980
FEMA Receivable	195,374
Utilities sales tax refund	11,413
Total due from other governments	\$ 1,634,767

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 \$307,154 payable in monthly installments for 15 years at a 5.25% interest rate.

Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	June 30, 2017	Additions	Deletions	Transfers	June 30, 2018
Capital assets not being depreciated:					
Land	\$ 7,640,320	\$ 47,291	\$ -	\$ 688,109	\$ 8,375,720
Easements	104,071	15,496	-	-	119,567
Construction in progress	22,073,619	9,149,923	-	(4,241,130)	26,982,412
Total capital assets not being depreciated	29,818,010	9,212,710	-	(3,553,021)	35,477,699
Capital assets being depreciated:					
Land improvements	2,882,388	-	-	679,910	3,562,298
General plant	13,010,726	133,263	-	-	13,143,989
Utility plant	164,601,085	2,020,608	-	2,016,709	168,638,402
Computer software	32,672,234	126,529	-	-	32,798,763
Vehicles and equipment	26,861,400	1,090,229	(799,264)	-	27,152,365
Distribution systems	441,336,372	16,132,041	-	856,401	458,324,814
Transmission systems	33,299,399	1,539	-	-	33,300,938
Computer hardware	3,250,086	187,359	-	-	3,437,445
Fiber optics	2,184,610	112,011	-	-	2,296,621
Total capital assets being depreciated	720,098,300	19,803,579	(799,264)	3,553,020	742,655,635
Less accumulated depreciation for:					
Land improvements	1,222,427	155,100	-	-	1,377,527
General plant	6,795,127	355,537	-	-	7,150,664
Utility plant	65,910,160	4,867,847	-	-	70,778,007
Computer software	10,034,222	1,902,838	-	-	11,937,060
Vehicles and equipment	22,743,812	1,528,493	(793,440)	-	23,478,865
Distribution systems	230,635,583	11,451,946	-	-	242,087,529
Transmission systems	22,837,928	925,647	-	-	23,763,575
Computer hardware	3,014,153	101,639	-	-	3,115,792
Fiber optics	1,233,834	114,831	-	-	1,348,665
Total accumulated depreciation	364,427,246	21,403,878	(793,440)	-	385,037,684
Total capital assets being depreciated, net	355,671,054				357,617,951
Net Capital Assets	\$ 385,489,064				\$ 393,095,650

Depreciation expense is charged to the Electric, Water, Sewer, and Gas Funds. Amounts charged to the four funds for the year ended June 30, 2018 totaled \$9,022,087, \$3,943,788, \$6,251,534, and \$2,186,469, respectively.

44 Capital asset activity by fund for the year ended June 30, 2018, was as follows:**Electric Fund**

	June 30, 2017	Additions	Deletions	Transfers	June 30, 2018
Capital assets not being depreciated:					
Land	\$ 3,187,097	\$ 47,291	\$ -	\$ 172,027	\$ 3,406,415
Easements	20,891	15,496	-	-	36,387
Construction in progress	8,747,670	3,518,423	-	(342,005)	11,924,088
Total capital assets not being depreciated	11,955,658	3,581,210	-	(169,978)	15,366,890
Capital assets being depreciated:					
Land improvements	224,390	-	-	169,978	394,368
General plant	5,618,354	29,951	-	-	5,648,305
Utility plant	-	-	-	-	-
Computer software	16,371,443	101,224	-	-	16,472,667
Vehicles and equipment	12,790,883	502,146	(584,917)	44,265	12,752,377
Distribution systems	204,248,848	6,350,833	-	-	210,599,681
Transmission systems	33,299,399	1,539	-	-	33,300,938
Computer hardware	2,534,249	149,887	-	-	2,684,136
Fiber optics	1,746,479	28,002	-	-	1,774,481
Total capital assets being depreciated	276,834,045	7,163,582	(584,917)	214,243	283,626,953
Less accumulated depreciation for:					
Land improvements	204,197	19,242	-	-	223,439
General plant	3,457,423	132,133	-	-	3,589,556
Utility plant	-	-	-	-	-
Computer software	5,023,200	974,062	-	-	5,997,262
Vehicles and equipment	10,647,001	805,982	(579,093)	44,265	10,918,155
Distribution systems	135,231,046	5,995,500	-	-	141,226,546
Transmission systems	22,837,928	925,647	-	-	23,763,575
Computer hardware	2,346,017	80,797	-	-	2,426,814
Fiber optics	971,715	88,724	-	-	1,060,439
Total accumulated depreciation	180,718,527	9,022,087	(579,093)	44,265	189,205,786
Total capital assets being depreciated, net	96,115,518				94,421,167
Net Capital Assets	\$ 108,071,176				\$ 109,788,057

Water Fund

	June 30, 2017	Additions	Deletions	Transfers	June 30, 2018
Capital assets not being depreciated:					
Land	\$ 1,155,210	\$ -	\$ -	\$ 172,028	\$ 1,327,238
Easements	14,590	-	-	-	14,590
Construction in progress	2,288,100	1,011,153	-	(342,005)	2,957,248
Total capital assets not being depreciated	3,457,900	1,011,153	-	(169,977)	4,299,076
Capital assets being depreciated:					
Land improvements	2,370,821	-	-	169,977	2,540,798
General plant	2,551,446	23,511	-	-	2,574,957
Utility plant	56,123,619	1,147,697	-	-	57,271,316
Computer software	5,084,490	6,326	-	-	5,090,816
Vehicles and equipment	4,396,955	258,120	(96,958)	7,085	4,565,202
Distribution systems	81,367,395	3,290,139	-	-	84,657,534
Computer hardware	205,722	9,368	-	-	215,090
Fiber optics	202,442	28,003	-	-	230,445
Total capital assets being depreciated	152,302,890	4,763,164	(96,958)	177,062	157,146,158
Less accumulated depreciation for:					
Land improvements	840,175	86,393	-	-	926,568
General plant	1,130,949	76,952	-	-	1,207,901
Utility plant	27,653,978	1,430,348	-	-	29,084,326
Computer software	1,688,999	283,650	-	-	1,972,649
Vehicles and equipment	3,852,913	203,449	(96,958)	7,085	3,966,489
Distribution systems	33,041,954	1,846,186	-	-	34,888,140
Computer hardware	193,718	5,288	-	-	199,006
Fiber optics	140,951	11,522	-	-	152,473
Total accumulated depreciation	68,543,637	3,943,788	(96,958)	7,085	72,397,552
Total capital assets being depreciated, net	83,759,253				84,748,606
Net Capital Assets	\$ 87,217,153				\$ 89,047,682

46 Sewer Fund

	June 30, 2017	Additions	Deletions	Transfers	June 30, 2018
Capital assets not being depreciated:					
Land	\$ 2,240,652	\$ -	\$ -	\$ 172,027	\$ 2,412,679
Easements	26,128	-	-	-	26,128
Construction in progress	8,628,235	3,426,858	-	(3,215,115)	8,839,978
Total capital assets not being depreciated	10,895,015	3,426,858	-	(3,043,088)	11,278,785
Capital assets being depreciated:					
Land improvements	94,106	-	-	169,977	264,083
General plant	2,143,773	55,861	-	-	2,199,634
Utility plant	93,385,914	845,025	-	2,016,709	96,247,648
Computer software	4,873,024	6,326	-	-	4,879,350
Vehicles and equipment	6,054,378	181,009	(45,364)	(24,916)	6,165,107
Distribution systems	113,007,357	5,784,839	-	856,401	119,648,597
Computer hardware	186,041	9,368	-	-	195,409
Fiber optics	117,843	28,003	-	-	145,846
Total capital assets being depreciated	219,862,436	6,910,431	(45,364)	3,018,171	229,745,674
Less accumulated depreciation for:					
Land improvements	92,844	17,138	-	-	109,982
General plant	921,149	67,828	-	-	988,977
Utility plant	33,534,131	2,939,597	-	-	36,473,728
Computer software	1,458,605	289,542	-	-	1,748,147
Vehicles and equipment	5,231,723	326,058	(45,364)	(24,916)	5,487,501
Distribution systems	43,457,188	2,598,791	-	-	46,055,979
Computer hardware	174,041	5,287	-	-	179,328
Fiber optics	60,583	7,293	-	-	67,876
Total accumulated depreciation	84,930,264	6,251,534	(45,364)	(24,916)	91,111,518
Total capital assets being depreciated, net	134,932,172				138,634,156
Net Capital Assets	\$ 145,827,187				\$ 149,912,941

Gas Fund

	June 30, 2017	Additions	Deletions	Transfers	June 30, 2018
Capital assets not being depreciated:					
Land	\$ 1,057,361	\$ -	\$ -	\$ 172,027	\$ 1,229,388
Easements	42,462	-	-	-	42,462
Construction in progress	2,409,614	1,193,489	-	(342,005)	3,261,098
Total capital assets not being depreciated:	3,509,437	1,193,489	-	(169,978)	4,532,948
Capital assets being depreciated:					
Land improvements	193,071	-	-	169,978	363,049
General plant	2,697,153	23,940	-	-	2,721,093
Utility plant	15,091,552	27,886	-	-	15,119,438
Computer software	6,343,277	12,653	-	-	6,355,930
Vehicles and equipment	3,619,184	148,954	(72,025)	(26,434)	3,669,679
Distribution systems	42,712,772	706,230	-	-	43,419,002
Transmission systems	-	-	-	-	-
Computer hardware	324,074	18,736	-	-	342,810
Fiber optics	117,846	28,003	-	-	145,849
Total capital assets being depreciated:	71,098,929	966,402	(72,025)	143,544	72,136,850
Less accumulated depreciation for:					
Land improvements	85,211	32,327	-	-	117,538
General plant	1,285,606	78,624	-	-	1,364,230
Utility plant	4,722,051	497,902	-	-	5,219,953
Computer software	1,863,418	355,584	-	-	2,219,002
Vehicles and equipment	3,012,175	193,004	(72,025)	(26,434)	3,106,720
Distribution systems	18,905,395	1,011,469	-	-	19,916,864
Transmission systems	-	-	-	-	-
Computer hardware	300,377	10,267	-	-	310,644
Fiber optics	60,585	7,292	-	-	67,877
Total accumulated depreciation	30,234,818	2,186,469	(72,025)	(26,434)	32,322,828
Total capital assets being depreciated, net	40,864,111				39,814,022
Net Capital Assets	\$ 44,373,548				\$ 44,346,970

A summary of capital assets, by fund, at June 30, 2018 is as follows:

	Electric	Water	Sewer	Gas	Total
At June 30, 2018					
Land	\$ 3,406,415	\$ 1,327,238	\$ 2,412,679	\$ 1,229,388	\$ 8,375,720
Easements	36,387	14,590	26,128	42,462	119,567
Land improvements	394,368	2,540,798	264,083	363,049	3,562,298
General plant	5,648,305	2,574,957	2,199,634	2,721,093	13,143,989
Utility plant	-	57,271,316	96,247,648	15,119,438	168,638,402
Computer software	16,472,667	5,090,816	4,879,350	6,355,930	32,798,763
Vehicles and equipment	12,752,377	4,565,202	6,165,107	3,669,679	27,152,365
Distribution systems	210,599,681	84,657,534	119,648,597	43,419,002	458,324,814
Transmission systems	33,300,938	-	-	-	33,300,938
Computer hardware	2,684,136	215,090	195,409	342,810	3,437,445
Fiber optics	1,774,481	230,445	145,846	145,849	2,296,621
	287,069,755	158,487,986	232,184,481	73,408,700	751,150,922
Less accumulated depreciation					
	(189,205,786)	(72,397,552)	(91,111,518)	(32,322,828)	385,037,684)
	97,863,969	86,090,434	141,072,963	41,085,872	366,113,238
Construction in progress	11,924,088	2,957,248	8,839,978	3,261,098	26,982,412
Net Capital Assets	\$ 109,788,057	\$ 89,047,682	\$ 149,912,941	\$ 44,346,970	\$ 393,095,650

48 Construction Commitments

The Utilities Commission has active construction projects as of June 30, 2018. At year-end, the Utilities Commission's commitments with contractors are as follows:

Project Name	Spent-to-date	Remaining Commitments
Electric transmission system	\$ 9,057,893	\$ 256,035
Electric distribution system	1,139,724	6,927
Water treatment and distribution system	2,508,676	4,817,221
Sewer treatment and collection system	11,242,522	1,100,241
Natural gas distribution system	2,801,982	369,760
Administrative facilities	2,576,803	3,723,985
Totals	\$ 29,327,600	\$ 10,274,169

B. Liabilities**Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses at the government-wide level at June 30, 2018, were as follows:

Business type activities:	Vendors	Salaries and Benefits	Other	Total
Electric	\$ 14,314,850	\$ 499,789	\$ 2,316	\$ 14,816,955
Water	542,937	231,076	-	774,013
Sewer	538,581	224,315	-	762,896
Gas	1,334,299	199,125	-	1,533,424
Totals	\$ 16,730,667	\$ 1,154,305	\$ 2,316	\$ 17,887,288

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.

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, 2018 was 7.50% for general employees. Contributions to the pension plan from the Utilities Commission were \$2,345,337 for the year ended June 30, 2018.

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, 2018, the Utilities Commission reported a liability of \$6,887,281 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Utilities Commission's proportion was 0.45082%, which was an increase of 0.00842% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Utilities Commission recognized pension expense of \$2,409,521. At June 30, 2018, 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	\$ 396,771	\$ 194,957
Changes of assumptions	983,599	
Net difference between projected and actual earnings on pension plan investments	1,672,240	
Changes in proportion and differences between employer contributions and proportionate share of contributions	229,685	
Employer contributions subsequent to the measurement date	2,345,337	
Totals	\$ 5,627,632	\$ 194,957

\$2,345,337 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, 2019. 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:	
2019	\$ 451,729
2020	2,061,200
2021	1,056,349
2022	(481,941)
Thereafter	
	\$ 3,087,338

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 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.

50 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 7.20%. 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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Utilities Commission's proportionate share of the net pension liability (asset)	\$20,675,773	\$6,887,281	(\$4,621,757)

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 members or beneficiaries currently receiving benefits	164
Inactive members entitled to but not yet receiving benefits	0
Active members	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		
		20 - 24	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 \$2,192,179. The GUC OPEB Plan is accounted for as a trust fund.

Investments

Investment policy. Investments are valued at fair value. As of the most recent adoption of the current long-term rate of return by the GUC OPEB 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%
Total	100.00%	

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, 2018, the annual money weighted rate of return on investments, net of investment expense, was 6.47 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, 2018 were as follows:

Total OPEB liability (TOL)	\$ 39,546,467
Plan fiduciary net position (FNP)	3,887,880
Net OPEB liability (NOL)	\$ 35,658,587
Plan fiduciary net position as a percentage of the total OPEB liability	9.83%

52 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:

Inflation	2.50%
Real wage growth	1.00%
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%
Municipal bond index rate	
Prior measurement date	3.56%
Measurement date	3.89%
Year fiduciary net position is projected to be depleted	
Prior measurement date	2050
Measurement date	2050
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	4.68%
Measurement date	5.74%
Healthcare cost trend rates	
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

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 expected 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). An expected TOL is then determined as of June 30, 2018 beginning with the TOL as of June 30, 2017 using the same roll forward methodology. Actuarial gains and losses arising from the change in the SEIR from 4.68% on the Prior Measurement Date to 5.74% 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 5.74%. 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 2050 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 2050 and the Municipal Bond Index Rate at the Measurement Date (3.89%) was applied to periods on and after 2050, resulting in an SEIR at the Measurement Date (5.74%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 4.68% at the Prior Measurement Date to 5.74% 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 (4.74 percent) or 1-percentage-point higher (6.74 percent) than the current discount rate:

	1% Decrease (4.74%)	Current Discount Rate (5.74%)	1% Increase (6.74%)
Net OPEB liability	\$42,254,362	\$35,652,968	\$30,347,678

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 or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	\$29,367,839	\$35,652,968	\$43,656,738

Changes in the Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Utilities Commission reported a net OPEB liability of \$35,652,968. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2018 the components of the net OPEB liability of the Utilities Commission were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2017	\$ 44,678,833	\$ 3,150,692	\$ 41,528,421
Changes for the year:			
Service Cost at the end of the year*	1,035,590	0	1,035,590
Interest on TOL and Cash Flows	2,051,825	0	2,051,825
Change in benefit terms	0	0	0
Difference between expected and actual experience	518,960	0	518,960
Changes of assumptions or other inputs	(7,046,562)	0	(7,046,562)
Contributions - employer	0	2,192,179	(2,192,179)
Contributions - non-employer	0	0	0
Net investment income	0	237,188	(237,188)
Benefit payments	(1,692,179)	(1,692,179)	0
Plan administrative expenses	0	0	0
Other	0	0	0
Net changes	(5,132,366)	737,188	(5,869,554)
Balance as of June 30, 2018	\$ 39,546,467	\$ 3,887,880	\$ 35,658,587

Changes of assumptions. Changes of assumptions and other inputs reflect the change in the SEIR from 4.68% on the Prior Measurement Date to 5.74% on the Measurement Date.

