



**Greenville
Utilities**

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2016

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





On the Cover:

GUC's Wastewater Treatment Plant uses UV light as one of the final steps to disinfect water prior to discharging it back into the Tar River. The plant, which treats over 10 million gallons of wastewater per day, had two UV units that were installed in 1994 and 1996. The average useful life of a UV system is about 20 years, so these two units were replaced during FY 2105-16.

The project involved replacing a medium pressure system with an energy efficient, low pressure, high intensity system. The new UV system as a whole (water flow changes, new equipment, etc.) will reduce the annual power consumption of the equipment by more than 70%. That results in an annual operating and maintenance savings of over \$100,000.



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, 2016

This Report Was Prepared By:

Greenville Utilities Commission Finance Department

401 S. Greene Street Greenville, North Carolina 27834

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Joseph K. Jones, CPA

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Introductory Section



Emily Cruze, Joshua Bowden and Tyler Paul

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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





**Greenville
Utilities**

October 25, 2016

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, 2016.

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, 2016. The independent auditor's report is located at the front of the financial section of this report.

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



Profile of the Greenville Utilities Commission

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

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

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

The Utilities Commission operates under a charter issued by the North Carolina General Assembly (the Utilities Commission Charter).

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



The Electric System

The Utilities Commission operates an electric distribution system serving the City and approximately seventy-five percent of the rural portion of the County with 66,252 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 1,195 miles of overhead distribution lines, 1,629 miles of underground distribution lines at 12,470 volts and 85 miles of fiber optic lines. In addition, the electric system consists of 19 distribution substations with a combined base rating capacity of 560 megavolt amps (MVA), two sub-transmission substations with a combined base

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

The Utilities Commission is a leader in the State of North Carolina in residential load management and has device controls for an estimated 41,671 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 allowed the Utilities Commission to reduce electric retail rates by 7% effective August 1, 2015.

The Water Resources Systems



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 629 miles of lines with 35,599 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 13.246 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.

Water Treatment Plant

Average daily water use in the fiscal year ended June 30, 2016 was approximately 12.384 MGD, with a maximum daily usage of approximately 15.070 MGD. Approximately 84.7% of the water system's 35,599 connections are located within the City limits.

The North Carolina Department of Environmental Quality (NCDEQ) regulates the quality of water sold by the Utilities Commission to its customers, and the water

treatment plant operates in compliance with NCDEQ regulations. The water system meets the current standards of the Federal Safe Drinking Water Act.

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



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

Wastewater Collection and Treatment System

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

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

The collection system consists of approximately 479 miles of lines with 29,253 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, 2016 was 11.2 million gallons of wastewater with a single day hydraulic maximum of 21.04 MGD.

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

The Natural Gas System



The Utilities Commission operates a natural gas distribution system that serves the City as well as some adjacent areas. The natural gas system consists of 614 miles of pipeline and 440 miles of service lines with 23,066 connections. During the current fiscal year 3,078,656 dekatherms of natural gas were moved through the Utilities Commission's distribution system.

The Utilities Commission entered a 10-year gas services agreement effective January 5, 2010, with Piedmont Natural Gas (PNG) that provides Firm Transportation,

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

natural gas on the New York Mercantile Exchange (NYMEX).

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



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

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

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

Local Economy

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

Locally there are fifteen manufacturing operations that employ 100 or more workers, four 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), Pitt Community College, Pitt County Government, Patheon (formerly DSM Pharmaceuticals), Alliance One International, the City of Greenville and Physicians East. Unemployment rates since 2007 have ranged from a low of 5.6 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 approximately 28,000 students and employs more than 5,500 workers. ECU is a member of the 17-campus University of North Carolina system and is accredited by the Southern Association of Colleges and Schools. It offers professional schools of medicine, dentistry, nursing, allied health sciences, health and human performance, business, education, industry and technology, human environmental sciences, social work, music, art and a College of Arts and Sciences.

Long-term Financial Planning

The Utilities Commission is dedicated to enhancing the quality of life for those we serve by providing safe, reliable utility services at the lowest reasonable cost, with exceptional customer service. At the Board's direction, we developed a strategic management system using the Balanced Scorecard as a framework. Our Balanced Scorecard, branded as "On the Mark," was developed with input

from the Board, management, employees and customers. On the Mark is a dynamic roadmap for greater success – for the Utilities Commission, our employees and the communities we serve. The Utilities Commission's Balanced Scorecard helps translate our mission, vision and strategies into action. We have defined three focus areas, or strategic themes: Exceptional Customer Service; Reliability, Safety & Value; and Shaping Our Future. Attaining excellence in these three areas will enable us to achieve our mission, realize our vision and deliver value to our customers.

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

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

Relevant Financial Policies

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

Major Initiatives

The Utilities Commission is planning and designing several major additions to the electric grid in the upcoming years. These projects include the addition of a new point of delivery transmission substation as a connection point between the Utilities Commission and its wholesale electric power provider, the North Carolina Eastern Municipal Power Agency. The new point of delivery substation will be the third connection point, which will provide redundancy and increased system reliability. The estimated cost for this project is \$4.8 million.

In addition, the Utilities Commission will be constructing a transmission line to connect the new point of delivery substation to the distribution substations in the

electrical system. The estimated cost of this project is approximately \$5.3 million.

The Utilities Commission's current Operations Center is located in the 100 year flood plain which suffered extensive damage during Hurricane Floyd in 1999. The current facilities, located on approximately 27 acres, cannot accommodate any further expansion. The Utilities Commission has negotiated to purchase 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 acquisition of the land and construction of the facilities is expected to cost approximately \$35 million.

Infrastructure rehabilitation and replacements are planned for the Utilities Commission's Southside Wastewater Pump Station. These upgrades are expected to cost approximately \$6.6 million.

Awards

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 for the fiscal year ended June 30, 2015. This was the seventh 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.

At its 2015 Annual Meeting, the American Public Gas Association (APGA) presented the Utilities Commission's Gas Department with the prestigious System Operational Achievement Recognition (SOAR). Out of over 700 APGA members, the Utilities Commission is one of nine selected for SOAR by our gas industry peers on the APGA Operations and Safety Committee. The selection was based on demonstrated excellence in the four areas of system integrity, system improvement, employee safety and workforce development.

The Utilities Commission's Gas Department was also honored by the American Gas Association with an Industry Leader Accident Prevention Certificate for the 2014 calendar year. This certificate is awarded to utilities whose safety record exceeds the national safety record.

The Utilities Commission's Public Information Office received a 2015

Award of Excellence in the Social media category from the American Public Power Association. The award was presented at the APPA's national Customer Connections Conference held in Austin, Texas in October 2015.

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 Utilities Commission has held this designation continuously since May 2007.

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 2016 fiscal year the Utilities Commission received awards for Competitive Business Environment, Energy Efficiency, Financial Stability, Legislative Involvement, and Service Excellence. This was the tenth consecutive year these awards have been earned.

North Carolina 811's Safe Digging Partner program signifies a commitment to help prevent damages to buried utilities. Each month, NC 811 recognizes a Safe Digging Partner that exemplifies this commitment. The Utilities Commission was honored as a Safe Digging Partner for January 2016.

North Carolina environment officials honor water systems that surpass federal and state drinking water standards. While all drinking

water systems have to meet strict state and federal drinking water standards, the Utilities Commission was one of 56 systems that met performance goals that were significantly more stringent for 2015.

During fiscal year 2016 the Utilities Commission was honored with 16 safety awards from the North Carolina Department of Labor and the Greenville-Pitt County Chamber of Commerce. In addition, the Utilities Commission's Water Treatment Plant was honored with one 10-year award.

For the fifth 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 13 member agencies in North and South Carolina to receive the award.

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.

Respectfully submitted,

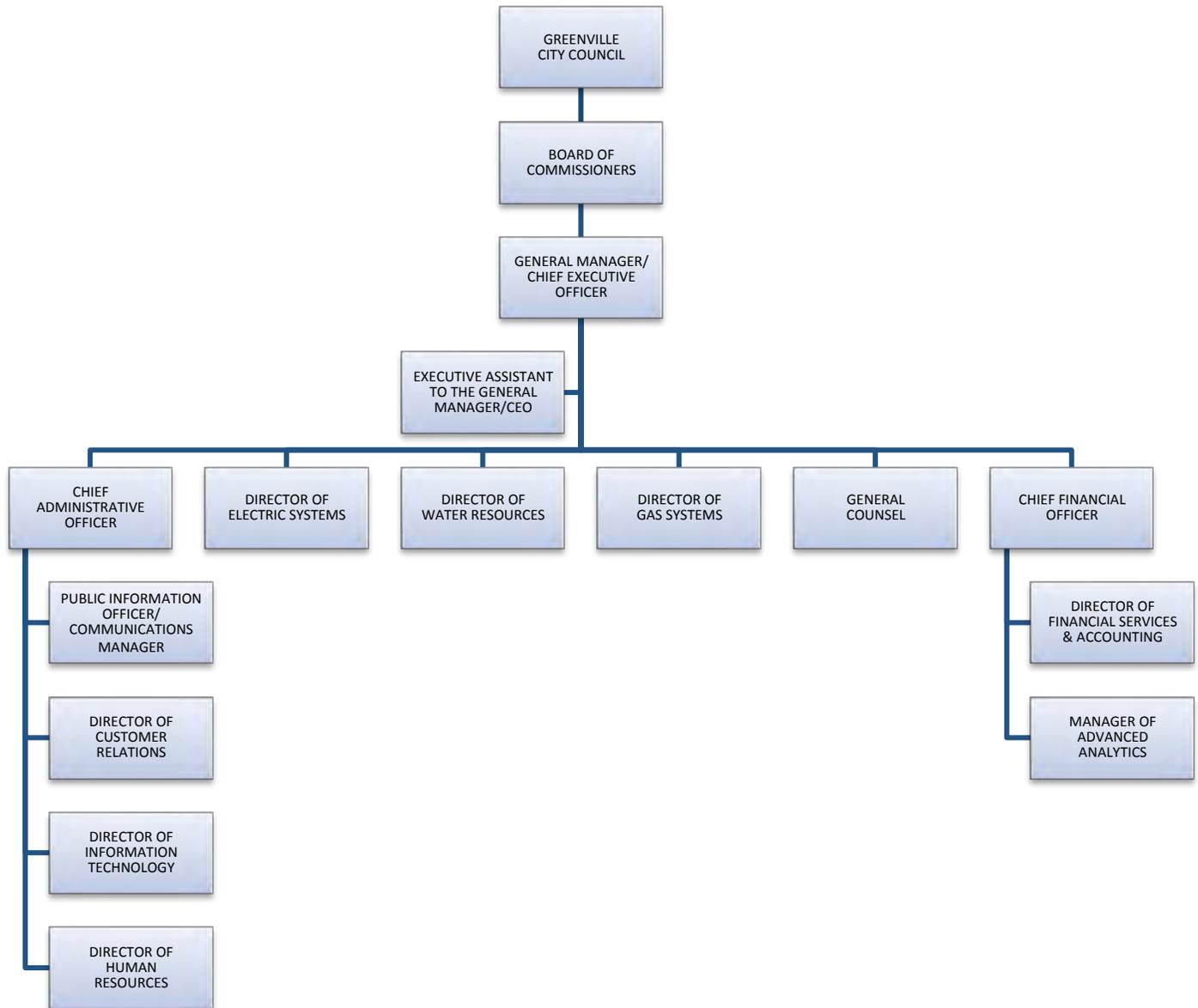


Anthony C. Cannon
General Manager/CEO



Jeff McCauley
Chief Financial Officer

Organizational Chart



Appointed Officials (October 25, 2016)

Commissioners



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

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
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Presented to

Greenville Utilities Commission
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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Independent Auditor's Report



Tony Godwin

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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





Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Greenville Utilities Commission (the "Commission") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Nature of Reporting Entity

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

Required Supplementary Information

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

Supplementary and Other Information

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

The budgetary 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, the budgetary and other schedules are 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, 2016, 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, 2016

Management's Discussion & Analysis



Richie Shreves

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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



Management's Discussion and Analysis

As management of the Greenville Utilities Commission (Utilities Commission), we offer readers of the Utilities Commission's financial statements this narrative overview and analysis of the financial activities of the Utilities Commission for the fiscal year ended June 30, 2016. 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 \$366,521,880 (net position). Of this amount, \$101,796,648 (unrestricted net position) may be used to meet the Commission's ongoing obligations to its customers and creditors.
- Operating revenues decreased by \$24,778,103 or 9.1% and total revenues decreased by \$23,603,990 or 8.6%. During the year the Commission entered into a new electric power supply agreement that resulted in a 7% reduction in retail electric rates. Operating revenues for natural gas were \$9,045,306 or 24.7% lower than last year due to market factors. During the year the Water Fund's operating revenues increased \$1,102,551 or 6.4% and the Sewer fund's operating revenues increased by \$1,990,655 or 10.3%.

- The Utilities Commission's total net position increased by \$24,851,386 primarily due to positive operating income.
- The Utilities Commission's total debt increased by \$39,575,015 (39.3%) during the current fiscal year. The key factor in this increase was the issuance of \$62,685,000 in new revenue bonds during the year, \$22,790,000 of which was used to defease existing debt.
- 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 Utility Commission's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial condition of the Utilities Commission is improving or deteriorating.

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Utilities Commission, like other local

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

Proprietary Funds

The Utilities Commission maintains only one type of proprietary fund – the enterprise fund type. Enterprise funds are used to report the same functions presented as business-type activities in the commission-wide financial statements. The Utilities Commission uses enterprise funds to account for its electric, water,

sewer and natural gas business operations, all of which are considered major funds.

Fiduciary Funds

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

which is an agency fund.

Notes to the Financial Statements

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

Other Information

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

Commission-Wide Financial Analysis

Greenville Utilities Commission Net Position

	2016	2015
Current and other assets	\$ 166,155,976	\$ 117,422,840
Capital assets	376,991,066	367,717,958
Deferred outflows of resources	4,326,896	2,842,873
Total assets and deferred outflows of resources	547,473,938	487,983,671
Current liabilities	35,539,459	37,998,896
Non-current liabilities	144,435,417	102,267,611
Deferred inflows of resources	977,182	6,046,670
Total liabilities and deferred inflows of resources	180,952,058	146,313,177
Net position:		
Net investment in capital assets	264,725,232	272,212,735
Unrestricted	101,796,648	69,457,759
Total net position	\$ 366,521,880	\$ 341,670,494

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 \$366,521,880

as of June 30, 2016. The Utilities Commission's net position increased by \$24,851,386 during the fiscal year ended June 30, 2016.

The largest portion of the Utilities Commission's net position

(72.2%) 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 (\$101,796,648) may be used to

meet the Utilities Commission's ongoing obligations to citizens and creditors. This balance increased \$32,338,889 from fiscal year 2015 due to net operating income.

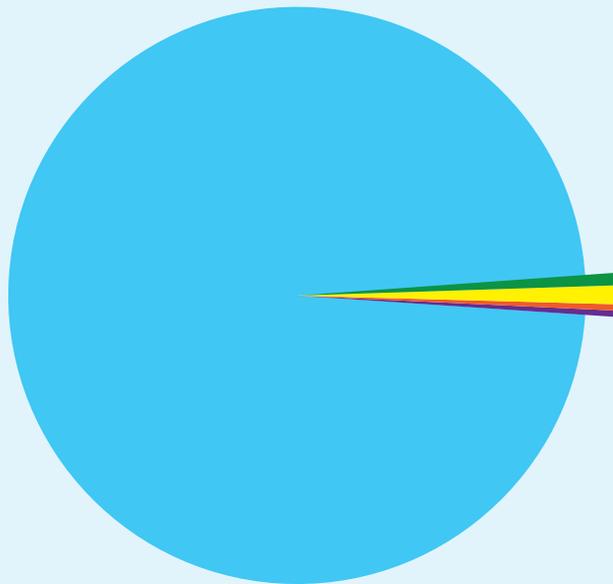
The \$24,851,386 increase in net position is primarily due to the decreased cost of purchased electricity resulting from the sale of the North Carolina Eastern Municipal Power Agency (NCEMPA) assets and a new power supply agreement with Duke Energy Progress and a corresponding increase in margins

realized on the sale of electricity to customers. Margins are the difference between charges for service and the cost of purchased power. Total purchased power costs decreased by \$33,233,471 or 21.0% and margins on the sale of electricity increased by \$14,519,499 from the previous year for a total of \$54,758,577 compared to \$40,239,078 for the previous year. Rate increases in water and sewer charges for service were the primary reason for the increases in revenues and positive changes in net position for those funds.

Greenville Utilities Commission Changes in Net Position

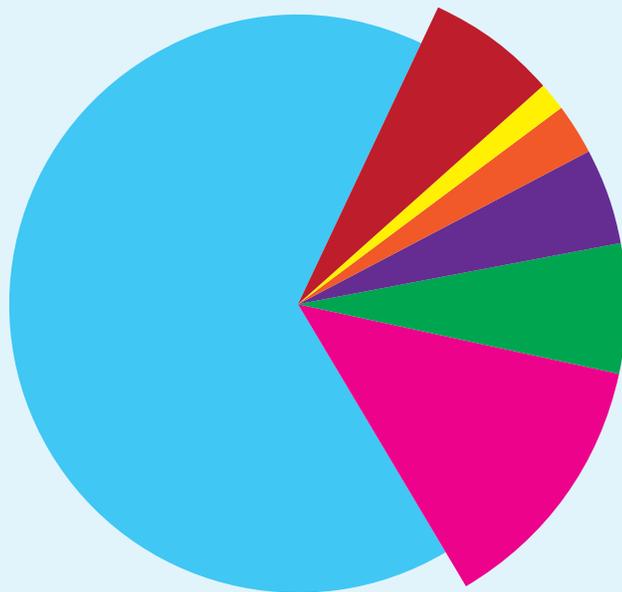
	2016	2015
Revenues:		
Operating revenues:		
Charges for service	\$ 246,112,341	\$ 270,858,924
Other operating revenues	1,096,067	1,127,587
Non-operating revenues:		
Interest income	329,726	283,767
Other non-operating revenues	2,572,029	1,443,875
Total revenues	250,110,163	273,714,153
Expenses		
Operating expenses	213,746,499	250,914,190
Non-operating expenses	4,154,013	3,682,673
Total expenses	217,900,512	254,596,863
Increase in net position before contributions and transfers	32,209,651	19,117,290
Contributions	-	601,800
Transfers	(7,358,265)	(6,505,043)
Increase in net position	24,851,386	13,214,047
Net position, July 1	341,670,494	331,766,866
Restatement*	-	(3,310,419)
Net position, June 30	\$ 366,521,880	\$ 341,670,494

* The Utilities Commission implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68" during fiscal year ended June 30, 2015. With the new reporting change, the Utilities Commission is allocated its proportionate share of the North Carolina Local Governmental Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased the 2015 beginning net position by \$3,310,419. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Utilities Commission's management.



Sources of Revenue

- 98.0% Rates & Charges
- 0.7% Fees & Charges
- 0.1% Interest
- 0.2% Capital Contributions
- 0.9% Other



Uses of Revenue

- 65.6% Purchased Power & Gas
- 6.6% Depreciation
- 1.3% Interest
- 2.4% Transfers to the City of Greenville
- 4.8% Reinvested in Net Position
- 6.5% Administration & General
- 12.8% Operations & Maintenance

Charges for services decreased by \$24,746,583 or 9.1%. 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 \$24,851,386. Net position at the end of the fiscal year for the Electric Fund was \$140,432,389, \$70,533,660 for the

Water Fund, \$102,808,401 for the Sewer Fund, and \$52,747,430 for the Gas Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Utilities Commission's investment in capital assets as of June 30, 2016 totals \$376,991,066 (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 2.5% increase. Additional information on the Utilities Commission's capital assets can be found in note 2.A of this report.

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

- Investment in Enterprise Resource Planning software configuration totaling \$4,384,024
- Electric distribution substations improvements totaling \$256,659
- Electric peaking generator program additions and improvements totaling \$3,863,614
- Electric underground distribution lines extensions and improvements totaling \$2,435,893
- Water treatment plant improvements totaling \$604,193
- Water main improvements and extensions totaling \$522,020
- Wastewater treatment plant improvements totaling \$1,812,256
- Construction activities for major sewer pumping stations totaling \$1,563,867
- Natural gas main improvements and extensions totaling \$4,363,088
- Natural gas metering station improvements totaling \$1,583,790
- Construction activities at the liquefied natural gas plant totaling \$418,424
- Construction activities at the natural gas vehicle fueling station totaling \$832,827

Greenville Utilities Commission Capital Assets

		2016	2015
Land	\$	3,628,897	\$ 3,628,897
Easements		66,405	36,792
Land improvements		1,719,024	1,803,327
General plant		6,459,480	6,566,794
Utility plant		70,184,592	73,800,522
Computersoftware		9,547,389	980,203
Vehicles and equipment		4,128,595	4,362,419
Distributionsystems		204,687,747	207,453,282
Transmission system		11,378,454	12,204,225
Computer hardware		295,584	318,205
Fiber optics		1,036,273	1,104,230
Construction in progress		63,858,626	55,459,062
Total capital assets	\$	376,991,066	\$ 367,717,958

Long-term debt

At the end of the current fiscal year, the Utilities Commission had total debt outstanding of \$140,315,374. 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

	2016	2015
Revenue bonds	\$ 93,651,999	\$ 64,400,999
Loans	36,587,040	35,559,334
Unamortized bond discount/premium	10,076,335	780,025
Total outstanding debt	\$ 140,315,374	\$ 100,740,358

Of the total debt, \$10,406,286 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 an 861 bed teaching hospital. The Utilities Commission provides services in the Greenville metropolitan statistical area. Greenville is the 10th largest city in North Carolina and is the major hub for the 29 counties in eastern North Carolina. The Utilities Commission serves approximately

75% of the county and the service area continues to expand. Unemployment for the county is 5.6% and is expected to decrease in the upcoming year. The Utilities Commission's budget for fiscal year 2017 was developed anticipating continuing customer growth, a strong local economy and a mix of residential, commercial and industrial customers. Electric customers will see approximately an 11% decrease in their bills since the fiscal year 2016 original budget was adopted. Capital outlay investments are increasing compared to the previous year's budget reflecting the Commission's

goal to be the regional utility provider of choice.

