Greer Commission of Public Works

Greer, South Carolina

Comprehensive Annual
Financial Report

Years ended December 31, 2009 and 2008

Issued by
Finance Department

Greer Commission of Public Works

Greer, South Carolina
December 31, 2009 and 2008

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Commissioners
Jeffery M. Howell
Eugene G. Gibson
Perry J. Williams

Nick W. Stegall
General Manager

FOCUSING OUR ENERGY ON YOU.

April 22, 2010

To the customers of the Greer Commission of Public Works, Greer, South Carolina:

INTRODUCTION

The Comprehensive Annual Financial Report of the Commission of Public Works (the "Commission") for the fiscal year ended December 31, 2009, is hereby submitted. This report was prepared by the Commission's financial staff and external auditors, and conforms to the guidelines of the Governmental Finance Officers Association and General Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Commission is in compliance with the Governmental Accounting Standards Board Statement No. 34, entitled "Basic Financial Statements – For State and Local Governments' (hereafter referred to as GASB Statement No. 34). Responsibility for both accuracy of the data and the completeness and fairness of the presentation rests with the Commission. To provide a reasonable basis for making these representations, management of the Commission has established a comprehensive internal control framework that is designed both to protect the Commission's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Commission's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the Commission's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, a list of Commissioners and operating officers, and the Commission's organizational chart. The financial section includes Management's Discussion and Analysis, the independent auditor's report, the basic financial statements, notes to the financial statements, and supplemental schedules. The statistical section includes selected unaudited financial and demographic information generally presented on a multi-year basis. The compliance section includes the report on audits performed in accordance with *Government Auditing Standards*.

The Commission's financial statements have been audited by Cherry, Bekaert & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Commission are free of material misstatement. As part of their audit, the independent auditors examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used and significant estimates made by management; and evaluated the overall financial statement presentation. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Commission's MD&A can be found immediately following the independent auditors' report.

PROFILE OF THE COMMISSION

The Commission of Public Works formally came into existence pursuant to a citywide election in 1913, for the purposes of providing electricity, water distribution and sewer collection and treatment to the residents of the municipality. In 1950, the City of Greer's City Council enacted an ordinance to combine the previously separate systems of the Commission. In 1958, the City Council enacted an ordinance which founded a natural gas unit to be added to what is now the present-day "System".

Designation of management, contractual and budgetary authority, funding of deficits, responsibility for debt, setting of rates, and fiscal management of the affairs of the Commission are the exclusive responsibility of the Commission of Public Works. The Commission makes recommendations to City Council for the issuance of bonds, but is otherwise authorized under the laws of the State of South Carolina to have full control and management of the System. The laws of the State of South Carolina provide for three Commissioners to be elected by the public for six-year, staggered terms.

Waterworks Unit

The Waterworks unit of the Commission was established in 1914. The Commission owns and manages two raw water reservoirs: Lake Cunningham and Lake Robinson. Lake Cunningham is the Commission's primary water supply and was constructed on the South Tyger River in 1957 and is approximately 280 surface acres in size. Lake Robinson was constructed in 1984 and includes approximately 800 surface acres, and acts as a secondary water supply located just north of Lake Cunningham.

The Commission's water treatment facility is located at Lake Cunningham and has a treatment capacity of 24 million gallons per day (MGD). This plant was expanded from an 8 MGD facility to a capacity of 16 MGD in 1992, and recently completed a second upgrade to a capacity level of 24 MGD to provide for future growth capacity. The water distribution system operates on two gradient levels, a high level system and a low level system. The high level system operates from two elevated storage tanks, one with 1,000,000 gallons of storage capacity and the other with 750,000 gallons of storage capacity. The low level system operates from three elevated storage tanks, with individual storage capacities of 1,750,000, 500,000 and 500,000 gallons respectively. The Commission supplies potable water to approximately 16,792 customers and serves all of the population within the City limits and surrounding areas.

Sewer Unit

The Sewer unit of the Commission was established in 1914 and provides wastewater collection, treatment and disposal by means of its sole wastewater treatment facility. The Maple Creek treatment facility was placed into operation by the Commission in the 1950s. This facility presently experiences an average daily processing flow of 2.23 MGD, with a current capacity of 5.0 MGD. The plant was originally constructed with a capacity of 1.75 MGD, but was subsequently upgraded in 1997, 2000 and 2009 to capacities of 3.0 MGD, 4.5 MGD and 5.0 MGD, respectively. The Commission has designed the upgrade of this facility to provide for a pathway to future upgrades to 7.5 MGD and eventually 10.0 MGD to provide for additional capacity growth. The upgrade includes significant improvements to the headwork's, influent pumping, sludge handling facilities, and will provide ultra-violet treatment of the wastewater at the Maple Creek Plant. The upgrade also provides for an energy generation plant that will not only provide the energy needed for this plant, but will provide additional energy that can be added to the electrical system, and may generate significant load-side generation credits from our energy provider. Sewer collection for the Commission's approximately 10,830 customers is accomplished through approximately 70 miles of collector mains and outfall lines maintained by the Commission.

Electric Unit

The Electric unit was established in 1914 and provides for the generation and distribution of electricity to City residents. In 1927, the Commission ceased generating electricity and from that time initiated the purchase of power from outside electric utilities to provide its supply of electricity. Up until 1985, the Commission purchased from Duke Energy Company most of its electric power requirements in excess of allotments of power from Federally-owned facilities through the Southeastern Power Administration (SEPA). During 1985, the Commission began purchasing its primary supply of electrical power from the Piedmont Municipal Power Agency (PMPA), a joint public agency consisting of ten municipal participants, of which the Commission is a charter member.

