



Popular Annual Financial Report

Year Ended June 30, 2017



OVERVIEW

The City of Greenville financial cycle begins on July 1 and ends on June 30. During this time frame, two major processes take place: the Annual Operating and Capital Budget process and the Annual Audit. The 2017 Popular Annual Financial Report (PAFR) provides an overview of the City’s financial results and is intended to increase awareness throughout the community of the City’s financial operations. The financial information is obtained from the audited financial statements in the City’s 2017 Comprehensive Annual Financial Report (CAFR). The PAFR is not required to present the same level of detail as the CAFR and, therefore, may not fully conform to generally accepted accounting principles (GAAP). This report highlights the overall financial condition and trends of the City. The 2017 CAFR is audited by Cherry Beckaert LLP and has received an unmodified or “clean” audit opinion. This report may be viewed on the City’s website, located at greenvillenc.gov.

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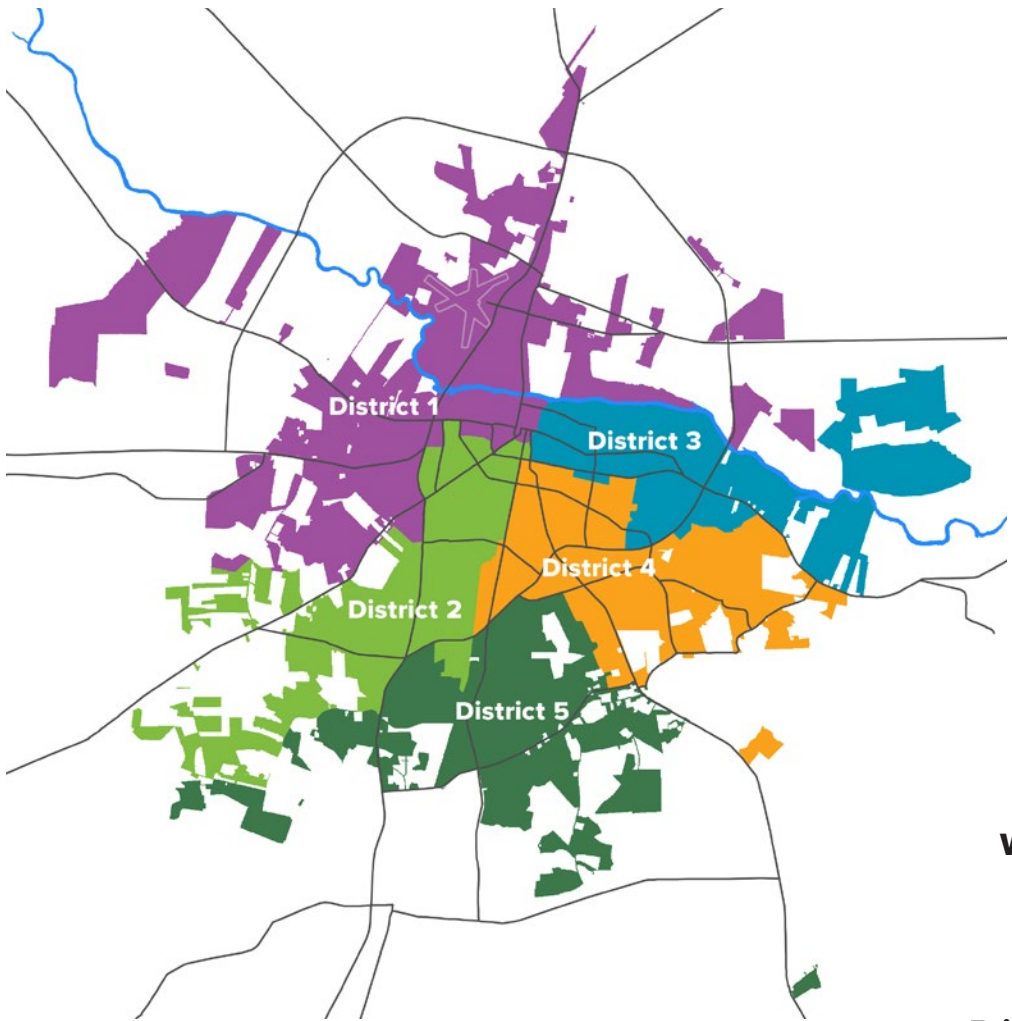
The Government Finance Officers Association of the United States and Canada (GFOA) presented a **Distinguished Budget Presentation Award** to the City of Greenville, North Carolina for its biennial budget for fiscal year July 1, 2015–June 30, 2016, a **Certificate of Achievement for Excellence in Financial Reporting** for its commitment to financial transparency for fiscal year ended June 30, 2015, and an **Award for Outstanding Achievement in Popular Annual Financial Reporting** for its Annual Financial Report for the fiscal year ended June 30, 2016.

