



Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2019

***Greenville
Utilities***

Greenville Utilities Commission
of the City of Greenville, NC

Greenville Utilities

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, 2019

For the Fiscal Year Ended June 30, 2019.

Chief Financial Officer **Jeff McCauley, CPA**

Director of Financial Services & Accounting **Joseph K. Jones, CPA**

Finance Department Staff:

Jonathan Britt, PE, Manager of Advanced Analytics

Tanya Brown, Accounting Technician II

Kim Coggins, Accountant/Auditor III

Sandy Dail, Accountant/Auditor III

Meredith Dent, Accountant/Auditor I

Michael Fox, Accountant/Auditor I

Cleve Haddock, Procurement Coordinator

Cynthia Langley, Accounting Manager

Heather Manning, Accountant/Auditor II

Molly Ortiz, Senior Financial Planning and Rates Analyst

Kelly Powell, Accounting Technician I

Margie Taylor, Accountant/Auditor IV

Amanda Wall, CPA, Senior Financial Planning and Rates Analyst

Brandie Whitehurst, Senior Administrative Assistant

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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, 2019. This report does

not contain all of the detailed information contained in Greenville Utilities' FY2018-19 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.

GFOA Popular Annual Financial Report Award for Fiscal Year Ended June 30, 2018



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, 2018

Christopher P. Morill

Executive Director/CEO

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, 2019. This year-end review demonstrates the dedication the Commission has in 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.

As you read this year's PAFR, highlighted throughout is a snapshot of the Comprehensive Annual Financial Report (CAFR) with recognition of the quality of work the Commission strives for each day. Organizations such as the American Public Power Association (APPA), American Public Gas Association (APGA), and the Government Finance Officers Association (GFOA) recognized the Commission for its system reliability, workforce development, system improvement, and safety. These are all indicators of innovation, sustainability, and reliability which we owe to the ratepayers of the community 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, except in June.

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 less 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



Chair-Elect Parker Overton, Lindsey Griffin, City Manager Ann Wall, Chair Joel Butler, Minnie Johnson Anderson, Secretary Tommy Stoughton, Kelly L. Darden, Jr. and Peter Geiger.

Year In Review: Major Initiatives



Main Office Efficiency and Enhancement Project

Over the past year, the downtown main office location has been under construction. With Wells Fargo moving out of the building, it was the right time to begin renovating the building to create a better customer experience. The building's exterior has held up well over the past 45 years, but over time normal maintenance is taking a toll on the exterior finishes. Uptown development over the past 15 years draws further attention to the building's dated and deteriorating exterior. Plans for the exterior of the building include updates to the exterior panels and masonry on the bottom level and the third floor, addition of sun shades and awnings over windows, addition of mechanical equipment screen around the roof's edge, and updating the hardscape and landscape in certain portions of the parking lot and front entrance. A major renovation of the first floor has also taken place to better facilitate walk-in customers. A new drive-thru window service will now be available at this location. Some of the major interior plans include security improvements, lighting and HVAC efficiency upgrades, cashier and reception space renovation, and the addition of customer service offices.

New Operations Center

Construction has begun on the New Operations Center located off Hwy 43 on an 82-acre site which will include approximately 150,000 square feet of buildings and covered shelters including an office/operations building, warehouse, yard storage, and operations support/maintenance shop. The purpose and value of this project is relocating the Commission's current Operations Center from a flood prone area to high ground to allow unimpeded operations during severe weather and flooding. The relocation also allows for modernization and growth that is not currently facilitated due to site congestion and development restrictions within flood plains.

Greenville 230kV West Substation Flood Mitigation

This project includes the addition of a second power transformer at G230W. This addition remedies existing deficiencies of the existing transmission system during a major flood event.

Water Treatment Plant Upgrade Phase I

The existing Water Treatment Plant was placed in service in 1983 as a conventional coagulation, sedimentation, and filtration plant with a capacity of 12 million gallons per day (MGD). An expansion to the plant was completed in 2002, resulting in the current "rated" treatment capacity of 22.5 mgd. Since the last expansion, the customer base and system demands continue to increase. New water use records have been set recently including an average day water demand of 13.7 MGD and a single day record of 18.6 million gallons in December 2019. The system is nearing capacity and GUC is in the final stages of design for the necessary upgrades to expand the Water Treatment Plant to a firm capacity of 32 MGD.

Regional Pump Station Upgrades

Construction began in April 2019 with the installation of a grinder system at the Fork Swamp Regional Pump Station, immediately followed by the installation of a grinder at the Green Mill Run Regional Pump Station. The grinders and associated electrical and controls were installed and the project was deemed substantially complete in October 2019. The grinders are performing as expected, reducing clogging and maintenance calls significantly. Evaluation of the grinders will continue through 2020.

