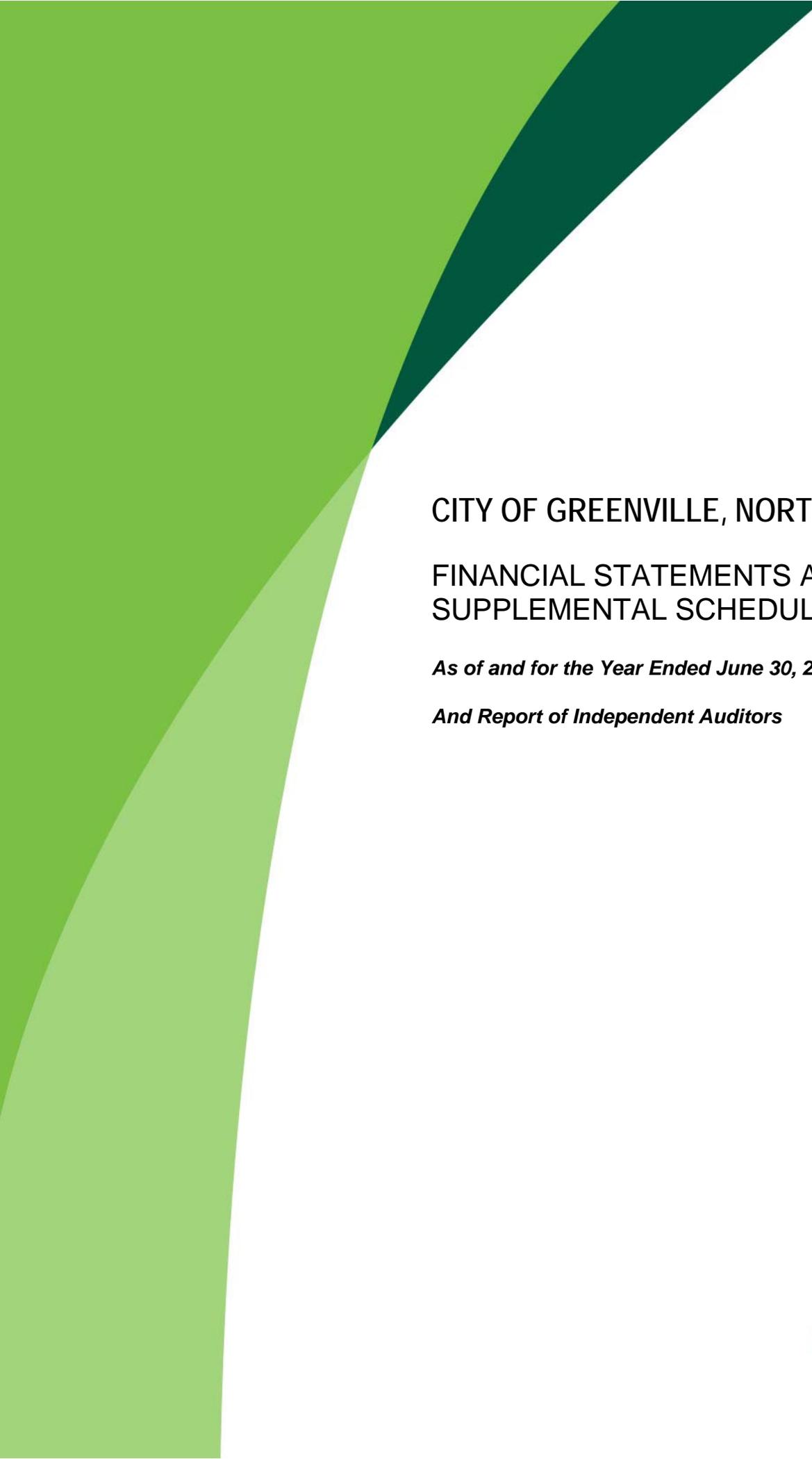




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FISCAL YEAR ENDING JUNE 30, 2017

# **Comprehensive Annual Financial Report**



CITY OF GREENVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES

*As of and for the Year Ended June 30, 2017*

*And Report of Independent Auditors*

## OUR MISSION

The City of Greenville's mission is to provide all citizens with high-quality services in an open, inclusive, professional manner, ensuring a community of excellence now and in the future.

## OUR VISION

The City of Greenville is a vibrant, innovative, and inclusive community with unique and sustainable neighborhoods; an abundance of first-class arts, cultural and recreational opportunities; well-maintained and cost-effective infrastructure; a diversity of transportation options; and a strong business climate supported by entrepreneurialism and top-quality educational institutions.

## OUR VALUES

**Integrity** — We will be truthful, dependable, and fair in all actions.

**Respect** — We will value each person for their thoughts, opinions, and diversity.

**Professionalism** — We will be professional and efficient in our work.

**Fairness and Equity** — We will practice fairness and equity in all decisions.

**Teamwork** — We will work together in a shared responsibility of service.

**Accountability** — We will be accountable for our actions and decisions to all we serve.

**Commitment to Service and Excellence** — We will strive for excellence and be committed to providing high-quality services to our customers/citizens.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**TABLE OF CONTENTS**

---

	<b>Exhibit</b>	<b>Page</b>
<b>INTRODUCTION SECTION</b>		
Letter of Transmittal		1-4
Governmental Finance Officers' Association (GFOA) Certificate of Achievement		5
Organization Chart		6
City Officials		7
<b>FINANCIAL SECTION</b>		
Report of Independent Auditor		8-9
Management's Discussion and Analysis		10-22
Government-wide Financial Statements		
Statement of Net Position	A	23
Statement of Activities	B	24
Fund Financial Statements		
Governmental Funds		
Balance Sheet	C	25-26
Statement of Revenues, Expenditures, and Changes in Fund Balances	D	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	E	28
General Fund		
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	F	29
Proprietary Funds		
Statement of Fund Net Position	G	30-31
Statement of Revenues, Expenses, and Changes in Fund Net Position	H	32-33
Statement of Cash Flows	I	34-37
Fiduciary Funds		
Statement of Fiduciary Net Position	J	38
Statement of Changes in Fiduciary Net Position	K	39
Notes to the Financial Statements		40-102

# CITY OF GREENVILLE, NORTH CAROLINA

## TABLE OF CONTENTS

---

	Schedule	Page
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Schedule of Changes in Total Pension Liability – Law Enforcement Officers’ Special Separation Allowance	A-1	103
Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers’ Special Separation Allowance	A-2	104
Other Post-Employment Benefits (OPEB) – City	A-3	105
Schedule of Changes in the Net Other Post-Employment Benefits (OPEB) Liability and Related Ratios – City	A-4	106
Schedule of Contributions (OPEB) – City	A-5	107
Schedule of Investment Returns (OPEB) – City	A-6	108
Other Post-Employment Benefits (OPEB) – Greenville Utilities Commission (GUC)	A-7	109
Schedule of Changes in the Net Other Post-Employment Benefits (OPEB) Liability and Related Ratios – Greenville Utilities Commission (GUC)	A-8	110
Schedule of Contributions (OPEB) – Greenville Utilities Commission (GUC)	A-9	111
Schedule of Investment Returns (OPEB) – Greenville Utilities Commission (GUC)	A-10	112
Schedule of Proportionate Share of Net Pension Liability (Asset) – Local Governmental Employees’ Retirement System – City	A-11	113
Schedule of Contributions – Local Governmental Employees’ Retirement System – City	A-12	114
Schedule of Proportionate Share of Net Pension Liability (Asset) – Local Governmental Employees’ Retirement System – Greenville Utilities Commission	A-13	115
Schedule of Contributions – Local Governmental Employees’ Retirement System – Greenville Utilities Commission	A-14	116
<b>OTHER SUPPLEMENTARY INFORMATION</b>		
Schedule of Ad Valorem Taxes Receivable	A-15	117
Analysis of Current Tax Levy – City-Wide Levy	A-16	118
Government Fund Financial Statements – General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	A-17	119-121
Nonmajor Governmental Funds:		
Combining Balance Sheet	B-1	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	123
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	125

**CITY OF GREENVILLE, NORTH CAROLINA**  
**TABLE OF CONTENTS**

---

	<b>Schedule</b>	<b>Page</b>
<b>OTHER SUPPLEMENTARY INFORMATION (Continued)</b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:		
Community Development and Home Fund	C-3	126
Sheppard Memorial Library	C-4	127
Housing Trust Fund	C-5	128
Centralized Grant Project	C-6	129
FEMA Fund	C-7	130
Nonmajor Capital Project Funds:		
Combining Balance Sheet	D-1	131
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	132
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:		
Affordable Housing Project Fund	D-3	133
Recreation and Parks Fund	D-4	134
Public Works Capital Project Fund	D-5	135
Greenways Fund	D-6	136
Street Improvement Capital Projects Fund	D-7	137
Community Development Fund	D-8	138
IT Capital Projects Fund	D-9	139
Fire and Rescue Capital Projects Fund	D-10	140
Police Capital Projects Fund	D-11	141
Capital Reserve Fund	D-12	142
Nonmajor Debt Service Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	E-1	143
Proprietary Funds:		
Major Enterprise Funds:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP):		
Electric Operating Fund	F-1	144
Water Operating Fund	F-2	145
Sewer Operating Fund	F-3	146
Gas Operating Fund	F-4	147

**CITY OF GREENVILLE, NORTH CAROLINA**  
**TABLE OF CONTENTS**

---

	<b>Schedule/ Table</b>	<b>Page</b>
<b>OTHER SUPPLEMENTARY INFORMATION (Continued)</b>		
Nonmajor Enterprise Funds:		
Combining Statement of Fund Net Position	F-5	148
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	F-6	149
Combining Statement of Cash Flows	F-7	150
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP):		
Public Transportation	F-8	151
Stormwater Utility Fund	F-9	152
Enterprise Capital Projects Fund	F-10	153
Sanitation Fund	F-11	154
Internal Service Funds:		
Combining Statement of Fund Net Position	G-1	155
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	G-2	156
Combining Statement of Cash Flows	G-3	157
Schedule of Revenues and Expenditures – Financial Plan and Actual (Non-GAAP):		
Vehicle Replacement	G-4	158
Health Insurance	G-5	159
Fleet Maintenance	G-6	160
Facilities Improvement	G-7	161
<b>STATISTICAL SECTION</b>		
Net Position by Component – Last Ten Fiscal Years	1	162
Changes in Net Position – Last Ten Fiscal Years	2	163-164
Fund Balances of Governmental Funds – Last Ten Fiscal Years	3	165
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	4	166
Greenville Utilities Commission – Revenue Base - Last Ten Fiscal Years	5	167
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	6	168
Greenville Utilities Commission – Direct Overlapping Revenue Rates – Last Ten Fiscal Years	7	169
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	8	170
Principal Property Taxpayers – December 31, 2014 for Fiscal Year 2015	9	171
Top Customers – Greenville Utilities Commission - Current Year and Nine Years Ago	10	172-175
General Fund Tax Revenues by Source – Last Ten Fiscal Years	11	176
Property Tax Levies and Collections – Last Ten Fiscal Years	12	177

**CITY OF GREENVILLE, NORTH CAROLINA**  
**TABLE OF CONTENTS**

---

	<b>Table</b>	<b>Page</b>
<b>STATISTICAL SECTION (continued)</b>		
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	13	178
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	14	179
Legal Debt Margin – Governmental Activities – Last Ten Fiscal Years	15	180
Direct and Overlapping Governmental Activities Debt	16	181
Pledged Revenue Coverage – Last Ten Fiscal Years	17	182
Demographic and Economic Statistics – Last Ten Fiscal Years	18	183
Principal Employers – Current Year and Nine Years Ago	19	184
Full-time Equivalent City Government Employees by Function – Last Ten Fiscal Years	20	185
Operating Indicators by Function – Last Ten Fiscal Years	21	186
Capital Asset Statistics by Function – Last Ten Fiscal Years	22	187
<b>SINGLE AUDIT AND COMPLIANCE SECTION</b>		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		188-189
Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act		190-191
Report on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act		192-193
Schedule of Findings and Questioned Costs		194-198
Corrective Action Plan		199
Summary Schedule of Prior Audit Findings		200
Schedule of Expenditures of Federal and State Awards		201
Notes to the Schedule of Expenditures of Federal and State Awards		202



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# Introduction

October 31, 2017



To the Honourable Mayor and Members of the City Council and the Citizens of the City of Greenville, North Carolina:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfil that requirement for the fiscal year ended June 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is 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, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the City of Greenville's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

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 City**

The City of Greenville, North Carolina, founded in 1771, as Martinsborough (named for the Royal Governor Josiah Martin, and later named for General Nathanael Greene), is located in the eastern part of the state, which is considered to be one of the top growing areas in eastern NC and the state. Affectionately referred to as the "Hub of Eastern North Carolina", the City of Greenville is the 10<sup>th</sup> largest city in North Carolina. Greenville serves as the county seat for Pitt County and comprises roughly 50% of the County's population within its 35 square miles. Greenville sits on the banks of the Tar River as the economic, educational, cultural, and medical capital of Eastern North Carolina, with a growing population of approximately 91,495.

The City of Greenville operates under a Council-Manager form of government. The seven-member City Council is the policy-making and legislative body of City government. The Council enacts local laws and ordinances, adopts the annual budget and financial plan for the operations of the City, and authorizes contracts for the City. The Mayor is the presiding officer of the Council and signs all documents authorized by Council.

Five of the seven Council members are elected from individual districts, and two members, including the Mayor, are elected at-large. A Mayor Pro-Tem, who will assume mayoral duties in the absence of the Mayor, is selected from the members of the newly elected Council body. Each of the Council members, including the Mayor, serves two-year terms and is elected on a biannual basis. The Council also appoints the City Manager, City Attorney, City Clerk, and members of the volunteer boards and commissions. The City Manager serves as Chief Executive Officer and is responsible for implementing Council policies, City ordinances, managing daily operations, and appointing department directors. The City Manager also serves as a Commissioner on the Greenville Utilities Board.

The City of Greenville, North Carolina provides a full range of services, including police and fire protection, planning and zoning, community and economic development, recreational activities and parks, refuse, recycling, and other sanitation services, stormwater and drainage, fixed-route transit services, regional transportation planning services, general administrative and technological services, engineering, and the construction and maintenance of City streets, sidewalks, and other associated infrastructure. Certain planning and utility services are provided outside the City's municipal boundary in its extraterritorial area to provide for orderly growth.

The Greenville City Council is required to adopt an initial budget ordinance for the fiscal year no later than July 1st of each year. This annual budget ordinance creates a legal limit on spending authorizations and serves as the foundation for its financial planning control. The City Manager is authorized by the budget ordinance to make certain limited transfers within funds to facilitate budget execution consistent with Council intent.

## **Local Economy**

The City of Greenville functions as a major commuter hub and urban regional center. At the heart of Greenville are two very significant economic generators – East Carolina University (ECU) and Vidant Medical Center. Their presence and growth have allowed Greenville to grow into a prosperous “uni-med” community. ECU received national recognition in *U.S. News & World Report's* 2017 Best Online Programs for their online graduate and bachelor programs announced on January 10, 2017. In the educational area, ECU is the third-largest university in North Carolina with nearly 29,000 students and more than 5,800 faculty and staff. Vidant Medical Center anchors a medical community that employs around 7,000 health care professionals in Greenville and has a serving reach of 29 counties across Eastern North Carolina. The newest Vidant endeavor, Vidant Health Cancer Center, is set to open in 2018. The new Cancer Center will be a 6-story, 96-bed facility encompassing 418,000 square feet.

The East Carolina Research and Innovation Campus, also known as the ECU Millennial Campus, contributes to Greenville's local economy in more ways than one. ECU's Millennial Campus serves as a model for research universities giving them greater flexibility to work with education, industry, government, military and other partners to develop real estate products that promote university goals.

Pitt Community College (PCC) is seventh largest in North Carolina's 58 campus community college system. PCC offers a wide variety of business and industrial curriculum classes via the Internet, telecourses, as well as community-based continuing education courses for students in the Greenville area. Shaw University has an extension of the Center for Alternative Programs in Education (CAPE) in Greenville. Additionally, Pitt County Schools System (PCS) provides K-12 instruction. PCS is accredited AdvancED, a trusted partner to over 34,000 schools and school systems.

An off-shoot to being a “uni-med” community is the bio-med businesses which thrive in the uni-med environment. Several medical innovations have been developed in Greenville including robotic heart valve replacement surgery and an implant to help patients overcome stuttering. Greenville is also home to a very important bio-pharmaceutical cluster, providing significant employment to our residents and the surrounding area. Mayne-Pharma and Patheon Pharmaceuticals are both important components of this cluster. Mayne-Pharma was named the 2015-2016 Pitt County Industry of the Year in February of 2016.

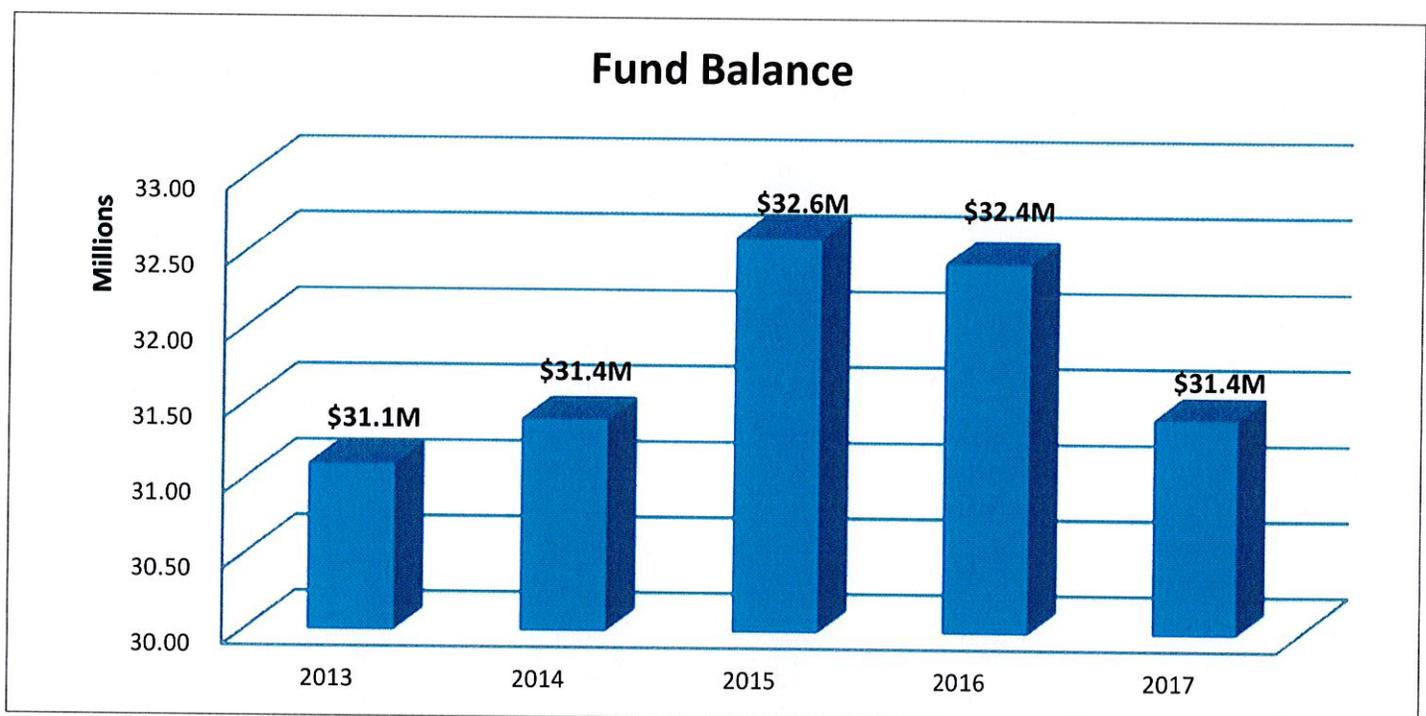
A majority of Greenville's manufacturing is located inside the extra-territorial jurisdiction (ETJ), thereby providing stable employment for Greenville's residents. However, much of this manufacturing is located outside the City's limits, which does not provide the property tax base that would help Greenville provide City services. Businesses that call Greenville their home include the likes of:

- DSM Dyneema: Produces components in ropes, cables and nets for the fishing and shipping industries
- NACCO Materials Handling Group: Designs, engineers, and manufactures materials handling equipment
- ASMO: Produces front wiper motor linkages, rear wiper motors, arms, and blades and radiator fan motors for its North American customers

- Grady-White Boats: Has a legendary reputation for designing and producing outstanding fiberglass boats

## Economic Impact to the City

The City's FY 2017 budget represented a 6% increase from the FY 2016 total. The increase includes a one-time revenue of \$1.5 million from the sale of the police/fire parking lot as well as a 46% increase in motor vehicle fees due to the \$10 increase occurring at the beginning of the fiscal year. Revenue estimates were adjusted to provide a more accurate and conservative representation of historical trends. Disparities in salaries and benefits were eliminated with a 4% vacancy rate factor as well as a \$450,000 reduction in department discretionary operating budget. These reductions resulted in additional funding for street maintenance, additional public safety positions, a 2% employee salary increase, an increase in debt service related to the 2015 G.O. Bond Referendum, and additional funding for the Town Common capital project. In FY 2017, \$18.5 million in Sales tax was collected, increasing 7% when compared to prior year. This increase is due to the increased retail opportunities that have been developed in the City. Increased construction and permits were issued in the City during the year, which caused an increase in supplies and materials purchases, as well as the recognition of inspection fees. Additionally, the FY 2017 property tax rate dropped to \$0.52 per \$100 of assessed valuation.



Based on revenues of \$80.8 million and expenses of \$81.8 million, the City's General Fund experienced a net decrease in fund balance of \$1.0 million; therefore, only having to use a minimal portion of the original appropriation for the year.

The City of Greenville maintains a healthy total fund balance of approximately \$31.4 million and continues to exceed the 14% unassigned fund balance policy established by City Council. Furthermore, the City of Greenville has maintained a relatively low level of debt with total governmental backed debt accounting for approximately \$38 million. Total City debt is \$179 million.

As of June 30, 2017, the City of Greenville maintained strong bond ratings with Moody's and Standard and Poor's of Aa2 and AA, respectively.

## Long-Term Financial Planning and Major Initiatives

Some of our recent investments in business opportunities, in conjunction with our community partners, including East Carolina University, Pitt Community College, Vidant Medical Center, Greenville-Pitt County Chamber of Commerce, Pitt County Committee of 100, and Greenville Utilities Commission (GUC), among others, are assisting the City in becoming a pharmaceutical hub. These activities have already generated significant private investment and additional high-wage jobs for the Greenville community. Staff will continue to foster these and other economic development initiatives and continue to facilitate partnerships to generate new economic activity. In addition to economic activity, the City will also continue to invest in the City's buildings and infrastructure.

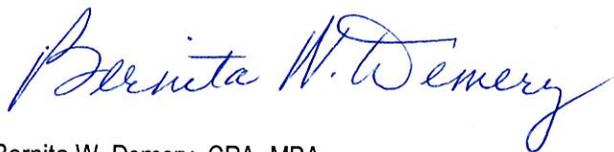
## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Greenville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-eighth consecutive year that Greenville has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

The CAFR for the fiscal year ended June 30, 2017 is being submitted to GFOA for consideration of Certificate of Achievement indicating the City's commitment in continuing to meet program requirements. As required by North Carolina General Statute 159-34, a copy of this report will be filed with the Secretary of the North Carolina Local Government Commission. In addition, a copy will be sent to the City Clerk to be available for public inspection.

The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the entire staff of the Financial Services Department. I also want to thank the City Manager's Office, Mayor, and City Council in providing leadership and taking the necessary actions to continue a standard of financial excellence for the City. In addition, the City of Greenville departments are commended for their assistance in providing the data necessary to prepare this report. This CAFR reflects the City's commitment to the citizens of Greenville, North Carolina and the financial community to maintain financial statements in conformance with the highest standards of financial accountability.

Respectfully submitted,



Bernita W. Demery, CPA, MBA  
Financial Services Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

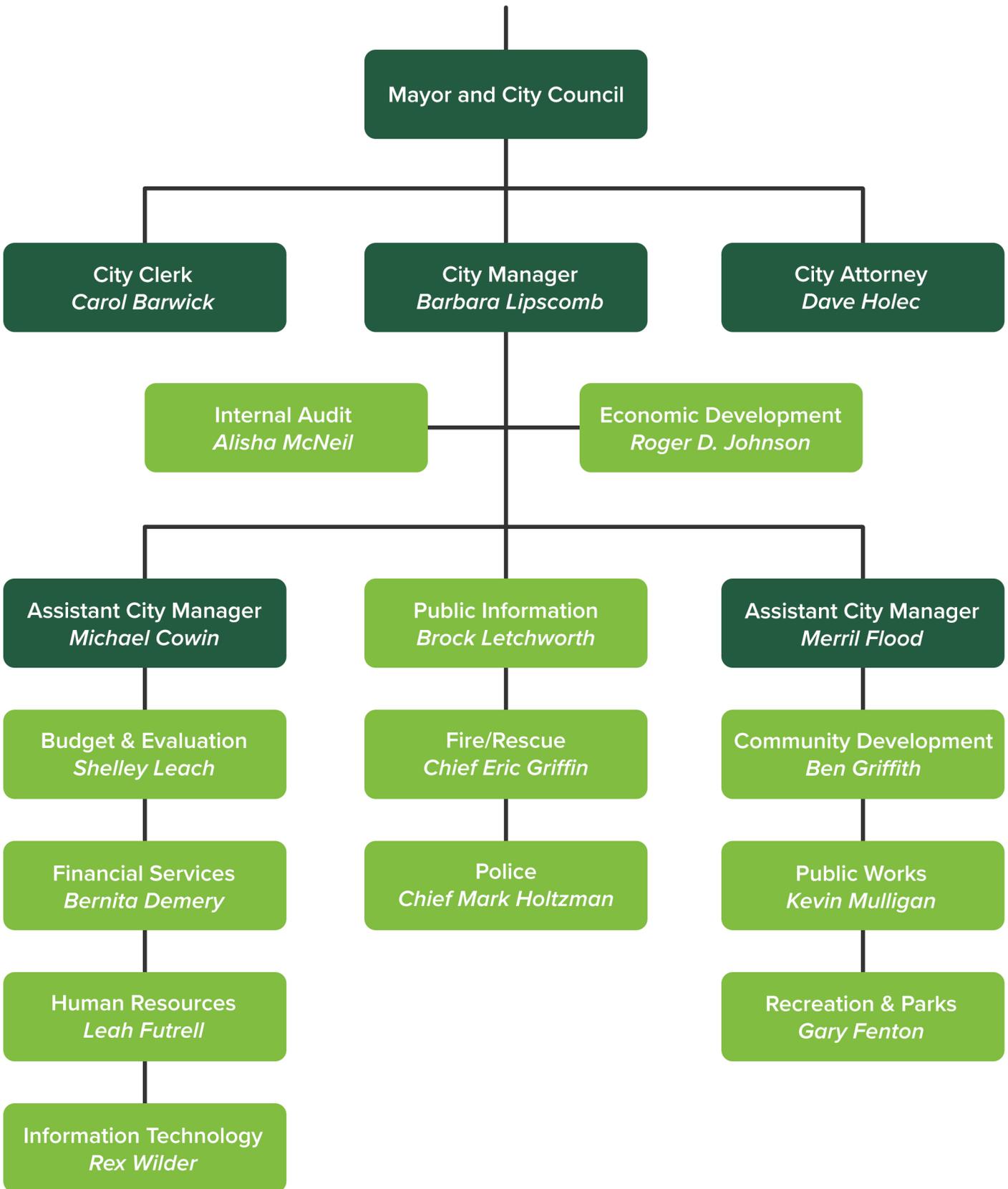
**City of Greenville  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# Citizens



# CITY OFFICIALS

Greenville has been governed by the council-manager governmental structure since 1953. Under this form of government, the City Council, which is elected by the people, is the final authority on policy matters relating to Greenville's government. The City Council employs a professional City Manager to handle the day-to-day management and operations of the City.

The Mayor and City Council are the governing body of the City. The Mayor acts as the official head of the government and spokesperson for the Council. The Mayor presides at all City Council meetings and signs all documents authorized by the Council. The Mayor Pro-Tem is selected by each newly-elected Council. This person assumes mayoral duties in the absence of the Mayor. The Mayor and City Council are responsible for establishing general policies for the operation of the City as well as appointing the City Manager, City Attorney, City Clerk, and members of the volunteer boards and commissions. The Council enacts ordinances, resolutions, and orders; adopts the annual budget; approves the financing of all City operations; and authorizes contracts on behalf of the City.



Mayor  
Allen Thomas



Mayor Pro-Tem  
Kandie Smith  
District 1



Council Member  
Rose Glover  
District 2



Council Member  
McLean Godley  
District 3



Council Member  
Rick Smiley  
District 4



Council Member  
PJ Connelly  
District 5



Council Member  
Calvin Mercer  
At-Large



*Find yourself in  
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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
**Financial Section**

## Report of Independent Auditor

The Honorable Mayor  
and Members of the City Council  
City of Greenville  
Greenville, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, North Carolina (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the City'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 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 City'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 City'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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note III. D. to the basic financial statements, the City adopted Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets* that are not within the scope of GASB Statement 68, Amendments to certain provisions of GASB Statements 67 and 68. As a result, net position as of June 30, 2016 has been restated. Our opinion is not modified with respect to these matters.

## Other Matters

### *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 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 required supplementary information 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 City's basic financial statements as a whole. The introduction section, other supplementary information, the statistical section, and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and the Schedule of Expenditures of Federal and State Awards, 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, based on our audit and the procedures performed as described above, the other supplementary information and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction 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 31, 2017, on our consideration of the City'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* in considering the City's internal control over financial reporting and compliance.

Chemy Bekaert LLP

Raleigh, North Carolina  
October 31, 2017

# CITY OF GREENVILLE, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Greenville, we offer readers of the City's financial statements, this narrative and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to read the information presented in conjunction with the preceding transmittal letter and the additional information included in the City's financial statements that follow.

### FINANCIAL HIGHLIGHTS

Highlights of the City's fiscal year ended June 30, 2017 include:

- The assets and deferred outflows of resources of the City of Greenville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$588,566,375 (*net position*). Of this amount, \$141,847,006 can be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$9,775,056. The City's net position changed due to a decrease of \$5,508,790 in Governmental Activities and an increase of \$15,283,846 in Business-type activities. The decrease in Governmental Activities was primarily due to a restatement of beginning net position due to the City's adoption of GASB 73. The business-type activities increased due to positive operating revenues directly influenced by fee increases.
- The City of Greenville's governmental funds reported combined ending fund balances of \$47,751,094, an increase of \$4,433,266, in comparison with the prior year. Approximately 50% of the total fund balance, within the General Fund, or \$23,664,221, is available for spending at the government's discretion. Of this amount, 78% is considered unassigned fund balance. Approximately 25% of the total General Fund's fund balance amount, or \$7,756,863, is non-spendable or restricted.
- Unassigned fund balance for the General Fund was \$20,157,728 or 25% of total General Fund expenditures (including transfers out) for the fiscal year. Overall, the fund balance, from current year's activity, for the General Fund decreased by \$1,021,027, when compared to prior year. Overall, the expenditures increased at a faster rate than revenues, having increases of six percent and five percent, respectively. There was nothing unusual and/or significant that caused the variance during the year.
- The City of Greenville's total debt, including the Greenville Utilities Commission (GUC) managed debt (excluding Law Enforcement Officer Separation Allowance, LGERS, OPEB and Compensated Absences liabilities) had a net decrease of \$1.4 million during the current fiscal year.
- In 2017, the City issued bonds totaling \$8 million for projects as included in the 2015 voter approved General Obligation Bond for Streets and Pedestrian Sidewalks. In 2018, the City will issue approximately \$15 million in revenue bonds to fund the Town Creek Culvert Stormwater project.

In addition, the City recognized the following accomplishments:

- For the 28th consecutive year, the GFOA of the United States and Canada has bestowed the highest form of recognition of governmental accounting and financial reporting, the Certificate of Achievement for Excellence in Financial Reporting, to the City of Greenville.

# CITY OF GREENVILLE, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

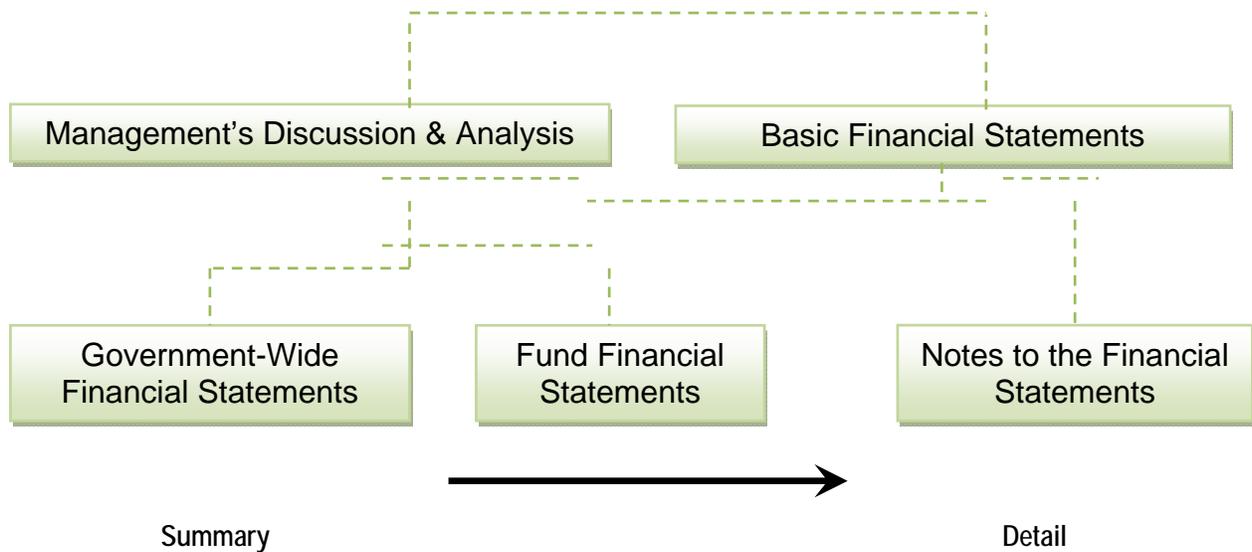
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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Greenville's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Greenville.

#### Required Components of Annual Financial Report

Figure 1



### BASIC FINANCIAL STATEMENTS

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits C through K) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes can also be found in this part of the statements.

# CITY OF GREENVILLE, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows and resources and total liabilities and deferred inflows and resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services, such as general administration, public safety, transportation, environmental protection, cultural and recreational activities, and economic and physical development. Property taxes, other taxes, charges for services, and Federal and State grant funds finance most of these activities. The business-type activities are those that function as an enterprise and rely principally on user fees to support those services. These include the electric, water, sewer, gas, transportation, stormwater utility, and sanitation offered by the City of Greenville. The government-wide financial statements are on Exhibits A and B of this report.

### FUND FINANCIAL STATEMENTS

The fund financial statements beginning with Exhibit C provide a more detailed look at the City's most significant activities. 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 City of Greenville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Greenville can be divided into the three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Greenville adopts an annual budget for its General Fund, as required by the General Statutes. Biennially, the City also approves a financial operating plan that includes a two-year budget and five years Capital Improvement Program. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council concerning which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance those current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

# CITY OF GREENVILLE, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Proprietary Funds** – The City of Greenville has two different kinds of proprietary funds: enterprise and internal service.

**Enterprise Funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Greenville uses enterprise funds to account for its electric, water, sewer, gas, transportation, sanitation, and stormwater utility. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Internal Service Funds** are accounting devices used to accumulate and allocate costs internally among the functions of the City of Greenville and Greenville Utilities Commission. The City of Greenville currently has four functioning internal service funds. The City uses internal service funds to account for its fleet maintenance program, health insurance, facility improvements, and the management and purchase of replacement vehicles. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

**Fiduciary Funds** – Fiduciary funds are used to report assets that are held in a trustee or agency capacity for others and, therefore, cannot be used to support other government activities. The City of Greenville has the Other Post-Employee Benefits (OPEB) Trust Fund to account for resources that are held in a trust for the employees.

### NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit K of this report.

### OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Greenville's progress in funding its obligation to provide pension benefits for the law enforcement officers through the special separation allowance. Required supplementary information can be found following the notes section of this report.

### INTERDEPENDENCE WITH OTHER ENTITIES:

The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of net position as of June 30, 2017 (as shown in Exhibit A) with comparative data for June 30, 2016.

**City of Greenville's Net position**  
**Figure 2**

	Government Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 66,686,129	\$ 61,981,856	\$ 172,710,095	\$ 173,211,226	\$ 239,396,224	\$ 235,193,082
Investment in joint venture	21,758,729	21,242,806	-	-	21,758,729	21,242,806
Capital assets, non-depreciable	85,007,226	83,172,106	32,180,303	69,313,908	117,187,529	152,486,014
Capital assets, net	<u>106,156,938</u>	<u>104,569,981</u>	<u>364,379,410</u>	<u>318,777,490</u>	<u>470,536,348</u>	<u>423,347,471</u>
<b>Total Assets</b>	<u>279,609,022</u>	<u>270,966,749</u>	<u>569,269,808</u>	<u>561,302,624</u>	<u>848,878,830</u>	<u>832,269,373</u>
<b>Total Deferred outflows of resources</b>	<u>12,058,237</u>	<u>3,337,430</u>	<u>11,623,342</u>	<u>4,643,509</u>	<u>23,681,579</u>	<u>7,980,939</u>
Long-term liabilities outstanding	86,266,535	63,067,363	165,722,239	163,587,338	251,988,774	226,654,701
Other liabilities	<u>7,880,087</u>	<u>7,512,117</u>	<u>22,268,631</u>	<u>24,003,666</u>	<u>30,148,718</u>	<u>31,515,783</u>
	<u>94,146,622</u>	<u>70,579,480</u>	<u>187,990,870</u>	<u>187,591,004</u>	<u>282,137,492</u>	<u>258,170,484</u>
<b>Total Deferred inflows of resources</b>	<u>1,408,035</u>	<u>2,103,307</u>	<u>448,507</u>	<u>1,185,202</u>	<u>1,856,542</u>	<u>3,288,509</u>
Net position:						
Investments in capital assets, net						
investment in capital assets	160,374,922	157,082,030	274,322,389	271,672,448	434,697,311	428,754,478
Restricted	12,022,058	15,405,649	-	-	12,022,058	15,405,649
Unrestricted	<u>23,715,622</u>	<u>29,133,713</u>	<u>118,131,384</u>	<u>105,497,479</u>	<u>141,847,006</u>	<u>134,631,192</u>
<b>Total net position</b>	<u>\$ 196,112,602</u>	<u>\$ 201,621,392</u>	<u>\$ 392,453,773</u>	<u>\$ 377,169,927</u>	<u>\$ 588,566,375</u>	<u>\$ 578,791,319</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Greenville's government-wide activities exceeded its liabilities and deferred inflows at the close of the fiscal year by \$588,566,375 (*net position*). The City's net position increased by \$9,775,056 for the fiscal year ended June 30, 2017, when compared to prior year. However, the largest portion (74%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Greenville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Greenville's net position, \$12,022,058, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$141,847,006 can be used to meet the City's ongoing obligations to citizens and creditors (*unrestricted*).

**CITY OF GREENVILLE, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

- Continued low cost of debt through the City's bond rating. The City entered into its last install for an agreement over seven years for sanitation carts. The Utilities Commission's total debt decreased by \$6,458,298 (4.6%) during the current fiscal year.
- Property tax collection percentage of 99.4%.

At the end of the current fiscal year, the City of Greenville is able to report positive balances in both governmental and business-type net position for the City as a whole. The same situation held true for the prior fiscal year as detailed in the changes in net position.