The City’s Budget documentation and Comprehensive Annual Financial Reports can be accessed through greenvillenc.gov.

**City of Greenville, NC • 200 West Fifth Street
Greenville, NC 27858 • (252) 329-2489**



CITY COUNCIL



P.J. Connelly
Mayor



Rose Glover
Mayor Pro-Tem
District 2



Kandie Smith
District 1



Will Bell
District 3



Rick Smiley
District 4



William Litchfield
District 5



Brian Meyerhoeffer
at-Large

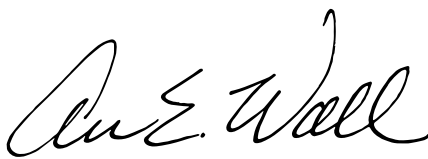


CITY MANAGER'S MESSAGE

I am pleased to present, on behalf of the City Council and the Management of the City of Greenville, the City's Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2017. Provided in this report are the financial highlights from the previous fiscal year. The City provides significant financial detail through the Comprehensive Annual Financial Report (CAFR) which is available to you on the City's website, greenvillenc.gov.

Analyzing financial statements can be challenging, especially for those who do not do so on a regular basis. The PAFR is designed to address that issue by providing a summary of the City's financial position in a user-friendly format. The PAFR is intended to be a supplement to the CAFR, not a replacement.

The City of Greenville prides itself on its comprehensive and quality services, all provided while maintaining a sound financial position. It is an important part of our financial mission at the City of Greenville to be transparent in providing you with complete information on the finances of our programs. We hope that you find it to be informative and understandable. As you review this PAFR, please feel free to share any questions, concerns or recommendations you may have with us.



Ann E. Wall
City Manager



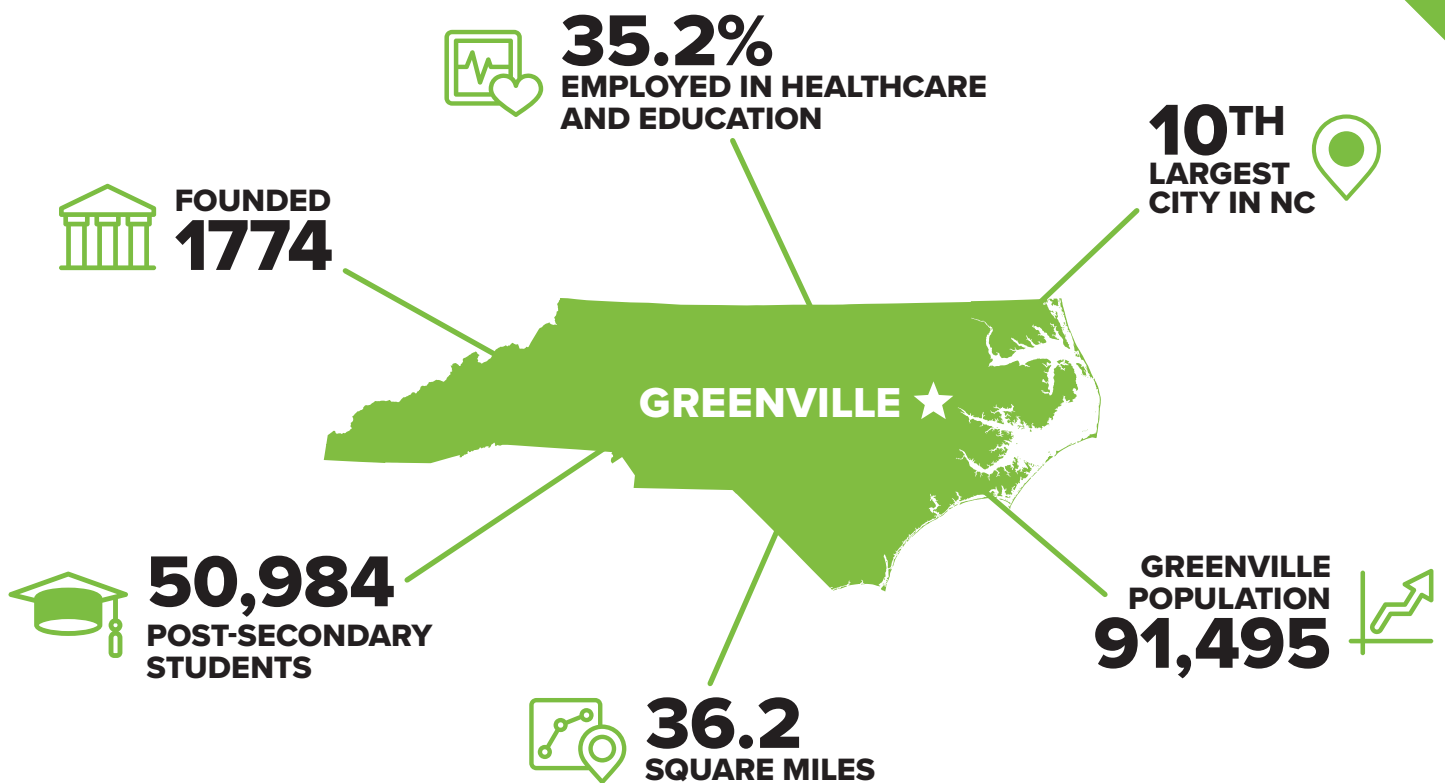
FINANCIAL TRANSPARENCY TOOL

Access real-time financial information any time online through the Financial Transparency Tool at greenvillenc.gov.