Year In Review: Major Awards

Government Finance Officers Association Awards

Comprehensive Annual Financial Report, Popular Annual Financial Report, Distinguished Budget Presentation (Finance)

Sustained Professional Purchasing Award (Finance)

Association of Metropolitan Water Agencies

2018 Gold Award for Exceptional Utility Performance

NC American Water Works Association

-Water Environment Association

Collection System of the Year

American Gas Association Safety Achievement Award (Gas)

NC Area Wide Optimization Award (Water Treatment Plant)

American Public Power Association

Two 2018 Excellence in Public Power Communications Awards
(Public Information)

American Public Gas Association

System Operational Achievement Recognition (Gas)

American Public Power Association

RP3 (Electric)

For dedication to operating an efficient, safe,
and reliable distribution system

Ten Largest Customers | Current Year and Nine Years Ago

Electric Fund		Fiscal Year 2019		Fiscal Year 2010	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	\$ 5,426,049	3.12%	\$ 6,817,175	3.67%
DSM Dyneema, LLC	High Performance Fibers	4,933,795	2.84%	2,833,937	1.53%
Vidant Medical Center ²	Health Care	4,332,979	2.49%	5,181,055	2.79%
East Carolina University	Education	3,790,170	2.18%	4,277,327	2.30%
Attends Healthcare Products	Medical Products	2,602,515	1.50%	2,987,198	1.61%
Vidant Medical Center ²	Health Care	2,468,041	1.42%	1,522,855	0.82%
East Carolina University	Education	2,395,848	1.38%	3,586,400	1.93%
East Carolina University	Education	2,326,077	1.34%	3,371,231	1.82%
Mayne Pharma Inc	Pharmaceuticals	1,617,617	0.93%		
City of Greenville	Government	1,549,278	0.89%		
ASMO of Greenville	Motors			1,074,342	0.58%
HysterYale Group ³	Fork Lift Trucks			982,323	0.53%
Totals		\$ 31,442,369	18.09%	\$ 32,633,843	17.58%

Water Fund		Fiscal Year 2019		Fiscal Year 2010	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Town of Farmville	Government	\$ 793,198	3.79%		
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	792,602	3.79%	\$ 387,476	3.04%
Town of Winterville	Government	348,896	1.67%	95,566	0.75%
Vidant Medical Center ²	Health Care	267,517	1.28%	209,329	1.64%
Vidant Medical Center ²	Health Care	205,744	0.98%	84,144	0.66%
DSM Dyneema, LLC	High Performance Fibers	174,810	0.84%	41,931	0.33%
DSM Dyneema, LLC	High Performance Fibers	170,433	0.81%		
Fuji Silysia Chemical USA, LTD	Silica Gel	152,085	0.73%	45,763	0.36%
Vidant Medical Center ²	Health Care	138,383	0.66%	52,958	0.42%
Stokes Regional Water Corporation	Water Utility	82,736	0.40%		
Greenville Housing Authority	Apartments			51,796	0.41%
East Carolina University	Education			73,804	0.58%
Pitt County	Government			59,597	0.47%
Totals		\$ 3,126,404	14.95%	\$ 1,102,364	8.66%

Sewer Fund		Fiscal Year 2019		Fiscal Year 2010	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	\$ 845,158	3.55%	\$ 514,926	3.74%
DSM Dyneema, LLC	High Performance Fibers	824,136	3.46%	85,512	0.62%
Town of Bethel	Government	670,342	2.81%	284,085	2.07%
Vidant Medical Center ²	Health Care	463,472	1.94%	331,896	2.41%
Vidant Medical Center ²	Health Care	352,143	1.48%	123,258	0.90%
Fuji Silysia Chemical USA, LTD	Silica Gel	279,072	1.17%	76,524	0.56%
Vidant Medical Center ²	Health Care	240,406	1.01%	80,132	0.58%
Mayne Pharma Inc	Pharmaceuticals	114,895	0.48%		
East Carolina University	Education	110,867	0.47%	113,425	0.82%
Greenville Housing Authority	Apartments	86,022	0.36%		
Pitt County	Government			60,192	0.44%
Town of Grimesland	Apartments			58,581	0.43%
Totals		\$ 3,986,513	16.73%	\$ 1,728,531	12.57%

Gas Fund		Fiscal Year 2019		Fiscal Year 2010	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	\$ 2,937,541	8.25%	\$ 3,594,491	9.54%
East Carolina University	Education	2,474,220	6.95%	3,430,720	9.11%
Vidant Medical Center ²	Health Care	1,798,450	5.05%	1,946,986	5.17%
Vidant Medical Center ²	Health Care	1,141,805	3.21%	682,641	1.81%
Mayne Pharma Inc ⁴	Pharmaceuticals	1,089,320	3.06%	509,006	1.35%
DSM Dyneema, LLC	High Performance Fibers	834,665	2.34%	808,397	2.15%
East Carolina University	Education	747,169	2.10%	1,234,393	3.28%
DSM Dyneema, LLC	High Performance Fibers	686,059	1.93%	532,325	1.41%
ST Wooten Construction Corp	Construction	674,638	1.89%		
Fuji Silysia Chemical USA, LTD	Silica Gel	636,536	1.79%	436,467	1.16%
Hyster Yale Group ³	Fork Lift Trucks			344,955	0.92%
Totals		\$ 13,020,403	36.57%	\$ 13,520,381	35.90%

¹Formerly DSM Pharmaceuticals, Inc.