**City of Greenville's Changes in Net position**  
**Figure 3**

	Government Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Charges for services	\$ 13,606,807	\$ 10,798,006	\$ 263,271,016	\$ 262,428,921	\$ 276,877,823	\$ 273,226,927
Operating grants and contributions	3,674,953	2,504,889	1,462,706	-	5,137,659	2,504,889
Capital grants and contributions	5,912,065	6,915,475	278,005	2,121,259	6,190,070	9,036,734
General Revenues:						
Ad valorem taxes	33,186,541	32,999,892	-	-	33,186,541	32,999,892
Other taxes	14,494,031	13,564,423	-	-	14,494,031	13,564,423
Other	14,333,753	13,790,872	527,948	329,802	14,861,701	14,120,674
<b>Total Revenues</b>	<b>85,208,150</b>	<b>80,573,557</b>	<b>265,539,675</b>	<b>264,879,982</b>	<b>350,747,825</b>	<b>345,453,539</b>
<b>Expenses</b>						
General governmental	34,019,003	28,646,538	-	-	34,019,003	28,646,538
Public Safety	27,583,290	26,907,148	-	-	27,583,290	26,907,148
Transportation	6,514,068	7,172,037	-	-	6,514,068	7,172,037
Environmental protection	3,534,046	-	-	-	3,534,046	-
Cultural and recreation	4,801,071	4,589,132	-	-	4,801,071	4,589,132
Economic and physical development	12,655,362	11,081,257	-	-	12,655,362	11,081,257
Interest and fees	1,307,228	949,176	-	-	1,307,228	949,176
Electric	-	-	167,126,502	157,838,593	167,126,502	157,838,593
Water	-	-	17,137,958	16,281,026	17,137,958	16,281,026
Sewer	-	-	19,761,458	18,261,803	19,761,458	18,261,803
Gas	-	-	27,803,263	25,519,090	27,803,263	25,519,090
Public Transportation	-	-	2,376,717	2,129,785	2,376,717	2,129,785
Stormwater Utility	-	-	2,464,903	2,525,857	2,464,903	2,525,857
Sanitation	-	-	6,696,783	6,114,877	6,696,783	6,114,877
<b>Total Expense</b>	<b>90,414,068</b>	<b>79,345,288</b>	<b>243,367,584</b>	<b>228,671,031</b>	<b>333,781,652</b>	<b>308,016,319</b>
Increase in net position before transfers	(5,205,918)	1,228,269	22,172,091	36,208,951	16,966,173	37,437,220
Transfers	6,885,256	6,703,765	(6,888,245)	(6,703,765)	(2,989)	-
Increase in net position	1,679,338	7,932,034	15,283,846	29,505,186	16,963,184	37,437,220
Net position, July 1	201,621,392	195,208,986	377,169,927	347,403,154	578,791,319	542,612,140
Restatement	(7,188,128)	(1,519,628)	-	261,587	(7,188,128)	(1,258,041)
Beginning of year restated	\$ 194,433,264	\$ 193,689,358	\$ 377,169,927	\$ 347,664,741	\$ 571,603,191	\$ 541,354,099
Net position, June 30	\$ 196,112,602	\$ 201,621,392	\$ 392,453,773	\$ 377,169,927	\$ 588,566,375	\$ 578,791,319

## CITY OF GREENVILLE, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Governmental Activities:** Governmental activities increased the City's net position by \$1,679,338 (excluding the restatement). Of total net position, governmental activities accounted for \$196,112,602, or 33%. Key elements of this increase are as follows:

- Property tax remained stable for fiscal year 2017. Additionally, Sales tax and Other Taxes and Licenses increased 7% and 13% respectively. Investment earnings increased 33%. The Sales tax increase is directly related to the increased retail establishments within the City limits. Motor vehicle fees increased from \$20 to \$30 which led to the increase in Other Taxes and Licenses. Most other revenue remained relatively the same.
- **Business-Type Activities:** Of the \$392,453,773 total net position, the Greenville Utilities Commission has net position of \$378,926,067, or 96.6% as of June 30, 2017. Of this amount, \$112,258,108 (unrestricted net position) may be used to meet the Commission's ongoing obligations to its customers and creditors. This represents an unrestricted fund balance of 50% of total Commission expenses for the fiscal year. Overall, business-type activities increased the City of Greenville's net position by \$15,283,846, of which the Commission contributes 81% of that change. Operating revenues for GUC decreased by \$1,202,564 or less than 1% and total revenues increased by \$2,243,203 or 1%. Operating revenues for Electric decreased \$4,841,853 or 2.6% due to market factors. Operating revenues for natural gas were \$990,769 or 3.6% lower than last year due to market factors. During the year the Water Fund's operating revenues increased \$1,217,695 or 6.7% and the Sewer fund's operating revenues increased by \$1,430,825 or 6.7%.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

**Governmental Funds:** The focus of the City of Greenville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Greenville's financing requirements. Specifically, unassigned fund balance can be a useful measure of the City's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Greenville. At the end of the current fiscal year, available fund balance of the General Fund was \$23,664,221, while total fund balance was \$31,421,084. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures (including transfers out). Available fund balance represents 31.5% of total General Fund expenditures, while total fund balance represents 38.4% of that same amount. The Council for the City has determined that the City shall maintain an unassigned balance of 14% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. Currently, the 14% in unassigned fund balance equals almost two months of budgeted operational expenses. As of June 30, 2017, the governmental funds of the City of Greenville reported a combined fund balance of \$47,751,094, which is a less than one percent increase from prior year.

**General Fund Budgetary Highlights:** During the fiscal year, the City revised the budget on a monthly basis. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund budget increased revenues and other financing sources by \$4,142,544. When compared to the adjustments proposed last year, this is a 3% decrease. The decrease is due to the timing of the street improvements project which was appropriated during the prior year.

## CITY OF GREENVILLE, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

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The General Fund's operational revenues exceeded expenditures by \$6,240,557 (before other financing sources), increasing 79% from the change experienced in FY 2016. General Fund total revenues increased 5.6%. Operational expenditures increased \$1,201,381, or 1.8%. Inclusive of other financing sources, General Fund expenditures exceeded revenues by \$1,021,027, increasing \$883,599 from FY 2016's net result.

While the budget amendments for the year amounted to approximately \$4.1 million, actual operating revenues remained within budget by a 1% margin. As mentioned previously, in operational income, Sales tax and Utilities Franchise tax show increases during the current year due to an economic impact for the sales tax, and a change in State formula for the Utilities Franchise tax

General Fund expenditures increased 4% in comparison to the prior year with most expenditure category variances being less than 5%. However, Human Resources showed a 34% decrease when compared to prior year. The variance is due to the timing of increased retiree health insurance premiums in the prior year, as well as the timing of worker's compensation payments. Also, the City Manager's Office budget experienced an increased variance of 95% due to a full year of expenses since the addition of the Office of Budget and Evaluation and the migration of the Office of Economic Development to the City Manager's Office from Community Development. Transfers experienced a 30% increase for the year, as well. This is primarily due to transfers to Recreation and Parks Capital Projects to move recent CIP projects originally housed in the General Fund, and a transfer to the Community Development Capital Project Fund to allocate the revenue received for the sale of the Public Safety Parking Lot to a capital project.

**Proprietary Funds:** The City of Greenville's proprietary funds provide the same type of information found in the business-type activities of the government-wide statements but in more detail. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Greenville's business-type activities.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets:** The City of Greenville's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$587,723,877 net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset events for the City during the year include the following:

- South Greenville Reconstruction - \$2.09 M
- Imperial Site – \$0.95 M
- Fire-Rescue / Police Storage - \$1.44 M

Utilities Commission major capital asset events included:

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Effective July 1, 2015, the City implemented a new accounting and financial reporting system with an underlying capital asset module. As a part of that implementation, management conducted an inventory of the City's assets and reviewed them for existence, proper classification and appropriate valuation, including accumulated depreciation. As a result of this review, management determined that additional classifications were needed to properly report the capital assets. Estimated lives for asset classifications were also reviewed and adjusted in some cases to better reflect the City's actual experience. Management also noted errors in the previous system's calculation of accumulated depreciation for some assets. As a result of this review, management has determined that adjustments to the classification and values of capital assets and to certain liabilities for the cost of certain assets as of June 30, 2016 are required. The effect on fund balance or net position as of June 30, 2016 is reflected in the statement of Net position.

Additional information on the City's capital assets can be found in the notes of this report.

**City of Greenville's Capital Assets**  
**Figure 4**

	Government Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 40,835,455	\$ 40,882,628	\$ 7,640,320	\$ 3,628,897	\$ 48,475,775	\$ 44,511,525
Right-of-Way Easement	8,327,517	8,017,213	104,071	66,405	8,431,588	8,083,618
Construction in Progress	35,844,254	34,272,266	24,435,912	66,019,044	60,280,166	100,291,310
Buildings/Plants	64,758,548	61,154,116	178,019,475	144,698,825	242,778,023	205,852,941
Other Improvements	6,852,970	6,930,013	2,882,388	2,854,344	9,735,358	9,784,357
Intangible	2,740,242	614,859	32,672,234	17,697,532		18,312,391
Infrastructure	87,515,036	86,681,088	10,305,251	2,160,878	97,820,287	88,841,966
Machinery and Equipment	19,212,101	19,083,202	3,812,021	3,739,476	23,024,122	22,822,678
Land Rights	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-
Vehicles and Equipment	30,558,799	27,094,293	32,152,484	31,088,048	62,711,283	58,182,341
Distribution Systems	-	-	441,336,372	424,184,795	441,336,372	424,184,795
Transmission Systems	-	-	33,299,399	33,288,795	33,299,399	33,288,795
<b>Subtotal</b>	<u>296,644,922</u>	<u>284,729,678</u>	<u>766,659,927</u>	<u>729,427,039</u>	<u>1,063,304,849</u>	<u>1,014,156,717</u>
Accumulated Depreciation	<u>(105,480,758)</u>	<u>(96,987,590)</u>	<u>(370,100,214)</u>	<u>(349,352,043)</u>	<u>(475,580,972)</u>	<u>(446,339,633)</u>
Capital assets, net	<u>\$ 191,164,164</u>	<u>\$ 187,742,088</u>	<u>\$ 396,559,713</u>	<u>\$ 380,074,996</u>	<u>\$ 587,723,877</u>	<u>\$ 567,817,084</u>

Additional information on the City's capital assets can be found in Note 3 of the Basic Financial Statements.

**Long-Term Debt:** As of June 30, 2017, the City of Greenville had total debt outstanding of \$179,097,936 excluding compensated absences, Local Government Employees' Retirement System (LGERS), Other Post-Employment Benefits (OPEB), and Law Enforcement Officer (LEO) Separation Allowance. Of this, \$39,280,860 is debt government backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured by fees collected by the enterprise funds.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**City of Greenville’s Outstanding Debt**  
**General Obligation and Revenue Bonds**  
**Figure 5**

	Government Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 15,831,616	\$ 8,667,310	\$ 3,493,384	\$ 3,837,690	\$ 19,325,000	\$ 12,505,000
Special Obligation (Revenue) Bonds	5,960,000	6,455,000	85,620,599	93,651,999	91,580,599	100,106,999
Installment Purchase Contracts	19,154,430	20,251,182	801,430	958,572	19,955,860	21,209,754
Other Debt (GUC)	-	-	48,236,477	46,663,375	48,236,477	46,663,375
<b>Total</b>	\$ 40,946,046	\$ 35,373,492	\$ 138,151,890	\$ 145,111,636	\$ 179,097,936	\$ 180,485,128

- Total net debt (excluding compensated absences, Local Government Employees’ Retirement System (LGERS), Other Post-Employment Benefits (OPEB), and Law Enforcement Officer (LEO) Separation Allowance) has decreased by \$1,387,192 during the current fiscal year. The City’s total debt increased by \$5,071,107 during the current fiscal year. The key factor in this increase was the issuance of \$8,000,000 in new general obligations bonds during the year.
- As previously mentioned, as of June 30, 2017 the City maintained strong bond ratings with Standard and Poor’s and Moody’s, of AA and Aa2, respectively. The City of Greenville is one of a select few cities in eastern North Carolina that maintains this high financial rating from both major rating agencies. This achievement was a primary factor in keeping interest costs low on the City’s outstanding debt. The Commission maintains bond ratings of Aa2 with a stable outlook from Moody’s Investors Services and AA- with a stable outlook from Fitch Ratings.

North Carolina General Statutes restrict the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that units boundaries. The legal debt margin for the City of Greenville is approximately \$311M. The City has authorized, but unissued, \$7,850,000 of debt as of June 30, 2017.

Additional information regarding the City of Greenville’s long-term debt can be found in Note 3 to the financial statements of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

Budgeting for fiscal year 2017 continued to be a challenge for the City as the recovery from the economic downturn did not manifest as anticipated. The City has grown from a population of 84,554 in 2010 to 91,495, which represents an increase of 8%.

Eastern North Carolina has been and continues to be challenged economically as it transitions from a strong agricultural economy to the service/information environment that is apparent today. As the heart of Eastern North Carolina, the Greenville area is the center of a hardy economic hub. The Greenville area provides economic opportunity throughout our surrounding counties in such areas as medical and health services, education, recreational and cultural offerings, as well as others. Even so, the City of Greenville is continuing to emerge from the effects of the worst recession in our history—a recovery that has been slower than anticipated. Recovery for local governments normally lags behind the private sector. Although staff is seeing some hopeful indicators in certain revenues, the budget maintains current service levels and provides a very limited number of new programs and capital projects to move the City forward.

## CITY OF GREENVILLE, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City continues to face challenges posed by the economy, declining State support for City services, and limited revenue enhancements. For FY 2018, the budget process continued to take a more detailed look at revenue projections and the amount of appropriations remaining in departmental budgets at the close of the fiscal year. Revenues for FY 2018 have been decreased to more clearly reflect historical trends and provide more accurate and conservative estimates. At a \$.52 rate, property tax revenues are anticipated to generate roughly 40% of the total General Fund, or \$32,750,000. With the Tag and Tax program being administered by the State, the City has seen an increase in monthly revenues. Collections are now significantly closer to 100% as opposed to prior collection rates in the 80% range. Additionally, sales tax revenues are projected to be 2.47% above the FY 2017 collections. These numbers can be highly impacted by local construction and other factors. Thus, for the FY 2018 budget, a conservative approach has been chosen.

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 which continues to expand and is experiencing increasing employment and rising wages for workers. The City's share of the Utilities Franchise Tax is based primarily on the actual receipts from electric service sold within the municipality. The amount estimated for the FY 2018 budget is \$7,102,077.

### BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2018

**Governmental Activities:** The General Fund is the City's primary general government operating fund and is budgeted at \$82,013,799 for FY 18, less than a 1% decrease when compared to the prior year's adopted amount of \$82,640,550. Moreover, the fiscal year (FY) 2018 original budget is also a 1.1% increase over fiscal year 2017 actuals. There is no denying that although the economy continues to show some signs of recovery, management had to approach the fiscal year 2018 budget with the same caution as the previous year. Some of the considerations/strategies that were used are as follows:

- Continued emphasis on capital investments and infrastructure improvements
- Strategically shifting existing resources to the most urgent priorities throughout the year
- Adjusting for the elimination of Privilege License revenue throughout the State.

Below is a forecast for major sources of the City's General Fund revenues. The following sources make up approximately 70% of the revenue stream:

- **Property Taxes**
  - The approved FY 2018 Plan included property tax revenues of \$32,750,000. This represents modest growth from the prior year due to population growth. While maintaining the \$.52 rate will not change our relative position among the top 15 cities in the state in regards to the property tax rankings, it should be noted that on a per capita basis, Greenville's tax base is not as robust as other communities, producing only \$6.93 on a per capita basis.
- **Sales Tax**
  - This revenue source is projected to generate 23% of total General Fund revenues in FY 18. Sales Tax is historically difficult to project because it is a State-collected and distributed revenue. Changes in the distribution formula, distribution errors that required repayment, and variations in the timing of refunds and reallocations prevent prior years from being reliable indicators of future year distributions. For the FY 2018 budget, sales tax revenues are projected to be \$18,823,000. Improvements in the economy have continued to impact sales tax with the FY 18 adopted budget anticipating 5.27% growth in revenue. These numbers can be highly impacted by local construction and other factors. Thus, for the FY 2018 budget, a conservative approach has been chosen.

# CITY OF GREENVILLE, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- **Utilities Franchise Tax**

- What has commonly been referred to as the Utilities Franchise Tax has now been changed to a sales tax on electricity, a sales tax on piped natural gas, and a sales tax on telecommunications. FY 2015 marked the first year of a new distribution method for the sales tax on electricity and piped natural gas. The general sales tax rate is now applied to the sale of both electricity and natural gas, and a percentage of the proceeds are returned to cities and towns. In the case of electricity, that percentage is 44% and for natural gas it is 20%. No additional changes were made to the telecommunication portion of the revenue source.

This revenue source for fiscal year 2017 decreased approximately 1% from prior year. Utilities Franchise Tax is budgeted at \$7,102,077, which is \$56,822 or less than 1% lower than the Plan that was approved a year ago.

- **Appropriated Fund Balance**

- The final revenue source that should be noted is appropriated fund balance. The FY 2018 budget includes a base amount of \$200,000 to cover a contingency plus an additional \$265,766 appropriated within the General Fund and an additional \$712,578 appropriated within Powell Bill in order to complete various road projects and to move forward with the next round of road refurbishments.

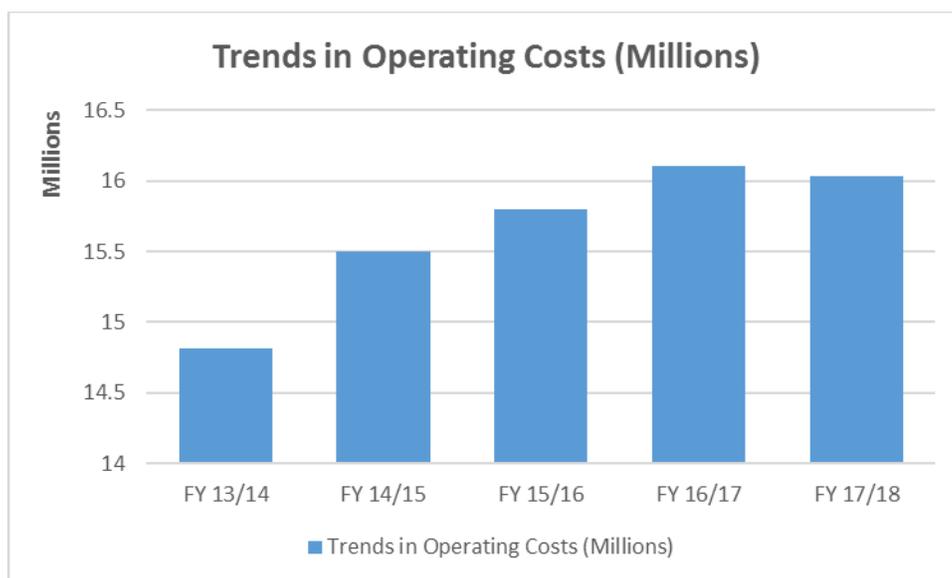
Below are highlights of the City's General Fund expenditures:

- **Personnel**

In the adopted FY 2018 budget, personnel costs (including salaries and fringe benefits) make up almost 65% of the total budget. This budget includes a 3.2% market adjustment for all City employees as well as the addition of up to 4 Police Department positions over the biennial period through a grant pool. The projected personnel budget for FY 2018 is \$53.3 million, a \$2,368,732 increase over the FY 2017 budgeted amount. A 4% vacancy factor was applied to salary costs, which reduces this category's costs by \$1,491,664.

- **Operations**

This category makes up 19.5% of the total budget and represents a decrease of less than 1% from the original plan. For FY 2018, Operating Costs are budgeted at \$16,030,922.



# CITY OF GREENVILLE, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Business-Type Activities:** As previously mentioned, the largest component in the City's business-type activities is held by the Greenville Utilities Commission (GUC). 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 2018 was developed anticipating continuing customer growth, a strong local economy and a mix of residential, commercial and industrial customers. Capital outlay investments are increasing compared to the previous year's budget reflecting the Commission's goal to be the regional utility provider of choice.

- Annual turnover or transfer of \$6,651,919 to the City of Greenville in accordance with the Charter issued by the North Carolina General Assembly

*Activity from the minor Business-Type Activities includes the following:*

- **Stormwater Fund Fee Increase**

The Stormwater Utility is an enterprise fund established to implement the City's Stormwater Management Program. Revenues are generated through a stormwater fee to support program efforts. In 2013, staff worked to develop a plan to address stormwater needs citywide. This approach included basin modeling which is currently underway, a significant investment in the Town Creek Culvert, and increasing the stormwater fees over multiple years to fund the numerous system needs. The FY 18 budget includes an increase of \$.50 per ERU per month. The stormwater plan was developed to address stormwater needs citywide. This approach included basin modeling which is currently underway, a significant investment in the Town Creek Culvert project, and a reliable funding source for other stormwater system needs. The stormwater utility fees are projected to generate revenues of \$5,928,998.

- **Sanitation Services Fee Increase**

The City provides sanitation service including garbage, recycling, and yard waste collection weekly. The Sanitation Fund is an enterprise fund that has required General Fund subsidies in recent years, primarily as a result of inefficient collection practices. To address this concern, in 2013 City Council adopted a multi-year plan that modernizes the City's collection practices, including the elimination of backyard service on July 1, 2017, and proposes a rate structure to make this service provision fully self-supporting. The City continues with its multi-year plan to modernize its collection practices. To make the service self-supporting, the FY 2018 budget includes a \$0.25 per month rate increase for basic curbside collection, as well as multi-family collection. Total approved budget for fiscal year 2018 is \$7,449,600.

### REQUESTS FOR INFORMATION

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be emailed directly to Bernita Demery, the Director of Financial Services at [bdemery@greenvillenc.gov](mailto:bdemery@greenvillenc.gov).



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# **Basic Financial Statements**

**CITY OF GREENVILLE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**

**Exhibit A**

JUNE 30, 2017

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 39,734,620	\$ 114,357,975	\$ 154,092,595
Taxes receivable, net	364,925	-	364,925
Accounts receivable, net	5,386,715	28,043,459	33,430,174
Interest receivable	2,907	-	2,907
Due from other governments	2,981,486	3,029,231	6,010,717
Inventories	41,316	6,850,590	6,891,906
Prepaid items	217,396	123,070	340,466
Internal balances	49,140	(282,903)	(233,763)
Restricted cash and investments	17,907,624	20,244,015	38,151,639
Notes receivable	-	344,658	344,658
Investment in joint venture	21,758,729	-	21,758,729
Capital assets:			
Non-depreciable	85,007,226	32,180,303	117,187,529
Depreciable, net	106,156,938	364,379,410	470,536,348
<b>Total assets</b>	<u>279,609,022</u>	<u>569,269,808</u>	<u>848,878,830</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	11,182,611	9,386,653	20,569,264
Unamortized bond refunding charges	875,626	2,236,689	3,112,315
<b>Total deferred outflows of resources</b>	<u>12,058,237</u>	<u>11,623,342</u>	<u>23,681,579</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	4,365,152	17,244,937	21,610,089
Accrued interest payable	110,263	491,568	601,831
Other liabilities	925,002	-	925,002
Advances from grantors	198,714	-	198,714
Unearned revenue	-	418,231	418,231
Liabilities payable from restricted assets:			
Accounts payable and accrued liabilities	2,280,956	-	2,280,956
Customer deposits	-	4,113,895	4,113,895
Long-term liabilities:			
Due within one year	6,325,606	12,092,853	18,418,459
Due in more than one year	79,940,929	153,629,386	233,570,315
<b>Total liabilities</b>	<u>94,146,622</u>	<u>187,990,870</u>	<u>282,137,492</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	1,388,312	448,507	1,836,819
Prepaid taxes	19,723	-	19,723
<b>Total deferred inflows of resources</b>	<u>1,408,035</u>	<u>448,507</u>	<u>1,856,542</u>
<b>Net Position:</b>			
Net investment in capital assets	160,374,922	274,322,389	434,697,311
Restricted for:			
Stabilization by State statute	6,515,614	-	6,515,614
Restricted for streets	1,179,550	-	1,179,550
General government	109,085	-	109,085
Economic development	2,610,578	-	2,610,578
Public safety	871,943	-	871,943
Cultural and recreational	66,494	-	66,494
Debt Service	668,794	-	668,794
Unrestricted	23,715,622	118,131,384	141,847,006
<b>Total net position</b>	<u>\$ 196,112,602</u>	<u>\$ 392,453,773</u>	<u>\$ 588,566,375</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**

**Exhibit B**

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 34,019,003	\$ 7,200,736	\$ 379,302	\$ -	\$ (26,438,965)	\$ -	\$ (26,438,965)
Public safety	27,583,290	4,230,433	258,367	19,484	(23,075,006)	-	(23,075,006)
Transportation	6,514,068	203,372	-	2,319,852	(3,990,844)	-	(3,990,844)
Environmental protection	3,534,046	-	-	-	(3,534,046)	-	(3,534,046)
Cultural and recreational	4,801,071	1,953,249	1,099,691	646,485	(1,101,646)	-	(1,101,646)
Economic and physical development	12,655,362	19,017	1,937,593	2,926,244	(7,772,508)	-	(7,772,508)
Interest and fees	1,307,228	-	-	-	(1,307,228)	-	(1,307,228)
Total governmental activities	<u>90,414,068</u>	<u>13,606,807</u>	<u>3,674,953</u>	<u>5,912,065</u>	<u>(67,220,243)</u>	<u>-</u>	<u>(67,220,243)</u>
Business-Type Activities:							
Electric	167,126,502	178,171,169	-	-	-	11,044,667	11,044,667
Water	17,137,958	20,009,402	-	82,786	-	2,954,230	2,954,230
Sewer	19,761,458	23,267,842	-	52,104	-	3,558,488	3,558,488
Gas	27,803,263	28,787,131	-	-	-	983,868	983,868
Public transportation	2,376,717	242,753	1,462,706	-	-	(671,258)	(671,258)
Stormwater utility	2,464,903	5,536,989	-	143,115	-	3,215,201	3,215,201
Sanitation	6,696,783	7,255,730	-	-	-	558,947	558,947
Total business-type activities	<u>243,367,584</u>	<u>263,271,016</u>	<u>1,462,706</u>	<u>278,005</u>	<u>-</u>	<u>21,644,143</u>	<u>21,644,143</u>
Total primary government	<u>\$ 333,781,652</u>	<u>\$ 276,877,823</u>	<u>\$ 5,137,659</u>	<u>\$ 6,190,070</u>	<u>(67,220,243)</u>	<u>21,644,143</u>	<u>(45,576,100)</u>
<b>General Revenues:</b>							
Ad valorem taxes					33,186,541	-	33,186,541
Sales and use taxes					14,494,031	-	14,494,031
Cable TV franchise tax					875,412	-	875,412
Medicaid hold harmless payment					3,975,642	-	3,975,642
Rental vehicle, gross receipts					152,527	-	152,527
Utilities franchise tax					6,827,761	-	6,827,761
Beer and wine tax					403,408	-	403,408
Other taxes and licenses					1,145,116	-	1,145,116
Investment earnings					953,887	527,948	1,481,835
Total general revenues					<u>62,014,325</u>	<u>527,948</u>	<u>62,542,273</u>
Transfers					<u>6,885,256</u>	<u>(6,888,245)</u>	<u>(2,989)</u>
Total general revenues and transfers					<u>68,899,581</u>	<u>(6,360,297)</u>	<u>62,539,284</u>
Change in net position					<u>1,679,338</u>	<u>15,283,846</u>	<u>16,963,184</u>
Net position, beginning of year, as previously reported					201,621,392	377,169,927	578,791,319
Restatement					<u>(7,188,128)</u>	<u>-</u>	<u>(7,188,128)</u>
Net position, beginning of year, as restated					<u>194,433,264</u>	<u>377,169,927</u>	<u>571,603,191</u>
Net position, end of year					<u>\$ 196,112,602</u>	<u>\$ 392,453,773</u>	<u>\$ 588,566,375</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**

**Exhibit C**

JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 28,281,097	\$ 7,657,131	\$ 35,938,228
Taxes receivable, net	364,925	-	364,925
Accounts receivable, net	2,120,263	2,965,653	5,085,916
Interest receivable	-	2,907	2,907
Due from other funds	1,587,681	98,767	1,686,448
Due from other governments	2,909,489	71,997	2,981,486
Inventories	41,316	-	41,316
Prepaid items	12,788	70,176	82,964
Restricted cash and investments	2,160,578	10,200,670	12,361,248
<b>Total assets</b>	<b>\$ 37,478,137</b>	<b>\$ 21,067,301</b>	<b>\$ 58,545,438</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 2,046,016	\$ 212,928	\$ 2,258,944
Due to other funds	227,426	481,518	708,944
Advances from grantors	-	198,714	198,714
Other liabilities	925,002	-	925,002
Restricted accounts payable and accrued liabilities	25,457	2,255,499	2,280,956
<b>Total liabilities</b>	<b>3,223,901</b>	<b>3,148,659</b>	<b>6,372,560</b>
<b>Deferred Inflows of Resources:</b>			
Property taxes receivable	208,551	-	208,551
Prepaid property taxes	19,723	-	19,723
Other receivables	2,604,878	1,588,632	4,193,510
<b>Total deferred inflows of resources</b>	<b>2,833,152</b>	<b>1,588,632</b>	<b>4,421,784</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid items and inventories	54,104	70,176	124,280
Loans receivable	14,700	721,172	735,872
<b>Restricted:</b>			
Stabilization by state statute	5,527,481	988,133	6,515,614
Restricted for general government	109,085	-	109,085
Restricted for streets	1,179,550	-	1,179,550
Restricted public safety	871,943	-	871,943
Restricted for economic development	-	2,610,578	2,610,578
Restricted for cultural and recreational	-	66,494	66,494
Restricted for debt service	-	668,794	668,794
<b>Committed:</b>			
Committed for catastrophic losses	2,328,149	-	2,328,149
Committed for general government	-	488,997	488,997
Committed for culture and recreational	-	322,634	322,634
Committed for public safety	-	150,245	150,245
Committed for economic development	-	7,379,070	7,379,070
Committed for capital outlay	-	2,443,165	2,443,165
Committed for debt service	-	234,864	234,864
<b>Assigned:</b>			
Assigned for subsequent year's expenditures	1,178,344	26,946	1,205,290
Assigned for culture and recreational	-	492,674	492,674
Unassigned	20,157,728	(333,932)	19,823,796
<b>Total fund balance</b>	<b>31,421,084</b>	<b>16,330,010</b>	<b>47,751,094</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 37,478,137</b>	<b>\$ 21,067,301</b>	<b>\$ 58,545,438</b>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**

**Exhibit C**

*JUNE 30, 2017*

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Amounts reported for governmental activities in the Statement of Net Position are different because:

Ending fund balance - governmental funds	\$ 47,751,094
Capital assets used in governmental activities are not financial and, therefore, are not reported in the funds.	178,963,634
Investment in joint venture reported in governmental activities is not reported in the funds.	21,758,729
Net LGERS pension liability is not reported in the funds.	(12,639,202)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	10,864,474
Other long-term balances are not available to pay for current expenditures and, therefore, are deferred outflows of resources.	4,402,061
Assets and liabilities of the Internal Service Funds used by management to account for health, vehicle, and fleet maintenance costs are included in governmental activities in the Statement of Net Position.	18,847,856
Long-term liabilities, compensated absences, and unfunded other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(65,495,306)
Total LEOSA Pension Liabilities	(7,771,117)
Deferred inflows of resources related to pensions are not reported in the funds.	(1,352,408)
Deferred charges on refunding reported in governmental activities are not reported in the funds.	875,626
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(92,839)</u>
Net position of governmental activities	<u>\$ 196,112,602</u>

## CITY OF GREENVILLE, NORTH CAROLINA

Exhibit D

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 33,385,286	\$ -	\$ 33,385,286
Other taxes	19,497,612	1,147,274	20,644,886
Unrestricted intergovernmental	7,231,221	-	7,231,221
Restricted intergovernmental	3,212,282	6,039,426	9,251,708
Licenses, permits, and fees	2,928,940	-	2,928,940
Sales and services	4,844,488	-	4,844,488
Investment earnings	381,105	56,859	437,964
Other revenues	2,625,388	556,417	3,181,805
Total revenues	<u>74,106,322</u>	<u>7,799,976</u>	<u>81,906,298</u>
<b>Expenditures:</b>			
Current:			
General government	11,682,405	452,789	12,135,194
Public safety	37,698,662	1,442,257	39,140,919
Public works	8,971,389	-	8,971,389
Environmental protection	-	3,534,046	3,534,046
Cultural and recreational	2,473,800	3,400,390	5,874,190
Economic and physical development	7,851,087	10,521,356	18,372,443
Reimbursement of indirect cost	(1,311,578)	-	(1,311,578)
Contribution to OPEB Trust	500,000	-	500,000
Debt Service:			
Principal retirement	-	3,927,446	3,927,446
Interest and fees	-	1,182,351	1,182,351
Total expenditures	<u>67,865,765</u>	<u>24,460,635</u>	<u>92,326,400</u>
Revenues over (under) expenditures	<u>6,240,557</u>	<u>(16,660,659)</u>	<u>(10,420,102)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	6,748,717	12,074,185	18,822,902
Transfers to other funds	(14,010,301)	(155,399)	(14,165,700)
Premium received on long term debt issued	-	696,166	696,166
Long-term debt issued	-	9,500,000	9,500,000
Total other financing sources (uses)	<u>(7,261,584)</u>	<u>22,114,952</u>	<u>14,853,368</u>
Net change in fund balance	(1,021,027)	5,454,293	4,433,266
<b>Fund Balance:</b>			
Fund balance, beginning of year – July 1	<u>32,442,111</u>	<u>10,875,717</u>	<u>43,317,828</u>
Fund balance, end of year – June 30	<u>\$ 31,421,084</u>	<u>\$ 16,330,010</u>	<u>\$ 47,751,094</u>

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

## GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds	\$ 4,433,266
Capital outlays are reported as expenditures in the governmental fund statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	11,004,962
Asset transfers from business-type activities reported in the Statement of Activities are not reported in the governmental fund statement.	400,438
Other capital contributions are not reported in the governmental fund statement.	646,485
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(5,325,208)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment represents the amount of change related to revenues to the "availability" criteria.	1,528,208
Expenses related to other post-employment benefits, compensated absences and law enforcement officer's special separation allowance that do not require current financial resources are not reported as expenditures in the governmental fund statement.	(1,736,230)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.	10,628,175
Benefit payments paid and administrative expense for the Law Enforcement Officers' Special Separation Allowance, net of related deferred inflows are not included on the Statement of Activities.	83,352
Proceeds from issuance of long-term debt are reported as other financing sources in the governmental funds statement. However, in the Statement of Activities, it is an increase in liabilities.	(9,500,000)
Proceeds from bond premium	(696,166)
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(22,220)
Principal repayments on long-term debt are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	3,927,446
Pension expense is not an expenditure and is not reported in the funds.	(11,923,938)
Loss on disposal of capital assets is reported in the Statement of Activities but not the funds statement.	(2,375,717)
Deferred charges on refunding reported in governmental activities are not reported in the funds.	(120,061)
Changes in the investment in joint venture asset is reported as investment income in the entity-wide financial statements but not reported in the governmental funds.	515,923
The Internal Service Funds are used by management to charge the costs of health, vehicle, and fleet maintenance. The net revenue of the Internal Service Funds is determined to be governmental-type.	<u>210,623</u>
Changes in net position of governmental activities	<u>\$ 1,679,338</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**

**Exhibit F**

**GENERAL FUND – BUDGET AND ACTUAL**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

YEAR ENDED JUNE 30, 2017

	General Fund			
	Budget		Actual Amounts	Variance Positive/ Negative
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 34,228,609	\$ 33,828,609	\$ 33,385,286	\$ (443,323)
Other taxes	18,726,407	18,876,407	19,497,612	621,205
Unrestricted intergovernmental	7,642,911	7,642,911	7,231,221	(411,690)
Restricted intergovernmental	3,180,189	4,490,175	3,212,282	(1,277,893)
Licenses, permits, and fees	2,295,682	2,445,682	2,928,940	483,258
Sales and services	5,093,364	5,022,984	4,844,488	(178,496)
Investment earnings	400,000	500,000	381,105	(118,895)
Other revenues	2,692,512	2,847,298	2,625,388	(221,910)
Total revenues	<u>74,259,674</u>	<u>75,654,066</u>	<u>74,106,322</u>	<u>(1,547,744)</u>
<b>Expenditures:</b>				
Current:				
General government	11,679,951	13,264,909	11,682,405	1,582,504
Public safety	37,494,040	38,301,687	37,698,662	603,025
Public works	10,545,864	10,988,199	8,971,389	2,016,810
Economic development	2,661,558	2,675,517	2,473,800	201,717
Cultural and recreational	9,334,213	8,217,164	7,851,087	366,077
Reimbursement of indirect cost	(1,432,859)	(1,432,859)	(1,311,578)	(121,281)
Contribution to OPEB Trust	500,000	500,000	500,000	-
Total expenditures	<u>70,782,767</u>	<u>72,514,617</u>	<u>67,865,765</u>	<u>4,648,852</u>
Revenues over (under) expenditures	<u>3,476,907</u>	<u>3,139,449</u>	<u>6,240,557</u>	<u>3,101,108</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	6,459,112	6,671,083	6,748,717	77,634
Transfers to other funds	(11,582,013)	(14,142,707)	(14,010,301)	132,406
Contingency	(150,000)	-	-	-
Appropriated fund balance	1,795,994	4,332,175	-	(4,332,175)
Total other financing sources (uses)	<u>(3,476,907)</u>	<u>(3,139,449)</u>	<u>(7,261,584)</u>	<u>(4,122,135)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,021,027)</u>	<u>\$ (1,021,027)</u>
<b>Fund Balance:</b>				
Fund balance, beginning of year			<u>32,442,111</u>	
Fund balance, end of year – June 30			<u>\$ 31,421,084</u>	

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF FUND NET POSITION**

**Exhibit G**

JUNE 30, 2017

	<b>Major Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Gas Fund</b>
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 51,014,372	\$ 4,496,796	\$ 8,419,487	\$ 18,754,644
Accounts receivable, net	19,925,448	2,339,602	2,392,046	1,820,691
Due from other governments	1,687,376	288,358	388,600	293,603
Due from other funds	-	-	-	-
Inventories	5,279,890	770,027	226,126	574,547
Restricted cash	3,002,184	699,132	1,325	411,254
Prepaid items	97,408	3,157	3,157	6,998
Total current assets	<u>81,006,678</u>	<u>8,597,072</u>	<u>11,430,741</u>	<u>21,861,737</u>
<b>Noncurrent Assets:</b>				
Cash and cash equivalents, restricted	6,091,206	4,094,903	5,115,649	828,355
Investments	14,516,800	1,808,786	2,725,371	5,151,674
Notes receivable	-	344,658	-	-
Land improvements and construction in progress	11,955,658	3,457,900	10,895,015	3,509,437
Other capital assets, net	96,115,518	83,759,253	134,932,172	40,864,111
Total noncurrent assets	<u>128,679,182</u>	<u>93,465,500</u>	<u>153,668,207</u>	<u>50,353,577</u>
<b>Total assets</b>	<u>209,685,860</u>	<u>102,062,572</u>	<u>165,098,948</u>	<u>72,215,314</u>
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	3,414,397	1,832,115	1,748,837	1,332,448
Unamortized bond refunding charges	545,370	798,606	669,038	146,510
Total deferred outflows of resources	<u>3,959,767</u>	<u>2,630,721</u>	<u>2,417,875</u>	<u>1,478,958</u>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued expenses	13,927,090	704,922	991,195	1,386,957
Accrued interest payable	127,414	102,591	208,020	53,543
Due to other funds	69,344	186,340	41,367	7,308
Unearned revenue	179,760	92,611	145,860	-
Current portion of compensated absences	711,987	336,596	297,579	249,181
Current maturities of long-term debt	1,738,006	2,596,969	4,636,033	845,665
<b>Liabilities Payable from Restricted Assets:</b>				
Customer deposits	3,002,184	699,132	1,325	411,254
Total current liabilities	<u>19,755,785</u>	<u>4,719,161</u>	<u>6,321,379</u>	<u>2,953,908</u>
<b>Noncurrent Liabilities:</b>				
Compensated absences payable	188,690	140,793	159,595	179,012
Net pension liability	3,849,576	2,065,626	1,971,734	1,502,274
Noncurrent portion of other post-employment benefits	5,846,118	2,508,996	2,157,042	1,934,848
Noncurrent portion of long-term debt	37,266,637	21,644,164	50,410,850	14,718,752
Total noncurrent liabilities	<u>47,151,021</u>	<u>26,359,579</u>	<u>54,699,221</u>	<u>18,334,886</u>
<b>Total liabilities</b>	<u>66,906,806</u>	<u>31,078,740</u>	<u>61,020,600</u>	<u>21,288,794</u>
<b>Deferred Inflows of Resources:</b>				
Pension deferrals	134,893	72,382	69,092	52,641
Total deferred inflows of resources	<u>134,893</u>	<u>72,382</u>	<u>69,092</u>	<u>52,641</u>
<b>Net Position:</b>				
Net investment in capital assets	75,703,109	66,335,839	94,845,015	29,783,996
Unrestricted	70,900,819	7,206,332	11,582,116	22,568,841
Total net position	<u>\$ 146,603,928</u>	<u>\$ 73,542,171</u>	<u>\$ 106,427,131</u>	<u>\$ 52,352,837</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF FUND NET POSITION**

**Exhibit G**

JUNE 30, 2017

	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 7,470,045	\$ 90,155,344	\$ 3,796,392
Accounts receivable, net	1,565,672	28,043,459	300,799
Due from other governments	371,294	3,029,231	-
Due from other funds	120,223	120,223	333
Inventories	-	6,850,590	-
Restricted cash	-	4,113,895	5,546,376
Prepaid items	12,350	123,070	134,432
Total current assets	<u>9,539,584</u>	<u>132,435,812</u>	<u>9,778,332</u>
<b>Noncurrent Assets:</b>			
Cash and cash equivalents, restricted	7	16,130,120	-
Investments	-	24,202,631	-
Notes receivable	-	344,658	-
Land improvements and construction in progress	2,362,293	32,180,303	-
Other capital assets, net	8,708,356	364,379,410	12,200,530
Total noncurrent assets	<u>11,070,656</u>	<u>437,237,122</u>	<u>12,200,530</u>
<b>Total assets</b>	<u>20,610,240</u>	<u>569,672,934</u>	<u>21,978,862</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	1,058,856	9,386,653	318,137
Unamortized bond refunding charges	77,165	2,236,689	-
Total deferred outflows of resources	<u>1,136,021</u>	<u>11,623,342</u>	<u>318,137</u>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	234,773	17,244,937	2,106,208
Accrued interest payable	-	491,568	-
Due to other funds	98,767	403,126	928,697
Unearned revenue	-	418,231	-
Current portion of compensated absences	144,925	1,740,268	-
Current maturities of long-term debt	535,912	10,352,585	-
<b>Liabilities Payable from Restricted Assets:</b>			
Customer deposits	-	4,113,895	-
Total current liabilities	<u>1,014,377</u>	<u>34,764,610</u>	<u>3,034,905</u>
<b>Noncurrent Liabilities:</b>			
Compensated absences payable	62,112	730,202	-
Net pension liability	1,259,209	10,648,419	378,334
Noncurrent portion of other post-employment benefits	2,004,456	14,451,460	-
Noncurrent portion of long-term debt	3,758,902	127,799,305	-
Total noncurrent liabilities	<u>7,084,679</u>	<u>153,629,386</u>	<u>378,334</u>
<b>Total liabilities</b>	<u>8,099,056</u>	<u>188,393,996</u>	<u>3,413,239</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	119,499	448,507	35,904
Total deferred inflows of resources	<u>119,499</u>	<u>448,507</u>	<u>35,904</u>
<b>Net Position:</b>			
Net investment in capital assets	7,654,430	274,322,389	12,200,530
Unrestricted	5,873,276	118,131,384	6,647,326
Total net position	<u>\$ 13,527,706</u>	<u>\$ 392,453,773</u>	<u>\$ 18,847,856</u>