OUR COMMUNITY

Anchored by East Carolina University and Vidant Health (Uni-Med), Greenville is the medical, education, retail and entertainment hub of Eastern North Carolina. It's also the 10th largest city in North Carolina, with a population of 91,495 (2016 U.S. Census estimate). The City of Greenville is ranked in the top ten of the nation's "Best Small Places For Business And Careers" by Forbes Magazine, top ten of the nation's "Micro Cities of the Future" by Financial Times, and top 100 of the nation's "Best Communities for Young People" by America's Promise Alliance. Reasons for Greenville's accolades include a business friendly atmosphere, low cost of living and an educated population (37.5% City residents over the age of 25 have a bachelor's degree or higher).



MAJOR EMPLOYERS

In a community where healthcare and education thrive, it is no surprise that the Greenville's top employers would be from one of those fields. Vidant Health, which includes the East Carolina Heart Institute and the James and Connie Maynard Children's Hospital, leads the way in jobs. Here is a look at the number of employees at a few of the city's major employers:





Live in good company

FY 2017 FINANCIAL RESULTS

GOVERNMENTAL ACTIVITIES

The Governmental activities section in the City's financial statements includes programs normally supported by taxes and allocations/grants from federal and state governments. Governmental revenue sources cover various services including public safety (Fire, Police, and Emergency Communications), public infrastructure (Planning, Inspections, and roadways) and the Parks, Recreation and Community Development Departments, as well as general government administration (Human Resources, Information Technology, and Finance). Governmental activities also include special revenue activities, such as grants, and capital project activities, such as road resurfacing, that support general infrastructure activities across the city.

Increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or declining. The City's revenue increased slightly over the prior year. Increases in operating expenditures year over year are due to continued investment in our employee workforce and capital improvement projects.

BALANCE SHEET

A balance sheet provides a snapshot of what the City owns (assets) and owes (liabilities). Net position represents the City's investment in the assets it uses in providing services to its citizens.

BALANCE SHEET	FY 2015	FY 2016	FY 2017
Assets	\$ 270,445,333	\$ 270,966,749	\$ 279,609,022
Deferred Outflows	\$ 3,385,072	\$ 3,337,430	\$ 12,058,237
Liabilities	– \$ 68,783,434	– \$ 70,579,480	– \$ 94,146,622
Deferred Inflows	– \$ 11,375,613	– \$ 2,103,307	– \$ 1,408,035
Total Net Position	\$ 193,689,358	\$ 201,621,392	\$ 196,112,602

INCOME STATEMENT	FY 2015	FY 2016	FY 2017
Revenues	\$ 76,165,339	\$ 80,573,557	\$ 85,208,150
Transfers	\$ 5,803,600	\$ 6,703,765	\$ 6,885,256
Expenses	– \$ 76,311,849	– \$ 79,345,288	– \$ 97,602,196
Change In Net Position	\$ 5,657,090	\$ 7,932,034	– \$ 5,508,790

FY 2017 FINANCIAL RESULTS

ENTERPRISE ACTIVITIES

Enterprise activities rely mostly on fees charged to customers for services rendered, with subsidies often being covered by general governmental funds. The City maintains four operations as Enterprise activities not counting Greenville Utilities Commission. Those operations include Public Transportation (Transit), Stormwater Utility, Enterprise Capital Projects, and Sanitation. An increase in net position of \$2.8 million reflects continued growth of the City. *Note: Financial results presented below do not include Greenville Utilities Commission.*

BALANCE SHEET	FY 2015	FY 2016	FY 2017
Assets	\$ 14,044,830	\$ 19,330,831	\$ 20,610,240
Deferred Outflows	\$ 268,484	\$ 316,613	\$ 1,136,021
Liabilities	– \$ 7,487,542	– \$ 8,791,377	– \$ 8,099,056
Deferred Inflows	– \$ 831,525	– \$ 208,020	– \$ 119,499
Total Net Position	\$ 5,994,247	\$ 10,648,047	\$13,527,706

INCOME STATEMENT	FY 2015	FY 2016	FY 2017
Revenues	\$ 12,333,124	\$ 12,493,995	\$ 13,936,149
Transfers	\$ 3,204,352	\$ 2,775,759	\$ 320,196
Expenses	– \$ 15,489,981	– \$ 10,615,954	– \$ 11,376,686
Change In Net Position	\$ 47,495	\$ 4,653,800	\$ 2,879,659

INCOME STATEMENT

An income statement provides a summary of amounts received (revenues) and amounts spent (expenditures). The difference between revenue and expenditures shows the City's net position. A positive change in net position indicates the City had enough revenues to cover its obligations and has the ability to save for the future.

