



Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2018



**Greenville
Utilities**

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

Greenville Utilities Commission

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

Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2018

This report was prepared by
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Design and Photography by John Bullard, Bandit Design Studios.



Our Mission Statement

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.

**Greenville
Utilities**



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

Greenville Utilities Commission
North Carolina

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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A Note About the Popular Annual Financial Report

Popular Annual Financial Reports (PAFR) are simplified, abbreviated versions of Comprehensive Annual Financial Reports (CAFR). CAFR’s are very detailed and intended for experienced financial professionals and thus are not easily understood by the general public. This PAFR has been prepared with the general public in mind with highlights of the fiscal year contained in GUC’s CAFR for the year ended June 30, 2018. This report does

not contain all of the detailed information contained in Greenville Utilities’ FY2017-18 CAFR, including certain financial statements, schedules and disclosures that are normally included in a financial statement. To obtain the most current and past GUC CAFRs, please visit our website at: www.guc.com/about-us/financial-information. All information has been prepared using generally accepted accounting principles known as GAAP.





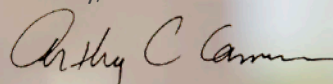
A Message from the General Manager, Tony Cannon

Greenville Utilities Commission (GUC) is pleased to present you with our Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2018. For over a decade, we have been guided by the same vision, mission, and values. As with any good plan, however, times change and revisions must be made to ensure we are still meeting our customers' needs and headed in the right direction. This past year, we began working on a strategic plan update. The GUC Board of Commissioners recognized the importance of engaging our stakeholders to ensure we understand their utility-related needs and how we can best meet those needs. We met with a range of customers (from large industries to small businesses – homeowners to renters) and engaged our employees. We gathered all of the input and presented it to our Board of Commissioners. Our Board listened intently and distilled the information into the areas where our customers said we have done

really well and where we should focus our efforts in the future. They updated our vision, mission, and values to reflect the input they had received.

As you read this year's PAFR, highlighted throughout are our objectives that make our goals more manageable and ensure appropriate focus. We believe these objectives will help the Commission stay committed to our mission. Future initiatives and projects will be checked against these objectives to make sure they are in alignment with what our customers want, need, and expect from us as we continue to safely power our future.

Sincerely,



Anthony C. Cannon | General Manager/CEO

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.

GUC Board of Commissioners



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




BLUEPRINT STRATEGIC PLAN OBJECTIVE 1

Safely Providing Reliable and Innovative Utility Solutions

- Excel at our core services
- Safety is part of everything we do
- Strive for 100% reliability
- Explore new utility options including alternative energy sources
- Pursue, support, and promote environmental stewardship

Pictured is Risk and Facilities Manager Kevin Keyzer

A man in a light blue button-down shirt and khaki pants stands in a field of tall grass at sunset. He is holding a tablet in his left hand. The background shows a line of trees under a warm, orange sky.

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

BLUEPRINT STRATEGIC PLAN OBJECTIVE 2

Exceeding Customer Expectations

- Provide exceptional customer service
- Increase communication and education
- Maintain high level of service standards
- Expand value added services



BLUEPRINT STRATEGIC PLAN OBJECTIVE 3

Providing Competitive Rates While Maintaining the Financial Stability of the Utility

- Maintain financial integrity
- Strategic asset management
- Long-range planning
- Pursue new revenue opportunities
- Expand our customer base

GUC's Net Position

GUC ended the 2018 fiscal year in excellent financial condition. Revenues exceeded expenses and total net position decreased \$3.8 million. The primary sources of revenues are rates and charges billed to customers for electric, water, wastewater and natural gas utility services. The total rates and charges for the year were more than \$254 million. That is 4% greater than last year's total of more than \$245 million. Operating expenses for the year totaled

more than \$232 million compared to more than \$228 million for the previous year. GUC 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 GUC to adjust the beginning net OPEB liability. As a result, net position decreased by \$29,075,517.

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Total Assets and Deferred Outflows of Resources	\$575,845,678	\$559,550,015	\$547,473,938	\$487,983,671	\$478,969,421	\$478,760,360
Total Liabilities and Deferred Inflows of Resources	\$200,749,650	\$180,623,948	\$180,952,058	\$146,313,177	\$147,202,555	\$152,948,694
Total Net Position	\$375,096,028	\$378,926,067	\$366,521,880	\$341,670,494	\$331,766,866	\$325,811,666

Aa2 | **AA-**
Moody's | **Fitch**

WHAT IS GUC'S BOND RATING?