²Formerly Pitt County Memorial Hospital.

³Formerly NACCO Materials Handling.

⁴Formerly Metrics, Inc.

GUC's Net Position

GUC ended the 2019 fiscal year in excellent financial condition. Revenues exceeded expenses and total net position increased \$19.4 million. The primary sources of revenues are rates, charges, and fees billed to customers for electric, water, wastewater and natural gas utility services. The total rates,

charges, and fees for the year were more than \$260 million. That is 1.7% greater than last year's total of more than \$255 million. Operating expenses for the year totaled more than \$236 million compared to more than \$232 million for the previous year.

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Total Assets and Deferred Outflows of Resources	\$657,809,058	\$575,845,678	\$559,550,015	\$547,473,938	\$487,983,671	\$478,969,421
Total Liabilities and Deferred Inflows of Resources	\$263,352,992	\$200,749,650	\$180,623,948	\$180,952,058	\$146,313,177	\$147,202,555
Total Net Position	\$394,456,066	\$375,096,028	\$378,926,067	\$366,521,880	\$341,670,494	\$331,766,866

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 \$177 million dollars in fiscal year 2019. The fund provides electricity to more than 68,500 customer connections traveling across 3,000 miles of lines and distributed through 24 substations.

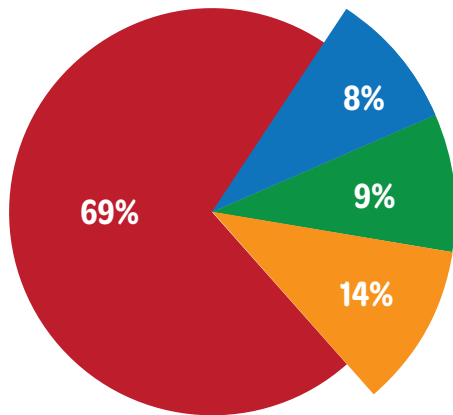
The Water fund provides clean drinking water to over 36,500 customers through a distribution system of more than 633 miles. The Tar River is the primary source of fresh water

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 \$21 million during the year.

The Sewer fund generated revenues during the year greater than \$24 million dollars while providing service to more than 30,000 customers over 482 miles of collection lines and mains. The Waste Water Treatment plant has the capacity to treat more than 17.5 million gallons per day.

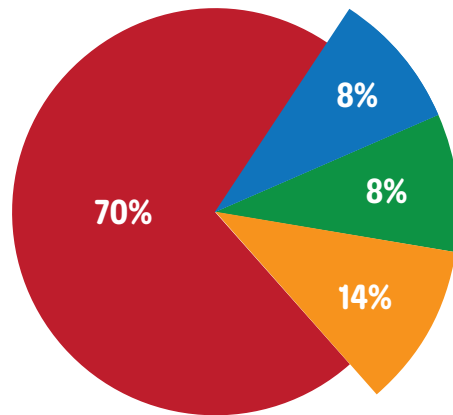
The Gas fund, the second largest fund measured by revenue size, provided service to over 23,000 customers during the year over more than 1,000 miles of lines. The fund generated more

2019 TOTAL OPERATING REVENUES:
\$260,081,217



Electric
Water
Wastewater
Natural Gas

2019 TOTAL OPERATING EXPENSES:
\$236,998,436



Aa1 | **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. In May 2019, Moody's upgraded the Commission's rating from an Aa2 to an Aa1. Fitch's rating has remained the same. Bond ratings reflect an entity's credit quality and measures the financial strength of the organization as well as its ability to make timely debt service payments. A high bond rating allows easier access to credit markets, broadens the appeal of the entity issuing debt, allows for a quick sale of the bonds and ensures that the entity borrows at the lowest rates available.

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 Commission is a member of a group of 32 cities with electric utilities that collectively have a full requirements purchase agreement with Duke Energy Progress. The Commission reduced its retail electric power rates by approximately 11% due to a reduction in power costs from a new wholesale power agreement.