For the year ended June 30, 2018, the Utilities Commission recognized OPEB expense of \$1,937,784. At June 30, 2018, the Utilities Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	446,480	
Changes of assumptions or other inputs		6,062,405
Net difference between projected and actual earnings on pension plan investments	766	
Totals	447,246	6,062,405

54 Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (911,485)
2020	(911,485)
2021	(911,485)
2022	(911,487)
2023	(911,677)
Thereafter	(1,057,540)
	\$ (5,615,159)

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 \$33,626,043 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 14 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 \$51,120,584. Principal and interest paid for the current year, total customer net revenues and total revenues were \$3,089,614, \$22,772,026 and \$178,636,236, 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	140,436
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	150,250
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	525,000
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	1,655,912
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	3,929,847
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	22,622,682
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	1,126,291
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
	\$ 33,626,043

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
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	1,253,057	1,060,829	2,313,886
2024-2028	6,116,411	4,539,089	10,655,500
2029-2033	4,987,479	3,331,811	8,319,290
2034-2038	4,898,572	2,138,622	7,037,194
2039-2043	5,377,826	1,341,642	6,719,468
2044-2046	3,729,231	302,318	4,031,549
Totals	\$ 33,626,043	\$ 17,494,541	\$ 51,120,584

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 \$14,737,090 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 18 percent of net revenues, or less than 7 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$20,187,339. Principal and interest paid for the current year, total customer net revenues and total revenues were \$2,964,660, \$7,196,072 and \$20,351,223, 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	\$ 383,866
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	307,946
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	2,959,750
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	719,561
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	2,237,509
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	585,635
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
	\$ 14,737,090

56 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
2019	\$ 2,135,461	\$ 636,576	\$ 2,772,037
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	509,566	407,802	917,368
2024-2028	2,771,510	1,634,681	4,406,191
2029-2033	3,232,505	911,108	4,143,613
2034-2038	1,114,380	243,016	1,357,396
2039-2043	531,897	132,696	664,593
2044-2046	368,842	29,901	398,743
Totals	\$ 14,737,090	\$ 5,450,249	\$ 20,187,339

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	\$ 2,330,948
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	345,320
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	161,695
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	968,621
	\$ 3,806,584

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
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	295,316	57,568	352,884
2024-2028	1,476,583	190,439	1,667,022
2029-2033	853,421	41,962	895,383
Totals	\$ 3,806,584	\$ 585,177	\$ 4,391,761

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	\$ 882,645
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	14,554
	\$ 897,199

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
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	74,673	0	74,673
2024-2028	373,368	0	373,368
2029-2031	150,466	0	150,466
Totals	\$ 897,199	\$ 0	\$ 897,199

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 \$16,667,258 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 27 percent of net revenues, or less than 13 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$23,600,994. Principal and interest paid for the current year, total customer net revenues and total revenues were \$3,162,791, \$10,254,302 and \$23,294,305, 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	\$ 331,318
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	546,419
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	921,967
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	1,531,800
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	4,707,339
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	1,743,075
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
	\$ 16,667,258

58 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
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	675,563	505,136	1,180,699
2024-2028	3,374,201	1,996,931	5,371,132
2029-2033	3,383,332	1,191,274	4,574,606
2034-2038	1,558,654	471,973	2,030,627
2039-2043	1,119,021	279,170	1,398,191
2044-2046	775,981	62,906	838,887
Totals	\$ 16,667,258	\$ 6,933,736	\$ 23,600,994

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	\$ 8,256,979
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,	6,206,200
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	10,237,250
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	1,787,604
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	5,097,816
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	1,718,086
	\$ 33,303,935

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
2019	\$ 2,221,400	\$ 729,353	\$ 2,950,753
2020	2,269,973	688,171	2,958,144
2021	2,269,973	636,636	2,906,609
2022	2,269,973	585,101	2,855,074
2023	2,269,973	533,566	2,803,539
2024-2028	11,349,861	1,894,804	13,244,665
2029-2033	8,842,318	657,621	9,499,939
2034-2038	1,810,464	75,457	1,885,921
Totals	\$ 33,303,935	\$ 5,800,709	\$ 39,104,644

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, 2018, \$756,907 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
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
Totals	\$ 756,907	\$ 406,589	\$ 1,163,496

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 \$13,376,409 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 62 percent of net revenues, or less than 8 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$20,675,102. Principal and interest paid for the current year, total customer net revenues and total revenues were \$1,374,533, \$4,244,655 and \$36,664,693, 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	\$ 36,332
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	160,199
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	1,372,560
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	945,153
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	10,227,470
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
	\$ 13,376,409

60 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
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	361,814	419,355	781,169
2024-2028	1,907,876	1,862,160	3,770,036
2029-2033	1,901,683	1,431,307	3,332,990
2034-2038	2,133,395	962,788	3,096,183
2039-2043	2,431,257	606,542	3,037,799
2044-2046	1,685,944	136,674	1,822,618
Totals	\$ 13,376,409	\$ 7,298,693	\$ 20,675,102

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, 2018 is as follows:

Operating revenues	\$ 255,492,219
Operating expenses ¹	(211,025,134)
Operating income	\$ 44,467,085
Non-operating revenues (expenses)	
Miscellaneous revenues ²	\$ 2,574,676
Interest income ²	879,562
Non-operating expenses	(636,741)
Income available for debt service	\$ 47,284,582
Parity debt service (principal and interest paid) ³	\$ 10,591,598
Parity debt service coverage ratio	446%
Subordinate and other debt service (principal and interest paid)	\$ 3,691,848
Subordinate and other debt service coverage ratio	994%

¹In accordance with rate covenants, operating expenses excludes depreciation expense of \$21,403,878; unfunded OPEB expense of (\$254,395); and pension expense and expenditures of \$64,186.

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

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 position. 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 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, 2018, 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 \$82,541 in the Water Fund and \$132,180 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, 2018:

Business type activities:	June 30, 2017	Additions	Retirements	June 30, 2018	Current Portion
Revenue bonds	\$ 85,620,599	\$ 0	(\$7,213,799)	\$ 78,406,800	\$ 7,148,801
Other types of debt	38,587,279	2,926,318	(2,748,972)	38,764,625	2,742,771
Discounts and premiums	9,649,198	-	(427,137)	9,222,061	-
Compensated absences	2,263,433	2,010,166	(2,011,580)	2,262,019	1,909,229
Net OPEB liability	41,522,523	-	(5,869,555)	35,652,968	-
Net pension liability (LRS)	9,389,210	-	(2,501,929)	6,887,281	-
Unearned revenue	418,231	-	(23,750)	394,481	394,481
Total long-term liabilities	\$ 187,450,473	\$ 4,936,484	(\$20,796,722)	\$ 171,590,235	\$ 12,195,282

Changes in long-term liabilities by fund for the year ended June 30, 2018 are as follows:

Electric Fund:	June 30, 2017	Additions	Retirements	June 30, 2018	Current Portion
Revenue bonds	\$ 35,364,049	\$ 0	(\$1,738,006)	\$ 33,626,043	\$ 2,094,742
Discounts and premiums	3,640,594	-	(134,594)	3,506,000	-
Compensated absences	900,677	845,143	(824,706)	921,114	791,566
Net OPEB liability	17,024,234	-	(2,406,517)	14,617,717	-
Net pension liability (LRS)	3,849,576	-	(1,025,791)	2,823,785	-
Unearned revenue	179,760	-	-	179,760	179,760
Electric Fund long-term liabilities:	\$ 60,958,890	\$ 845,143	(\$6,129,614)	\$ 55,674,419	\$ 3,066,068

Water Fund	June 30, 2017	Additions	Retirements	June 30, 2018	Current Portion
Revenue bonds	\$ 16,964,069	\$ 0	(\$2,226,979)	\$ 14,737,090	\$ 2,135,461
Other types of debt	5,073,773	-	(369,990)	4,703,783	369,989
Discounts and premiums	2,203,291	-	(127,360)	2,075,931	-
Compensated absences	477,389	402,473	(404,245)	475,617	389,887
Net OPEB liability	9,134,955	-	(1,291,302)	7,843,653	-
Net pension liability (LRS)	2,065,626	-	(550,424)	1,515,202	-
Unearned revenue	92,611	-	(10,070)	82,541	82,541
Water Fund long-term liabilities:	\$ 36,011,714	\$ 402,473	(\$4,980,370)	\$ 31,433,817	\$ 2,977,878

Sewer Fund	June 30, 2017	Additions	Retirements	June 30, 2018	Current Portion
Revenue bonds	\$ 19,070,407	\$ 0	(\$2,403,149)	\$ 16,667,258	\$ 2,102,383
Other types of debt	33,513,506	2,926,318	(2,378,982)	34,060,842	2,372,782
Discounts and premiums	2,462,970	-	(111,934)	2,351,036	-
Compensated absences	457,174	407,021	(436,754)	427,441	409,729
Net OPEB liability	8,719,730	-	(1,232,607)	7,487,123	-
Net pension liability (LRS)	1,971,734	-	(525,405)	1,446,329	-
Unearned revenue	145,860	-	(13,680)	132,180	132,180
Sewer Fund long-term liabilities:	\$ 66,341,381	\$ 3,333,339	(\$7,102,511)	\$ 62,572,209	\$ 5,017,074

Gas Fund	June 30, 2017	Additions	Retirements	June 30, 2018	Current Portion
Revenue bonds	\$ 14,222,074	\$ 0	(\$845,665)	\$ 13,376,409	\$ 816,215
Discounts and premiums	1,342,343	-	(53,249)	1,289,094	-
Compensated absences	428,193	355,529	(345,875)	437,847	318,047
Net OPEB liability	6,643,604	-	(939,129)	5,704,475	-
Net pension liability (LRS)	1,502,274	-	(400,309)	1,101,965	-
Gas Fund long-term liabilities:	\$ 24,138,488	\$ 355,529	(\$2,584,227)	\$ 21,909,790	\$ 1,134,262

62 C. Net Investment in Capital Assets

Capital assets	\$ 393,095,650
plus: unexpended bond proceeds	9,402,632
plus: unamortized bond refunding charges	1,890,009
less: long-term debt	126,393,486
Net investment in capital assets	\$ 277,994,805

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, 2018, 2017 and 2016 were \$469,160, \$450,480, and \$442,603, respectively. These contributions represent 1.5%, 1.5% and 1.6%, 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, 2018 consist of the following:

Street lighting reimbursement	\$ 64,531
Street repairs	88,290
Wellness Program	58,796
Dumpster collection and landfill fees	7,265
Total	\$ 218,882

Balances due from the City of Greenville at June 30, 2018 on utility accounts totaled \$228,336. 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 2018 consist of the following:

Electric Fund general transfer	\$ 4,254,580
Gas Fund general transfer	1,598,656
Electric Fund street lighting reimbursement	747,547
Total	\$ 6,600,783

The transfers to the City's General Fund of \$6,600,783 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, 2018 and 2017 are as follows:

	2018	2017
Unpaid claims, beginning	\$ 749,988	\$ 611,634
Incurred claims	6,586,103	6,153,300
Claim payments	(6,518,505)	(6,014,949)
Unpaid claims, ending	\$ 817,586	\$ 749,988

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, 2018 and 2017 are as follows:

	2018	2017
Unpaid claims, beginning	\$ 48,012	\$ 38,363
Incurred claims	447,172	390,432
Claim payments	(440,771)	(380,783)
Unpaid claims, ending	\$ 54,413	\$ 48,012

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

64 \$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, 2018 was approximately \$70.8 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 dekatherms 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, 2018, we have commitments to take delivery on a total of 1,320,000 dekatherms at fixed prices ranging from \$2.68 to \$3.01 per dekatherm and in varying amounts from July 2018 through December 2019. In addition, we have commitments to take delivery on 1,443,700 additional dekatherms per month during the period July 2018 through December 2019 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. The Utilities Commission entered a 30-year agreement with The Black Belt Energy Gas District (Black Belt Energy), effective March 1, 2018 to purchase 40 percent of Utilities Commission's firm volumes (1,600 dekatherms per day during the summer period, April to October, and 2,500 dekatherms per day during the winter period, November through March). The Utilities Commission receives a price

discount projected to be \$0.40 per dekatherm during the initial reset period from November 1, 2018 to October 31, 2023 and pays a fee of \$0.03 per dekatherm to Black Belt Energy to cover the administrative costs of the agreement. The Utilities Commission may elect to remarket the commodity in future reset periods when the available discount realized from the initial reset period through the end of such reset period is less than \$0.25 per dekatherm, excluding any period for which the Utilities Commission delivered a remarking election.

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 - CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Utilities Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", in the fiscal year ending June 30, 2018. The implementation of the statement required the Utilities Commission to adjust the beginning net OPEB liability. As a result, net position decreased by \$29,075,517.

When construction projects are completed by developers and contractors they often donate the water and sewer infrastructure to the Commission. Assets and the responsibility for maintaining and improving the infrastructure are accepted by the Commission if they meet acceptable construction standards. During the year ending June 30, 2018 the Commission discovered that certain infrastructure assets had been donated for the fiscal years 2011 through 2017, but not recognized in the accounting records. Beginning net position was adjusted by the infrastructure donated less the applicable depreciation. The Water Fund reported an adjustment to beginning net position in the amount of \$2,431,864, net of depreciation of \$148,728. The Sewer Fund reported an adjustment to beginning net position in the amount of \$4,824,891, net of depreciation of \$370,495.

The restatements to net position by fund are summarized in the following table.

	Electric	Water	Sewer	Gas	Total
Beginning net OPEB liability	(\$11,178,116)	(\$6,625,959)	(\$6,562,687)	(\$4,708,755)	(\$29,075,517)
Prior year donated assets	-	\$2,431,864	\$4,824,891	-	\$7,256,755
Total restatement to net position	(\$11,178,116)	(\$4,194,095)	(\$1,737,796)	(\$4,708,755)	(\$21,818,762)

NOTE 9 - PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

The GASB has issued several pronouncements prior to June 30, 2018 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. 83, "Certain Asset Retirement Obligations". The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, "Fiduciary Activities". The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement 86, "Certain Debt Extinguishment Issues". The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, "Leases". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Utilities Commission elected to implement this standard in the fiscal year ending June 30, 2018.

GASB Statement No. 90, "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61". The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Earlier application of these statements is encouraged. For the original pronouncements, please visit the GASB's website, www.gasb.org.