REQUESTS FOR INFORMATION

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

Basic Financial Statements



Carl Smith, Anthony Miller and Durk Tyson

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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



EXHIBIT 1

	Total Business Type Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 83,990,207
Accounts receivable, net	25,443,585
Due from other governments	2,139,796
Due from City of Greenville	249,799
Inventories	6,644,688
Restricted cash and cash equivalents	3,868,925
Total current assets	122,337,000
Non-current assets:	
Restricted assets:	
Restricted cash and cash equivalents:	
Bond proceeds	25,613,773
Capacity fees	2,811,785
Total restricted cash and cash equivalents	28,425,558
Total restricted assets	28,425,558
Investments	15,013,170
Notes receivable	380,248
Capital assets:	
Land, easements and construction in progress	67,553,928
Other capital assets, net of depreciation	309,437,138
Total capital assets	376,991,066
Total non-current assets	420,810,042
Total Assets	543,147,042
Deferred Outflows of Resources	
Pension deferrals	1,891,129
Unamortized bond refunding charges	2,435,767
Total deferred outflows of resources	4,326,896
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	18,826,905
Customer deposits payable from restricted assets	3,868,925
Accrued interest payable	481,119
Due to City of Greenville	147,496
Unearned revenue	254,721
Current portion of compensated absences	1,554,007
Current maturities of long-term debt	10,406,286
Total current liabilities	35,539,459
Non-current liabilities:	
Compensated absences	531,004
Long-term debt, excluding current portion	129,909,088
Other post employment benefits	12,115,238
Net pension liability	1,880,087
Total non-current liabilities	144,435,417
Total liabilities	179,974,876
Deferred Inflows of Resources	
Pension deferrals	977,182
Total deferred inflows of resources	977,182
Net Position	
Net investment in capital assets	264,725,232
Unrestricted	101,796,648
Total net position	\$ 366,521,880

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

EXHIBIT 2

	Major Funds				Total Business Type Activities
	Electric Fund	Water Fund	Sewer Fund	Gas Fund	
Assets					
Current assets:					
Cash and cash equivalents	\$ 51,704,729	\$ 3,769,797	\$ 7,009,786	\$ 21,505,895	\$ 83,990,207
Accounts receivable, net	19,737,849	1,871,286	2,198,021	1,636,429	25,443,585
Due from other governments	1,051,679	348,431	341,941	397,745	2,139,796
Due from City of Greenville	249,799	-	-	-	249,799
Inventories	5,007,816	711,675	191,776	733,421	6,644,688
Restricted cash and cash equivalents	2,834,040	648,428	1,325	385,132	3,868,925
Total current assets	80,585,912	7,349,617	9,742,849	24,658,622	122,337,000
Non-current assets:					
Restricted assets:					
Restricted cash and cash equivalents:					
Bond proceeds	15,834,771	3,414,811	4,122,038	2,242,153	25,613,773
Capacity fees	-	1,324,365	1,487,420	-	2,811,785
Total restricted cash and cash equivalents	15,834,771	4,739,176	5,609,458	2,242,153	28,425,558
Total restricted assets	15,834,771	4,739,176	5,609,458	2,242,153	28,425,558
Investments	8,989,305	965,568	1,416,381	3,641,916	15,013,170
Notes receivable	-	380,248	-	-	380,248
Capital assets:					
Land, easements and construction in progress	14,042,801	4,198,761	33,470,096	15,842,270	67,553,928
Other capital assets, net of depreciation	86,493,001	83,889,076	111,387,429	27,667,632	309,437,138
Total capital assets	100,535,802	88,087,837	144,857,525	43,509,902	376,991,066
Total non-current assets	125,359,878	94,172,829	151,883,364	49,393,971	420,810,042
Total Assets	205,945,790	101,522,446	161,626,213	74,052,593	543,147,042
Deferred Outflows of Resources					
Pension deferrals	775,363	416,048	397,137	302,581	1,891,129
Unamortized bond refunding charges	608,421	898,874	748,762	179,710	2,435,767
Total deferred outflows of resources	1,383,784	1,314,922	1,145,899	482,291	4,326,896
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	15,031,982	794,415	1,072,333	1,928,175	18,826,905
Customer deposits payable from restricted assets	2,834,040	648,428	1,325	385,132	3,868,925
Accrued interest payable	111,627	109,345	209,168	50,979	481,119
Due to City of Greenville	67,095	48,533	28,745	3,123	147,496
Unearned revenue	-	99,501	155,220	-	254,721
Current portion of compensated absences	722,002	315,750	280,721	235,534	1,554,007
Current maturities of long-term debt	2,006,521	2,723,516	4,596,377	1,079,872	10,406,286
Total current liabilities	20,773,267	4,739,488	6,343,889	3,682,815	35,539,459
Non-current liabilities:					
Compensated absences	112,133	121,741	144,715	152,415	531,004
Long-term debt, excluding current portion	39,139,237	24,368,493	50,783,692	15,617,666	129,909,088
Other post employment benefits	5,701,067	2,445,387	2,091,389	1,877,395	12,115,238
Net pension liability	770,836	413,619	394,818	300,814	1,880,087
Total non-current liabilities	45,723,273	27,349,240	53,414,614	17,948,290	144,435,417
Total liabilities	66,496,540	32,088,728	59,758,503	21,631,105	179,974,876
Deferred Inflows of Resources					
Pension deferrals	400,645	214,980	205,208	156,349	977,182
Total deferred inflows of resources	400,645	214,980	205,208	156,349	977,182
Net Position					
Net investment in capital assets	75,833,236	65,309,513	94,348,256	29,234,227	264,725,232
Unrestricted	64,599,153	5,224,147	8,460,145	23,513,203	101,796,648
Total net position	\$ 140,432,389	\$ 70,533,660	\$ 102,808,401	\$ 52,747,430	\$ 366,521,880

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

EXHIBIT 3

	Major Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Gas Fund	
Operating revenues:					
Charges for services	\$ 179,455,918	\$ 18,132,582	\$ 21,173,096	\$ 27,350,745	\$ 246,112,341
Other operating revenues	710,641	97,450	105,693	182,283	1,096,067
Total operating revenues	180,166,559	18,230,032	21,278,789	27,533,028	247,208,408
Operating expenses:					
Administration and general	10,083,328	3,071,183	3,029,512	3,041,534	19,225,557
Operations and maintenance	14,166,868	8,205,968	8,340,350	5,113,337	35,826,523
Purchased power and gas	124,697,341	-	-	15,335,516	140,032,857
Depreciation	7,978,297	3,962,590	5,028,068	1,692,607	18,661,562
Total operating expenses	156,925,834	15,239,741	16,397,930	25,182,994	213,746,499
Operating income	23,240,725	2,990,291	4,880,859	2,350,034	33,461,909
Non-operating revenues (expenses):					
Interest income	173,124	53,167	33,191	70,244	329,726
Interest expense and service charges	(912,759)	(1,041,285)	(1,863,873)	(336,096)	(4,154,013)
Other non-operating revenues	1,765,528	357,342	298,474	150,685	2,572,029
Net non-operating revenues (expenses)	1,025,893	(630,776)	(1,532,208)	(115,167)	(1,252,258)
Income before contributions and transfers	24,266,618	2,359,515	3,348,651	2,234,867	32,209,651
Contributions and transfers:					
Transfer to City of Greenville, General Fund	(4,777,152)	-	-	(1,815,290)	(6,592,442)
Transfer to City of Greenville, street lighting reimb.	(765,823)	-	-	-	(765,823)
Total contributions and transfers	(5,542,975)	-	-	(1,815,290)	(7,358,265)
Changes in net position	18,723,643	2,359,515	3,348,651	419,577	24,851,386
Net position, beginning of year	121,708,746	68,174,145	99,459,750	52,327,853	341,670,494
Net position, end of year	\$ 140,432,389	\$ 70,533,660	\$ 102,808,401	\$ 52,747,430	\$ 366,521,880

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

EXHIBIT 4

	Major Funds				Total
	Electric Fund	Water Fund	Sewer Fund	Gas Fund	
Cash flows from operating activities:					
Receipts from customers and users	\$ 183,755,327	\$ 18,285,677	\$ 21,183,470	\$ 27,563,895	\$ 250,788,369
Other operating receipts	1,574,905	109,160	19,030	138,391	1,841,486
Payments for goods and services	(141,139,067)	(6,091,000)	(6,161,552)	(19,307,014)	(172,698,633)
Payments to employees	(11,021,224)	(5,103,383)	(4,867,549)	(4,233,527)	(25,225,683)
Payments received on loans	-	33,774	-	-	33,774
Net cash provided by operating activities	33,169,941	7,234,228	10,173,399	4,161,745	54,739,313
Cash flows from noncapital financing activities:					
Transfers to City of Greenville, General Fund	(5,542,975)	-	-	(1,815,290)	(7,358,265)
Noncapital contributions	18,149	13,061	13,061	12,879	57,150
Net cash provided (used) by noncapital financing activities	(5,524,826)	13,061	13,061	(1,802,411)	(7,301,115)
Cash flows from capital and related financing activities:					
Proceeds from issuance of debt	31,264,926	12,642,236	20,300,943	12,267,202	76,475,307
Capital related receipts from customers	-	195,046	215,993	-	411,039
Principal payments on debt obligations	(2,420,378)	(2,668,804)	(4,526,960)	(1,127,174)	(10,743,316)
Escrow deposit for debt refunded	(5,842,155)	(10,138,444)	(10,938,374)	(784,372)	(27,703,345)
Debt issuance costs	(316,518)	(81,381)	(313,501)	(139,194)	(850,594)
Acquisition and construction of capital assets	(9,987,017)	(2,609,969)	(5,387,520)	(9,440,599)	(27,425,105)
Payment of interest and service charges on debt obligations	(615,482)	(1,029,534)	(1,632,655)	(183,475)	(3,461,146)
Net cash provided (used) by capital and related financing activities	12,083,376	(3,690,850)	(2,282,074)	592,388	6,702,840
Cash flows from investing activities:					
Purchase of investments	(17,894,011)	(2,443,377)	(4,236,793)	(1,925,918)	(26,500,099)
Proceeds from sale and maturity of investments	13,799,328	1,884,202	3,267,133	1,485,795	20,436,458
Interest received on investments	163,046	51,824	31,269	68,824	314,963
Net cash provided (used) by investing activities	(3,931,637)	(507,351)	(938,391)	(371,299)	(5,748,678)
Net increase in cash and cash equivalents	35,796,854	3,049,088	6,965,995	2,580,423	48,392,360
Cash and cash equivalents, beginning of year	34,576,686	6,108,313	5,654,574	21,552,757	67,892,330
Cash and cash equivalents, end of year	\$ 70,373,540	\$ 9,157,401	\$ 12,620,569	\$ 24,133,180	\$ 116,284,690
Other disclosures:					
Interest incurred	\$ 597,587	\$ 956,344	\$ 1,544,365	\$ 187,185	\$ 3,285,481
Interest paid	\$ 615,482	\$ 1,029,534	\$ 1,632,655	\$ 183,475	\$ 3,461,146
Interest capitalized	\$ 37,047	\$ 3,557	\$ 7,697	\$ 17,645	\$ 65,946
Reconciliation of operating income to net cash provided by operating activities:					
Operating Income	\$ 23,240,725	\$ 2,990,291	\$ 4,880,859	\$ 2,350,034	\$ 33,461,909
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	7,978,297	3,962,590	5,028,068	1,692,607	18,661,562
Changes in assets, deferrals and liabilities					
Accounts receivable	3,508,600	(30,571)	(90,868)	12,289	3,399,450
Notes receivable	-	33,774	-	-	33,774
Due from other government	8,535	(36,858)	(38,181)	1,942	(64,562)
Due from City of Greenville	(120,151)	-	-	-	(120,151)
Inventories	(96,683)	24,216	8,489	(172,275)	(236,253)
Prepaid expenses and deposits	40,222	103,883	77,033	19,317	240,455
Net pension asset	1,111,749	489,601	466,593	413,002	2,480,945
Deferred outflows of resources for pensions	62,427	(47,095)	(45,523)	8,649	(21,542)
Net pension liability	770,836	413,619	394,818	300,814	1,880,087
Deferred inflows of resources for pensions	(2,308,959)	(978,298)	(931,993)	(850,238)	(5,069,488)
Accounts payable and accrued expenses	(3,098,579)	(31,411)	259,009	87,985	(2,782,996)
Customer deposits	19,310	95,189	(100)	17,221	131,620
Due to City of Greenville	(37,014)	(55,350)	(48,288)	(16,194)	(156,846)
Compensated absences	40,702	35,507	33,197	42,980	152,386
Unearned Revenue	-	(12,190)	(16,560)	-	(28,750)
OPEB Payable	300,137	127,887	127,556	114,319	669,899
Miscellaneous income (expense)	1,749,787	149,444	69,290	139,293	2,107,814
Total adjustments	9,929,216	4,243,937	5,292,540	1,811,711	21,277,404
Net cash provided by operating activities	\$ 33,169,941	\$ 7,234,228	\$ 10,173,399	\$ 4,161,745	\$ 54,739,313

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

EXHIBIT 5

	OPEB Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ 563,659	\$ 983,126
Accounts receivable	373	1,615,316
Investments at fair value:		
Russell 3000 Alpha Tilts B	1,172,533	-
Global EX-US Alpha B	358,181	-
NC Long Term Investment Plan	240,128	-
Total assets	2,334,874	2,598,442
Liabilities		
Accounts payable	5,619	2,598,442
Total liabilities	5,619	2,598,442
Net Position		
Assets held in trust for other postemployment benefits	\$ 2,329,255	\$ -

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

EXHIBIT 6

	OPEB Trust Fund
Additions	
Contributions:	
Employer contributions	\$ 1,553,515
Retiree contributions	177,261
Total contributions	1,730,776
Investment earnings:	
Interest	13,682
Dividends	33,252
Net increase/(decrease) in the fair value of investments	(55,202)
Total investment earnings	(8,268)
Less investment expense	5,010
Net investment income	(13,278)
Total additions	1,717,498
Deductions	
Benefits	1,280,776
Total deductions	1,280,776
Change in net position	436,722
Net position held in trust for OPEB benefits, beginning of year	1,892,533
Net position held in trust for OPEB benefits, end of year	\$ 2,329,255

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

Notes to the Financial Statements



People

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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



Notes to the Financial Statements

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

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

A. REPORTING ENTITY

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

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

The Utilities Commission provides electric, water, sewer, and natural gas utilities to the City and residents of surrounding areas. The Electric and Gas Funds are distribution systems. Electricity is purchased from 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 North Carolina General Statutes, all funds of the Utilities Commission are maintained during the year using the modified accrual basis of accounting.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection

with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Commission enterprise funds are charges to customers for sales and services. The Utilities Commission also recognizes as operating revenues tap fees which are intended to recover the cost of connecting new customers to the water or sewer systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. BUDGETARY DATA

The Utilities Commission's budgets are adopted as required by the North Carolina General Statutes. The Utilities Commission operates under an annual budget ordinance that provides for revenues and appropriations of the electric operation, water operation, sewer operation, and gas operation. All annual appropriations lapse at the fiscal year-end. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Budgetary control is exercised at the fund level. The budgets are prepared on the modified

accrual basis as required by North Carolina law, except that bad debt expense and changes in accrued vacation are also budgeted. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the Board of Commissioners and the Greenville City Council. During the fiscal year ended June 30, 2016, 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- Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, 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 long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies; and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B authorized under G.S. 147-69.2(b)(8).

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 service 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	\$3,868,925
Unexpended bond proceeds	25,613,773
Unexpended capacity fees	2,811,785
	\$32,294,483

Allowance for Doubtful Accounts

Receivables are shown net of an allowance for doubtful accounts. The Utilities Commission provides allowances for uncollectible utility receivables for all balances outstanding more than 150 days.

Inventories and Prepaid Expenses

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and

fund financial statements and expensed as the items are used.

Capital Assets

Capital assets are defined by the Utilities Commission as assets with an initial cost of more than \$5,000 and an estimated useful life of at least two years. Capital assets purchased or constructed are recorded at cost. Contributed capital assets received prior to June 15, 2015 are recorded at estimated fair market value at the time the asset is received. Contributed capital assets received after June 15, 2015 are recorded at acquisition value. Maintenance and repairs are charged to expense as incurred and renewals and betterments are capitalized at cost as incurred. Capital assets are depreciated over their estimated useful lives unless they are inexhaustible or are intangible assets with indefinite

useful lives. Capital assets are depreciated using a method which approximates the straight-line method. Interest expense is capitalized on construction in progress to the extent that it exceeds interest income. Capitalized assets of the Utilities Commission are depreciated over the following estimated useful lives:

- Land improvements 10 years
- Buildings 33 years
- Furniture and office equipment 10 years
- Enterprise Resource Planning software 15 years
- Other computer software 3 years
- Vehicles and equipment 3 to 20 years
- Distribution systems 20 to 50 years
- Transmission systems 20 to 25 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Utilities Commission has two items that meet this criterion, contributions made to the pension plan in the 2016 fiscal year, resulting from the implementation of GASB Statement 71, and unamortized losses on bond defeasance for refunding bonds.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Utilities Commission has one item that meets the criterion, deferrals of pension expense that result from the implementation of GASB Statement 68.

Long-Term Obligations

In the government-wide financial statements and the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the

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

Compensated Absences

The vacation policy of the Utilities Commission provides for accumulation of earned vacation leave to full-time and designated part-time employees based upon the number of years of service with such leave being fully vested when earned. The cost of vacation leave is recorded when earned. Compensated absences are accounted for on a first-in, first-out (FIFO) basis and are liquidated in the enterprise funds. The portion of the vacation leave that is estimated to be used in the next fiscal year has been designated as a current liability. The Utilities Commission's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Utilities Commission has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position

Net position in the government-

wide and fund financial statements is classified as net investment in capital assets; restricted (if any); and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Pensions

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

Note 2

DETAIL NOTES ON ALL FUNDS

A. ASSETS

Deposits

All the deposits of the Utilities Commission are either insured or collateralized under the pooling method. The pooling method is a collateral pool under which all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Utilities Commission, these deposits are considered to be held by the Utilities Commission's agent in the Utilities Commission's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm

this information with the Utilities Commission or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Utilities Commission under the pooling method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions and monitors them for compliance. The Utilities Commission complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Utilities Commission's investment policy specifies that deposit-type

securities (i.e. certificates of deposit and checking accounts) are 100% collateralized as required by North Carolina General Statutes.

At June 30, 2016, the Utilities Commission's deposits had a carrying amount of \$87,055,553 and a bank balance of \$87,524,100. Of the bank balance, \$6,500,099 was covered by Federal depository insurance, and \$81,024,001 was covered by collateral held under the pooling method. The Utilities Commission's deposits include checking accounts, savings accounts, money market accounts and \$7,509,887 in certificates of deposit (including CDARS) which are reported as longterm investments on the statement of net position. The Utilities Commission's cash on hand at June 30, 2016 consisted of various petty cash funds totaling \$6,550.

Investments

At June 30, 2016, the Utilities Commission had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6	6 – 12	1 – 5
			Months	Months	Years
Bank Certificates of Deposit	Amortized Cost	\$ 7,509,887	\$ 2,509,788	\$ 5,000,099	\$ -
US Government Agencies	Fair Value-Level 1	7,503,283	-	-	7,503,283
NC Capital Management Trust – Cash Portfolio	Amortized Cost	32,613,048	32,613,048	-	-
NC Capital Management Trust – Term Portfolio*	Fair Value-Level 1	5,102,552	5,102,552	-	-
Total		\$ 52,728,770	\$ 40,225,388	5,000,099	7,503,283

*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 Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2016. The Utilities Commission's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as

permitted under North Carolina General Statutes 159-30 as amended.

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

Concentration of Credit Risk.

The Utilities Commission's investment policy limits the amount of the total portfolio that can be invested in any one type of investment to the following percentages: US Treasuries – 100%; US Agencies – 100%; Capital Management Trust – 100%; Money Market Accounts – 100%; Certificates of Deposit

– 70%; Banker's Acceptances – 45%; Commercial Paper – 50%; NC and Local Government Securities with AAA rating or better – 20%. In addition, the Utilities Commission's investment policy limits the total amount that can be invested in any one agency, institution, or entity.

At June 30, 2016 the Utilities Commission OPEB Trust had \$2,334,501 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) 24%, which is reported as cash and cash equivalents; State Treasurer's Long Term Investment Fund (LTIF) 10% and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B 66% (the equities were split with 75% in

domestic securities and 25% in international securities).

Investments in the LTIF are classified in Level 2 of the fair value hierarchy. Ownership interests in the LTIF are determined monthly at fair market value based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B include one domestic equity fund and one international equity fund, which are considered to be commingled in nature. Each is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

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 1.5 years at June 30, 2016. The State

Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 17.9 years at June 30, 2016.

Credit Risk: The Utilities Commission does not have a formal investment policy regarding credit risk for the OPEB Trust Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

Reconciliation of cash and investments

Totals per footnote:

	2016
Cash	\$79,545,666
Petty Cash	6,550
Certificates of Deposit	7,509,887
Investments	45,218,883
Investments – OPEB Trust Fund	2,334,501
	\$134,615,487

Totals per statement of net position:

	2016
Cash and cash equivalents – unrestricted	\$83,990,207
Restricted cash and cash equivalents	3,868,925
Restricted cash and cash equivalents – non-current	28,425,558
Investments – non-current	15,013,170
Cash and investments – OPEB Trust Fund	2,334,501
Cash and cash equivalents – Agency Fund	983,126
	\$134,615,487

Receivables

Receivables at the government-wide level for the business type activities at June 30, 2016, were as follows:

	2016
Billed customer accounts	\$22,272,388
Estimated unbilled customer services	12,850,030
Other receivables	405,671
Total accounts receivable	35,528,089
Allowance for uncollectible accounts	(10,084,504)
Net accounts receivable	\$25,443,585

The allowance for uncollectible accounts is a cumulative amount of all utility balances outstanding more than 150 days regardless of the original billing date. During fiscal year 2016 the allowance increased by \$306,820, to a total outstanding amount of \$10,084,504.

The due from other governments that is owed to the Utilities Commission at June 30, 2016 consists of the following:

Sales tax refund	\$2,131,196
Utilities sales tax refund	8,600
Total due from other governments	\$2,139,796

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 \$380,248 payable in monthly installments for 15 years at a 5.25% interest rate.

Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	June 30, 2015	Additions	Deletions	Transfers	June 30, 2016
Capital assets not being depreciated:					
Land	\$ 3,628,897	\$ -	\$ -	\$ -	\$ 3,628,897
Easements	36,792	29,613	-	-	66,405
Construction in progress	55,459,062	20,892,325	-	(12,492,761)	63,858,626
Total capital assets not being depreciated:	59,124,751	20,921,938	-	(12,492,761)	67,553,928
Capital assets being depreciated:					
Land improvements	2,854,344	-	-	-	2,854,344
General plant	12,787,738	232,110	(114,846)	-	12,905,002
Utility plant	130,985,398	400,761	-	-	131,386,159
Computers software	8,251,252	35,932	(14,585)	9,424,933	17,697,532
Vehicles and equipment	24,510,824	1,447,857	(711,230)	-	25,247,451
Distribution systems	416,422,137	4,694,830	-	3,067,828	424,184,795
Transmission systems	33,171,940	116,855	-	-	33,288,795
Computer hardware	3,064,343	113,198	-	-	3,177,541
Fiber optics	2,120,790	40,088	-	-	2,160,878
Total capital assets being depreciated:	634,168,766	7,081,631	(840,661)	12,492,761	652,902,497
Less accumulated depreciation for:					
Land improvements	1,051,017	84,303	-	-	1,135,320
General plant	6,220,943	338,344	(113,765)	-	6,445,522
Utility plant	57,184,876	4,016,691	-	-	61,201,567
Computers software	7,271,050	893,678	(14,585)	-	8,150,143
Vehicles and equipment	20,148,405	1,613,863	(643,412)	-	21,118,856
Distribution systems	208,968,855	10,528,193	-	-	219,497,048
Transmission systems	20,967,715	942,626	-	-	21,910,341
Computer hardware	2,746,138	135,819	-	-	2,881,957
Fiber optics	1,016,560	108,045	-	-	1,124,605
Total accumulated depreciation	325,575,559	18,661,562	(771,762)	-	343,465,359
Total capital assets being depreciated, net	308,593,207				309,437,138
Net Capital Assets	\$ 367,717,958				\$ 376,991,066

Depreciation expense is charged to the Electric, Water, Sewer, and Gas Funds. Amounts charged to the four funds for the year ended June 30, 2016 totaled \$7,978,297, \$3,962,590, \$5,028,068, and \$1,692,607, respectively.

Capital asset activity by fund for the year ended June 30, 2016, was as follows:

Electric Fund

	June 30, 2015	Additions	Deletions	Transfers	June 30, 2016
Capital assets not being depreciated:					
Land	\$ 1,077,581	\$ -	\$ -	\$ -	\$ 1,077,581
Easements	20,891	-	-	-	20,891
Construction in progress	13,511,043	6,913,580	-	(7,480,294)	12,944,329
Total capital assets not being depreciated:	14,609,515	6,913,580	-	(7,480,294)	14,042,801
Capital assets being depreciated:					
Land improvements	201,954	-	-	-	201,954
General plant	5,576,476	66,639	(65,192)	-	5,577,923
Computer software	4,168,549	-	-	4,712,466	8,881,015
Vehicles and equipment	11,441,159	660,336	(266,094)	-	11,835,401
Distribution systems	187,931,872	3,538,534	-	2,767,828	194,238,234
Transmission systems	33,171,940	116,855	-	-	33,288,795
Computer hardware	2,385,655	90,558	-	-	2,476,213
Fiber optics	1,730,523	10,022	-	-	1,740,545
Total capital assets being depreciated:	246,608,128	4,482,944	(331,286)	7,480,294	258,240,080
Less accumulated depreciation for:					
Land improvements	201,954	-	-	-	201,954
General plant	3,264,831	125,882	(64,325)	-	3,326,388
Computer software	3,591,231	471,606	-	-	4,062,837
Vehicles and equipment	9,242,238	827,800	(266,094)	-	9,803,944
Distribution systems	123,905,399	5,413,132	-	-	129,318,531
Transmission systems	20,967,715	942,626	-	-	21,910,341
Computer hardware	2,128,469	110,224	-	-	2,238,693
Fiber optics	797,364	87,027	-	-	884,391
Total accumulated depreciation	164,099,201	7,978,297	(330,419)	-	171,747,079
Total capital assets being depreciated, net	82,508,927				86,493,001
Net Capital Assets	\$ 97,118,442				\$ 100,535,802

Water Fund

	June 30, 2015	Additions	Deletions	Transfers	June 30, 2016
Capital assets not being depreciated:					
Land	\$ 579,832	\$ -	\$ -	\$ -	\$ 579,832
Easements	14,590	-	-	-	14,590
Construction in progress	3,093,421	1,924,658	-	(1,413,740)	3,604,339
Total capital assets not being depreciated:	3,687,843	1,924,658	-	(1,413,740)	4,198,761
Capital assets being depreciated:					
Land improvements	2,369,419	-	-	-	2,369,419
General plant	2,488,263	54,964	(13,252)	-	2,529,975
Utility plant	55,483,145	42,639	-	-	55,525,784
Computer software	1,423,411	1,619	-	1,413,740	2,838,770
Vehicles and equipment	4,050,826	193,428	(47,943)	-	4,196,311
Distribution systems	80,295,168	452,743	-	-	80,747,911
Computer hardware	196,435	5,660	-	-	202,095
Fiber optics	186,487	10,022	-	-	196,509
Total capital assets being depreciated:	146,493,154	761,075	(61,195)	1,413,740	148,606,774
Less accumulated depreciation for:					
Land improvements	701,524	69,255	-	-	770,779
General plant	993,372	74,397	(13,200)	-	1,054,569
Utility plant	24,582,291	1,678,155	-	-	26,260,446
Computer software	1,274,917	131,697	-	-	1,406,614
Vehicles and equipment	3,486,022	211,578	(47,943)	-	3,649,657
Distribution systems	29,476,173	1,781,206	-	-	31,257,379
Computer hardware	180,948	6,476	-	-	187,424
Fiber optics	121,004	9,826	-	-	130,830
Total accumulated depreciation	60,816,251	3,962,590	(61,143)	-	64,717,698
Total capital assets being depreciated, net	85,676,903				83,889,076
Net Capital Assets	\$ 89,364,746				\$ 88,087,837

Sewer Fund

	June 30, 2015	Additions	Deletions	Transfers	June 30, 2016
Capital assets not being depreciated:					
Land	\$ 1,665,274	\$ -	\$ -	\$ -	\$ 1,665,274
Easements	-	26,128	-	-	26,128
Construction in progress	29,225,927	4,266,507	-	(1,713,740)	31,778,694
Total capital assets not being depreciated:	30,891,201	4,292,635	-	(1,713,740)	33,470,096
Capital assets being depreciated:					
Land improvements	92,704	-	-	-	92,704
General plant	2,084,835	54,964	(17,497)	-	2,122,302
Utility plant	66,592,317	130,206	-	-	66,722,523
Computer software	1,198,578	27,191	(14,585)	1,413,740	2,624,924
Vehicles and equipment	5,594,492	448,758	(222,436)	-	5,820,814
Distribution systems	112,288,010	71,089	-	300,000	112,659,099
Computer hardware	176,754	5,660	-	-	182,414
Fiber optics	101,889	10,022	-	-	111,911
Total capital assets being depreciated:	188,129,579	747,890	(254,518)	1,713,740	190,336,691
Less accumulated depreciation for:					
Land improvements	92,704	-	-	-	92,704
General plant	812,533	62,040	(17,441)	-	857,132
Utility plant	28,694,232	2,021,894	-	-	30,716,126
Computer software	1,047,441	137,472	(14,585)	-	1,170,328
Vehicles and equipment	4,715,625	367,519	(222,436)	-	4,860,708
Distribution systems	38,602,758	2,427,071	-	-	41,029,829
Computer hardware	161,268	6,476	-	-	167,744
Fiber optics	49,095	5,596	-	-	54,691
Total accumulated depreciation	74,175,656	5,028,068	(254,462)	-	78,949,262
Total capital assets being depreciated, net	113,953,923				111,387,429
Net Capital Assets	\$ 144,845,124				\$ 144,857,525

Gas Fund

	June 30, 2015	Additions	Deletions	Transfers	June 30, 2016
Capital assets not being depreciated:					
Land	\$ 306,210	\$ -	\$ -	\$ -	\$ 306,210
Easements	1,311	3,485	-	-	4,796
Construction in progress	9,628,671	7,787,580	-	(1,884,987)	15,531,264
Total capital assets not being depreciated:	9,936,192	7,791,065	-	(1,884,987)	15,842,270
Capital assets being depreciated:					
Land improvements	190,267	-	-	-	190,267
General plant	2,638,164	55,543	(18,905)	-	2,674,802
Utility plant	8,909,936	227,916	-	-	9,137,852
Computer software	1,460,714	7,122	-	1,884,987	3,352,823
Vehicles and equipment	3,424,347	145,335	(174,757)	-	3,394,925
Distribution systems	35,907,087	632,464	-	-	36,539,551
Computer hardware	305,499	11,320	-	-	316,819
Fiber optics	101,891	10,022	-	-	111,913
Total capital assets being depreciated:	52,937,905	1,089,722	(193,662)	1,884,987	55,718,952
Less accumulated depreciation for:					
Land improvements	54,835	15,048	-	-	69,883
General plant	1,150,207	76,025	(18,799)	-	1,207,433
Utility plant	3,908,353	316,642	-	-	4,224,995
Computer software	1,357,461	152,903	-	-	1,510,364
Vehicles and equipment	2,704,520	206,966	(106,939)	-	2,804,547
Distribution systems	16,984,525	906,784	-	-	17,891,309
Computer hardware	275,453	12,643	-	-	288,096
Fiber optics	49,097	5,596	-	-	54,693
Total accumulated depreciation	26,484,451	1,692,607	(125,738)	-	28,051,320
Total capital assets being depreciated, net	26,453,454				27,667,632
Net Capital Assets	\$ 36,389,646				\$ 43,509,902

A summary of capital assets, by fund, at June 30, 2016 is as follows:

	Electric	Water	Sewer	Gas	Total
At June 30, 2016					
Land	\$ 1,077,581	\$ 579,832	\$ 1,665,274	\$ 306,210	\$ 3,628,897
Easements	20,891	14,590	26,128	4,796	66,405
Land improvements	201,954	2,369,419	92,704	190,267	2,854,344
General plant	5,577,923	2,529,975	2,122,302	2,674,802	12,905,002
Utility plant	-	55,525,784	66,722,523	9,137,852	131,386,159
Computer software	8,881,015	2,838,770	2,624,924	3,352,823	17,697,532
Vehicles and equipment	11,835,401	4,196,311	5,820,814	3,394,925	25,247,451
Distribution systems	194,238,234	80,747,911	112,659,099	36,539,551	424,184,795
Transmission systems	33,288,795	-	-	-	33,288,795
Computer hardware	2,476,213	202,095	182,414	316,819	3,177,541
Fiber optics	1,740,545	196,509	111,911	111,913	2,160,878
	259,338,552	149,201,196	192,028,093	56,029,958	656,597,799
Less accumulated depreciation	(171,747,079)	(64,717,698)	(78,949,262)	(28,051,320)	(343,465,359)
	87,591,473	84,483,498	113,078,831	27,978,638	313,132,440
Construction in progress	12,944,329	3,604,339	31,778,694	15,531,264	63,858,626
Net Capital Assets	\$ 100,535,802	\$ 88,087,837	\$ 144,857,525	\$ 43,509,902	\$ 376,991,066

Construction Commitments

The Utilities Commission has active construction projects as of June 30, 2016. At year-end, the Utilities Commission's commitments with contractors are as follows:

Project Name	Spent-to-date	Remaining Commitments
Electric transmission system	\$334,009	\$2,813,993
Electric distribution system	5,510,354	540,912
Water treatment and distribution system	1,326,936	2,045,836
Sewer treatment and collection system	28,426,790	5,376,415
Natural gas distribution system	12,566,138	497,349
Administrative facilities	1,004,574	300,615
Totals	\$49,168,801	\$11,575,120

B. LIABILITIES

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at the government-wide level at June 30, 2016, were as follows:

<i>Business type activities:</i>	Salaries and			Total
	Vendors	Benefits	Other	
Electric	\$14,217,962	\$812,136	\$1,884	\$15,031,982
Water	443,273	351,102	40	794,415
Sewer	736,389	335,944	-	1,072,333
Gas	1,620,208	307,907	60	1,928,175
Total	\$17,017,832	\$1,807,089	\$1,984	\$18,826,905

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, 2016 was 6.67% for general employees. Contributions to the pension plan from the Utilities Commission were \$1,782,767 for the year ended June 30, 2016.

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, 2016, the Utilities Commission reported a liability of \$1,880,088 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the Utilities Commission's proportion was 0.419%, which was a decrease of 0.002% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Utilities Commission recognized pension expense of \$891,087. At June 30, 2016, 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	\$ -	\$ 441,928
Net difference between projected and actual earnings on pension plan investments	-	535,255
Changes in proportion and differences between employer contributions and proportionate share of contributions	108,362	-
Employer contributions subsequent to the measurement date	1,782,767	-
Total	\$ 1,891,129	\$ 977,183

\$1,782,767 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, 2017. 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:	
2017	\$ (590,955)
2018	(590,955)
2019	(590,478)
2020	903,567
2021	-
Thereafter	-
	\$ (868,821)

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over

multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina

Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of

return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate

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

contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit

payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Utility Commission’s proportionate

share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Utility Commission’s proportionate share of the net pension liability or net pension

asset would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Utilities Commission’s proportionate share of the net pension liability (asset)	\$13,110,116	\$1,880,088	(\$7,580,962)

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

The Utilities Commission administers a single-employer defined benefit plan for postretirement health care and life insurance benefits for retired or disabled employees. An employee is eligible for retirement when he/she reaches 50 years of age and has completed 20 years of service or reaches age 60 and has completed 5 years of service. Also, an employee is eligible for disability retirement when he/she has completed 5

years of service. 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. Health care and prescription drugs are provided in the Utilities Commission's retiree health care

plan. A retiree life insurance benefit of \$7,000 is provided to those retirees who were hired prior to August 1, 1975. 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.

Membership of the post retirement benefit plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	160
Active members	425
	585

Funding Policy

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 current annual required contribution rate (ARC) is 7.86% of annual covered payroll. For fiscal year 2016, the Utilities Commission contributed \$1,553,515, or 6.3% of annual covered payroll.

Contributions by members for the fiscal year ended June 30, 2016 were \$177,872 and included dependent coverage and a portion of member coverage. 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.

Summary of Significant Accounting Policies

The plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the

terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, deposits,

and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the plan are financed through investment earnings.

Annual OPEB Cost and Net OPEB Obligation

The Utilities Commission's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with

the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty

years. The following table shows the components of the Utilities Commission's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Utilities Commission's net OPEB obligation for the post-retirement benefits:

Annual required contribution	\$2,050,401
Interest on net OPEB obligation	801,174
Adjustment to annual required contribution	(628,161)
Annual OPEB cost (expense)	2,223,414
Contributions made	(1,553,515)
Increase (decrease) in net OPEB obligation	669,899
Net OPEB obligation, beginning of year	11,445,339
Net OPEB obligation, end of year	\$12,115,238

The Utilities Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2014, 2015 and 2016 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$1,920,431	53.639%	\$10,850,025
2015	\$1,892,521	68.544%	\$11,445,339
2016	\$2,223,414	69.871%	\$12,115,238

Funded Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the plan was partially funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$24,018,898. The covered payroll (annual payroll of active employees covered by the plan) was \$24,470,208, and the ratio of the UAAL to the covered payroll was 98.2%. Actuarial valuations of an ongoing plan involve

estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations

and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to

reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included (a) 7.00% investment rate of return, which included an inflation component of 3.00%, and (b) 7.75% - 5.00% pre-

Medicare medical cost trend rate and 5.75% - 5% post-Medicare medical cost trend rate with 2022 the year of ultimate trend rate. The actuarial value of assets was determined using the market value of assets. The unfunded actuarial accrued liability (UAAL) is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

LONG-TERM DEBT

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

DEBT SERVICED BY THE ELECTRIC FUND:

Revenue Bonds

The Utilities Commission issues revenue bonds to provide financing for extension, expansion and improvement projects within the Electric Fund. The Utilities Commission has pledged future electric customer revenues and other unrestricted revenues including revenues of the Water, Sewer and Gas Funds, net of

specified operating expenses, to repay revenue bonds, of which \$37,370,570 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 10 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 \$57,401,742. Principal and interest paid for the current year, total customer net revenues and total revenues were \$2,535,677, \$31,158,530 and \$182,013,147, respectively. Revenue bonds outstanding at year end are as follows:

Description	Amount
Series 2001 Refunding Revenue Bonds with an original issue amount of \$2,840,154, issued to refund a portion of the Series 1994 Revenue Bonds, due in annual installments with varying interest rates from 4.25% to 6.0%, final payment will be made on September 1, 2016	\$347,739
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	401,855
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	263,783
Series 2008B Taxable Revenue Bonds with an original issue amount of \$4,130,000, due in annual installments with varying interest rates from 5.3% to 5.78%, final payment will be made on November 1, 2018	1,490,000
Series 2010 Refunding Revenue Bonds with an original issue amount of \$3,902,210, issued to refund a portion of the Series 2001 Revenue Bonds, due in annual installments with an interest rate of 2.51%, final payment will be made on September 1, 2021	2,423,589

Description	Amount
Series 2013 Refunding Revenue Bonds with an original issue amount of \$283,932, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	105,771
Series 2013 Refunding Revenue Bonds with an original issue amount of \$6,182,959, issued to refund the Series 2007 Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2027	4,800,459
Series 2016 Revenue Bonds with an original issue amount of \$22,679,530, due in annual installment with varying interest rates from 3.0% to 5.0%, final payment will be made on April 1, 2046	22,679,530
Series 2016 Revenue Bonds with an original issue amount of \$1,369,152, issued to refund the Series 2005 Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2026	1,369,152
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	3,470,208
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	2,423,589
	\$37,370,570

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
2017	\$2,006,521	\$1,185,048	\$3,191,569
2018	1,738,006	1,351,597	3,089,603
2019	2,094,742	1,288,186	3,382,928
2020	1,432,837	1,221,057	2,653,894
2021	2,072,146	1,174,833	3,246,979
2022-2026	6,920,916	5,038,736	11,959,652
2027-2031	4,957,561	3,803,418	8,760,979
2032-2036	5,107,950	2,570,844	7,678,794
2037-2041	5,056,634	1,660,702	6,717,336
2042-2046	5,983,257	736,751	6,720,008
Total	\$37,370,570	\$20,031,172	\$57,401,742

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 \$19,317,596 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 44 percent of net revenues, or less than 17 percent of total revenues.

The total principal and interest remaining to be paid on the bonds is \$26,244,669. Principal and interest paid for the current year, total customer net revenues and total revenues were \$3,162,608, \$6,957,388 and \$18,441,643, respectively. Revenue bonds outstanding at year end are as follows:

Description	Amount
Series 2001 Refunding Revenue Bonds with an original issue amount of \$1,538,624, issued to refund a portion of the Series 1994 Revenue Bonds, due in annual installments with varying interest rates from 4.25% to 6.0%, final payment will be made on September 1, 2016	\$188,384
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	1,028,704
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	881,179
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	5,196,217
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	1,053,147
Series 2013 Refunding Revenue Bonds with an original issue amount of \$141,966, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	52,885
Series 2013 Refunding Revenue Bonds with an original issue amount of \$1,204,100, issued to refund the 2.87% Drinking Water State Revolving Fund Loan, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	390,700
Series 2016 Revenue Bonds with an original issue amount of \$2,243,132, due in annual installment with varying interest rates from 3.0% to 5.0%, final payment will be made on April 1, 2046	2,243,132

Description	Amount
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	711,915
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	7,571,333
	\$19,317,596

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
2017	\$2,353,527	\$739,620	\$3,093,147
2018	2,226,979	737,490	2,964,469
2019	2,135,460	636,385	2,771,845
2020	1,870,745	547,890	2,418,635
2021	1,517,144	481,584	1,998,728
2022-2026	2,882,646	1,898,040	4,780,686
2027-2031	2,927,929	1,211,247	4,139,176
2032-2036	2,311,260	437,695	2,748,955
2037-2041	500,129	164,253	664,382
2042-2046	591,777	72,869	664,646
Total	\$19,317,596	\$6,927,073	\$26,244,669

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
2.205% 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	\$2,719,440
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	391,362
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	188,645
2.01% Drinking Water State Revolving Fund loan issued in 2009 to finance improvements to the raw water pump station of the water treatment plant, \$1,442,000 authorized and \$1,291,496 drawn to date, due in annual installments of \$64,575 with a final payment on May 1, 2033	1,097,771
	\$4,397,218

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
2017	\$295,316	\$96,529	\$391,845
2018	295,316	90,036	385,352
2019	295,316	83,542	378,858
2020	295,316	77,049	372,365
2021	295,316	70,555	365,871
2022-2026	1,476,583	255,374	1,731,957
2027-2031	1,268,862	93,037	1,361,899
2032-2033	175,193	5,620	180,813
Total	\$4,397,218	\$771,742	\$5,168,960

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	\$1,029,753
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	16,792
	\$1,046,545

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
2017	\$74,673	\$0	\$74,673
2018	74,673	0	74,673
2019	74,673	0	74,673
2020	74,673	0	74,673
2021	74,673	0	74,673
2022-2026	373,367	0	373,367
2027-2031	299,813	0	299,813
Total	\$1,046,545	\$0	\$1,046,545

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 \$21,661,887 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 33 percent of net revenues, or less than 16 percent of total revenues.