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

## PROPRIETARY FUNDS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION

YEAR ENDED JUNE 30, 2017

	Major Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Gas Fund
<b>Operating Revenues:</b>				
Charges for services	\$ 175,165,273	\$ 19,367,918	\$ 22,628,218	\$ 28,324,990
Other operating revenues	159,433	79,809	81,396	198,807
Total operating revenues	<u>175,324,706</u>	<u>19,447,727</u>	<u>22,709,614</u>	<u>28,523,797</u>
<b>Operating Expenses:</b>				
Administrative and general	11,446,720	3,689,206	3,608,365	3,577,969
Operations and maintenance	16,231,502	8,878,782	8,770,267	5,593,739
Purchased power and gas	129,626,970	-	-	16,047,934
Depreciation and amortization	8,992,077	3,825,939	5,981,002	2,200,389
Claims and payments to third-party administrators	-	-	-	-
Total operating expenses	<u>166,297,269</u>	<u>16,393,927</u>	<u>18,359,634</u>	<u>27,420,031</u>
Operating income (loss)	<u>9,027,437</u>	<u>3,053,800</u>	<u>4,349,980</u>	<u>1,103,766</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment earnings	317,419	54,281	60,242	95,880
Federal grants	-	-	-	-
Other nonoperating revenues	2,846,463	561,675	558,228	263,334
Interest expense	(829,233)	(744,031)	(1,401,824)	(383,232)
Loss on disposal of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	<u>2,334,649</u>	<u>(128,075)</u>	<u>(783,354)</u>	<u>(24,018)</u>
Income (loss) before transfers and contributions	11,362,086	2,925,725	3,566,626	1,079,748
<b>Transfers In (Out) and Capital Contributions:</b>				
Capital contributions	-	82,786	52,104	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(5,190,547)	-	-	(1,474,341)
Total transfers in (out) and capital contributions:	<u>(5,190,547)</u>	<u>82,786</u>	<u>52,104</u>	<u>(1,474,341)</u>
Change in net position	6,171,539	3,008,511	3,618,730	(394,593)
<b>Net Position:</b>				
Beginning of year – July 1	<u>140,432,389</u>	<u>70,533,660</u>	<u>102,808,401</u>	<u>52,747,430</u>
End of year – June 30	<u>\$ 146,603,928</u>	<u>\$ 73,542,171</u>	<u>\$ 106,427,131</u>	<u>\$ 52,352,837</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION**

**Exhibit H**

YEAR ENDED JUNE 30, 2017

	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Operating Revenues:</b>			
Charges for services	\$ 12,936,553	\$ 258,422,952	\$ 20,305,349
Other operating revenues	98,919	618,364	225,394
Total operating revenues	<u>13,035,472</u>	<u>259,041,316</u>	<u>20,530,743</u>
<b>Operating Expenses:</b>			
Administrative and general	96,924	22,419,184	695,551
Operations and maintenance	10,916,751	50,391,041	6,573,678
Purchased power and gas	-	145,674,904	-
Depreciation and amortization	363,011	21,362,418	2,233,736
Claims and payments to third-party administrators	-	-	12,140,555
Total operating expenses	<u>11,376,686</u>	<u>239,847,547</u>	<u>21,643,520</u>
Operating income (loss)	<u>1,658,786</u>	<u>19,193,769</u>	<u>(1,112,777)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	126	527,948	-
Federal grants	1,462,706	1,462,706	-
Other nonoperating revenues	-	4,229,700	-
Interest expense	(68,565)	(3,426,885)	-
Loss on disposal of capital assets	(493,590)	(493,590)	(504,416)
Total nonoperating revenues (expenses)	<u>900,677</u>	<u>2,299,879</u>	<u>(504,416)</u>
Income (loss) before transfers and contributions	2,559,463	21,493,648	(1,617,193)
<b>Transfers In (Out) and Capital Contributions:</b>			
Capital contributions	143,115	278,005	-
Transfers from other funds	572,269	572,269	1,827,816
Transfers to other funds	(395,188)	(7,060,076)	-
Total transfers in (out) and capital contributions:	<u>320,196</u>	<u>(6,209,802)</u>	<u>1,827,816</u>
Change in net position	2,879,659	15,283,846	210,623
<b>Net Position:</b>			
Beginning of year – July 1	<u>10,648,047</u>	<u>377,169,927</u>	<u>18,637,233</u>
End of year – June 30	<u>\$ 13,527,706</u>	<u>\$ 392,453,773</u>	<u>\$ 18,847,856</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

**Exhibit I**

YEAR ENDED JUNE 30, 2017

	<b>Major Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Gas Fund</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 176,581,699	\$ 19,273,394	\$ 22,521,826	\$ 28,384,035
Other operating receipts	1,251,617	154,119	152,352	345,011
Cash paid to vendors	(145,745,195)	(6,790,175)	(6,774,837)	(20,408,262)
Cash paid to employees	(11,873,394)	(5,636,098)	(5,552,751)	(4,665,437)
Payments received on loans	-	35,590	-	-
Net cash provided by operating activities	<u>20,214,727</u>	<u>7,036,830</u>	<u>10,346,590</u>	<u>3,655,347</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Repayment of principal of long-term debt	-	-	-	-
Interest and other financing costs	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(5,190,547)	-	-	(1,474,341)
Noncapital contributions	144,981	1,975	-	14,754
Repayments (to)/from other funds	-	-	-	-
Federal and state grants	-	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(5,045,566)</u>	<u>1,975</u>	<u>-</u>	<u>(1,459,587)</u>
<b>Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(17,000,562)	(2,854,853)	(6,842,773)	(3,362,242)
Capital grants/cash capital contributions	-	82,786	52,104	-
Capital related receipts from customers	-	219,885	350,331	-
Proceeds from issuance of long-term debt	-	-	4,389,733	-
Debt issuance costs	-	-	(34,362)	-
Repayment of principal of long-term debt	(2,006,521)	(2,723,516)	(4,610,984)	(1,079,872)
Interest and other debt related expenses	(1,185,058)	(836,339)	(1,479,289)	(468,028)
Net cash used by capital and related financing activities	<u>(20,192,141)</u>	<u>(6,112,037)</u>	<u>(8,175,240)</u>	<u>(4,910,142)</u>
<b>Cash Flow from Investing Activities:</b>				
Purchase of investments	(13,505,807)	(2,060,307)	(3,198,369)	(3,688,922)
Proceeds from sale and maturity of investments	7,927,864	1,210,803	1,879,908	2,161,261
Interest received on investments	335,145	56,166	63,003	103,116
Net cash provided (used) by investing activities	<u>(5,242,798)</u>	<u>(793,338)</u>	<u>(1,255,458)</u>	<u>(1,424,545)</u>
Net increase (decrease) in cash and cash equivalents	(10,265,778)	133,430	915,892	(4,138,927)
<b>Cash and Cash Equivalents:</b>				
Beginning of year – July 1	<u>70,373,540</u>	<u>9,157,401</u>	<u>12,620,569</u>	<u>24,133,180</u>
End of year – June 30	<u>\$ 60,107,762</u>	<u>\$ 9,290,831</u>	<u>\$ 13,536,461</u>	<u>\$ 19,994,253</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

**Exhibit I**

YEAR ENDED JUNE 30, 2017

	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 13,826,369	\$ 260,587,323	\$ 20,625,487
Other operating receipts	-	1,903,099	-
Cash paid to vendors	(5,678,957)	(185,397,426)	(18,363,112)
Cash paid to employees	(5,407,007)	(33,134,687)	(1,508,876)
Payments received on loans	-	35,590	-
Net cash provided by operating activities	<u>2,740,405</u>	<u>43,993,899</u>	<u>753,499</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Repayment of principal of long-term debt	(157,142)	(157,142)	-
Interest and other financing costs	(24,437)	(24,437)	-
Transfers from other funds	572,269	572,269	1,827,816
Transfers to other funds	(395,188)	(7,060,076)	-
Noncapital contributions	-	161,710	-
Repayments (to)/from other funds	(1,147,968)	(1,147,968)	(497,057)
Federal and state grants	<u>1,462,706</u>	<u>1,462,706</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>310,240</u>	<u>(6,192,938)</u>	<u>1,330,759</u>
<b>Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(683,803)	(30,744,233)	(4,550,634)
Capital grants/cash capital contributions	-	134,890	-
Capital related receipts from customers	-	570,216	-
Proceeds from issuance of long-term debt	-	4,389,733	-
Debt issuance costs	-	(34,362)	-
Repayment of principal of long-term debt	(344,306)	(10,765,199)	-
Interest and other debt related expenses	<u>(36,281)</u>	<u>(4,004,995)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(1,064,390)</u>	<u>(40,453,950)</u>	<u>(4,550,634)</u>
<b>Cash Flow from Investing Activities:</b>			
Purchase of investments	-	(22,453,405)	-
Proceeds from sale and maturity of investments	-	13,179,836	-
Interest received on investments	<u>126</u>	<u>557,556</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>126</u>	<u>(8,716,013)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,986,381	(11,369,002)	(2,466,376)
<b>Cash and Cash Equivalents:</b>			
Beginning of year – July 1	<u>5,483,671</u>	<u>121,768,361</u>	<u>11,809,144</u>
End of year – June 30	<u>\$ 7,470,052</u>	<u>\$ 110,399,359</u>	<u>\$ 9,342,768</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

**Exhibit I**

YEAR ENDED JUNE 30, 2017

	<b>Major Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Gas Fund</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ 9,027,437	\$ 3,053,800	\$ 4,349,980	\$ 1,103,766
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	8,992,077	3,825,939	5,981,002	2,200,389
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(154,878)	(463,916)	(187,315)	(173,595)
(Increase) decrease in notes receivable	-	35,590	-	-
(Increase) decrease in due from other governments	(635,697)	60,073	(46,659)	104,142
Change in due to/from other funds	252,048	137,807	12,622	4,185
(Increase) decrease in inventories	(272,074)	(58,352)	(34,350)	158,874
(Increase) decrease in prepaids	(97,408)	(3,157)	(3,157)	(6,998)
Increase (decrease) in net pension liability	3,078,740	1,652,007	1,576,916	1,201,460
(Increase) decrease in deferred inflow of resources	(265,752)	(142,598)	(136,116)	(103,708)
Increase (decrease) in deferred outflow of resources	(2,639,034)	(1,416,067)	(1,351,700)	(1,029,867)
Increase (decrease) in accounts payable	(331,712)	(131,433)	(110,561)	(175,701)
Increase (decrease) in due to other governments	-	-	-	-
Increase (decrease) in customer deposits	168,144	50,704	-	26,122
Increase (decrease) in compensated absences payable	66,542	39,898	31,738	40,244
Increase (decrease) in OPEB liability	145,051	63,609	65,653	57,453
Increase (decrease) in unearned revenue	179,760	(6,890)	(9,360)	-
Miscellaneous income	2,701,483	339,816	207,897	248,581
Net cash provided by operating activities	<u>\$ 20,214,727</u>	<u>\$ 7,036,830</u>	<u>\$ 10,346,590</u>	<u>\$ 3,655,347</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Capital contribution	\$ -	\$ -	\$ -	\$ -
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Cash and Cash Equivalents:</b>				
Cash and investments, unrestricted	\$ 51,014,372	\$ 4,496,796	\$ 8,419,487	\$ 18,754,644
Cash and investments, restricted	9,093,390	4,794,035	5,116,974	1,239,609
Total cash and cash equivalents	<u>\$ 60,107,762</u>	<u>\$ 9,290,831</u>	<u>\$ 13,536,461</u>	<u>\$ 19,994,253</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

**Exhibit I**

YEAR ENDED JUNE 30, 2017

	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Operating income (loss)	\$ 1,658,786	\$ 19,193,769	\$ (1,112,777)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	363,011	21,362,418	2,233,736
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	299,171	(680,533)	98,777
(Increase) decrease in notes receivable	-	35,590	-
(Increase) decrease in due from other governments	-	(518,141)	-
Change in due to/from other funds	-	406,662	-
(Increase) decrease in inventories	-	(205,902)	-
(Increase) decrease in prepaids	6,615	(104,105)	26,298
Increase (decrease) in net pension liability	972,480	8,481,603	315,156
(Increase) decrease in deferred inflow of resources	(88,521)	(736,695)	(10,322)
Increase (decrease) in deferred outflow of resources	(827,255)	(7,263,923)	(266,670)
Increase (decrease) in accounts payable	(238,464)	(987,871)	(530,699)
Increase (decrease) in due to other governments	491,726	491,726	-
Increase (decrease) in customer deposits	-	244,970	-
Increase (decrease) in compensated absences payable	(6,124)	172,298	-
Increase (decrease) in OPEB liability	108,980	440,746	-
Increase (decrease) in unearned revenue	-	163,510	-
Miscellaneous income	-	3,497,777	-
Net cash provided by operating activities	<u>\$ 2,740,405</u>	<u>\$ 43,993,899</u>	<u>\$ 753,499</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Capital contribution	\$ 143,115	\$ 143,115	\$ -
Total noncash investing, capital, and financing activities	<u>\$ 143,115</u>	<u>\$ 143,115</u>	<u>\$ -</u>
<b>Reconciliation of Cash and Cash Equivalents:</b>			
Cash and investments, unrestricted	\$ 7,470,045	\$ 90,155,344	\$ 3,796,392
Cash and investments, restricted	7	20,244,015	5,546,376
Total cash and cash equivalents	<u>\$ 7,470,052</u>	<u>\$ 110,399,359</u>	<u>\$ 9,342,768</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**

**Exhibit J**

*JUNE 30, 2017*

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	<b>City OPEB Trust Fund</b>	<b>Commission OPEB Trust Fund</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Restricted cash and cash equivalents	\$ 4,133,441	\$ 3,156,311	\$ 7,289,752
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>			
Accounts payable	-	5,619	5,619
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Position:</b>			
Net position restricted for postemployment benefits other than pensions	\$ 4,133,441	\$ 3,150,692	\$ 7,284,133
	<u>          </u>	<u>          </u>	<u>          </u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**Exhibit K**

YEAR ENDED JUNE 30, 2017

	<b>City OPEB Trust Fund</b>	<b>Commission OPEB Trust Fund</b>	<b>Total</b>
<b>Additions:</b>			
Employer contributions	\$ 2,184,581	\$ 1,979,929	\$ 4,164,510
Retiree contributions	-	171,801	171,801
Total contributions	<u>2,184,581</u>	<u>2,151,730</u>	<u>4,336,311</u>
Investment income:			
Net appreciation in fair value of investments	<u>286,573</u>	<u>321,437</u>	<u>608,010</u>
Total additions	<u>2,471,154</u>	<u>2,473,167</u>	<u>4,944,321</u>
<b>Deductions:</b>			
Benefits	1,680,113	1,651,730	3,331,843
Administrative expense	<u>4,528</u>	<u>-</u>	<u>4,528</u>
Total deductions	<u>1,684,641</u>	<u>1,651,730</u>	<u>3,336,371</u>
Increase in net position	786,513	821,437	1,607,950
Net position restricted for postemployment benefits other than pensions:			
Net position, beginning	<u>3,346,928</u>	<u>2,329,255</u>	<u>5,676,183</u>
Net position, ending	<u>\$ 4,133,441</u>	<u>\$ 3,150,692</u>	<u>\$ 7,284,133</u>

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



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# Notes to Financial Statements

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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### I. Summary of Significant Accounting Policies

The City of Greenville, North Carolina (the "City"), is located in the coastal plains area of the State and has a population of 91,495. The City, as authorized by its charter, operates its own police and fire departments, provides sanitation and street maintenance services, manages a transit system, and maintains public parks and recreation facilities, among other services for its citizens. In addition, the City provides electric, water, sewer, and gas utilities for the incorporated area through the Greenville Utilities Commission (the "Commission"), which is not a separate legal entity. Electricity is purchased from North Carolina Eastern Municipal Power Agency, and gas is purchased from Piedmont Natural Gas Corporation and gas marketers.

The accounting policies of the City of Greenville conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

#### A. Reporting Entity

The City of Greenville is a municipal corporation that is governed by an elected Mayor and a six-member Council. As required by generally accepted accounting principles, the City's financial statements include the operations of all funds, agencies, boards, commissions, and authorities for which the City is financially accountable. The City has no component units. The 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.

#### B. Basis of Presentation

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the City's funds, including a fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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, result from non-exchange transactions. Other nonoperating revenues are ancillary activities such as investment earnings.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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The City reports the following major governmental fund:

*General Fund.* The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, public works, parks and recreation, and general government services.

The City reports the following major enterprise funds:

*Electric Fund.* This fund is used to account for the operation of providing power to residents.

*Water Fund.* This fund is used to account for the operation of providing water to residents.

*Sewer Fund.* This fund is used to account for the operation of providing sewer services to residents.

*Gas Fund.* This fund is used to account for the operation of providing natural gas to residents.

Additionally, the City reports the following nonmajor funds, by type:

*Nonmajor Enterprise Funds.* The nonmajor enterprise funds are used to account for the operation of providing various City services to residents. The City maintains three nonmajor enterprise funds: Public Transportation Fund, Stormwater Utility Fund (including its related enterprise capital project fund), and Sanitation Fund.

*Special Revenue Funds.* The special revenue funds account for specific revenue sources (other than expendable trusts and agency funds or major capital projects) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City maintains five special revenue funds: the Community Development and HOME Fund, Sheppard Memorial Library Fund, Housing Trust Fund, and Centralized Grant Fund. A new FEMA Fund was established during fiscal year 2017 to account for costs related to emergency services and recovery efforts from Hurricane Matthew.

*Capital Projects Funds.* The capital project funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). As of June 30, 2017, the City has ten capital project funds that were open during the fiscal year, covering various construction projects: Affordable Housing Capital Projects Fund, Recreation and Parks Capital Projects Fund, Public Works Capital Projects Fund, Greenways Capital Projects Fund, Community Development Capital Projects Fund, Information Technology Capital Projects Fund, Fire and Rescue Capital Projects Fund, Police Capital Projects Fund, and Capital Reserve Fund. A Street Improvement Capital Projects Fund was established in fiscal year 2017 to account for the proceeds of certain general obligation bonds issued for specific capital projects. During fiscal year 2017, the Fire and Rescue Capital Projects Fund was dormant after completion of a project in fiscal year 2016. The fund remains available for new projects as they are identified.

*Debt Service Fund.* The Debt Service Fund accounts for the payment of the City's debt obligations, excluding the Commission's debt. The Commission's debt is paid from their respective funds.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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*Internal Service Funds.* Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City of Greenville has four internal service funds: the Health Insurance Fund, the Vehicle Replacement Fund, the Facility Improvement Fund, and the Fleet Maintenance Fund.

*OPEB Trust Fund.* The City maintains the North Carolina OPEB Trust Fund. This fund is used to track all contributions to the State-managed Other Post-Employment Benefits Trust Fund. Funds are placed in the irrevocable trust for retiree health benefit costs.

### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City 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 economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish between 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 operation. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. 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.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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The City considers all revenues available if they are collected within 60 days after year-end, except for property taxes. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City, are recognized as revenue. Sales taxes are considered a shared revenue for the City of Greenville because the tax is levied by Pitt County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. The City Manager and departments of the City of Greenville prepare the annual budget for City operations on a biennial basis. An annual budget is adopted for the General Fund, certain special revenue funds (Library), and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the remaining Special Revenue Funds, the Capital Projects Funds, and the Enterprise Capital Projects Fund. The enterprise project fund is consolidated with their respective operating fund for reporting purposes. The internal service funds operate under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the fund level for the multi-year funds. All amendments must be approved by the City Council. Individual amendments were not material in relation to the original appropriations.

*Accounting Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

#### 1. Deposits and Investments

All deposits of the City are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the City 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 City 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"). The City's and Commission's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured 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 City 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 allows the City to establish an Other Postemployment Benefit (OPEB) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the City to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments detailed in G.S. 147-69.2(b)(1)-(6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short-Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8). Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The BIF is also valued at \$1 per share. The MSCI ACWI EQ Index Non-Lendable Class B Fund is priced at \$19.1579 per share at June 30, 2017.

#### 2. Cash and Cash Equivalents

The City and the Commission separately pool money from several funds to facilitate disbursement and investment and to maximize investment income. Each fund owns a pro rata interest in the depository, and interest earned as a result of pooling is distributed to the appropriate funds based on their equity in the pool. Therefore, all cash and investments of the City's funds are essentially demand deposits and are considered cash and cash equivalents. For purposes of the statements of cash flows, the 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.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

3. Restricted Assets

The City issues general obligation, revenue bonds, and installment debt for capital projects. The amount of unexpended debt proceeds is shown as restricted assets because the use of the proceeds is completely restricted to the purpose for which the debt was originally issued. Revenue bond proceeds are placed with a trustee for safekeeping and dispersion as needed. Customer deposits held by the City or Commission before any services are supplied are restricted to the service for which the deposit was collected. The amount of unspent capacity fee revenue is shown as a restricted asset for the Commission because its use is completely restricted to capacity related capital investment and/or debt service on capacity related capital financing. Certain unexpended grant revenues are classified as restricted assets since their use is restricted for the purpose of the grant. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Any net pension asset is classified as restricted asset because its use is restricted to the provision of pension benefits to retired employees.

**Governmental Activities:**

Cash:

General Fund:

General government	\$ 109,085
Streets	1,179,550
Public safety	871,943

Nonmajor Governmental funds:

Economic and physical development	147,617
Culture and recreational	66,494
Unexpended debt proceeds	9,281,171
Unexpended grant proceeds	705,388

Internal Service Fund:

Self-insurance	5,546,376
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Total Governmental Activities	\$ 17,907,624
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**Business-Type Activities:**

Cash:

Greenville Utilities Commission:

Customer deposits	\$ 4,113,895
Unexpended bond proceeds	12,876,447
Unexpended capacity fees	3,253,666

Nonmajor Enterprise Funds:

Sanitation Fund	7
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Total Business-Type Activities	\$ 20,244,015
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4. Ad Valorem Taxes Receivable

In accordance with State law [GS 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the City has established a Schedule of Discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts. Uncollected taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

5. Utility Service Revenues – Unbilled Usage

An estimated amount has been recorded for utility services provided, but not billed, as of the end of the year and is included in accounts receivable, net of uncollectible amounts.

6. Allowance for Doubtful Accounts

An allowance for doubtful accounts is maintained for ad valorem taxes receivable, rescue fees receivable, and other receivables, which historically experience uncollectible accounts. An allowance for doubtful accounts is also maintained for nonmajor Enterprise Fund customer receivables. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

7. Inventory and Prepaid Items

Inventories consist of major items held for consumption by the governmental funds materials and supplies. Inventories are valued at cost using the first-in, first-out (FIFO) method, which approximates market. Disbursements for inventory-type items of the City are considered to be expenditures at the time of use (“consumption method” of accounting). Supplies transferred to and consumed by the individual departments are considered a reduction of the inventory and an expenditure of the user department.

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

8. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and are defined by the government as assets with an initial individual cost of more than a certain amount and estimated useful life in excess of two years. The capitalization threshold for assets is \$5,000. Maintenance and repairs are charged to expense as incurred. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Commencing with the fiscal year ended 2010, donated intangible assets, which have an indefinite life, such as street right-of-ways or utility easements have been recorded at the estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest expense is capitalized on business-type construction in progress to the extent that it exceeds income.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	10 - 20 years
Buildings	5 - 33 years
Equipment	5 - 20 years
Intangible	3 - 15 years
Distribution systems	10 - 50 years
Transmission systems	20 - 25 years
Infrastructure	50 years
Vehicle	3 - 20 years

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

The rate structure of the Public Transportation Fund is inadequate to generate sufficient revenues to cover the acquisition and future expansion of its property and equipment. It, therefore, must seek capital grants from Federal, State, and local sources. The estimated useful lives of transportation capital assets, which are depreciated using the straight-line method, are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Plant structures	30 years
Buses	10 years
Furniture, fixtures, machinery, and equipment	5 - 8 years

9. 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 City only has two items that qualify for reporting in this category – contributions made to the pension plans in the 2017 fiscal year and deferred charges on refunding reported in the government-wide Statement of Net Position. 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 City has only two items that meet the criterion for this category – property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statements 68 and 73.

10. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. For business-type activities, the debt service requirements are being financed by the revenues of these funds. The full taxing power of the City is pledged to make payments if applicable fund revenues should be insufficient.

11. Compensated Absences

The vacation policy of the City provides for the accumulation of earned vacation leave to full-time employees based upon the number of years of service with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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The City'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 City does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### 12. Net Position/Fund Balances

#### Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted 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.

#### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

*Non-Spendable Fund Balance.* This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid Items – Portion of fund balance that is not an available resource because it represents certain payments to vendors applicable to future accounting periods and is, therefore, not in spendable form.

Inventories – Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Loans Receivable – portion of fund balance which has been paid out to borrowers and is, therefore, not a spendable resource.

*Restricted Fund Balance.* This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. The City's restricted fund balance consists of the following:

Restricted for Stabilization by State statute – Portion of fund balance which is not available for appropriation under State law [G.S. 159-8(a)].

Restricted for General Government – Portion of fund balance that is restricted for the employee benefit flex spending program.

Restricted for Streets – Portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Public Safety – Portion of fund balance that is restricted by revenue source for public safety expenditures. These revenue sources include unexpended Federal forfeiture and controlled substance funds in the General Fund.

Restricted for Economic Development – Portion of fund balance that is restricted by revenue sources for economic development [G.S. Chapter 159, Article 3, Part 2].

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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Restricted for Cultural and Recreational – Portion of fund balance that is restricted for the benefit of third parties and held for specific purposes in the Sheppard Memorial Library Special Revenue Fund.

Restricted for Debt Service – Portion of fund balance that is restricted for debt service.

*Committed Fund Balance.* This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The City's committed fund balance consists of the following:

Committed for Catastrophic Losses – Portion of fund balance committed by the City Council in its financial policy guidelines for insurance loss reserves for self-insured amounts that exceed insurance coverages.

Committed for General Government – Portion of fund balance that is committed by the City Council for expenses for the City's IT Capital Project Fund.

Committed for Cultural and Recreational – Portion of fund balance that is committed by the City Council for cultural and recreational construction expenses in various special revenue and capital project funds.

Committed for Public Safety – Portion of fund balance that is committed by the City Council for law enforcement equipment and operational activities in various special revenue and capital project funds.

Committed for Economic Development – Portion of fund balance that is committed by the City Council for economic development construction and activities in various special revenue and capital project funds.

Committed for Capital Outlay – Portion of fund balance committed by the City Council for the construction of specific assets held in the Capital Reserve Fund. Specific Council action is required to transfer funds out of this fund.

Committed for Debt Service – Portion of fund balance committed by the City Council to pay for future debt expenditures accounted for in the City's Debt Service Fund. Specific council action is required to transfer funds out of this fund.

*Assigned Fund Balance.* Portion of fund balance that the City of Greenville intends to use for specific purposes. The City's assigned fund balance consists of the following:

Assigned for Subsequent Year's Expenditures – Portion of total fund balance that is appropriated in the next year's budget that is not classified as restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager to modify the appropriations by resource or appropriations in certain circumstances.

Assigned for Cultural and Recreational – Portion of total fund balance that has been budgeted by the Council for library operations.

*Unassigned Fund Balance.* Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City has a revenue spending guideline for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, Federal funds, State funds, local non-City funds, City funds. For the purposes of the fund balance classifications, the expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balances. The Finance Officer has the authority to deviate from this order if it is in the best interest of the City.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

The City of Greenville has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least 14% of the total annual operating budget. The City Council may, from time to time, appropriate unassigned fund balances that will reduce unassigned fund balances below the 14% threshold for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the City of Greenville. In such circumstances, the City Council will adopt a plan to restore the unassigned fund balance to, or above, the threshold within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the City, then the City Council will establish a different but appropriate time period.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - general fund	\$ 31,421,084
Less:	
Inventories	41,316
Prepaid items	12,788
Loans receivable	14,700
Stabilization by State statute	5,527,481
Restricted for general government	109,085
Restricted for streets	1,179,550
Restricted for public safety	871,943
Committed for catastrophic losses	2,328,149
Assigned for subsequent year's expenditures	1,178,344
Total available fund balance	<u>\$ 20,157,728</u>

The City of Greenville has \$1,373,252 of outstanding encumbrances in the General Fund as of June 30, 2017, which represents amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

13. 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 City and Commission's employer contributions are recognized when due and the City and Commission have 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.

For purposes of measuring the LEOSSA total pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, have been determined on the actuarial basis as described in Note III.B.1.b. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of LEOSSA. The LEOSSA plan is unfunded.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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### 14. Deficit in Fund Balance of Individual Funds

The nonmajor special revenue FEMA Fund is reporting a deficit fund balance of approximately \$148,000 as of June 30, 2017. During fiscal year 2017, the City incurred costs which it believes are reimbursable under Federal Emergency Management Agency grants which have been awarded to the City; however, in accordance with federal regulations applicable to the grants, the City was not authorized to bill the Agency and collect reimbursements for those costs within 60 days after the fiscal year end. The City incurred additional reimbursable costs in fiscal year 2018 and expects to meet the requirements to bill and collect reimbursement for those costs in fiscal year 2018 and relieve the deficit in fund balance.

## II. Pronouncements Issued But Not Yet Effective

The GASB has issued several pronouncements prior to June 30, 2017 with 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 City or the Commission.

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

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

GASB Statement No. 82, "Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73". The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, "Financial Reporting for Pension Plans", No. 68, "Accounting and Financial Reporting for Pensions", and No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68", and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

*JUNE 30, 2017*

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

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

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

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

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

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**III. Detailed notes on all funds**

A. Assets

1. Deposits

All of the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the Federal depository insurance coverage level are collateralized with securities held by the City's agent in its name. Under the Pooling Method, which is a collateral pool, 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 City, these deposits are considered to be held by the City's agent in their 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 City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization, and this risk may increase during 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 City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2017, the City's deposits had a carrying amount of \$10,531,713 and a bank balance of \$12,309,096. Of the bank balance, \$1,844,586 was covered by Federal depository insurance, and the remainder of \$10,464,510 was covered by collateral held under the Pooling Method. The City's deposits include checking accounts, money market accounts, and \$1,000,000 in certificates of deposit which are reported as long-term investments. The City's cash on hand at June 30, 2017 consisted of various petty cash funds totaling \$25,792.

At June 30, 2017, the Commission's deposits had a carrying amount of \$70,181,131 and a bank balance of \$71,294,529. Of the bank balance, \$1,750,000 was covered by Federal depository insurance, and \$69,544,529 was covered by collateral held under the pooling method. The Commission's deposits include checking accounts, money market accounts, and \$500,000 in certificates of deposit which are reported as long-term investments on the statement of net position. The Commission's cash on hand at June 30, 2017 consisted of various petty cash funds totaling \$6,550.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

2. Investments

At June 30, 2017, the investments and related maturities of the City were as follows:

<b>Investment Type</b>	<b>Valuation</b>		<b>Less Than</b>		
	<b>Measurement Method</b>	<b>Fair Value</b>	<b>Six Months</b>	<b>6-12 Months</b>	<b>1-5+ Years</b>
Bank Certificates of Deposit	Amortized Cost	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
NC Capital Management Trust - Government Portfolio	Amortized Cost	8,489,141	8,489,141	-	-
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	21,434,940	21,434,940	-	-
US Treasuries	Fair Value Level 1	5,156,683	-	-	5,156,683
US Government Agency - FHLB	Fair Value Level 2	330,692	-	-	330,692
US Government Agency - FHLMC	Fair Value Level 2	5,176,700	-	785,599	4,391,101
US Government Agency - FNMA	Fair Value Level 2	13,966,635	-	2,067,906	11,898,729
Total Investments		<u>\$ 55,554,791</u>	<u>\$ 29,924,081</u>	<u>\$ 3,853,505</u>	<u>\$ 21,777,205</u>

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

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

\*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 valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's formal investment policy specifically limits investment maturities. The policy states investments shall be limited to maturities not exceeding five years from the settlement date.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

*Interest Rate Risk (Commission).* As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission's investment policy limits investments with maturities exceeding three years to US Treasuries, US Agencies, and Instrumentalities unless expressly approved by the Commission Board. Also, the 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 City's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The policy expressly prohibits investment of stripped instruments ("Derivative Security") and repurchase agreements. The investment in the Federal Home Loan Bank is rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The investment in US Treasury Notes are rated AAA by Standard and Poor's and Aaa by Moody's Investors Service. The investment in Federal Home Loan Mortgage Corporation are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The investment in Federal National Mortgage Association are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. The City'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.* The City's investment policy explicitly states that all securities purchased by the City shall be held in third-party safekeeping by the bank designated as the primary agent. A detailed receipt shall be issued by the primary agent (bank) for each security transaction, as well as a monthly report detailing all securities held by the Trust Department of this bank. Additionally, all trades, where applicable, will be executed by delivery versus payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian, as evidenced by safekeeping receipts, will hold securities. The Commission's policy does not allow investment in any security that would not be held in the Commission's name.

*Concentration of Credit Risk.* The City's and the Commission's investment policy limits the amount of the total portfolio that can be invested in any one type of investment or with a single financial institution. Investments making up more than 5% of the City's investments are as follows:

<u>Issuer</u>	<u>Amount</u>	<u>% of Investments</u>
US Treasuries	\$ 5,156,683	20.9%
Federal Home Loan Bank	330,692	1.3%
Federal Home Loan Mortgage Corporation	5,176,700	21.0%
Federal National Mortgage Association	13,966,635	56.8%

*Concentration of Credit Risk ("Commission").* The 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%; and NC and Local Government Securities with AAA rating or better – 20%. In addition, the Commission's investment policy limits the total amount that can be invested in any one agency, institution, or entity.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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*OPEB Trust Fund (City excluding the Commission).* At June 30, 2017, the City's OPEB Trust Fund had \$4,133,441 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 State Treasurer's OPEB Trust was invested as follows: State Treasurer's Short Term Investment Fund ("STIF") 54.64%; State Treasurer's Bond Index Fund ("BIF") 12.51% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 32.84% (with 100% in domestic securities).

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

*Credit Risk (OPEB).* The City does not have a formal investment policy regarding credit risk for the OPEB 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 term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

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

*Interest Rate Risk (Commission OPEB).* The 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 STIF is unrated and had a weighted average maturity of 1.6 years at June 30, 2017. The State Treasurer's BIF is unrated and had a weighted average maturity of 7.99 years at June 30, 2017.

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

Reconciliation of footnote to basic financial statements:

	<u>City</u>	<u>Commission</u>	<u>Total</u>
<b>Total per footnote:</b>			
Total investments	\$ 54,554,791	\$ 56,944,257	\$ 111,499,048
Cash	9,465,219	69,681,131	79,146,350
Certificates of deposit	1,066,494	500,000	1,566,494
Petty cash	25,792	6,550	32,342
Total	<u>\$ 65,112,296</u>	<u>\$ 127,131,938</u>	<u>\$ 192,244,234</u>
<b>Total per Statement of Net Assets:</b>			
Cash and investments - unrestricted			\$ 154,092,595
Cash and investments - restricted			<u>38,151,639</u>
			<u>\$ 192,244,234</u>

3. Receivables – Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2016 were as follows:

	<u>Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivables</u>
<b>Governmental Activities:</b>			
Taxes receivable	\$ 771,104	\$ 406,179	\$ 364,925
Accounts receivable:			
Rescue fees receivable	4,023,508	2,011,754	2,011,754
Lot cutting fees receivable	412,045	395,012	17,033
Parking violations receivable	208,035	180,060	27,975
Loans receivable	755,569	-	755,569
Other receivables	2,800,865	226,481	2,574,384
Due from other governments	2,981,486	-	2,981,486
Total governmental activities	<u>\$ 11,952,612</u>	<u>\$ 3,219,486</u>	<u>\$ 8,733,126</u>
<b>Business-Type Activities:</b>			
Greenville Utilities Commission	\$ 31,626,306	\$ 5,148,519	\$ 26,477,787
Other non-major enterprise	2,151,841	586,169	1,565,672
Due from other governments	3,029,231	-	3,029,231
Total business-type activities	<u>\$ 36,807,378</u>	<u>\$ 5,734,688</u>	<u>\$ 31,072,690</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

**4. Capital Assets**

*Primary Government.*

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

	Balance June 30, 2016	(1) Adjustments	Adjusted June 30, 2016	Additions	Deletions	Transfers/CIP	Balance June 30, 2017
<b>Governmental Activities</b>							
<b>Capital Assets Not Being Depreciated:</b>							
Land	\$ 40,882,628	\$ -	\$ 40,882,628	\$ -	\$ (47,173)	\$ -	\$ 40,835,455
Right-of-way easements	8,017,213	-	8,017,213	381,700	(71,396)	-	8,327,517
Construction in progress	33,767,849	(2,094,880)	31,672,969	7,131,494	(2,194,170)	(766,039)	35,844,254
Total capital assets not being depreciated	82,667,690	(2,094,880)	80,572,810	7,513,194	(2,312,739)	(766,039)	85,007,226
<b>Capital Assets Being Depreciated:</b>							
Buildings	60,562,554	-	60,562,554	2,126,355	-	1,166,477	63,855,386
Improvements	6,844,802	-	6,844,802	-	(77,043)	-	6,767,759
Intangible	614,860	2,125,382	2,740,242	-	-	-	2,740,242
Infrastructure	86,681,088	-	86,681,088	1,043,873	(209,925)	-	87,515,036
Vehicles	4,980,109	-	4,980,109	-	(345,125)	-	4,634,984
Machinery and equipment	17,342,142	-	17,342,142	321,539	(398,640)	-	17,265,041
Total capital assets being depreciated	177,025,555	2,125,382	179,150,937	3,491,767	(1,030,733)	1,166,477	182,778,448
<b>Less Accumulated Depreciation For:</b>							
Buildings	(32,772,747)	-	(32,772,747)	(1,985,426)	-	-	(34,758,173)
Improvements	(5,811,931)	-	(5,811,931)	(279,829)	77,043	-	(6,014,717)
Intangible	(521,961)	(2,125,382)	(2,647,343)	(33,746)	-	-	(2,681,089)
Infrastructure	(24,513,435)	-	(24,513,435)	(1,728,621)	146,948	-	(26,095,108)
Vehicles	(4,868,850)	-	(4,868,850)	(30,625)	345,125	-	(4,554,350)
Machinery and equipment	(13,850,282)	-	(13,850,282)	(1,266,962)	398,640	-	(14,718,604)
Total accumulated depreciation	(82,339,206)	(2,125,382)	(84,464,588)	(5,325,209)	967,756	-	(88,822,041)
Total capital assets being depreciated, net	94,686,349	-	94,686,349	(1,833,442)	(62,977)	1,166,477	93,956,407
Governmental activities capital assets, net	\$ 177,354,039	\$ (2,094,880)	\$ 175,259,159	\$ 5,679,752	\$ (2,375,716)	\$ 400,438	\$ 178,963,633
<b>Internal Service Fund:</b>							
<b>(reported in Governmental Activities)</b>							
<b>Capital Assets Not Being Depreciated:</b>							
Construction in progress	\$ 504,416	\$ -	\$ 504,416	\$ -	\$ (504,416)	\$ -	\$ -
Total capital assets not being depreciated	504,416	-	504,416	-	(504,416)	-	-
<b>Capital Assets Being Depreciated:</b>							
Building	591,562	-	591,562	311,600	-	-	903,162
Vehicles	22,114,184	-	22,114,184	4,015,724	(206,093)	-	25,923,815
Machinery and equipment	1,741,060	-	1,741,060	223,311	(17,311)	-	1,947,060
Improvements	85,211	-	85,211	-	-	-	85,211
Total capital assets being depreciated	24,532,017	-	24,532,017	4,550,635	(223,404)	-	28,859,248
<b>Less Accumulated Depreciation For:</b>							
Building	(59,378)	-	(59,378)	(34,978)	-	-	(94,356)
Vehicles	(13,458,849)	-	(13,458,849)	(2,039,314)	206,093	-	(15,292,070)
Machinery and equipment	(1,119,135)	-	(1,119,135)	(152,982)	17,311	-	(1,254,806)
Improvements	(11,023)	-	(11,023)	(6,462)	-	-	(17,485)
Total accumulated depreciation	(14,648,385)	-	(14,648,385)	(2,233,736)	223,404	-	(16,658,717)
Total capital assets being depreciated, net	9,883,632	-	9,883,632	2,316,899	-	-	12,200,531
Capital assets, net	\$ 10,388,048	\$ -	\$ 10,388,048	\$ 2,316,899	\$ (504,416)	\$ -	\$ 12,200,531

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 912,640
Public safety	1,145,815
Economic and Physical Development	45,746
Cultural and recreational	1,478,099
Transportation	14,288
Infrastructure	<u>1,728,621</u>
Total	<u>\$ 5,325,209</u>
General government - Internal Service Fund	<u>\$ 2,233,736</u>

*Business-type Activities.*

A summary of changes in the City's capital assets used in business-type activities follows. This schedule represents business-type activity capital assets managed by the City, excluding the Commission.