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Required Supplementary Information

Required Supplementary
Information

Schedule 1. Greenville Utilities Commission's Proportionate Share of Net Pension Liability (Asset) | Last Five 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**
2018	0.451%	\$ 6,887,281	\$ 29,774,064	23.13%	94.18%
2017	0.442%	\$ 9,389,210	\$ 26,489,847	35.44%	91.47%
2016	0.419%	\$ 1,880,088	\$ 25,315,352	7.43%	98.09%
2015	0.421%	\$ (2,480,943)	\$ 24,852,254	(9.98%)	102.64%
2014	0.420%	\$ 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 2. Greenville Utilities Commission's Contributions | Last Five 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
2018	\$ 2,345,337	\$ 2,345,337	\$ -	\$ 30,312,540	7.74%
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 3. Schedule of Changes in the Net OPEB Liability and Related Ratios | Last Two Years

	2018	2017
Total OPEB Liability		
Service cost at end of year	\$ 1,035,590	\$ 1,146,045
Interest	2,051,825	1,930,674
Changes of benefit terms	-	-
Differences between expected and actual experience	518,960	-
Changes of assumptions	(7,046,562)	(3,865,249)
Benefit payments	(1,692,179)	(1,442,003)
Net change in total OPEB liability	(5,132,366)	(2,230,533)
Total OPEB liability - beginning	44,678,833	46,909,366
Total OPEB liability - ending	\$ 39,546,467	\$ 44,678,833
Plan fiduciary net position		
Contributions - employer	\$2,192,179	\$1,942,003
Contributions - nonemployer	-	-
Contributions - active members	-	-
Net investment income	237,188	321,437
Benefit payments	(1,692,179)	(1,442,003)
Administrative expense	-	-
Other	-	-
Net change in plan fiduciary net position	737,188	821,437
Plan fiduciary net position - beginning	3,150,692	2,329,255
Plan fiduciary net position - ending	\$ 3,887,880	\$ 3,150,692
Net OPEB liability - ending	\$ 35,658,587	\$ 41,528,141
Plan fiduciary net position as a percentage of the total OPEB liability	9.83%	7.05%
Covered payroll	26,006,154	26,006,154
Utilities Commission's net OPEB liability as a percentage of covered payroll	137.12%	159.69%

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

Schedule 4. Greenville Utilities Commission's Contributions | Last Three Years

Year Ending June 30,	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)
2018	\$ 2,590,104	\$ 2,192,179	\$ 397,925
2017	\$ 2,070,367	\$ 1,942,003	\$ 128,364
2016	\$ 2,050,401	\$ 1,553,515	\$ 496,886

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: Entry age normal
 Amortization method: Level dollar payment
 Amortization period: 30 years, closed
 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 5. Greenville Utilities Commission's Contributions | Last Seven Years

Year Ending June 30,	Annual money-weighted rate of return, net of investment expense
2018	6.47%
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.

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Supplementary Information

Supplementary
Information



Schedule 6. All Operating Funds | For the Year Ended June 30, 2018 (With Comparative Actual Totals for June 30, 2017)

	2018			2017
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Electric Revenues				
Rates and charges	\$ 172,634,605	\$ 173,216,856	\$ 582,251	\$ 173,232,911
Fees and charges	1,874,087	2,127,927	253,840	1,932,362
Miscellaneous	2,943,233	2,879,514	(63,719)	1,822,799
Interest on investments	450,000	538,907	88,907	240,446
FEMA/Insurance Reimbursements	41,959	60,137	18,178	1,181,352
Total Electric Revenues	177,943,884	178,823,341	879,457	178,409,870
Water Revenues				
Rates and charges	19,052,908	19,380,229	327,321	18,983,628
Fees and charges	466,407	582,827	116,420	384,290
Miscellaneous	296,897	315,030	18,133	298,876
Interest on investments	88,000	97,521	9,521	56,151
FEMA/Insurance Reimbursements	2,622	-	(2,622)	133,250
Total Water Revenues	19,906,834	20,375,607	468,773	19,856,195
Sewer Revenues				
Rates and charges	22,256,478	22,439,848	183,370	22,232,340
Fees and charges	497,000	549,067	52,067	395,878
Miscellaneous	222,780	248,815	26,035	145,380
Interest on investments	85,000	97,270	12,270	41,143
FEMA/Insurance Reimbursements	27,757	20,553	(7,204)	131,275
Total Sewer Revenues	23,089,015	23,355,553	266,538	22,946,016
Gas Revenues				
Rates and charges	36,048,007	36,113,602	65,595	28,173,864
Fees and charges	155,947	159,092	3,145	151,126
Miscellaneous	188,795	261,991	73,196	327,299
Interest on investments	125,000	145,864	20,864	70,917
FEMA/Insurance Reimbursements	5,245	-	(5,245)	134,809
Total Gas Revenues	36,522,994	36,680,549	157,555	28,858,015
Total Revenues	257,462,727	259,235,050	1,772,323	250,070,096
Expenditures				
Electric Fund				
Other operating expenses		158,793,073		162,176,734
Capital Outlay		7,226,369		6,849,593
Debt Service		3,089,613		3,191,579
Total	173,843,884	169,109,055	4,734,829	172,217,906
Water Fund				
Other operating expenses		12,878,873		12,411,039
Capital Outlay		1,843,348		1,132,519
Debt Service		3,448,214		3,559,855
Total	\$ 19,156,834	\$ 18,170,435	\$ 986,399	\$ 17,103,413

Schedule 6 continues on the next page.

Schedule 6. All Operating Funds | For the Year Ended June 30, 2018 (With Comparative Actual Totals for June 30, 2017)

	2018		2017	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Sewer Fund				
Other operating expenses	\$ -	\$ 12,858,670	\$ -	\$ 12,223,879
Capital Outlay		1,373,786		1,244,528
Debt Service		6,394,613		6,124,635
Total	22,174,225	20,627,069	1,547,156	19,593,042
Gas Fund				
Other operating expenses		33,732,041		26,568,646
Capital Outlay		966,403		1,379,520
Debt Service		1,374,533		1,547,900
Total	37,490,389	36,072,977	1,417,412	29,496,066
Total expenditures	252,665,332	243,979,536	8,685,796	238,410,427
Excess of Revenues Over (Under) Expenditures	4,797,395	15,255,514	10,458,119	11,659,669
Other Financing Sources (Uses)				
Contributed capital	14,295	1,213,999	1,199,704	134,890
Intra-fund transfers in	170,915	170,915	-	1,708,082
Intra-fund transfers out	(5,950,000)	(14,410,000)	(8,460,000)	(11,630,166)
Appropriated fund balance	967,395	-	(967,395)	-
Total other financing sources (uses)	(4,797,395)	(13,025,086)	(8,227,691)	(9,787,194)
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 2,230,428	\$ 2,230,428	\$ 1,872,475
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		11,409,906		10,606,160
Budgetary appropriations - debt principal		9,962,771		10,420,893
Depreciation		(21,403,878)		(20,999,407)
Amortization of bond premium and discount		427,138		427,138
Amortization of deferred loss on refundings		(269,516)		(276,242)
Capitalization of bond interest		-		504,309
Changes in accrued interest payable		34,067		(10,449)
Changes in unrealized gains/losses on investments		(218,162)		(87,391)
Intra-fund transfers		14,239,085		9,922,084
Changes in net OPEB liability		254,395		(331,766)
Changes in deferred outflows for pensions		(2,700,165)		6,436,668
Changes in net pension liability		2,501,929		(7,509,123)
Changes in deferred inflows for pensions		134,051		648,176
Revenue recognized in Rate Stabilization Fund		207,611		83,484
Revenue recognized in Capital Projects		1,179,063		697,178
Total reconciling items		15,758,295		10,531,712
Changes in net position	\$ -	\$ 17,988,723	\$ -	\$ 12,404,187

Schedule 7. Electric Operating Fund | For the Year Ended June 30, 2018 (With Comparative Actual Totals for June 30, 2017)

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Revenues				
Operating Revenues				
Rates and charges	\$ 172,634,605	\$ 173,216,856	\$ 582,251	\$ 173,232,911
Fees and charges	1,874,087	2,127,927	253,840	1,932,362
Miscellaneous	550,756	581,463	30,707	159,433
	175,059,448	175,926,246	866,798	175,324,706
Non-Operating Revenues				
Interest on investments	450,000	538,907	88,907	240,446
FEMA/Insurance reimbursements	41,959	60,137	18,178	1,181,352
Miscellaneous	2,392,477	2,298,051	(94,426)	1,663,366
	2,884,436	2,897,095	12,659	3,085,164
Total Revenues	177,943,884	178,823,341	879,457	178,409,870
Expenditures				
Electric Fund				
Operations and maintenance		158,793,073		162,176,734
Capital Outlay		7,226,369		6,849,593
Debt Service		3,089,613		3,191,579
Total expenditures	173,843,884	169,109,055	4,734,829	172,217,906
Excess of Revenues Over Expenditures	4,100,000	9,714,286	5,614,286	6,191,964
Other Financing Sources (Uses)				
Intra-fund transfers in	-	-	-	743,619
Intra-fund transfers out	(4,100,000)	(8,830,000)	(4,730,000)	(5,900,000)
Total other financing sources (uses)	(4,100,000)	(8,830,000)	(4,730,000)	(5,156,381)
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 884,286	\$ 884,286	\$ 1,035,583
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		\$ 7,226,369		\$ 6,849,593
Budgetary appropriations - debt principal		1,738,006		2,006,521
Depreciation		(9,022,087)		(8,992,077)
Amortization of bond premium and discount		134,594		134,594
Amortization of deferred loss on refundings		(61,735)		(63,051)
Capitalization of bond interest		-		300,069
Changes in accrued interest payable		11,487		(15,787)
Changes in unrealized gains/losses on investments		(133,167)		(52,417)
Intra-fund transfers		8,830,000		5,156,381
Changes in OPEB liability		104,302		(145,051)
Changes in deferred outflows for pensions		(1,107,068)		2,639,034
Changes in net pension liability		1,025,791		(3,078,740)
Changes in deferred inflows for pensions		54,961		265,752
Revenue recognized in Rate Stabilization Fund		200,742		79,047
Revenue recognized in Capital Projects Fund		69,419		52,088
Total reconciling items		9,071,614		5,135,956
Changes in net position		\$ 9,955,900		\$ 6,171,539

Schedule 8. Electric Rate Stabilization Fund | From Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Interest on investments	\$ -	\$ 106,041	\$ 200,742	\$ 306,783	\$ 306,783
Other Financing Sources (Uses)					
Transfer from Electric Operating Fund	23,100,000	19,000,000	4,100,000	23,100,000	-
Transfer to Electric Operating Fund	(23,100,000)	-	-	-	23,100,000
Total other financing sources (uses)	-	19,000,000	4,100,000	23,100,000	23,100,000
Revenues Over Other Financing Sources (Uses)	\$ -	\$ 19,106,041	\$ 4,300,742	\$ 23,406,783	\$ 23,406,783

Schedule 9. Electric Capital Projects Fund | From Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Interest and misc income	\$ -	\$ 105,357	\$ 69,419	\$ 174,776	\$ 174,776
State contributions	1,535,000	1,000,000	-	1,000,000	(535,000)
Total revenues	1,535,000	1,105,357	69,419	1,174,776	(360,224)
Expenditures					
FCP-100 Downtown Office Efficiency & Enhancement	918,750	-	5,014	5,014	913,736
FCP10066 Downtown Facilities Development*	400,000	341,276	186	341,462	58,538
FCP10072 New Operations Center Phase 2	29,315,000	119,659	1,286,552	1,406,211	27,908,789
ECP-133 Sugg Parkway Transmission Line	1,700,000	-	-	-	1,700,000
ECP-134 Sugg Parkway Substation	3,400,000	6,050	8,947	14,997	3,385,003
ECP-138 Greenville 230 kV South POD Substation	4,800,000	4,278,309	259,820	4,538,129	261,871
ECP-142 Bells Fork to Hollywood Substation Upgrade	5,605,155	2,609,202	1,883,688	4,492,890	1,112,265
ECP-144 10th Street Connector Project	1,535,000	1,077,385	47,342	1,124,727	410,273
ECP10168 POD #3 to Simpson Substation Trans. Loop	300,000	-	17,714	17,714	282,286
ECP10171 Greenville 115kV Trans. Circuit Flood Mitigation	600,340	-	-	-	600,340
ECP10172 Greenville 230 kV W Substation Flood Mitigation	3,355,000	-	9,160	9,160	3,345,840
ECP10174 Electric System Expansion	2,500,000	-	-	-	2,500,000
ECP10187 Vidant Peaking Generators	6,000,000	-	-	-	6,000,000
Total expenditures	60,429,245	8,431,881	3,518,423	11,950,304	48,478,941
Excess of Revenues Over (Under) Expenditures	(58,894,245)	(7,326,524)	(3,449,004)	(10,775,528)	48,118,717
Other Financing Sources (Uses)					
Appropriated fund balance	6,100,340	-	-	-	(6,100,340)
Revenue bonds issued	10,755,155	11,513,797	-	11,513,797	758,642
Long-term financing	42,038,750	-	-	-	(42,038,750)
Intra-fund transfers in	-	2,356,608	4,730,000	7,086,608	7,086,608
Total other financing sources (uses)	58,894,245	13,870,405	4,730,000	18,600,405	(40,293,840)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 6,543,881	\$ 1,280,996	\$ 7,824,877	\$ 7,824,877

*Project(s) already closed.

Schedule 10. Water Operating Fund | For the Year Ended June 30, 2018 (With Comparative Actual Totals for June 30, 2017)

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Revenues				
Operating Revenues				
Rates and charges	\$ 19,052,908	\$ 19,380,229	\$ 327,321	\$ 18,983,628
Fees and charges	466,407	582,827	116,420	384,290
Miscellaneous	112,169	111,896	(273)	79,809
	19,631,484	20,074,952	443,468	19,447,727
Non-Operating Revenues				
Interest on investments	88,000	97,521	9,521	56,151
FEMA/Insurance reimbursements	2,622	-	(2,622)	133,250
Miscellaneous	184,728	203,134	18,406	219,067
	275,350	300,655	25,305	408,468
Total Revenues	19,906,834	20,375,607	468,773	19,856,195
Expenditures				
Water Fund				
Operations and maintenance		12,878,873		12,411,039
Capital Outlay		1,843,348		1,132,519
Debt Service		3,448,214		3,559,855
Total expenditures	19,156,834	18,170,435	986,399	17,103,413
Excess of Revenues Over (Under) Expenditures	750,000	2,205,172	1,455,172	2,752,782
Other Financing Sources (Uses)				
Capital contributions	-	487,951	487,951	82,786
Intra-fund transfers in	-	-	-	73,548
Intra-fund transfers out	(750,000)	(1,735,000)	(985,000)	(2,407,333)
Total other financing sources (uses)	(750,000)	(1,247,049)	(497,049)	(2,250,999)
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 958,123	\$ 958,123	\$ 501,783
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		1,843,348		1,132,519
Budgetary appropriations - debt principal		2,596,969		2,723,516
Depreciation		(3,943,788)		(3,825,939)
Amortization of bond premium and discount		127,360		127,360
Amortization of deferred loss on refundings		(99,573)		(100,268)
Capitalization of bond interest		-		58,462
Changes in accrued interest payable		18,069		6,754
Changes in unrealized gains/losses on investments		(17,400)		(6,531)
Intra-fund transfers		1,735,000		2,333,785
Changes in OPEB liability		55,967		(63,609)
Changes in deferred outflows for pensions		(594,036)		1,416,067
Changes in net pension liability		550,424		(1,652,007)
Changes in deferred inflows for pensions		29,491		142,599
Revenue recognized in Capital Projects Fund		413,700		214,020
Total reconciling items		2,715,531		2,506,728
Changes in net position		\$ 3,673,654		\$ 3,008,511

Schedule 11. Water Capital Projects Fund | From Inception and for the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues					
Interest and misc income	\$ 30,441	\$ 34,344	\$ 44,622	\$ 78,966	\$ 48,525
Capacity fees	-	1,551,734	369,078	1,920,812	1,920,812
Total revenues	30,441	1,586,078	413,700	1,999,778	1,969,337
Expenditures					
FCP-100 Downtown Office Efficiency and Enhancement	918,750	-	5,014	5,014	913,736
FCP10066 Downtown Facilities Development*	400,000	341,276	186	341,462	58,538
FCP10072 New Operations Center Phase 2	7,995,000	32,634	350,878	383,512	7,611,488
WCP-117 WTP Upgrade Phase I	47,500,000	1,099,685	626,248	1,725,933	45,774,067
WCP-120 Water/Sewer Meter ERT/Lead Compliance	1,718,750	256,006	-	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	491,885	28,827	520,712	979,288
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
WCP10030 Water Distribution System Improvements	500,000	-	-	-	500,000
Total expenditures	64,778,500	2,227,511	1,011,153	3,238,664	61,539,836
Excess of Revenues Over (Under) Expenditures	(64,748,059)	(641,433)	(597,453)	(1,238,886)	63,509,173
Other Financing Sources (Uses)					
Appropriated fund balance	21,000,000	-	-	-	(21,000,000)
Revenue bonds issued	1,681,594	1,548,289	-	1,548,289	(133,305)
Long-term financing	42,066,465	-	-	-	(42,066,465)
Intra-fund transfers in	-	2,728,572	1,735,000	4,463,572	4,463,572
Total other financing sources (uses)	64,748,059	4,276,861	1,735,000	6,011,861	(58,736,198)
Revenues and Other Financing Sources					
Over (Under) Expenditures	\$ -	\$ 3,635,428	\$ 1,137,547	\$ 4,772,975	\$ 4,772,975

*Project(s) already closed.