The total principal and interest remaining to be paid on the bonds is \$30,065,246. Principal and interest paid for the current year, total customer net revenues and total revenues were \$3,323,158, \$9,919,170 and \$21,383,669, respectively. Revenue bonds outstanding at year end are as follows:

Description	Amount
Series 2001 Refunding Revenue Bonds with an original issue amount of \$1,667,119, issued to refund a portion of the Series 1994 Revenue Bonds, due in annual installments with varying interest rates from 4.25% to 6.0%, final payment will be made on September 1, 2016	\$204,116
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	876,370
Series 2008A Refunding Revenue Bonds with an original issue amount of \$4,219,963, issued to refund a portion of the Series 1998 Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2018	1,563,562
Series 2010 Refunding Revenue Bonds with an original issue amount of \$2,172,644, issued to refund a portion of the Series 2001 Revenue Bonds, due in annual installments with an interest rate of 2.51%, final payment will be made on September 1, 2021	1,349,389
Series 2013 Refunding Revenue Bonds with an original issue amount of \$2,235,254, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	832,684
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	3,086,300
Series 2016 Revenue Bonds with an original issue amount of \$4,719,168, due in annual installment with varying interest rates from 3.0% to 5.0%, final payment will be made on April 1, 2046	4,719,168
Series 2016 Revenue Bonds with an original issue amount of \$2,118,933, issued to refund the Series 2005 Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2026	2,118,933

Description

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

Amount
6,911,365

\$21,661,887

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
2017	\$2,591,480	\$709,981	\$3,301,461
2018	2,403,149	759,641	3,162,790
2019	2,102,383	685,354	2,787,737
2020	1,547,400	630,090	2,177,490
2021	1,231,125	583,366	1,814,491
2022-2026	3,814,685	2,338,579	6,153,264
2027-2031	3,065,126	1,505,480	4,570,606
2032-2036	2,609,353	692,005	3,301,358
2037-2041	1,052,187	345,560	1,397,747
2042-2046	1,244,999	153,303	1,398,302
Total	\$21,661,887	\$8,403,359	\$30,065,246

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

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

Amount
\$9,633,141

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

7,092,800

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

11,551,562

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 \$90,305 with a final payment on May 1, 2036

1,806,103

\$30,083,606

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
2017	\$1,853,515	\$677,621	\$2,531,136
2018	1,904,170	653,162	2,557,332
2019	1,904,170	608,460	2,512,630
2020	1,904,170	563,757	2,467,927
2021	1,904,170	519,055	2,423,225
2022-2026	9,520,850	1,924,739	11,445,589
2027-2031	8,832,769	807,179	9,639,948
2032-2036	2,259,792	61,148	2,320,940
Total	\$30,083,606	\$5,815,121	\$35,898,727

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, 2016, \$1,059,671 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
2017	\$151,382	\$91,687	\$243,069
2018	151,382	87,995	239,377
2019	151,382	84,303	235,685
2020	151,382	80,611	231,993
2021	151,382	76,919	228,301
2022-2023	302,761	164,755	467,516
Total	\$1,059,671	\$586,270	\$1,645,941

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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 \$15,301,946 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 37 percent of net revenues, or less than 6 percent of

total revenues. The total principal and interest remaining to be paid on the bonds is \$23,597,536. Principal and interest paid for the current year, total customer net revenues and total revenues were \$1,223,843, \$4,028,283 and \$27,728,938, respectively. Revenue bonds outstanding at year end are as follows:

Description	Amount
Series 2001 Refunding Revenue Bonds with an original issue amount of \$2,244,103, issued to refund a portion of the Series 1994 Revenue Bonds, due in annual installments with varying interest rates from 4.25% to 6.0%, final payment will be made on September 1, 2016	\$274,759
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	\$96,443
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	458,404
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	2,008,875
Series 2013 Refunding Revenue Bonds with an original issue amount of \$1,123,849, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018	418,660
Series 2013 Refunding Revenue Bonds with an original issue amount of \$1,487,041, issued to refund the Series 2007 Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2027	1,154,541
Series 2016 Revenue Bonds with an original issue amount of \$10,253,170, due in annual installment with varying interest rates from 3.0% to 5.0%, final payment will be made on April 1, 2046	10,253,170
Series 2016 Revenue Bonds with an original issue amount of \$637,094, issued to refund a portion of the Series 2008A Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2034	637,094
	15,301,946

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
2017	\$1,079,872	\$468,028	\$1,547,900
2018	845,665	528,868	1,374,533
2019	816,215	504,706	1,320,921
2020	582,019	480,076	1,062,095
2021	844,586	462,725	1,307,311
2022-2026	2,236,752	2,018,677	4,255,429
2027-2031	1,829,384	1,610,042	3,439,426
2032-2036	2,076,437	1,138,606	3,215,043
2037-2041	2,286,050	750,785	3,036,835
2042-2046	2,704,966	333,077	3,038,043
Total	\$15,301,946	\$8,295,590	\$23,597,536

Rate Covenants

The Utilities Commission's debt issuances are authorized and secured by the Bond Order adopted on August 11, 1994, and amended and restated as of April 13, 2000. Section 501 of the Bond Order contains covenants

as to rates, fees and charges and requires the debt service coverage ratio to be no less than 125% for parity indebtedness (revenue bonds) and no less than 100% for other types of debt. The Utilities Commission has been in

compliance with the covenants contained in Section 501 of the Bond Order since its adoption. The debt service coverage ratio calculation for the fiscal year ended June 30, 2016 is as follows:

Operating revenues	\$247,208,408
Operating expenses ¹	(195,145,037)
Operating income	52,063,371
Non-operating revenues (expenses)	
Miscellaneous revenues ²	2,032,768
Interest income ²	326,221
Income available for debt service	\$54,422,360
Parity debt service (principal and interest paid)	\$10,245,286
Parity debt service coverage ratio	531%
Subordinate and other debt service (principal and interest paid)	\$3,959,176
Subordinate and other debt service coverage ratio	1116%

- 1 In accordance with rate covenants operating expenses excludes depreciation expense of \$18,661,562; unfunded OPEB expense of \$669,899; and pension expense and expenditures of (\$729,995) promulgated by the implementation of GASB Statement No. 68 and GASB Statement No. 71.
- 2 In accordance with rate covenants miscellaneous revenues and interest income excludes restricted revenues and revenues received in the capital projects funds.

Current Refunding

On June 14, 2016 the Commission issued revenue bonds in the amount of \$4,200,000 as current refunding of the 2005 revenue bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$140,250. This amount is being deferred and amortized over the life of the new debt issued. The refunding reduced future debt service payments over the next ten years by \$216,360 and resulted in an economic gain of \$250,585.

Advance Refunding

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

Arbitrage

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the Utilities Commission must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2016, the Utilities Commission had no arbitrage liabilities.

Unearned Revenue

Unearned revenue totaling \$99,501 in the Water Fund and \$155,220 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, 2016:

<i>Business type activities:</i>	June 30, 2015	Additions	Retirements	June 30, 2016	Current Portion
Revenue bonds	\$64,400,999	\$62,685,000	(\$33,434,000)	\$93,651,999	\$8,031,400
Other types of debt	35,559,334	4,052,023	(3,024,317)	36,587,040	2,374,886
Discounts and premiums	780,026	9,738,287	(441,978)	10,076,335	-
Compensated absences	1,932,625	1,834,343	(1,681,957)	2,085,011	1,554,007
Other postemployment benefits	11,445,339	669,899	-	12,115,238	-
Net pension liability (LGERS)	-	1,880,087	-	1,880,087	-
Unearned revenue	283,471	-	(28,750)	254,721	254,721
Total long-term liabilities	\$114,401,794	\$80,859,639	(\$38,611,002)	\$156,650,431	\$12,215,014

Changes in long-term liabilities by fund for the year ended June 30, 2015 are as follows:

Electric Fund:	June 30, 2015	Additions	Retirements	June 30, 2016	Current Portion
Revenue bonds	\$17,229,720	\$27,518,890	(\$7,378,040)	\$37,370,570	\$2,006,521
Other types of debt	493,887	-	(493,887)	-	-
Discounts and premiums	78,819	3,746,037	(49,668)	3,775,188	-
Compensated absences	793,433	793,106	(752,404)	834,135	722,002
Other postemployment benefits	5,400,930	300,137	-	5,701,067	-
Net pension liability (LGERS)	-	770,836	-	770,836	-
Electric Fund long-term liabilities:	\$23,996,789	\$33,129,006	(\$8,673,999)	\$48,451,796	\$2,728,523
Water Fund	June 30, 2015	Additions	Retirements	June 30, 2016	Current Portion
Revenue bonds	\$20,389,681	\$10,526,380	(\$11,598,465)	\$19,317,596	\$2,353,527
Other types of debt	5,875,700	-	(431,937)	5,443,763	369,989
Discounts and premiums	428,849	2,115,858	(214,057)	2,330,650	-
Compensated absences	401,984	364,766	(329,259)	437,491	315,750
Other postemployment benefits	2,317,500	127,887	-	2,445,387	-
Net pension liability (LGERS)	-	413,619	-	413,619	-
Unearned revenue	111,691	-	(12,190)	99,501	99,501
Water Fund long-term liabilities:	\$29,525,405	\$13,548,510	(\$12,585,908)	\$30,488,007	\$3,138,767
Sewer Fund	June 30, 2015	Additions	Retirements	June 30, 2016	Current Portion
Revenue bonds	\$20,607,322	\$13,749,466	(\$12,694,901)	\$21,661,887	\$2,591,480
Other types of debt	29,104,110	4,052,023	(2,012,856)	31,143,277	2,004,897
Discounts and premiums	225,351	2,499,455	(149,901)	2,574,905	-
Compensated absences	392,239	350,753	(317,556)	425,436	280,721
Other postemployment benefits	1,963,833	127,556	-	2,091,389	-
Net pension liability (LGERS)	-	394,818	-	394,818	-
Unearned revenue	171,780	-	(16,560)	155,220	155,220
Sewer Fund long-term liabilities:	\$52,464,635	\$21,174,071	(\$15,191,774)	\$58,446,932	\$5,032,318
Gas Fund	June 30, 2015	Additions	Retirements	June 30, 2016	Current Portion
Revenue bonds	\$6,174,276	\$10,890,264	(\$1,762,594)	\$15,301,946	\$1,079,872
Other types of debt	85,637	-	(85,637)	-	-
Discounts and premiums	47,007	1,376,937	(28,352)	1,395,592	-
Compensated absences	344,969	325,718	(282,738)	387,949	235,534
Other postemployment benefits	1,763,076	114,319	-	1,877,395	-
Net pension liability (LGERS)	-	300,814	-	300,814	-
Gas Fund long-term liabilities:	\$8,414,965	\$13,008,052	(\$2,159,321)	\$19,263,696	\$1,315,406

The LGERS plan had a net pension liability as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

C. Net Investment in Capital Assets

Capital assets	\$376,991,066
plus: unexpended bond proceeds	25,613,773
plus: unamortized bond refunding charges	2,435,767
less: long-term debt	140,315,374
Net investment in capital assets	\$264,725,232

Note 3

SUPPLEMENTAL RETIREMENT INCOME PLAN

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, 2016, 2015 and 2014 were \$442,603, \$444,480, and \$441,080, respectively. These contributions represent 1.6%, 1.7% and 1.8%, 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, 2016 consist of the following:

Street lighting reimbursement	\$64,438
Street repairs	71,771
M/WBE Program	9,233
Dumpster collection	1,275
Landfill user fees	679
Parking lot sweeping	100
Total	\$147,496

Balances due from the City of Greenville at June 30, 2016 consist of the following:

Street light service	\$240,592
Conduit installation	8,250
Piping repairs	957
Total	\$249,799

Balances due from the City of Greenville at June 30, 2016 on utility accounts totaled \$90,111. 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 2016 consist of the following:

Electric Fund general transfer	\$4,777,152
Gas Fund general transfer	1,815,290
Electric Fund street lighting reimbursement	765,823
Total	7,358,265

The transfers to the City's General Fund of \$7,358,265 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, 2016 and 2015 are as follows:

	2016	2015
Unpaid claims, beginning	\$ 577,692	\$ 596,152
Incurred claims	5,578,306	5,218,561
Claim payments	(5,544,361)	(5,237,021)
Unpaid claims, ending	\$ 611,637	\$ 577,692

The City of Greenville and the Utilities Commission self-fund a dental benefit plan for eligible employees with a maximum benefit of \$1,000 per calendar year in addition to a

lifetime maximum of \$2,000 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, 2016 and 2015 are as follows:

	2016	2015
Unpaid claims, beginning	\$ 35,308	\$ 39,248
Incurred claims	353,599	316,143
Claim payments	(350,544)	(320,083)
Unpaid claims, ending	\$ 38,363	\$ 35,308

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 \$227 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

As of July 1, 2015 the Utilities Commission had a long-term take or pay all requirements contract with the North Carolina Eastern Municipal Power Agency (NCEMPA) for the delivery of wholesale electric power. NCEMPA is a joint agency formed by 32 municipal entities, including the Utilities Commission, which had ownership interests in two coal-fired and three nuclear-fueled generation plants (initial project). The Utilities Commission, through its agreement with NCEMPA, had the right to 16.1343% of initial project output and was obligated to pay its relative share of operating costs and debt service for the initial project. The Utilities Commission was obligated to pay its share of the operating costs and debt service regardless of the ability of NCEMPA to provide electricity or

to meet the Utilities Commission's need for electricity. This contract constituted an obligation of the Electric Enterprise Fund to make payments from operating revenues. The Utilities Commission's share of initial project's debt obligations at July 1, 2015 was approximately \$277.8 million.

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 basis

financial statements; however, it is included as a component of its power supply expenses. 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 allowed the Utilities Commission to reduce electric retail rates by 7% effective August 1, 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, 2016, we have commitments to take delivery on a total of 1,510,000 MMBtu's at fixed prices ranging from \$2.54 to \$2.86 per MMBtu and in varying amounts from July 2016 through December 2017. In addition, we have commitments to take delivery on 50,000 additional MMBtu's per month during the period December 2016 through March 2017 for which we have not yet fixed a price.

The Utilities Commission entered into a Supplemental Service and Construction Agreement with PNG effective November 1, 2014 for a period of 5 years. Under the terms of the contract the Utilities Commission will pay additional demand charges to cover the

costs of upgrades to the Utilities Commission's system completed by PNG. The initial amount of the contractual payment was \$470,000 per year. Effective June 2015 the amount was increased to \$593,093 per year to reflect the actual costs of the upgrades. These additional demand charges are payable through October 2019.

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

Litigation

The Utilities Commission is presently involved in certain litigation matters that have arisen in the normal course

of conducting its operations. Management of the Utilities Commission believes these cases are not expected to result in a

material adverse financial impact to the Utilities Commission.

Note 8

SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

On October 8, 2016 Hurricane Matthew impacted the Greenville Utilities service area with high winds and major flooding. The Commission's Operation Center was evacuated due to flooding, including inventories, vehicles

and equipment. Damage due to the hurricane was primarily limited to buildings damaged by flooding with minimal impact on system infrastructure. Preliminary estimates are that the costs to evacuate the operations

center, operate from remote sites and to repair damages are approximately \$2 million. The extent of reimbursements from property insurance and public assistance from FEMA are not currently known.

Note 9

PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

The GASB has issued several pronouncements prior to June 30, 2016 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. 73

"Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68". This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well

as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68 for pension plans and pensions that are within their respective

scopes. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 74

"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by

Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined

Contribution Plans, as amended, Statement No. 43, and Statement No. 50, Pension Disclosures. The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 75

"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other

Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new

accounting and financial reporting requirements for OPEB plans. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 77

"Tax Abatement Disclosures". This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 78

"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to

provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This

Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 79

"Certain External Investment Pools and Pool Participants". This Statement addresses accounting and financial reporting for certain external investment pools and pool participants.

Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This

Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and

for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions

on participant withdrawals. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial

credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 80

"Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14". This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional

criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant

to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 81

"Irrevocable Split-Interest Agreements". This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore,

this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a

government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

GASB Statement No. 82

"Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67

and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods

beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

Required Supplementary Information



Front: Lee Earwood and Linda Hinton. Back: Chris Candler, Russ Carson, George Darden, Tammy Warren and Dominique Payton

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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



Required Supplementary Information

Other Post Employment Benefits

SCHEDULE 1

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) - Projected Unit Credit		UnfundedAAL (UAAL) (b - a)	FundedRatio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
			(b)				
12/31/2013	\$ 1,350,501	\$ 21,018,546	\$ 19,668,045	6.4%	\$ 22,816,616	86.2%	
12/31/2014	\$ 1,854,800	\$ 25,073,947	\$ 23,219,147	7.4%	\$ 24,675,093	94.1%	
12/31/2015	\$ 2,303,463	\$ 26,322,361	\$ 24,018,898	8.8%	\$ 24,470,208	98.2%	

Schedule of Employer Contributions

Year Ending	Annual Required Contribution	Percentage Contributed
June 30, 2014	\$1,779,995	57.871%
2015	\$1,751,427	74.066%
2016	\$2,050,401	75.766%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows.

Valuation date:	12/31/2015
Actuarial cost method:	Projected unit credit
Amortization method:	Level percentage of pay, open
Remaining amortization period:	30 Years
Amortization factor:	18.2204
Asset valuation method:	Market value of assets
Actuarial assumptions:	
Investment rate of return*	7.00% * Includes inflation at 3.00%
Medical trend assumptions:	
Pre-Medicare trend rate:	7.75% - 5.00%
Post-Medicare trend rate:	5.75% - 5.00%
Year of ultimate trend rate:	2022

Local Governmental Employees' Retirement System

SCHEDULE 2

Required Supplementary Information | Last Three Fiscal Years*

Greenville Utilities Commission's Proportionate Share of Net Pension Liability (Asset)

	2016	2015	2014
Proportion of the net pension liability (asset) (%)	0.41892%	0.42068%	0.42030%
Proportion of the net pension liability (asset) (\$)	\$ 1,880,088	\$ (2,480,943)	\$ 5,066,229
Covered-employee payroll	\$ 25,472,704	\$ 24,998,713	\$ 24,741,607
Proportion of the net pension liability (asset) as a percentage of its covered-employee payroll	7.38%	(9.92%)	20.48%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	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.

Local Governmental Employees' Retirement System

SCHEDULE 3

Required Supplementary Information | Last Three Fiscal Years

Greenville Utilities Commission's Contributions

	2016	2015	2014
Contractually required contribution	\$ 1,782,767	\$ 1,789,817	\$ 1,755,810
Contributions in relation to the contractually required contribution	\$ 1,782,767	\$ 1,789,817	\$ 1,755,810
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 26,665,074	\$ 25,472,704	\$ 24,998,713
Contributions as a percentage of covered-employee payroll	6.69%	7.03%	7.02%

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Supplementary Information



Jonathan Sergeant

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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



Supplementary Information

SCHEDULE 4

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

All Operating Funds | Year Ended June 30, 2016 (With Comparative Actual Totals For June 30, 2015)

	2016		Variance Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Revenues				
Electric Revenues				
Rates and charges	\$ 180,957,143	\$ 177,785,263	\$ (3,171,880)	\$ 196,828,376
Fees and charges	1,312,993	1,499,960	186,967	1,221,977
U.G. and temporary service charges	133,206	170,695	37,489	119,537
Miscellaneous	1,829,520	2,476,169	646,649	1,541,259
Interest on investments	164,581	170,725	6,144	162,186
Total Electric Revenues	184,397,443	182,102,812	(2,294,631)	199,873,335
Water Revenues				
Rates and charges	17,697,267	17,792,061	94,794	16,753,280
Fees and charges	340,713	336,621	(4,092)	274,387
U.G. and temporary service charges	4,000	3,900	(100)	2,900
Miscellaneous	243,132	259,746	16,614	266,127
Interest on investments	47,691	51,616	3,925	42,867
Total Water Revenues	18,332,803	18,443,944	111,141	17,339,561
Sewer Revenues				
Rates and charges	20,377,940	20,835,158	457,218	18,896,038
Fees and charges	334,822	337,938	3,116	280,526
Miscellaneous	139,384	188,174	48,790	162,374
Interest on temporary investments	32,409	34,585	2,176	31,999
Total Sewer Revenues	20,884,555	21,395,855	511,300	19,370,937
Gas Revenues				
Rates and charges	32,893,100	27,221,435	(5,671,665)	36,342,568
Fees and charges	139,365	129,310	(10,055)	139,335
Miscellaneous	148,656	332,968	184,312	206,283
Interest on temporary investments	80,712	69,295	(11,417)	74,173
Total Gas Revenues	33,261,833	27,753,008	(5,508,825)	36,762,359
Total Revenues	256,876,634	249,695,619	(7,181,015)	273,346,192
Expenditures				
Electric Fund				
Maintenance and repairs		1,553,476		3,168,777
Other operating expenses		153,000,843		183,082,984
Capital Outlay		4,482,944		5,906,099
Debt Service		3,352,378		3,408,847
Total	168,581,219	162,389,641	6,191,578	195,566,707
Water Fund				
Maintenance and repairs		1,293,547		1,256,544
Other operating expenses		9,977,890		10,212,893
Capital Outlay		761,075		867,400
Debt Service		3,779,719		3,980,024
Total	17,045,523	15,812,231	1,233,292	16,316,861

SCHEDULE 4
continued**Schedule of Revenues and Expenditures, Budget and Actual (Non-GAAP)**

All Operating Funds | Year Ended June 30, 2016 (With Comparative Actual Totals For June 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Sewer Fund				
Maintenance and repairs		1,580,606		1,389,641
Other operating expenses		9,777,806		9,878,639
Capital Outlay		774,018		988,308
Debt Service		6,473,115		6,367,411
Total	19,830,038	18,605,545	1,224,493	18,623,999
Gas Fund				
Maintenance and repairs		181,754		548,509
Other operating expenses		25,137,377		30,760,014
Capital Outlay		1,093,207		1,417,650
Debt Service		1,449,843		1,391,034
Total	33,373,591	27,862,181	5,511,410	34,117,207
Total expenditures	238,830,371	224,669,598	14,160,773	264,624,774
Excess of Revenues Over (Under) Expenditures	18,046,263	25,026,021	6,979,758	8,721,418
Other Financing Sources (Uses)				
Contributed capital	-	-	-	1,800
Revenue bonds issued	653,737	813,405	159,668	-
Intra-fund transfers out	(27,950,000)	(30,450,000)	(2,500,000)	(6,100,000)
Appropriated fund balance	9,250,000	-	(9,250,000)	-
Total other financing sources (uses)	(18,046,263)	(29,636,595)	(11,590,332)	(6,098,200)
Revenues and Other Financing Sources				
Over Expenditures	\$ -	\$ (4,610,574)	\$ (4,610,574)	\$ 2,623,218
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations- capital		\$ 7,111,244		\$ 9,179,457
Budgetary appropriations- debt principal		10,743,316		11,476,429
Depreciation		(18,661,562)		(18,140,202)
Debt issued		(813,405)		-
Amortization of bond premium and discount		102,528		108,690
Amortization of deferred loss on refundings		(186,413)		(193,693)
Capitalization of bond interest		65,946		-
Changes in accrued interest payable		175,665		73,218
Changes in unrealized gains/losses on investments		7,037		(14,626)
Intra-fund transfers		30,450,000		6,100,000
Changes in OPEB liability		(669,899)		(595,314)
Changes in net pension asset		(2,480,945)		2,480,945
Changes in deferred outflows for pensions		21,542		113,778
Changes in net pension liability		(1,880,087)		5,066,229
Changes in deferred inflows for pensions		5,069,486		(6,046,670)
Revenue recognized in Rate Stabilization Fund		26,994		
Revenue recognized in Capital Projects		380,513		982,588
Total reconciling items		29,461,960		10,590,829
Changes in net position		\$ 24,851,386		\$ 13,214,047