	Balance June 30, 2016	Adjustments	Adjusted June 30, 2016	Additions	Deletions	Transfers/CIP	Balance June 30, 2017
<b>Business-type Activities</b>							
<b>Capital Assets Not Being Depreciated:</b>							
Construction in progress	\$ 2,160,418	\$ -	\$ 2,160,418	\$ 683,803	\$ (81,490)	\$ (400,438)	\$ 2,362,293
Total capital assets not being depreciated	<u>2,160,418</u>	<u>-</u>	<u>2,160,418</u>	<u>683,803</u>	<u>(81,490)</u>	<u>(400,438)</u>	<u>2,362,293</u>
<b>Capital Assets Being Depreciated:</b>							
Buildings	407,664	-	407,664	-	-	-	407,664
Machinery and equipment	561,935	-	561,935	-	-	-	561,935
Vehicles	5,840,597	-	5,840,597	-	(549,513)	-	5,291,084
Infrastructure	8,016,401	-	8,016,401	143,115	(38,875)	-	8,120,641
Total capital assets being depreciated	<u>14,826,597</u>	<u>-</u>	<u>14,826,597</u>	<u>143,115</u>	<u>(588,388)</u>	<u>-</u>	<u>14,381,324</u>
<b>Less Accumulated Depreciation:</b>							
Buildings	(404,637)	-	(404,637)	(367)	-	-	(405,004)
Machinery and equipment	(546,076)	-	(546,076)	(10,806)	-	-	(556,882)
Vehicles	(4,700,789)	-	(4,700,789)	(191,510)	549,513	-	(4,342,786)
Infrastructure	(235,181)	-	(235,181)	(160,328)	27,213	-	(368,296)
Total accumulated depreciation	<u>(5,886,683)</u>	<u>-</u>	<u>(5,886,683)</u>	<u>(363,011)</u>	<u>576,726</u>	<u>-</u>	<u>(5,672,968)</u>
Total capital assets being depreciated, net	<u>8,939,914</u>	<u>-</u>	<u>8,939,914</u>	<u>(219,896)</u>	<u>(11,662)</u>	<u>-</u>	<u>8,708,356</u>
Business-type activity capital assets, net	<u>\$ 11,100,332</u>	<u>\$ -</u>	<u>\$ 11,100,332</u>	<u>\$ 463,907</u>	<u>\$ (93,152)</u>	<u>\$ (400,438)</u>	<u>\$ 11,070,649</u>

(1) As discussed in Note III. D., the City has reported a prior period adjustment related to capital assets.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

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

	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers/CIP</b>	<b>June 30, 2017</b>
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 3,628,897	\$ -	\$ -	\$ 4,011,423	\$ 7,640,320
Easements	66,405	37,666	-	-	104,071
Construction in progress	63,858,626	18,891,245	-	(60,676,252)	22,073,619
Total capital assets not being depreciated	<u>67,553,928</u>	<u>18,928,911</u>	<u>-</u>	<u>(56,664,829)</u>	<u>29,818,010</u>
<b>Capital Assets Being Depreciated:</b>					
Land improvements	2,854,344	28,044	-	-	2,882,388
General plant	12,905,002	105,724	-	-	13,010,726
Utility plant	131,386,159	914,750	-	32,300,176	164,601,085
Computer software	17,697,532	38,833	-	14,935,869	32,672,234
Vehicles and equipment	25,247,451	1,651,469	(37,520)	-	26,861,400
Distribution systems	424,184,795	7,722,793	-	9,428,784	441,336,372
Transmission systems	33,288,795	10,604	-	-	33,299,399
Computer hardware	3,177,541	72,545	-	-	3,250,086
Fiber optics	2,160,878	23,732	-	-	2,184,610
Total capital assets being depreciated	<u>652,902,497</u>	<u>10,568,494</u>	<u>(37,520)</u>	<u>56,664,829</u>	<u>720,098,300</u>
<b>Less Accumulated Depreciation For:</b>					
Land improvements	1,135,320	87,107	-	-	1,222,427
General plant	6,445,522	349,605	-	-	6,795,127
Utility plant	61,201,567	4,708,593	-	-	65,910,160
Computer software	8,150,143	1,884,079	-	-	10,034,222
Vehicles and equipment	21,118,856	1,662,476	(37,520)	-	22,743,812
Distribution systems	219,497,048	11,138,535	-	-	230,635,583
Transmission systems	21,910,341	927,587	-	-	22,837,928
Computer hardware	2,881,957	132,196	-	-	3,014,153
Fiber optics	1,124,605	109,229	-	-	1,233,834
Total accumulated depreciation	<u>343,465,359</u>	<u>20,999,407</u>	<u>(37,520)</u>	<u>-</u>	<u>364,427,246</u>
Total capital assets being depreciated, net	<u>309,437,138</u>	<u>(10,430,913)</u>	<u>-</u>	<u>56,664,829</u>	<u>355,671,054</u>
Net Capital Assets	<u>\$ 376,991,066</u>	<u>\$ 8,497,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,489,064</u>

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

*Construction Commitments (Commission).*

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

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

B. Liabilities

*Accounts Payable and Accrued Liabilities.*

Payables at the government-wide level at June 30, 2017 were as follows:

<u>Type of Payable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Trade payable	\$ 3,514,400	\$ 15,928,353
Accrued salaries and fringes	850,752	1,314,819
Other accrued expenses	-	1,765
Total	<u>\$ 4,365,152</u>	<u>\$ 17,244,937</u>

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The City of Greenville and the Commission are participating employers 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, calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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*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.

LGERS plan members who are law enforcement officers ("LEO") are eligible to retire with full retirement benefits at age 55 with five years of creditable service as a sworn officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as a sworn officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Greenville and Commission employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Greenville's contractually required contribution rate for the year ended June 30, 2017 was 8.00% of compensation for law enforcement officers and 7.32% for general employees and firefighters, 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. Contributions to the pension plan from the City of Greenville were \$2,865,867 for the year ended June 30, 2017. The Commission's contributions to LGERS were \$2,158,620 for the year ended June 30, 2017.

*Refunds of Contributions.* City 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, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (City of Greenville).***

At June 30, 2017, the City reported a liability of \$14,276,735 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the City's proportion was 0.673%, which was a decrease of 0.037% from its proportion measured as of June 30, 2015.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

For the year ended June 30, 2017, the City recognized pension expense of \$3,526,643. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 268,235	\$ 500,273
Net difference between projected and actual earnings on pension plan investments	7,893,237	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	854,591
Changes in assumptions	977,829	-
Contributions subsequent to the measurement date	2,865,867	-
Total	<u>\$ 12,005,168</u>	<u>\$ 1,354,864</u>

\$2,865,867 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ 1,022,194
2019	1,024,073
2020	3,556,839
2021	2,181,331
Total	<u>\$ 7,784,437</u>

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

Inflation	3.50%
Salary increases	3.50% to 7.75%, including inflation and productivity factor
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

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

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

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

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. 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 City's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 %, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
City's proportionate share of the net pension liability	<u>\$ 33,885,353</u>	<u>\$ 14,276,735</u>	<u>\$ (2,101,840)</u>

*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.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Commission).***

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

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

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

\$2,158,620 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

*Sensitivity of the Commission's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the Commission's proportionate share of the net pension asset calculated using the discount rate of 7.25%, as well as what the Commission's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

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

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

The City of Greenville administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	21
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	187
Total	<u>208</u>

A separate report is not issued for the plan.

2. *Summary of Significant Accounting Policies.*

*Basis of Accounting.* The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

3. *Actuarial Assumptions.*

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

Inflation	3.0%
Salary increases	3.50% to 7.3%, including inflation and productivity factor
Discount rate	3.86%

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month. On December 31, 2015, the Municipal Bond Index Rate was 3.57%. On December 31, 2016, the rate had increased to 3.86%.

Mortality rates are based on the RP-2014 Mortality tables projected forward generationally from the valuation date using MP-2015.

4. *Contributions.*

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$376,311 as benefits came due for the reporting period.

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

At June 30, 2017, the City reported a total pension liability of \$7,771,117. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$547,178.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	152,947
City benefit payments and plan administrative expense made subsequent to the measurement date	236,299	-
Total	<u>\$ 236,299</u>	<u>\$ 152,947</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

\$236,299 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ended June 30:</u></b>	
2018	\$ 30,468
2019	30,468
2020	30,468
2021	30,468
2022	30,468
Thereafter	607
	<u>\$ 152,947</u>

\$236,299 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the City's total pension liability to changes in the discount rate.* The following presents the City's total pension liability calculated using the discount rate of 3.8%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.8%) or 1-percentage-point higher (4.8%) than the current rate:

	<b><u>1% Decrease</u></b> <b><u>(2.86%)</u></b>	<b><u>Discount Rate</u></b> <b><u>(3.86%)</u></b>	<b><u>1% Increase</u></b> <b><u>(4.86%)</u></b>
Commission's proportionate share of the net pension liability	<u>\$ 8,423,210</u>	<u>\$ 7,771,117</u>	<u>\$ 7,173,256</u>

**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**

Beginning balance	\$ 7,753,711
Service cost	307,042
Interest on the total pension liability	270,090
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(183,415)
Benefit payments	(376,311)
Other changes	-
Ending balance of the total pension liability	<u>\$ 7,771,117</u>

The plan currently uses mortality tables that vary by age, 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.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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### c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers 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 for Law Enforcement Officers. 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.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$744,664, which consisted of \$555,077 from the City and \$189,587 from the law enforcement officers.

### d. Postemployment Benefits

*Deferred Compensation Plan.* The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation in the plan is at the option of the employee.

Investments are managed by the plan's trustee under one of four investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

### e. Other Postemployment Benefits

#### 1. *Healthcare Benefits Plan (City Except Commission)*

#### **Plan Description**

*Plan Description.* The City administers the City of Greenville Other Postemployment Benefits Plan (City OPEB Plan), a single-employer defined benefit plan for post-retirement healthcare 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 five years of service. Also, an employee is eligible for disability retirement when he/she has completed five 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 City, employees with a minimum of five continuous years of service with the City are eligible to continue insurance coverage. The City obtains post-65 healthcare and life insurance coverage through a private insurer and is self-funding the health insurance coverage for pre-65 retirees up to \$200,000 per person per year. The City Council may amend the benefit provisions. A separate report is not issued for the plan.

Management of the City's OPEB Plan is vested in the City Council.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

*Plan Membership.* Membership of the plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	252
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>690</u>
Total	<u><u>942</u></u>

*Benefits Provided.* Healthcare and prescription drugs are provided in the City's retiree healthcare plan. A retiree life insurance benefit of \$7,000 is provided to those retirees who were hired prior to August 1, 1975.

*Contributions.* The City's obligation to contribute to the post-retirement benefit plan is established and may be amended by the City Council. 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 healthcare 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 healthcare coverage for the retiree. Retirees who elect to have dependent healthcare coverage contribute 100% of the estimated cost of the 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 City continuing to pay the same dollars towards 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 City 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:

<u>Years of Service</u>	<u>Age at Retirement</u>	
	<u>55-59</u>	<u>60+</u>
20 - 24 years	50%	65%
25+ years	75%	95%

The City is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Council. For the current year, the City contributed \$2,180,113. The City OPEB Plan is accounted for as a trust fund.

**Investments**

*Investment Policy.* The City's policy in regard to the investment of funds is established and may be amended by the City Council. It is the policy of the Council to pursue an investment strategy that achieves a balance between risk and return. The Council's primary investment objectives, in priority order, are safety, liquidity, and yield. An Investment Advisory Committee provides recommendations to management. Investments are valued at fair value.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

As of the most recent adoption of the current long-term rate of return by the City OPEB Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Index Fund	35.00%	7.0%
Bond Index Fund	15.00%	7.0%
Short Term Investment Fund	50.00%	7.0%
Total	<u>100.00%</u>	

Note: The long-term expected return assumption prescribed by the Plan under the Plan's fiduciary responsibilities was based on the Plan's approximate return on investment since the OPEB Trust Fund's inception.

*Rate of Return.* For the year ended June 30, 2017, the annual money weighted rate of return on investments, net of investment expense, was 7.00%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the City**

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

Total OPEB liability	\$ 54,725,353
Plan fiduciary net position	<u>4,133,501</u>
City's net OPEB liability	<u>\$ 58,858,854</u>

Plan fiduciary net position as a percentage of the total OPEB liability	7.55%
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*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	7.00%
Municipal bond index rate	
Prior measurement date	3.01%
Measurement date	3.56%
Year fiduciary net position is projected to be depleted	
Prior measurement date	N/A
Measurement date	N/A

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

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Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	7.00%
Measurement date	7.00%
Healthcare cost trend rates	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

An expected TOL is determined as of June 30, 2017 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of June 30, 2016, subtracts the actual benefit payments and refunds for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost).

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

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

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

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

The long-term expected rate of return is based upon the historical returns of the Plan's investments, which have consistently approximated 7% for each of the previous 5 years. The Plan's administrator expects to continue to invest the Plan's assets as they have in the past, and therefore expects the long-term rate of return on OPEB plan investments to approximate 7%.

*Discount Rate.* The discount rate used to measure the TOL as of the Measurement Date was 7.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

Based on these assumptions, the Plan's FNP was projected to not be depleted.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net OPEB liability	<u>\$ 58,922,594</u>	<u>\$ 50,591,852</u>	<u>\$ 43,851,633</u>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 42,931,104</u>	<u>\$ 50,591,852</u>	<u>\$ 60,229,947</u>

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual Other Postemployment Benefit ("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 30 years.

The following table shows the components of the City's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 3,694,097
Interest on net OPEB obligation	1,485,476
Adjustments to annual contribution	<u>(1,234,674)</u>
Annual OPEB cost (expense)	3,944,899
Contribution made	<u>(2,180,113)</u>
Increase in net pension obligation	1,764,786
Net OPEB obligation, beginning of year	<u>21,221,090</u>
Net OPEB obligation, end of year	<u><u>\$ 22,985,876</u></u>

The net OPEB Obligation is allocated as follows:

Government activities	\$ 20,981,420
Nonmajor enterprise funds:	
Public Transportation Fund	479,326
Stormwater Utility Fund	457,539
Sanitation Fund	<u>1,067,591</u>
Total	<u><u>\$ 22,985,876</u></u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 3,386,982	40.79%	\$ 20,848,649
2016	3,454,185	89.20	21,221,090
2017	3,944,899	55.26	22,985,876

*Funded Status and Funding Progress.* As of June 30, 2016, the most recent actuarial valuation date, the plan was 8.2% funded. The actuarial accrued liability for benefits was \$51,553,375, and the actuarial value of assets was \$4,133,501, resulting in an unfunded actuarial accrued liability (UAAL) of \$48,206,447. The covered payroll (annual payroll of active employees covered by the plan) was \$38,523,575, and the ratio of the UAAL to the covered payroll was 125.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* In the June 30, 2016 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 6.8% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00% inflation assumption. The medical cost trend rate was 6.50%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at June 30, 2016 was 30 years.

**2. Healthcare Benefits Plan (Commission)**

**Plan Description**

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

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

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

Inactive plan members or beneficiaries currently receiving benefit payments	164
Inactive plan members entitled to but not yet receiving benefit payments	-
Active members	<u>448</u>
Total	<u><u>612</u></u>

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

*Contributions.* The Commission's obligation to contribute to the post retirement benefit plan is established and may be amended by the GUC 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 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 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:

<u>Years of Service</u>	<u>Age at Retirement</u>	
	<u>55-59</u>	<u>60+</u>
20 - 24 years	50%	65%
25+ years	75%	95%

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

Investments

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

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

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

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

Net OPEB Liability of the Commission

At June 30, 2017, the components of the net OPEB liability of the Commission were as follows:

Total OPEB liability (TOL)	\$ 44,678,833
Plan fiduciary net position (FNP)	3,156,311
Commission's net OPEB liability (NOL)	\$ 41,522,522

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

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	7.00%
Municipal bond index rate	
Prior measurement date	3.01%
Measurement date	3.56%
Year fiduciary net position is projected to be depleted	
Prior measurement date	2041
Measurement date	2041

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	4.18%
Measurement date	4.68%
Healthcare cost trend rates	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

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

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

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

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

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

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

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

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

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

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

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

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

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

*Annual OPEB Cost and Net OPEB Obligation.* The 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 30 years. The following table shows the components of the Commission's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Commission's net OPEB obligation for the post-retirement benefits:

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

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

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

Funded Status and Funding Progress

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

Actuarial Methods and Assumptions

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

2. Other Employment Benefits

The City has also 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 month’s salary in a row during the 24 months prior to the employee’s death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City 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. The City considers these contributions to be immaterial.

The City also offers a High Deductible Health plan with a Health Savings Account to which the City contributes \$500 for individual coverage and \$1,000 for employee plus one. Deductibles are set at \$1,500 for an individual and \$3,000 for employee plus one.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

3. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources are comprised of the following:

	<b>Deferred Outflows</b>		
	<b>Pension Deferrals</b>	<b>Unamortized Bond Refunding</b>	
Adjustment to Full Accrual	\$ 10,864,474	\$ 875,626	
Internal Service Fund	318,137	-	
Governmental Activities	<u>\$ 11,182,611</u>	<u>\$ 875,626</u>	
Enterprise Funds - City	\$ 1,058,856	\$ 77,165	
Enterprise Funds - Commission	8,327,797	2,159,524	
Business Type Activities	<u>\$ 9,386,653</u>	<u>\$ 2,236,689</u>	

	<b>Deferred Inflows</b>		<b>Unearned Revenue</b>
	<b>Pension Deferrals</b>	<b>Other</b>	<b>Connection Fees</b>
Property Tax Receivable	\$ -	\$ 208,551	
Other Receivables (general fund)	-	2,604,878	
Other Receivables (nonmajor governmental funds)	-	1,588,632	
Adjustment to Full Accrual	1,352,408	(4,402,061)	
Prepaid Property Taxes	-	19,723	
Internal Service Fund	35,904	-	
Governmental Activities	<u>\$ 1,388,312</u>	<u>\$ 19,723</u>	
Enterprise Funds - City	\$ 119,499	\$ -	\$ -
Enterprise Funds - Commission	329,008	-	418,231
Business Type Activities	<u>\$ 448,507</u>	<u>\$ -</u>	<u>\$ 418,231</u>

Unearned Revenue (Commission) 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 at the time the services were installed.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To mitigate the financial impact of any losses, the City has established a program to manage its financial risks through a self-funded arrangement in combination with purchased insurance. Liability exposures and workers' compensation claims are addressed in the self-funded program. Excess insurance (specific stop-loss coverage) is purchased through third-party sources to cover catastrophic losses that exceed our self-insured retention funding. Commercial coverage is carried by the City for property and liability coverage. The City's retention is on a per claim basis as follows:

<u>Coverages</u>	<u>Liability Coverage Limits</u>
Blanket property and person property	\$84,495,903
Crime	\$1,000,000
Excess liability (general, auto, public officials, law enforcement, firefighters, errors and omission, employer's liability)	\$1,000,000 / 2,000,000
Umbrella	\$4,000,000 / 4,000,000
Workers' compensation	Statutory
Workers' compensation employers' liability	\$1,000,000
Public employees' blanket bond	\$1,000,000
Public officials' bonds - Director of Financial Services	\$250,000

Due to the City being in an area close to a river, it is susceptible to flood damage; therefore, the City carries flood insurance through American Bankers Company for six of its off-site locations. The City has coverage of \$2,215,000 on the properties.

The City and Commission expanded its risk management program to account for and finance its uninsured risk of a loss in health insurance. Under this program, the City and Commission fund coverage up to a maximum of \$200,000 per person per year. The City purchases commercial insurance for amounts incurred in excess of the self-funded claims limits. The City and the Commission participate in this program and make payments to CIGNA Healthcare of North Carolina, Inc., the third-party administrator, based on the actuary estimates of the amounts needed to pay claims and to establish a reserve for catastrophic losses. Amounts withheld from employees and the City's operating funds are available to pay claims, claims reserve, and the administrative costs of the program.

For the City (except for Commission), the claims liability of \$1,799,000 reported in accounts payable in the Health Insurance Internal Service Fund at June 30, 2017 is based upon the requirements of Government Accounting Standards Board Statement No. 10, which requires that the liability for claims be reported if information prior to the issuance of the financial statements indicate it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in claims liability since inception are as follows:

	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning	\$ 1,735,000	\$ 1,745,000
Incurred claims and administrative costs	12,204,555	11,296,721
Claim and administrative payments	(12,140,555)	(11,306,721)
Unpaid claims, ending	<u>\$ 1,799,000</u>	<u>\$ 1,735,000</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

For the Commission, the medical claims liability of \$749,988 included in accounts payable and accrued expenses at June 30, 2017 is based upon the requirements of Government Accounting Standards Board Statement No. 10, which requires that the liability for claims be reported if information prior to the issuance of the financial statements indicate it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the balances of medical claims liabilities during the fiscal years ended June 30, 2017 and 2016 are as follows:

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

*Risk Management (Commission).* The Commission is exposed to various risks of loss. The Commission carries commercial coverage for these risks of loss. Through this coverage, the Commission obtains general liability and auto liability coverage of \$1 million per occurrence with a general aggregate of \$3 million, property coverage up to \$267 million for real and personal property, workers' compensation coverage up to the statutory limits, and umbrella liability of \$10 million.

The 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.

*Workers' Compensation, General Liability, and Auto Liability.* A limited risk management program to provide workers' compensation benefits to City employees is accounted for in the General Fund. The General Fund is reimbursed premium costs by other funds. The interfund premiums are based upon the claims experience of the insured funds and are used to reduce the amount of claims expenditure reported in the General Fund. An excess coverage insurance policy provides for individual claims in excess of \$600,000. The program is accounted for in the General Fund, and premium costs are reimbursed by other funds. The "commercial general liability" and the "auto liability protection" are part of the excess liability policy.

Total reserves were \$888,221.

	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning	\$ 766,753	\$ 903,037
Incurred claims and administrative costs	305,890	940,895
Claim and administrative payments	<u>(184,422)</u>	<u>(1,077,179)</u>
Unpaid claims, ending	<u>\$ 888,221</u>	<u>\$ 766,753</u>

All reserves and estimated claims reported, but not paid, are reported as part of the commitment for loss reserve within the General Fund.

*Fidelity Bonding of Finance Officer and Tax Collector.* In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Finance Officer for the City of Greenville and the Tax Collector for Pitt County are bonded for \$250,000 each. For all other individuals who handle or have in their custody more than \$100 of the City's funds at any time, or who have access to inventories for the City, are bonded under a blanket bond of \$250,000 per incident.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

The Commission's employees that have access to \$100 or more at any given time of the Commission's funds are bonded under a blanket bond for \$500,000. The Chief Financial Officer is individually bonded for \$50,000.

For the City and the Commission, there have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in the past three fiscal years.

5. Claims, Judgments, and Contingent Liabilities

At June 30, 2017, the City, including the Commission, was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

6. Long-Term Obligations

a. Installment Purchase Contracts

A summary of the installment purchase contracts serviced by the City is as follows:

<u>Governmental Activities</u>	<u>Governmental Funds</u>
2012 Installment Purchase Contract, \$19,950,000 original issue, due in semi-annual installments of \$500,000 to \$1,040,000 through 2025, plus interest at 1.59%.	\$ 9,660,000
2012 Installment Purchase Contract, \$2,591,372 original issue, due in quarterly installments of \$29,987 to \$61,004 through 2029, plus interest at 2.42%.	2,200,100
2013 Installment Purchase Contract, \$4,997,546 original issue, due in semi-annual installments of \$169,292 to \$255,014 through 2029, plus interest at 3.25%.	3,994,330
2016 Installment Purchase Contract, \$2,100,000 original issue, due in semi-annual installments of \$70,000 to \$75,000 through 2030, plus interest at 2.65%.	1,875,000
2016 Installment Purchase Contract, \$1,500,000 original issue, due in semi-annual installments of \$75,000 through 2027, plus interest at 1.98%.	1,425,000
Total Governmental Activities	<u>\$ 19,154,430</u>
<u>Business-Type Activities</u>	<u>Sanitation Fund</u>
2013 Installment Purchase Contract, \$315,000 original issue, due in semi-annual installments of \$45,000 to \$51,831 through 2020, plus interest at 2.53%.	\$ 180,000
2014 Installment Purchase Contract, \$360,000 original issue, due in semi-annual installments of \$52,145 to \$56,450 through 2022, plus interest at 2.79%.	257,140
2015 Installment Purchase Contract, \$425,000 original issue, due in semi-annual installments of \$61,548 to \$66,558 through 2022, plus interest at 2.75%.	364,290
Total Business-Type Activities	<u>\$ 801,430</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

Annual debt service requirements to maturity for the City's installment purchase contracts are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 2,624,205	\$ 401,612	\$ 3,025,817
2019	2,576,922	351,062	2,927,984
2020	2,534,911	301,270	2,836,181
2021	1,903,179	254,387	2,157,566
2022	1,876,735	215,052	2,091,787
2023-2027	6,197,738	552,236	6,749,974
2028-2032	1,440,740	54,199	1,494,939
Total	\$ 19,154,430	\$ 2,129,818	\$ 21,284,248

Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 157,142	\$ 20,194	\$ 177,336
2019	157,142	15,951	173,093
2020	157,142	11,708	168,850
2021	157,142	7,465	164,607
2022	112,142	3,222	115,364
2023-2027	60,720	835	61,555
Total	\$ 801,430	\$ 59,375	\$ 860,805

b. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

<u>General Fund Obligation Bonds</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Serviced by the City:		
2011 Public Improvement, Series 2011, \$3,225,000 original issue due in annual installments of \$160,000 to \$165,000 through 2031, plus interest from 2.0% to 4.0%.	\$ 2,240,000	\$ -
2016 Public Improvement, Series 2016, refunding bonds, 10,050,000 original issue due in annual installments of \$70,000 to \$1,000,000 through 2027, plus interest at 1.89%.	5,591,616	3,493,384
2016 Street and Pedestrian Transportation, Series 2016, \$8,000,000 original issue due in annual installments of \$400,000 through 2036	8,000,000	-
General Obligation Bonds	15,831,616	3,493,384
Add unamortized premium	678,752	-
Total General Obligation Bonds	\$ 16,510,368	\$ 3,493,384

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending June 30,	Governmental Funds			Nonmajor Enterprise Funds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,166,230	\$ 521,919	\$ 1,688,149	\$ 378,770	\$ 66,028	\$ 444,798
2019	1,160,075	492,461	1,652,536	374,925	58,869	433,794
2020	1,147,766	458,320	1,606,086	367,234	51,783	419,017
2021	1,175,462	422,411	1,597,873	384,538	44,842	429,380
2022	1,123,148	385,979	1,509,127	351,852	37,574	389,426
2023-2027	5,418,935	1,398,333	6,817,268	1,636,065	91,138	1,727,203
2028-2032	2,640,000	649,000	3,289,000	-	-	-
2033-2037	2,000,000	188,000	2,188,000	-	-	-
Total	<u>\$ 15,831,616</u>	<u>\$ 4,516,423</u>	<u>\$ 20,348,039</u>	<u>\$ 3,493,384</u>	<u>\$ 350,234</u>	<u>\$ 3,843,618</u>

c. Special Obligation Revenue Bonds

The City has also issued revenue bonds and pledges the income derived from the acquired or constructed assets to pay debt service. A summary of the City's special obligation revenue bonds is as follows:

2011 Refunding Special Obligation Revenue Bonds, \$4,290,000 original issue, due in annual installments of \$325,000 to \$490,000 through 2021, plus interest at 2.89%.	\$ 1,880,000
2015 Refunding Special Obligation Revenue Bonds \$4,200,000 original issue, due in annual installments of \$20,000 to \$663,398 through 2027, plus interest at 3.25%.	4,080,000
Total Special Obligation Bonds	<u>\$ 5,960,000</u>

Annual debt service requirements to maturity for the City's special obligation revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 525,000	\$ 186,932	\$ 711,932
2019	555,000	171,490	726,490
2020	585,000	155,126	740,126
2021	615,000	137,824	752,824
2022	565,358	119,600	684,958
2023-2027	3,114,642	310,150	3,424,792
Total	<u>\$ 5,960,000</u>	<u>\$ 1,081,122</u>	<u>\$ 7,041,122</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

The City has pledged net occupancy tax revenues and other replacement revenues to repay these revenue bonds, of which \$5,960,000 is currently outstanding. These bonds are a combination of fiscal year 2015 proceeds for a new expansion to the convention center, and the proceeds from the 2011 bonds which refinanced the previous 2001 Series Bonds, those proceeds were for the construction, furnishing, and equipping of a Convention Center. The bonds are payable solely from proceeds from Occupancy Tax Collections and are payable through 2027. Annual principal and interest payments on the debt are expected to require 4% of gross Occupancy Tax. The total principal and interest remaining to be paid on the bonds is \$7,041,122. Principal and interest paid for the current year bonds, debt service revenues from occupancy tax, and total Occupancy Tax were \$696,568, \$1,147,274, and \$2,294,548, respectively.

d. Changes in Long-Term Obligations

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

	Balance July 1, 2016	(2) Adjustment	Adjusted July 1, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
<b>Governmental Activities</b>							
General obligation bonds	\$ 8,667,310	\$ -	\$ 8,667,310	\$ 8,000,000	\$ 835,694	\$ 15,831,616	\$ 1,166,230
Special obligation revenue	6,455,000	-	6,455,000	-	495,000	5,960,000	525,000
Installment purchase contracts	20,251,182	-	20,251,182	1,500,000	2,596,752	19,154,430	2,624,205
LEO separation allowance	2,660,463	(2,660,463)	-	-	-	-	-
Net pension liability (LGERS)	2,899,138	-	2,899,138	10,118,389	-	13,017,527	-
Total pension liability (LEO)	-	7,753,711	7,753,711	17,406	-	7,771,117	-
OPEB accrued liability	19,325,614	-	19,325,614	1,655,806	-	20,981,420	-
Compensated absences	2,808,656	-	2,808,656	2,387,358	2,324,341	2,871,673	2,010,171
	<u>\$ 63,067,363</u>	<u>\$ 5,093,248</u>	<u>68,160,611</u>	<u>23,678,959</u>	<u>6,251,787</u>	<u>85,587,783</u>	<u>\$ 6,325,606</u>
Add unamortized premium			-	696,156	17,404	678,752	
Total governmental			<u>\$ 68,160,611</u>	<u>\$ 24,375,115</u>	<u>\$ 6,269,191</u>	<u>\$ 86,266,535</u>	
<b>Business-type Activities</b>							
<i>Managed by the City</i>							
General obligation bonds	\$ 3,837,690	\$ -	\$ 3,837,690	\$ -	\$ 344,306	\$ 3,493,384	\$ 378,770
Installment purchase contracts	958,572	-	958,572	-	157,142	801,430	157,142
Net pension liability (LGERS)	286,728	-	286,728	972,480	-	1,259,208	-
OPEB accrued liability	1,895,476	-	1,895,476	108,980	-	2,004,456	-
Compensated absences	213,162	-	213,162	181,189	187,314	207,037	144,925
Total	<u>7,191,628</u>	<u>-</u>	<u>7,191,628</u>	<u>1,262,649</u>	<u>688,762</u>	<u>7,765,515</u>	<u>680,837</u>
<i>Managed by Commission</i>							
Revenue bonds	93,651,999	-	93,651,999	-	8,031,400	85,620,599	7,213,799
Other types of debt	36,587,040	-	36,587,040	4,389,733	2,389,494	38,587,279	2,602,874
Discounts and premiums	10,076,335	-	10,076,335	-	427,137	9,649,198	-
Compensated absences	2,085,011	-	2,085,011	1,897,443	1,719,020	2,263,434	1,595,343
Other postemployment benefits	12,115,238	-	12,115,238	331,766	-	12,447,004	-
Net pension liability (LGERS)	1,880,087	-	1,880,087	7,509,123	-	9,389,210	-
Total long-term liabilities	<u>156,395,710</u>	<u>-</u>	<u>156,395,710</u>	<u>14,128,065</u>	<u>12,567,051</u>	<u>157,956,724</u>	<u>11,412,016</u>
Total business-type	<u>\$163,587,338</u>	<u>\$ -</u>	<u>\$163,587,338</u>	<u>\$ 15,390,714</u>	<u>\$ 13,255,813</u>	<u>\$165,722,239</u>	<u>\$ 12,092,853</u>

(2) As discussed in Note III.D., the City has reported a prior period adjustment related to long-term obligations. The net pension obligation typically has been liquidated by the General Fund. Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

7. Long-Term Obligations (Commission)

a. Debt Serviced by the Electric Fund

1. *Revenue Bonds*

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

Revenue bonds outstanding at year-end are as follows:

<u>Description</u>	<u>Amount</u>
Series 2008A Revenue Bonds with an original issue amount of \$3,903,762, due in annual installments with varying interest rates from 4.0% to 5.0%, final payment will be made on November 1, 2019.	\$ 18,484
Series 2008A Refunding Revenue Bonds with an original issue amount of \$1,084,583, issued to refund a portion of the Series 1998 Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2018.	274,185
Series 2008A Refunding Revenue Bonds with an original issue amount of \$605,347, issued to refund a portion of the Series 2000A Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2020.	208,466
Series 2008B Taxable Revenue Bonds with an original issue amount of \$4,130,000, due in annual installments with varying interest rates from 5.3% to 5.78%, final payment will be made on November 1, 2018.	1,020,000
Series 2010 Refunding Revenue Bonds with an original issue amount of \$3,902,210, issued to refund a portion of the Series 2001 Revenue Bonds, due in annual installments with an interest rate of 2.51%, final payment will be made on September 1, 2021.	2,044,183
Series 2013 Refunding Revenue Bonds with an original issue amount of \$283,932, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018.	53,261
Series 2013 Refunding Revenue Bonds with an original issue amount of \$6,182,959, issued to refund the Series 2007 Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2027.	4,365,153

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

Series 2016 Revenue Bonds with an original issue amount of \$22,679,530, due in annual installments 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 installments with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2026.	1,234,646
Series 2016 Revenue Bonds with an original issue amount of \$3,470,208, issued to refund the Series 2008A Revenue Bonds, due in annual installments with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2034.	<u>3,457,141</u>
	<u>\$35,364,049</u>

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

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 1,738,005	\$ 1,351,606	\$ 3,089,611
2019	2,094,743	1,288,196	3,382,939
2020	1,432,837	1,221,061	2,653,898
2021	2,072,146	1,174,833	3,246,979
2022	1,663,742	1,096,140	2,759,882
2023-2027	6,510,674	4,795,717	11,306,391
2028-2032	4,749,691	3,569,296	8,318,987
2033-2037	5,014,524	2,342,875	7,357,399
2038-2042	5,210,124	1,509,003	6,719,127
2043-2046	4,877,563	497,420	5,374,983
Total	<u>\$ 35,364,049</u>	<u>\$ 18,846,147</u>	<u>\$ 54,210,196</u>

**2. Purchased Power Contract**

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

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

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

b. Debt Serviced by Water Fund

1. *Revenue Bonds*

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

Revenue bonds outstanding at year-end are as follows:

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

Series 2016 Revenue Bonds with an original issue amount of \$711,915, issued to refund the Series 2005 Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2026. 646,656

Series 2016 Revenue Bonds with an original issue amount of \$7,571,332, issued to refund a portion of the Series 2008A Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2034. 7,542,823

\$16,964,069

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

2. *Other Types of Debt*

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

The Commission's drinking water loans outstanding at year-end are as follows:

Description	Amount
2.205% Drinking Water State Revolving Fund loan issued in 2004 to finance an inter-basin transfer analysis and the construction of a major water main, \$4,014,597 authorized and \$3,884,913 drawn to date, due in annual installments of \$194,246 with a final payment on May 1, 2030.	\$ 2,525,194
2.50% Drinking Water State Revolving Fund loan issued in 2009 to finance improvements to the raw water pump station of the water treatment plant, \$460,425 authorized and \$460,425 drawn to date, due in annual installments of \$23,021 with a final payment on May 1, 2033.	368,340

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

2.50% Drinking Water State Revolving Fund loan issued in 2010 to finance the construction of a new water main, \$300,055 authorized and \$269,492 drawn to date, due in annual installments of \$13,475 with a final payment on May 1, 2030. 175,170

2.01% Drinking Water State Revolving Fund loan issued in 2009 to finance improvements to the raw water pump station of the water treatment plant, \$1,442,000 authorized and \$1,291,496 drawn to date, due in annual installments of \$64,575 with a final payment on May 1, 2033. 1,033,197

\$ 4,101,901

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

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

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 Commission's ARRA loans outstanding at year-end are as follows:

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

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

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

c. Debt Serviced by the Sewer Fund

1. *Revenue Bonds*

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

Revenue bonds outstanding at year-end are as follows:

<u>Description</u>	<u>Amount</u>
Series 2008A Revenue Bonds with an original issue amount of \$10,300,362, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2019.	\$ 610,643
Series 2008A Refunding Revenue Bonds with an original issue amount of \$4,219,963, issued to refund a portion of the Series 1998 Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2018.	1,066,818
Series 2010 Refunding Revenue Bonds with an original issue amount of \$2,172,644, issued to refund a portion of the Series 2001 Revenue Bonds, due in annual installments with an interest rate of 2.51%, final payment will be made on September 1, 2021.	1,138,146
Series 2013 Refunding Revenue Bonds with an original issue amount of \$2,235,254, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018.	419,295
Series 2013 Refunding Revenue Bonds with an original issue amount of \$6,292,200, issued to refund the 2.57% Clean Water State Revolving Fund Loan, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2020.	2,306,300

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

Series 2016 Revenue Bonds with an original issue amount of \$4,719,168, due in annual installments 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 installments with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2026.	1,924,697
Series 2016 Revenue Bonds with an original issue amount of \$6,911,365, issued to refund a portion of the Series 2008A Revenue Bonds, due in annual installments with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2034.	<u>6,885,340</u>
	<u><u>\$19,070,407</u></u>

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

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 2,403,149	\$ 759,641	\$ 3,162,790
2019	2,102,383	685,354	2,787,737
2020	1,547,400	630,090	2,177,490
2021	1,231,125	583,366	1,814,491
2022	899,598	527,536	1,427,134
2023-2027	3,469,878	2,170,425	5,640,303
2027-2031	3,218,990	1,352,224	4,571,214
2033-2037	2,098,833	567,245	2,666,078
2037-2041	1,084,125	313,994	1,398,119
2043-2046	1,014,926	103,503	1,118,429
Total	<u>\$ 19,070,407</u>	<u>\$ 7,693,378</u>	<u>\$ 26,763,785</u>

**2. 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 non-point 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 20 years. The Commission's CWSRF loans outstanding at year-end are as follows:

<b>Description</b>	<b>Amount</b>
2.48% Clean Water State Revolving Fund loan issued in 2008 to finance upgrades to the electrical and SCADA systems at the wastewater treatment plant, \$13,851,680 authorized and \$13,761,629 drawn to date, due in annual installments of \$688,081 with a final payment on May 1, 2030.	\$ 8,945,059
2.455% Clean Water State Revolving Fund loan issued in 2011 to finance the construction of a regional pump station and force main, \$9,241,586 authorized and \$8,866,000 drawn to date, due in annual installments of \$443,300 with a final payment on May 1, 2032.	6,649,500

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

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2.455% Clean Water State Revolving Fund loan issued in 2011 to finance the construction of a regional pump station and force main, \$13,987,369 authorized and \$13,649,668 drawn to date, due in annual installments of \$682,483 with a final payment on May 1, 2033.	10,919,734
0.0% Clean Water State Revolving Fund loan issued in 2013 to finance the energy efficiency replacement and upgrade to the wastewater treatment plant ultraviolet disinfection system, \$2,198,250 authorized and \$1,806,103 drawn to date, due in annual installments of \$92,156 with a final payment on May 1, 2036.	1,738,202
2.0% Clean Water State Revolving Fund loan issued in 2017 to finance pump station upgrades, \$6,176,450 authorized and \$3,764,772 drawn to date, due in annual installments of \$188,239 with a final payment on May 1, 2037.	3,764,772
1.66% Clean Water State Revolving Fund loan issued in 2017 to finance improvements to the wastewater treatment plant air distribution system, \$1,718,086 authorized and \$587,950 drawn to date, due in annual installments of \$29,398 with a final payment on May 1, 2038.	<u>587,950</u>
	<u>\$32,605,217</u>

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

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

The 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 Commission and the Town of Bethel each financed portions of the infrastructure constructed to connect the Town of Bethel's collection system to the 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 Commission at the time the treatment service began and the Commission is paying the Town of Bethel for the asset over a term of 20 years. At June 30, 2017, \$908,289 of the inter-local agreement remained outstanding. The inter-local agreement carries an effective interest rate of 5.53% and is payable in annual installments of \$151,382 with a final principal payment on May 1, 2023.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

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

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

d. Debt Serviced by the Gas Fund

1. *Revenue Bonds*

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

Revenue bonds outstanding at year-end are as follows:

<b>Description</b>	<b>Amount</b>
Series 2008A Revenue Bonds with an original issue amount of \$1,029,743, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2019.	\$ 66,388
Series 2008A Refunding Revenue Bonds with an original issue amount of \$1,237,204, issued to refund a portion of the Series 1998 Revenue Bonds, due in annual installments with varying interest rates from 3.5% to 5.0%, final payment will be made on November 1, 2018.	312,769
Series 2010 Refunding Revenue Bonds with an original issue amount of \$3,234,480, issued to refund a portion of the Series 2001 Revenue Bonds, due in annual installments with an interest rate of 2.51%, final payment will be made on September 1, 2021.	1,694,391
Series 2013 Refunding Revenue Bonds with an original issue amount of \$1,123,849, issued to refund the Series 2003B Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2018.	210,814

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

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Series 2013 Refunding Revenue Bonds with an original issue amount of \$1,487,041, issued to refund the Series 2007 Revenue Bonds, due in annual installments with an interest rate of 1.84%, final payment will be made on May 1, 2027.	1,049,847
Series 2016 Revenue Bonds with an original issue amount of \$10,253,170, due in annual installment with varying interest rates from 3.0% to 5.0%, final payment will be made on April 1, 2046.	10,253,170
Series 2016 Revenue Bonds with an original issue amount of \$637,094, issued to refund a portion of the Series 2008A Revenue Bonds, due in annual installment with varying interest rates from 2.0% to 5.0%, final payment will be made on April 1, 2034.	<u>634,695</u>
	<u><u>\$14,222,074</u></u>

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

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

*2. Rate Covenants (Commission)*

The 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 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, 2017 is as follows:

Operating revenues	\$ 246,005,844
Operating expenses <sup>1</sup>	<u>(206,715,407)</u>
Operating income	39,290,437
Nonoperating revenues:	
Miscellaneous revenues <sup>2</sup>	1,924,848
Interest income <sup>2</sup>	<u>48,657</u>
Income available for service	<u>\$ 41,263,942</u>
Parity debt service (principal and interest paid) <sup>3</sup>	\$ 9,826,196
Parity debt service coverage ratio	424%
Subordinate and other debt service (principal and interest paid)	\$ 3,255,331
Subordinate and other debt service coverage ratio	977%

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

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

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

**Advance Refunding**

On June 14, 2016, the 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.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

C. Interfund Balances and Activity

1. Due to/From Other Funds

Balances due to/from other funds at June 30, 2017 consist of the following:

Receivable Fund	Payable Fund								Total
	General Fund	Nonmajor Governmental	Electric Fund	Water Fund	Sewer Fund	Gas Fund	Nonmajor Enterprise	Internal Service Funds	
General Fund	\$ -	\$ 481,185	\$ 63,007	\$ 66,117	\$ 41,367	\$ 7,308	\$ -	\$ 928,697	\$ 1,587,681
Nonmajor Governmental	-	-	-	-	-	-	98,767	-	98,767
Nonmajor Enterprise	-	-	-	120,223	-	-	-	-	120,223
Internal service funds	-	333	-	-	-	-	-	-	333
Total	\$ -	\$ 481,518	\$ 63,007	\$ 186,340	\$ 41,367	\$ 7,308	\$ 98,767	\$ 928,697	\$ 1,807,004

Amounts due to/from the various funds of the government were primarily for the transfer of cash to fund operating shortfalls. As of June 30, 2017, the City's general fund reported an additional \$227,426 due to the Commission for utility services. The Commission reports this amount in its Accounts Receivable, net on the Statement of Net Position with other sales receivables related to its core business. Additionally, the electric fund reported an additional \$6,337 due to the City for certain shared services. The City reports this amount in its Accounts Receivable, net on the Statement of Net Position with other miscellaneous receivables for various services the City provides.