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

2019	\$260,081,217
2018	\$255,492,219
2017	\$246,005,844
2016	\$247,208,408
2015	\$271,986,511
2014	\$270,771,936
2013	\$261,045,089

TOTAL OPERATING EXPENSES

2019	\$236,998,436
2018	\$232,238,803
2017	\$228,470,861
2016	\$213,746,499
2015	\$250,914,190
2014	\$257,699,930
2013	\$246,537,972

Understanding Your Bill



The 2019 Wastewater Annual Report will be available to view and download online beginning August 1st at www.guc.com/WWAR2019. 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: 11/16/19

Due Date: 12/06/19

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	10/17/19 - 11/15/19	39562	39114	1	448	KWH
Gas	G15886	10/17/19 - 11/15/19	2120	2099	1	21	CCF
Water	W76992	10/17/19 - 11/15/19	275	270	1	5	CCFW
	W100405	10/17/19 - 11/15/19	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

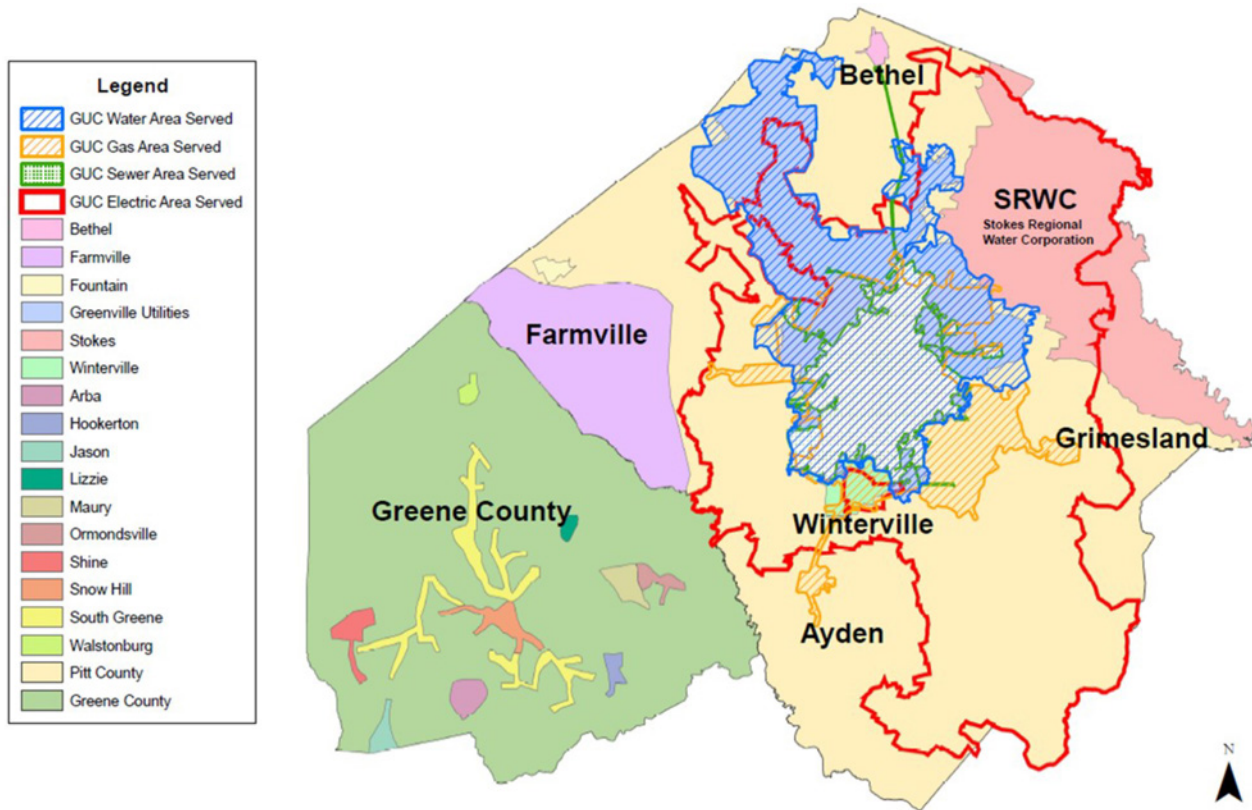
PLEASE MAIL BOTTOM PORTION WITH PAYMENT. BRING ENTIRE BILL IF PAYING IN PERSON.

PO BOX 1847
 GREENVILLE NC
 27835-1847

Account Number
 Bill Date 11/16/19
 Due Date 12/06/19
 Service Address
Total Amount Due \$196.76
 Total Amount Paid \$

NAME
 STREET ADDRESS
 CITY, ST ZIP

Areas Served



Contact Us

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MAIN OFFICE

401 S. Greene St.
Greenville, NC 27834

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Monday through Friday
8:00 a.m. to 5:00 p.m.

GUC ALERT: EMERGENCY HOTLINE (855) 767-2482

**Greenville
Utilities**



Greenville Utilities

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