SCHEDULE 5

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

Electric Operating Fund | Year Ended June 30, 2016 (With Comparative Actual Totals For June 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues				
Operating Revenues				
Rates and charges	\$ 180,957,143	\$ 177,785,263	\$ (3,171,880)	\$ 196,828,376
Fees and charges	1,312,993	1,499,960	186,967	1,221,977
U.G. and temporary service charges	133,206	170,695	37,489	119,537
Miscellaneous	679,143	710,641	31,498	822,672
	183,082,485	180,166,559	(2,915,926)	198,992,562
Non-Operating Revenues				
Interest on investments	164,581	170,725	6,144	162,186
Miscellaneous	1,150,377	1,765,528	615,151	718,587
	1,314,958	1,936,253	621,295	880,773
Total Revenues	184,397,443	182,102,812	(2,294,631)	199,873,335
Expenditures				
Electric Fund				
Maintenance and repairs		1,553,476		3,168,777
Other operating expenses		153,000,843		183,082,984
Capital Outlay		4,482,944		5,906,099
Debt Service		3,352,378		3,408,847
Total expenditures	168,581,219	162,389,641	6,191,578	195,566,707
Excess of Revenues Over Expenditures	15,816,224	19,713,171	3,896,947	4,306,628
Other Financing Sources (Uses)				
Revenue bonds issued	283,776	329,114	45,338	-
Intra-fund transfers out	(16,100,000)	(17,600,000)	(1,500,000)	(4,000,000)
Total other financing sources (uses)	(15,816,224)	(17,270,886)	(1,454,662)	(4,000,000)
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 2,442,285	\$ 2,442,285	\$ 306,628
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations- capital		\$ 4,482,944		\$ 5,906,099
Budgetary appropriations- debt principal		2,420,378		2,745,501
Depreciation		(7,978,297)		(7,677,763)
Debt issued		(329,114)		-
Amortization of bond premium and discount		9,726		10,024
Amortization of deferred loss on refundings		(45,428)		(45,784)
Capitalization of bond interest		37,047		-
Changes in accrued interest payable		17,895		19,050
Changes in unrealized gains/losses on investments		4,213		(7,999)
Intra-fund transfers		17,600,000		4,000,000
Changes in OPEB liability		(300,137)		(267,837)
Changes in net pension asset		(1,111,749)		1,111,749
Changes in deferred outflows for pensions		(62,427)		50,985
Changes in net pension liability		(770,836)		2,270,254
Changes in deferred inflows for pensions		2,308,959		(2,709,604)
Revenue recognized in Rate Stabilization Fund		26,994		-
Revenue recognized in Capital Projects Fund		(28,810)		575,866
Total reconciling items		16,281,358		5,980,541
Changes in net position		\$ 18,723,643		\$ 6,287,169

SCHEDULE 6

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Electric Rate Stabilization Fund | From Inception and for the Year Ended June 30, 2016

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total toDate	
Revenues					
Interest on investments	\$ -	\$ -	\$ 26,994	\$ 26,994	\$ 26,994
Other FinancingSources (Uses)					
Transfer from Electric OperatingFund	\$ 14,500,000	\$ 1,500,000	\$ 13,000,000	\$ 14,500,000	\$ -
Transfer to Electric OperatingFund	(14,500,000)	-	-	-	14,500,000
Total other financingsources (uses)	-	1,500,000	13,000,000	14,500,000	14,500,000
Revenues Over Other FinancingSources (Uses)	\$ -	\$ 1,500,000	\$ 13,026,994	\$ 14,526,994	\$ 14,526,994

SCHEDULE 7

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

Electric Capital Projects Fund | From Inception and for the Year Ended June 30, 2016

	Project Authorization	Prior Years	Actual Current Year	Total toDate	Variance Positive (Negative)
Revenues					
Interest and misc income	\$ -	\$ 82,079	\$ (28,810)	\$ 53,269	\$ 53,269
State contributions	1,535,000	1,000,000	-	1,000,000	(535,000)
Total revenues	1,535,000	1,082,079	(28,810)	1,053,269	(481,731)
Expenditures					
* ECP-132 Substation Modernization	2,767,828	2,766,904	924	2,767,828	-
ECP-133 Sugg Parkway Transmission Line	1,700,000	-	-	-	1,700,000
ECP-134 Sugg Parkway Substation	3,400,000	2,900	3,150	6,050	3,393,950
* ECP-136 OPTICS Phase 3A	4,712,466	4,648,393	64,073	4,712,466	-
ECP-138 Greenville 230 kV South POD Substation	4,800,000	109,812	224,197	334,009	4,465,991
ECP-141 OPTICS Phase 3B	8,126,034	4,648,820	2,161,906	6,810,726	1,315,308
ECP-142 Bells Fork to Holly wood Substation Upgrade	5,605,155	328,705	288,887	617,592	4,987,563
ECP-144 10th Street Connector Project	1,535,000	1,005,509	18,291	1,023,800	511,200
ECP-145 Dyneema Peaking Generator	5,000,000	-	3,862,912	3,862,912	1,137,088
FCP-100 Downtown Office Efficiency & Enhancement	1,025,000	-	-	-	1,025,000
FCP10062 New Operations Center	2,255,000	-	11,384	11,384	2,243,616
FCP10066 Downtown Facilities Development	400,000	-	240,809	240,809	159,191
Total expenditures	41,326,483	13,511,043	6,876,533	20,387,576	20,938,907
Excess of Revenues Over (Under) Expenditures	(39,791,483)	(12,428,964)	(6,905,343)	(19,334,307)	20,457,176
Other Financing Sources (Uses)					
Appropriated fund balance	9,199,250	-	-	-	(9,199,250)
Revenue bonds issued	24,417,233	-	30,935,813	30,935,813	6,518,580
Payment to refunded bond escrow agent	-	-	(5,879,519)	(5,879,519)	(5,879,519)
Long-term financing	6,175,000	-	-	-	(6,175,000)
Intra-fund transfers in	-	4,891,213	4,600,000	9,491,213	9,491,213
Total other financing sources (uses)	39,791,483	4,891,213	29,656,294	34,547,507	(5,243,976)
Revenues and Other Financing Sources					
Over (Under) Expenditures	\$ -	\$ (7,537,751)	\$ 22,750,951	\$ 15,213,200	\$ 15,213,200

* Project(s) already closed.

SCHEDULE 8

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

Water Operating Fund | Year Ended June 30, 2016 (With Comparative Actual Totals For June 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues				
Operating Revenues				
Rates and charges	\$ 17,697,267	\$ 17,792,061	\$ 94,794	\$ 16,753,280
Fees and charges	340,713	336,621	(4,092)	274,387
U.G. and temporary service charges	4,000	3,900	(100)	2,900
Miscellaneous	96,015	97,450	1,435	96,915
	18,137,995	18,230,032	92,037	17,127,482
Non-Operating Revenues				
Interest on investments	47,691	51,616	3,925	42,867
Miscellaneous	147,117	162,296	15,179	169,212
	194,808	213,912	19,104	212,079
Total Revenues	18,332,803	18,443,944	111,141	17,339,561
Expenditures				
Water Fund				
Maintenance and repairs		1,293,547		1,256,544
Other operating expenses		9,977,890		10,212,893
Capital Outlay		761,075		867,400
Debt Service		3,779,719		3,980,024
Total expenditures	17,045,523	15,812,231	1,233,292	16,316,861
Excess of Revenues Over (Under) Expenditures	1,287,280	2,631,713	1,344,433	1,022,700
Other Financing Sources (Uses)				
Revenue bonds issued	112,720	158,228	45,508	-
Intra-fund transfers out	(1,400,000)	(1,900,000)	(500,000)	(300,000)
Total other financing sources (uses)	(1,287,280)	(1,741,772)	(454,492)	(300,000)
Revenues and Other Financing Sources				
Over Expenditures	\$ -	\$ 889,941	\$ 889,941	\$ 722,700
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations- capital		\$ 761,075		\$ 867,400
Budgetary appropriations- debt principal		2,668,804		2,910,306
Depreciation		(3,962,590)		(3,892,751)
Debt issued		(158,228)		-
Amortization of bond premium and discount		56,831		62,695
Amortization of deferred loss on refundings		(63,948)		(70,872)
Capitalization of bond interest		3,557		
Changes in accrued interest payable		73,190		35,403
Changes in unrealized gains/losses on investments		453		(664)
Intra-fund transfers		1,900,000		300,000
Changes in OPEB liability		(127,887)		(115,010)
Changes in net pension asset		(489,601)		489,601
Changes in deferred outflows for pensions		47,095		22,454
Changes in net pension liability		(413,619)		999,793
Changes in deferred inflows for pensions		978,297		(1,193,278)
Revenue recognized in Capital Projects Fund		196,145		170,831
Total reconciling items		1,469,574		585,908
Changes in net position		\$ 2,359,515		\$ 1,308,608

SCHEDULE 9

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

Water Capital Projects Fund | From Inception and for the Year Ended June 30, 2016

	Project Authorization	Prior Years	Actual Current Year	Total toDate	Variance Positive (Negative)
Revenues					
Interest and misc income	\$ 30,441	\$ 28,550	\$ 1,099	\$ 29,649	\$ (792)
Capacity fees	-	1,147,363	195,046	1,342,409	1,342,409
Total revenues	30,441	1,175,913	196,145	1,372,058	1,341,617
Expenditures					
* ECP-136 OPTICS Phase 3A	1,413,740	1,394,518	19,222	1,413,740	-
ECP-141 OPTICS Phase 3B	2,437,810	1,394,646	628,407	2,023,053	414,757
FCP-100 Downtown Office Efficiency and Enhancement	1,025,000	-	-	-	1,025,000
FCP10062 New Operations Center	615,000	-	9,984	9,984	605,016
FCP10066 Downtown Facilities Development	400,000	-	240,809	240,809	159,191
WCP-115 WTP Impoundment Dredging Project	350,000	27,341	288,170	315,511	34,489
WCP-116 WTP Sedimentation Basin Upgrade	600,000	107,960	1,572	109,532	490,468
WCP-117 WTP Upgrade Phase I	1,900,000	-	271,812	271,812	1,628,188
WCP-120 Water/Sewer Meter ERT/Lead Compliance	1,718,750	104,299	151,166	255,465	1,463,285
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	64,657	303,934	368,591	1,131,409
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
Total expenditures	16,206,300	3,093,421	1,921,101	5,014,522	11,191,778
Excess of Revenues Over (Under) Expenditures	(16,175,859)	(1,917,508)	(1,724,956)	(3,642,464)	12,533,395
Other Financing Sources (Uses)					
Appropriated fund balance	3,851,550	-	-	-	(3,851,550)
Revenue bonds issued	2,646,594	231,594	12,484,009	12,715,603	10,069,009
Payment to refunded bond escrow agent	-	-	(10,194,638)	(10,194,638)	(10,194,638)
Long-term financing	9,677,715	-	-	-	(9,677,715)
Intra-fund transfers in	-	2,073,396	1,900,000	3,973,396	3,973,396
Total other financing sources (uses)	16,175,859	2,304,990	4,189,371	6,494,361	(9,681,498)
Revenues and Other Financing Sources					
Over (Under) Expenditures	\$ -	\$ 387,482	\$ 2,464,415	\$ 2,851,897	\$ 2,851,897

* Project(s) already closed.

SCHEDULE 10

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

Sewer Operating Fund | Year Ended June 30, 2016 (With Comparative Actual Totals For June 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues				
Operating Revenues				
Rates and charges	\$ 20,377,940	\$ 20,835,158	\$ 457,218	\$ 18,896,038
Fees and charges	334,822	337,938	3,116	280,526
Miscellaneous	100,159	105,693	5,534	111,569
	20,812,921	21,278,789	465,868	19,288,133
Non-Operating Revenues				
Interest on investments	32,409	34,585	2,176	31,999
Miscellaneous	39,225	82,481	43,256	50,805
	71,634	117,066	45,432	82,804
Total Revenues	20,884,555	21,395,855	511,300	19,370,937
Expenditures				
Sewer Fund				
Maintenance and repairs		1,580,606		1,389,641
Other operating expenses		9,777,806		9,878,639
Capital Outlay		774,018		988,308
Debt Service		6,473,115		6,367,411
Total expenditures	19,830,038	18,605,545	1,224,493	18,623,999
Excess of Revenues Over (Under) Expenditures	1,054,517	2,790,310	1,735,793	746,938
Other Financing Sources (Uses)				
Revenue bonds issued	145,483	206,761	61,278	-
Intra-fund transfers out	(4,200,000)	(4,700,000)	(500,000)	(300,000)
Appropriated fund balance	3,000,000	-	(3,000,000)	-
Total other financing sources (uses)	(1,054,517)	(4,493,239)	(3,438,722)	(300,000)
Revenues and Other Financing Sources				
Over Expenditures	\$ -	\$ (1,702,929)	\$ (1,702,929)	\$ 446,938
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations - capital		\$ 774,018		\$ 988,308
Budgetary appropriations - debt principal		4,526,960		4,646,312
Depreciation		(5,028,068)		(4,863,901)
Debt issued		(206,761)		-
Amortization of bond premium and discount		28,620		28,620
Amortization of deferred loss on refundings		(42,324)		(42,324)
Capitalization of bond interest		7,697		-
Changes in accrued interest payable		88,290		8,988
Changes in unrealized gains/losses on investments		664		(730)
Intra-fund transfers		4,700,000		300,000
Changes in OPEB liability		(127,556)		(112,806)
Changes in net pension asset		(466,593)		466,593
Changes in deferred outflows for pensions		45,523		21,398
Changes in net pension liability		(394,818)		952,809
Changes in deferred inflows for pensions		931,992		(1,137,201)
Revenue recognized in Capital Projects Fund		213,936		222,690
Total reconciling items		5,051,580		1,478,756
Changes in net position		\$ 3,348,651		\$ 1,925,694

SCHEDULE 11

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

Sewer Capital Projects Fund | From Inception and for the Year Ended June 30, 2016

	Project Authorization	Prior Years	Actual Current Year	Total toDate	Variance Positive (Negative)
Revenues					
Interest and misc income	\$ -	\$ 3,526	\$ (2,057)	\$ 1,469	\$ 1,469
Capacity fees	-	1,320,621	184,434	1,505,055	1,505,055
Outfall acreage fee	300,000	1,095,022	31,559	1,126,581	826,581
EPA Grant	291,000	291,000	-	291,000	-
Total revenues	591,000	2,710,169	213,936	2,924,105	2,333,105
Expenditures					
* ECP-136 OPTICS Phase 3A	1,413,740	1,394,518	19,222	1,413,740	-
ECP-141 OPTICS Phase 3B	2,437,810	1,394,646	628,407	2,023,053	414,757
FCP-100 Downtown Office Efficiency and Enhancement	1,025,000	-	-	-	1,025,000
FCP10062 New Operations Center	615,000	-	9,984	9,984	605,016
FCP10066 Downtown Facilities Development	400,000	-	240,809	240,809	159,191
WCP-120 Water/Sewer Meter ERT/Lead Compliance	1,406,250	85,336	123,682	209,018	1,197,232
SCP-99 Sterling Pointe Pump Station & Force Main	9,900,000	9,822,572	(35,127)	9,787,445	112,555
SCP-100 Westside Pump Station & Force Main	15,287,369	14,521,304	589,357	15,110,661	176,708
* SCP-115 Southwest Commercial Park Sewer Ext.	300,000	286,675	13,325	300,000	-
SCP-117 WWTP Ultraviolet Disinfection Equipment	3,360,000	252,113	1,558,480	1,810,593	1,549,407
SCP-118 Southside Pump Station Upgrade	6,600,000	298,479	800,609	1,099,088	5,500,912
SCP-120 Sewer Biosolids Processing	6,800,000	-	17,556	17,556	6,782,444
SCP-121 Sewer Harris Mill Interceptor	635,000	41,499	11,040	52,539	582,461
SCP-122 WWTP Air Distribution System	2,000,000	58,435	72,024	130,459	1,869,541
SCP-123 COG Town Creek Culvert Improvement	1,900,000	-	480	480	1,899,520
SCP-124 Generators for Pumping Stations	310,000	-	208,962	208,962	101,038
Total expenditures	54,390,169	28,155,577	4,258,810	32,414,387	21,975,782
Excess of Revenues Over (Under) Expenditures	(53,799,169)	(25,445,408)	(4,044,874)	(29,490,282)	24,308,887
Other Financing Sources (Uses)					
Appropriated fund balance	2,820,800	-	-	-	(2,820,800)
Revenue bonds issued	9,174,750	2,190,550	16,042,159	18,232,709	9,057,959
Payment to refunded bond escrow agent	-	-	(11,006,249)	(11,006,249)	(11,006,249)
State loans	32,098,819	20,269,748	4,052,023	24,321,771	(7,777,048)
Long-term financing	9,704,800	-	-	-	(9,704,800)
Intra-fund transfers in	-	248,481	4,700,000	4,948,481	4,948,481
Total other financing sources (uses)	53,799,169	22,708,779	13,787,933	36,496,712	(17,302,457)
Revenues and Other Financing Sources					
Over (Under) Expenditures	\$ -	\$ (2,736,629)	\$ 9,743,059	\$ 7,006,430	\$ 7,006,430

* Project(s) already closed.

SCHEDULE 12

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

Gas Operating Fund | Year Ended June 30, 2016 (With Comparative Actual Totals For June 30, 2015)

	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
Revenues				
Operating Revenues				
Rates and charges	\$ 32,893,100	\$ 27,221,435	\$ (5,671,665)	\$ 36,342,568
Fees and charges	139,365	129,310	(10,055)	139,335
Miscellaneous	96,568	182,283	85,715	96,432
	33,129,033	27,533,028	(5,596,005)	36,578,335
Non-Operating Revenues				
Interest on investments	80,712	69,295	(11,417)	74,173
Miscellaneous	52,088	150,685	98,597	109,851
	132,800	219,980	87,180	184,024
Total Revenues	33,261,833	27,753,008	(5,508,825)	36,762,359
Expenditures				
Gas Fund				
Maintenance and repairs		181,754		548,509
Other operating expenses		25,137,377		30,760,014
Capital Outlay		1,093,207		1,417,650
Debt Service		1,449,843		1,391,034
Total expenditures	33,373,591	27,862,181	5,511,410	34,117,207
Excess of Revenues Over (Under) Expenditures	(111,758)	(109,173)	2,585	2,645,152
Other Financing Sources (Uses)				
Contributed Capital	-	-	-	1,800
Revenue bonds issued	111,758	119,302	7,544	-
Intra-fund transfers out	(6,250,000)	(6,250,000)	-	(1,500,000)
Appropriated fund balance	6,250,000	-	(6,250,000)	-
Total other financing sources (uses)	111,758	(6,130,698)	(6,242,456)	(1,498,200)
Revenues and Other Financing Sources				
Over Expenditures	\$ -	\$ (6,239,871)	\$ (6,239,871)	\$ 1,146,952
Reconciliation to full accrual basis from modified accrual basis:				
Reconciling items:				
Budgetary appropriations- capital		\$ 1,093,207		\$ 1,417,650
Budgetary appropriations- debt principal		1,127,174		1,174,310
Depreciation		(1,692,607)		(1,705,787)
Debt issued		(119,302)		-
Amortization of bond premium and discount		7,351		7,351
Amortization of deferred loss on refundings		(34,713)		(34,713)
Capitalization of bond interest		17,645		-
Changes in accrued interest payable		(3,710)		9,777
Changes in unrealized gains/losses on investments		1,707		(5,233)
Intra-fund transfers		6,250,000		1,500,000
Changes in OPEB liability		(114,319)		(99,661)
Changes in net pension asset		(413,002)		413,002
Changes in deferred outflows for pensions		(8,649)		18,941
Changes in net pension liability		(300,814)		843,373
Changes in deferred inflows for pensions		850,238		(1,006,587)
Revenue recognized in Capital Projects Fund		(758)		13,201
Total reconciling items		6,659,448		2,545,624
Changes in net position	\$ 419,577			\$ 3,692,576

SCHEDULE 13

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Gas Rate Stabilization Fund | From Inception and for the Year Ended June 30, 2016

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total toDate	
Other FinancingSources (Uses)					
Transfer from Gas OperatingFund	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Transfer to Gas OperatingFund	(1,000,000)	-	-	-	1,000,000
Total other financingsources (uses)	-	-	1,000,000	1,000,000	1,000,000
Revenues Over Other FinancingSources (Uses)	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

SCHEDULE 14

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

Gas Capital Projects Fund | From Inception and for the Year Ended June 30, 2016

	Project Authorization	Prior Years	Actual Current Year	Total toDate	Variance Positive (Negative)
Revenues					
Interest and misc income	\$ -	\$ 145	\$ (758)	\$ (613)	\$ (613)
Total revenues	-	145	(758)	(613)	(613)
Expenditures					
* ECP-136 OPTICS Phase 3A	1,884,986	1,859,358	25,628	1,884,986	-
ECP-141 OPTICS Phase 3B	3,250,413	1,859,529	837,159	2,696,688	553,725
FCP-100 Downtown Office Efficiency and Enhancement	1,025,000	-	-	-	1,025,000
FCP10062 New Operations Center	615,000	-	9,984	9,984	605,016
FCP10066 Downtown Facilities Development	400,000	-	240,809	240,809	159,191
GCP-87 NC33 Main Ext. & Old River Rd. Main Repl.	1,300,000	154,057	209,521	363,578	936,422
GCP-88 GUC-PNG Multiple Gas Facilities Upgrade	2,650,000	380,258	1,466,260	1,846,518	803,482
GCP-89 Western Loop High Pressure Gas Main Ext.	4,300,000	306,230	3,945,365	4,251,595	48,405
GCP-90 LNG Plant Tank Additions	4,000,000	3,274,413	404,985	3,679,398	320,602
GCP-91 Natural Gas Vehicle Fueling Station	2,500,000	1,794,825	606,540	2,401,365	98,635
GCP-92 LNG Liquefaction Additions	1,000,000	-	11,809	11,809	988,191
GCP-93 Southwestern Loop Phase I	500,000	-	11,875	11,875	488,125
Total expenditures	23,425,399	9,628,670	7,769,935	17,398,605	6,026,794
Excess of Revenues Over (Under) Expenditures	(23,425,399)	(9,628,525)	(7,770,693)	(17,399,218)	6,026,181
Other Financing Sources (Uses)					
Appropriated Fund Balance	9,435,399	-	-	-	(9,435,399)
Revenue bonds issued	11,036,481	-	12,147,900	12,147,900	1,111,419
Payment to refunded bond escrow agent	-	-	(788,503)	(788,503)	(788,503)
Long-term financing	2,953,519	-	-	-	(2,953,519)
Intra-fund transfers in	-	10,399,033	5,250,000	15,649,033	15,649,033
Total other financing sources (uses)	23,425,399	10,399,033	16,609,397	27,008,430	3,583,031
Revenues and Other Financing Sources					
Over (Under) Expenditures	\$ -	\$ 770,508	\$ 8,838,704	\$ 9,609,212	\$ 9,609,212

* Project(s) already closed.