2. Interfund Transfers

Transfers to/from other funds at June 30, 2017 consist of the following:

Transfers In	Transfers Out						Total
	Major General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Electric	Gas	Internal Service Funds	
General Fund	\$ -	\$ 33,246	\$ 53,372	\$ 5,187,558	\$ 1,474,341	\$ -	\$ 6,748,517
Nonmajor governmental funds	11,848,032	122,153	104,000	-	-	-	12,074,185
Nonmajor enterprise funds	572,269	-	-	-	-	-	572,269
Internal service funds	1,590,000	-	237,816	-	-	-	1,827,816
Total of fund transfers	14,010,301	155,399	395,188	5,187,558	1,474,341	-	21,222,787
Governmental Wide-governmental activities	-	-	400,438	-	-	-	400,438
Total	\$ 14,010,301	\$ 155,399	\$ 795,626	\$ 5,187,558	\$ 1,474,341	\$ -	\$ 21,623,225

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

Transfers consisted primarily of transfers from the Electric Fund and Gas Fund to the General Fund for turnover and street lighting; transfers from the General Fund to nonmajor governmental funds to cover operating, debt service, and capital expenditures by those funds; transfers from the General Fund to the nonmajor enterprise funds and Internal Service Fund for operations; transfers from the nonmajor enterprise funds to nonmajor governmental funds for storm water repairs; and transfers from the nonmajor governmental funds and nonmajor enterprise funds to the General Fund and to cover capital expenditures. A nonmajor enterprise fund transferred capital assets to the general government (capital assets – governmental activities). The computation of the transfers from the electric and gas funds to the general fund 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. The Electric Fund reported an additional \$2,989 as transferred to the General Fund. The General Fund reported this amount as a reduction of utility expenses in the Statement of Activities.

The transfer of a \$400,438 noncash asset from the nonmajor enterprise fund to the Governmental Activities is reported in the enterprise fund as a loss on disposal of asset in the fund statements. Under modified accrual accounting it is not possible to report the receipt of the transferred asset in a governmental fund. Therefore, the transfer is only reported as a transfer in the governmentwide Statement of Activities.

**D. Prior Period Adjustment**

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 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*, in the fiscal year ended June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ended December 31, 2016). Additionally, the City no longer reports a net pension obligation for the Law Enforcement Officers' Special Separation Allowance. As a result of these changes, net position for the governmental activities decreased \$5,093,248. The City also implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, for the City and Commission OPEB plans. The implementation of this statement resulted in certain changes to presentation and disclosure related to the City and Commission Other Postemployment Benefit plans but had no effect on net position.

At the end of fiscal year 2017, management performed their annual evaluation of construction in progress ("CIP"). Discovery was made that a certain project was still included in CIP that was actually placed in service several years ago as a result of a misunderstanding of the facts related to the project. Had the project been capitalized several years ago when it was placed in service, it would have been fully depreciated by June 30, 2016. As a result, management adjusted the capital asset records to reflect a more appropriate accounting treatment of these costs.

The effects of these changes on net position are presented below:

	<b>Governmental Activities</b>
Beginning net position, as previously reported	\$ 201,621,392
Restatement	<u>(7,188,128)</u>
Net position, beginning of year – July 1, as restated	<u>\$ 194,433,264</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2017

**E. On-Behalf Payments for Fringe Benefits and Salaries**

For the fiscal year ended June 30, 2017, the City of Greenville has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$32,461 for the 100 employed firemen who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

Also, the City has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$24,911 for the salary supplement and stipend benefits paid to eligible firemen by the local Board of Trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2017. Under State law the local Board of Trustees for the Fund receives an amount each year, which the Board may use at its own discretion for eligible firemen or their departments.

**F. Net Investment in Capital Assets**

At June 30, 2017, net investment in capital assets is computed as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net of accumulated depreciation	<u>\$ 191,164,164</u>	<u>\$ 396,559,713</u>
Less capital debt:		
Gross debt	40,946,046	137,350,460
Less:		
Unamortized bond refunding charges	(875,626)	(2,236,689)
Unexpended debt proceeds	<u>(9,281,178)</u>	<u>(12,876,447)</u>
Net capital debt	<u>30,789,242</u>	<u>122,237,324</u>
Capital assets, net of related debt	<u><u>\$ 160,374,922</u></u>	<u><u>\$ 274,322,389</u></u>

**IV. Jointly Governed Organization**

*Pitt-Greenville Convention and Visitors Authority.* The City Council appoints five members of the eleven-member Board of the Pitt-Greenville Convention and Visitors Authority (the "Visitors Authority"). The City's accountability is to approve the annual budget along with Pitt County. The City does not contribute funds to the Visitors Authority. The Visitors Authority's operating funds are derived from a hotel and motel occupancy tax levied by Pitt County. The City has no other fiscal responsibility for the Visitors Authority.

*North Carolina Eastern Municipal Power Agency.* The City, in conjunction with 32 other local governments, is a member of the North Carolina Eastern Municipal Power Agency (the "Agency"). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing Board. The 32 members who receive power from the Agency have signed power sales agreements to purchase a specified share of the power generated by the Agency. The Greenville Commission has the right to 16.13% of the combined generating capacity of the agency and is obligated to pay its relative share of the agency's debt. This contract constitutes an obligation of our Enterprise Fund, the Commission, to make debt service payments from operating revenues. It is not included as an obligation, but is included as a component of its power supply expenses. The Commission's share of the Agencies debt at June 30, 2016 was approximately \$78.7 million.

# CITY OF GREENVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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### **V. Joint Ventures**

*Convention Center.* The City is a participant with Pitt County in a joint venture to purchase and develop property to be used as a convention center. Upon dissolution, the assets would be shared in proportion to each sponsor's original contribution. The City's initial contribution totaled \$1,200,000 which represents three-fifths of the total contribution. In April 2003, the City issued \$6.8 million of Special Obligation Revenue Bonds for the construction of the convention center. The balance of \$4,292,944 of the bonds was refunded during fiscal year 2012 to a lower interest rate. During fiscal year 2015, \$4,200,000 was issued for another round of expansion at the convention center. This debt will be repaid through the collection of hotel and motel occupancy tax. Other than the repayment of the debt, the City has no responsibility for the operations of the convention center. The convention center opened in May 2003 and is operated by an independent management firm. Pitt County, not the City, is responsible for the operating and maintenance costs of the convention center.

*Pitt-Greenville Airport Authority.* The City is a participant with Pitt County (the "County") and other participants in a joint venture to operate Pitt-Greenville Airport Authority (the "Airport Authority") for the joint benefit of all participants. Upon dissolution of the Airport Authority, the assets would be shared in proportion to each sponsor's original contribution. The City's initial contribution totaled \$3,250 which represents one-half of the total contribution. The Airport Authority is governed by an eight-member Board; four from the City and four from the County. All participants are obligated to contribute funds on an annual basis, as needed, to enable the Airport Authority to operate the airport. The City contributed \$61,020 to the Airport Authority during the fiscal year ended June 30, 2017. The City has a 50% equity interest in the joint venture; therefore, an equity interest of \$21,758,729 has been reflected in the government-wide financial statements at June 30, 2017. Complete financial statements for the Airport Authority can be obtained from the Airport Authority's Administrative Office at Airport Road, P.O. Box 671, Greenville, North Carolina, 27835.

### **VI. Related Organization**

*Greenville Housing Authority.* The Mayor appoints the seven-member board of the Greenville Housing Authority. The City's accountability does not extend beyond making these appointments.

### **VII. Summary Disclosure of Significant Contingencies**

#### **A. Federal and State Assisted Programs**

The City 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 potential refund of grant monies.

### **VIII. Arbitrage (City and Commission)**

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 Commission must rebate to the Federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2017, the City and Commission had no arbitrage liabilities.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2017*

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**IX. Natural Gas contracts (Commission)**

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

The Commission secures its natural gas supplies through various marketers and uses marketing firms to buy and sell natural gas contracts on its behalf. The Commission typically enters into contracts whereby it purchases and fixes a portion of its gas supply in advance. At June 30, 2016, the Commission has commitments to take delivery on a total of 920,000 MMBtu's at fixed prices ranging from \$2.54 to \$3.10 per MMBtu and in varying amounts from July 2017 through December 2018. In addition, the Commission has commitments to take delivery on 1,084,000 additional MMBtu's per month during the period July 2017 through December 2018 for which a price has not yet been fixed.

The Commission entered into a Supplemental Service and Construction Agreement with PNG effective November 1, 2014 for a period of five years. Under the terms of the contract the Commission will pay additional demand charges to cover the costs of upgrades to the 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 Commission entered a 15-year agreement with Patriots Energy Group (PEG), effective February 1, 2007 to purchase 20% of the Commission's firm volumes (2,000 dekatherms per day during the winter period, November through March). The 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.

**X. Significant effects of subsequent events**

Management has evaluated subsequent events through October 31, 2017, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# **Required Supplemental Statements**

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule A-1**

*YEAR ENDED JUNE 30, 2017*

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Beginning balance	\$ 7,753,711
Service cost	307,042
Interest on the total pension liability	270,090
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(183,415)
Benefit payments	(376,311)
Other changes	-
Ending balance of the total pension liability	<u>\$ 7,771,117</u>

Note: Amounts for each fiscal year are determined as of December 31.

**CITY OF GREENVILLE, NORTH CAROLINA**

**Schedule A-2**

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION**

*YEAR ENDED JUNE 30, 2017*

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Total pension liability	\$ 7,771,117
Covered payroll	11,278,574
Total pension liability as a percentage of covered payroll	68.90%

**Notes to the Schedule:**

The City of Greenville has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**OTHER POST-EMPLOYMENT BENEFITS – CITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule A-3

YEAR ENDED JUNE 30, 2017

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
6/30/2016	\$ 4,133,501	\$ 51,553,375	\$ 48,206,447	8.02%	\$ 38,523,575	125.1%
12/31/2015	2,828,490	43,433,624	40,605,134	6.51%	36,998,386	109.7%
12/31/2013	2,257,955	35,843,760	33,585,805	6.30%	36,818,894	91.2%
12/31/2011	1,137,911	32,964,864	31,826,953	3.50%	37,453,447	85.0%
12/31/2009	542,117	39,371,279	38,829,162	1.38%	37,779,784	102.8%
12/31/2008	250,000	43,474,907	43,224,907	0.60%	35,295,193	122.5%

**Schedule of Employer Contributions**

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2017	\$ 3,694,097	59.02%
2016	3,207,785	96.07%
2015	3,074,540	44.93%
2014	3,093,128	62.91%
2013	3,449,243	33.73%
2012	3,449,243	58.41%

**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 percent of pay closed	
Remaining amortization period	26 years	
Asset valuation method	Market value	
Actuarial assumptions:		
Investment rate of return *	7.00%	* Includes inflation at 3.00%
Medical cost trend rate	7.75% - 5.00%	
Year of ultimate trend rate	2022	

**CITY OF GREENVILLE, NORTH CAROLINA**

Schedule A-4

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS – CITY  
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2017

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Total OPEB Liability:	
Service cost	\$ 1,007,493
Interest	3,559,897
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(1,395,412)</u>
Net change in total OPEB liability	3,171,978
Total OPEB liability, beginning of year	<u>51,553,375</u>
Total OPEB liability, end of year	<u>54,725,353</u>
Plan Fiduciary Net Position:	
Contributions - employer	1,895,412
Net investment income	286,573
Benefit payments	(1,395,412)
Administrative expense	<u>-</u>
Net change in plan fiduciary net position	786,573
Plan fiduciary net position, beginning of year	<u>3,346,928</u>
Plan fiduciary net position, end of year	<u>4,133,501</u>
City's net OPEB liability - end of year	<u>\$ 50,591,852</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.55%
Covered payroll	\$ 38,523,575
City's net OPEB liability as a percentage of covered payroll	131.33%

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF CONTRIBUTIONS (OPEB) – CITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule A-5

*LAST TEN FISCAL YEARS*

	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 3,694,097	\$ 3,207,785
Contributions in relation to the actuarially determined contribution	<u>1,895,412</u>	<u>3,081,744</u>
Contribution deficiency (excess)	<u>\$ 1,798,685</u>	<u>\$ 126,041</u>
Covered payroll	\$ 38,523,575	\$ 38,523,575
Contributions as a percentage of covered payroll	4.92%	8.00%

Note: Data is presented for years for which information is available.

**Notes to the Schedule:**

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Amortization method

Amortization period

Asset valuation method

Inflation

Real wage growth

Wage inflation

Salary increases, including wage inflation:

General Employees

Firefighters

Law Enforcement Officers

Long-term investment rate of return, net of OPEB plan

investment expense, including price inflation

Healthcare cost trends:

Pre-Medicare

Medicare

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF INVESTMENT RETURNS (OPEB) - CITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule A-6**

*LAST TEN FISCAL YEAR*

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	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	7.00%

Note: Data is presented for years for which information is available.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**OTHER POST-EMPLOYMENT BENEFITS – GREENVILLE UTILITIES COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule A-7

YEAR ENDED JUNE 30, 2017

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2016	\$ 2,334,874	\$ 30,359,826	\$ 28,024,952	7.7%	\$ 26,006,154	107.8%
12/31/2015	2,303,463	26,322,361	24,018,898	8.8%	24,470,208	98.2%
12/31/2014	1,854,800	25,073,947	23,219,147	7.4%	24,675,093	94.1%
12/31/2013	1,350,501	21,018,546	19,668,045	6.4%	22,816,616	86.2%
12/31/2012	815,597	21,180,825	20,365,228	3.9%	23,730,460	85.8%
12/31/2011	446,178	20,924,265	20,478,087	2.1%	24,081,113	85.0%

**Schedule of Employer Contributions**

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2017	\$ 2,070,367	95.6%
2016	2,050,401	75.8%
2015	1,751,427	74.1%
2014	1,779,995	57.9%
2013	1,769,981	56.5%
2012	2,395,223	47.6%

**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	6/30/2016	
Actuarial cost method	Projected unit credit	
Amortization method	Level percentage of pay, open	
Remaining amortization period	30 years	
Amortization factor	23.0606	
Asset valuation method	Market value of assets	
Actuarial assumptions:		
Investment rate of return*	7.00%	* Includes inflation at 3.00%
Medical trend assumptions:		
Pre-Medicare trend rate	7.75% - 5.00%	
Post-Medicare trend rate	5.57% - 5.00%	
Year of ultimate trend rate	2022	

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS –**  
**GREENVILLE UTILITIES COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule A-8**

*YEAR ENDED JUNE 30, 2017*

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

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF CONTRIBUTIONS (OPEB) – GREENVILLE UTILITIES COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule A-9

LAST TEN FISCAL YEARS

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

**Notes to the Schedule:**

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General Employees	3.50% - 7.75%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	7.00%
Healthcare cost trends:	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

**SCHEDULE OF INVESTMENT RETURNS (OPEB) - GREENVILLE UTILITIES COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION**

*FOR SIX FISCAL YEARS\**

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual money-weighted rate of return, net of investment expense	10.18%	-0.57%	4.19%	13.98%	10.61%	5.84%

\* Note: The Commission's Other Postemployment Benefits Trust was established in fiscal year 2012.

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) –  
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM – CITY  
REQUIRED SUPPLEMENTARY INFORMATION**

*FOR FOUR FISCAL YEARS\**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset) (%)	0.67269%	0.70987%	0.73849%	0.75020%
City's proportion of the net pension liability (asset) (\$)	\$ 14,276,735	\$ 3,185,854	\$ (4,355,215)	\$ 9,042,791
City's covered-employee payroll	\$ 37,116,150	\$ 37,825,656	\$ 37,985,393	\$ 34,252,534
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.47%	8.42%	-11.47%	26.40%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30. Information is not available for years prior to 2014.

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

**SCHEDULE OF CONTRIBUTIONS –  
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM – CITY  
REQUIRED SUPPLEMENTARY INFORMATION**

*FOR FOUR FISCAL YEARS\**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,865,867	\$ 2,573,343	\$ 2,684,845	\$ 2,660,675
Contributions in relation to the contractually required contribution	<u>2,865,867</u>	<u>2,573,343</u>	<u>2,684,845</u>	<u>2,660,675</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 38,168,808	\$ 37,116,150	\$ 37,825,656	\$ 37,985,393
Contributions as a percentage of covered-employee payroll	7.51%	6.93%	7.10%	7.00%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30. Information is not available for years prior to 2014.

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) –  
 LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM –  
 GREENVILLE UTILITIES COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION**

*FOR FOUR FISCAL YEARS\**

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

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.  
 Information is not available for years prior to 2014.

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

**SCHEDULE OF CONTRIBUTIONS –  
 LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM –  
 GREENVILLE UTILITIES COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION**

*FOR FOUR FISCAL YEARS\**

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

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30. Information is not available for years prior to 2014.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**OTHER SUPPLEMENTARY INFORMATION**

Schedule A-15

JUNE 30, 2017

<u>Fiscal Year</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2017</u>
2017-2016		\$ 33,704,286	\$ 33,536,294	\$ 167,992
2016-2015	188,011	-	97,499	90,512
2015-2014	96,145	-	29,088	67,057
2014-2013	94,795	-	22,620	72,175
2013-2012	101,360	-	33,098	68,262
2012-2011	76,335	-	15,053	61,282
2011-2010	76,362	-	16,581	59,781
2010-2009	72,725	-	10,945	61,780
2009-2008	87,923	-	26,064	61,859
2008-2007	63,624	-	3,220	60,404
2007-2006	75,776	-	75,776	-
	<u>\$ 933,056</u>	<u>\$ 33,704,286</u>	<u>\$ 33,866,238</u>	<u>771,104</u>
Less Allowance for uncollectible accounts - General Fund				<u>406,179</u>
Ad Valorem Taxes Receivable Net - General Fund				<u>\$ 364,925</u>
<b>Reconciliation with Revenues:</b>				
Ad Valorem Taxes - General Fund				\$ 33,385,286
Reconciling Items:				
Amount written off per statute				(75,053)
Interest collected				(145,178)
Miscellaneous				<u>701,183</u>
Total collections and credits				<u>\$ 33,866,238</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY – CITY-WIDE LEVY**  
**OTHER SUPPLEMENTARY INFORMATION**

**Schedule A-16**

YEAR ENDED JUNE 30, 2017

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 6,498,676,538	0.52	\$ 33,793,119	\$ 29,342,632	\$ 4,450,487
Penalties	-		16,252	16,252	-
Total	<u>6,498,676,538</u>		<u>33,809,371</u>	<u>29,358,884</u>	<u>4,450,487</u>
<b>Discoveries:</b>					
Current year taxes	83,051,154	0.52	431,866	431,866	-
Penalties	-		1,930	1,930	-
Total	<u>83,051,154</u>		<u>433,796</u>	<u>433,796</u>	<u>-</u>
Abatements	<u>(103,630,962)</u>		<u>(538,881)</u>	<u>(538,881)</u>	<u>-</u>
Total property valuation	<u>\$ 6,478,096,730</u>				
Net levy			33,704,286	29,253,799	4,450,487
Uncollected taxes as of June 30, 2017			<u>(167,992)</u>	<u>(167,992)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 33,536,294</u>	<u>\$ 29,085,807</u>	<u>\$ 4,450,487</u>
Current levy collection percentage			99.50%	99.43%	100.00%
Prior year collection percentage			99.42%	99.34%	100.00%



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# **Governmental Fund Financial Statements**

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

	2017		Variance Positive/ Negative	2016
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad Valorem Taxes:				
Taxes		\$ 33,845,115		\$ 33,057,633
Interest and penalties		145,178		172,176
Tax discounts		(500,833)		(409,232)
Tax refunds		(104,174)		(44,774)
Total ad valorem taxes	\$ 33,828,609	33,385,286	\$ (443,323)	32,775,803
Other Taxes:				
Local options sales tax		6,966,200		6,440,816
Cable TV franchise tax		875,412		871,961
One-half percent sales tax		7,527,831		7,123,607
Medicaid Hold Harmless payment		3,975,642		3,725,269
Rental vehicle - gross receipts		152,527		142,723
Total other taxes	18,876,407	19,497,612	621,205	18,304,376
Unrestricted Intergovernmental:				
Other unrestricted revenues		52		46,599
Utilities franchise tax		6,827,761		6,949,180
Beer and wine tax		403,408		390,180
Total unrestricted intergovernmental	7,642,911	7,231,221	(411,690)	7,385,959
Restricted Intergovernmental:				
NC DOT traffic control lights		118,411		11,360
Housing Authority Drug Grant		(701)		48,870
Special Federal, State, and Local Grants		259,068		26,404
Section 104F Planning Grant		254,761		91,762
Law Enforcement Block Grant		-		-
Other restricted intergovernmental revenue		379,302		105,891
File and Rescue SAFER Grant		-		-
Powell Bill – State allocation payment		2,201,441		2,220,065
Total restricted intergovernmental	4,490,175	3,212,282	(1,277,893)	2,504,352
Licenses, Permits, and Fees:				
Privilege licenses		100		23
Inspection fees		1,394,750		715,659
State fire protection		387,490		386,926
Planning department fees		139,045		135,975
Police department fees		698,201		763,888
Fire and rescue department fees		187,036		177,557
Other permits and fees		122,318		172,475
Total licenses, permits, and fees	2,445,682	2,928,940	483,258	2,352,503

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

	2017		Variance Positive/ Negative	2016
	Budget	Actual		Actual
<b>Sales and Services:</b>				
Rescue fees		\$ 2,692,167		\$ 3,060,016
Recreation department programs and fees		1,104,674		1,015,048
Utilities street cuts		203,372		195,069
Rents and concessions		295,545		280,499
Other sales and services		548,730		532,055
Total sales and services	\$ 5,022,984	4,844,488	\$ (178,496)	5,082,687
Investment earnings	500,000	381,105	(118,895)	691,409
<b>Other Revenues:</b>				
Parking violation penalty		265,539		297,783
Other revenues		2,359,849		757,752
Total other revenues	2,847,298	2,625,388	(221,910)	1,055,535
Total Revenues	75,654,066	74,106,322	(1,547,744)	70,152,624
<b>Expenditures:</b>				
<b>General Government:</b>				
Mayor and City Council		411,076		399,007
City Manager		2,452,126		1,257,274
City Clerk		248,789		232,547
City Attorney		457,682		468,045
Human Resources		2,627,508		3,620,959
Financial Services		2,442,784		2,490,010
Information Technology		3,042,440		3,263,757
Total general government	13,264,909	11,682,405	1,582,504	11,731,599
<b>Public Safety:</b>				
Fire and rescue		13,935,067		13,630,368
Police		23,763,595		23,390,240
Total public safety	38,301,687	37,698,662	603,025	37,020,608
<b>Public Works:</b>				
Other public works		7,662,257		7,682,251
Streets		1,309,132		898,594
Total public works	10,988,199	8,971,389	2,016,810	8,580,845
<b>Economic and Physical Development:</b>				
Community development		2,473,800		2,624,265
Total economic and physical development	2,675,517	2,473,800	201,717	2,624,265

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

	2017		Variance Positive/ Negative	2016
	Budget	Actual		Actual
Cultural and Recreational:				
Recreation		\$ 7,851,087		\$ 7,644,937
Total cultural and recreational	\$ 8,217,164	7,851,087	\$ 366,077	7,644,937
Capital outlay	-	-	-	-
Reimbursement of indirect cost	(1,432,859)	(1,311,578)	(121,281)	(1,390,870)
Contribution to OPEB trust	500,000	500,000	-	450,000
Total expenditures	72,514,617	67,865,765	4,648,852	66,661,384
Revenues over (under) expenditures	3,139,449	6,240,557	3,101,108	3,491,240
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds:				
Greenville Utilities Commission turnover	5,683,692	5,899,987	216,295	6,592,442
Greenville Utilities Commission, lighting reimbursement	775,420	761,912	(13,508)	765,823
Other funds	211,971	86,818	(125,153)	127,389
Transfers to other funds	(14,142,707)	(14,010,301)	132,406	(11,114,322)
Appropriated fund balance	4,332,175	-	(4,332,175)	-
Total other financing sources (uses)	(3,139,449)	(7,261,584)	(4,122,135)	(3,628,668)
Net change in fund balance	\$ -	(1,021,027)	\$ (1,021,027)	(137,428)
<b>Fund Balance:</b>				
Fund balance, beginning of year – July 1		32,442,111		32,579,539
Fund balance, end of year – June 30		\$ 31,421,084		\$ 32,442,111



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# **Non-Major Governmental Fund Statements**

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**Schedule B-1**

JUNE 30, 2017

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,070,913	\$ 234,864	\$ 6,351,354	\$ 7,657,131
Accounts receivable, net	835,757	-	2,129,896	2,965,653
Interest receivable	2,907	-	-	2,907
Due from other funds	-	98,767	-	98,767
Due from other governments	71,997	-	-	71,997
Prepaid items and deposits	70,176	-	-	70,176
Restricted cash and investments	919,499	668,794	8,612,377	10,200,670
<b>Total assets</b>	<u>\$ 2,971,249</u>	<u>\$ 1,002,425</u>	<u>\$ 17,093,627</u>	<u>\$ 21,067,301</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 101,836	\$ -	\$ 111,092	\$ 212,928
Advances from grantors	167,842	-	30,872	198,714
Due to other funds	390,304	-	91,214	481,518
Restricted accounts payable and accrued liabilities	-	-	2,255,499	2,255,499
<b>Total liabilities</b>	<u>659,982</u>	<u>-</u>	<u>2,488,677</u>	<u>3,148,659</u>
<b>Deferred Inflows of Resources:</b>				
Accounts/loans receivable	148,587	-	1,440,045	1,588,632
<b>Total deferred inflows of resources</b>	<u>148,587</u>	<u>-</u>	<u>1,440,045</u>	<u>1,588,632</u>
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid items	70,176	-	-	70,176
Loans receivable	417,094	-	304,078	721,172
Restricted:				
Stabilization by State statute	503,593	98,767	385,773	988,133
Restricted for economic development	868,177	-	1,742,401	2,610,578
Restricted for cultural and recreational	66,494	-	-	66,494
Restricted for debt service	-	668,794	-	668,794
Committed:				
Committed for general government	-	-	488,997	488,997
Committed for cultural and recreational	-	-	322,634	322,634
Committed for public safety	-	-	150,245	150,245
Committed for economic development	51,458	-	7,327,612	7,379,070
Committed for capital outlays	-	-	2,443,165	2,443,165
Committed for debt service	-	234,864	-	234,864
Assigned:				
Assigned for subsequent year's expenditures	26,946	-	-	26,946
Assigned for cultural and recreational	492,674	-	-	492,674
Unassigned	(333,932)	-	-	(333,932)
<b>Total fund balances</b>	<u>2,162,680</u>	<u>1,002,425</u>	<u>13,164,905</u>	<u>16,330,010</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 2,971,249</u>	<u>\$ 1,002,425</u>	<u>\$ 17,093,627</u>	<u>\$ 21,067,301</u>

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
<b>Revenues:</b>				
Other taxes	\$ -	\$ 765,973	\$ 381,301	\$ 1,147,274
Restricted intergovernmental	3,446,359	-	2,593,067	6,039,426
Investment earnings	2,024	13,282	41,553	56,859
Other revenues	291,983	34,543	229,891	556,417
Total revenues	<u>3,740,366</u>	<u>813,798</u>	<u>3,245,812</u>	<u>7,799,976</u>
<b>Expenditures:</b>				
Current:				
General government	148,696	-	304,093	452,789
Public safety	-	-	1,442,257	1,442,257
Environmental Protection	-	-	3,534,046	3,534,046
Cultural and recreational	2,320,217	-	1,080,173	3,400,390
Economic and physical development	2,481,103	-	8,040,253	10,521,356
Principal retirement	-	3,927,446	-	3,927,446
Interest and fees	-	1,050,916	131,435	1,182,351
Total expenditures	<u>4,950,016</u>	<u>4,978,362</u>	<u>14,532,257</u>	<u>24,460,635</u>
Revenues over expenditures	<u>(1,209,650)</u>	<u>(4,164,564)</u>	<u>(11,286,445)</u>	<u>(16,660,659)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	-	9,500,000	9,500,000
Premium received on debt issue	-	-	696,166	696,166
Transfers from other funds	1,774,074	4,812,928	5,487,183	12,074,185
Transfers to other funds	(33,246)	-	(122,153)	(155,399)
Total other financing sources (uses)	<u>1,740,828</u>	<u>4,812,928</u>	<u>15,561,196</u>	<u>22,114,952</u>
Net change in fund balances	531,178	648,364	4,274,751	5,454,293
<b>Fund Balances:</b>				
Fund balances, beginning of year – July 1, as previously reported	<u>1,631,502</u>	<u>354,061</u>	<u>8,890,154</u>	<u>10,875,717</u>
Fund balances, end of year – June 30	<u>\$ 2,162,680</u>	<u>\$ 1,002,425</u>	<u>\$ 13,164,905</u>	<u>\$ 16,330,010</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**

**Schedule C-1**

JUNE 30, 2017

	<b>Community Development and HOME Fund</b>	<b>Sheppard Memorial Library</b>	<b>Housing Trust Fund</b>	<b>Centralized Grant Fund</b>	<b>FEMA Fund</b>	<b>Total</b>
<b>Assets:</b>						
Cash and cash equivalents	\$ 213,241	\$ 857,672	\$ -	\$ -	\$ -	\$ 1,070,913
Accounts receivable, net	663,414	-	6,994	16,762	148,587	835,757
Interest receivable	-	2,907	-	-	-	2,907
Due from other governments	-	71,997	-	-	-	71,997
Prepaid items	-	70,176	-	-	-	70,176
Restricted cash and investments	-	214,111	16,950	688,438	-	919,499
<b>Total assets</b>	<b>\$ 876,655</b>	<b>\$ 1,216,863</b>	<b>\$ 23,944</b>	<b>\$ 705,200</b>	<b>\$ 148,587</b>	<b>\$ 2,971,249</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 43,346	\$ 40,496	\$ 42	\$ 17,952	\$ -	\$ 101,836
Advances from grantors	-	-	-	167,842	-	167,842
Due to other funds	154,723	87,485	-	-	148,096	390,304
<b>Total liabilities</b>	<b>198,069</b>	<b>127,981</b>	<b>42</b>	<b>185,794</b>	<b>148,096</b>	<b>659,982</b>
<b>Deferred Inflows of Resources:</b>						
Accounts/loans receivable	-	-	-	-	148,587	148,587
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148,587</b>	<b>148,587</b>
<b>Fund Balances:</b>						
Nonspendable:						
Prepaid items	-	70,176	-	-	-	70,176
Loans receivable	417,094	-	-	-	-	417,094
Restricted:						
Stabilization by State statute	246,320	233,517	6,994	16,762	-	503,593
Restricted for economic and physical development	15,172	147,617	16,950	688,438	-	868,177
Restricted for cultural and recreational	-	66,494	-	-	-	66,494
Committed:						
Committed for economic and physical development	-	51,458	-	-	-	51,458
Assigned:						
Assigned for subsequent year's expenditures	-	26,946	-	-	-	26,946
Assigned for cultural and recreational	-	492,674	-	-	-	492,674
Unassigned	-	-	(42)	(185,794)	(148,096)	(333,932)
<b>Total fund balances</b>	<b>678,586</b>	<b>1,088,882</b>	<b>23,902</b>	<b>519,406</b>	<b>(148,096)</b>	<b>2,162,680</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 876,655</b>	<b>\$ 1,216,863</b>	<b>\$ 23,944</b>	<b>\$ 705,200</b>	<b>\$ 148,587</b>	<b>\$ 2,971,249</b>

## CITY OF GREENVILLE, NORTH CAROLINA

## Schedule C-2

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Community Development and HOME Fund	Sheppard Memorial Library	Housing Trust Fund	Centralized Grant Fund	FEMA Fund	Total
<b>Revenues:</b>						
Restricted intergovernmental	\$ 1,126,415	\$ 1,099,691	\$ -	\$ 1,220,253	\$ -	\$ 3,446,359
Investment earnings	-	2,024	-	-	-	2,024
Other revenues	102,245	189,175	563	-	-	291,983
Total revenues	<u>1,228,660</u>	<u>1,290,890</u>	<u>563</u>	<u>1,220,253</u>	<u>-</u>	<u>3,740,366</u>
<b>Expenditures:</b>						
Current:						
General government	-	-	-	-	148,696	148,696
Cultural and recreational	-	2,320,217	-	-	-	2,320,217
Economic and physical development	1,369,455	-	12,172	1,099,476	-	2,481,103
Total expenditures	<u>1,369,455</u>	<u>2,320,217</u>	<u>12,172</u>	<u>1,099,476</u>	<u>148,696</u>	<u>4,950,016</u>
Revenues over (under) expenditures	<u>(140,795)</u>	<u>(1,029,327)</u>	<u>(11,609)</u>	<u>120,777</u>	<u>(148,696)</u>	<u>(1,209,650)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers from other funds	292,684	1,197,058	-	283,732	600	1,774,074
Transfers to other funds	(100)	-	-	(33,146)	-	(33,246)
Total other financing sources	<u>292,584</u>	<u>1,197,058</u>	<u>-</u>	<u>250,586</u>	<u>600</u>	<u>1,740,828</u>
Net change in fund balances	151,789	167,731	(11,609)	371,363	(148,096)	531,178
<b>Fund Balances:</b>						
Fund balance – July 1	<u>526,797</u>	<u>921,151</u>	<u>35,511</u>	<u>148,043</u>	<u>-</u>	<u>1,631,502</u>
Fund balance, end of year – June 30	<u>\$ 678,586</u>	<u>\$ 1,088,882</u>	<u>\$ 23,902</u>	<u>\$ 519,406</u>	<u>\$ (148,096)</u>	<u>\$ 2,162,680</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**COMMUNITY DEVELOPMENT AND HOME FUND**

**Schedule C-3**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues:</b>					
CDBG & Home Entitlement Program:					
Property owners matching fund	\$ -	\$ 42,570	\$ -	\$ -	\$ 42,570
Federal grant, HUD	4,598,374	12,869,619	-	1,126,415	13,996,034
Other grants	-	-	-	-	-
Consortium members	-	13,666	-	-	13,666
Loan payments	366,639	301,975	-	100,780	402,755
Interest income	-	25	-	-	25
Sale of acquired property	-	403,154	-	1,465	404,619
Total revenues	<u>4,965,013</u>	<u>13,631,009</u>	<u>-</u>	<u>1,228,660</u>	<u>14,859,669</u>
<b>Expenditures:</b>					
CDBG and Home Entitlement Program:					
Administration	1,877,818	2,958,653	-	371,230	3,329,883
Rehabilitation – third-party owned dwellings	1,702,525	5,325,173	-	616,601	5,941,774
Rehabilitation – rental	-	62,875	-	-	62,875
Outside agency funding	571,716	766,375	-	311,474	1,077,849
Acquisition dilapidated	165,544	430,596	-	-	430,596
Code enforcement	-	178,110	-	-	178,110
Conversion program	-	-	-	-	-
Small area revitalization	-	5,000	-	-	5,000
Demolition grants	111,553	123,393	-	7,967	131,360
Secondary mortgage	806,912	703,060	-	-	703,060
Economic Development Study, West Grn./ Meadowbrook	326,993	268,549	-	883	269,432
Neighborhood input grants	-	-	-	-	-
Concentrated needs	-	-	-	-	-
Sewer Oakgrove	-	-	-	-	-
Other expenses	-	58,010	-	-	58,010
Relocation	35,000	46,481	-	-	46,481
Contribution to other consortium members	264,217	3,684,208	-	61,300	3,745,508
Capital outlay	-	11,834	-	-	11,834
Total expenditures	<u>5,862,278</u>	<u>14,622,317</u>	<u>-</u>	<u>1,369,455</u>	<u>15,991,772</u>
Revenues under expenditures	<u>(897,265)</u>	<u>(991,308)</u>	<u>-</u>	<u>(140,795)</u>	<u>(1,132,103)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in (out):					
Transfers from other funds	907,325	2,284,262	-	292,684	2,576,946
Transfers to other funds	<u>(10,060)</u>	<u>(766,157)</u>	<u>-</u>	<u>(100)</u>	<u>(766,257)</u>
Total other financing sources	<u>897,265</u>	<u>1,518,105</u>	<u>-</u>	<u>292,584</u>	<u>1,810,689</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 526,797</u>	<u>\$ -</u>	<u>151,789</u>	<u>\$ 678,586</u>
<b>Fund Balance:</b>					
Beginning of year				<u>526,797</u>	
End of year – June 30				<u>\$ 678,586</u>	

## SHEPPARD MEMORIAL LIBRARY

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ Negative</u>
<b>Revenues:</b>			
Pitt County - operating	\$ 581,096	\$ 581,096	\$ -
Pitt County - capital (Bookmobile)	100,000	100,000	-
Town of Bethel	21,108	21,108	-
Town of Winterville	165,300	165,300	-
Pitt County for Town of Bethel and Winterville	12,000	12,000	-
State aid	190,187	190,187	-
Donations (Bookmobile)	30,000	30,000	-
Fees	117,775	117,298	(477)
Interest earnings	1,000	2,024	1,024
Housing authority	10,692	10,692	-
Miscellaneous	37,800	61,185	23,385
Total revenues	<u>1,266,958</u>	<u>1,290,890</u>	<u>23,932</u>
<b>Expenditures:</b>			
Current:			
Cultural and recreational:			
Salaries and benefits	1,540,385	1,464,507	75,878
Greenville Housing Authority	10,692	10,699	(7)
Other operating expenditures	363,219	331,801	31,418
Maintenance and repairs	244,866	281,339	(36,473)
Capital outlay	388,266	231,871	156,395
Total expenditures	<u>2,547,428</u>	<u>2,320,217</u>	<u>227,211</u>
Revenues over (under) expenditures	<u>(1,280,470)</u>	<u>(1,029,327)</u>	<u>251,143</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in - City of Greenville - operating	1,197,058	1,197,058	-
Appropriated fund balance	83,412	-	(83,412)
Total other financing sources (uses)	<u>1,280,470</u>	<u>1,197,058</u>	<u>(83,412)</u>
Net change in fund balance	<u>\$ -</u>	167,731	<u>\$ 167,731</u>
<b>Fund Balances:</b>			
Beginning of year – July 1		<u>921,151</u>	
End of year – June 30		<u>\$ 1,088,882</u>	