Schedule 12. Sewer Operating Fund | For the Year Ended June 30, 2018 (With Comparative Actual Totals for June 30, 2017)

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues				
Operating Revenues				
Rates and charges	\$ 22,256,478	\$ 22,439,848	\$ 183,370	\$ 22,232,340
Fees and charges	497,000	549,067	52,067	395,878
Miscellaneous	125,371	124,065	(1,306)	81,396
	22,878,849	23,112,980	234,131	22,709,614
Non-Operating Revenues				
Interest on investments	85,000	97,270	12,270	41,143
FEMA/Insurance reimbursements	27,757	20,553	(7,204)	131,275
Miscellaneous	97,409	124,750	27,341	63,984
	210,166	242,573	32,407	236,402
Total Revenues	23,089,015	23,355,553	266,538	22,946,016
Expenditures				
Sewer Fund				
Operations and maintenance		12,858,670		12,223,879
Capital Outlay		1,373,786		1,244,528
Debt Service		6,394,613		6,124,635
Total expenditures	22,174,225	20,627,069	1,547,156	19,593,042
Excess of Revenues Over (Under) Expenditures	914,790	2,728,484	1,813,694	3,352,974
Other Financing Sources (Uses)				
Capital contributions	14,295	726,048	711,753	52,104
Intra-fund transfers in	170,915	170,915	-	154,733
Intra-fund transfers out	(1,100,000)	(2,645,000)	(1,545,000)	(2,572,833)
Total other financing sources (uses)	(914,790)	(1,748,037)	(833,247)	(2,365,996)
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 980,447	\$ 980,447	\$ 986,978
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		\$1,373,786		\$1,244,528
Budgetary appropriations - debt principal		4,782,131		4,610,984
Depreciation		(6,251,534)		(5,981,002)
Amortization of bond premium and discount		111,935		111,935
Amortization of deferred loss on refundings		(76,924)		(79,724)
Capitalization of bond interest		-		78,468
Changes in accrued interest payable		(725)		1,148
Changes in unrealized gains/losses on investments		(27,276)		(9,841)
Intra-fund transfers		2,474,085		2,418,100
Changes in OPEB liability		53,423		(65,653)
Changes in deferred outflows for pensions		(567,035)		1,351,700
Changes in net pension liability		525,405		(1,576,916)
Changes in deferred inflows for pensions		28,151		136,117
Revenue recognized in Capital Projects Fund		614,480		391,908
Total reconciling items		3,039,902		2,631,752
Changes in net position		\$ 4,020,349		\$ 3,618,730

Schedule 13. Sewer Capital Projects Fund | From Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Interest and misc income	\$ -	\$ 30,442	\$ 95,013	\$ 125,455	\$ 125,455
Capacity fees	-	1,737,611	421,291	2,158,902	2,158,902
Outfall acreage fee	-	956,960	98,176	1,055,136	1,055,136
Total revenues	-	2,725,013	614,480	3,339,493	3,339,493
Expenditures					
FCP-100 Downtown Office Efficiency and Enhancement	918,750	-	5,014	5,014	913,736
FCP10066 Downtown Facilities Development*	400,000	341,276	186	341,462	58,538
FCP10072 New Operations Center Phase 2	7,995,000	32,634	350,878	383,512	7,611,488
WCP-120 Water/Sewer Meter ERT/Lead Compliance	1,406,250	209,459	-	209,459	1,196,791
SCP-117 WWTP Ultraviolet Disinfection Equipment*	3,360,000	1,965,395	51,314	2,016,709	1,343,291
SCP-118 Southside Pump Station Upgrade	6,600,000	4,645,089	1,135,250	5,780,339	819,661
SCP-120 Sewer Biosolids Processing	6,800,000	22,572	-	22,572	6,777,428
SCP-121 Sewer Harris Mill Interceptor*	995,000	103,910	734,042	837,952	157,048
SCP-122 WWTP Air Distribution System	2,000,000	1,015,875	881,117	1,896,992	103,008
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	42,806	251,768	58,232
SCP10217 10th Street Connector Project	306,000	-	-	-	306,000
SCP10219 Candlewick Area Sanitary Sewer District Proj.	800,000	-	100,000	100,000	700,000
SCP10221 Southeast Sewer Service Area Project	2,500,000	-	-	-	2,500,000
SCP10222 Sewer Outfall Rehabilitation Phase 4	2,480,000	-	18,836	18,836	2,461,164
SCP10223 Regional Pump Station Upgrades	1,800,000	-	107,415	107,415	1,692,585
SCP10229 Greene Street Pump Station and Force Main	1,100,000	-	-	-	1,100,000
SCP10230 Forlines Pump Station Expansion	250,000	-	-	-	250,000
Total expenditures	41,921,000	8,545,652	3,426,858	11,972,510	29,948,490
Excess of Revenues Over (Under) Expenditures	(41,921,000)	(5,820,639)	(2,812,378)	(8,633,017)	33,287,983
Other Financing Sources (Uses)					
Appropriated fund balance	4,951,464	-	-	-	(4,951,464)
Revenue bonds issued	2,805,000	2,673,400	-	2,673,400	(131,600)
State loans	9,992,786	6,195,836	2,926,318	9,122,154	(870,632)
Long-term financing	24,171,750	-	-	-	(24,171,750)
Intra-fund transfers in	-	5,529,907	2,645,000	8,174,907	8,174,907
Intra-fund transfers out	-	-	(170,915)	(170,915)	(170,915)
Total other financing sources (uses)	41,921,000	14,399,143	5,400,403	19,799,546	(22,121,454)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 8,578,504	\$ 2,588,025	\$ 11,166,529	\$ 11,166,529

*Project(s) already closed.

Schedule 14. Gas Operating Fund | For the Year Ended June 30, 2018 (With Comparative Actual Totals for June 30, 2017)

	2018		Variance Positive (Negative)	2017
	Budget	Actual		Actual
Revenues				
Operating Revenues				
Rates and charges	\$ 36,048,007	\$ 36,113,602	\$ 65,595	\$ 28,173,864
Fees and charges	155,947	159,092	3,145	151,126
Miscellaneous	102,544	105,347	2,803	198,807
	36,306,498	36,378,041	71,543	28,523,797
Non-Operating Revenues				
Interest on investments	125,000	145,864	20,864	70,917
FEMA/Insurance reimbursements	5,245	-	(5,245)	134,809
Miscellaneous	86,251	156,644	70,393	128,492
	216,496	302,508	86,012	334,218
Total Revenues	36,522,994	36,680,549	157,555	28,858,015
Expenditures				
Gas Fund				
Operations and maintenance		33,732,041		26,568,646
Capital Outlay		966,403		1,379,520
Debt Service		1,374,533		1,547,900
Total expenditures	37,490,389	36,072,977	1,417,412	29,496,066
Excess of Revenues Over (Under) Expenditures	(967,395)	607,572	1,574,967	(638,051)
Other Financing Sources (Uses)				
Intra-fund transfers in	-	-	-	736,182
Intra-fund transfers out	-	(1,200,000)	(1,200,000)	(750,000)
Appropriated fund balance	967,395	-	(967,395)	-
Total other financing sources (uses)	967,395	(1,200,000)	(2,167,395)	(13,818)
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ (592,428)	\$ (592,428)	\$ (651,869)
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		\$966,403		\$1,379,520
Budgetary appropriations - debt principal		845,665		1,079,872
Depreciation		(2,186,469)		(2,200,389)
Amortization of bond premium and discount		53,249		53,249
Amortization of deferred loss on refundings		(31,284)		(33,199)
Capitalization of bond interest		-		67,310
Changes in accrued interest payable		5,236		(2,564)
Changes in unrealized gains/losses on investments		(40,319)		(18,602)
Intra-fund transfers		1,200,000		13,818
Changes in OPEB liability		40,703		(57,453)
Changes in deferred outflows for pensions		(432,026)		1,029,867
Changes in net pension liability		400,309		(1,201,460)
Changes in deferred inflows for pensions		21,448		103,708
Revenue recognized in Rate Stabilization Fund		6,869		4,437
Revenue recognized in Capital Projects Fund		81,464		39,162
Total reconciling items		931,248		257,276
Changes in net position		\$ 338,820		\$ (394,593)

Schedule 15. Gas Rate Stabilization Fund | From Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Interest on investments	\$ -	\$ 4,437	\$ 6,869	\$ 11,306	\$ 11,306
Other Financing Sources (Uses)					
Transfer from Gas Operating Fund	1,250,000	1,000,000	250,000	1,250,000	-
Transfer to Gas Operating Fund	(1,250,000)	(400,000)	-	(400,000)	850,000
Total other financing sources (uses)	-	600,000	250,000	850,000	850,000
Revenues Over Other Financing Sources (Uses)	\$ -	\$ 604,437	\$ 256,869	\$ 861,306	\$ 861,306

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

Schedule 16. Gas Capital Projects Fund | From Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues					
Interest and misc income	\$ -	\$ 38,549	\$ 81,464	\$ 120,013	\$ 120,013
Total revenues	-	38,549	81,464	120,013	120,013
Expenditures					
FCP-100 Downtown Office Efficiency and Enhancement	918,750	-	5,014	5,014	913,736
FCP10066 Downtown Facilities Development*	400,000	341,276	186	341,462	58,538
FCP10072 New Operations Center Phase 2	7,995,000	32,634	350,878	383,512	7,611,488
GCP-88 GUC-PNG Multiple Gas Facilities Upgrade	2,650,000	1,847,298	198,998	2,046,296	603,704
GCP-92 LNG Liquefaction Additions	1,000,000	28,428	-	28,428	971,572
GCP-93 Southwestern Loop Phase I	500,000	57,625	418,374	475,999	24,001
GCP10094 Thomas Langston Road Enhancements	1,400,000	31,220	220,039	251,259	1,148,741
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
GCP10104 Memorial Drive Bridge Replacement	1,500,000	-	-	-	1,500,000
Total expenditures	28,663,750	2,338,481	1,193,489	3,531,970	25,131,780
Excess of Revenues Over (Under) Expenditures	(28,663,750)	(2,299,932)	(1,112,025)	(3,411,957)	25,251,793
Other Financing Sources (Uses)					
Appropriated fund balance	4,900,000	-	-	-	(4,900,000)
Revenue bonds issued	3,000,000	2,467,941	-	2,467,941	(532,059)
Long-term financing	20,763,750	-	-	-	(20,763,750)
Intra-fund transfers in	-	8,276,978	950,000	9,226,978	9,226,978
Total other financing sources (uses)	28,663,750	10,744,919	950,000	11,694,919	(16,968,831)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 8,444,987	\$ (162,025)	\$ 8,282,962	\$ 8,282,962

*Project(s) already closed.

Schedule 17. Combining Statement of Fiduciary Net Position - Agency Funds | June 30, 2018

	Stormwater Collection Agency Fund	Refuse Collection Agency Fund	Total
Assets			
Cash and cash equivalents	\$ 507,613	\$ 654,222	\$ 1,161,835
Accounts receivables	557,275	985,206	1,542,481
Total assets	\$ 1,064,888	\$ 1,639,428	\$ 2,704,316
Liabilities			
Accounts payable	\$ 1,064,888	\$ 1,639,428	\$ 2,704,316
Total liabilities	\$ 1,064,888	\$ 1,639,428	\$ 2,704,316

Schedule 18. Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds

| For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
Stormwater Collection Fund:				
Assets:				
Cash and cash equivalents	\$ 436,581	\$ 6,050,002	\$ (5,978,970)	\$ 507,613
Accounts receivable	513,318	6,093,968	(6,050,011)	557,275
Total assets	\$ 949,899	\$ 12,143,970	\$ (12,028,981)	\$ 1,064,888
Liabilities:				
Accounts payable	\$ 949,899	\$ 6,094,166	\$ (5,979,177)	\$ 1,064,888
	\$ 949,899	\$ 6,094,166	\$ (5,979,177)	\$ 1,064,888
Refuse Collection Fund:				
Assets:				
Cash and cash equivalents	\$ 596,369	\$ 7,425,954	\$ (7,368,101)	\$ 654,222
Accounts receivable	920,930	7,490,139	(7,425,863)	985,206
Total assets	\$ 1,517,299	\$ 14,916,093	\$ (14,793,964)	\$ 1,639,428
Liabilities:				
Accounts payable	\$ 1,517,299	\$ 7,491,369	\$ (7,369,240)	\$ 1,639,428
	\$ 1,517,299	\$ 7,491,369	\$ (7,369,240)	\$ 1,639,428

Schedule 19. Schedule of 2018-2019 Projected Transfer to the City of Greenville General Fund

	Electric Fund	Gas Fund	Total
General Transfer			
Capital assets, net of depreciation	\$ 101,908,474	\$ 41,424,365	\$ 143,332,838
Less long-term debt	32,165,284	12,690,182	44,855,466
Net transfer base	69,743,190	28,734,183	98,477,373
Transfer rate	6.00%	6.00%	6.00%
Projected general transfer to City of Greenville	4,184,591	1,724,051	5,908,642
Street Lighting Reimbursement			
Street lighting projected revenue	1,645,308		1,645,308
Transfer Rate	50%		50%
Projected street lighting reimbursement	822,654		822,654
Total projected transfer to City of Greenville General Fund	\$ 5,007,245	\$ 1,724,051	\$ 6,731,296