Moody's and Fitch, two of the leading nationally-recognized credit rating agencies, have acknowledged the financial management of the utility by assigning a rating of Aa2 and AA- respectively to the utility.

Financials

The Commission provides electric, water, wastewater, and natural gas utility service to the City of Greenville and approximately 75% of Pitt County. Each fund is managed independently and provides a rate structure that allows each fund to be financially self-supporting.

The Electric fund, the largest fund among Greenville Utilities four funds, generated revenues in excess of \$175 million dollars in fiscal year 2018. The fund provides electricity to more than 67,000 customer connections traveling across 3,000 miles of lines and distributed through 24 substations.

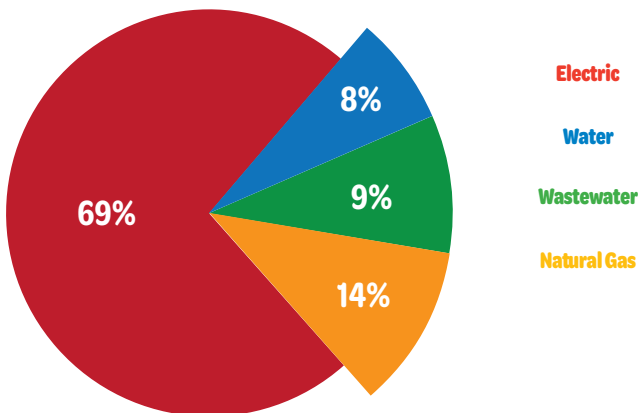
The Water fund provides clean drinking water to over 36,000 customers through a distribution system of more than 631 miles. The Tar River is the primary source of fresh water providing approximately 97% of the fresh water needed with additional water provided by deep wells. The

utility operates one water treatment facility that can treat 24.5 million gallons per day. The Water fund, the smallest of GUC's funds, generated revenues of more than \$20 million during the year.

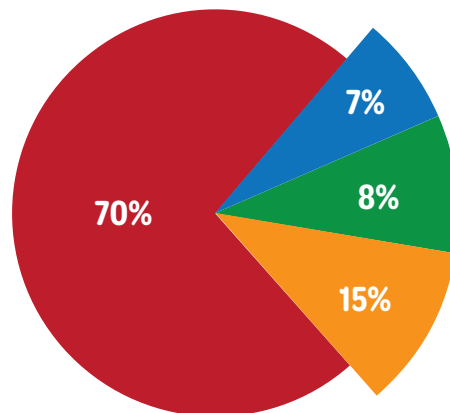
The Sewer fund generated revenues during the year greater than \$23 million dollars while providing service to more than 30,000 customers over 480 miles of collection lines and mains. The Waste Water Treatment plant has the capacity to treat more than 17.5 million gallons per day.

Continues on page 11.

2018 TOTAL OPERATING REVENUES:
\$255,492,219



2018 TOTAL OPERATING EXPENSES:
\$232,238,803





Continued from the page 9.

The Gas fund, the second largest fund measured by revenue size, provided service to over 23,000 customers during the year over more than 1,000 miles of lines. The fund generated more than \$36 million in revenues. The fund operates a liquefied natural gas facility to provide additional capacity for serving customers during periods of very cold weather.

The primary component of lower revenues and expenses is due to the re-structuring of the electric power supply agreement. The Commission is a member of a group of 32 cities with electric utilities that collectively control generating assets in power plants owned by Duke Energy Progress. During the year the group of cities, known as NCEMPA, sold the rights to the generating assets to Duke Energy and entered into a new wholesale power agreement which resulted in lower costs for purchased electricity.

The Commission reduced its retail electric power rates by approximately 11% and the corresponding purchase power commodity costs, the largest single expense of more than \$150 million in the previous year, was reduced.

As part of the new power agreement the Commission was able to lower retail electric rates, increase the margins between the cost of electricity purchased and the amount charged for that same electricity, reduce the cost of purchasing electricity for resale and establish a rate stabilization fund to provide a level of protection for rate payers from future rate increases. The rate stabilization fund will accumulate dollars from current year's earnings and use those dollars to support revenues in future years if electric rates rise higher than expected. This will allow a portion of any future rate increases to be absorbed by the Commission and not passed onto customers.