## HOUSING TRUST FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues:</b>				
Grants	\$ 178,500	\$ 178,576	\$ -	\$ 178,576
Investment earnings	12,472	12,473	-	12,473
Other revenues	31,003	37,433	563	37,996
Total revenues	<u>221,975</u>	<u>228,482</u>	<u>563</u>	<u>229,045</u>
<b>Expenditures:</b>				
Small area revitalization	22,332	19,979	261	20,240
Rehabilitation	221,113	215,374	-	215,374
Other expenditures	99,530	78,618	11,911	90,529
Total expenditures	<u>342,975</u>	<u>313,971</u>	<u>12,172</u>	<u>326,143</u>
Revenues under expenditures	(121,000)	(85,489)	(11,609)	(97,098)
<b>Other Financing Sources:</b>				
Transfers from other funds	<u>121,000</u>	<u>121,000</u>	<u>-</u>	<u>121,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 35,511</u>	<u>(11,609)</u>	<u>\$ 23,902</u>
<b>Fund Balance:</b>				
Beginning of year – July 1			<u>35,511</u>	
End of year – June 30			<u>\$ 23,902</u>	

## CENTRALIZED GRANT PROJECTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues:</b>				
Federal and State grants	\$ 4,596,733	\$ 1,438,445	\$ 1,220,253	\$ 2,658,698
Investment income	-	1	-	1
Other revenue	-	2,211	-	2,211
Total revenues	<u>4,596,733</u>	<u>1,440,657</u>	<u>1,220,253</u>	<u>2,660,910</u>
<b>Expenditures:</b>				
Operating	4,423,471	1,101,836	871,910	1,973,746
Capital outlay	817,649	428,508	227,566	656,074
Total expenditures	<u>5,241,120</u>	<u>1,530,344</u>	<u>1,099,476</u>	<u>2,629,820</u>
Revenues over (under) expenditures	(644,387)	(89,687)	120,777	31,090
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(33,146)	-	(33,146)	(33,146)
Transfers from other funds	677,533	237,730	283,732	521,462
Total other financing sources	<u>644,387</u>	<u>237,730</u>	<u>250,586</u>	<u>488,316</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 148,043</u>	371,363	<u>\$ 519,406</u>
<b>Fund Balance:</b>				
Beginning of year – July 1			<u>148,043</u>	
End of year – June 30			<u>\$ 519,406</u>	

## FEMA FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues:</b>				
Restricted Intergovernmental:				
Federal, state, and local grants	\$ 2,000,000	\$ -	\$ -	\$ -
Total restricted intergovernmental	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
General government:				
Hurricane Matthew	<u>2,000,600</u>	<u>-</u>	<u>148,696</u>	<u>148,696</u>
Total expenditures	<u>2,000,600</u>	<u>-</u>	<u>148,696</u>	<u>148,696</u>
Revenues under expenditures	<u>(600)</u>	<u>-</u>	<u>(148,696)</u>	<u>(148,696)</u>
<b>Other Financing Sources:</b>				
Transfer from other funds	<u>600</u>	<u>-</u>	<u>600</u>	<u>600</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(148,096)</u>	<u>\$ (148,096)</u>
<b>Fund Balance:</b>				
Beginning of year – July 1			<u>-</u>	
End of year – June 30			<u>\$ (148,096)</u>	

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING BALANCE SHEET**

**Schedule D-1**

JUNE 30, 2017

	Affordable Housing Project Fund	Recreation and Parks Fund	Public Works Fund	Greenways Fund	Street Improvement Fund	Community Development Fund	IT Fund	Fire and Rescue Fund	Police Fund	Capital Reserve Fund	Total
<b>Assets:</b>											
Cash and cash equivalents	\$ 471,113	\$ 1,340,005	\$ 975,317	\$ 322,634	\$ -	\$ 307,154	\$ 491,966	\$ -	\$ -	\$ 2,443,165	\$ 6,351,354
Accounts receivable, net	304,078	-	1,825,817	-	-	-	1	-	-	-	2,129,896
Restricted cash and investments	-	-	1,742,396	-	6,673,862	5	-	-	196,114	-	8,612,377
<b>Total assets</b>	<b>\$ 775,191</b>	<b>\$ 1,340,005</b>	<b>\$ 4,543,530</b>	<b>\$ 322,634</b>	<b>\$ 6,673,862</b>	<b>\$ 307,159</b>	<b>\$ 491,967</b>	<b>\$ -</b>	<b>\$ 196,114</b>	<b>\$ 2,443,165</b>	<b>\$ 17,093,627</b>
<b>Liabilities and Fund Balances:</b>											
<b>Liabilities:</b>											
Accounts payable and accrued liabilities	\$ 33,804	\$ 21,610	\$ -	\$ -	\$ -	\$ 12,632	\$ 2,969	\$ -	\$ 40,077	\$ -	\$ 111,092
Advances from grantors	-	-	30,872	-	-	-	-	-	-	-	30,872
Due to other funds	-	-	-	-	85,422	-	-	-	5,792	-	91,214
Restricted accounts payable and accrued liabilities	-	-	725,821	-	1,529,678	-	-	-	-	-	2,255,499
<b>Total liabilities</b>	<b>33,804</b>	<b>21,610</b>	<b>756,693</b>	<b>-</b>	<b>1,615,100</b>	<b>12,632</b>	<b>2,969</b>	<b>-</b>	<b>45,869</b>	<b>-</b>	<b>2,488,677</b>
<b>Deferred Inflows of Resources:</b>											
Accounts receivable	-	-	1,440,045	-	-	-	-	-	-	-	1,440,045
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,440,045</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,440,045</b>
<b>Fund Balances:</b>											
<b>Nonspendable:</b>											
Loans receivable	304,078	-	-	-	-	-	-	-	-	-	304,078
<b>Restricted:</b>											
Stabilization by State statute	-	-	385,772	-	-	-	1	-	-	-	385,773
Restricted for economic development	-	-	1,742,396	-	-	5	-	-	-	-	1,742,401
<b>Committed:</b>											
Committed for general government	-	-	-	-	-	-	488,997	-	-	-	488,997
Committed for cultural and recreational	-	-	-	322,634	-	-	-	-	-	-	322,634
Committed for public safety	-	-	-	-	-	-	-	-	150,245	-	150,245
Committed for economic development	437,309	1,318,395	218,624	-	5,058,762	294,522	-	-	-	-	7,327,612
Committed for capital outlays	-	-	-	-	-	-	-	-	-	2,443,165	2,443,165
Unassigned	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>741,387</b>	<b>1,318,395</b>	<b>2,346,792</b>	<b>322,634</b>	<b>5,058,762</b>	<b>294,527</b>	<b>488,998</b>	<b>-</b>	<b>150,245</b>	<b>2,443,165</b>	<b>13,164,905</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 775,191</b>	<b>\$ 1,340,005</b>	<b>\$ 4,543,530</b>	<b>\$ 322,634</b>	<b>\$ 6,673,862</b>	<b>\$ 307,159</b>	<b>\$ 491,967</b>	<b>\$ -</b>	<b>\$ 196,114</b>	<b>\$ 2,443,165</b>	<b>\$ 17,093,627</b>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**Schedule D-2**

YEAR ENDED JUNE 30, 2017

	<u>Affordable Housing Project Fund</u>	<u>Recreation and Parks Fund</u>	<u>Public Works Fund</u>	<u>Greenways Fund</u>	<u>Street Improvement Fund</u>	<u>Community Development Fund</u>	<u>IT Fund</u>	<u>Fire and Rescue Fund</u>	<u>Police Fund</u>	<u>Capital Reserve Fund</u>	<u>Total</u>
<b>Revenues:</b>											
Restricted intergovernmental	\$ -	\$ 654,225	\$ 946,250	\$ 867,592	\$ -	\$ 125,000	\$ -	\$ -	\$ -	\$ -	\$ 2,593,067
Other taxes and licenses	-	-	381,301	-	-	-	-	-	-	-	381,301
Investment earnings	-	59	2,438	-	38,077	240	-	-	15	724	41,553
Other revenues	<u>24,413</u>	<u>-</u>	<u>134,573</u>	<u>-</u>	<u>-</u>	<u>51,421</u>	<u>-</u>	<u>-</u>	<u>19,484</u>	<u>-</u>	<u>229,891</u>
Total revenues	<u>24,413</u>	<u>654,284</u>	<u>1,464,562</u>	<u>867,592</u>	<u>38,077</u>	<u>176,661</u>	<u>-</u>	<u>-</u>	<u>19,499</u>	<u>724</u>	<u>3,245,812</u>
<b>Expenditures:</b>											
Current:											
General government	-	-	-	-	-	-	304,093	-	-	-	304,093
Public safety	-	-	-	-	-	-	-	-	1,442,257	-	1,442,257
Environmental protection	-	-	-	-	3,534,046	-	-	-	-	-	3,534,046
Cultural and recreational	-	269,122	-	801,051	10,000	-	-	-	-	-	1,080,173
Economic and physical development	<u>8,700</u>	<u>3,026,173</u>	<u>3,839,977</u>	<u>-</u>	<u>-</u>	<u>1,165,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,040,253</u>
Total current expenditures	<u>8,700</u>	<u>3,295,295</u>	<u>3,839,977</u>	<u>801,051</u>	<u>3,544,046</u>	<u>1,165,403</u>	<u>304,093</u>	<u>-</u>	<u>1,442,257</u>	<u>-</u>	<u>14,400,822</u>
Debt service:											
Bond issuance costs	-	-	-	-	131,435	-	-	-	-	-	131,435
Total expenditures	<u>8,700</u>	<u>3,295,295</u>	<u>3,839,977</u>	<u>801,051</u>	<u>3,675,481</u>	<u>1,165,403</u>	<u>304,093</u>	<u>-</u>	<u>1,442,257</u>	<u>-</u>	<u>14,532,257</u>
Revenues over (under) expenditures	<u>15,713</u>	<u>(2,641,011)</u>	<u>(2,375,415)</u>	<u>66,541</u>	<u>(3,637,404)</u>	<u>(988,742)</u>	<u>(304,093)</u>	<u>-</u>	<u>(1,422,758)</u>	<u>724</u>	<u>(11,286,445)</u>
<b>Other Financing Sources (Uses):</b>											
Long-term debt issued	-	-	-	-	8,000,000	-	-	-	1,500,000	-	9,500,000
Premium received on debt issue	-	-	-	-	696,166	-	-	-	-	-	696,166
Transfers from other funds	-	1,999,017	1,981,047	-	-	1,040,000	-	-	-	467,119	5,487,183
Transfer to other funds	-	-	-	-	-	-	-	-	-	(122,153)	(122,153)
Total other financing sources	<u>-</u>	<u>1,999,017</u>	<u>1,981,047</u>	<u>-</u>	<u>8,696,166</u>	<u>1,040,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>344,966</u>	<u>15,561,196</u>
Net change in fund balances	15,713	(641,994)	(394,368)	66,541	5,058,762	51,258	(304,093)	-	77,242	345,690	4,274,751
<b>Fund Balances:</b>											
Beginning of year – July 1, as previously reported	<u>725,674</u>	<u>1,960,389</u>	<u>2,741,160</u>	<u>256,093</u>	<u>-</u>	<u>243,269</u>	<u>793,091</u>	<u>-</u>	<u>73,003</u>	<u>2,097,475</u>	<u>8,890,154</u>
End of year – June 30	<u>\$ 741,387</u>	<u>\$ 1,318,395</u>	<u>\$ 2,346,792</u>	<u>\$ 322,634</u>	<u>\$ 5,058,762</u>	<u>\$ 294,527</u>	<u>\$ 488,998</u>	<u>\$ -</u>	<u>\$ 150,245</u>	<u>\$ 2,443,165</u>	<u>\$ 13,164,905</u>

## AFFORDABLE HOUSING PROJECT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues:</b>					
Interest earnings	\$ 180,500	\$ 190,930	\$ -	\$ -	\$ 190,930
Other revenues	492,100	679,036	-	24,413	703,449
Sale of property	<u>1,706,000</u>	<u>1,807,737</u>	-	-	<u>1,807,737</u>
Total revenues	<u>2,378,600</u>	<u>2,677,703</u>	-	<u>24,413</u>	<u>2,702,116</u>
<b>Expenditures:</b>					
Current:					
Economic and Physical Development:					
Affordable Housing Project	<u>3,903,600</u>	<u>3,477,504</u>	-	<u>8,700</u>	<u>3,486,204</u>
Total expenditures	<u>3,903,600</u>	<u>3,477,504</u>	-	<u>8,700</u>	<u>3,486,204</u>
Revenues over (under) expenditures	<u>(1,525,000)</u>	<u>(799,801)</u>	-	<u>15,713</u>	<u>(784,088)</u>
<b>Other Financing Sources:</b>					
Transfer from General Fund	525,000	525,000	-	-	525,000
Bonds issued	<u>1,000,000</u>	<u>1,000,475</u>	-	-	<u>1,000,475</u>
Total other financing sources	<u>1,525,000</u>	<u>1,525,475</u>	-	-	<u>1,525,475</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 725,674</u>	<u>\$ -</u>	<u>15,713</u>	<u>\$ 741,387</u>
<b>Fund Balance:</b>					
Beginning of year – July 1				<u>725,674</u>	
End of year – June 30				<u>\$ 741,387</u>	

## RECREATION AND PARKS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues:</b>					
Restricted Intergovernmental:					
Federal, state, and local grants	\$ 1,529,272	\$ 600,000	\$ -	\$ 654,225	\$ 1,254,225
Total restricted intergovernmental	<u>1,529,272</u>	<u>600,000</u>	<u>-</u>	<u>654,225</u>	<u>1,254,225</u>
<b>Miscellaneous:</b>					
Interest	-	114	-	59	173
Total miscellaneous	<u>-</u>	<u>114</u>	<u>-</u>	<u>59</u>	<u>173</u>
Total revenues	<u>1,529,272</u>	<u>600,114</u>	<u>-</u>	<u>654,284</u>	<u>1,254,398</u>
<b>Expenditures:</b>					
Current:					
Cultural and Recreational:					
Town Common	985,932	-	-	20,031	20,031
Tar River Development	310,632	-	-	20,229	20,229
Westside Land Acquisitions	271,153	-	-	228,862	228,862
Water Sports Facility	<u>239,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cultural and recreational expenditures	<u>1,807,107</u>	<u>-</u>	<u>-</u>	<u>269,122</u>	<u>269,122</u>
Economic and Physical Development:					
Play Together Construction Grant	1,000,000	95,775	-	899,408	995,183
South Greenville Reconstruction	<u>3,499,500</u>	<u>1,273,550</u>	<u>-</u>	<u>2,126,765</u>	<u>3,400,315</u>
Total economic and physical development expenditures	<u>4,499,500</u>	<u>1,369,325</u>	<u>-</u>	<u>3,026,173</u>	<u>4,395,498</u>
Total expenditures	<u>6,306,607</u>	<u>1,369,325</u>	<u>-</u>	<u>3,295,295</u>	<u>4,664,620</u>
Revenues over (under) expenditures	<u>(4,777,335)</u>	<u>(769,211)</u>	<u>-</u>	<u>(2,641,011)</u>	<u>(3,410,222)</u>
<b>Other Financing Sources:</b>					
Transfer from other Fund	2,677,335	633,500	-	1,999,017	2,632,517
Bonds issued	<u>2,100,000</u>	<u>2,096,100</u>	<u>-</u>	<u>-</u>	<u>2,096,100</u>
Total other financing sources	<u>4,777,335</u>	<u>2,729,600</u>	<u>-</u>	<u>1,999,017</u>	<u>4,728,617</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 1,960,389</u>	<u>\$ -</u>	<u>(641,994)</u>	<u>\$ 1,318,395</u>
<b>Fund Balance:</b>					
Beginning of year – July 1				<u>1,960,389</u>	
End of year – June 30				<u>\$ 1,318,395</u>	

## PUBLIC WORKS CAPITAL PROJECT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues:</b>					
Restricted Intergovernmental:					
Federal, state, and local grants	\$ 15,052,766	\$ 5,532,035	\$ -	\$ 946,250	\$ 6,478,285
Total restricted intergovernmental	<u>15,052,766</u>	<u>5,532,035</u>	<u>-</u>	<u>946,250</u>	<u>6,478,285</u>
<b>Miscellaneous:</b>					
Other	20,500	149,017	-	134,573	283,590
Interest earnings	33,440	11,272	-	2,438	13,710
Occupany taxes	130,981	807,383	-	381,301	1,188,684
Total miscellaneous	<u>184,921</u>	<u>967,672</u>	<u>-</u>	<u>518,312</u>	<u>1,485,984</u>
Total revenues	<u>15,237,687</u>	<u>6,499,707</u>	<u>-</u>	<u>1,464,562</u>	<u>7,964,269</u>
<b>Expenditures:</b>					
Current:					
Economic and Physical Development:					
Street Improvement	5,488,000	3,074,831	-	1,093,934	4,168,765
CVA Expansion Phase III	4,730,981	4,576,700	-	79,109	4,655,809
GTAC Project	9,336,917	1,983,039	-	2,005,362	3,988,401
King George Bridge	1,341,089	14,499	-	661,572	676,071
Stantonsburg Road / 10th Street Connector	6,044,950	5,657,344	-	-	5,657,344
Thomas Langston Road Extension Project	3,980,847	3,623,774	-	-	3,623,774
Energy Efficiency Recovery Grant	502,600	216,892	-	-	216,892
Energy Savings Equipment	2,591,373	2,590,366	-	-	2,590,366
Pedestrian Crossing	210,761	-	-	-	-
Total expenditures	<u>34,227,518</u>	<u>21,737,445</u>	<u>-</u>	<u>3,839,977</u>	<u>25,577,422</u>
Revenues under expenditures	<u>(18,989,831)</u>	<u>(15,237,738)</u>	<u>-</u>	<u>(2,375,415)</u>	<u>(17,613,153)</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	7,576,655	6,539,986	-	1,981,047	8,521,033
Transfers to other funds	(275,000)	(275,000)	-	-	(275,000)
Long-term debt issued	6,791,373	6,791,372	-	-	6,791,372
Bonds issued	4,896,803	4,922,540	-	-	4,922,540
Total other financing sources	<u>18,989,831</u>	<u>17,978,898</u>	<u>-</u>	<u>1,981,047</u>	<u>19,959,945</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 2,741,160</u>	<u>\$ -</u>	<u>(394,368)</u>	<u>\$ 2,346,792</u>
<b>Fund Balance:</b>					
Beginning of year – July 1				<u>2,741,160</u>	
End of year – June 30				<u>\$ 2,346,792</u>	

## GREENWAYS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues:</b>					
Restricted Intergovernmental:					
Federal, state, and local grants	\$ 2,579,921	\$ 1,246,376	\$ -	\$ 867,592	\$ 2,113,968
Total restricted intergovernmental	<u>2,579,921</u>	<u>1,246,376</u>	<u>-</u>	<u>867,592</u>	<u>2,113,968</u>
<b>Miscellaneous:</b>					
Donations	-	50,000	-	-	50,000
Total miscellaneous	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total revenues	<u>2,579,921</u>	<u>1,296,376</u>	<u>-</u>	<u>867,592</u>	<u>2,163,968</u>
<b>Expenditures:</b>					
Current:					
Cultural and Recreational:					
Green Mill Greenway	2,113,935	1,136,532	-	778,452	1,914,984
South Tar River Greenway Phase 3	1,184,511	684,596	-	22,599	707,195
Total expenditures	<u>3,298,446</u>	<u>1,821,128</u>	<u>-</u>	<u>801,051</u>	<u>2,622,179</u>
Revenues over (under) expenditures	<u>(718,525)</u>	<u>(524,752)</u>	<u>-</u>	<u>66,541</u>	<u>(458,211)</u>
<b>Other Financing Sources:</b>					
Transfer from other funds	718,525	780,845	-	-	780,845
Transfer to other funds	-	-	-	-	-
Total other financing sources	<u>718,525</u>	<u>780,845</u>	<u>-</u>	<u>-</u>	<u>780,845</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 256,093</u>	<u>\$ -</u>	<u>66,541</u>	<u>\$ 322,634</u>
<b>Fund Balance:</b>					
Beginning of year – July 1				<u>256,093</u>	
End of year – June 30				<u>\$ 322,634</u>	

**CITY OF GREENVILLE, NORTH CAROLINA**  
**STREET IMPROVEMENT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

**Schedule D-7**

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues:</b>				
Miscellaneous:				
Investment income	\$ -	\$ -	\$ 38,077	\$ 38,077
Other	-	-	-	-
Total restricted intergovernmental	-	-	38,077	38,077
Total revenues	-	-	38,077	38,077
<b>Expenditures:</b>				
Current:				
General Government:				
West 5th Streetscape	1,950,000	-	-	-
Transportation:				
Statons Road/10th Street	1,750,000	-	-	-
Sidewalks	1,400,000	-	-	-
Total transportation expenditures	3,150,000	-	-	-
Environmental Protection:				
Bond resurfacing project	9,868,565	-	3,534,046	3,534,046
Cultural and Recreational:				
Eastside Greenway	750,000	-	10,000	10,000
Debt Service:				
Bond issuance costs	131,435	-	131,435	131,435
Total expenditures	15,850,000	-	3,675,481	3,675,481
Revenues under expenditures	(15,850,000)	-	(3,637,404)	(3,637,404)
<b>Other Financing Sources:</b>				
Bond proceeds	15,850,000	-	8,000,000	8,000,000
Premium on bonds	-	-	696,166	696,166
Total other financing sources	15,850,000	-	8,696,166	8,696,166
Revenues and other financing sources over expenditures	\$ -	\$ -	5,058,762	\$ 5,058,762
<b>Fund Balance:</b>				
Beginning of year – July 1			-	
End of year – June 30			\$ 5,058,762	

## COMMUNITY DEVELOPMENT FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues:</b>					
Restricted Intergovernmental:					
Federal, state, and local grants	\$ 407,500	\$ 140,162	\$ -	\$ 125,000	\$ 265,162
Total restricted intergovernmental	<u>407,500</u>	<u>140,162</u>	<u>-</u>	<u>125,000</u>	<u>265,162</u>
Miscellaneous:					
Other	594,652	462,932	-	51,421	514,353
Sales and services	393,749	521,231	-	-	521,231
Interest earnings	399,639	406,298	-	240	406,538
Total miscellaneous	<u>1,388,040</u>	<u>1,390,461</u>	<u>-</u>	<u>51,661</u>	<u>1,442,122</u>
Total revenues	<u>1,795,540</u>	<u>1,530,623</u>	<u>-</u>	<u>176,661</u>	<u>1,707,284</u>
<b>Expenditures:</b>					
Current:					
Economic and Physical Development:					
Uptown Parking Deck	5,209,032	5,075,489	-	-	5,075,489
Center City Revitalization	5,169,917	5,097,426	-	50,043	5,147,469
Imperial Site Project	1,040,000	-	-	953,720	953,720
GUC Energy Improvement	375,000	41,905	-	161,640	203,545
Energy Efficiency Revolving Loan	260,121	251,056	-	-	251,056
West Greenville Revitalization	6,102,763	6,142,771	-	-	6,142,771
Total expenditures	<u>18,156,833</u>	<u>16,608,647</u>	<u>-</u>	<u>1,165,403</u>	<u>17,774,050</u>
Revenues under expenditures	<u>(16,361,293)</u>	<u>(15,078,024)</u>	<u>-</u>	<u>(988,742)</u>	<u>(16,066,766)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers to other funds	(160,500)	(160,500)	-	-	(160,500)
Transfers from other funds	1,475,500	435,500	-	1,040,000	1,475,500
Premium received on debt issue	48,747	48,747	-	-	48,747
Long term debt issued	-	4,997,546	-	-	4,997,546
Bonds issued	14,997,546	10,000,000	-	-	10,000,000
Total other financing sources	<u>16,361,293</u>	<u>15,321,293</u>	<u>-</u>	<u>1,040,000</u>	<u>16,361,293</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 243,269</u>	<u>\$ -</u>	<u>51,258</u>	<u>\$ 294,527</u>
<b>Fund Balance:</b>					
Beginning of year – July 1				<u>243,269</u>	
End of year – June 30				<u>\$ 294,527</u>	

IT CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Expenditures:</b>					
Current:					
General Government:					
ERP	\$ 2,500,000	\$ 1,706,909	\$ -	\$ 304,093	\$ 2,011,002
Total expenditures	<u>2,500,000</u>	<u>1,706,909</u>	<u>-</u>	<u>304,093</u>	<u>2,011,002</u>
Revenues under expenditures	<u>(2,500,000)</u>	<u>(1,706,909)</u>	<u>-</u>	<u>(304,093)</u>	<u>(2,011,002)</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>
Total other financing sources	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 793,091</u>	<u>\$ -</u>	<u>(304,093)</u>	<u>\$ 488,998</u>
<b>Fund Balance:</b>					
Beginning of year – July 1				<u>793,091</u>	
End of year – June 30				<u>\$ 488,998</u>	

**CITY OF GREENVILLE, NORTH CAROLINA**  
**FIRE AND RESCUE CAPITAL PROJECTS FUND**

**Schedule D-10**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

*FROM INCEPTION AND YEAR ENDED JUNE 30, 2017*

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues:</b>					
Restricted Intergovernmental:					
Federal, state, and local grants	\$ -	\$ -	\$ -	\$ -	\$ -
Total restricted intergovernmental	-	-	-	-	-
Total revenues	-	-	-	-	-
<b>Expenditures:</b>					
Current:					
Public Safety:					
Emergency Operations Center	-	-	-	-	-
Total expenditures	-	-	-	-	-
Revenues over (under) expenditures	-	-	-	-	-
<b>Other Financing Sources (Uses):</b>					
Transfer from other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ -	\$ -	-	\$ -
<b>Fund Balance:</b>					
Beginning of year – July 1				-	
End of year – June 30				\$ -	

## POLICE CAPITAL PROJECTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues:</b>					
Miscellaneous:					
Other	\$ -	\$ 120	\$ -	\$ 19,484	\$ 19,604
Interest earnings	-	6,184	-	15	6,199
Total miscellaneous	<u>-</u>	<u>6,304</u>	<u>-</u>	<u>19,499</u>	<u>25,803</u>
Total revenues	<u>-</u>	<u>6,304</u>	<u>-</u>	<u>19,499</u>	<u>25,803</u>
<b>Expenditures:</b>					
Current:					
Public Safety:					
New Technology for Public Safety	3,484,000	2,655,371	-	-	2,655,371
Police Storage Facility	1,519,484	-	-	1,442,257	1,442,257
Total expenditures	<u>5,003,484</u>	<u>2,655,371</u>	<u>-</u>	<u>1,442,257</u>	<u>4,097,628</u>
Revenues under expenditures	<u>(5,003,484)</u>	<u>(2,649,067)</u>	<u>-</u>	<u>(1,422,758)</u>	<u>(4,071,825)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from installment financing	1,519,484	-	-	1,500,000	1,500,000
Transfer from other funds	3,484,000	3,484,000	-	-	3,484,000
Transfer to other funds	-	(761,930)	-	-	(761,930)
Total other financing sources	<u>5,003,484</u>	<u>2,722,070</u>	<u>-</u>	<u>1,500,000</u>	<u>4,222,070</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 73,003</u>	<u>\$ -</u>	<u>77,242</u>	<u>\$ 150,245</u>
<b>Fund Balance:</b>					
Beginning of year – July 1				<u>73,003</u>	
End of year – June 30				<u>\$ 150,245</u>	

## CAPITAL RESERVE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive/ Negative
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 724	\$ 724
Total revenues	<u>-</u>	<u>724</u>	<u>724</u>
Revenues over expenditures	<u>-</u>	<u>724</u>	<u>724</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	1,623,419	-	(1,623,419)
Increase in reserve	(1,968,385)	-	1,968,385
Transfers from other funds	467,119	467,119	-
Transfers to other funds	(122,153)	(122,153)	-
Total other financing sources	<u>-</u>	<u>344,966</u>	<u>344,966</u>
Net change in fund balance	<u>\$ -</u>	<u>345,690</u>	<u>\$ 345,690</u>
<b>Fund Balance:</b>			
Beginning of year – July 1		<u>2,097,475</u>	
End of year – July 1		<u>\$ 2,443,165</u>	

A decorative graphic on the left side of the page consists of several overlapping squares in shades of green and grey. The largest square is a bright green, with a smaller light green square overlapping its top-right corner, and a dark green square overlapping its bottom-left corner. To the right of these is a grey square.

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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# **Debt Service Fund Statements**

## NONMAJOR DEBT SERVICE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive/ Negative</u>
<b>Revenues:</b>			
Other taxes	\$ 696,436	\$ 765,973	\$ 69,537
Energy efficient refund	-	34,543	34,543
Investment earnings	-	13,282	13,282
Total revenues	<u>696,436</u>	<u>813,798</u>	<u>117,362</u>
<b>Expenditures:</b>			
Current:			
Principal retirement	4,434,037	3,927,446	506,591
Interest and fees	<u>1,071,401</u>	<u>1,050,916</u>	<u>20,485</u>
Total expenditures	<u>5,505,438</u>	<u>4,978,362</u>	<u>527,076</u>
Revenues over (under) expenditures	<u>(4,809,002)</u>	<u>(4,164,564)</u>	<u>644,438</u>
<b>Other Financing Sources:</b>			
Transfers from other funds	<u>4,809,002</u>	<u>4,812,928</u>	<u>3,926</u>
Total other financing sources	<u>4,809,002</u>	<u>4,812,928</u>	<u>3,926</u>
Net change in fund balance	<u>\$ -</u>	<u>648,364</u>	<u>\$ 648,364</u>
<b>Fund Balance:</b>			
Beginning of year – July 1		<u>354,061</u>	
End of year – June 30		<u>\$ 1,002,425</u>	



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# **Proprietary Fund Financial Statements**

## CITY OF GREENVILLE, NORTH CAROLINA

## Schedule F-1

## ELECTRIC OPERATING FUND – MAJOR ENTERPRISE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP) –

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

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

## WATER OPERATING FUND – MAJOR ENTERPRISE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP) –

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

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

## CITY OF GREENVILLE, NORTH CAROLINA

## Schedule F-3

## SEWER OPERATING FUND – MAJOR ENTERPRISE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP) –

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

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

## CITY OF GREENVILLE, NORTH CAROLINA

## Schedule F-4

## GAS OPERATING FUND – MAJOR ENTERPRISE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP) –

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF FUND NET POSITION**

**Schedule F-5**

JUNE 30, 2017

	<b>Public Transportation Fund</b>	<b>Stormwater Utility Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>Assets:</b>				
Current Assets:				
Cash and cash equivalents	\$ 579,276	\$ 4,798,168	\$ 2,092,601	\$ 7,470,045
Accounts receivable, net	-	759,136	806,536	1,565,672
Due from other governments	371,294	-	-	371,294
Due from other funds	120,223	-	-	120,223
Prepaid items	350	-	12,000	12,350
Restricted cash, cash equivalents, and investments	-	-	7	7
<b>Total current assets</b>	<u>1,071,143</u>	<u>5,557,304</u>	<u>2,911,144</u>	<u>9,539,591</u>
Noncurrent Assets:				
Construction in progress	-	2,362,293	-	2,362,293
Other capital assets, net of depreciation	956,011	7,752,345	-	8,708,356
<b>Total noncurrent assets</b>	<u>956,011</u>	<u>10,114,638</u>	<u>-</u>	<u>11,070,649</u>
<b>Total assets</b>	<u>2,027,154</u>	<u>15,671,942</u>	<u>2,911,144</u>	<u>20,610,240</u>
Deferred outflows of resources	<u>206,489</u>	<u>346,081</u>	<u>583,451</u>	<u>1,136,021</u>
<b>Liabilities:</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	16,383	2,547	215,843	234,773
Due to other funds	-	98,767	-	98,767
Due to other governments	-	-	-	-
Current portion of compensated absences	25,985	-	118,940	144,925
Current maturities of long-term debt	-	378,770	157,142	535,912
<b>Total current liabilities</b>	<u>42,368</u>	<u>480,084</u>	<u>491,925</u>	<u>1,014,377</u>
Noncurrent Liabilities:				
Net pension liability	245,560	319,799	693,850	1,259,209
Noncurrent portion of compensated absences	11,136	-	50,976	62,112
Noncurrent portion of other post-employment benefits	479,326	457,539	1,067,591	2,004,456
Noncurrent portion of long-term debt	-	3,114,614	644,288	3,758,902
<b>Total noncurrent liabilities</b>	<u>736,022</u>	<u>3,891,952</u>	<u>2,456,705</u>	<u>7,084,679</u>
<b>Total liabilities</b>	<u>778,390</u>	<u>4,372,036</u>	<u>2,948,630</u>	<u>8,099,056</u>
Deferred inflow of resources	<u>23,304</u>	<u>30,349</u>	<u>65,846</u>	<u>119,499</u>
<b>Net Position:</b>				
Net investment in capital assets	956,011	6,698,419	-	7,654,430
Unrestricted	475,938	4,917,219	480,119	5,873,276
<b>Total net position</b>	<u>\$ 1,431,949</u>	<u>\$ 11,615,638</u>	<u>\$ 480,119</u>	<u>\$ 13,527,706</u>

## NONMAJOR ENTERPRISE FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2017

	Public Transportation Fund	Stormwater Utility Fund	Sanitation Fund	Total
<b>Operating Revenues:</b>				
Changes for services	\$ 240,128	\$ 5,536,989	\$ 7,159,436	\$ 12,936,553
Other operating revenues	2,625	-	96,294	98,919
Total operating revenue	<u>242,753</u>	<u>5,536,989</u>	<u>7,255,730</u>	<u>13,035,472</u>
<b>Operating Expenses:</b>				
Administrative and general	96,924	-	-	96,924
Operations and maintenance	2,077,110	2,167,295	6,672,346	10,916,751
Depreciation and amortization	202,683	160,328	-	363,011
Total operating expenses	<u>2,376,717</u>	<u>2,327,623</u>	<u>6,672,346</u>	<u>11,376,686</u>
Operating income (loss)	<u>(2,133,964)</u>	<u>3,209,366</u>	<u>583,384</u>	<u>1,658,786</u>
<b>Nonoperating Revenues (Expenses):</b>				
Investment earnings	-	-	126	126
Federal grants	1,462,706	-	-	1,462,706
Loss on disposal of capital assets	(400,438)	(93,152)	-	(493,590)
Interest expense	-	(44,128)	(24,437)	(68,565)
Total nonoperating revenue (expenses)	<u>1,062,268</u>	<u>(137,280)</u>	<u>(24,311)</u>	<u>900,677</u>
Income (Loss) Before Contributions and Transfers	<u>(1,071,696)</u>	<u>3,072,086</u>	<u>559,073</u>	<u>2,559,463</u>
<b>Transfers In (Out) and Capital Contributions:</b>				
Capital contributions	-	143,115	-	143,115
Transfers to other funds	(121,752)	-	(273,436)	(395,188)
Transfers from other funds	565,269	7,000	-	572,269
Total transfers in (out) and capital contributions:	<u>443,517</u>	<u>150,115</u>	<u>(273,436)</u>	<u>320,196</u>
Change in net position	(628,179)	3,222,201	285,637	2,879,659
Net position, beginning of year – July 1	<u>2,060,128</u>	<u>8,393,437</u>	<u>194,482</u>	<u>10,648,047</u>
Net position, end of year – June 30	<u>\$ 1,431,949</u>	<u>\$ 11,615,638</u>	<u>\$ 480,119</u>	<u>\$ 13,527,706</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**

**Schedule F-7**

YEAR ENDED JUNE 30, 2017

	<b>Public Transportation Fund</b>	<b>Stormwater Utility Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
<b>Cash flows from Operating Activities:</b>				
Cash received from customers	\$ 734,479	\$ 5,533,724	\$ 7,558,166	\$ 13,826,369
Cash paid to vendors	(913,083)	(1,004,440)	(3,761,434)	(5,678,957)
Cash paid to employees	(1,228,461)	(1,202,856)	(2,975,690)	(5,407,007)
Net cash provided (used) by operating activities	<u>(1,407,065)</u>	<u>3,326,428</u>	<u>821,042</u>	<u>2,740,405</u>
<b>Cash from Non-Capital Financing Activities:</b>				
Repayment of principal of long-term debt	-	-	(157,142)	(157,142)
Interest and other financing costs	-	-	(24,437)	(24,437)
Borrowing/Repayments from/to other funds	(120,223)	(1,027,745)	-	(1,147,968)
Federal and state grants	1,462,706	-	-	1,462,706
Transfers from other funds	565,269	7,000	-	572,269
Transfers to other funds	(121,752)	-	(273,436)	(395,188)
Net cash provided (used) by non-capital financing activities	<u>1,786,000</u>	<u>(1,020,745)</u>	<u>(455,015)</u>	<u>310,240</u>
<b>Cash from Capital and Related Financing Activities:</b>				
Repayment of principal of long-term debt	-	(344,306)	-	(344,306)
Interest and other financing costs	-	(36,281)	-	(36,281)
Acquisition and construction of capital assets	-	(683,803)	-	(683,803)
Net cash used by capital and related financing activities	<u>-</u>	<u>(1,064,390)</u>	<u>-</u>	<u>(1,064,390)</u>
<b>Cash from Investing Activities:</b>				
Interest received on investments	-	-	126	126
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>126</u>	<u>126</u>
Net increase (decrease) in cash and cash equivalents	378,935	1,241,293	366,153	1,986,381
<b>Cash and Cash Equivalents:</b>				
Beginning of year – July 1	200,341	3,556,875	1,726,455	5,483,671
End of year – June 30	<u>\$ 579,276</u>	<u>\$ 4,798,168</u>	<u>\$ 2,092,608</u>	<u>\$ 7,470,052</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (2,133,964)	\$ 3,209,366	\$ 583,384	\$ 1,658,786
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	202,683	160,328	-	363,011
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	(3,265)	302,436	299,171
(Increase) decrease in deferred outflow of resources - pensions	(155,022)	(217,449)	(454,784)	(827,255)
Increase in prepaids	-	-	6,615	6,615
Increase in net pension liability	181,842	256,082	534,556	972,480
Decrease in deferred inflows of resources - pensions	(22,922)	(15,878)	(49,721)	(88,521)
Increase in due to other governments	491,726	-	-	491,726
Increase (decrease) in accounts payable	(64,865)	(87,632)	(85,967)	(238,464)
Increase (decrease) in compensated absences payable	5,588	-	(11,712)	(6,124)
Increase in OPEB liability	87,869	24,876	(3,765)	108,980
Net cash provided (used) by operating activities	<u>\$ (1,407,065)</u>	<u>\$ 3,326,428</u>	<u>\$ 821,042</u>	<u>\$ 2,740,405</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Capital contribution	\$ -	\$ 143,115	\$ -	\$ 143,115
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ 143,115</u>	<u>\$ -</u>	<u>\$ 143,115</u>

## PUBLIC TRANSPORTATION – NONMAJOR ENTERPRISE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

	2017		Variance Positive/ Negative	2016
	Budget	Actual		Actual
<b>Revenues:</b>				
Charges for services	\$ 380,014	\$ 240,128	\$ (139,886)	\$ 281,057
Public transportation planning and operating grants	1,584,729	1,462,706	(122,023)	1,642,200
Other operating revenues	-	2,625	2,625	2,759
Total operating revenues	<u>1,964,743</u>	<u>1,705,459</u>	<u>(259,284)</u>	<u>1,926,016</u>
<b>Expenditures:</b>				
Administrative and general	170,717	96,924	73,793	124,998
Operations and maintenance	696,276	548,928	147,348	637,853
Salaries and benefits	1,255,875	1,325,816	(69,941)	1,253,222
Capital outlay	417,112	299,721	117,391	347,945
Total operating expenditures	<u>2,539,980</u>	<u>2,271,389</u>	<u>268,591</u>	<u>2,364,018</u>
Revenues over (under) expenditures	<u>(575,237)</u>	<u>(565,930)</u>	<u>9,307</u>	<u>(438,002)</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	131,720	-	(131,720)	-
Transfers to other funds	(121,752)	(121,752)	-	-
Transfers from General Fund	565,269	565,269	-	712,963
Total other financing sources (uses)	<u>575,237</u>	<u>443,517</u>	<u>(131,720)</u>	<u>712,963</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(122,413)</u>	<u>\$ (122,413)</u>	<u>274,961</u>
<b>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Depreciation		(202,683)		(217,010)
Loss on disposal of capital assets		(400,438)		-
Capital outlay		-		400,438
Decrease in net pension asset		-		(87,104)
Increase in deferred outflows of resources - pensions		(155,022)		(2,230)
Decrease (increase) in net pension liability		181,842		(63,718)
(Increase) decrease in deferred inflows of resources - pensions		(22,922)		172,396
Change in OPEB liability		87,869		37,423
Change in accrued compensated absences		5,588		(5,962)
Change in net position		<u>\$ (628,179)</u>		<u>\$ 509,194</u>

## CITY OF GREENVILLE, NORTH CAROLINA

## Schedule F-9

## STORMWATER UTILITY FUND – NONMAJOR ENTERPRISE FUNDS

## SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

	2017		Variance Positive/ Negative	2016
	Budget	Actual		Actual
<b>Revenues:</b>				
Charges for services	\$ 5,374,886	\$ 5,536,989	\$ 162,103	\$ 4,904,736
Total operating revenues	<u>5,374,886</u>	<u>5,536,989</u>	<u>162,103</u>	<u>4,904,736</u>
<b>Expenditures:</b>				
Operations and maintenance	803,918	449,323	354,595	504,302
Salaries and benefits	1,442,485	1,250,487	191,998	1,296,197
Capital outlay	2,252,733	109,300	2,143,433	171,401
Retirement of long-term debt	-	344,306	(344,306)	175,300
Interest paid	449,486	44,128	405,358	92,371
Indirect cost reimbursement	406,056	406,056	-	406,056
Total operating expenses	<u>5,354,678</u>	<u>2,603,600</u>	<u>2,751,078</u>	<u>2,645,627</u>
Revenues over expenditures	<u>20,208</u>	<u>2,933,389</u>	<u>2,913,181</u>	<u>2,259,109</u>
<b>Other Financing Sources (Uses):</b>				
Capital contributions	-	143,115	143,115	387,240
Bond issuance costs	-	-	-	(31,147)
Transfer to other funds	(1,977,575)	(574,331)	1,403,244	-
Transfers from other funds	7,000	7,000	-	479
Appropriated fund balance	1,950,367	-	(1,950,367)	-
Total other financing sources (uses)	<u>(20,208)</u>	<u>(424,216)</u>	<u>(404,008)</u>	<u>356,572</u>
Revenues and other financing sources (uses) over expenditures and other financing uses	<u>\$ -</u>	<u>2,509,173</u>	<u>\$ 2,509,173</u>	<u>2,615,681</u>
<b>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Full accrual change in net position--capital projects		549,938		-
Depreciation		(160,328)		(152,755)
Loss on disposal of capital assets		(68,759)		(6,604)
Increase in deferred outflows of resources - pensions		(217,449)		(29,078)
Decrease (increase) in net pension liability		256,082		(63,717)
(Increase) decrease in deferred inflows of resources - pensions		(15,878)		281,707
Capital contributions - capital project funds grant revenue		-		91,819
Capital outlay		240		57,097
Change in OPEB liability		24,876		19,624
Payment of debt principal		344,306		175,300
Change in net position		<u>\$ 3,222,201</u>		<u>\$ 2,858,417</u>