Schedule 20. Schedule of Indebtedness | June 30, 2018

	Original Issue Amount	Date of Issue	Date of Maturity	Outstanding June 30, 2017	Added During Year	Retired During Year Principal Interest	Outstanding June 30, 2018	Discount/ Premium	Long-term Debt Total	Maturing Next Year Principal Interest	Accrued Interest 2018	
Electric Fund:												
2008A Rev Bonds New Money	3,903,762	6/25/2008	11/1/2019	18,484	-	- 924	18,484	3,654	22,138	- 924	154	
2008A Rev Bonds Refund 1998	1,084,583	6/25/2008	11/1/2018	274,185	-	133,749 10,366	140,436	1,711	142,147	140,436 3,511	1,170	
2008A Rev Bonds Refund 2000A	605,347	6/25/2008	11/1/2020	208,466	-	58,216 8,719	150,250	4,334	154,584	61,115 5,736	1,211	
2008B Rev Bonds Taxable	4,130,000	6/25/2008	11/1/2018	1,020,000	-	495,000 44,651	525,000		525,000	525,000 15,173	5,058	
2010 Rev Bonds Refund 2001	3,902,210	11/12/2010	9/1/2021	2,044,183	-	388,271 46,436	1,655,912		1,655,912	398,908 36,557	13,854	
2013 Rev Bonds Refund 2003B	283,932	3/11/2013	5/1/2018	53,261	-	53,261 980	-		-	- -	-	
2013 Rev Bonds Refund 2007	6,182,959	3/11/2013	5/1/2027	4,365,153	-	435,306 80,319	3,929,847		3,929,847	435,306 72,309	12,052	
2016 Rev Bonds New Money	22,679,530	6/14/2016	4/1/2046	22,679,530	-	56,848 932,763	22,622,682	2,542,723	25,165,405	414,991 931,057	66,504	
2016 Rev Bonds Refund 2005	1,369,152	6/14/2016	4/1/2026	1,243,646	-	117,355 57,064	1,126,291	214,951	1,341,242	118,986 53,544	3,825	
2016 Rev Bonds Refund 2008A	3,470,208	6/14/2016	4/1/2034	3,457,141	-	- 169,385	3,457,141	738,627	4,195,768	- 169,385	12,099	
	47,611,683			35,364,049	-	1,738,006 1,351,607	33,626,043	3,506,000	37,132,043	2,094,742 1,288,196	115,927	
Water Fund:												
2008A Rev Bonds New Money	10,641,133	6/25/2008	11/1/2019	714,486	-	330,620 27,459	383,866	11,998	395,864	347,373 10,509	3,199	
2008A Rev Bonds Refund 1998	2,378,250	6/25/2008	11/1/2018	601,228	-	293,282 22,729	307,946	3,752	311,698	307,946 7,699	2,566	
2008A Rev Bonds Refund 2000A	11,924,653	6/25/2008	11/1/2020	4,106,534	-	1,146,784 171,756	2,959,750	85,381	3,045,131	1,203,886 112,989	23,848	
2010 Rev Bonds Refund 2001	1,695,666	11/12/2010	9/1/2021	888,280	-	168,719 20,178	719,561		719,561	173,342 15,885	6,020	
2013 Rev Bonds Refund 2003B	141,966	3/11/2013	5/1/2018	26,630	-	26,630 490	-		-	- -	-	
2013 Rev Bonds Refund SRF Loan #2	1,204,100	3/11/2013	5/1/2018	194,300	-	194,300 3,575	-		-	- -	-	
2016 Rev Bonds New Money	2,243,132	6/14/2016	4/1/2046	2,243,132	-	5,623 92,255	2,237,509	251,490	2,488,999	41,045 92,087	6,578	
2016 Rev Bonds Refund 2005	711,915	6/14/2016	4/1/2026	646,656	-	61,021 29,672	585,635	111,767	697,402	61,869 27,841	1,989	
2016 Rev Bonds Refund 2008A	7,571,332	6/14/2016	4/1/2034	7,542,823	-	- 369,566	7,542,823	1,611,543	9,154,366	- 369,566	26,398	
DWSRF Loan #4, 2004	3,884,913	11/18/2010	5/1/2030	2,525,194	-	194,246 55,681	2,330,948		2,330,948	194,246 51,397	8,566	
DWSRF Loan #7	460,425	12/19/2013	5/1/2033	368,341	-	23,021 9,209	345,320		345,320	23,021 8,633	1,439	
DWSRF Loan #9	269,492	6/21/2010	5/1/2030	175,170	-	13,475 4,379	161,695		161,695	13,474 4,043	674	
DWSRF Loan #12	1,291,496	12/19/2013	5/1/2033	1,033,196	-	64,575 20,767	968,621		968,621	64,575 19,469	3,245	
DWSRF Loan #6 (ARRA)	2,942,152	5/1/2011	5/1/2030	956,199	-	73,554 -	882,645		882,645	73,554 -	-	
DWSRF Loan #8 (ARRA)	44,782	1/28/2011	5/1/2031	15,673	-	1,119 -	14,554		14,554	1,119 -	-	
	47,405,407			22,037,842	-	2,596,969 827,716	19,440,873	2,075,931	21,516,804	2,505,450 720,118	84,522	

Schedule 20 continues on the next page.

Schedule 20. Schedule of Indebtedness | June 30, 2018

	Original Issue Amount	Date of Issue	Date of Maturity	Outstanding June 30, 2017	Added During Year	Retired During Year		Outstanding June 30, 2018	Discount/Premium	Long-term Debt Total	Maturing Next Year		Accrued Interest 2018
						Principal	Interest				Principal	Interest	
Sewer Fund:													
2008A Rev Bonds New Money	10,300,362	6/25/2008	11/1/2019	610,643	-	279,325	23,549	331,318	11,553	342,871	294,566	9,202	2,761
2008A Rev Bonds Refund 1998	4,219,963	6/25/2008	11/1/2018	1,066,818	-	520,399	40,331	546,419	6,658	553,077	546,419	13,661	4,553
2010 Rev Bonds Refund 2001	1,695,666	11/12/2010	9/1/2021	1,138,146	-	216,179	25,854	921,967	-	921,967	222,101	20,354	7,714
2013 Rev Bonds Refund 2003B	141,966	3/11/2013	5/1/2018	419,295	-	419,295	7,715	-	-	-	-	-	-
2013 Rev Bonds Refund SRF Loan #3	6,292,200	3/11/2013	5/1/2020	2,306,300	-	774,500	42,436	1,531,800	-	1,531,800	768,800	28,185	4,698
2016 Rev Bonds New Money	4,719,168	6/14/2016	4/1/2046	4,719,168	-	11,829	194,090	4,707,339	529,091	5,236,430	86,352	193,735	13,838
2016 Rev Bonds Refund 2005	2,118,933	6/14/2016	4/1/2026	1,924,697	-	181,622	88,314	1,743,075	332,663	2,075,738	184,145	82,865	5,919
2016 Rev Bonds Refund 2008A	6,911,365	6/14/2016	4/1/2034	6,885,340	-	-	337,352	6,885,340	1,471,071	8,356,411	-	337,352	24,097
CWSRF Loan #5	13,761,629	3/6/2010	5/1/2030	8,945,060	-	688,081	221,838	8,256,979	-	8,256,979	688,082	204,773	34,129
CWSRF Loan #10	8,866,000	11/2/2012	5/1/2032	6,649,500	-	443,300	163,245	6,206,200	-	6,206,200	443,300	152,362	25,394
CWSRF Loan #11	13,649,668	9/30/2013	5/1/2033	10,919,733	-	682,483	268,079	10,237,250	-	10,237,250	682,483	251,325	41,887
CWSRF Loan #13	2,098,250	7/30/2016	5/1/2036	1,738,202	154,315	104,913	-	1,787,604	-	1,787,604	89,789	-	-
CWSRF Loan #14	6,176,450	6/5/2017	5/1/2037	3,764,772	1,641,867	308,823	111,684	5,097,816	-	5,097,816	231,842	88,036	19,559
CWSRF Loan #16	1,718,086	3/8/2018	5/1/2038	587,950	1,130,136	-	-	1,718,086	-	1,718,086	85,904	32,857	7,970
Bethel Inter-Local Agreement	2,895,724	1/6/2003	5/1/2023	908,289	-	151,382	87,995	756,907	-	756,907	151,382	84,303	16,226
	85,565,430			52,583,913	2,926,318	4,782,131	1,612,482	50,728,100	2,351,036	53,079,136	4,475,165	1,499,010	208,745
Gas Fund:													
2008A Rev Bonds New Money	1,029,743	6/25/2008	11/1/2019	66,388	-	30,056	2,568	36,332	2,000	38,332	33,060	990	303
2008A Rev Bonds Refund 1998	1,237,204	6/25/2008	11/1/2018	312,769	-	152,570	11,824	160,199	1,952	162,151	160,199	4,005	1,335
2010 Rev Bonds Refund 2001	3,234,480	11/12/2010	9/1/2021	1,694,391	-	321,831	38,490	1,372,560	-	1,372,560	330,649	30,302	11,484
2013 Rev Bonds Refund 2003B	1,123,849	3/11/2013	5/1/2018	210,814	-	210,814	3,879	-	-	-	-	-	-
2013 Rev Bonds Refund 2007	1,487,041	3/11/2013	5/1/2027	1,049,847	-	104,694	19,317	945,153	-	945,153	104,694	17,391	2,898
2016 Rev Bonds New Money	10,253,170	6/14/2016	4/1/2046	10,253,170	-	25,700	421,692	10,227,470	1,149,538	11,377,008	187,613	420,921	30,066
2016 Rev Bonds Refund 2008A	637,094	6/14/2016	4/1/2034	634,695	-	-	31,098	634,695	135,604	770,299	-	31,097	2,221
	19,002,581			14,222,074	-	845,665	528,868	13,376,409	1,289,094	14,665,503	816,215	504,706	48,307
Total All Funds	199,585,101			124,207,878	2,926,318	9,962,771	4,320,673	117,171,425	9,222,061	26,393,486	9,891,572	4,012,030	457,501

Schedule 21. Schedule of Expenditures of Federal and State Awards | For the Year Ended June 30, 2018

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 Sub-recipients	Local Expenditures	Total
Federal Grants:							
Cash Programs:							
U.S. Dept. of Homeland Security							
Federal Emergency Management Agency							
Passed through the NC Dept. of Public Safety							
Disaster Assistance	97.036	FEMA-4285-DR-NC	\$ -	\$ -	\$ -	\$ (152,880)	\$ (152,880)
Total Passed through the NC Dept. of Public Safety			-	-	-	(152,880)	(152,880)
Total U.S. Dept. of Homeland Security			-	-	-	(152,880)	(152,880)
Noncash Programs:							
U.S. Environmental Protection Agency							
Passed through the NC Dept. of Environmental Quality							
Public Water Supply Division							
Drinking Water State Revolving Fund	66.468	WIF-1907	520,712	-	-	-	520,712
Division of Water Quality							
Clean Water State Revolving Fund	66.458	CS370487-09	32,034	-	-	19,280	51,314
Clean Water State Revolving Fund	66.458	CS370487-11	1,135,250	-	-	-	1,135,250
Clean Water State Revolving Fund	66.458	CS370487-12	702,211	-	-	178,906	881,117
Total Clean Water State Revolving Fund			1,869,495	-	-	198,186	2,067,681
Total U.S. Environmental Protection Agency			2,390,207	-	-	198,186	2,588,393
Total Federal Assistance			2,390,207	-	-	45,306	2,435,513
State Grants:							
Cash Assistance:							
N.C. Dept. of Environmental Quality							
Division of Waste Management - Underground Storage Tank Section							
Disaster Recovery Grant		MATTHEW1001	-	152,880	-	-	152,880
Total NC Department of Environmental Quality			-	152,880	-	-	152,880
Total State Grants			-	152,880	-	-	152,880
Total Federal and State Assistance			\$ 2,390,207	\$ 152,880	\$ -	\$ 45,306	\$ 2,588,393

Notes to the Schedule of Expenditures of Federal and State Awards

Note 1: 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.

Note 2: Certain expenditures incurred in fiscal year 2017 that were associated with disaster recovery were reported as local expenditures in the fiscal year 2017 Schedule of Expenditures of Federal and State Awards. Subsequently, in fiscal year 2018, the NC Department of Environmental Quality awarded Greenville Utilities Commission a Disaster Recovery Grant to reimburse those expenditures. Therefore, those expenditures are reported in this Schedule of Expenditures of Federal and State Awards as a reduction of local expenditures related to FEMA Disaster Assistance awards and expenditures of the fiscal year 2018 State Disaster Recovery Grant award.

Note 3: Indirect Cost Rate - The Utilities Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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Statistical Section

Statistical Section Introduction (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.

CONTENT

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.

Table 1. Net Position by Component | Last Ten Fiscal Years (amounts expressed in thousands)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities										
Net investment in capital assets	\$231,890	\$236,136	\$235,421	\$238,986	\$246,776	\$253,843	\$272,213	\$264,725	\$266,668	\$277,995
Unrestricted	56,973	63,055	75,583	79,196	79,035	77,924	69,458	101,797	112,258	97,101
Total business-type activities net position	\$288,863	\$299,191	\$311,004	\$318,182	\$325,811	\$331,767	\$341,671	\$366,522	\$378,926	\$375,096

Table 2. Net Position by Component | Last Ten Fiscal Years (amounts expressed in thousands)

Fiscal Year:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating revenues:										
Charges for services	\$257,795	\$259,181	\$270,573	\$255,943	\$260,272	\$269,776	\$270,859	\$246,112	\$245,486	\$254,569
Other operating revenues	718	730	800	785	773	996	1,128	1,096	519	923
Total operating revenues	258,513	259,911	271,373	256,728	261,045	270,772	271,987	247,208	246,006	255,492
Operating expenses:										
Administration and general	13,466	13,963	14,756	15,456	15,916	17,493	17,711	19,226	22,322	21,710
Operations and maintenance	32,428	32,536	33,784	36,433	33,916	33,915	35,032	35,827	39,474	39,467
Purchased power and gas	185,204	183,863	188,585	175,992	179,141	188,110	180,031	140,033	145,675	149,657
Depreciation	15,324	15,649	16,744	16,962	17,565	18,181	18,140	18,662	20,999	21,404
Total operating expenses	246,422	246,011	253,869	244,842	246,538	257,700	250,914	213,746	228,471	232,239
Operating income (loss)	12,091	13,900	17,504	11,886	14,507	13,072	21,072	33,462	17,535	23,253
Non-operating revenues (expenses):										
Interest income	1,426	809	637	335	226	208	284	330	528	1,159
Interest expense & service charges	(4,170)	(3,973)	(4,330)	(3,984)	(4,091)	(3,574)	(3,683)	(4,154)	(3,358)	(4,153)
Other, net	1,433	1,315	2,382	4,677	2,721	1,761	1,444	2,572	4,230	3,115
Net non-operating revenues	(1,312)	(1,848)	(1,311)	1,027	(1,143)	(1,604)	(1,955)	(1,252)	1,399	122
Income before contributions and transfers	10,779	12,052	16,193	12,913	13,364	11,468	19,117	32,210	18,934	23,376
Contributions and transfers:										
Capital Contributions	4,462	3,501	1,062	-	-	568	602	-	135	1,214
Transfer to City of Greenville	(4,659)	(4,563)	(4,765)	(5,039)	(5,038)	(5,360)	(5,748)	(6,592)	(5,900)	(5,853)
General Fund	(628)	(662)	(678)	(696)	(696)	(721)	(757)	(766)	(765)	(748)
Street lighting reimb.										
Total contributions and transfers	(825)	(1,724)	(4,381)	(5,735)	(5,733)	(5,513)	(5,903)	(7,358)	(6,530)	(5,387)
Changes in net position	\$ 9,954	\$ 10,329	\$ 11,812	\$ 7,178	\$ 7,630	\$ 5,955	\$ 13,214	\$ 24,851	\$ 12,404	\$ 17,989

Table 3. Operating Revenues by Major Source | Last Ten Fiscal Years

Electric Fund				Water Fund		
Fiscal Year	Rates & Charges	Fees & Charges	Other Operating Revenue	Rates & Charges	Fees & Charges	Other Operating Revenue
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
2018	173,216,856	2,127,927	581,463	19,380,229	582,827	111,896

Sewer Fund				Gas Fund		
Fiscal Year	Rates & Charges	Fees & Charges	Other Operating Revenue	Rates & Charges	Fees & Charges	Other Operating Revenue
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
2018	22,439,848	549,067	124,065	36,113,602	159,092	105,347

Table 4. Revenue Base by Customer Class: 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) ¹
2009	688,061,414	119,860,338	347,356,181	456,366,784	17,231,719	4,600,280	1,633,476,716	\$0.113
2010	701,375,321	119,505,611	338,255,635	468,568,472	17,551,533	4,869,163	1,650,125,735	\$0.117
2011	735,045,523	121,941,172	347,635,077	486,112,644	17,779,021	3,496,959	1,712,010,396	\$0.117
2012	659,675,766	117,140,900	338,546,911	497,654,640	17,919,207	1,928,168	1,632,865,592	\$0.117
2013	695,864,293	117,071,188	332,957,674	489,990,456	18,064,409	2,718,765	1,656,666,785	\$0.117
2014	714,076,550	116,525,549	337,651,551	495,199,376	18,433,379	2,960,481	1,684,846,886	\$0.118
2015	719,680,705	119,699,090	337,550,002	511,184,520	18,637,900	3,147,325	1,709,899,542	\$0.115
2016	678,819,366	116,229,245	361,126,164	510,353,608	18,683,136	40,809	1,685,252,328	\$0.105
2017	712,955,477	124,936,945	356,742,531	503,637,480	18,700,481	-	1,716,972,914	\$0.101
2018	751,195,332	142,403,883	340,237,388	512,352,456	18,616,342	-	1,764,805,401	\$0.098

¹Due 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.