FY 2017

NET POSITION

The City's net position has increased over the last eight years. Changes in net position are represented by comparing total annual revenue with total annual expenses. When revenue exceeds expenses, the City's net position improves. Approximately 80% of the City's net position is invested in capital infrastructure. Another 6% is restricted for specific projects. The remaining 14% is available for investment back into the community.

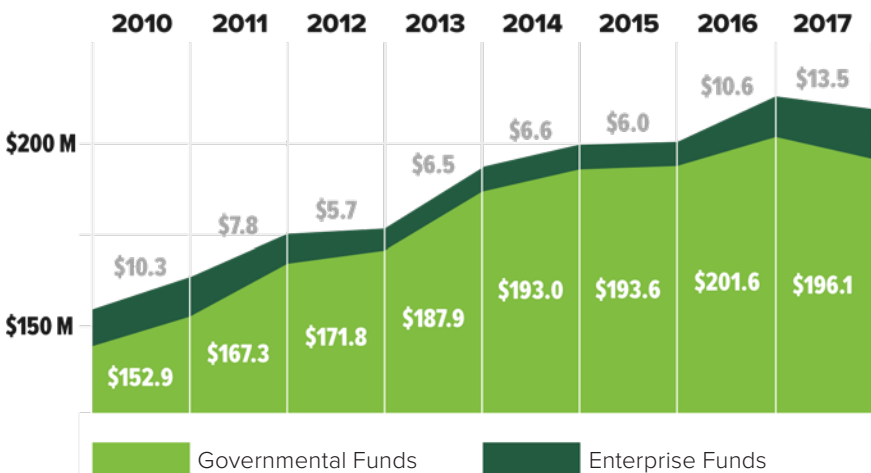
FY 2017 BALANCE SHEET

	Governmental Activities	Enterprise Activities	Total
Assets	\$ 291,667,259	\$ 21,746,261	\$ 313,413,520
Liabilities	– \$ 95,554,657	– \$ 8,218,555	– \$ 103,773,212
Net Position	\$ 196,112,602	\$ 13,527,706	\$ 209,640,308

NET POSITION

A positive net position means the City's assets exceed liabilities and a negative net position means the City's liabilities exceed its assets.

NET POSITION BY FISCAL YEAR



Beginning Net Position	\$ 10,648,047
Revenues	\$ 14,256,345
Expenses	– \$ 11,376,686
Ending Net Position	\$ 13,527,706

Beginning Net Position	\$ 201,621,392
Revenues	\$ 92,093,406
Expenses	– \$ 97,602,196
Ending Net Position	\$ 196,112,602



NET POSITION INVESTMENT

- 80% Capital Assets**
- 14% Unrestricted (Community Investment)**
- 6% Restricted (Specific Projects)**