## ENTERPRISE CAPITAL PROJECTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FROM INCEPTION AND YEAR ENDED JUNE 30, 2017

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues:</b>					
Miscellaneous:					
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	156	-	-	156
Total revenues	-	156	-	-	156
<b>Expenditures:</b>					
Current:					
Stormwater:					
Stormwater Drainage Maintenance	199,828	124,611	-	-	124,611
Watershed	3,643,005	3,515,426	-	93,577	3,609,003
Town Creek Culvert	16,707,671	1,847,938	-	589,986	2,437,924
Total expenditures	20,550,504	5,487,975	-	683,563	6,171,538
Revenues under expenditures	(20,550,504)	(5,487,819)	-	(683,563)	(6,171,382)
<b>Other Financing Sources (Uses):</b>					
Capital Contributions	195,490	179,747	-	-	179,747
State revolving loan	13,340,571	1,374,396	-	-	1,374,396
Transfer from other funds	8,095,615	5,154,184	-	574,331	5,728,515
Transfer to other funds	(1,081,172)	(1,081,172)	-	-	(1,081,172)
Total other financing sources	20,550,504	5,627,155	-	574,331	6,201,486
Revenues and other financing sources over (under) expenditures	\$ -	\$ 139,336	\$ -	(109,232)	\$ 30,104
<b>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:</b>					
Loss on disposal of capital asset				(24,393)	
Capital outlay				683,563	
Change in net position				\$ 549,938	

**CITY OF GREENVILLE, NORTH CAROLINA**

**Schedule F-11**

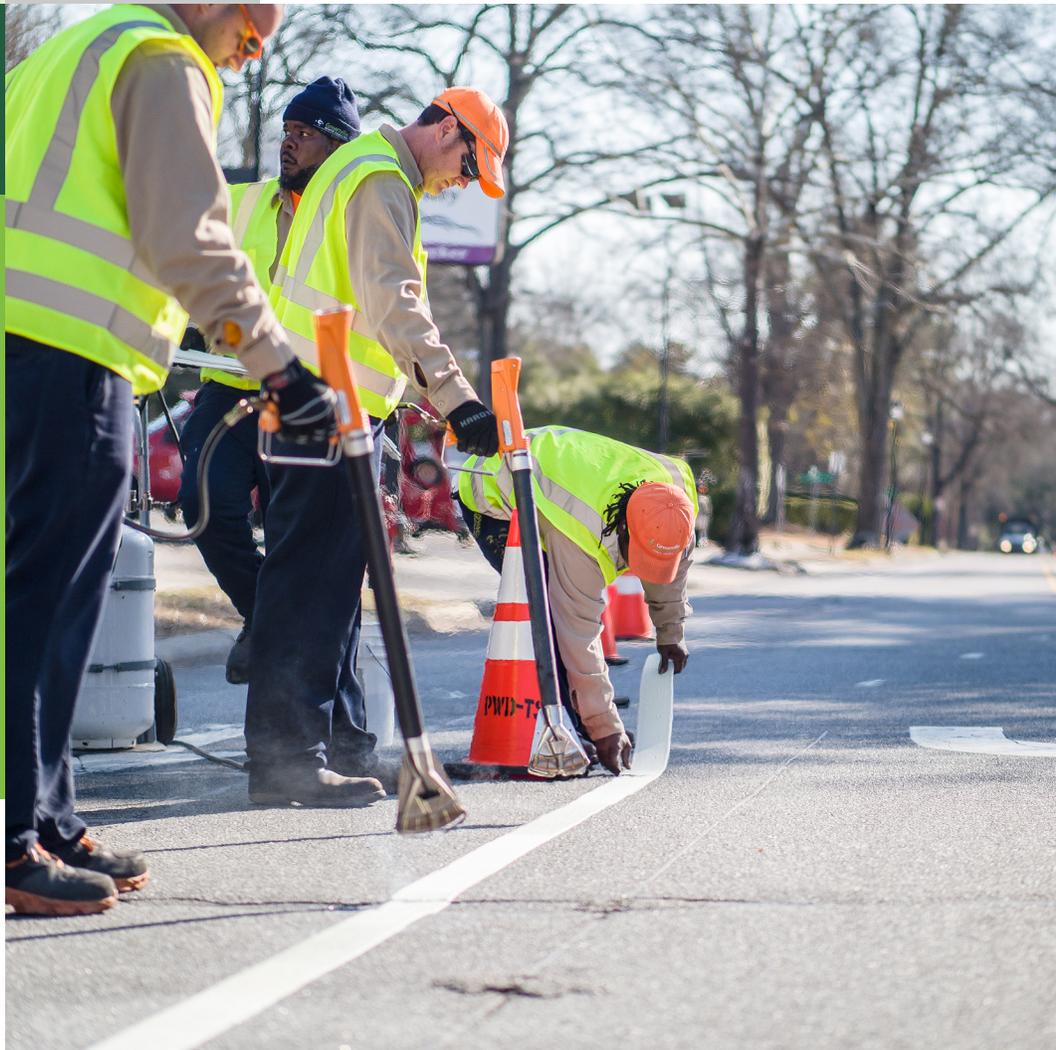
**SANITATION FUND – NONMAJOR ENTERPRISE FUNDS**

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**

YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2016

	2017		Variance Positive/ Negative	2016
	Budget	Actual		Actual
<b>Operating Revenues:</b>				
Charges for services	\$ 7,580,006	\$ 7,159,436	\$ (420,570)	\$ 7,374,479
Grant revenue	-	-	-	-
Investment earnings	-	126	126	76
Other revenue	67,945	96,294	28,349	85,453
Total operating revenues	<u>7,647,951</u>	<u>7,255,856</u>	<u>(392,095)</u>	<u>7,460,008</u>
<b>Operating Expenditures:</b>				
Operations and maintenance	3,123,470	2,778,424	345,046	2,001,840
Salaries and benefits	3,032,492	2,990,264	42,228	2,983,468
Capital outlay	234,093	30,210	203,883	326,401
Principal retirement	157,142	157,142	-	96,428
Interest paid	13,585	24,437	(10,852)	24,443
Indirect cost reimbursement	888,022	888,022	-	862,157
Total operating expenditures	<u>7,448,804</u>	<u>6,868,499</u>	<u>580,305</u>	<u>6,294,737</u>
Revenues over expenditures	<u>199,147</u>	<u>387,357</u>	<u>188,210</u>	<u>1,165,271</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	86,473	-	(86,473)	-
Long-term debt issued	-	-	-	425,000
Transfers to other funds	(285,620)	(273,436)	12,184	(58,942)
Total other financing sources (uses)	<u>(199,147)</u>	<u>(273,436)</u>	<u>(74,289)</u>	<u>366,058</u>
Revenues and other financing sources (uses) over expenditures and other financing uses	<u>\$ -</u>	<u>113,921</u>	<u>\$ 113,921</u>	<u>1,531,329</u>
<b>Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Decrease in net pension asset		-		(217,761)
Increase in deferred outflows of resources - pensions		(454,784)		(5,575)
Increase in net pension liability		534,556		(159,294)
Decrease in deferred inflows of resources - pensions		(49,721)		430,989
Installment note proceeds		-		(425,000)
Payment of debt principal		157,142		96,428
Change in accrued compensation absences		(11,712)		6,149
Change in OPEB liability		(3,765)		28,924
Change in net position		<u>\$ 285,637</u>		<u>\$ 1,286,189</u>



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# **Internal Service Fund Statements**

**CITY OF GREENVILLE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF FUND NET POSITION**

**Schedule G-1**

JUNE 30, 2017

	<b>Vehicle Replacement Fund</b>	<b>Health Insurance Fund</b>	<b>Fleet Maintenance Fund</b>	<b>Facilities Improvement Fund</b>	<b>Total</b>
<b>Assets:</b>					
Current Assets:					
Cash, cash equivalents, and investments	\$ 2,404,413	\$ -	\$ -	\$ 1,391,979	\$ 3,796,392
Accounts receivable	195,356	105,443	-	-	300,799
Due from other funds	-	-	333	-	333
Prepaid items	-	-	134,432	-	134,432
Restricted cash, cash equivalents, and investments	-	5,546,376	-	-	5,546,376
<b>Total current assets</b>	<u>2,599,769</u>	<u>5,651,819</u>	<u>134,765</u>	<u>1,391,979</u>	<u>9,778,332</u>
Noncurrent Assets:					
Other capital assets, net	11,190,823	82,400	-	927,307	12,200,530
<b>Total assets</b>	<u>13,790,592</u>	<u>5,734,219</u>	<u>134,765</u>	<u>2,319,286</u>	<u>21,978,862</u>
Deferred outflows of resources	-	-	318,137	-	318,137
<b>Liabilities:</b>					
Current Liabilities:					
Accounts payable	195,356	1,803,533	107,319	-	2,106,208
Due to other funds	-	-	928,697	-	928,697
<b>Total current liabilities</b>	<u>195,356</u>	<u>1,803,533</u>	<u>1,036,016</u>	<u>-</u>	<u>3,034,905</u>
Noncurrent Liabilities:					
Net Pension Liability	-	-	378,334	-	378,334
<b>Total liabilities</b>	<u>195,356</u>	<u>1,803,533</u>	<u>1,414,350</u>	<u>-</u>	<u>3,413,239</u>
Deferred inflow of resources	-	-	35,904	-	35,904
<b>Net Position:</b>					
Net investment in capital assets	11,190,823	82,400	-	927,307	12,200,530
Unrestricted	2,404,413	3,848,286	(997,352)	1,391,979	6,647,326
<b>Total net position</b>	<u>\$ 13,595,236</u>	<u>\$ 3,930,686</u>	<u>\$ (997,352)</u>	<u>\$ 2,319,286</u>	<u>\$ 18,847,856</u>

## INTERNAL SERVICE FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2017

	Vehicle Replacement Fund	Health Insurance Fund	Fleet Maintenance Fund	Facilities Improvement Fund	Total
<b>Operating Revenues:</b>					
Charges for services	\$ 3,184,572	\$ 12,832,747	\$ 4,288,030	\$ -	\$ 20,305,349
Other operating revenues	215,866	9,528	-	-	225,394
Total operating revenues	<u>3,400,438</u>	<u>12,842,275</u>	<u>4,288,030</u>	<u>-</u>	<u>20,530,743</u>
<b>Operating Expenses:</b>					
Administration	-	695,551	-	-	695,551
Operations and maintenance	722,098	-	2,674,172	1,630,368	5,026,638
Salaries and benefits	-	-	1,547,040	-	1,547,040
Depreciation	2,184,761	-	-	48,975	2,233,736
Claims and payments to third party administrators	-	12,140,555	-	-	12,140,555
Total operating expenses	<u>2,906,859</u>	<u>12,836,106</u>	<u>4,221,212</u>	<u>1,679,343</u>	<u>21,643,520</u>
Operating income (loss)	<u>493,579</u>	<u>6,169</u>	<u>66,818</u>	<u>(1,679,343)</u>	<u>(1,112,777)</u>
<b>Nonoperating Expenses:</b>					
Loss on disposal of capital assets	-	-	-	(504,416)	(504,416)
Total nonoperating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504,416)</u>	<u>(504,416)</u>
Operating Income (Loss) before Contributions and Transfers	<u>493,579</u>	<u>6,169</u>	<u>66,818</u>	<u>(2,183,759)</u>	<u>(1,617,193)</u>
<b>Transfers In and Capital Contributions:</b>					
Transfers from other funds	237,816	-	-	1,590,000	1,827,816
Total transfers in and capital contributions	<u>237,816</u>	<u>-</u>	<u>-</u>	<u>1,590,000</u>	<u>1,827,816</u>
Change in net position	731,395	6,169	66,818	(593,759)	210,623
<b>Net Position:</b>					
Beginning of year – July 1	<u>12,863,841</u>	<u>3,924,517</u>	<u>(1,064,170)</u>	<u>2,913,045</u>	<u>18,637,233</u>
End of year – June 30	<u>\$ 13,595,236</u>	<u>\$ 3,930,686</u>	<u>\$ (997,352)</u>	<u>\$ 2,319,286</u>	<u>\$ 18,847,856</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**

**Schedule G-3**

YEAR ENDED JUNE 30, 2017

	Vehicle Replacement Fund	Health Insurance Fund	Fleet Maintenance Fund	Facilities Improvement Fund	Total
<b>Cash flows From Operating Activities:</b>					
Cash received from customers	\$ 3,205,082	\$ 12,811,220	\$ 4,609,185	\$ -	\$ 20,625,487
Cash paid to vendors	(1,090,970)	(12,778,010)	(2,681,852)	(1,812,280)	(18,363,112)
Cash paid to employees	-	-	(1,508,876)	-	(1,508,876)
Net cash provided (used) by operating activities	<u>2,114,112</u>	<u>33,210</u>	<u>418,457</u>	<u>(1,812,280)</u>	<u>753,499</u>
<b>Cash flows From Non-Capital Financing Activities:</b>					
Transfers from other funds	237,816	-	-	1,590,000	1,827,816
Repayments to (from) other funds	-	2,456	(499,513)	-	(497,057)
Noncapital contributions	-	-	-	-	-
Proceeds from operating grants	-	-	-	-	-
Net cash provided (used) by non-capital financing activities	<u>237,816</u>	<u>2,456</u>	<u>(499,513)</u>	<u>1,590,000</u>	<u>1,330,759</u>
<b>Cash flows From Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(4,106,235)	(82,400)	-	(361,999)	(4,550,634)
Net cash used by capital and related financing activities	<u>(4,106,235)</u>	<u>(82,400)</u>	<u>-</u>	<u>(361,999)</u>	<u>(4,550,634)</u>
Net decrease in cash and cash equivalents	(1,754,307)	(46,734)	(81,056)	(584,279)	(2,466,376)
<b>Cash and Cash Equivalents</b>					
Beginning of year – July 1	<u>4,158,720</u>	<u>5,593,110</u>	<u>81,056</u>	<u>1,976,258</u>	<u>11,809,144</u>
End of year – June 30	<u>\$ 2,404,413</u>	<u>\$ 5,546,376</u>	<u>\$ -</u>	<u>\$ 1,391,979</u>	<u>\$ 9,342,768</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 493,579	\$ 6,169	\$ 66,818	\$ (1,679,343)	\$ (1,112,777)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	2,184,761	-	-	48,975	2,233,736
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(195,356)	(31,055)	321,155	4,033	98,777
Decrease in deferred outflow of resources - pensions	-	-	(266,670)	-	(266,670)
Increase in prepaids	-	-	26,298	-	26,298
Decrease in net pension liability	-	-	315,156	-	315,156
Decrease in deferred inflows of resources - pensions	-	-	(10,322)	-	(10,322)
Increase (decrease) in accounts payable	(368,872)	58,096	(33,978)	(185,945)	(530,699)
Net cash provided (used) by operating activities	<u>\$ 2,114,112</u>	<u>\$ 33,210</u>	<u>\$ 418,457</u>	<u>\$ (1,812,280)</u>	<u>\$ 753,499</u>

## VEHICLE REPLACEMENT – INTERNAL SERVICE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES – FINANCIAL PLAN AND ACTUAL (NON-GAAP)

YEAR ENDED JUNE 30, 2017

	Financial Plan	Actual	Variance Positive/ Negative
<b>Operating Revenues:</b>			
Charges for services	\$ 3,176,826	\$ 3,184,572	\$ 7,746
Other operating revenues	297,316	215,866	(81,450)
Total operating revenues	<u>3,474,142</u>	<u>3,400,438</u>	<u>(73,704)</u>
<b>Operating Expenditures:</b>			
Capital outlay	6,049,299	4,828,334	1,220,965
Total operating expenditures			
Revenues over (under) expenditures	<u>(2,575,157)</u>	<u>(1,427,896)</u>	<u>1,147,261</u>
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	2,325,157	-	(2,325,157)
Transfers from other funds	250,000	237,816	(12,184)
Total other financing sources (uses)	<u>2,575,157</u>	<u>237,816</u>	<u>(2,337,341)</u>
Revenues and other financing sources (uses) under expenditures and other financing uses	<u>\$ -</u>	(1,190,080)	<u>\$ (1,190,080)</u>
<b>Reconciliation From Financial Plan Basis (Modified Accrual) to Full Accrual:</b>			
Depreciation		(2,184,761)	
Capital outlay		<u>4,106,236</u>	
Change in net position		<u>\$ 731,395</u>	

**CITY OF GREENVILLE, NORTH CAROLINA**

**HEALTH INSURANCE – INTERNAL SERVICE FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES – FINANCIAL PLAN AND ACTUAL (NON-GAAP)**

YEAR ENDED JUNE 30, 2017

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Positive/ Negative</b>
<b>Operating Revenues:</b>			
Charges for services	\$ 12,603,955	\$ 12,832,747	\$ 228,792
Other operating revenues	8,741	9,528	787
Total operating revenues	<u>12,612,696</u>	<u>12,842,275</u>	<u>229,579</u>
<b>Operating Expenditures:</b>			
Administration	729,203	663,919	65,284
Capital outlay	100,000	114,032	(14,032)
Payment to third party administrator	12,056,369	12,140,555	(84,186)
Total operating expenditures	<u>12,885,572</u>	<u>12,918,506</u>	<u>(32,934)</u>
Revenues over (under) expenditures	<u>(272,876)</u>	<u>(76,231)</u>	<u>196,645</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>272,876</u>	-	<u>(272,876)</u>
Total other financing sources (uses)	<u>272,876</u>	-	<u>(272,876)</u>
Revenues and other financing sources (uses) under expenditures and other financing uses	<u>\$ -</u>	<u>(76,231)</u>	<u>\$ (76,231)</u>
<b>Reconciliation From Financial Plan Basis (Modified Accrual) to Full Accrual:</b>			
Capital outlay		<u>82,400</u>	
Change in net position		<u>\$ 6,169</u>	

**CITY OF GREENVILLE, NORTH CAROLINA**

**Schedule G-6**

**FLEET MAINTENANCE – INTERNAL SERVICE FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES – FINANCIAL PLAN AND ACTUAL (NON-GAAP)**

YEAR ENDED JUNE 30, 2017

	<b>Financial Plan</b>	<b>Actual</b>	<b>Variance Positive/ Negative</b>
<b>Operating Revenues:</b>			
Charges for services	\$ 4,240,378	\$ 4,288,030	\$ 47,652
Total operating revenues	<u>4,240,378</u>	<u>4,288,030</u>	<u>47,652</u>
<b>Operating Expenditures:</b>			
Salaries and benefits	1,408,128	1,509,416	(101,288)
Operating and maintenance	2,797,250	2,651,129	146,121
Capital outlay	44,200	23,043	21,157
Total operating expenditures	<u>4,249,578</u>	<u>4,183,588</u>	<u>65,990</u>
Revenues over (under) expenditures	<u>(9,200)</u>	<u>104,442</u>	<u>113,642</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	9,200	-	(9,200)
Transfer to other funds	-	-	-
Total other financing sources (uses)	<u>9,200</u>	<u>-</u>	<u>(9,200)</u>
Revenues and other financing sources (uses) over expenditures and other financing uses	<u>\$ -</u>	<u>104,442</u>	<u>\$ 104,442</u>
<b>Reconciliation From Financial Plan Basis (Modified Accrual) to Full Accrual:</b>			
Increase in deferred outflows of resources - pensions		266,670	
Increase in net pension liability		(314,616)	
Decrease in deferred inflows of resources - pensions		<u>10,322</u>	
Change in net position		<u>\$ 66,818</u>	

**CITY OF GREENVILLE, NORTH CAROLINA**

**Schedule G-7**

**FACILITIES IMPROVEMENT – INTERNAL SERVICE FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES – FINANCIAL PLAN AND ACTUAL (NON-GAAP)**

YEAR ENDED JUNE 30, 2017

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive/ Negative</u>
<b>Operating Revenues:</b>			
Charges for services	\$ -	\$ -	\$ -
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating Expenditures:</b>			
Capital outlay	3,361,887	1,992,367	1,369,520
Total operating expenditures	<u>3,361,887</u>	<u>1,992,367</u>	<u>1,369,520</u>
Operating income (loss)	<u>(3,361,887)</u>	<u>(1,992,367)</u>	<u>1,369,520</u>
Revenues over (under) expenditures	<u>(3,361,887)</u>	<u>(1,992,367)</u>	<u>1,369,520</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	1,816,705	-	(1,816,705)
Transfers to other funds	(44,818)	-	44,818
Transfers from other funds	1,590,000	1,590,000	-
Total other financing sources (uses)	<u>3,361,887</u>	<u>1,590,000</u>	<u>(1,771,887)</u>
Revenues and other financing sources (uses) under expenditures and other financing uses	<u>\$ -</u>	<u>(402,367)</u>	<u>\$ (402,367)</u>
<b>Reconciliation From Financial Plan Basis (Modified Accrual) to Full Accrual:</b>			
Depreciation		(48,975)	
Loss on disposal of capital asset		(504,416)	
Capital outlay		<u>361,999</u>	
Change in net position		<u>\$ (593,759)</u>	



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# Statistical Section

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NET POSITION BY COMPONENT**

**Table 1**

*Last Ten Fiscal Years*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 89,239	\$ 98,830	\$ 119,789	\$ 132,450	\$ 136,640	\$ 140,382	\$ 144,769	\$ 154,684	\$ 157,082	\$ 160,375
Restricted			2,927							
Stabilization of State Statute	-	-	-	7,331	8,998	7,590	8,228	13,594	8,322	6,516
Restricted for Streets	2,889	2,053	-	-	-	2,629	2,296	2,236	1,717	1,179
General Government	-	-	-	-	-	-	84	76	105	109
Economic Development	-	-	-	-	-	-	-	56	4,177	2,611
Transportation	-	-	-	2,540	1,838	-	-	-	-	-
Public Safety	-	-	-	-	-	560	706	821	858	872
Cultural and Recreational	-	-	-	-	-	101	102	102	117	66
Other	-	-	-	819	6,175	-	-	-	-	669
Unrestricted	<u>42,823</u>	<u>44,182</u>	<u>30,243</u>	<u>24,196</u>	<u>18,142</u>	<u>36,640</u>	<u>36,849</u>	<u>23,638</u>	<u>29,243</u>	<u>23,715</u>
<b>Total Governmental activities net position</b>	<u>\$ 134,951</u>	<u>\$ 145,065</u>	<u>\$ 152,959</u>	<u>\$ 167,336</u>	<u>\$ 171,793</u>	<u>\$ 187,902</u>	<u>\$ 193,034</u>	<u>\$ 195,207</u>	<u>\$ 201,621</u>	<u>\$ 196,112</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 229,538	\$ 235,068	\$ 241,246	\$ 239,156	\$ 242,482	\$ 251,120	\$ 258,006	\$ 277,248	\$ 272,073	\$ 274,323
Unrestricted	<u>64,285</u>	<u>63,578</u>	<u>68,260</u>	<u>79,687</u>	<u>81,410</u>	<u>81,243</u>	<u>80,345</u>	<u>70,155</u>	<u>105,097</u>	<u>118,131</u>
<b>Total business-type activities net assets</b>	<u>\$ 293,823</u>	<u>\$ 298,646</u>	<u>\$ 309,506</u>	<u>\$ 318,843</u>	<u>\$ 323,892</u>	<u>\$ 332,363</u>	<u>\$ 338,351</u>	<u>\$ 347,403</u>	<u>\$ 377,170</u>	<u>\$ 392,454</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 318,777	\$ 333,898	\$ 361,035	\$ 371,606	\$ 379,122	\$ 391,502	\$ 402,775	\$ 431,932	\$ 429,155	\$ 434,698
Restricted	-	-	2,927	-	-	-	-	-	-	-
Stabilization of State Statute	-	-	-	7,331	8,998	7,590	8,228	13,594	8,322	6,516
Restricted for Streets	2,889	2,053	-	-	-	2,629	2,296	2,236	1,717	1,179
General Government	-	-	-	-	-	-	84	76	105	109
Economic Development	-	-	-	-	-	-	-	56	4,177	2,611
Transportation	-	-	-	2,540	1,838	-	-	-	-	-
Public Safety	-	-	-	-	-	560	706	821	858	872
Cultural and Recreational	-	-	-	-	-	101	102	102	117	66
Other	-	-	-	819	6,175	-	-	-	-	669
Unrestricted	<u>107,108</u>	<u>107,760</u>	<u>98,503</u>	<u>103,883</u>	<u>99,552</u>	<u>117,883</u>	<u>117,194</u>	<u>93,793</u>	<u>134,340</u>	<u>141,846</u>
<b>Total primary government net position</b>	<u>\$ 428,774</u>	<u>\$ 443,711</u>	<u>\$ 462,465</u>	<u>\$ 486,179</u>	<u>\$ 495,685</u>	<u>\$ 520,265</u>	<u>\$ 531,385</u>	<u>\$ 542,610</u>	<u>\$ 578,791</u>	<u>\$ 588,566</u>

Note 1: Amounts are based on the Accrual Basis of Accounting

Note 2: Amounts are expressed in thousands

Note 3: Terminology changed from "Net Assets" to Net Position effective fiscal year 2013.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**CHANGES IN NET POSITION**

**Table 2**

*LAST TEN FISCAL YEARS (in '000s)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 16,290	\$ 12,826	\$ 10,721	\$ 10,172	\$ 10,480	\$ 21,603	\$ 19,960	\$ 25,011	\$ 28,647	\$ 34,019
Public safety	29,719	32,621	37,866	36,159	39,385	29,712	28,939	26,262	26,907	27,583
Transportation	9,703	8,253	11,994	9,344	10,326	7,593	7,462	5,939	7,172	6,514
Environmental protection	4,366	1,068	-	-	-	-	-	-	-	3,534
Economic and physical development	5,139	6,006	5,199	4,625	6,065	14,501	13,497	10,781	11,081	12,655
Culture and recreation	6,690	10,360	11,192	11,398	11,503	3,688	3,204	5,765	4,589	4,802
Interest on long-term debt	1,788	1,440	1,842	1,602	1,657	826	894	1,034	949	1,307
<b>Total governmental activities</b>	<b>\$ 73,695</b>	<b>\$ 72,574</b>	<b>\$ 78,814</b>	<b>\$ 73,300</b>	<b>\$ 79,416</b>	<b>\$ 77,923</b>	<b>\$ 73,956</b>	<b>\$ 74,792</b>	<b>\$ 79,345</b>	<b>\$ 90,414</b>
Business-type activities:										
Electric	\$ 163,119	\$ 183,301	\$ 188,681	\$ 195,510	\$ 191,269	\$ 192,058	\$ 195,184	\$ 189,010	\$ 157,839	\$ 167,127
Water	13,170	14,437	14,778	15,044	16,403	15,857	16,237	16,201	16,281	17,138
Sewer	12,972	14,524	14,776	15,673	16,208	16,837	17,333	17,667	18,261	19,761
Gas	38,148	38,330	31,749	31,972	24,947	26,189	32,519	31,718	25,519	27,803
Public Transportation	1,412	1,791	1,703	1,837	2,178	2,499	2,459	3,406	2,130	2,377
Bradford Creek	878	911	906	914	930	-	-	-	-	-
Aquatics and fitness	1,560	-	-	-	-	-	-	-	-	-
Stormwater Utility	2,367	2,720	2,638	2,899	3,119	2,904	2,945	5,837	2,526	2,465
Sanitation	-	5,959	5,495	5,961	6,643	6,792	7,358	6,941	6,115	6,697
<b>Total business-type activities</b>	<b>\$ 233,626</b>	<b>\$ 261,973</b>	<b>\$ 260,726</b>	<b>\$ 269,810</b>	<b>\$ 261,697</b>	<b>\$ 263,136</b>	<b>\$ 274,035</b>	<b>\$ 270,780</b>	<b>\$ 228,671</b>	<b>\$ 243,368</b>
<b>Total expenses</b>	<b>\$ 307,321</b>	<b>\$ 334,547</b>	<b>\$ 339,540</b>	<b>\$ 343,110</b>	<b>\$ 341,113</b>	<b>\$ 341,059</b>	<b>\$ 347,991</b>	<b>\$ 345,572</b>	<b>\$ 308,016</b>	<b>\$ 333,782</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 4,112	\$ 2,323	\$ 447	\$ 886	\$ 3,140	\$ 4,052	\$ 4,829	\$ 3,360	\$ 3,959	\$ 7,201
Public safety	3,709	4,221	5,060	4,564	5,545	4,360	4,149	5,542	4,686	4,231
Transportation	210	264	264	309	247	190	180	293	195	203
Environmental protection	4,634	81	-	-	-	-	-	-	-	-
Economic and physical development	768	1,280	170	738	-	19	19	19	19	19
Culture and recreation	516	19	1,324	1,247	1,354	1,120	1,088	1,093	1,939	1,953
Operating grants and contributions	3,101	3,952	7,491	9,502	9,820	4,523	3,540	3,211	2,505	3,675
Capital grants and contributions	3,691	5,657	13,735	10,258	4,091	3,975	3,214	2,788	6,916	5,912
<b>Total governmental activities program revenues</b>	<b>\$ 20,741</b>	<b>\$ 17,797</b>	<b>\$ 28,491</b>	<b>\$ 27,504</b>	<b>\$ 24,197</b>	<b>\$ 18,239</b>	<b>\$ 17,019</b>	<b>\$ 16,306</b>	<b>\$ 20,219</b>	<b>\$ 23,194</b>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**CHANGES IN NET POSITION (CONTINUED)**

**Table 2**

*Last Ten Fiscal Years (in 000's)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Electric	\$ 168,993	\$ 187,204	\$ 194,531	\$ 203,686	\$ 196,531	\$ 197,680	\$ 202,308	\$ 199,711	\$ 181,932	\$ 178,171
Water	13,714	13,955	13,829	15,289	16,462	16,321	16,526	17,465	18,587	20,009
Sewer	14,111	14,310	14,905	17,041	17,971	18,257	18,218	19,566	21,577	23,268
Gas	41,109	44,476	37,962	37,738	30,440	31,820	35,481	36,688	27,684	28,787
Public Transportation	185	218	235	274	314	359	330	402	284	243
Aquatics and Fitness	600	-	-	-	-	-	-	-	-	-
Bradford Creek	876	800	753	750	860	-	-	-	-	-
Stormwater Utility	2,933	2,958	3,207	3,066	2,962	3,117	3,670	4,354	4,905	5,537
Sanitation	-	5,427	5,914	5,431	5,408	6,630	6,814	7,204	7,460	7,256
Operating grants and contributions	699	1,538	807	830	1,009	-	901	804	-	1,463
Capital grants and contributions	5,074	5,301	3,501	1,062	5	2,103	1,162	3,105	2,121	278
<b>Total business-type activities program revenues</b>	<b>\$ 248,294</b>	<b>\$ 276,187</b>	<b>\$ 275,644</b>	<b>\$ 285,167</b>	<b>\$ 271,962</b>	<b>\$ 276,287</b>	<b>\$ 285,410</b>	<b>\$ 289,299</b>	<b>\$ 264,550</b>	<b>\$ 265,012</b>
<b>Total program revenues</b>	<b>\$ 269,035</b>	<b>\$ 293,984</b>	<b>\$ 304,135</b>	<b>\$ 312,671</b>	<b>\$ 296,159</b>	<b>\$ 294,526</b>	<b>\$ 302,429</b>	<b>\$ 305,605</b>	<b>\$ 284,769</b>	<b>\$ 288,206</b>
Net (expense)/revenue										
Governmental activities	\$ (52,954)	\$ (54,777)	\$ (50,323)	\$ (45,796)	\$ (55,219)	\$ (59,684)	\$ (56,937)	\$ (58,486)	\$ (59,126)	\$ (67,220)
Business-type activities	14,668	14,214	14,918	15,357	10,265	13,151	11,375	18,519	35,879	21,644
<b>Total primary governmental net expense</b>	<b>\$ (38,286)</b>	<b>\$ (40,563)</b>	<b>\$ (35,405)</b>	<b>\$ (30,439)</b>	<b>\$ (44,954)</b>	<b>\$ (46,533)</b>	<b>\$ (45,562)</b>	<b>\$ (39,967)</b>	<b>\$ (23,247)</b>	<b>\$ (45,576)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 26,033	\$ 29,461	\$ 30,517	\$ 30,891	\$ 31,487	\$ 30,446	\$ 31,915	\$ 32,502	\$ 33,000	\$ 33,187
Other Taxes, grants and contributions	20,712	20,915	20,852	21,722	22,161	22,397	22,522	25,292	26,655	27,873
Investment earnings	2,706	2,455	1,486	919	969	69	2,038	2,064	700	954
Miscellaneous	-	-	469	-	(496)	-	-	-	-	-
Transfers	5,039	10,864	4,872	6,662	5,554	4,908	5,597	5,804	6,704	6,885
<b>Total General revenues</b>	<b>\$ 54,490</b>	<b>\$ 63,695</b>	<b>\$ 58,196</b>	<b>\$ 60,194</b>	<b>\$ 59,675</b>	<b>\$ 57,820</b>	<b>\$ 62,072</b>	<b>\$ 65,662</b>	<b>\$ 67,059</b>	<b>\$ 68,899</b>
Business-type activities:										
Investment earnings	\$ 2,377	\$ 1,472	\$ 813	\$ 641	\$ 337	\$ 227	\$ 209	\$ 284	\$ 330	\$ 528
Transfers	(5,039)	(10,864)	(4,872)	(6,662)	(5,554)	(4,908)	(5,597)	(5,804)	(6,704)	(6,888)
<b>Total business-type activities</b>	<b>\$ (2,662)</b>	<b>\$ (9,392)</b>	<b>\$ (4,059)</b>	<b>\$ (6,021)</b>	<b>\$ (5,217)</b>	<b>\$ (4,681)</b>	<b>\$ (5,388)</b>	<b>\$ (5,520)</b>	<b>\$ (6,374)</b>	<b>\$ (6,360)</b>
<b>Total primary government</b>	<b>\$ 51,828</b>	<b>\$ 54,303</b>	<b>\$ 54,137</b>	<b>\$ 54,173</b>	<b>\$ 54,458</b>	<b>\$ 53,139</b>	<b>\$ 56,684</b>	<b>\$ 60,142</b>	<b>\$ 60,685</b>	<b>\$ 62,539</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,536	\$ 8,918	\$ 7,873	\$ 14,398	\$ 4,456	\$ (1,864)	\$ 5,135	\$ 7,176	\$ 7,933	\$ 1,679
Business-type activities	12,006	4,822	10,859	9,336	5,048	8,470	5,987	12,999	29,505	15,284
<b>Total primary government</b>	<b>\$ 13,542</b>	<b>\$ 13,740</b>	<b>\$ 18,732</b>	<b>\$ 23,734</b>	<b>\$ 9,504</b>	<b>\$ 6,606</b>	<b>\$ 11,122</b>	<b>\$ 20,175</b>	<b>\$ 37,438</b>	<b>\$ 16,963</b>

Note 1: Amounts are based on Accrual Basis of Accounting  
Note 2: Amounts are expressed in thousands

**CITY OF GREENVILLE, NORTH CAROLINA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

**Table 3**

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$ 11,315	\$ 9,671	\$ 10,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,657	18,396	17,203	-	-	-	-	-	-	-
Nonspendable	-	-	-	161	151	75	215	116	54	69
Restricted	-	-	-	10,690	11,582	10,267	10,848	16,169	10,171	7,688
Committed	-	-	-	2,831	3,059	2,277	2,277	2,277	2,277	2,328
Assigned	-	-	-	2,091	2,490	7,047	1,964	1,592	1,796	1,178
Unassigned	-	-	-	13,381	14,683	11,401	16,108	12,426	18,144	20,158
<b>Total General Fund</b>	<b>\$ 26,972</b>	<b>\$ 28,067</b>	<b>\$ 27,607</b>	<b>\$ 29,154</b>	<b>\$ 31,965</b>	<b>\$ 31,067</b>	<b>\$ 31,412</b>	<b>\$ 32,580</b>	<b>\$ 32,442</b>	<b>\$ 31,421</b>
<b>All other governmental funds</b>										
Reserved	\$ 108	\$ 116	\$ 709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Subsequent Year's	-	-	108	-	-	-	-	-	-	-
Special revenue funds	6,901	5,990	3,987	-	-	-	-	-	-	-
Debt Service Funds	806	916	892	-	-	-	-	-	-	-
Capital Project Funds	11,822	14,166	9,993	-	-	-	-	-	-	-
Nonspendable	-	-	-	53	44	49	53	919	381	791
Restricted	-	-	-	8,384	5,429	2,160	5,767	8,257	5,235	4,334
Committed	-	-	-	7,477	5,996	7,747	6,846	6,045	5,172	11,019
Assigned	-	-	-	-	-	544	522	570	619	520
Unassigned	-	-	-	(1,970)	(1,327)	(1,181)	(489)	(5,097)	(531)	(334)
<b>Total all other governmental funds</b>	<b>\$ 19,637</b>	<b>\$ 21,188</b>	<b>\$ 15,689</b>	<b>\$ 13,944</b>	<b>\$ 10,142</b>	<b>\$ 9,319</b>	<b>\$ 12,699</b>	<b>\$ 10,694</b>	<b>\$ 10,876</b>	<b>\$ 16,330</b>
<b>Total governmental funds</b>	<b>\$ 46,609</b>	<b>\$ 49,255</b>	<b>\$ 43,296</b>	<b>\$ 43,098</b>	<b>\$ 42,107</b>	<b>\$ 40,386</b>	<b>\$ 44,111</b>	<b>\$ 43,274</b>	<b>\$ 43,318</b>	<b>\$ 47,751</b>

Note 1: The City made the option to adopt GASB 54 fund balance presentation prospectively

Note 2: Amounts are based on the Modified Accrual Basis of Accounting

Note 3: Amounts expressed in thousands

**CITY OF GREENVILLE, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**Table 4**

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Ad Valorem Taxes	\$ 26,296	\$ 29,715	\$ 30,581	\$ 30,749	\$ 31,567	\$ 30,276	\$ 32,256	\$ 32,956	\$ 32,776	\$ 33,385
Other Taxes	15,794	15,355	14,715	15,130	16,614	16,519	16,672	18,543	19,271	20,645
Unrestricted Intergovernmental	4,918	5,560	5,573	5,965	5,858	5,877	5,847	6,750	7,386	7,231
Restricted Intergovernmental	6,509	10,031	7,522	11,048	12,166	7,978	6,424	5,720	8,021	9,252
Licenses, Permits and fees	7,742	2,398	2,358	2,365	2,632	2,457	2,289	3,818	2,353	2,929
Sales and Services	5,474	5,604	4,947	5,290	5,117	5,484	5,180	5,766	5,083	4,844
Investment Earning	2,685	2,450	1,486	917	970	69	463	370	700	438
Other Revenue	725	424	1,137	896	1,360	1,316	1,715	861	1,340	3,182
<b>Total revenues</b>	<b>\$ 70,143</b>	<b>\$ 71,537</b>	<b>\$ 68,319</b>	<b>\$ 72,360</b>	<b>\$ 76,284</b>	<b>\$ 69,976</b>	<b>\$ 70,846</b>	<b>\$ 74,784</b>	<b>\$ 76,930</b>	<b>\$ 81,906</b>
<b>Expenditures</b>										
General government	\$ 8,843	\$ 8,991	\$ 8,935	\$ 8,727	\$ 9,100	\$ 11,238	\$ 10,331	\$ 10,504	\$ 12,413	\$ 12,135
Public safety	29,553	32,747	34,634	35,256	35,100	36,077	36,072	35,521	37,029	39,141
Public works	8,893	8,874	8,884	9,432	9,838	8,361	8,130	7,924	8,581	8,971
Environmental Protection	4,162	-	-	-	-	-	-	-	-	3,534
Cultural and Recreation	3,938	3,886	8,235	8,443	8,772	4,121	4,748	5,176	6,018	5,874
Economic and physical development	6,733	7,560	4,328	4,545	4,956	11,630	10,585	19,185	15,964	18,373
Capital Outlay	8,158	11,454	9,631	9,861	10,647	3,786	3,591	2,596	-	-
Reimbursement of indirect cost	-	(528)	(560)	(373)	(601)	(1,014)	(1,111)	(1,285)	(1,391)	(1,312)
Contribution to OPEB Trust	-	250	250	250	250	300	350	400	450	500
<b>Debt service</b>										
Principal	\$ 4,108	\$ 10,636	\$ 3,130	\$ 3,389	\$ 3,047	\$ 12,613	\$ 3,342	\$ 3,766	\$ 3,808	\$ 3,928
Interest and fees	1,787	1,440	1,682	1,580	1,684	2,010	894	1,034	871	1,182
<b>Total expenditures</b>	<b>\$ 76,175</b>	<b>\$ 85,310</b>	<b>\$ 79,149</b>	<b>\$ 81,110</b>	<b>\$ 82,793</b>	<b>\$ 89,122</b>	<b>\$ 76,932</b>	<b>\$ 84,821</b>	<b>\$ 83,743</b>	<b>\$ 92,326</b>
Excess of revenues over (under) expenditures	\$ (6,032)	\$ (13,773)	\$ (10,830)	\$ (8,750)	\$ (6,509)	\$ (19,146)	\$ (6,086)	\$ (10,037)	\$ (6,813)	\$ (10,420)
<b>Other financing sources (uses)</b>										
Transfers from other funds	\$ 23,048	\$ 23,854	\$ 12,999	\$ 12,739	\$ 14,207	\$ 12,127	\$ 16,027	\$ 15,880	\$ 16,410	\$ 18,823
Transfers to other funds	(18,509)	(19,124)	(8,127)	(7,432)	(8,774)	(7,766)	(11,213)	(11,622)	(11,277)	(14,166)
Payments to Escrow Agents	-	-	-	-	-	(9,750)	-	-	(6,248)	-
Sale of Property	-	175	-	-	-	-	-	-	-	-
Payments to Escrow Agents	-	-	-	-	(4,208)	-	-	-	-	-
Premium received on long term debt issued	-	-	-	-	-	-	-	-	-	696
Refunding debt issued	-	-	-	-	-	-	-	-	6,185	-
Long Term debt issued	-	12,014	-	3,244	4,293	22,541	4,997	4,200	2,096	9,500
<b>Total other financing sources (uses)</b>	<b>\$ 4,539</b>	<b>\$ 16,919</b>	<b>\$ 4,872</b>	<b>\$ 8,551</b>	<b>\$ 5,518</b>	<b>\$ 17,152</b>	<b>\$ 9,811</b>	<b>\$ 8,458</b>	<b>\$ 7,166</b>	<b>\$ 14,853</b>
Net change in fund balances	\$ (1,493)	\$ 3,146	\$ (5,958)	\$ (199)	\$ (991)	\$ (1,994)	\$ 3,725	\$ (1,579)	\$ 353	\$ 4,433
Debt services as a percentage of noncapital expenditures	9.0%	16.0%	7.0%	7.0%	7.0%	17.0%	6.0%	6.0%	6.4%	6.3%

Note 1: Amounts are based on the Modified Accrual Basis of Accounting

Note 2: Amounts are expressed in thousands

**CITY OF GREENVILLE, NORTH CAROLINA**  
**GREENVILLE UTILITIES COMMISSION - REVENUE BASE**

**Table 5**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>Electric kWh Sold</b>		<b>Water Kgal Sold</b>		<b>Gas ccf Sold</b>	
	<b>Residential</b>	<b>Commercial &amp; Industrial</b>	<b>Residential</b>	<b>Commercial &amp; Industrial</b>	<b>Residential</b>	<b>Commercial &amp; Industrial</b>
2008	660,765,253	968,854,997	2,154,763	1,440,881	7,052,603	19,715,238
2009	688,061,414	945,415,302	2,133,699	1,410,934	8,544,675	20,245,245
2010	701,375,321	948,750,414	2,101,457	1,343,535	9,071,756	22,171,860
2011	735,045,523	976,964,873	2,189,035	1,516,854	9,204,734	23,200,508
2012	659,675,766	973,189,826	2,099,783	1,685,842	6,446,047	21,800,184
2013	695,864,293	960,802,492	2,030,472	1,827,090	8,770,015	22,650,139
2014	714,076,550	970,770,336	2,050,903	1,870,687	9,480,133	23,480,549
2015	719,680,705	990,218,837	2,044,738	1,873,012	9,568,069	23,843,849
2016	678,819,366	1,006,432,962	2,076,000	1,893,595	6,954,321	22,437,501
2017	712,955,477	1,004,017,437	2,045,980	1,973,229	6,941,053	22,957,109

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property		Total Taxable Assessed Value	(2) Total Direct Tax Rate	Estimated Actual Taxable/Market Value	(1) Assessed Value as a Percentage of Market Value
	Residential and Commercial Property	Personal Property Motor Vehicle and Other Personal Property				
2008	4,160,752,821	596,214,107	4,756,966,929	0.0056	5,401,961,082	88.06%
2009	5,190,768,565	616,651,923	5,807,420,488	0.0052	5,840,125,189	99.44%
2010	5,389,644,817	576,155,778	5,965,800,595	0.0052	6,086,930,512	98.01%
2011	5,597,578,846	404,914,485	6,002,493,331	0.0052	6,083,402,585	98.67%
2012	5,494,929,423	618,532,115	6,113,461,538	0.0052	6,157,177,498	99.29%
2013	5,228,378,854	629,311,731	5,857,690,585	0.0052	5,865,902,849	99.86%
2014	5,279,644,967	885,747,885	6,165,392,852	0.0052	6,165,392,852	100.00%
2015	5,389,359,444	731,693,889	6,121,053,333	0.0054	6,121,053,333	100.00%
2016	5,476,922,075	764,354,906	6,241,276,981	0.0053	6,241,276,981	100.00%
2017	5,642,813,653	855,862,885	6,498,676,538	0.0052	6,498,676,538	100.00%

(1) Source: Pitt County Tax Assessor's Office

Public service companies appraised each year included in total values on this schedule.