Table 5. Revenue Base by Customer Class: Water Kgallons Sold¹ | Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Irrigation	Wholesale	Total	Effective Rate (per kgallon) ²
2009	2,042,636	856,751	305,860	232,898	106,488	3,544,633	\$3.649
2010	2,021,753	887,840	264,401	194,403	76,595	3,444,992	\$3.751
2011	2,089,084	892,614	313,564	254,396	156,231	3,705,889	\$3.931
2012	2,028,669	850,346	332,646	197,900	376,064	3,785,625	\$4.152
2013	1,988,443	853,785	369,955	129,112	516,267	3,857,562	\$3.995
2014	2,008,183	865,907	371,670	119,616	556,214	3,921,590	\$4.034
2015	2,008,169	838,646	377,268	107,861	585,806	3,917,750	\$4.276
2016	2,032,403	850,487	367,545	112,451	606,709	3,969,595	\$4.482
2017	2,045,980	867,853	374,635	109,332	621,409	4,019,209	\$4.723
2018	2,081,417	905,655	405,636	102,306	618,430	4,113,444	\$4.711

¹One Kgallon equals one thousand gallons.

²Due 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.

Table 6. Revenue Base by Customer Class: Wastewater Kgallons Collected¹ | Last Ten Fiscal Years

Fiscal Year	Residential	Commercial and Industrial	Wholesale	Total	Effective Rate (per kgallon) ²
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
2018	1,686,245	1,097,738	114,371	2,898,354	\$7.74227

¹One Kgallon equals one thousand gallons.

²Due 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.

Table 7. Revenue Base by Customer Class: Natural Gas CCFs Sold¹ | Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Interruptible	Seasonal	Total	Effective Rate (per CCF) ²
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
2018	9,010,170	6,603,733	2,618,575	16,009,496	225,807	34,467,781	\$1.04775

¹One ccf equals one hundred cubic feet.

²Due 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.

Table 8. Direct Electric Rates | As of June 30 for the Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Effective Rate (per kWh)	\$ 0.113	\$ 0.117	\$ 0.117	\$ 0.117	\$ 0.117	\$ 0.118	\$ 0.115	\$ 0.105	\$ 0.101	\$ 0.098
Residential										
Base facilities charge (per month)	\$ 8.74	\$ 8.99	\$ 8.99	\$ 8.99	\$ 10.99	\$ 10.99	\$ 10.99	\$ 13.00	\$ 15.00	\$ 17.00
Energy (per kWh) Summer	\$ 0.123	\$ 0.126	\$ 0.126	\$ 0.126	\$ 0.126	\$ 0.126	\$ 0.126	n/a	n/a	n/a
Winter	\$ 0.112	\$ 0.115	\$ 0.115	\$ 0.115	\$ 0.115	\$ 0.115	\$ 0.115	n/a	n/a	n/a
all kWh	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 0.111	\$ 0.100	\$ 0.098
Residential Time of Use with Demand Net Metering for Solar Energy Facilities										
Base facilities charge (per month)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 19.47	\$ 21.47	\$ 23.47
Demand (per kW) all kW	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 7.94	\$ 6.82	\$ 6.55
Energy (per kWh) all on-peak kWh	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 0.137	\$ 0.128	\$ 0.128
all off-peak kWh	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 0.044	\$ 0.039	\$ 0.039
Small General Service										
Base facilities charge (per month)	\$ 12.54	\$ 12.89	\$ 12.89	\$ 12.89	\$ 15.76	\$ 15.76	\$ 15.76	\$ 21.00	\$ 21.00	\$ 21.00
Energy (per kWh) a. first 1,000 kWh	\$ 0.128	\$ 0.132	\$ 0.132	\$ 0.132	\$ 0.132	\$ 0.132	\$ 0.132	\$ 0.119	\$ 0.111	\$ 0.111
b. next 5,000 kWh	\$ 0.122	\$ 0.126	\$ 0.126	\$ 0.126	\$ 0.126	\$ 0.126	\$ 0.126	\$ 0.113	\$ 0.104	\$ 0.104
c. all additional kWh	\$ 0.104	\$ 0.107	\$ 0.107	\$ 0.107	\$ 0.107	\$ 0.107	\$ 0.107	\$ 0.095	\$ 0.086	\$ 0.086
Medium General Service										
Base facilities charge (per month)	\$ 12.97	\$ 13.33	\$ 13.33	\$ 13.33	\$ 16.30	\$ 16.30	\$ 16.30	\$ 50.00	\$ 50.00	\$ 50.00
Demand (per kW) a. first 35 kW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. all additional kW	\$ 4.06	\$ 4.17	\$ 4.17	\$ 4.17	\$ 4.17	\$ 4.17	\$ 4.17	\$ 4.17	\$ 4.17	\$ 4.17
Energy (per kWh) a. first 12,500 kWh	\$ 0.120	\$ 0.123	\$ 0.123	\$ 0.123	\$ 0.123	\$ 0.123	\$ 0.123	\$ 0.105	\$ 0.096	\$ 0.096
b. all additional kWh	\$ 0.090	\$ 0.092	\$ 0.092	\$ 0.092	\$ 0.092	\$ 0.092	\$ 0.092	\$ 0.089	\$ 0.080	\$ 0.080
Medium General Service - CP										
Base facilities charge (per month)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 50.00	\$ 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	\$ 17.00
b. allocated non-coincident peak	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 16.75	\$ 15.61	\$ 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	\$ 5.38
d. all rkVA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 0.25	\$ 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	\$ 0.042	\$ 0.037	\$ 0.030
Large General Service										
Base facilities charge (per month)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 150.00	\$ 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	\$ 22.20
b. allocated non-coincident peak	\$ 15.52	\$ 17.42	\$ 17.42	\$ 17.42	\$ 17.42	\$ 17.42	\$ 17.42	\$ 15.19	\$ 13.13	\$ 13.13
c. excess non-coincident peak	\$ 4.44	\$ 4.98	\$ 4.98	\$ 4.98	\$ 4.98	\$ 4.98	\$ 4.98	\$ 6.82	\$ 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	\$ 0.25
Energy (per kWh) all kWh per month	\$ 0.049	\$ 0.049	\$ 0.049	\$ 0.049	\$ 0.049	\$ 0.049	\$ 0.049	\$ 0.035	\$ 0.031	\$ 0.025
Seasonal General Service										
Base facilities charge (per month)	\$ 14.44	\$ 14.84	\$ 14.84	\$ 14.84	\$ 18.14	\$ 18.14	\$ 18.14	n/a	n/a	n/a
a. first 750 kWh	\$ 0.13916	\$ 0.14306	\$ 0.14306	\$ 0.14306	\$ 0.14306	\$ 0.14306	\$ 0.14306	n/a	n/a	n/a
Energy (per kWh) Summer										
b. next 2,250 kWh plus 150 kWh per kW of billing demand in excess of 10 kW per billing month	\$ 0.12825	\$ 0.13184	\$ 0.13184	\$ 0.13184	\$ 0.13184	\$ 0.13184	\$ 0.13184	n/a	n/a	n/a
c. all additional kWh	\$ 0.10357	\$ 0.10647	\$ 0.10647	\$ 0.10647	\$ 0.10647	\$ 0.10647	\$ 0.10647	n/a	n/a	n/a
Energy (per kWh) Winter										
a. first 750 kWh	\$ 0.11902	\$ 0.12235	\$ 0.12235	\$ 0.12235	\$ 0.12235	\$ 0.12235	\$ 0.12235	n/a	n/a	n/a
b. all additional kWh	\$ 0.09126	\$ 0.09382	\$ 0.09382	\$ 0.09382	\$ 0.09382	\$ 0.09382	\$ 0.09382	n/a	n/a	n/a

Table 8 continues on the next page.

Table 8. Direct Electric Rates | As of June 30 for the Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Communications Network Device Service										
Base facilities charge (per month)	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.58	\$ 1.58	\$ 1.58	\$ 2.10	\$ 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	0.60	0.56	0.56
Public safety cameras	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.20	1.11	1.11
CAD 12 ONU installations	1.41	1.41	1.41	1.41	1.45	1.45	1.45	1.32	1.22	1.22
MLU 48 ONU installations	5.63	5.63	5.63	5.63	5.79	5.79	5.79	5.26	4.87	4.87
Outdoor Lighting Service (rate per unit per month)										
General Customers										
175W (7,000 lumens (lm)) mercury vapor	\$12.59	\$12.85	\$12.85	\$12.85	\$12.85	\$12.85	\$12.85	\$12.57	\$12.37	\$12.37
250W (11,000 lm) mercury vapor	\$16.11	\$16.47	\$16.47	\$16.47	\$16.47	\$16.47	\$16.47	\$16.06	\$15.78	\$15.78
400W (20,000 lm) mercury vapor	\$22.23	\$22.77	\$22.77	\$22.77	\$22.77	\$22.77	\$22.77	\$22.16	\$21.73	\$21.73
100W (8,500 lm) high pressure sodium	n/a	n/a	n/a	n/a	n/a	\$12.85	\$12.85	\$12.57	\$12.37	\$12.37
150W (14,000 lm) high pressure sodium	\$15.66	\$15.92	\$15.92	\$15.92	\$15.92	\$15.92	\$15.92	\$15.64	\$15.44	\$15.44
250W (23,000 lm) high pressure sodium	\$20.86	\$21.24	\$21.24	\$21.24	\$21.24	\$21.24	\$21.24	\$20.81	\$20.51	\$20.51
400W (45,000 lm) high pressure sodium	\$31.64	\$32.21	\$32.21	\$32.21	\$32.21	\$32.21	\$32.21	\$31.56	\$31.10	\$31.10
400W-F (45,000 lm) high pressure sodium	\$32.72	\$33.29	\$33.29	\$33.29	\$33.29	\$33.29	\$33.29	\$32.64	\$32.18	\$32.18
400W (40,000 lm) metal halide	\$34.27	\$34.84	\$34.84	\$34.84	\$34.84	\$34.84	\$34.84	\$34.19	\$33.73	\$33.73
400W-F (40,000 lm) metal halide	n/a	n/a	n/a	n/a	n/a	\$34.84	\$34.84	\$34.19	\$33.73	\$33.73
70W (4,500 lm) light emitting diode (LED)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$25.64	\$25.64
50W (5,000 lm) LED	n/a	n/a	n/a	n/a	n/a	\$20.18	\$20.18	\$20.09	\$18.75	\$18.75
110W (8,000 lm) LED	n/a	n/a	n/a	n/a	n/a	\$21.74	\$21.74	\$21.61	\$21.48	\$21.48
150W (13,500 lm) LED	n/a	n/a	n/a	n/a	n/a	\$26.67	\$26.67	\$26.37	\$23.61	\$23.61
210W (24,000 lm) LED	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$33.21	\$33.21
280W-F (25,000 lm) LED	n/a	n/a	n/a	n/a	n/a	\$39.55	\$39.55	\$39.14	\$38.04	\$38.04
County, Municipal or Housing Authority										
175W (7,000 lm) mercury vapor	\$11.58	\$11.84	\$11.84	\$11.84	\$11.84	\$11.84	\$11.84	\$11.56	\$11.36	\$11.36
250W (11,000 lm) mercury vapor	\$15.40	\$15.76	\$15.76	\$15.76	\$15.76	\$15.76	\$15.76	\$15.35	\$15.07	\$15.07
400W (20,000 lm) mercury vapor	\$21.29	\$21.83	\$21.83	\$21.83	\$21.83	\$21.83	\$21.83	\$21.22	\$20.79	\$20.79
400W-T (20,000 lm) mercury vapor	\$17.23	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.20	\$16.98	\$16.98
100W (8,500 lm) high pressure sodium	n/a	n/a	n/a	n/a	n/a	\$11.84	\$11.84	\$11.56	\$11.36	\$11.36
150W (14,000 lm) high pressure sodium	\$14.26	\$14.51	\$14.51	\$14.51	\$14.51	\$14.51	\$14.51	\$14.23	\$14.03	\$14.03
250W (23,000 lm) high pressure sodium	\$18.95	\$19.32	\$19.32	\$19.32	\$19.32	\$19.32	\$19.32	\$18.89	\$18.59	\$18.59
400W (45,000 lm) high pressure sodium	\$28.64	\$29.21	\$29.21	\$29.21	\$29.21	\$29.21	\$29.21	\$28.56	\$28.10	\$28.10
400W-F (45,000 lm) high pressure sodium	\$29.73	\$30.30	\$30.30	\$30.30	\$30.30	\$30.30	\$30.30	\$29.65	\$29.19	\$29.19
400W (40,000 lm) metal halide	\$31.28	\$31.85	\$31.85	\$31.85	\$31.85	\$31.85	\$31.85	\$31.20	\$30.74	\$30.74
400W-F (40,000 lm) metal halide	n/a	n/a	n/a	n/a	n/a	\$31.85	\$31.85	\$31.20	\$30.74	\$30.74
70W (4,500 lm) LED	n/a	n/a	n/a	n/a	n/a	\$30.96	\$30.96	\$30.83	\$23.08	\$23.08
50W (5,000 lm) LED	n/a	n/a	n/a	n/a	n/a	\$18.16	\$18.16	\$18.07	\$16.87	\$16.87
110W (8,000 lm) LED	n/a	n/a	n/a	n/a	n/a	\$19.57	\$19.57	\$19.44	\$19.34	\$19.34
150W (13,500 lm) LED	n/a	n/a	n/a	n/a	n/a	\$24.00	\$24.00	\$23.70	\$21.25	\$21.25
210W (24,000 lm) LED	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$29.89	\$29.89
280W-F (25,000 lm) LED	n/a	n/a	n/a	n/a	n/a	\$35.60	\$35.60	\$35.19	\$34.24	\$34.24
Rural Street Lighting Service (rate per customer per month)										
175W (7,000 lm) mercury vapor @ 6 customers	\$ 2.57	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.09	\$ 2.06	\$ 2.06
150W (14,000 lm) sodium vapor @ 8 customers	\$ 2.41	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 1.95	\$ 1.93	\$ 1.93
50W (5,000 lm) LED @ 8 customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 2.51	\$ 2.31	\$ 2.31
Sports Field Lighting Service										
Base facilities charge (per month)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$21.00	\$21.00	\$21.00
Demand (per kW)	\$ 2.21	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.00	\$ 2.00	\$ 2.00
Energy (per kWh)	\$0.102	\$0.105	\$0.105	\$0.105	\$0.105	\$0.105	\$0.105	\$0.092	\$0.083	\$0.083
Bilateral Metering for Solar Energy Facilities										
Base facilities charge (per month)										
Residential	n/a	n/a	n/a	n/a	n/a	\$ 6.48	\$ 6.48	\$ 7.67	\$ 8.85	\$10.03
Small General Service	n/a	n/a	n/a	n/a	n/a	\$10.44	\$10.44	\$13.86	\$13.86	\$13.86
Medium General Service	n/a	n/a	n/a	n/a	n/a	\$10.88	\$10.88	\$33.00	\$33.00	\$33.00
Energy credit (per kWh)	n/a	n/a	n/a	n/a	n/a	\$ 0.07	\$ 0.07	\$ 0.07	\$0.062	\$0.063