SOURCES OF CITY FUNDS

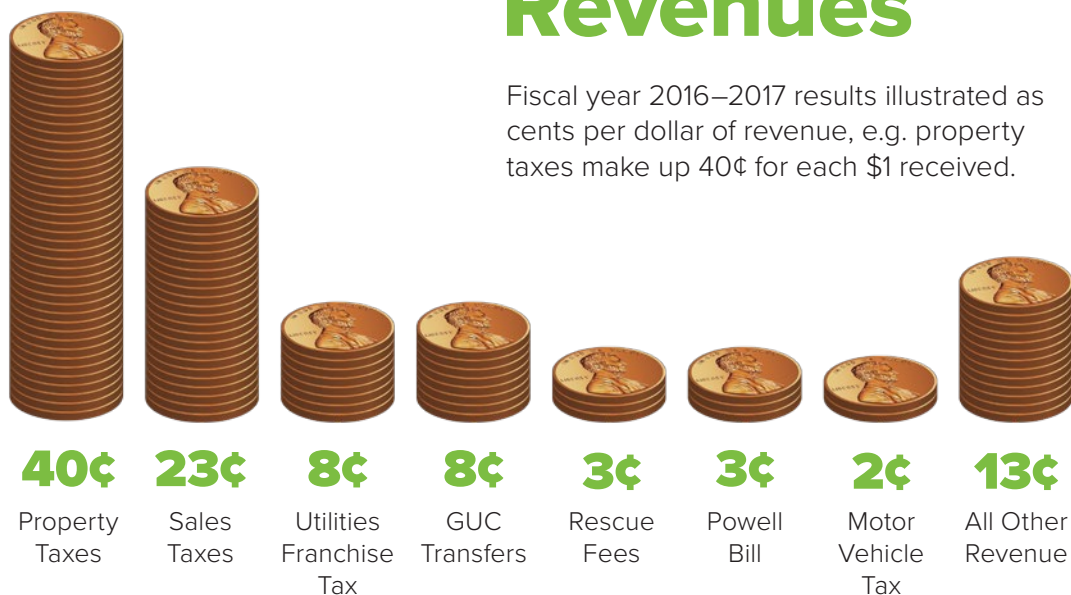
GENERAL FUND REVENUES

The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, with the exception of those required to be accounted for in different funds, such as business type activities. The major sources of revenues for the General Fund are property tax, sales tax, utilities franchise tax, licenses, permits and fees, Greenville Utilities Commission transfer-in, rescue fees, investment earnings, and Powell Bill – State Allocation. The largest tax revenues of the City are property taxes and sales taxes. These taxes predominately fund basic government services including Recreation and Parks and Public Safety.

Revenue Sources	2014 Actual	2015 Actual	2016 Actual	2017 Actual
Property taxes	\$ 31,504,419	\$ 31,938,890	\$ 31,760,123	\$ 31,314,362
Sales taxes	\$ 14,804,914	\$ 16,588,706	\$ 17,289,692	\$ 18,469,673
Motor vehicle tax	\$ 751,278	\$ 1,017,300	\$ 1,015,680	\$ 1,407,660
Utilities franchise tax	\$ 5,413,757	\$ 6,282,750	\$ 6,949,180	\$ 6,827,761
GUC transfers	\$ 6,080,280	\$ 6,505,044	\$ 7,358,265	\$ 6,661,899
Powell Bill	\$ 2,265,848	\$ 2,235,741	\$ 2,220,065	\$ 2,201,441
Rescue fees	\$ 3,099,049	\$ 3,527,942	\$ 3,060,016	\$ 2,692,167
All other sources	\$ 10,526,063	\$ 9,311,297	\$ 7,985,257	\$ 10,280,076
Total	\$ 74,445,608	\$ 77,407,670	\$ 77,638,278	\$ 80,855,039

Revenues

Fiscal year 2016–2017 results illustrated as cents per dollar of revenue, e.g. property taxes make up 40¢ for each \$1 received.



USES OF CITY FUNDS

GENERAL FUND EXPENSES

Each year, the City adopts its annual operating budget, which allocates limited dollars to the highest priorities as determined during the City Council planning retreat held each January. The General Fund is financed primarily by property and sales tax revenues, and supports core services such as public safety. The City provides many services to our citizens with the majority of our General Fund being dedicated to Public Safety, which includes Police at 29% and Fire/Rescue at 17% of the general government budget in fiscal year 2017.

Expenses

Fiscal year 2016–2017 results illustrated as cents per dollar of expenditure, e.g. Police accounts for 29¢ of every \$1 spent.



Department Expenses	2014 Actual	2015 Actual	2016 Actual	2017 Actual
Police	\$ 22,878,563	\$ 22,575,236	\$ 23,390,240	\$ 23,763,595
Fire/Rescue	\$ 12,763,569	\$ 12,839,310	\$ 13,630,368	\$ 13,935,067
Public Works	\$ 8,102,437	\$ 7,924,225	\$ 8,580,845	\$ 8,971,389
Recreation & Parks	\$ 7,429,094	\$ 7,400,170	\$ 7,644,937	\$ 7,851,087
General government	\$ 14,469,576	\$ 14,094,573	\$ 13,414,994	\$ 13,344,627
Transfers to other funds	\$ 8,457,031	\$ 11,408,692	\$ 11,114,322	\$ 14,010,301
Total	\$ 74,100,270	\$ 76,242,206	\$ 77,775,706	\$ 81,876,066

PROPERTY TAX BREAKDOWN

In order for the City of Greenville to provide the many services it does for citizens, it needs to generate revenue. One of the main sources of revenue is Ad Valorem (or property) tax. With the property tax rate being 52¢ per \$100 of valuation for FY 2017, it made up 40% of the total General Fund revenues.

Property tax revenues consist of real property values, personal property values, motor vehicles, and public service companies. For FY 2017, the valuation estimate provided by the Pitt County Tax Office was \$6,374,477,022. This represented an 8.82% increase in tax values from the previous year.



Property tax obligation for home values at the fiscal year 2017 tax rate of \$0.52 per \$100 of valuation:

- \$ 100,000 – \$ 520**
- \$ 150,000 – \$ 780**
- \$ 200,000 – \$ 1,040**



40¢

Property Taxes

HISTORY OF GREENVILLE PROPERTY TAX RATES





Govern *in good company*

GENERAL GOVERNMENT

Home to more than 91,400 people, the City of Greenville provides a multitude of services for residents, businesses, and visitors through its Police, Fire/Rescue, Public Works, Recreation and Parks, and Community Development Departments and a committed and knowledgeable staff in its internal departments and divisions.