Total assessed values are net of abatements.

(2) Per \$100 value

**CITY OF GREENVILLE, NORTH CAROLINA**

**Table 7**

**GREENVILLE UTILITIES COMMISSION - DIRECT AND OVERLAPPING REVENUE RATES**

*LAST TEN FISCAL YEARS*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Electric (per kWh)</b>										
Residential	\$ 0.1145	\$ 0.1241	\$ 0.1280	\$ 0.1290	\$ 0.1310	\$ 0.1299	\$ 0.1310	\$ 0.1309	\$ 0.1249	\$ 0.1010
Commercial & Industrial	0.0886	0.0993	0.1031	0.1038	0.1025	0.1027	0.1031	0.1028	0.0945	0.0980
<b>Water (per kgal)</b>										
Residential	4.0708	4.2999	4.3392	4.5887	5.0031	5.0344	5.0703	5.3871	5.6670	5.7550
Commercial & Industrial	2.5912	2.7337	2.7720	2.8823	3.0610	2.8911	2.8810	3.0439	3.1589	3.2300
<b>Gas (per ccf)</b>										
Residential	2.0073	1.8639	1.5896	1.4856	1.5097	1.3558	1.4078	1.4695	1.3853	1.1180
Commercial & Industrial	1.3225	1.4106	1.0519	1.0119	0.9488	0.8636	0.9205	0.9365	0.7745	0.9718

Source: Greenville Utilities Commission

Property Tax Rates - Direct and Overlapping Governments

LAST TEN FISCAL YEARS

Fiscal Year	City of Greenville		Pitt County		Overlapping	
	Rate Per \$100	Total City Levy	Rate Per \$100	Total County Levy	Rate Per \$100	Total Levy
2008	0.560	\$ 26,650,553	0.700	\$ 65,331,289	1.260	\$ 91,981,842
* 2009	0.520	30,211,997	0.665	78,367,343	1.185	108,579,340
2010	0.520	31,039,086	0.665	75,642,267	1.185	106,681,353
2011	0.520	30,838,534	0.665	76,968,291	1.185	107,806,825
2012	0.520	31,389,341	0.665	76,906,068	1.185	108,295,409
* 2013	0.520	30,005,085	0.680	76,846,937	1.200	106,852,022
2014	0.520	31,657,568	0.680	80,835,458	1.200	112,493,026
2015	0.540	32,647,441	0.680	72,373,686	1.220	105,021,127
* 2016	0.530	32,488,669	0.680	75,692,433	1.210	108,181,102
2017	0.520	33,536,294	0.686	77,888,277	1.206	111,424,571

\* Last date for revaluation. Revaluation occurs every four years

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PRINCIPAL PROPERTY TAXPAYERS**

**Table 9**

12/31/2016 FOR FISCAL YEAR 2017

Taxpayer	2017		Percentage of Total Taxable Assessed Value	2008		Percentage of Total Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Wal-mart (Retail)	\$ 46,951,953	1	0.72%			
Carolina Telephone/Sprint				\$ 38,831,531	1	0.82%
RPI Greenville Mall LP	44,614,187	2	0.69%			
Marelda Greenville Mall/ Colonial Mall				26,978,780	2	0.57%
Copper Beech Townhome Communities Thirty SPE LLC	37,505,180	3	0.58%			
North Campus Crossing				23,436,281	3	0.49%
PEP ECU LLC	34,038,022	4	0.53%			
Southeast Properties (Pirate Cove Apts)				19,269,145	4	0.41%
401 Moye Boulevard Realty DST	31,901,462	5	0.49%			
Treybrooke LLC (Apartments)				18,398,850	5	0.39%
PL Greenville LP	31,275,488	6	0.48%			
Fairfield ECU Exchange				16,503,673	6	0.35%
Province Greenville NC LP THE	27,233,815	7	0.42%			
Centro Heritage UC Gville (University Commons)				16,192,510	7	0.34%
Taft Ward ECU Campus Edge Apts. LLC	27,221,426	8	0.42%			
Speight, Maxine (Developer)				14,348,436	8	0.30%
Heritage At Arlington Apts. LLC	26,612,094	9	0.41%			
Waterford Place (Apartments)				13,971,415	9	0.29%
33 East Apartments LLC	26,263,140	10	0.41%			
Winterville Village (Medical Property)				13,539,168	10	0.28%
<b>Totals</b>	<b>\$333,616,767</b>		<b>5.15%</b>	<b>\$201,469,789</b>		<b>4.24%</b>

Note: Information obtained from Pitt County Government

**CITY OF GREENVILLE, NORTH CAROLINA**  
**TOP CUSTOMERS - GREENVILLE UTILITIES COMMISSION**

**Table 10**

Page 1 of 4

*CURRENT YEAR AND NINE YEARS AGO*

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**TOP CUSTOMERS - GREENVILLE UTILITIES COMMISSION**

**Table 10**

Page 2 of 4

*CURRENT YEAR AND NINE YEARS AGO*

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**TOP CUSTOMERS - GREENVILLE UTILITIES COMMISSION**

**Table 10**

Page 3 of 4

*CURRENT YEAR AND NINE YEARS AGO*

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

**CITY OF GREENVILLE, NORTH CAROLINA**  
**TOP CUSTOMERS - GREENVILLE UTILITIES COMMISSION**

**Table 10**

Page 4 of 4

CURRENT YEAR AND NINE YEARS AGO

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

<sup>1</sup> Formerly DSM Pharmaceuticals, Inc.

<sup>2</sup> Formerly Pitt County Memorial Hospital

<sup>3</sup> Formerly Paper Pak Products, Inc.

<sup>4</sup> Formerly NACCO Materials Handling

Note: Information gathered from the Greenville Utility Commission's billing system

**General Fund Tax Revenues By Source**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>** Property Tax</b>	<b>Sales Tax</b>	<b>* Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2008	\$ 26,295,736	\$ 14,321,873	\$ 5,190,851	\$ 332,734	\$ 108,852	\$ 46,250,046
2009	29,715,153	13,552,575	6,104,795	345,500	104,950	49,822,972
2010	30,580,836	12,983,004	6,385,550	115,658	103,446	50,168,494
2011	30,748,643	13,393,038	6,488,728	363,923	132,731	51,127,063
2012	31,567,318	14,694,476	6,442,004	368,940	121,759	53,194,497
2013	30,275,932	14,672,441	6,360,313	343,423	118,679	51,770,788
2014	31,205,437	14,804,915	6,316,830	376,811	119,582	52,823,574
2015	32,389,782	16,588,707	7,190,841	416,085	127,304	56,712,718
2016	32,488,669	17,289,693	7,821,142	390,180	142,723	58,132,406
2017	33,536,294	18,469,673	7,703,174	403,408	152,527	60,265,076

\* Franchise Tax includes Cable TV and Utilities Franchise taxes

\*\* Net of Collection Fees

Note: Beginning fiscal year 2006-2007 Motor Vehicle Tax included as part of Property Tax

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**Table 12**

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	(1)	Collected within the		Collections in Subsequent Years	Total Collections to Date	
	Total	Fiscal Year of the Levy			Amount	Percentage of Levy
	Levy for Fiscal Year	Amount	Percentage of Levy			
2008	\$ 26,650,553	\$ 25,866,384	97.06%	\$ 711,199	\$ 26,577,583	99.73%
2009	30,211,997	29,330,914	97.08%	768,966	30,099,880	99.63%
2010	31,039,086	30,202,323	97.30%	725,731	30,928,054	99.64%
2011	30,838,534	29,811,533	96.67%	837,702	30,649,235	99.39%
2012	31,389,341	30,505,550	97.18%	720,844	31,226,394	99.48%
2013	30,005,085	29,195,139	97.30%	173,953	29,195,139	97.30%
2014	31,657,568	31,205,438	98.57%	354,202	31,205,438	98.57%
2015	32,647,441	32,389,782	99.21%	28,996	32,389,782	99.21%
2016	32,676,680	32,488,669	99.42%	97,500	32,488,669	99.42%
2017	33,704,286	33,536,294	99.50%	-	33,536,294	99.50%

(1) Analysis of Current Year Tax and Pitt County Tax Collections Report - Net of Abatements

**CITY OF GREENVILLE, NORTH CAROLINA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**

**Table 13**

*LAST TEN FISCAL YEARS*

*(amounts expressed in thousands, except per capita amount)*

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Certificates of Participation	Installment Purchase Contracts	Revenue Bonds	General Obligation Bonds	Installment Purchase Contracts	Other Debt			
2008	\$ 12,150	\$ 5,080	\$ 20,715	\$ 1,004	\$ 99,842	\$ 8,460	\$ 805	\$ 18,882	\$ 166,938	2.94%	\$ 2,197
2009	11,315	4,785	12,195	12,182	94,882	7,304	744	19,926	163,333	2.83%	2,016
2010	10,486	4,475	11,380	11,007	89,072	6,109	549	28,587	161,665	2.71%	1,996
2011	12,980	4,155	10,565	10,007	83,976	4,967	2,445	29,082	158,177	2.56%	1,883
2012	12,012	3,968	9,750	9,016	78,259	4,570	2,972	29,055	149,602	2.43%	1,781
2013	11,051	3,570	-	20,303	79,646	4,404	3,447	32,500	154,921	2.46%	1,781
2014	10,222	3,165	-	23,192	72,136	4,207	2,099	36,390	151,411	2.44%	1,701
2015	9,392	6,925	-	20,694	64,401	4,013	630	36,339	142,394	2.19%	1,600
2016	8,667	6,455	-	20,251	93,652	3,838	959	46,663	180,485	(1)	2,005
2017	16,511	5,960	-	19,154	97,207	3,493	801	48,415	191,541	(1)	2,105

Note 1: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Note 2: Debt excludes OPEB liability, LEO separation allowances and compensated absences.

Note 3: Percentage of Personal Income based on income for Greenville MSA (Obtained from BEA - US Dept of Commerce).

Note 4: Population amounts are as of July 1 of the fiscal year.

Note 5: GO Bond amounts exclude bonds approved but unissued.

(1) Information not available to complete the analysis

**CITY OF GREENVILLE, NORTH CAROLINA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

**Table 14**

*LAST TEN FISCAL YEARS*

*(amounts expressed in thousands, except per capita amount)*

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Personal Income</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2008	\$ 20,610	\$ 806	\$ 19,804	0.36%	0.71%	\$ 261
2009	18,590	916	17,674	0.30%	0.68%	218
2010	15,315	892	14,423	0.25%	0.60%	176
2011	17,948	943	17,005	0.29%	0.60%	202
2012	16,582	979	15,603	0.25%	0.25%	193
2013	15,455	943	14,512	0.23%	0.25%	167
2014	14,429	443	13,986	0.23%	0.23%	157
2015	13,407	393	13,014	0.20%	0.21%	146
2016	12,505	354	12,151	(1)	0.19%	135
2017	19,325	661	18,664	(1)	0.30%	207

Note 1: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Note 2: Percentage of Personal Income based on income for the County (Obtained from the BEA-US Dept. of Commerce).  
Income information on provided on the City level.

Note 3: Population amounts are as of July 1 of the fiscal year.

Note 4: GO Bond amounts include bonds approved but unissued.

(1) Information not available for this period.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**LEGAL DEBT MARGIN - GOVERNMENTAL ACTIVITIES**

**Table 15**

*LAST TEN FISCAL YEARS (in '000s)*

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Debt limit	\$ 380,000	\$ 464,000	\$ 477,264	\$ 474,012	\$ 489,077	\$ 461,333	\$ 486,793	\$ 489,684	\$ 499,302	\$ 519,894
Total net debt applicable to limit	<u>166,937</u>	<u>163,305</u>	<u>161,665</u>	<u>157,611</u>	<u>150,355</u>	<u>156,000</u>	<u>152,518</u>	<u>142,395</u>	<u>180,485</u>	<u>191,541</u>
Legal debt margin	<u>\$ 213,063</u>	<u>\$ 300,695</u>	<u>\$ 315,599</u>	<u>\$ 316,401</u>	<u>\$ 338,722</u>	<u>\$ 305,333</u>	<u>\$ 334,275</u>	<u>\$ 347,289</u>	<u>\$ 318,817</u>	<u>\$ 328,353</u>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	43.93%	35.20%	33.87%	33.25%	30.74%	33.82%	31.33%	29.08%	36.15%	36.84%

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed value	\$ 6,498,676,538
Debt Limit (8% of total assessed value)	519,894,123
Debt applicable to limit:	
General obligation bonds	19,325,000
Special obligation revenue	5,960,000
Revenue bonds	87,558,000
Other Debt	<u>78,019,000</u>
Legal debt margin	<u>\$ 329,032,123</u>

Note: Under state finance law, the Name of Government's outstanding general obligation debt should not exceed 8 percent of total assessed property value.

By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**Table 16**

*AS OF JUNE 30, 2017*

<b>Governmental Unit</b>	<b>Net General Obligation Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Overlapping</b>			
Pitt County	\$ 18,235,000	50.13%	\$ 9,141,206
<b>Direct</b>			
City of Greenville			40,949,754
<b>Total direct and overlapping debt</b>			<u>\$ 50,090,960</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Website, Analysis of adopted tax levy.  
 Debt outstanding data provided by the county.

**CITY OF GREENVILLE, NORTH CAROLINA**

**Pledged Revenue Coverage**

*LAST TEN FISCAL YEARS*

Fiscal Year	Utility Fund Revenues (1)	Operating Expenses (2)	Net Revenues		Debt Service Requirement (3)				Special Assessment Bonds			
			Available for Debt Service				Special Assessment Collections	Debt Service				
				Principal	Interest	Total		Coverage	Principal	Interest	Coverage	
2008	\$ 239,417	\$ 206,067	\$ 33,350	\$ 5,972	\$ 3,799	\$ 9,772	3.41	\$ 965	\$ 285	\$ 252	1.80	
2009	260,505	229,007	31,498	6,375	3,364	9,739	3.23	896	295	240	1.67	
2010	261,518	228,538	32,980	7,331	4,567	11,899	2.77	915	310	228	1.70	
2011	274,671	236,102	38,569	8,368	4,905	13,273	2.91	967	320	215	1.81	
2012	261,313	226,583	34,730	8,890	4,230	13,120	2.65	1,107	325	185	2.17	
2013	264,251	228,067	36,185	9,388	4,061	13,450	2.69	1,059	398	112	2.08	
2014	272,354	238,628	33,726	11,229	3,905	15,135	2.23	1,109	405	103	2.18	
2015	273,208	233,793	39,415	11,476	3,671	15,147	2.60	1,207	440	144	2.07	
2016	250,663	195,145	55,518	10,743	3,461	14,204	3.91	1,270	470	215	1.85	
2017	248,339	206,715	41,624	10,421	2,660	13,081	3.18	1,275	440	201	1.99	

Note: Amounts expressed in thousands.

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

(2) Total operating expenses exclusive of depreciation unfunded OPEB expense and the change in pension expense promulgated by the implementation of GASB No. 68 and No. 71.

(3) Includes principal and interest of revenue bonds and subordinate debt exclusive of the general obligation bonds reported in the electric, water, sewer and gas funds.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Table 18**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>(2) Population</b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2008	76,058	\$ 5,845,865	\$ 31,884	31	23,240	7.5%
2009	81,092	5,719,905	30,615	30	23,022	10.9%
2010	81,747	5,888,934	30,970	31	23,267	9.8%
2011	84,554	6,187,507	32,111	26	23,235	7.8%
2012	86,017	6,167,597	35,743	26	23,386	10.6%
2013	87,242	6,300,104	36,153	26	23,495	9.6%
2014	89,130	6,209,314	35,410	31	23,500	6.9%
2015	89,852	6,513,624	37,042	26	23,511	6.9%
2016	90,597	(1)	(1)	26	23,056	5.9%
2017	91,495	(1)	(1)	(1)	23,310	4.9%

Note 1: Population and Personal Income obtained from U.S. Bureau of Economic Analysis.

Note 2: Personal Income and Per Capita information is calculated on a County level. Information not maintained at City level.

Note 3: Median age, and educational level information are based on surveys conducted during the last quarter of the calendar year.

School information obtained from the Superintendent's Office of the Pitt County School Administrative Unit.

Note 4: Unemployment rates obtained from Employment Security Commission.

(1) Information unavailable for this period.

(2) Information is provided as of July 1 of the fiscal year.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**PRINCIPAL EMPLOYERS**

**Table 19**

*CURRENT YEAR AND NINE YEARS AGO*

<b>Employer</b>	<b>2017</b>			<b>2008</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Vidant Health	6,560	1	11.48%	6,297	1	8.86%
East Carolina University	5,750	2	10.06%	4,936	2	6.95%
Pitt County Public Schools	3,650	3	6.39%			
Hyster-Yale (NACCO)	1,173	4	2.05%	1,200	4	1.69%
City of Greenville	1,132	5	2.06%			
Pitt Community College	1,100	6	1.92%			
Patheon, Inc. (DSM Pharmaceuticals)	1,040	7	1.82%	1,200	3	1.69%
County of Pitt	901	8	1.58%			
Alliance One International	850	9	1.09%			
ASMO	624	10		535	5	0.75%
<b>Total</b>	<b>22,780</b>		<b>38.44%</b>	<b>14,168</b>		<b>19.94%</b>

Note: Information obtained from Pitt County Development Commission.

**CITY OF GREENVILLE, NORTH CAROLINA**

**Table 20**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**

*LAST TEN FISCAL YEARS*

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Function</b>										
General government	67	68	68	68	62	65	68	61	56	63
Public safety										
Police	223	278	239	239	240	240	241	233	239	230
Fire	145	158	157	157	157	153	158	148	158	153
Public Works	203	205	205	205	204	204	188	168	152	154
Recreation and Parks	53	62	62	62	65	65	67	57	74	56
Community Development	33	25	26	26	26	34	36	30	39	32
Electric	202	204	192	196	197	197	210	135	203	137
Water and Sewer	151	157	158	158	159	159	167	117	120	122
Gas	67	68	67	67	64	66	70	51	77	54
<b>Total Employees</b>	<u>1,144</u>	<u>1,225</u>	<u>1,174</u>	<u>1,178</u>	<u>1,174</u>	<u>1,183</u>	<u>1,205</u>	<u>1,000</u>	<u>1,118</u>	<u>1,001</u>

Note: Electric, Water, Sewer, and Gas prior year(s) numbers have changed due to Greenville Utilities Commission and supporting departments.

Source: Human Resources Department and Greenville Utilities Commission.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**OPERATING INDICATORS BY FUNCTION**

**Table 21**

*LAST TEN FISCAL YEARS*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function</b>										
Police										
Physical arrests	4,756	5,141	4,826	4,888	4,861	5,592	5,487	4,590	4,254	3,645
Parking violations	13,392	15,112	11,862	4,658	5,537	7,522	8,646	8,717	13,970	14,482
Traffic violations	18,088	17,527	20,326	16,235	15,420	16,975	11,979	9,720	8,753	6,922
Fire										
Number of calls answered	4,388	4,711	4,114	4,746	5,339	5,479	5,753	2,706	2,959	3,087
Inspections	3,500	2,340	2,644	2,787	2,593	1,902	1,571	1,938	1,699	2,709
EMS										
Number of calls answered	11,198	11,227	13,035	15,149	15,006	15,080	15,353	13,917	14,065	15,001
Sanitation										
Refuse collected (tons/year)	27,442	28,458	29,163	28,286	29,309	27,888	27,955	28,318	28,558	27,235
Recyclables collected (tons/year)	3,056	3,030	3,599	4,038	5,538	5,101	4,446	3,366	3,920	4,154
Culture and recreation										
Facility reservations issued	916	1,140	1,560	1,936	2,013	1,841	1,692	1,798	2,106	1,292
Water										
Connections (of service connect)	33,051	33,733	34,336	34,419	34,514	34,742	34,959	35,179	35,599	35,794
Water Lines (miles)	615	618	626	626	628	628	627	628	629	631
Average daily consumption (thousands of gallons)	10,797	10,785	10,977	11,850	11,896	12,008	12,394	12,800	12,384	12,237
Wastewater										
Average daily sewage treatment (thousands of gallons)	9,152	8,879	10,120	9,593	10,301	10,426	10,530	10,800	11,195	10,220

Sources: Various government and GUC departments.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**

**Table 22**

*LAST TEN FISCAL YEARS*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function</b>										
Public safety:										
Police Stations	1	1	2	3	3	3	3	3	3	4
Patrol units	177	180	183	192	203	203	202	178	202	208
Fire stations	6	6	6	6	6	6	6	6	6	6
Sanitation:										
Collection trucks	37	42	42	42	42	41	38	41	45	40
Highways and streets:										
Streets (miles)	235.0	255.0	263.8	269.9	269.0	269.1	269.33	269.59	269.1	270.78
Streetlights	6,482	6,672	6,672	6,993	7,065	7,105	7,152	7,220	7,105	7,250
Traffic signals	33	33	33	33	33	33	33	33	33	33
Culture and recreation:										
Parks acreage	1,120	1,450	1,450	1,455	1,455	1,455	1,455	1,455	1,454	1,460
Parks	29	29	29	29	29	29	29	29	26	26
Swimming pools	2	2	2	2	2	2	2	2	2	2
Spraygrounds	-	-	-	-	-	1	1	1	1	1
Tennis courts	24	24	24	24	24	24	24	24	21	21
Community centers	5	5	5	2	3	3	3	3	3	3
Recreation Centers:	6	6	6	6	6	6	6	6	7	7
Specialty Centers:	-	-	-	3	3	3	3	3	3	3
Electric:										
Number of distribution stations	18	18	19	19	19	19	19	19	19	23
Miles of service lines	2,575	2,575	2,575	2,672	2,714	2,719	2,781	2,804	2,901	2,917
Water:										
Water lines (miles)	615	618	618	626	628	628	627	628	629	631
Maximum daily treatment capacity (millions of gallons)	24.5	24.5	24.5	24.5	24.5	24.5	24.5	22.5	24.5	22.5
Sewer:										
Sanitary sewers (miles)	464	466	468	469	471	479	471	475	479	479
Maximum daily treatment capacity (millions of gallons)	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Gas:										
Miles of pipeline	581	593	597	600	604	609	612	613	614	621
Miles of service lines	421	423	422	424	430	434	437	438	440	446



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FY 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

# **Single Audit & Compliance**

**Report 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 Honorable Mayor  
and Members of the City Council  
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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, North Carolina, (the "City") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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. 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 City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chemy Bekaert LLP

Raleigh, North Carolina  
October 31, 2017

**Report on Compliance for Each Major Federal Program  
and on Internal Control over Compliance in Accordance with  
OMB Uniform Guidance and the State Single Audit Implementation Act**

The Honorable Mayor  
and Members of the City Council  
City of Greenville  
Greenville, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the City of Greenville, North Carolina, (the “City”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the North Carolina Local Government Commission, that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2017. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chemy Bekaert LLP

Raleigh, North Carolina  
October 31, 2017

**Report on Compliance for Each Major State Program  
and on Internal Control over Compliance in Accordance with  
OMB Uniform Guidance and the State Single Audit Implementation Act**

The Honorable Mayor  
and Members of the City Council  
City of Greenville  
Greenville, North Carolina

**Report on Compliance for Each Major State Program**

We have audited the City of Greenville, North Carolina, (the “City”) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017. The City’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the City’s major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the City’s compliance.

**Opinion on Each Major State Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2017.

## **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chemy Bekaert LLP

Raleigh, North Carolina  
October 31, 2017

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2017

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**SECTION I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness identified  Yes  No
- Significant deficiency identified that is not considered to be a material weakness  Yes  None reported
- Noncompliance material to financial statements noted  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness identified  Yes  No
- Significant deficiency identified that is not considered to be a material weakness  Yes  None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Names of Federal Program or Cluster</u>
20.507	Federal Transit Cluster
66.458	Clean Water State Revolving Fund Cluster
14.218	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2017

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**SECTION I. Summary of Auditor's Results (Continued)**

**State Awards**

Internal control over major State programs:

- Material weakness identified  Yes  No
- Significant deficiency identified that is not considered to be a material weakness  Yes  None reported

Type of auditor's report issued on compliance for major State programs: Modified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act  Yes  No

Identification of major State programs:

Program Name  
Powell Bill  
Urban/Regional Bus and Facility Program

**SECTION II. Financial Statement Findings**

None reported.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2017*

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**SECTION III. Federal Award Findings and Questioned Costs**

**U.S. Department of Transportation**  
**Passed through the N.C. Department of Transportation**  
**Federal Transit Cluster**  
**CFDA # 20.507-CL**

**Finding 2017-001**

**Nonmaterial Noncompliance – Cash Management/Reporting**  
**Significant Deficiency**

**Criteria:** The Transit Division of the City's Public Works Department should have adequate controls over the review process of federal financial reports and reimbursement requests sent to the federal government ensuring the completeness and accuracy of each report submitted and each agrees to supporting documentation.

**Condition:** Three reports noted instances in which they were not accurately completed and did not agree to the supporting documentation.

**Questioned costs:** None. All costs reported and reimbursed were considered allowable.

**Context:** We examined 9 reports and 5 reimbursement requests. Of the 9 reports tested, we noted three reports were incomplete as the reimbursement and disbursement amounts were not transferred from the supporting documentation appropriately. Additionally, two of these reports had incorrect calculations in the supporting documentation used to prepare the reports resulting in an under recording of expenditures being recorded on the federal financial report and reimbursement request.

**Effect:** By the reports being incorrect, the financial information submitted to the federal government was not complete and could have resulted in an under or overpayment of funds. Additionally, the incorrect reports could have caused errors in the federal government's reports resulting in incorrect data released to the users of the reports.

**Cause:** The Transit Division of the City's Public Works Department developed a spreadsheet to use as documentation for reimbursement requests and Federal Financial Reports. In the current year, there was a miscalculation resulting from a formula error, resulting in errors on the Federal Financial Report.

**Recommendation:** It is recommended proper training of the reporting process and the reinforcement of monitoring controls to ensure that reports are correctly and completely prepared and agree to supporting calculations.

**Views of responsible officials:** The Transit Division of the Public Works Department will submit all reimbursement requests and Federal Financial Reports through the Assistant Director of Public Works, the direct supervisor of the Transit Manager, as well as the Grants Accountant in Financial Services

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2017*

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**U.S. Department of Transportation**  
**Passed through the N.C. Department of Transportation**  
**Federal Transit Cluster**  
**CFDA # 20.507**

**Finding 2017-002**

**Nonmaterial Noncompliance – Subrecipient Monitoring**  
**Material Weakness**

**Criteria:** The Transit Division of the City's Public Works Department should have adequate processes and controls to identify subrecipients and to monitor their compliance with the compliance requirements for which they are responsible.

**Condition:** The Transit Division of the City's Public Works Department has one subrecipient which was not monitored during the year as a subrecipient.

**Questioned costs:** None. All costs reported and reimbursed were considered allowable.

**Context:** In discussions with Transit Division personnel, they were made aware that that there was one subrecipient who received funds during the fiscal year. Because it was not known that this was a subrecipient, no monitoring had been performed.

**Effect:** By the subrecipient monitoring not being performed, the City could be reimbursing costs and activities of the subrecipient that are unallowable.

**Cause:** The Transit Division of the Public Works Department did not have proper procedures in place to identify and monitor subrecipients.

**Recommendation:** It is recommended the Public Works Department develop proper training and controls of the subrecipient process to ensure that subrecipients are identified as a subrecipient and are being monitored for compliance with applicable compliance requirements.

**Views of responsible officials:** Public Works has begun instituting procedures to identify and monitor subrecipients.

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2017*

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**SECTION IV. State Award Findings and Questioned Costs**

None

**CITY OF GREENVILLE, NORTH CAROLINA**  
**CORRECTIVE ACTION PLAN**



*YEAR ENDED JUNE 30, 2017*

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**Finding: 2017-001**

**Name of contact person:** Lamont Jackson, Transit Manager

**Corrective Action:** The Assistant Director of Public Works will review and approve all reimbursement requests for submission. In addition, the Federal Financial Report, which is required to be submitted 30 days after the end of each quarter, will now be reviewed and submitted in conjunction with the reimbursement request. There will also be additional review by the Grants Accountant to ensure that the reports are correct and reconcile with the data in the general ledger.

The Transit Division will also phase out the use of the Transit Operating Spreadsheet as documentation for the Federal Financial Report. Staff will utilize the financial reports from the ERP system, ensuring that the integrity of the data used as documentation remains intact and reduces the probability of incorrect calculations.

**Proposed Completion Date:** 1/15/2018

**Finding: 2017-002**

**Name of contact person:** Lamont Jackson; Transit Manager

**Corrective Action:** The Transit Division of the Public Works Department has submitted subrecipient monitoring procedures to the federal government for review. Once the federal government approves the procedures, the City's internal auditor will work with the transit manager to institute the new procedures to identify and monitor subrecipients. The Public Works Department will also begin training appropriate transit staff to ensure that subrecipients are identified and monitored.

**Proposed Completion Date:** 12/31/17

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**



*YEAR ENDED JUNE 30, 2017*

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**None.**

**CITY OF GREENVILLE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2017

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass Through) Expenditures	State Expenditures	Passed Through to Subrecipients	Local Expenditures	Total Expenditures
<b>FEDERAL FINANCIAL ASSISTANCE:</b>							
<b>U.S. Department of Housing and Urban Development</b>							
Direct Programs -							
<u>Community Development Block Grant - Entitlement Grants Cluster</u>							
CDBG Entitlement Grant	14.218		\$ 350,187	\$ -	\$ 60,492	\$ 43,377	\$ 393,564
CDBG Entitlement Grant	14.218		522,563	-	20,677	70,737	593,300
CDBG Entitlement Grant	14.218		122,891	-	-	32,175	155,066
Total CDBG Entitlement Grants Cluster			<u>995,641</u>	<u>-</u>	<u>81,169</u>	<u>146,289</u>	<u>1,141,930</u>
HOME Investment Partnerships Program	14.239		5,923	-	-	734	6,657
HOME Investment Partnerships Program	14.239		-	-	-	4,057	4,057
HOME Investment Partnerships Program	14.239		146,373	-	-	35,597	181,970
HOME Investment Partnerships Program	14.239		13,744	-	-	47,325	61,069
HOME Investment Partnerships Program	14.239		-	-	-	2,855	2,855
			<u>166,040</u>	<u>-</u>	<u>-</u>	<u>90,568</u>	<u>256,608</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>1,161,681</u>	<u>-</u>	<u>81,169</u>	<u>236,857</u>	<u>1,398,538</u>
<b>U.S. Department of Transportation</b>							
Direct Programs -							
<u>Highway Planning and Construction Cluster</u>							
Highway Planning and Construction Cluster	20.505		191,444	-	-	47,861	239,305
Passed through Public Transportation Division							
Highway Planning and Construction Cluster	20.505		36,000	3,000	-	3,000	42,000
Total Highway Planning and Construction Cluster			<u>227,444</u>	<u>3,000</u>	<u>-</u>	<u>50,861</u>	<u>281,305</u>
<u>Federal Transit Cluster</u>							
Federal Transit - Formula Grants	20.507		698,497	-	-	698,497	1,396,994
Federal Transit - Formula Grants	20.507		114,362	-	114,362	28,590	142,952
Federal Transit - Formula Grants	20.507		368,878	-	-	92,220	461,098
Federal Transit - Formula Grants	20.507		1,604,289	-	-	200,536	1,804,825
Total Federal Transit Cluster			<u>2,786,026</u>	<u>-</u>	<u>114,362</u>	<u>1,019,843</u>	<u>3,805,869</u>
<b>Total U.S. Department of Transportation</b>			<u>3,013,470</u>	<u>3,000</u>	<u>114,362</u>	<u>1,070,704</u>	<u>4,087,174</u>
<b>U.S. Department of Justice</b>							
Direct Programs -							
Public Safety Partnership and Community Policing Grants	16.710		201,035	-	-	99,988	301,023
Child Advocate Grant	16.575		22,714	-	-	5,679	28,393
National Sexual Assault Kit Initiative	16.833		10,331	-	-	-	10,331
Edward Byrne Memorial Justice Assistance Grant Program	16.738		19,729	-	-	-	19,729
<b>Total U.S. Department of Justice</b>			<u>253,809</u>	<u>-</u>	<u>-</u>	<u>105,667</u>	<u>359,476</u>
<b>Environmental Protection Agency</b>							
Direct Programs -							
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		188,916	-	-	-	188,916
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		385,495	-	-	-	385,495
Passed Through City of Wilson, North Carolina							
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	105,598	-	-	-	105,598
			<u>680,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,009</u>
Passed through NC Department of Environmental Quality							
<u>Clean Water State Revolving Fund Cluster</u>							
Capitalization Grants for Clean Water State Revolving Funds	66.458	E-SRL-T-10-0261	8,866,000	-	-	989,819	9,855,819
Capitalization Grants for Clean Water State Revolving Funds	66.458	E-SRL-T-10-0260	13,940,668	-	-	1,173,265	15,113,933
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370487-09	1,965,395	-	-	-	1,965,395
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370487-11	4,645,089	-	-	-	4,645,089
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370487-12	1,015,875	-	-	-	1,015,875
Total Clean Water State Revolving Fund Cluster			<u>30,433,027</u>	<u>-</u>	<u>-</u>	<u>2,163,084</u>	<u>32,596,111</u>
<b>Total Environmental Protection Agency</b>			<u>31,113,036</u>	<u>-</u>	<u>-</u>	<u>2,163,084</u>	<u>33,276,120</u>
<b>U.S. Department of Justice</b>							
Equitable Sharing Program	16.922		153,326	-	-	-	153,326
<b>Total Department of Justice</b>			<u>153,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,326</u>
<b>U.S. Department of Homeland Security</b>							
Direct Program -							
Homeland Security Grant Program	97.067		19,667	-	-	-	19,667
Passed through N.C. Department of Public Safety							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		140,864	45,840	-	2,085,097	2,271,801
<b>Total Department of Homeland Security</b>			<u>160,531</u>	<u>45,840</u>	<u>-</u>	<u>2,085,097</u>	<u>2,291,468</u>
<b>STATE OF NORTH CAROLINA FINANCIAL ASSISTANCE</b>							
<b>Housing Finance Agency</b>							
Urgent Repair Program	N/A	NCHFA-1	-	11,954	-	-	11,954
<b>Total Housing Finance Agency</b>			<u>-</u>	<u>11,954</u>	<u>-</u>	<u>-</u>	<u>11,954</u>
<b>Department of Transportation</b>							
Division of Highways							
Powell Bill Funds	N/A	N/A	-	2,201,442	-	-	2,201,442
Public Transportation Division							
Urban/Regional Bus and Facility Program	N/A	NC-04-0032-00	-	200,536	-	-	200,536
Public Transportation and Rail Division							
State Maintenance Assistance Program (SMAP)	N/A	16SMAP012	-	326,510	-	-	326,510
<b>Total Department of Transportation</b>			<u>-</u>	<u>2,728,488</u>	<u>-</u>	<u>-</u>	<u>2,728,488</u>
<b>Department of Commerce</b>							
Building Reuse Grant	N/A	2014-38-3201-2587	-	272,250	272,250	10,500	282,750
<b>Total Department of Commerce</b>			<u>-</u>	<u>272,250</u>	<u>272,250</u>	<u>10,500</u>	<u>282,750</u>
<b>Total Federal and State Assistance</b>			<u>\$ 35,855,853</u>	<u>\$ 3,061,532</u>	<u>\$ 467,781</u>	<u>\$ 5,671,909</u>	<u>\$ 44,589,294</u>

**CITY OF GREENVILLE, NORTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2017

**Note 1—Basis of presentation**

The accompanying schedule of expenditures of federal and State awards ("SEFSA") includes the federal and State grant activity of the City of Greenville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Greenville, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Greenville.

**Note 2—Summary of significant accounting policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

City of Greenville has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3—Loans outstanding**

City of Greenville had the following loan balances outstanding at June 30, 2017 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2017 consist of:

CFDA Number	Pass-through Grantor's Number	Amount Outstanding
66.458	E-SRL-T-10-0261	\$ 6,649,500
66.458	E-SRL-T-10-0260	10,919,734
66.458	CS370487-09	1,738,202
66.458	CS370487-11	3,764,772
66.458	CS370487-12	587,950

**Note 4—State match to Federal Transit Cluster Grant**

The North Carolina Department of Transportation Urban/Regional Bus and Facility Program grant provides the state match to the NC-04-0032-00 grant.