TOTAL OPERATING REVENUES

2018	\$255,492,219
2017	\$246,005,844
2016	\$247,208,408
2015	\$271,986,511
2014	\$270,771,936
2013	\$261,045,089
2012	\$256,728,295

TOTAL OPERATING EXPENSES

2018	\$232,238,803
2017	\$228,470,861
2016	\$213,746,499
2015	\$250,914,190
2014	\$257,699,930
2013	\$246,537,972
2012	\$244,842,056

BLUEPRINT STRATEGIC PLAN OBJECTIVE 4

Recruiting and Retaining an Exceptional, Motivated, Diverse, and Agile Workforce

- Succession planning
- Foster leadership throughout the organization
- Increase and value diversity in workforce
- Competitive pay and benefits
- Expand training opportunities



Talent Development & Succession Management Strategy

- Create pathways to identify and develop high potential employees
- Develop a pipeline of talented, committed, diverse and prepared employees
- Mitigate negative impacts of institutional knowledge loss
- Provide all employees opportunity for formal advanced learning
- Build reputation as employer that values employees and invests in their development



Pictured is Systems Analyst II James Hoover



BLUEPRINT STRATEGIC PLAN OBJECTIVE 5

Developing and Enhancing Strategic Partnerships

- Work collaboratively with others to provide optimal services to the region
- Enabling regional growth and economic development
- Effectively influence legislation and regulation for the benefit of our customer base
- Partner with community organizations
- Pursue economies of scale with smaller utilities



Pictured here are DSM Dyneema Environmental Engineer Natalie Brown, GUC Business Development Specialist Kathy Howard, DSM Dyneema Site Director Scott McIntyre and DSM Dyneema Maintenance Manager Chip Tillett.

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%
Hyster Yale 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.

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.



Pictured is IT Support Specialist II Eban Kea

BLUEPRINT STRATEGIC PLAN OBJECTIVE 6

Embracing Change to Ensure Organizational Alignment and Efficiency

- Ensure organizational alignment, unity, and consistency across all of GUC - we are all one organization
- Optimize business processes
- Increasing efficiency
- Increase internal communications so employees can be ambassadors for GUC
- Expand and optimize the use of technology to meet the expectations customers have around information and the personal style of communications today
- Value continuous improvement and always look for opportunities to improve

Understanding Your Bill



The 2018 Wastewater Annual Report will be available to view and download online beginning August 1st at www.guc.com/WWAR2018. This report contains information about the performance of our W p 2

Each month GUC puts a different message on the bills such as helpful tips, community programs and new services we are offering.

Bill Date: 11/16/18

Due Date: 12/06/18

Account Number:

Previous Balance:	\$206.03
Payments Received:	\$206.03CR
Balance Forward:	\$0.00
Total Current Charges:	\$196.76
Total Amount Due:	\$196.76

KWH represents kilowatt hours

Account Name:
Service Address:

Service Type	Meter No.	Usage Period	Current Reading	Prior Reading	Mult.	Usage	Uom
Electric	E132875	10/17/18 - 11/15/18	39562	39114	1	448	KWH
Gas	G15886	10/17/18 - 11/15/18	2120	2099	1	21	CCF
Water	W76992	10/17/18 - 11/15/18	275	270	1	5	CCFW
	W100405	10/17/18 - 11/15/18	28	28	1	0	CCFW

Each CCF equals 100 cubic feet

Important Messages

To avoid a 1% late fee, please pay the current charges by due date.

Current Charges

Electric Charges	\$62.07
NC Electric Sales Tax	\$4.34
Gas Residential Charges	\$36.41
NC Gas Sales Tax	\$2.55
Sewer Charges 3.50 KGAL	\$32.35
Water Meter Charge	\$8.00
Water Volume Charge 3.74 kgal	\$16.34
Irrigation Meter Charge	\$8.00
City of Greenville Charges	\$26.70
Total Current Charges	\$196.76

DOS represents the number of days of service in the billing period.

The total current charges includes the City of Greenville charges.