More than 770 City employees played a part in the City's successes during Fiscal Year 2017, and the City's commitment to inclusiveness and transparency in all areas of government is evident throughout the 36.2 square miles that make up Greenville.

Effective communication regarding City information and events is also a daily priority, and the City has reached thousands through its outreach methods of the City website, social media pages, cable television channel, mobile application, electronic newsletter, and various printed publications.



Some additional highlights from FY 2017 include:

- **More than 7,400 applications for employment were processed and reviewed; nearly 2,400 job interest cards were received by the Human Resources Department.**
- **The City's website had 385,799 unique visitors and 1,713,576 total page views during the fiscal year.**
- **Nearly 9,200 payments were processed by the Collections Division.**
- **More than \$12 million was awarded to the City through 27 federal, state, and local grants.**

COMMUNITY DEVELOPMENT

The mission of the Community Development Department is to administer and implement policies, programs, and services authorized by the Greenville City Council that shapes the physical environment of the city and provide services to the citizens of Greenville in a professional manner.

The Community Development Department is comprised of five divisions: Code Enforcement, Planning, Housing, Inspections, and Administration. Each play a vital role in guiding the growth and development of our city while also preserving its historic and natural features.

Permits	FY 2015	FY 2016	FY 2017
Total permits issued	6,111	6,567	7,123
Total value new construction	\$ 199M	\$ 62M	\$ 172M
Inspections performed	13,199	13,263	14,654
Commercial plan reviews	268	330	247
Residential plan reviews	368	292	346

Community Revitalization*	FY 2016	FY 2017
Clearance & demolition	\$ 19,500	\$ 7,967
Downpayment assistance	\$ 80,380	\$ 60,000
Owner-occupied rehabilitation	\$ 368,687	\$ 477,044

*These numbers reflect actual expenditures for these categories in community revitalization during FY 2016 and FY 2017.





Grow in good company



Safe in good company

PUBLIC SAFETY

The Greenville Police Department and Fire/Rescue Department exist to make our community a better place to live by responding to a wide range of emergencies and other calls for service. Each is committed to creating a safer city for residents, businesses, and visitors through a community-oriented approach.

The Greenville Police Department is a nationally accredited law enforcement agency that provides a full range of high quality law enforcement services through a departmental philosophy of community-oriented policing. The department continuously implements 21st Century policing techniques and methods to protect and serve the expanding community with 194 sworn employees and 53 civilian employees in the various bureaus, divisions, and units.

The mission of Greenville Fire/Rescue is to educate, protect, and serve our community by providing timely fire fighting, emergency medical care, rescue, and life safety services through a team of 161 proud men and women working out of the six neighborhood-based Fire/Rescue stations. Greenville Fire/Rescue is also the proud home to N.C. Urban Search and Rescue Task Force #10.



Greenville Police	FY 2015	FY 2016	FY 2017
Sworn Police Officers	188	194	194
Number of calls dispatched	57,636	58,886	59,099
Crimes against person	469	526	555
Crimes against property	3,344	3,599	3,525
Reportable crashes	4,022	4,750	5,266

Greenville Fire/Rescue			
Full-time Fire/Rescue positions	142	142	161
Number of calls dispatched	16,623	17,024	17,927
Fire incidents	277	290	284
EMS incidents	13,917	14,065	14,838
Technical rescue incidents	20	25	52
Hazardous material incidents	168	89	83
Inspections completed	1,920	1,699	2,721

PUBLIC WORKS

The Public Works Department is committed to providing our community with the highest level of customer service through a cost-effective, efficient, and environmentally responsible operation. The department aims to preserve and maintain the City's infrastructure and natural resources for the benefit of all.

Public Works is composed of the following divisions: Engineering, Street Maintenance, Greenville Area Transit (GREAT), Sanitation, Fleet Maintenance, Buildings & Grounds, and Administration. Through these divisions, the Public Works Department provides a host of services to our citizens. In addition to the many services provided directly to the citizens, Public Works develops and maintains the City's five-year Capital Improvement Program. In doing so, the department identifies the City's greatest capital needs and develops methods for funding the most critical projects with more than \$40 million of capital funding from local taxes, service fees, state gasoline tax revenues, and other state and federal grants. The department is also dedicated to maintaining and enhancing the infrastructure and appearance of the city.