SCHEDULE 15

Combining Statement of Fiduciary Net Position

Agency Funds | June 30, 2016

	Refuse Collection Agency Fund	Stormwater Collection Agency Fund	Total
Assets			
Cash and cash equivalents	\$ 423,600	\$ 559,526	\$ 983,126
Accounts receivables	472,364	1,142,952	1,615,316
Total assets	895,964	1,702,478	2,598,442
Liabilities			
Accounts payable	895,964	1,702,478	2,598,442
Total liabilities	\$ 895,964	\$ 1,702,478	\$ 2,598,442

SCHEDULE 16

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds | For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
Refuse Collection Fund:				
Assets:				
Cash and cash equivalents	\$ 612,808	\$ 301,127	\$ (354,408)	\$ 559,527
Accounts receivable	1,082,642	7,494,985	(7,434,675)	1,142,952
Total assets	\$ 1,695,450	\$ 7,796,112	\$ (7,789,083)	\$ 1,702,479
Liabilities:				
Accounts payable	\$ 1,695,450	\$ 7,329,355	\$ (7,322,327)	\$ 1,702,478
	\$ 1,695,450	\$ 7,329,355	\$ (7,322,327)	\$ 1,702,478
Stormwater Collection Fund:				
Assets:				
Cash and cash equivalents	\$ 384,738	\$ 249,582	\$ (210,720)	\$ 423,600
Accounts receivable	427,199	5,005,862	(4,960,697)	472,364
Total assets	\$ 811,937	\$ 5,255,444	\$ (5,171,417)	\$ 895,964
Liabilities:				
Accounts payable	\$ 811,937	\$ 4,975,423	\$ (4,891,397)	\$ 895,963
	\$ 811,937	\$ 4,975,423	\$ (4,891,397)	\$ 895,963

SCHEDULE 17

Schedule of 2016–2017 Projected Transfer to the City of Greenville General Fund

	Electric Fund	Gas Fund	Total
General Transfer			
Capital assets, net of depreciation	\$ 100,535,802	\$ 43,509,902	\$ 144,045,704
Less long-term debt	40,537,337	16,517,828	57,055,165
Net transfer base	59,998,465	26,992,074	86,990,539
Transfer rate	6.00%	6.00%	6.00%
Projected general transfer to City of Greenville	3,599,908	1,619,524	5,219,432
Street Lighting Reimbursement			
Street lighting projected revenue	1,550,840		1,550,840
Transfer Rate	50%		50%
Projected street lighting reimbursement	775,420		775,420
Total projected transfer to City of Greenville General Fund	\$ 4,375,328	\$ 1,619,524	\$ 5,994,852

SCHEDULE 18

Schedule of Indebtedness
June 30, 2016

	Original Issue Amount	Date of Issue	Date of Maturity	Outstanding June 30, 2015	Added During Year	Retired During Year Principal	Interest
Electric Fund:							
2001 Rev Bonds Refund 1994	2,840,154	5/1/2001	9/1/2016	676,635	-	328,896	30,320
2005 Rev Bonds	2,607,909	7/13/2005	9/1/2025	1,649,502	-	1,649,502	69,307
2008A Rev Bonds New Money	3,903,762	6/25/2008	11/1/2019	3,903,762	-	3,885,278	207,577
2008A Rev Bonds Refund 1998	1,084,583	6/25/2008	11/1/2018	524,053	-	122,198	22,537
2008A Rev Bonds Refund 2000A	605,347	6/25/2008	11/1/2020	358,715	-	94,932	15,893
2008B Rev Bonds Taxable	4,130,000	6/25/2008	11/1/2018	1,930,000	-	440,000	98,838
2010 Rev Bonds Refund 2001	3,902,210	11/12/2010	9/1/2021	2,794,131	-	370,542	65,482
2013 Rev Bonds Refund 2003B	283,932	3/11/2013	5/1/2018	157,156	-	51,385	2,892
2013 Rev Bonds Refund 2007	6,182,959	3/11/2013	5/1/2027	5,235,766	-	435,307	96,338
2016 Rev Bonds New Money	22,679,530	6/14/2016	4/1/2046	-	22,679,530	-	-
2016 Rev Bonds Refund 2005	1,369,152	6/14/2016	4/1/2026	-	1,369,152	-	-
2016 Rev Bonds Refund 2008A	3,470,208	6/14/2016	4/1/2034	-	3,470,208	-	-
2011 Installment Purchase	848,231	5/18/2011	4/18/2016	176,101	-	176,101	3,501
2013 Installment Purchase	945,064	5/16/2013	5/16/2016	317,786	-	317,786	2,797
	54,853,041			17,723,607	27,518,890	7,871,927	615,482
Water Fund:							
2001 Rev Bonds Refund 1994	1,538,624	5/1/2001	9/1/2016	366,560	-	178,176	16,426
2005 Rev Bonds	1,356,029	7/13/2005	9/1/2025	857,689	-	857,689	36,038
2008A Rev Bonds New Money	10,641,133	6/25/2008	11/1/2019	9,068,076	-	8,039,372	470,045
2008A Rev Bonds Refund 1998	2,378,250	6/25/2008	11/1/2018	1,149,132	-	267,953	49,418
2008A Rev Bonds Refund 2000A	11,924,653	6/25/2008	11/1/2020	7,066,284	-	1,870,067	313,072
2010 Rev Bonds Refund 2001	1,695,666	11/12/2010	9/1/2021	1,214,162	-	161,015	28,455
2013 Rev Bonds Refund 2003B	141,966	3/11/2013	5/1/2018	78,578	-	25,693	1,446
2013 Rev Bonds Refund SRF Loan #2	1,204,100	3/11/2013	5/1/2018	589,200	-	198,500	10,841
2016 Rev Bonds New Money	2,243,132	6/14/2016	4/1/2046	-	2,243,132	-	-
2016 Rev Bonds Refund 2005	711,915	6/14/2016	4/1/2026	-	711,915	-	-
2016 Rev Bonds Refund 2008A	7,571,332	6/14/2016	4/1/2034	-	7,571,333	-	-
DWSRF Loan #4, 2004	4,014,594	11/18/2010	5/1/2030	2,913,685	-	194,245	64,247
DWSRF Loan #7	460,425	12/19/2013	5/1/2033	414,383	-	23,021	10,360
DWSRF Loan #9	269,492	6/21/2010	5/1/2030	202,120	-	13,475	5,053
DWSRF Loan #12	1,442,000	12/19/2013	5/1/2033	1,162,346	-	64,575	23,363
DWSRF Loan #6 (ARRA)	2,942,152	5/1/2011	5/2/2030	1,103,307	-	73,554	-
DWSRF Loan #8 (ARRA)	44,782	1/28/2011	5/2/2031	17,912	-	1,120	-
2011 Installment Purchase	98,022	5/18/2011	4/18/2016	20,350	-	20,350	405
2013 Installment Purchase	123,706	5/16/2013	5/16/2016	41,597	-	41,597	366
	50,801,973			26,265,381	10,526,380	12,030,402	1,029,535
Sewer Fund:							
2001 Rev Bonds Refund 1994	1,667,119	5/1/2001	9/1/2016	397,172	-	193,056	17,797
2005 Rev Bonds	4,036,062	7/13/2005	9/1/2025	2,552,809	-	2,552,809	107,262
2008A Rev Bonds New Money	10,300,362	6/25/2008	11/1/2019	8,953,612	-	8,077,242	465,843
2008A Rev Bonds Refund 1998	4,219,963	6/25/2008	11/1/2018	2,039,018	-	475,456	87,687
2010 Rev Bonds Refund 2001	1,695,666	11/12/2010	9/1/2021	1,555,696	-	206,307	36,459
2013 Rev Bonds Refund 2003B	141,966	3/11/2013	5/1/2018	1,237,215	-	404,531	22,765
2013 Rev Bonds Refund SRF Loan #3	6,292,200	3/11/2013	5/1/2020	3,871,800	-	785,500	71,241
2016 Rev Bonds New Money	4,719,168	6/14/2016	4/1/2046	-	4,719,168	-	-
2016 Rev Bonds Refund 2005	2,118,933	6/14/2016	4/1/2026	-	2,118,933	-	-
2016 Rev Bonds Refund 2008A	6,911,365	6/14/2016	4/1/2034	-	6,911,365	-	-
CWSRF Loan #5	13,761,629	3/6/2010	5/1/2030	10,321,222	-	688,081	255,966
CWSRF Loan #10	9,241,586	11/2/2012	5/1/2032	6,596,630	883,132	386,962	162,023
CWSRF Loan #11	13,987,369	9/30/2013	5/1/2033	10,888,143	1,362,788	699,369	309,051
CWSRF Loan #13	1,806,103	7/30/2016	5/1/2036	-	1,806,103	-	-
Bethel Inter-Local Agreement	2,895,724	1/6/2003	5/1/2023	1,211,053	-	151,382	95,379
2011 Installment Purchase	180,653	5/18/2011	4/18/2016	37,505	-	37,505	746
2013 Installment Purchase	147,377	5/16/2013	5/16/2016	49,557	-	49,557	436
	84,123,245			49,711,432	17,801,489	14,707,757	1,632,655
Gas Fund:							
2001 Rev Bonds Refund 1994	2,244,103	5/1/2001	9/1/2016	534,632	-	259,873	23,957
2008A Rev Bonds New Money	1,029,743	6/25/2008	11/1/2019	844,550	-	748,107	43,748
2008A Rev Bonds Refund 1998	1,237,204	6/25/2008	11/1/2018	597,797	-	139,393	25,708
2010 Rev Bonds Refund 2001	3,234,480	11/12/2010	9/1/2021	2,316,011	-	307,136	54,277
2013 Rev Bonds Refund 2003B	1,123,849	3/11/2013	5/1/2018	622,051	-	203,391	11,446
2013 Rev Bonds Refund 2007	1,487,041	3/11/2013	5/1/2027	1,259,235	-	104,694	23,170
2016 Rev Bonds New Money	10,253,170	6/14/2016	4/1/2046	-	10,253,170	-	-
2016 Rev Bonds Refund 2008A	637,094	6/14/2016	4/1/2034	-	637,094	-	-
2011 Installment Purchase	180,474	5/18/2011	4/18/2016	37,468	-	37,468	745
2013 Installment Purchase	143,251	5/16/2013	5/16/2016	48,169	-	48,169	424
	21,570,409			6,259,913	10,890,264	1,848,231	183,475
Total All Funds	211,348,668			99,960,333	66,737,023	36,458,317	3,461,147

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016
Greenville Utilities Commission of the City of Greenville, North Carolina

Supplementary Information

SCHEDULE 18 continued

	Outstanding	Discount/	Longterm	Maturing Next Year		Accrued
	June30, 2016	Premium	DebtTotal	Principal	Interest	Interest 2016
Electric Fund:						
2001 Rev Bonds Refund 1994	347,739	-	347,739	347,739	10,432	6,955
2005 Rev Bonds	-	-	-	-	-	-
2008A Rev Bonds New Money	18,484	9,133	27,617	-	924	154
2008A Rev Bonds Refund 1998	401,855	11,969	413,824	127,670	16,901	3,349
2008A Rev Bonds Refund 2000A	263,783	8,049	271,832	55,317	11,548	2,155
2008B Rev Bonds Taxable	1,490,000	-	1,490,000	470,000	72,539	14,354
2010 Rev Bonds Refund 2001	2,423,589	-	2,423,589	379,406	56,071	20,277
2013 Rev Bonds Refund 2003B	105,771	-	105,771	52,510	1,946	324
2013 Rev Bonds Refund 2007	4,800,459	-	4,800,459	435,306	88,328	14,721
2016 Rev Bonds New Money	22,679,530	2,724,347	25,403,877	-	743,619	39,605
2016 Rev Bonds Refund 2005	1,369,152	230,304	1,599,456	125,506	47,494	2,530
2016 Rev Bonds Refund 2008A	3,470,208	791,386	4,261,594	13,067	135,246	7,203
2011 Installment Purchase	-	-	-	-	-	-
2013 Installment Purchase	-	-	-	-	-	-
	37,370,570	3,775,188	41,145,758	2,006,521	1,185,048	111,627
Water Fund:						
2001 Rev Bonds Refund 1994	188,384	-	188,384	188,384	5,652	3,768
2005 Rev Bonds	-	-	-	-	-	-
2008A Rev Bonds New Money	1,028,704	29,991	1,058,695	314,218	43,580	8,573
2008A Rev Bonds Refund 1998	881,179	26,246	907,425	279,951	37,060	7,343
2008A Rev Bonds Refund 2000A	5,196,217	158,556	5,354,773	1,089,683	227,477	42,453
2010 Rev Bonds Refund 2001	1,053,147	-	1,053,147	164,867	24,365	8,811
2013 Rev Bonds Refund 2003B	52,885	-	52,885	26,255	973	162
2013 Rev Bonds Refund SRF Loan #2	390,700	-	390,700	196,400	7,189	1,198
2016 Rev Bonds New Money	2,243,132	269,453	2,512,585	-	73,548	3,917
2016 Rev Bonds Refund 2005	711,915	119,751	831,666	65,259	24,695	1,315
2016 Rev Bonds Refund 2008A	7,571,333	1,726,653	9,297,986	28,510	295,081	15,716
DWSRF Loan #4, 2004	2,719,440	-	2,719,440	194,245	59,964	9,994
DWSRF Loan #7	391,362	-	391,362	23,021	9,784	1,631
DWSRF Loan #9	188,645	-	188,645	13,475	4,716	786
DWSRF Loan #12	1,097,771	-	1,097,771	64,575	22,065	3,678
DWSRF Loan #6 (ARRA)	1,029,753	-	1,029,753	73,554	-	-
DWSRF Loan #8 (ARRA)	16,792	-	16,792	1,119	-	-
2011 Installment Purchase	-	-	-	-	-	-
2013 Installment Purchase	-	-	-	-	-	-
	24,761,359	2,330,650	27,092,009	2,723,516	836,149	109,345
Sewer Fund:						
2001 Rev Bonds Refund 1994	204,116	-	204,116	204,116	6,123	4,082
2005 Rev Bonds	-	-	-	-	-	-
2008A Rev Bonds New Money	876,370	28,879	905,249	265,727	37,175	7,303
2008A Rev Bonds Refund 1998	1,563,562	46,571	1,610,133	496,744	65,760	13,030
2010 Rev Bonds Refund 2001	1,349,389	-	1,349,389	211,243	31,219	11,290
2013 Rev Bonds Refund 2003B	832,684	-	832,684	413,389	15,321	2,554
2013 Rev Bonds Refund SRF Loan #3	3,086,300	-	3,086,300	780,000	56,788	9,465
2016 Rev Bonds New Money	4,719,168	566,884	5,286,052	-	154,733	8,241
2016 Rev Bonds Refund 2005	2,118,933	356,424	2,475,357	194,236	73,503	3,915
2016 Rev Bonds Refund 2008A	6,911,365	1,576,147	8,487,512	26,025	269,359	14,346
CWSRF Loan #5	9,633,141	-	9,633,141	688,081	238,902	39,817
CWSRF Loan #10	7,092,800	-	7,092,800	443,300	174,128	29,021
CWSRF Loan #11	11,551,562	-	11,551,562	631,829	264,591	48,647
CWSRF Loan #13	1,806,103	-	1,806,103	90,305	-	-
Bethel Inter-Local Agreement	1,059,671	-	1,059,671	151,382	91,687	17,457
2011 Installment Purchase	-	-	-	-	-	-
2013 Installment Purchase	-	-	-	-	-	-
	52,805,164	2,574,905	55,380,069	4,596,377	1,479,289	209,168
Gas Fund:						
2001 Rev Bonds Refund 1994	274,759	-	274,759	274,760	8,243	5,495
2008A Rev Bonds New Money	96,443	5,001	101,444	30,055	4,071	804
2008A Rev Bonds Refund 1998	458,404	13,654	472,058	145,635	19,279	3,820
2010 Rev Bonds Refund 2001	2,008,875	-	2,008,875	314,484	46,476	16,808
2013 Rev Bonds Refund 2003B	418,660	-	418,660	207,845	7,703	1,284
2013 Rev Bonds Refund 2007	1,154,541	-	1,154,541	104,694	21,244	3,541
2016 Rev Bonds New Money	10,253,170	1,231,647	11,484,817	-	336,182	17,905
2016 Rev Bonds Refund 2008A	637,094	145,290	782,384	2,399	24,830	1,322
2011 Installment Purchase	-	-	-	-	-	-
2013 Installment Purchase	-	-	-	-	-	-
	15,301,946	1,395,592	16,697,538	1,079,872	468,028	50,979
Total All Funds	130,239,039	10,076,335	140,315,374	10,406,286	3,968,514	481,119

SCHEDULE 19

Schedule of Expenditures of Federal and State Awards For the FY Ended June 30, 2016

Grantor/Pass-through Grantor/Program Title	Federal CDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients	Local Expenditures
U. S. Environmental Protection Agency Pass-through: NC Department of Environment and Natural Resources Division of Water Quality						
Clean Water State Revolving Fund	66.458	CS37048708	8,866,000	-	-	921,445
Clean Water State Revolving Fund	66.458	CS37048707	13,940,668	-	-	1,169,993
Clean Water State Revolving Fund	66.458	CS37048709	1,810,593	-	-	-
Clean Water State Revolving Fund	66.458	CS37048711	1,099,088	-	-	-
Total Pass-through NC Department of Environment and Natural Resources			25,716,349	-	-	2,091,438
Total U. S. Environmental Protection Agency			25,716,349	-	-	2,091,438
Total Federal Assistance			\$ 25,716,349	\$ -	\$ -	\$ 2,091,438
Total Federal and State Expenditures			\$ 25,716,349	\$ -	\$ -	\$ 2,091,438

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 awards for the City of Greenville, North Carolina.

Statistical Section



Mono Jones

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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



Statistical Section

(Unaudited)

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

Contents Pages

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

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

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

TABLE 1

	Fiscal Year				
	2007	2008	2009	2010	2011
Business-type activities					
Net investment in capital assets	\$ 211,689	\$ 221,178	\$ 231,890	\$ 236,136	\$ 235,421
Unrestricted	54,448	57,730	56,973	63,055	75,583
Total business-type activities net position	\$ 266,137	\$ 278,908	\$ 288,863	\$ 299,191	\$ 311,004
	Fiscal Year				
	2012	2013	2014	2015	2016
Business-type activities					
Net investment in capital assets	\$ 238,986	\$ 246,776	\$ 253,843	\$ 272,213	\$ 264,725
Unrestricted	79,196	79,035	77,924	69,458	101,797
Total business-type activities net position	\$ 318,182	\$ 325,811	\$ 331,767	\$ 341,671	\$ 366,522

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

TABLE 2

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating revenues:										
Charges for services	\$ 224,297	\$ 235,850	\$ 257,795	\$ 259,181	\$ 270,573	\$ 255,943	\$ 260,272	\$ 269,776	\$ 270,859	\$ 246,112
Other operating revenues	1,193	668	718	730	800	785	773	996	1,128	1,096
Total operating revenues	225,490	236,517	258,513	259,911	271,373	256,728	261,045	270,772	271,987	247,208
Operating expenses:										
Administration and general	17,544	13,796	13,466	13,963	14,756	15,456	15,916	17,493	17,711	19,226
Operations and maintenance	22,062	31,030	32,428	32,536	33,784	36,433	33,916	33,915	35,032	35,827
Purchased power and gas	160,824	164,060	185,204	183,863	188,585	175,992	179,141	188,110	180,031	140,033
Depreciation	14,555	14,810	15,324	15,649	16,744	16,962	17,565	18,181	18,140	18,662
Total operating expenses	214,985	223,695	246,422	246,011	253,869	244,842	246,538	257,700	250,914	213,746
Operating income (loss)	10,505	12,822	12,091	13,900	17,504	11,886	14,507	13,072	21,072	33,462
Non-operating revenues (expenses):										
Interest income	2,912	2,212	1,426	809	637	335	226	208	284	330
Interest expense and service charges	(3,870)	(3,713)	(4,170)	(3,973)	(4,330)	(3,984)	(4,091)	(3,574)	(3,683)	(4,154)
Other, net	2,747	1,410	1,433	1,315	2,382	4,677	2,721	1,761	1,444	2,572
Net non-operating revenues	1,788	(91)	(1,312)	(1,848)	(1,311)	1,027	(1,143)	(1,604)	(1,955)	(1,252)
Income before contributions and transfers	12,293	12,731	10,779	12,052	16,193	12,913	13,364	11,468	19,117	32,210
Contributions and transfers:										
Capital Contributions	4,448	5,055	4,462	3,501	1,062	-	-	568	602	-
Transfer to City of Greenville, General Fund	(4,454)	(4,444)	(4,659)	(4,563)	(4,765)	(5,039)	(5,038)	(5,360)	(5,748)	(6,592)
Transfer to City of Greenville, street lighting reimb.	(535)	(570)	(628)	(662)	(678)	(696)	(696)	(721)	(757)	(766)
Total contributions and transfers	(542)	40	(825)	(1,724)	(4,381)	(5,735)	(5,733)	(5,513)	(5,903)	(7,358)
Changes in net position	\$ 11,751	\$ 12,771	\$ 9,954	\$ 10,329	\$ 11,812	\$ 7,178	\$ 7,630	\$ 5,955	\$ 13,214	\$ 24,851

Operating Revenues by Major Source | Last Ten Fiscal Years

TABLE 3

Fiscal Year	Electric Fund			Water Fund		
	Rates & Charges	Fees & Charges	Other Operating Revenue	Rates & Charges	Fees & Charges	Other Operating Revenue
2007	160,742,873	1,067,950	391,053	10,852,530	871,821	199,610
2008	166,967,883	1,214,369	432,762	12,646,586	909,860	72,586
2009	185,301,475	1,046,817	472,514	12,934,404	526,328	78,685
2010	192,716,425	1,144,392	483,335	12,921,434	398,169	79,354
2011	200,357,626	1,165,263	536,485	14,568,726	321,294	85,994
2012	191,029,354	1,112,192	494,829	15,719,715	292,152	106,365
2013	194,108,566	1,233,242	504,564	15,410,078	383,665	90,114
2014	199,134,647	1,286,852	699,404	15,819,721	348,287	98,063
2015	196,828,376	1,341,514	822,672	16,753,280	277,287	96,915
2016	177,785,263	1,670,655	710,641	17,792,061	340,521	97,450

Fiscal Year	Sewer Fund			Gas Fund		
	Rates & Charges	Fees & Charges	Other Operating Revenue	Rates & Charges	Fees & Charges	Other Operating Revenue
2007	11,802,583	822,008	534,374	37,965,531	172,035	67,746
2008	12,458,883	686,020	77,379	40,751,828	214,223	85,080
2009	13,282,500	388,926	73,490	44,176,441	138,363	93,095
2010	13,982,944	366,945	77,579	37,491,825	159,339	89,329
2011	16,251,177	319,025	85,329	37,440,126	149,616	92,378
2012	17,247,740	263,573	90,269	30,150,678	127,392	94,036
2013	17,124,153	363,627	90,648	31,513,234	135,445	87,753
2014	17,539,513	329,446	101,204	35,181,326	136,379	97,094
2015	18,896,038	280,526	111,569	36,342,568	139,335	96,432
2016	20,835,158	337,938	105,693	27,221,435	129,310	182,283

Revenue Base By Customer Class

TABLE 4

Electric Kilowatt Hours Sold | Last Ten Fiscal Years

Fiscal Year	Residential	Small General Service	Medium General Service	Large General Service	Lighting	Seasonal	Total	Effective Rate (per kWh) ¹
2007	632,461,374	115,569,492	335,868,527	457,237,248	15,865,478	4,874,324	1,561,876,443	\$ 0.10292
2008	660,765,253	120,108,448	349,929,722	476,845,992	16,667,538	5,303,297	1,629,620,250	\$ 0.10246
2009	688,061,414	119,860,338	347,356,181	456,366,784	17,231,719	4,600,280	1,633,476,716	\$ 0.11344
2010	701,375,321	119,505,611	338,255,635	468,568,472	17,551,533	4,869,163	1,650,125,735	\$ 0.11679
2011	735,045,523	121,941,172	347,635,077	486,112,644	17,779,021	3,496,959	1,712,010,396	\$ 0.11703
2012	659,675,766	117,140,900	338,546,911	497,654,640	17,919,207	1,928,168	1,632,865,592	\$ 0.11699
2013	695,864,293	117,071,188	332,957,674	489,990,456	18,064,409	2,718,765	1,656,666,785	\$ 0.11717
2014	714,076,550	116,525,549	337,651,551	495,199,376	18,433,379	2,960,481	1,684,846,886	\$ 0.11819
2015	719,680,705	119,699,090	337,550,002	511,184,520	18,637,900	3,147,325	1,709,899,542	\$ 0.11511
2016	678,819,366	116,229,245	361,126,164	510,353,608	18,683,136	40,809	1,685,252,328	\$ 0.10549

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

Revenue Base By Customer Class

TABLE 5

Water Kgallons Sold¹ | Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Wholesale	Total	Effective Rate (per kgallon) ²
2007	2,018,787	951,826	326,876	33,546	3,331,035	\$ 3.25801
2008	2,154,763	1,022,484	344,144	74,253	3,595,644	\$ 3.51720
2009	2,133,699	997,478	306,968	106,488	3,544,633	\$ 3.64901
2010	2,101,457	1,001,757	265,183	76,595	3,444,992	\$ 3.75079
2011	2,189,035	1,045,699	314,924	156,231	3,705,889	\$ 3.93124
2012	2,099,783	976,209	333,569	376,064	3,785,625	\$ 4.15248
2013	2,030,472	940,852	369,971	516,267	3,857,562	\$ 3.99477
2014	2,050,903	942,803	371,670	556,214	3,921,590	\$ 4.03401
2015	2,044,738	909,938	377,268	585,806	3,917,750	\$ 4.27625
2016	2,076,000	919,341	367,545	606,709	3,969,595	\$ 4.48208

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.