Table 9. Direct Water Rates | As of June 30 for the Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Effective rate (per kgallon)	\$ 3.649	\$ 3.751	\$ 3.931	\$ 4.152	\$ 3.995	\$ 4.034	\$ 4.276	\$ 4.482	\$ 4.723	\$ 4.711
Base facilities charge (based on meter size)										
Inside City										
3/4"	\$ 5.79	\$ 5.79	\$ 6.61	\$ 6.61	\$ 6.61	\$ 7.04	\$ 7.04	\$ 7.46	\$ 7.80	\$ 7.80
1"	\$ 9.30	\$ 9.30	\$ 10.77	\$ 10.77	\$ 10.77	\$ 11.51	\$ 11.51	\$ 12.20	\$ 12.76	\$ 12.76
1-1/2"	\$ 17.32	\$ 17.32	\$ 20.28	\$ 20.28	\$ 20.28	\$ 21.74	\$ 21.74	\$ 23.03	\$ 24.08	\$ 24.08
2"	\$ 27.34	\$ 27.34	\$ 32.16	\$ 32.16	\$ 32.16	\$ 34.52	\$ 34.52	\$ 36.57	\$ 38.24	\$ 38.24
3"	\$ 59.40	\$ 59.40	\$ 70.17	\$ 70.17	\$ 70.17	\$ 75.41	\$ 75.41	\$ 79.90	\$ 83.56	\$ 83.56
4"	\$ 100.98	\$ 100.98	\$ 119.47	\$ 119.47	\$ 119.47	\$ 128.45	\$ 128.45	\$ 136.09	\$ 142.32	\$ 142.32
6"	\$ 209.70	\$ 209.70	\$ 248.37	\$ 248.37	\$ 248.37	\$ 267.11	\$ 267.11	\$ 283.00	\$ 295.96	\$ 295.96
8"	\$ 301.38	\$ 301.38	\$ 357.07	\$ 357.07	\$ 357.07	\$ 384.05	\$ 384.05	\$ 406.89	\$ 425.52	\$ 425.52
10"	\$ 485.25	\$ 485.25	\$ 575.07	\$ 575.07	\$ 575.07	\$ 618.56	\$ 618.56	\$ 655.35	\$ 685.36	\$ 685.36
12"	\$ 718.72	\$ 718.72	\$ 851.88	\$ 851.88	\$ 851.88	\$ 916.34	\$ 916.34	\$ 970.83	\$ 1,015.28	\$ 1,015.28
Outside City										
3/4"	\$ 6.54	\$ 6.54	\$ 7.50	\$ 7.50	\$ 7.50	\$ 8.10	\$ 8.10	\$ 8.59	\$ 8.97	\$ 8.97
1"	\$ 10.58	\$ 10.58	\$ 12.29	\$ 12.29	\$ 12.29	\$ 13.24	\$ 13.24	\$ 14.04	\$ 14.68	\$ 14.68
1-1/2"	\$ 19.80	\$ 19.80	\$ 23.22	\$ 23.22	\$ 23.22	\$ 25.00	\$ 25.00	\$ 26.49	\$ 27.69	\$ 27.69
2"	\$ 31.32	\$ 31.32	\$ 36.88	\$ 36.88	\$ 36.88	\$ 39.70	\$ 39.70	\$ 42.06	\$ 43.98	\$ 43.98
3"	\$ 68.19	\$ 68.19	\$ 80.60	\$ 80.60	\$ 80.60	\$ 86.73	\$ 86.73	\$ 91.89	\$ 96.10	\$ 96.10
4"	\$ 116.01	\$ 116.01	\$ 137.29	\$ 137.29	\$ 137.29	\$ 147.72	\$ 147.72	\$ 156.51	\$ 163.67	\$ 163.67
6"	\$ 241.04	\$ 241.04	\$ 285.53	\$ 285.53	\$ 285.53	\$ 307.18	\$ 307.18	\$ 325.46	\$ 340.36	\$ 340.36
8"	\$ 346.47	\$ 346.47	\$ 410.53	\$ 410.53	\$ 410.53	\$ 441.66	\$ 441.66	\$ 467.93	\$ 489.35	\$ 489.35
10"	\$ 557.92	\$ 557.92	\$ 661.23	\$ 661.23	\$ 661.23	\$ 711.35	\$ 711.35	\$ 753.66	\$ 788.17	\$ 788.17
12"	\$ 826.41	\$ 826.41	\$ 979.56	\$ 979.56	\$ 979.56	\$ 1,053.79	\$ 1,053.79	\$ 1,116.46	\$ 1,167.57	\$ 1,167.57
16"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 1,812.05	\$ 1,812.05	\$ 1,812.05
Volume Charge (per kgal)										
Inside City										
Residential, non irrigation	\$ 2.95	\$ 2.95	\$ 3.35	\$ 3.35	\$ 3.35	\$ 3.59	\$ 3.59	\$ 3.78	\$ 4.00	\$ 4.00
Commercial, non irrigation	\$ 2.39	\$ 2.39	\$ 2.71	\$ 2.71	\$ 2.71	\$ 2.90	\$ 2.90	\$ 3.05	\$ 3.23	\$ 3.23
Industrial, non irrigation	\$ 2.23	\$ 2.23	\$ 2.53	\$ 2.53	\$ 2.53	\$ 2.71	\$ 2.71	\$ 2.85	\$ 3.02	\$ 3.02
Irrigation, all customers	n/a	n/a	\$ 5.03	\$ 5.03	\$ 5.03	\$ 5.39	\$ 5.39	\$ 5.67	\$ 6.00	\$ 6.00
Outside City										
Residential, non irrigation	\$ 4.58	\$ 4.58	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.56	\$ 5.56	\$ 5.86	\$ 6.20	\$ 6.20
Commercial, non irrigation	\$ 3.70	\$ 3.70	\$ 4.20	\$ 4.20	\$ 4.20	\$ 4.50	\$ 4.50	\$ 4.73	\$ 5.01	\$ 5.01
Industrial, non irrigation	\$ 2.23	\$ 2.23	\$ 2.53	\$ 2.53	\$ 2.53	\$ 2.71	\$ 2.71	\$ 2.85	\$ 3.02	\$ 3.02
Irrigation, residential	n/a	n/a	\$ 7.80	\$ 7.80	\$ 7.80	\$ 8.35	\$ 8.35	\$ 8.79	\$ 9.30	\$ 9.30
Irrigation, commercial	n/a	n/a	\$ 7.80	\$ 7.80	\$ 7.80	\$ 8.35	\$ 8.35	\$ 8.79	\$ 9.30	\$ 9.30
Irrigation, industrial	n/a	n/a	\$ 5.03	\$ 5.03	\$ 5.03	\$ 5.39	\$ 5.39	\$ 5.67	\$ 6.00	\$ 6.00

Table 10. Direct Wastewater Rates | As of June 30 for the Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Effective rate (per kgallon)	\$ 4.931	\$ 5.258	\$ 5.815	\$ 6.279	\$ 6.274	\$ 6.396	\$ 6.849	\$ 7.351	\$ 7.790	\$ 7.742
Base facilities charge (based on water/wastewater meter size)										
3/4"	\$ 8.55	\$ 8.97	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.37	\$ 10.37	\$ 10.96	\$ 11.70	\$ 11.70
1"	\$ 13.80	\$ 14.60	\$ 16.78	\$ 16.78	\$ 16.78	\$ 17.01	\$ 17.01	\$ 17.97	\$ 19.21	\$ 19.21
1-1/2"	\$ 25.80	\$ 27.47	\$ 31.73	\$ 31.73	\$ 31.73	\$ 32.17	\$ 32.17	\$ 34.01	\$ 36.38	\$ 36.38
2"	\$ 40.80	\$ 43.55	\$ 50.41	\$ 50.41	\$ 50.41	\$ 51.13	\$ 51.13	\$ 54.05	\$ 57.84	\$ 57.84
3"	\$ 88.80	\$ 95.00	\$ 110.18	\$ 110.18	\$ 110.18	\$ 111.81	\$ 111.81	\$ 118.17	\$ 126.51	\$ 126.51
4"	\$ 151.05	\$ 161.73	\$ 187.70	\$ 187.70	\$ 187.70	\$ 190.49	\$ 190.49	\$ 201.34	\$ 215.57	\$ 215.57
6"	\$ 313.80	\$ 336.20	\$ 390.38	\$ 390.38	\$ 390.38	\$ 396.21	\$ 396.21	\$ 418.77	\$ 448.41	\$ 448.41
8"	\$ 451.05	\$ 483.33	\$ 561.30	\$ 561.30	\$ 561.30	\$ 569.69	\$ 569.69	\$ 602.14	\$ 644.77	\$ 644.77
10"	\$ 726.30	\$ 778.40	\$ 904.08	\$ 904.08	\$ 904.08	\$ 917.61	\$ 917.61	\$ 969.87	\$ 1,038.56	\$ 1,038.56
12"	\$ 1,075.80	\$ 1,153.07	\$ 1,339.33	\$ 1,339.33	\$ 1,339.33	\$ 1,359.37	\$ 1,359.37	\$ 1,436.81	\$ 1,538.58	\$ 1,538.56
Sewer Only Customers										
Base facilities charge (based on water/wastewater meter size)										
3/4"	\$ 12.83	\$ 13.46	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.56	\$ 15.56	\$ 16.44	\$ 17.55	\$ 17.55
1"	\$ 20.70	\$ 21.90	\$ 25.17	\$ 25.17	\$ 25.17	\$ 25.52	\$ 25.52	\$ 29.96	\$ 28.82	\$ 28.82
1-1/2"	\$ 38.70	\$ 41.21	\$ 47.60	\$ 47.60	\$ 47.60	\$ 48.26	\$ 48.26	\$ 51.02	\$ 54.57	\$ 54.57
2"	\$ 61.20	\$ 65.33	\$ 75.62	\$ 75.62	\$ 75.62	\$ 76.70	\$ 76.70	\$ 81.08	\$ 86.76	\$ 86.76
3"	\$ 133.20	\$ 142.50	\$ 165.27	\$ 165.27	\$ 165.27	\$ 167.72	\$ 167.72	\$ 177.26	\$ 189.77	\$ 189.77
4"	\$ 226.58	\$ 242.60	\$ 281.55	\$ 281.55	\$ 281.55	\$ 285.74	\$ 285.74	\$ 302.01	\$ 323.36	\$ 323.36
6"	\$ 470.70	\$ 504.30	\$ 585.57	\$ 585.57	\$ 585.57	\$ 594.32	\$ 594.32	\$ 628.16	\$ 672.62	\$ 672.62
8"	\$ 676.58	\$ 725.00	\$ 841.95	\$ 841.95	\$ 841.95	\$ 854.54	\$ 854.54	\$ 903.21	\$ 967.16	\$ 967.16
10"	\$ 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	\$ 1,557.84
12"	\$ 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	\$ 2,307.87
Volume Charge (per kgal, based on 93.5% of water usage unless separately metered)										
Residential	\$ 3.500	\$ 3.670	\$ 4.450	\$ 4.450	\$ 4.450	\$ 4.980	\$ 4.980	\$ 5.320	\$ 5.660	\$ 5.660
Commercial/Industrial	\$ 3.880	\$ 4.070	\$ 4.930	\$ 4.930	\$ 4.930	\$ 5.510	\$ 5.510	\$ 5.890	\$ 6.270	\$ 6.270
Metered wastewater (100%)	\$ 4.270	\$ 4.480	\$ 5.430	\$ 5.430	\$ 5.430	\$ 6.080	\$ 6.080	\$ 6.490	\$ 6.910	\$ 6.910
Municipalities*	\$ 4.400	\$ 4.620	\$ 5.600	\$ 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.

Table 11. Direct Natural Gas Rates | As of June 30 for the Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Effective rate (per CCF)	\$ 1.534	\$ 1.200	\$ 1.155	\$ 1.067	\$1.003	\$ 1.067	\$ 1.088	\$ 0.926	\$ 0.942	\$ 1.048
Residential Service										
Base facilities charge	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
Commodity first 10 ccf	\$ 1.440	\$ 1.313	\$ 1.365	\$ 1.077	n/a	n/a	n/a	n/a	n/a	n/a
all additional ccf	\$ 1.326	\$ 1.199	\$ 1.251	\$ 0.963	n/a	n/a	n/a	n/a	n/a	n/a
Commodity first 20 ccf	n/a	n/a	n/a	n/a	\$1.180	\$ 1.301	\$ 1.193	\$ 1.108	\$ 1.187	\$ 1.350
all additional ccf	n/a	n/a	n/a	n/a	\$1.044	\$ 1.165	\$ 1.057	\$ 0.972	\$ 1.051	\$ 1.214
Residential Service - Heat Only										
Base facilities charge	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Commodity first 10 ccf	\$ 1.521	\$ 1.394	\$ 1.446	\$ 1.158	n/a	n/a	n/a	n/a	n/a	n/a
all additional ccf	\$ 1.403	\$ 1.275	\$ 1.328	\$ 1.040	n/a	n/a	n/a	n/a	n/a	n/a
Commodity first 20 ccf	n/a	n/a	n/a	n/a	\$1.261	\$ 1.382	\$ 1.274	\$ 1.189	\$ 1.268	\$ 1.431
all additional ccf	n/a	n/a	n/a	n/a	\$1.123	\$ 1.244	\$ 1.136	\$ 1.051	\$ 1.130	\$ 1.293
Commercial Service										
Base facilities charge	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00
Commodity first 50 ccf	\$ 1.419	\$ 1.292	\$ 1.344	\$ 1.056	n/a	n/a	n/a	n/a	n/a	n/a
51 to 300 ccf	\$ 1.346	\$ 1.218	\$ 1.270	\$ 0.983	n/a	n/a	n/a	n/a	n/a	n/a
301 to 500 ccf	\$ 1.300	\$ 1.168	\$ 1.220	\$ 0.933	n/a	n/a	n/a	n/a	n/a	n/a
all additional ccf	\$ 1.145	\$ 1.018	\$ 1.070	\$ 0.782	n/a	n/a	n/a	n/a	n/a	n/a
Commodity first 50 ccf	n/a	n/a	n/a	n/a	\$1.159	\$ 1.280	\$ 1.172	\$ 1.087	\$ 1.166	\$ 1.329
51 to 500 ccf	n/a	n/a	n/a	n/a	\$1.070	\$ 1.191	\$ 1.082	\$ 0.998	\$ 1.076	\$ 1.240
all additional ccf	n/a	n/a	n/a	n/a	\$0.885	\$ 1.006	\$ 0.898	\$ 0.813	\$ 0.891	\$ 1.055
Industrial Service										
Base facilities charge	\$ 110.00	\$ 110.00	\$ 110.00	\$ 110.00	\$110.00	\$ 110.00	\$ 110.00	\$ 110.00	\$ 110.00	\$ 110.00
Commodity first 500 ccf	\$ 1.149	\$ 1.021	\$ 1.074	\$ 0.786	\$0.889	\$ 1.010	\$ 0.901	\$ 0.817	\$ 0.895	\$ 1.059
all additional ccf	\$ 1.085	\$ 0.957	\$ 1.010	\$ 0.722	\$0.825	\$ 0.946	\$ 0.837	\$ 0.753	\$ 0.831	\$ 0.995
Interruptible Service										
Base facilities charge	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00
Commodity	negotiated	negotiated	negotiated	negotiated	negotiated	negotiated	negotiated	negotiated	negotiated	negotiated
Seasonal Service										
Base facilities charge	\$ 36.00	\$ 36.00	\$ 36.00	\$ 36.00	\$36.00	\$ 36.00	\$ 36.00	\$ 36.00	\$ 36.00	\$ 36.00
Commodity first 100 ccf	1.470	\$ 1.342	\$ 1.394	\$ 1.107	\$1.209	\$ 1.330	\$ 1.222	\$ 1.137	\$ 1.216	\$ 1.380
all additional ccf	\$ 1.062	\$ 0.935	\$ 0.987	\$ 0.700	\$0.802	\$ 0.923	\$ 0.815	\$ 0.730	\$ 0.809	\$ 0.972
LNG Storage Service (per mcf)										
Reservation charge	\$ 1.62	\$ 1.62	\$ 1.62	\$ 1.62	\$1.62	\$ 1.62	\$ 1.62	\$ 1.62	\$ 1.62	\$ 1.62
Daily demand charge	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25	\$7.25	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25
Commodity charge	\$ 16.04	\$ 14.00	\$ 12.55	\$ 12.55	\$12.55	\$ 12.55	\$ 12.55	\$ 12.55	\$ 12.55	\$ 12.55