Refuse Collection	FY 2015	FY 2016	FY 2017
Weekly routes	28	20	20
Refuse collected (tons)	27,995	28,558	28,813
Recycling routes	28	20	20
Recyclables collected (tons)	4,446	3,938	4,394

Roadways			
Total paved lane miles maintained	675	677	714
Bridges maintained	27	27	27

Stormwater			
Total miles of drainage pipe	221	221	237
Structures (basins, culverts, etc)	14,750	14,750	17,000

Fleet Maintenance			
Work orders	5,221	4,964	5,976

Building & Grounds			
Trees planted	115	100	150





Sustain in good company



***Play** in good company*

RECREATION & PARKS

The Recreation and Parks Department provides a variety of athletic, recreational, and arts and crafts activities for all ages and special populations. The department maintains 27 parks and recreational facilities, including numerous gymnasiums, recreation and community centers, swimming pools, tennis courts, a soccer complex, softball and baseball fields, playgrounds, a greenway, as well as the Town Common and Greenville Toyota Amphitheater, River Park North, Bradford Creek Public Golf Course, the Aquatics & Fitness Center, the Extreme Park, and River Birch Tennis Center.

The department's dedication to inclusiveness and a willingness to think "outside of the box" also make it unique and help to enhance Greenville's overall quality of life while providing more reasoning for why Greenville was voted the state's only "Sportstown USA" by Sports Illustrated.



Recreation & Parks	FY 2015	FY 2016	FY 2017
Parks and sites	26	26	27
Total park acres	1,454	1,454	1,467
Total Greenway Miles	6.5	7.75	8
Programs & camps offered	516	516	532
Total program participants	11,654	11,618	14,158

City Maintained Recreational Facilities

Indoor and outdoor pools	2	2	2
Recreation centers	7	7	7
Outdoor basketball courts	1	1	1
Outdoor tennis courts	20	20	20
Playgrounds	17	17	17
Diamond fields	16	16	16
Rectangular fields	5	5	5
Other athletic fields	2	2	2
Picnic shelters	23	23	23
Golf courses	1	1	1

CAPITAL IMPROVEMENTS

Infrastructure, transportation, parks, and buildings are the foundation of a community. The projects in the Capital Improvement Plan (CIP) provide basic necessities and amenities that make Greenville a desirable place to live, work, and play. To maintain a low tax rate, it is imperative that the CIP projects reflect the City's Strategic Plan and that capital improvements are incorporated in the annual operating budget. A few of the projects included in the City's CIP include street resurfacing, bus purchases, and building infrastructure, as well as renovations and repairs.

FY 2017 CAPITAL IMPROVEMENTS



65%	Public Works	\$ 17,629,261
19%	Vehicle Replacement	\$ 5,066,743
9%	Recreation & Parks	\$ 2,499,663
5%	Community Development	\$ 1,335,000
1%	Fire/Rescue	\$ 244,665
< 1%	Information Technology	\$ 173,000
< 1%	Police	\$ 171,970

BOND REFERENDUM

The citizens of Greenville voted in favor of a bond referendum on November 3, 2015, authorizing the City to raise funds through the sale of bonds for five identified street and pedestrian transportation improvement projects. The referendum totals approximately \$15.85 million in general obligation bonds over seven years, and the issuance of debt can occur at various different times and amounts throughout the seven years. The bond referendum was required because the City's current property tax rate does not have the capacity to fund all of the transportation improvements up front. Waiting to secure funding for repairs and improvements would be more costly due to continued deterioration of existing roadways and increasing interest rates, while certain improvements must be undertaken concurrently with other projects. The City issued approximately \$8 million in bonds in FY 2017 to fund the first phase of projects as included in the bond referendum.

STREET & PEDESTRIAN TRANSPORTATION IMPROVEMENTS BOND ALLOCATION



63%	Street Improvements	\$ 10,000,000
12%	West 5th Street Streetscapes	\$ 1,950,000
11%	10th Street Connector	\$ 1,750,000
9%	Sidewalks	\$ 1,400,000
5%	East Side Greenway	\$ 750,000
Total		<u>\$ 15,850,000</u>



Invest in good company

UNDERSTANDING CITY DEBT

The City is subject to the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt the City may have outstanding to eight percent (8%) of the appraised value of property subject to taxation. According to Pitt County Tax Assessor records, the City of Greenville has an estimated assessed value of \$6,374,477,022 for fiscal year 2017. Based on this, the City's legal debt capacity is approximately \$501 million. This capacity covers the debt that would be subject to property taxation.

General Obligation Bond Ratings

MOODY'S **Aa2** (very strong)

S&P Global **AA** (very strong)

Bond ratings are a measure of a municipality's credit risk and ability to pay its debt. The stronger the bond rating, the lower the credit risk. The City's bond ratings reflect a very strong ability to fulfill its debt obligations on an annual basis.