Revenue Base By Customer Class

TABLE 6

Wastewater Kgallons Collected¹ | Last Ten Fiscal Years

Fiscal Year	Residential	Commercial & Industrial	Wholesale	Total	Effective Rate (per kgallon) ²
2007	1,516,407	1,022,201	110,985	2,649,593	\$ 4.45449
2008	1,595,457	1,047,692	85,478	2,728,627	\$ 4.56599
2009	1,592,987	1,008,308	92,379	2,693,674	\$ 4.93100
2010	1,590,458	983,386	85,282	2,659,126	\$ 5.25847
2011	1,658,057	1,030,383	106,435	2,794,875	\$ 5.81463
2012	1,623,172	1,015,532	108,011	2,746,715	\$ 6.27941
2013	1,599,305	1,023,339	106,849	2,729,493	\$ 6.27375
2014	1,615,090	1,010,964	116,070	2,742,124	\$ 6.39632
2015	1,620,718	1,013,803	124,347	2,758,868	\$ 6.84920
2016	1,641,074	1,060,248	133,034	2,834,356	\$ 7.35093

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

Revenue Base By Customer Class

TABLE 7

Natural Gas CCFs Sold¹ | Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Interruptible	Seasonal	Total	Effective Rate (per CCF) ²
2007	7,483,501	5,545,379	1,119,080	12,129,008	7,022	26,283,990	\$ 1.44444
2008	7,052,603	5,233,201	1,436,740	13,044,444	853	26,767,841	\$ 1.52242
2009	8,544,675	5,742,073	1,331,757	13,155,716	15,699	28,789,920	\$ 1.53444
2010	9,071,756	6,026,915	1,320,226	14,809,280	15,439	31,243,616	\$ 1.19998
2011	9,204,734	6,202,471	1,452,745	15,535,877	9,415	32,405,242	\$ 1.15537
2012	6,446,047	5,060,450	1,286,999	15,440,944	11,791	28,246,231	\$ 1.06742
2013	8,770,015	6,052,098	1,305,580	15,267,893	24,568	31,420,154	\$ 1.00296
2014	9,480,133	6,366,093	1,517,889	15,344,473	252,094	32,960,682	\$ 1.06737
2015	9,568,069	6,584,310	1,891,424	15,104,558	263,557	33,411,918	\$ 1.08771
2016	6,954,321	5,514,777	1,668,283	15,007,843	246,598	29,391,822	\$ 0.92616

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.

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

TABLE 8
continued

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Seasonal General Service										
Base facilities charge (per month)	\$ 14.44	\$ 14.44	\$ 14.44	\$ 14.84	\$ 14.84	\$ 14.84	\$ 18.14	\$ 18.14	\$ 18.14	n/a
Energy (per kWh)										
Summer										
a. first 750 kWh	\$ 0.12733	\$ 0.12733	\$ 0.13916	\$ 0.14306	\$ 0.14306	\$ 0.14306	\$ 0.14306	\$ 0.14306	\$ 0.14306	\$ 0.14306
b. next 2,250 kWh plus 150 kWh per kW of billing demand in excess of 10 kW per billing month	\$ 0.11642	\$ 0.11642	\$ 0.12825	\$ 0.13184	\$ 0.13184	\$ 0.13184	\$ 0.13184	\$ 0.13184	\$ 0.13184	\$ 0.13184
c. all additional kWh	\$ 0.09174	\$ 0.09174	\$ 0.10357	\$ 0.10647	\$ 0.10647	\$ 0.10647	\$ 0.10647	\$ 0.10647	\$ 0.10647	\$ 0.10647
Winter										
a. first 750 kWh	\$ 0.10719	\$ 0.10719	\$ 0.11902	\$ 0.12235	\$ 0.12235	\$ 0.12235	\$ 0.12235	\$ 0.12235	\$ 0.12235	\$ 0.12235
b. all additional kWh	\$ 0.07943	\$ 0.07943	\$ 0.09126	\$ 0.09382	\$ 0.09382	\$ 0.09382	\$ 0.09382	\$ 0.09382	\$ 0.09382	\$ 0.09382
Public Communications Network Device Service										
Base facilities charge (per month)	1.25	1.25	1.25	1.25	1.25	1.25	1.58	1.58	1.58	\$ 2.10
Energy (per kWh)										
Wireless IP network device	n/a	\$ 0.60								
Public safety cameras	n/a	\$ 1.20								
CAD 12 ONU installations	1.28	1.28	1.41	1.41	1.41	1.41	1.45	1.45	1.45	\$ 1.32
MLU 48 ONU installations	5.11	5.11	5.63	5.63	5.63	5.63	5.79	5.79	5.79	\$ 5.26
Outdoor Lighting Service (rate per unit per month)										
General Customers										
175W (7,000 lumens) mercury vapor	\$ 11.77	\$ 11.77	\$ 12.59	\$ 12.85	\$ 12.85	\$ 12.85	\$ 12.85	\$ 12.85	\$ 12.85	\$ 12.85
250W (11,000 lumens) mercury vapor	\$ 14.93	\$ 14.93	\$ 16.11	\$ 16.47	\$ 16.47	\$ 16.47	\$ 16.47	\$ 16.47	\$ 16.47	\$ 16.47
400W (20,000 lumens) mercury vapor	\$ 20.45	\$ 20.45	\$ 22.23	\$ 22.77	\$ 22.77	\$ 22.77	\$ 22.77	\$ 22.77	\$ 22.77	\$ 22.77
100W (8,500 lumens) high pressure sodium	n/a	\$ 12.85	\$ 12.85	\$ 12.57						
150W (14,000 lumens) high pressure sodium	\$ 14.84	\$ 14.84	\$ 15.66	\$ 15.92	\$ 15.92	\$ 15.92	\$ 15.92	\$ 15.92	\$ 15.92	\$ 15.64
250W (23,000 lumens) high pressure sodium	\$ 19.62	\$ 19.62	\$ 20.86	\$ 21.24	\$ 21.24	\$ 21.24	\$ 21.24	\$ 21.24	\$ 21.24	\$ 20.81
400W (45,000 lumens) high pressure sodium	\$ 29.74	\$ 29.74	\$ 31.64	\$ 32.21	\$ 32.21	\$ 32.21	\$ 32.21	\$ 32.21	\$ 32.21	\$ 31.56
400W-F (45,000 lumens) high pressure sodium	\$ 30.82	\$ 30.82	\$ 32.72	\$ 33.29	\$ 33.29	\$ 33.29	\$ 33.29	\$ 33.29	\$ 33.29	\$ 32.64
400W (40,000 lumens) metal halide	\$ 32.37	\$ 32.37	\$ 34.27	\$ 34.84	\$ 34.84	\$ 34.84	\$ 34.84	\$ 34.84	\$ 34.84	\$ 34.19
400W-F (40,000 lumens) metal halide	n/a	\$ 34.84	\$ 34.84	\$ 34.19						
50W (5,000 lumens) light emitting diode (LED)	n/a	\$ 20.18	\$ 20.18	\$ 20.09						
110W (8,000 lumens) light emitting diode (LED)	n/a	\$ 21.74	\$ 21.74	\$ 21.61						
150W (13,500 lumens) light emitting diode (LED)	n/a	\$ 26.67	\$ 26.67	\$ 26.37						
280W-F (20,000 lumens) light emitting diode (LED)	n/a	\$ 39.55	\$ 39.55	\$ 39.14						

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

TABLE 8
continued

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Outdoor Lighting Service (rate per unit per month)										
County, Municipal or Housing Authority										
175W (7,000 lumens) mercury vapor	\$ 10.76	\$ 10.76	\$ 11.58	\$ 11.84	\$ 11.84	\$ 11.84	\$ 11.84	\$ 11.84	\$ 11.84	\$ 11.56
250W (11,000 lumens) mercury vapor	\$ 14.22	\$ 14.22	\$ 15.40	\$ 15.76	\$ 15.76	\$ 15.76	\$ 15.76	\$ 15.76	\$ 15.76	\$ 15.35
400W (20,000 lumens) mercury vapor	\$ 19.51	\$ 19.51	\$ 21.29	\$ 21.83	\$ 21.83	\$ 21.83	\$ 21.83	\$ 21.83	\$ 21.83	\$ 21.22
400W-T (20,000 lumens) mercury vapor	\$ 16.35	\$ 16.35	\$ 17.23	\$ 17.50	\$ 17.50	\$ 17.50	\$ 17.50	\$ 17.50	\$ 17.50	\$ 17.20
100W (8,500 lumens) high pressure sodium	n/a	\$ 11.84	\$ 11.84	\$ 11.56						
150W (14,000 lumens) high pressure sodium	\$ 13.43	\$ 13.43	\$ 14.26	\$ 14.51	\$ 14.51	\$ 14.51	\$ 14.51	\$ 14.51	\$ 14.51	\$ 14.23
250W (23,000 lumens) high pressure sodium	\$ 17.70	\$ 17.70	\$ 18.95	\$ 19.32	\$ 19.32	\$ 19.32	\$ 19.32	\$ 19.32	\$ 19.32	\$ 18.89
400W (45,000 lumens) high pressure sodium	\$ 26.74	\$ 26.74	\$ 28.64	\$ 29.21	\$ 29.21	\$ 29.21	\$ 29.21	\$ 29.21	\$ 29.21	\$ 28.56
400W-F (45,000 lumens) high pressure sodium	\$ 27.83	\$ 27.83	\$ 29.73	\$ 30.30	\$ 30.30	\$ 30.30	\$ 30.30	\$ 30.30	\$ 30.30	\$ 29.65
400W (40,000 lumens) metal halide	\$ 29.38	\$ 29.38	\$ 31.28	\$ 31.85	\$ 31.85	\$ 31.85	\$ 31.85	\$ 31.85	\$ 31.85	\$ 31.20
400W-F (40,000 lumens) metal halide	n/a	\$ 31.85	\$ 31.85	\$ 31.20						
70W (4,500 lumens) light emitting diode (LED)	n/a	\$ 30.96	\$ 30.96	\$ 30.83						
50W (5,000 lumens) light emitting diode (LED)	n/a	\$ 18.16	\$ 18.16	\$ 18.07						
110W (8,000 lumens) light emitting diode (LED)	n/a	\$ 19.57	\$ 19.57	\$ 19.44						
150W (13,500 lumens) light emitting diode (LED)	n/a	\$ 24.00	\$ 24.00	\$ 23.70						
280W-F (20,000 lumens) light emitting diode (LED)	n/a	\$ 35.60	\$ 35.60	\$ 35.19						
Rural Street Lighting Service (rate per customer per month)										
175W (7,000 lumens) mercury vapor @ 6 customers	\$ 2.43	\$ 2.43	\$ 2.57	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.62	\$ 2.09
150W (14,000 lumens) sodium vapor @ 8 customers	\$ 2.30	\$ 2.30	\$ 2.41	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 1.95
50W (5,000 lumens) light emitting diode (LED) @ 8 customers	n/a	\$ 2.51								
Sports Field Lighting Service										
Base facilities charge (per month)	n/a	\$ 21.00								
Demand (per kW)	\$ 2.21	\$ 2.21	\$ 2.21	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.27	\$ 2.00
Energy (per kWh)	\$ 0.09008	\$ 0.09008	\$ 0.10191	\$ 0.10476	\$ 0.10476	\$ 0.10476	\$ 0.10476	\$ 0.10476	\$ 0.10476	\$ 0.09190
Bilateral Metering for Solar Energy Facilities										
Base facilities charge (per month)										
Residential	n/a	\$ 6.48	\$ 6.48	\$ 7.67						
Small General Service	n/a	\$ 10.44	\$ 10.44	\$ 13.86						
Medium General Service	n/a	\$ 10.88	\$ 10.88	\$ 33.00						
Energy credit (per kWh)	n/a	\$ 0.07	\$ 0.07	\$ 0.07						

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

TABLE 9

			2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Effective rate (per kgallon)			\$ 3.25801	\$ 3.51720	\$ 3.64901	\$ 3.75079	\$ 3.93124	\$ 4.15248	\$ 3.99477	\$ 4.03401	\$ 4.27625	\$ 4.48208	
Base facilities charge (based on meter size)													
Inside City	3/4"		\$ 2.89	\$ 5.79	\$ 5.79	\$ 5.79	\$ 6.61	\$ 6.61	\$ 6.61	\$ 7.04	\$ 7.04	\$ 7.46	
	1"		\$ 8.34	\$ 9.30	\$ 9.30	\$ 9.30	\$ 10.77	\$ 10.77	\$ 10.77	\$ 11.51	\$ 11.51	\$ 12.20	
	1-1/2"		\$ 16.70	\$ 17.32	\$ 17.32	\$ 17.32	\$ 20.28	\$ 20.28	\$ 20.28	\$ 21.74	\$ 21.74	\$ 23.03	
	2"		\$ 31.85	\$ 27.34	\$ 27.34	\$ 27.34	\$ 32.16	\$ 32.16	\$ 32.16	\$ 34.52	\$ 34.52	\$ 36.57	
	3"		\$ 38.83	\$ 59.40	\$ 59.40	\$ 59.40	\$ 70.17	\$ 70.17	\$ 70.17	\$ 75.41	\$ 75.41	\$ 79.90	
	4"		\$ 63.49	\$ 100.98	\$ 100.98	\$ 100.98	\$ 119.47	\$ 119.47	\$ 119.47	\$ 128.45	\$ 128.45	\$ 136.09	
	6"		\$ 156.87	\$ 209.70	\$ 209.70	\$ 209.70	\$ 248.37	\$ 248.37	\$ 248.37	\$ 267.11	\$ 267.11	\$ 283.00	
	8"		\$ 180.80	\$ 301.38	\$ 301.38	\$ 301.38	\$ 357.07	\$ 357.07	\$ 357.07	\$ 384.05	\$ 384.05	\$ 406.89	
	10"		\$ 252.07	\$ 485.25	\$ 485.25	\$ 485.25	\$ 575.07	\$ 575.07	\$ 575.07	\$ 618.56	\$ 618.56	\$ 655.35	
	12"		\$ 274.52	\$ 718.72	\$ 718.72	\$ 718.72	\$ 851.88	\$ 851.88	\$ 851.88	\$ 916.34	\$ 916.34	\$ 970.83	
	Outside City	3/4"		\$ 3.30	\$ 6.54	\$ 6.54	\$ 6.54	\$ 7.50	\$ 7.50	\$ 7.50	\$ 8.10	\$ 8.10	\$ 8.59
		1"		\$ 9.57	\$ 10.58	\$ 10.58	\$ 10.58	\$ 12.29	\$ 12.29	\$ 12.29	\$ 13.24	\$ 13.24	\$ 14.04
1-1/2"			\$ 19.12	\$ 19.80	\$ 19.80	\$ 19.80	\$ 23.22	\$ 23.22	\$ 23.22	\$ 25.00	\$ 25.00	\$ 26.49	
2"			\$ 36.50	\$ 31.32	\$ 31.32	\$ 31.32	\$ 36.88	\$ 36.88	\$ 36.88	\$ 39.70	\$ 39.70	\$ 42.06	
3"			\$ 44.53	\$ 68.19	\$ 68.19	\$ 68.19	\$ 80.60	\$ 80.60	\$ 80.60	\$ 86.73	\$ 86.73	\$ 91.89	
4"			\$ 72.80	\$ 116.01	\$ 116.01	\$ 116.01	\$ 137.29	\$ 137.29	\$ 137.29	\$ 147.72	\$ 147.72	\$ 156.51	
6"			\$ 179.84	\$ 241.04	\$ 241.04	\$ 241.04	\$ 285.53	\$ 285.53	\$ 285.53	\$ 307.18	\$ 307.18	\$ 325.46	
8"			\$ 207.28	\$ 346.47	\$ 346.47	\$ 346.47	\$ 410.53	\$ 410.53	\$ 410.53	\$ 441.66	\$ 441.66	\$ 467.93	
10"			\$ 289.02	\$ 557.92	\$ 557.92	\$ 557.92	\$ 661.23	\$ 661.23	\$ 661.23	\$ 711.35	\$ 711.35	\$ 753.66	
12"			\$ 314.76	\$ 826.41	\$ 826.41	\$ 826.41	\$ 979.56	\$ 979.56	\$ 979.56	\$ 1,053.79	\$ 1,053.79	\$ 1,116.46	
16"			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 1,812.05	
Industrial		3/4"		\$ 2.89	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	1"		\$ 8.34	n/a	n/a	n/a							
	1-1/2"		\$ 16.70	n/a	n/a	n/a							
	2"		\$ 31.85	n/a	n/a	n/a							
	3"		\$ 38.83	n/a	n/a	n/a							
	4"		\$ 63.49	n/a	n/a	n/a							
	6"		\$ 156.87	n/a	n/a	n/a							
	8"		\$ 180.80	n/a	n/a	n/a							
	10"		\$ 252.07	n/a	n/a	n/a							
	12"		\$ 274.52	n/a	n/a	n/a							
	Volume Charge (per kgal)												
	Inside City	Residential	non irrigation	\$ 2.45	\$ 2.95	\$ 2.95	\$ 2.95	\$ 3.35	\$ 3.35	\$ 3.35	\$ 3.59	\$ 3.59	\$ 3.78
Commercial		non irrigation	\$ 1.98	\$ 2.39	\$ 2.39	\$ 2.39	\$ 2.71	\$ 2.71	\$ 2.71	\$ 2.90	\$ 2.90	\$ 3.05	
Industrial		non irrigation	\$ 1.85	\$ 2.23	\$ 2.23	\$ 2.23	\$ 2.53	\$ 2.53	\$ 2.53	\$ 2.71	\$ 2.71	\$ 2.85	
Irrigation		All Customers	n/a	n/a	n/a	n/a	\$ 5.03	\$ 5.03	\$ 5.03	\$ 5.39	\$ 5.39	\$ 5.67	
Outside City	Residential	non irrigation	\$ 3.81	\$ 4.58	\$ 4.58	\$ 4.58	\$ 5.20	\$ 5.20	\$ 5.20	\$ 5.56	\$ 5.56	\$ 5.86	
	Commercial	non irrigation	\$ 3.05	\$ 3.70	\$ 3.70	\$ 3.70	\$ 4.20	\$ 4.20	\$ 4.20	\$ 4.50	\$ 4.50	\$ 4.73	
	Industrial	non irrigation	\$ 1.85	\$ 2.23	\$ 2.23	\$ 2.23	\$ 2.53	\$ 2.53	\$ 2.53	\$ 2.71	\$ 2.71	\$ 2.85	
	Irrigation	Residential	n/a	n/a	n/a	n/a	\$ 7.80	\$ 7.80	\$ 7.80	\$ 8.35	\$ 8.35	\$ 8.79	
	Irrigation	Commercial	n/a	n/a	n/a	n/a	\$ 7.80	\$ 7.80	\$ 7.80	\$ 8.35	\$ 8.35	\$ 8.79	
	Irrigation	Industrial	n/a	n/a	n/a	n/a	\$ 5.03	\$ 5.03	\$ 5.03	\$ 5.39	\$ 5.39	\$ 5.67	