Table 12. Ten Largest Customers | Current Year and Nine Years Ago

Electric Fund		Fiscal Year 2018		Fiscal Year 2009	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	\$ 5,523,839	3.19%	\$ 4,136,998	2.32%
DSM Dyneema, LLC	High Performance Fibers	4,654,635	2.69%	6,428,776	3.60%
Vidant Medical Center ²	Health Care	4,449,537	2.57%	4,940,101	2.77%
East Carolina University	Education	3,683,910	2.13%	3,523,452	1.97%
Attends Healthcare Products	Medical Products	2,950,250	1.71%	2,646,653	1.48%
East Carolina University	Education	2,715,326	1.57%	2,963,914	1.66%
East Carolina University	Education	1,888,037	1.09%	2,778,090	1.56%
Vidant Medical Center ²	Health Care	1,719,632	0.99%	1,239,627	0.69%
Mayne Pharma Inc	Pharmaceuticals	1,463,122	0.85%		
City of Greenville	Government	1,424,432	0.82%		
ASMO of Greenville	Motors			944,825	0.53%
HysterYale Group ³	Fork Lift Trucks			1,015,586	0.57%
Totals		\$ 30,472,720	17.62%	\$ 30,618,022	17.15%

Water Fund		Fiscal Year 2018		Fiscal Year 2009	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Town of Farmville	Government	\$ 763,871	3.94%		
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	745,359	3.85%	\$ 358,479	2.76%
Town of Winterville	Government	371,686	1.92%	166,263	1.28%
Vidant Medical Center ²	Health Care	227,576	1.17%	86,253	0.66%
DSM Dyneema, LLC	High Performance Fibers	159,320	0.82%	105,421	0.81%
Fuji Silysia Chemical USA, LTD	Silica Gel	132,051	0.68%	53,907	0.41%
DSM Dyneema, LLC	High Performance Fibers	124,663	0.64%	72,076	0.55%
Vidant Medical Center ²	Health Care	119,807	0.62%		
Vidant Medical Center ²	Health Care	117,417	0.61%		
Stokes Regional Water Corporation	Water Utility	76,200	0.39%		
Greenville Housing Authority	Apartments			69,801	0.54%
East Carolina University	Education			62,752	0.48%
Pitt County	Government			220,505	1.70%
Greenville Housing Authority	Apartments			50,986	0.39%
Totals		\$ 2,837,950	14.65%	\$ 1,246,443	9.58%

¹Formerly DSM Pharmaceuticals, Inc.

²Formerly Pitt County Memorial Hospital.

³Formerly NACCO Materials Handling.

Table 12 continues on the next page.

Table 12. Ten Largest Customers | Current Year and Nine Years Ago

Sewer Fund		Fiscal Year 2018		Fiscal Year 2009	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	\$ 808,606	3.59%	\$ 549,280	4.16%
DSM Dyneema, LLC	High Performance Fibers	649,294	2.88%	131,131	0.99%
Town of Bethel	Government	587,827	2.61%	197,597	1.50%
Vidant Medical Center ²	Health Care	411,986	1.83%	334,653	2.54%
Fuji Silysia Chemical USA, LTD	Silica Gel	252,677	1.12%	86,345	0.65%
Vidant Medical Center ²	Health Care	214,923	0.95%	130,898	0.99%
Vidant Medical Center ²	Health Care	212,599	0.94%	73,117	0.55%
East Carolina University	Education	112,578	0.50%	73,827	0.56%
Province Greenville NC LP	Apartments	98,390	0.44%		
Mayne Pharma Inc	Pharmaceuticals	84,505	0.38%		
Greenville Housing Authority	Apartments			75,969	0.58%
Pitt County	Government			61,975	0.47%
Totals		\$ 3,433,384	15.24%	\$ 1,714,792	12.99%

Natural Gas Fund		Fiscal Year 2018		Fiscal Year 2009	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	\$ 2,637,037	7.41%	\$ 3,067,175	6.90%
East Carolina University	Education	2,115,514	5.95%	4,283,144	9.64%
Vidant Medical Center ²	Health Care	1,716,294	4.82%	2,489,716	5.60%
Mayne Pharma Inc	Pharmaceuticals	931,930	2.62%		
Vidant Medical Center ²	Health Care	926,022	2.60%	750,200	1.69%
DSM Dyneema, LLC	High Performance Fibers	760,571	2.14%	1,840,049	4.14%
DSM Dyneema, LLC	High Performance Fibers	750,720	2.11%	1,253,777	2.82%
East Carolina University	Education	712,562	2.00%	1,729,956	3.89%
Fuji Silysia Chemical USA, LTD	Silica Gel	586,254	1.65%		
Hyster Yale Group ³	Fork Lift Trucks	542,766	1.53%	593,545	1.34%
Metallix, Inc.	Refining Precious Metals			657,569	1.48%
Greenville Paving & Contracting, Inc.	Construction			599,888	1.35%
Totals		\$ 11,679,670	32.83%	\$ 17,265,019	38.85%

¹Formerly DSM Pharmaceuticals, Inc.

²Formerly Pitt County Memorial Hospital.

³Formerly NACCO Materials Handling.

Table 13. Ratios of Outstanding Debt by Type | Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes	Total	Per Capita	Percentage of Per Capita Personal Income
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	1.93%
2014	-	73,025,115	38,488,921	111,514,036	639	1.78%
2015	-	65,181,025	35,559,334	100,740,359	574	1.55%
2016	-	103,728,334	36,587,040	140,315,374	798	2.10%
2017	-	95,269,797	38,587,279	133,857,076	759	*
2018	-	87,628,861	38,764,625	126,393,486	714	*

*Information unavailable at time of report.

Table 14. Pledged Revenue Coverage | Last Ten Fiscal Years

Fiscal Year	Utility Fund Revenues ¹	Utility Fund Expenses ²	Net Revenues Available for Debt Service	Debt Service Requirement ³			Coverage Ratio
				Principal	Interest	Total	
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
2018	258,946,457	211,661,905	47,284,552	9,962,771	4,320,675	14,283,446	3.31

¹Total revenues including interest and exclusive of any revenue not available for debt service. Includes revenues for the electric, water, sewer and gas funds.

²Includes total operating expenses, exclusive of depreciation and non-cash expenses related to OPEB and pensions.

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

Table 15. Demographic and Economic Statistics | Last Ten Calendar Years

Calendar Year	Population ¹	Personal Income (\$000) ¹	Per Capita Personal Income ¹	Unemployment Rate ²
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	34,958	10.0%
2013	173,879	6,065,607	34,792	9.0%
2014	174,424	6,290,057	35,922	7.0%
2015	175,532	6,513,624	37,042	6.8%
2016	175,885	6,724,276	37,943	6.0%
2017	176,424	*	*	5.2%
2018	176,920	*	*	4.9%

Note: Information reported is for Pitt County. *Information unavailable at time of report.

Sources: ¹North Carolina Office of State Budget and Management. ²Bureau of Labor Statistics, United States Department of Labor.

Table 16. Principal Employers | Current Year and Nine Years Ago

Employer	Fiscal Year 2018			Fiscal Year 2009		
	Employees	Rank	Percentage of Total County Employment	Amount Billed	Rank	Percentage of Total County Employment
Vidant Medical Center ¹	6,760	1	7.87%	6,297	1	8.74%
East Carolina University	5,672	2	6.61%	4,936	2	6.85%
Pitt County Public Schools	3,699	3	4.31%	2,940	3	4.08%
Hyster-Yale Group ³	1,226	4	1.43%	1,100	5	1.53%
City of Greenville	1,132	5	1.32%	704	8	0.98%
Patheon Manufacturing Services LLC ²	1,261	6	1.47%	1,100	4	1.53%
Pitt Community College	1,100	7	1.28%	783	7	1.09%
County of Pitt	1,000	8	1.16%	922	6	1.28%
Alliance One International	850	9	0.99%			
ASMO	722	10	0.84%			
The Roberts Company				500	9	0.69%
Physicians East				500	10	0.69%
Totals	23,422		27.28%	19,782		27.46%

Sources: ¹North Carolina Office of State Budget and Management. ²Bureau of Labor Statistics, United States Department of Labor.

¹Formerly Pitt County Memorial Hospital.

²Formerly DSM Pharmaceuticals, Inc.

³Formerly NACCO Materials Handling.

Table 17. Employees by Function | Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Electric:										
Management	4	4	4	3	3	3	3	3	4	4
Engineering	14	13	12	12	14	18	19	16	16	15
Load Management	3	4	3	6	5	6	6	5	6	6
Dispatching	7	7	7	7	7	7	8	9	7	7
Electric System Maintenance	78	71	79	77	71	78	75	78	85	80
Water/Wastewater:										
Management	4	4	3	4	4	4	4	4	4	5
Engineering	14	11	11	9	10	12	12	13	14	13
Water Plant	25	24	25	27	27	29	29	30	31	31
Wastewater Plant	25	26	25	25	25	28	28	28	31	32
Water/Wastewater Systems Maintenance	47	48	47	46	45	42	42	43	44	45
Natural Gas:										
Management	5	5	4	4	5	5	5	4	6	6
Engineering	8	6	8	7	8	9	8	10	10	10
Natural Gas System Maintenance	30	31	29	25	25	30	33	30	31	31
Administration:										
Executive Administration	7	7	8	8	12	15	13	15	13	17
Finance and Accounting	10	11	10	11	31	31	32	33	31	34
Human Resources	15	16	17	16	9	9	9	8	9	9
Information Technology	18	19	20	26	26	27	31	28	29	29
Customer Relations	52	52	52	48	38	36	36	43	37	39
Fleet Management	13	13	13	13	13	12	13	11	13	13
Warehouse	8	8	7	8	7	7	8	8	9	8
Meter Services	36	32	32	33	32	33	35	34	33	34
Utility Locating Services	6	5	5	5	5	6	6	7	7	7
Total Employees:	429	417	421	420	422	447	455	460	470	475

Source: Various Utilities Commission departments

Table 18. Operating Indicators | Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Electric System:										
Peaks (MW)	344.8	345.8	348.8	355.2	353.6	336.5	370.2	357.9	367.4	383.2
Average daily purchase (MWH)	4,610	4,644	4,822	4,609	4,671	4,771	4,844	4,710	4,836	5,008
Total MWH sold	1,633,477	1,650,126	1,712,010	1,632,866	1,656,667	1,684,847	1,709,900	1,685,252	1,716,973	1,764,805
Water System:										
Peaks (MGD)	16.204	15.605	17.536	16.340	14.871	16.070	17.779	15.070	14.412	17.347
Average daily treatment (Mgals)	10.785	10.977	11.850	11.896	12.008	12.394	13.044	12.384	12.600	13.106
Total kgals sold	3,544,633	3,444,992	3,705,889	3,785,625	3,857,562	3,921,590	3,917,750	3,969,595	4,019,200	4,113,444
Wastewater System:										
Peaks (MGD)	12.680	22.830	24.240	21.240	14.810	20.040	17.320	21.040	13.590	17.340
Average daily treatment (Mgals)	8.879	10.120	9.593	10.301	10.426	10.530	11.290	11.195	10.220	9.540
Total kgals collected	2,693,674	2,659,126	2,794,875	2,746,715	2,729,493	2,742,124	2,758,868	2,834,356	3,730,850	2,898,354
Natural Gas System										
Peaks (MCFs)	22,733	23,845	24,176	21,465	20,537	20,092	22,897	28,331	24,855	25,341
Average daily purchase (MCFs)	8,232	8,920	9,360	7,959	8,870	9,277	9,452	8,462	8,537	10,099
Total MCFs sold	2,878,992	3,124,362	3,240,524	2,824,623	3,142,015	3,296,068	3,341,192	2,939,182	2,989,816	3,446,778

Source: Various Utilities Commission departments

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

Table 19. Capital Indicators | Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Electric System:										
Miles of lines	2,638	2,638	2,672	2,714	2,719	2,781	2,884	2,901	2,921	2,939
Substations	22	23	23	23	23	23	23	23	23	24
Customer connections	62,363	63,136	63,745	63,789	64,362	64,673	65,347	66,252	66,508	67,964
Maximum capacity transmission (MVA)	480	480	480	480	480	480	480	480	480	600
Maximum capacity distribution (MVA)	540	540	540	560	560	560	560	560	560	560
Water System:										
Miles of lines	618	626	626	628	628	627	627	629	631	631
Customer connections	33,733	34,336	34,419	34,514	34,742	34,959	35,179	35,599	35,794	36,338
Maximum capacity (MGD)	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5	24.5
Wastewater System:										
Miles of lines	466	468	469	471	479	471	471	479	479	480
Customer connections	27,240	27,805	28,054	28,157	28,435	28,640	28,885	29,253	29,478	30,034
Maximum capacity (MGD)	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Natural Gas System										
Miles of lines	1,016	1,019	1,024	1,034	1,043	1,049	1,051	1,054	1,067	1,070
Customer connections	21,661	22,004	22,211	22,259	22,434	22,554	22,837	23,066	23,108	23,379
Maximum capacity (MCF)	38,164	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512	42,512

Source: Various Utilities Commission departments

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

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Compliance Section



Compliance Section



**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 each major fund, and the aggregate remaining fund information of the Greenville Utilities Commission (the "Commission"), a component unit of the City of Greenville, North Carolina, as of and for the year ended June 30, 2018, 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 25, 2018.

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.

Handwritten signature in cursive script that reads "Cheryl Bekaert LLP".

Raleigh, North Carolina
October 25, 2018



Office of the General Manager/CEO

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