The following is a summary of the City's outstanding debt as of June 30, 2017:

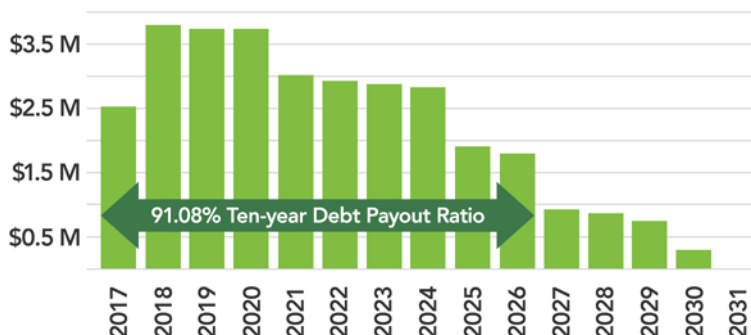


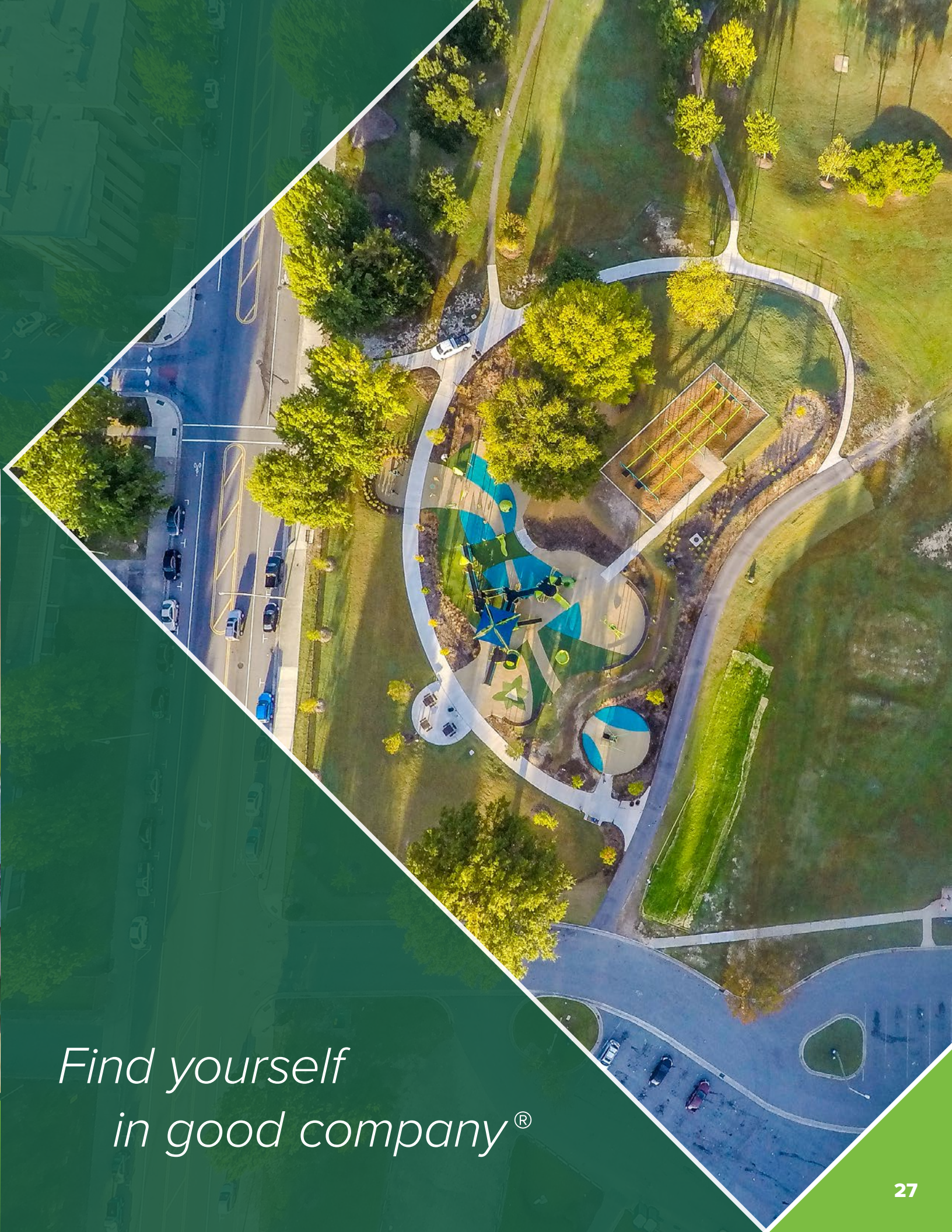
FY 2017 TOTAL OUTSTANDING DEBT

44% Installment Purchases	\$ 19,955,860
43% General Obligations	\$ 19,325,000
13% Special Revenue	\$ 5,960,000
Total Outstanding Debt	<u>\$ 45,240,860</u>

The City's policy is to maintain a ten-year debt payout ratio of 60% or higher. Approximately 90% of the City's current outstanding capital debt as of June 30, 2017 will be retired in the next 10 years as shown in the following graph:

SCHEDULE OF DEBT PAYOUT





*Find yourself
in good company[®]*



GREENVILLE
North Carolina

SHEPPARD MEMORIAL LIBRARY

GREENVILLE TOYOTA AMPHITHEATRE


Greenville
NORTH CAROLINA

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