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

TABLE 10

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Effective rate (per kgallon)		\$ 4.45449	\$ 4.56599	\$ 4.93100	\$ 5.25847	\$ 5.81463	\$ 6.27941	\$ 6.27375	\$ 6.39632	\$ 6.84920	\$ 7.35093	
Base facilities charge (based on water/wastewater meter size)												
Residential	3/4"	\$ 7.22	\$ 8.55	\$ 8.55	\$ 8.97	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.37	\$ 10.37	\$ 10.96	
	1"	\$ 17.79	\$ 13.80	\$ 13.80	\$ 14.60	\$ 16.78	\$ 16.78	\$ 16.78	\$ 17.01	\$ 17.01	\$ 17.97	
	1-1/2"	\$ 36.52	\$ 25.80	\$ 25.80	\$ 27.47	\$ 31.73	\$ 31.73	\$ 31.73	\$ 32.17	\$ 32.17	\$ 34.01	
	2"	\$ 71.92	\$ 40.80	\$ 40.80	\$ 43.55	\$ 50.41	\$ 50.41	\$ 50.41	\$ 51.13	\$ 51.13	\$ 54.05	
	3"	\$ 82.50	\$ 88.80	\$ 88.80	\$ 95.00	\$ 110.18	\$ 110.18	\$ 110.18	\$ 111.81	\$ 111.81	\$ 118.17	
	4"	\$ 133.52	\$ 151.05	\$ 151.05	\$ 161.73	\$ 187.70	\$ 187.70	\$ 187.70	\$ 190.49	\$ 190.49	\$ 201.34	
	6"	\$ 321.51	\$ 313.80	\$ 313.80	\$ 336.20	\$ 390.38	\$ 390.38	\$ 390.38	\$ 396.21	\$ 396.21	\$ 418.77	
	8"	\$ 385.45	\$ 451.05	\$ 451.05	\$ 483.33	\$ 561.30	\$ 561.30	\$ 561.30	\$ 569.69	\$ 569.69	\$ 602.14	
	10"	\$ 539.40	\$ 726.30	\$ 726.30	\$ 778.40	\$ 904.08	\$ 904.08	\$ 904.08	\$ 917.61	\$ 917.61	\$ 969.87	
	12"	\$ 754.78	\$ 1,075.80	\$ 1,075.80	\$ 1,153.07	\$ 1,339.33	\$ 1,339.33	\$ 1,339.33	\$ 1,359.37	\$ 1,359.37	\$ 1,436.81	
	Commercial/Industrial	3/4"	\$ 5.24	\$ 8.55	\$ 8.55	\$ 8.97	\$ 10.24	\$ 10.24	\$ 10.24	\$ 10.37	\$ 10.37	\$ 10.96
		1"	\$ 15.29	\$ 13.80	\$ 13.80	\$ 14.60	\$ 16.78	\$ 16.78	\$ 16.78	\$ 17.01	\$ 17.01	\$ 17.97
1-1/2"		\$ 30.55	\$ 25.80	\$ 25.80	\$ 27.47	\$ 31.73	\$ 31.73	\$ 31.73	\$ 32.17	\$ 32.17	\$ 34.01	
2"		\$ 58.28	\$ 40.80	\$ 40.80	\$ 43.55	\$ 50.41	\$ 50.41	\$ 50.41	\$ 51.13	\$ 51.13	\$ 54.05	
3"		\$ 71.10	\$ 88.80	\$ 88.80	\$ 95.00	\$ 110.18	\$ 110.18	\$ 110.18	\$ 111.81	\$ 111.81	\$ 118.17	
4"		\$ 116.22	\$ 151.05	\$ 151.05	\$ 161.73	\$ 187.70	\$ 187.70	\$ 187.70	\$ 190.49	\$ 190.49	\$ 201.34	
6"		\$ 287.02	\$ 313.80	\$ 313.80	\$ 336.20	\$ 390.38	\$ 390.38	\$ 390.38	\$ 396.21	\$ 396.21	\$ 418.77	
8"		\$ 330.85	\$ 451.05	\$ 451.05	\$ 483.33	\$ 561.30	\$ 561.30	\$ 561.30	\$ 569.69	\$ 569.69	\$ 602.14	
10"		\$ 461.29	\$ 726.30	\$ 726.30	\$ 778.40	\$ 904.08	\$ 904.08	\$ 904.08	\$ 917.61	\$ 917.61	\$ 969.87	
12"		\$ 502.28	\$ 1,075.80	\$ 1,075.80	\$ 1,153.07	\$ 1,339.33	\$ 1,339.33	\$ 1,339.33	\$ 1,359.37	\$ 1,359.37	\$ 1,436.81	
Sewer Only Customers												
Base facilities charge (based on water/wastewater meter size)												
Residential	3/4"	\$ 9.96	\$ 12.83	\$ 12.83	\$ 13.46	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.56	\$ 15.56	\$ 16.44	
	1"	\$ 25.86	\$ 20.70	\$ 20.70	\$ 21.90	\$ 25.17	\$ 25.17	\$ 25.17	\$ 25.52	\$ 25.52	\$ 29.96	
	1-1/2"	\$ 52.65	\$ 38.70	\$ 38.70	\$ 41.21	\$ 47.60	\$ 47.60	\$ 47.60	\$ 48.26	\$ 48.26	\$ 51.02	
	2"	\$ 102.59	\$ 61.20	\$ 61.20	\$ 65.33	\$ 75.62	\$ 75.62	\$ 75.62	\$ 76.70	\$ 76.70	\$ 81.08	
	3"	\$ 120.12	\$ 133.20	\$ 133.20	\$ 142.50	\$ 165.27	\$ 165.27	\$ 165.27	\$ 167.72	\$ 167.72	\$ 177.26	
	4"	\$ 195.09	\$ 226.58	\$ 226.58	\$ 242.60	\$ 281.55	\$ 281.55	\$ 281.55	\$ 285.74	\$ 285.74	\$ 302.01	
	6"	\$ 473.97	\$ 470.70	\$ 470.70	\$ 504.30	\$ 585.57	\$ 585.57	\$ 585.57	\$ 594.32	\$ 594.32	\$ 628.16	
	8"	\$ 560.53	\$ 676.58	\$ 676.58	\$ 725.00	\$ 841.95	\$ 841.95	\$ 841.95	\$ 854.54	\$ 854.54	\$ 903.21	
	10"	\$ 783.43	\$ 1,089.45	\$ 1,089.45	\$ 1,167.60	\$ 1,356.12	\$ 1,356.12	\$ 1,356.12	\$ 1,376.42	\$ 1,376.42	\$ 1,454.81	
	12"	\$ 1,013.43	\$ 1,613.70	\$ 1,613.70	\$ 1,729.61	\$ 2,009.00	\$ 2,009.00	\$ 2,009.00	\$ 2,039.06	\$ 2,039.06	\$ 2,155.22	

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

TABLE 10
continued

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sewer Only Customers											
Commercial/Industrial	3/4"	\$ 8.07	\$ 12.83	\$ 12.83	\$ 13.46	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.56	\$ 15.56	\$ 16.44
	1"	\$ 23.45	\$ 20.70	\$ 20.70	\$ 21.90	\$ 25.17	\$ 25.17	\$ 25.17	\$ 25.52	\$ 25.52	\$ 29.96
	1-1/2"	\$ 46.93	\$ 38.70	\$ 38.70	\$ 41.21	\$ 47.60	\$ 47.60	\$ 47.60	\$ 48.26	\$ 48.26	\$ 51.02
	2"	\$ 89.53	\$ 61.20	\$ 61.20	\$ 65.33	\$ 75.62	\$ 75.62	\$ 75.62	\$ 76.70	\$ 76.70	\$ 81.08
	3"	\$ 109.19	\$ 133.20	\$ 133.20	\$ 142.50	\$ 165.27	\$ 165.27	\$ 165.27	\$ 167.72	\$ 167.72	\$ 177.26
	4"	\$ 178.51	\$ 226.58	\$ 226.58	\$ 242.60	\$ 281.55	\$ 281.55	\$ 281.55	\$ 285.74	\$ 285.74	\$ 302.01
	6"	\$ 440.94	\$ 470.70	\$ 470.70	\$ 504.30	\$ 585.57	\$ 585.57	\$ 585.57	\$ 594.32	\$ 594.32	\$ 628.16
	8"	\$ 508.26	\$ 676.58	\$ 676.58	\$ 725.00	\$ 841.95	\$ 841.95	\$ 841.95	\$ 854.54	\$ 854.54	\$ 903.21
	10"	\$ 708.63	\$ 1,089.45	\$ 1,089.45	\$ 1,167.60	\$ 1,356.12	\$ 1,356.12	\$ 1,356.12	\$ 1,376.42	\$ 1,376.42	\$ 1,454.81
	12"	\$ 771.63	\$ 1,613.70	\$ 1,613.70	\$ 1,729.61	\$ 2,009.00	\$ 2,009.00	\$ 2,009.00	\$ 2,039.06	\$ 2,039.06	\$ 2,155.22
Volume Charge (per kgal, based on 93.5% of water usage unless separately metered)											
Residential		\$ 3.120	\$ 3.500	\$ 3.500	\$ 3.670	\$ 4.450	\$ 4.450	\$ 4.450	\$ 4.980	\$ 4.980	\$ 5.320
Commercial/Industrial		\$ 3.450	\$ 3.880	\$ 3.880	\$ 4.070	\$ 4.930	\$ 4.930	\$ 4.930	\$ 5.510	\$ 5.510	\$ 5.890
Metered wastewater (100%)		\$ 3.800	\$ 4.270	\$ 4.270	\$ 4.480	\$ 5.430	\$ 5.430	\$ 5.430	\$ 6.080	\$ 6.080	\$ 6.490
Municipalities**		\$ 3.910	\$ 4.400	\$ 4.400	\$ 4.620	\$ 5.600	\$ 5.600	\$ 5.600	\$ 5.600	\$ 5.600	\$ 5.600

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

Ten Largest Customers | Current Year and Nine Years Ago

TABLE 12

Electric Fund		Fiscal Year 2016		Fiscal Year 2007	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	\$ 6,488,979	3.63%	\$ 5,842,090	3.74%
Vidant Medical Center ²	Health Care	5,031,073	2.81%	4,497,416	2.88%
DSM Dyneema, LLC	High Performance Fibers	4,747,451	2.65%	2,048,049	1.31%
East Carolina University	Education	4,328,557	2.42%	3,215,457	2.06%
Attends Healthcare Products ³	Medical Products	3,376,062	1.89%	2,236,321	1.43%
East Carolina University	Education	2,883,421	1.61%	3,170,343	2.03%
East Carolina University	Education	1,868,196	1.04%	2,465,176	1.58%
ASMO of Greenville	Motors	1,647,348	0.92%	989,084	0.63%
Vidant Medical Center ²	Health Care	1,569,752	0.88%		
Hyster Yale Group ⁴	Fork Lift Trucks	1,306,598	0.73%	1,068,205	0.68%
Vermont American Corp	Drill Bits			1,243,550	0.80%
Totals		\$ 33,247,437	18.58%	\$ 26,775,691	17.14%

Water Fund		Fiscal Year 2016		Fiscal Year 2007	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Town of Farmville	Government	\$ 664,805	3.75%	\$	
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	649,564	3.67%	359,360	3.30%
Town of Winterville	Government	331,986	1.87%		
Vidant Medical Center ²	Health Care	272,288	1.54%	195,043	1.79%
DSM Dyneema, LLC	High Performance Fibers	141,095	0.80%	89,531	0.82%
DSM Dyneema, LLC	High Performance Fibers	97,635	0.55%		
Fuji Silysia Chemical USA, LTD	Silica Gel	92,397	0.52%	48,527	0.45%
Stokes Regional Water Corporation	Water Utility	90,941	0.51%		
Vidant Medical Center ²	Health Care	81,510	0.46%	41,278	0.38%
Vidant Medical Center ²	Health Care	72,504	0.41%		
East Carolina University	Education			71,006	0.65%
Greenville Housing Authority	Apartments			65,428	0.60%
Karastan Bigelow	Carpet Yarn			40,443	0.37%
Greenville Housing Authority	Apartments			39,588	0.36%
Pitt County	Government			29,072	0.27%
Totals		\$ 2,494,725	14.08%	\$ 979,276	8.99%

¹ Formerly DSM Pharmaceuticals, Inc.

² Formerly Pitt County Memorial Hospital

³ Formerly Paper Pak Products, Inc.

⁴ Formerly NACCO Materials Handling

Ten Largest Customers | Current Year and Nine Years Ago

TABLE 12
continued

Sewer Fund		Fiscal Year 2016		Fiscal Year 2007	
Customer	Product/Service	Amount Billed	Percentage of Total Revenue	Amount Billed	Percentage of Total Revenue
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	\$ 1,017,769	4.95%	\$ 592,399	5.08%
Town of Bethel	Government	688,228	3.35%	254,932	2.19%
Vidant Medical Center ²	Health Care	489,869	2.38%	315,998	2.71%
DSM Dyneema, LLC	High Performance Fibers	471,965	2.30%		
Fuji Silysia Chemical USA, LTD	Silica Gel	174,744	0.85%	82,170	0.71%
Vidant Medical Center ²	Health Care	144,873	0.70%	66,536	0.57%
Vidant Medical Center ²	Health Care	130,156	0.63%		
East Carolina University	Education	104,632	0.51%	114,634	0.98%
East Carolina University	Education	69,125	0.34%		
Province Greenville NC LP	Apartments	67,730	0.33%		
Greenville Housing Authority	Apartments			78,536	0.67%
Karastan Bigelow	Carpet Yarn			68,397	0.59%
Greenville Housing Authority	Apartments			47,768	0.41%
Pitt County	Government			42,799	0.37%
Totals		\$ 3,359,091	16.34%	\$ 1,664,169	14.28%

Gas Fund		Fiscal Year 2016		Fiscal Year 2007	
Customer	Product/Service	Annual Revenue	Percentage of Total Revenue	Annual Revenue	Percentage of Total Revenue
Patheon Manufacturing Services LLC ¹	Pharmaceuticals	\$ 2,929,483	10.83%	\$ 2,287,760	6.04%
East Carolina University	Education	2,038,289	7.53%	3,763,819	9.94%
Vidant Medical Center ²	Health Care	1,456,820	5.38%	1,667,927	4.40%
DSM Dyneema, LLC	High Performance Fibers	891,416	3.29%	1,487,024	3.93%
DSM Dyneema, LLC	High Performance Fibers	700,360	2.59%		
East Carolina University	Education	667,408	2.47%	1,464,654	3.87%
Vidant Medical Center ²	Health Care	492,999	1.82%		
Fuji Silysia Chemical USA, LTD	Silica Gel	405,622	1.50%	620,423	1.64%
Metallix, Inc.	Refining Precious Metals	361,949	1.34%	255,361	0.67%
Hyster Yale Group ⁴	Fork Lift Trucks	360,942	1.33%	777,151	2.05%
Greenville Paving & Contracting, Inc.	Construction			450,466	1.19%
Metrics, Inc.	Pharmaceuticals			325,860	0.86%
Totals		\$ 10,305,288	38.08%	\$ 13,100,445	34.59%

¹ Formerly DSM Pharmaceuticals, Inc.

² Formerly Pitt County Memorial Hospital

³ Formerly Paper Pak Products, Inc.

⁴ Formerly NACCO Materials Handling

Ratios of Outstanding Debt by Type | Last Ten Fiscal Years

TABLE 13

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes	Total	Per Capita	Percentage of Per Capita Personal Income
2007	4,565,000	74,136,332	20,287,105	98,988,437	634	2.01%
2008	3,450,000	99,842,087	19,004,601	122,296,688	761	2.34%
2009	2,355,000	94,882,553	19,971,437	117,208,990	712	2.25%
2010	1,280,000	89,072,122	28,564,352	118,916,474	707	2.22%
2011	230,000	83,976,071	31,526,877	115,732,948	682	2.08%
2012	-	78,258,516	32,027,308	110,285,824	639	1.82%
2013	-	79,645,700	36,029,680	115,675,380	665	1.94%
2014	-	72,136,399	38,488,921	110,625,320	634	1.78%
2015	-	64,400,999	35,559,334	99,960,333	570	*
2016	-	93,651,999	36,587,040	130,239,039	739	*

*Information unavailable at time of report.

Pledged Revenue Coverage | Last Ten Fiscal Years

TABLE 14

Fiscal Year	Utility Fund Revenues ¹	Utility Fund Expenses ²	Net Revenues		Debt Service Requirement ³			Coverage Ratio
			Available for Debt Service	Principal	Interest	Total		
2007	229,213,073	200,454,508	28,758,565	6,536,671	3,786,998	10,323,669	2.79	
2008	239,416,633	206,091,230	33,325,403	7,087,322	3,939,780	11,027,102	3.02	
2009	260,504,717	229,042,677	31,462,040	7,469,584	3,471,466	10,941,050	2.88	
2010	261,517,870	228,575,039	32,942,831	8,406,320	4,641,621	13,047,941	2.52	
2011	273,935,999	236,149,838	37,786,161	9,417,822	4,946,781	14,364,603	2.63	
2012	261,581,753	226,875,068	34,706,685	8,889,912	4,230,467	13,120,379	2.65	
2013	264,251,248	228,066,646	36,184,602	9,388,432	4,061,308	13,449,740	2.69	
2014	272,354,329	238,628,174	33,726,155	11,229,452	3,905,269	15,134,721	2.23	
2015	273,193,091	233,792,956	39,400,135	11,476,429	3,670,885	15,147,314	2.60	
2016	249,567,397	195,145,037	54,422,360	10,743,316	3,461,146	14,204,462	3.83	

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

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

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

Demographic and Economic Statistics | Last Ten Calendar Years

TABLE 15

Calendar Year	Population ¹	Personal Income (\$000) ¹	Per Capita Personal Income ¹	June 30 Unemployment Rate ²
2007	156,049	4,915,468	31,500	5.6%
2008	160,674	5,232,131	32,564	6.9%
2009	164,602	5,201,075	31,598	10.8%
2010	168,148	5,357,917	31,864	10.5%
2011	169,803	5,563,865	32,767	11.1%
2012	172,569	6,058,577	35,108	10.0%
2013	173,879	5,965,589	34,309	9.0%
2014	174,424	6,209,314	35,599	7.0%
2015	175,390	*	*	6.8%
2016	176,269	*	*	5.9%

*Information unavailable at time of report.

Note: Information reported is for Pitt County.

Sources:

¹North Carolina Office of State Budget and Management.

²Bureau of Labor Statistics, United States Department of Labor.

Principal Employers | Current Year and Nine Years Ago

TABLE 16

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Vidant Medical Center ¹	6,560	1	7.99%	6,297	1	8.43%
East Carolina University	5,564	2	6.77%	4,936	2	6.61%
Pitt County Public Schools	2,814	3	3.43%	2,940	3	3.94%
NACCO Materials Handling Group	1,173	4	1.43%	1,200	4	1.61%
Pitt Community College	1,100	5	1.34%	850	8	1.14%
County of Pitt	901	6	1.10%	975	6	1.31%
Patheon Manufacturing Services LLC ²	900	7	1.10%	1,000	5	1.34%
Alliance One International	850	8	1.03%	500	9	0.67%
City of Greenville	764	9	0.93%	939	7	1.26%
Physicians East	535	10	0.65%	500	10	0.67%
Total	21,161		25.77%	20,137		26.98%

Sources:

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

¹ Formerly Pitt County Memorial Hospital

² Formerly DSM Pharmaceuticals

Employees by Function | Last Ten Fiscal Years

TABLE 17

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Electric:										
Management	4	4	4	4	4	3	3	3	3	3
Engineering	10	9	14	13	12	12	14	18	19	16
Load Management	5	4	3	4	3	6	5	6	6	5
Dispatching	7	7	7	7	7	7	7	7	8	9
Electric System Maintenance	73	79	78	71	79	77	71	78	75	78
Water/Wastewater:										
Management	4	4	4	4	3	4	4	4	4	4
Engineering	11	12	14	11	11	9	10	12	12	13
Water Plant	23	24	25	24	25	27	27	29	29	30
Wastewater Plant	25	23	25	26	25	25	25	28	28	28
Water/Wastewater Systems Maintenance	47	49	47	48	47	46	45	42	42	43
Natural Gas:										
Management	6	5	5	5	4	4	5	5	5	4
Engineering	5	8	8	6	8	7	8	9	8	10
Natural Gas System Maintenance	32	29	30	31	29	25	25	30	33	30
Administration:										
Executive Administration	8	8	7	7	8	8	12	15	13	15
Finance and Accounting	10	11	10	11	10	11	31	31	32	33
Human Resources	14	15	15	16	17	16	9	9	9	8
Information Technology	19	19	18	19	20	26	26	27	31	28
Customer Relations	49	51	52	52	52	48	38	36	36	43
Fleet Management	13	13	13	13	13	13	13	12	13	11
Warehouse	7	7	8	8	7	8	7	7	8	8
Meter Services	36	32	36	32	32	33	32	33	35	34
Utility Locating Services	6	7	6	5	5	5	5	6	6	7
Total Employees:	414	420	429	417	421	420	422	447	455	460

Source:

Various Utilities Commission Departments

Operating Indicators | Last Ten Fiscal Years

TABLE 18

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Electric System:										
Peaks (MW)	342.1	358.8	344.8	345.8	348.8	355.2	353.6	336.5	370.2	357.9
Average daily purchase (MWH)	4,406	4,625	4,610	4,644	4,822	4,609	4,671	4,771	4,844	4,710
Total MWH sold	1,561,876	1,629,620	1,633,477	1,650,126	1,712,010	1,632,866	1,656,667	1,684,847	1,709,900	1,685,252
Water System:										
Peaks (MGD)	15.714	16.125	16.204	15.605	17.536	16.340	14.871	16.070	17.779	15.070
Average daily treatment (Mgals)	10.264	10.797	10.785	10.977	11.850	11.896	12.008	12.394	13.044	12.384
Total kgals sold	3,331,035	3,595,644	3,544,633	3,444,992	3,705,889	3,785,625	3,857,562	3,921,590	3,917,750	3,969,595
Wastewater System:										
Peaks (MGD)	24.120	14.090	12.680	22.830	24.240	21.240	14.810	20.040	17.320	21.040
Average daily treatment (Mgals)	10.587	9.152	8.879	10.120	9.593	10.301	10.426	10.530	11.290	11.195
Total kgals collected	2,649,593	2,728,627	2,693,674	2,659,126	2,794,875	2,746,715	2,729,493	2,742,124	2,758,868	2,834,356
Natural Gas System										
Peaks (MCFs)	20,324	20,643	22,733	23,845	24,176	21,465	20,537	20,092	22,897	28,331
Average daily purchase (MCFs)	7,761	7,662	8,232	8,920	9,360	7,959	8,870	9,277	9,452	8,527
Total MCFs sold	2,628,399	2,676,784	2,878,992	3,124,362	3,240,524	2,824,623	3,142,015	3,296,068	3,341,192	2,939,182

Notes:

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

Source:

Various Utilities Commission Departments.

Capital Indicators | Last Ten Fiscal Years

TABLE 19

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Electric System:										
Miles of lines	2,572	2,638	2,638	2,638	2,672	2,714	2,719	2,781	2,884	2,901
Substations	21	22	22	23	23	23	23	23	23	23
Customer connections	60,200	61,868	62,363	63,136	63,745	63,789	64,362	64,673	65,347	66,252
Maximum capacity transmission (MVA)	480	480	480	480	480	480	480	480	480	480
Maximum capacity distribution (MVA)	500	520	540	540	540	560	560	560	560	560
Water System:										
Miles of lines	593	615	618	626	626	628	628	627	627	629
Customer connections	32,065	33,051	33,733	34,336	34,419	34,514	34,742	34,959	35,179	35,599
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	448	464	466	468	469	471	479	471	471	479
Customer connections	25,708	26,595	27,240	27,805	28,054	28,157	28,435	28,640	28,885	29,253
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	956	1,002	1,016	1,019	1,024	1,034	1,043	1,049	1,051	1,054
Customer connections	20,898	21,522	21,661	22,004	22,211	22,259	22,434	22,554	22,837	23,066
Maximum capacity (MCF)	38,164	38,164	38,164	42,512	42,512	42,512	42,512	42,512	42,512	42,512

Notes:

MW = megawatt = 1,000,000 watts

MGD = million gallons per day

MCF = thousand cubic feet = 1,000 cubic feet

Source:

Various Utilities Commission Departments.

Compliance Section



Joyce Staton

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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





**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Greenville Utilities Commission (the "Commission"), as of and for the year ended June 30, 2016, 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, 2016.

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, and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Chemy Bekaert LLP

Raleigh, North Carolina
October 25, 2016



Office of the General Manager/CEO

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