Service Period	DOS	Elect. Avg per Day	Water Avg per Day	Gas Avg per Day
Current Month	29	15.45	0.17	0.72
Same Month Last Year	29	14.48	0.10	0.62

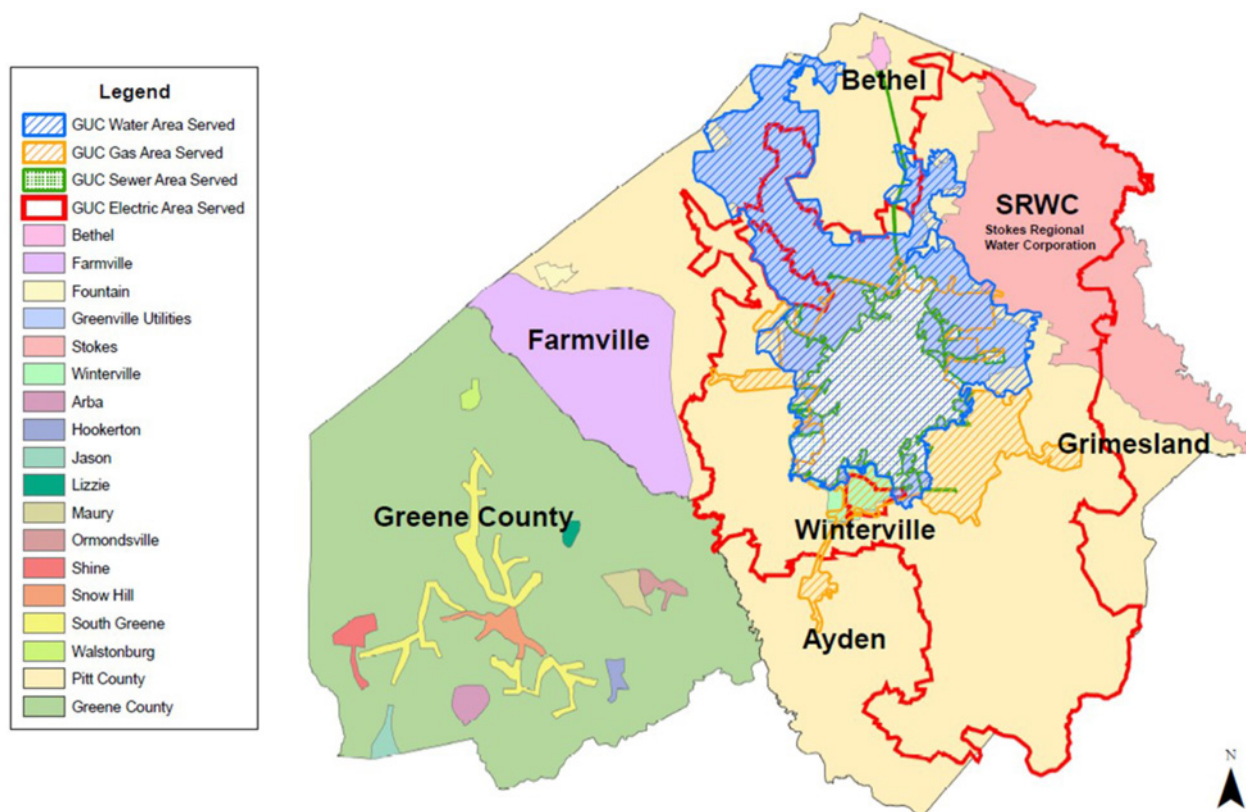
PLEASE MAIL BOTTOM PORTION WITH PAYMENT. BRING ENTIRE BILL IF PAYING IN PERSON.

PO BOX 1847
GREENVILLE NC
27835-1847

Account Number	
Bill Date	11/16/18
Due Date	12/06/18
Service Address	
Total Amount Due	\$196.76
Total Amount Paid	\$ _____

NAME
STREET ADDRESS
CITY, ST ZIP

Areas Served



Contact Us

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Greenville, NC 27834

Office Hours:

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Greenville, NC 27834

Office Hours:

Monday through Friday
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GUC ALERT: EMERGENCY HOTLINE (855) 767-2482



OFFICE OF THE GENERAL MANAGER/CEO

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OFFICE OF THE CHIEF FINANCIAL OFFICER

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