The electric unit consists of ten circuits originating from the Duke Street electrical substation, six circuits from the County Club Road substation, and five circuits from the Suber Road Substation. Distribution of 12,470 volts of electricity is managed with approximately 193 miles of overhead distribution facilities and approximately 183 miles of underground facilities. The service area served by this unit is approximately 32.4 square miles, including the City limits and surrounding areas, and serves approximately 17,484 customers.

Gas Unit

The Natural Gas unit was established during 1957 and provides for distribution of natural gas to residents of the City and surrounding areas. The transmission originates on the Transcontinental Gas Pipeline Corporation (Transco) mainline in Crescent, South Carolina, from which point gas is transported to the City by means of an eight-inch high-pressure transmission line which is owned and maintained by the Commission. The Commission operates and maintains approximately 46 miles of high-pressure lines and approximately 683 miles of intermediate and distribution lines, along with 139 pressure-reducing and regulating stations. These distribution lines serve approximately 18,419 customers located from the City of Landrum, north of the City of Greer on Highway 14, to south of the City of Greer along Highway 101 towards the City of Woodruff, encompassing approximately 460 square miles.

FACTORS AFFECTING FINANCIAL CONDITIONS

Economy

Known for being the heart of the Greenville – Spartanburg region in the Upstate of South Carolina, located in the foothills of the Blue Ridge Mountains, the Greater Greer area continues to benefit from a diverse industrial presence. This diversity helped the regional economy to experience a downturn, but overall fared much better than other areas around the country. Partnerships between local and state governments and the private business sector continue to work to produce new and expanding business.

The City of Greer currently covers approximately 27 square miles, making Greer one of the largest land area cities in South Carolina. Unemployment rates continue to be lower in the Greenville MSA, at 10.7%, as compared to the State of South Carolina's overall unemployment rate of 12.6%. New capital investment into the area has started to recover as economic forecasts find some relief, as compared to late 2008. The Greer community has emerged as one of the highest income markets in the Greenville/Spartanburg metropolitan region.

Easy access to Interstate 85 and the Greenville – Spartanburg International Airport, and the availability of undeveloped land is resulting in the continued development of several industrial and business parks. The Upstate of South Carolina has one of the largest concentrations of international firms per capita than any other area of the United States. Many of the top international companies are located in the Greater Greer area, including BMW Manufacturing, Honeywell, Mitsubishi Polyester Film, Michelin North America, and Coats & Clark.

Long-Term Financial Planning

The Commission uses a variety of sources in the development of long-term financial planning and has developed the Capital Improvement Plan (CIP) that currently spans from 2010 until 2014. As the Greater Greer area continues to experience rapid growth, the Commission must continue to enhance the system capacity for each of its utilities in order to keep up with the effects of the growing demand. The Commission also must focus on the replacement or the rehabilitation of the aging water and sewer infrastructure, as well as keeping our water and wastewater treatment facilities in compliance with regulatory requirements. The CIP consists of various projects totaling approximately $68 million and provides for the rehabilitation of existing infrastructure, expansion of the water distribution system and expansion of the wastewater treatment facility to meet the demands of growth and new regulations. While not all inclusive, the following projects highlight some of the major capital activities planned for the next several years:

Water System

Pleasant Grove Elevated Storage Tank, $5,566,515 – Provides for a 1.5 million gallon Elevated Water Storage Tank that will be necessary to provide water requirements to southeast developing service area, with improvements to the Greenville-Spartanburg Airport, the Spartanburg Regional Hospital, and a 24" Transmission line to Interstate 85, while providing required fire flow protection to Industrial customers located along the J. Verne Smith Parkway.

Sewer System

Sewer Rehabilitation Project, $4,000,000 – Project addresses on-going concerns of inflow and infiltration into parts of the sewer system that have been in operation for over 25 years. The purpose for the rehabilitation to the current system is to extend the life of the sewer treatment facility and the collection system, and to regain treatment capacity.

Abner Creek Collector System, $5,000,000 – Project will provide sewer infrastructure south of Interstate 85 along Hwy 101 and will provide gravity sewer to the location of the Spartanburg District 5 elementary and middle schools. This collection system will also provide sewer to new and expanded industry along this area.

Gibb Shoals Collector System, $1,000,000 - Project will provide a sewer collector system connecting to the new Western Carolina Regional Sewer Authority's trunk sewer line to serve the developing residential area along Gibb Shoals Road.

Bent Creek Pump Station Improvements, $2,000,000 – Project will provide for the replacement and relocation of the current Sewer pump station to strategically accommodate growth and capacity needs.

Taylor Road to Memorial Drive Extension Rehabilitation, $750,000 – Project provides for a parallel 12" sewer line to be put in place to decrease the overflows in the area between Taylor Road and Memorial Drive Extension.

Natural Gas System

South Carolina Highway 414 Transmission Lateral, $3,200,000 – This Project will enable us to provide the Northwestern side of our gas system with high pressure (450 psi) natural gas. We currently know that our ability to grow is geared toward the northwestern section of our gas system and expect residential, small commercial and large commercial growth in this area. During the past few years, the Commission has been building our gas distribution system towards the area north of our service lines, and it is apparent that this transmission lateral will enable us to back feed our lower pressure (20 - 60 psi) system. In addition, this project will better define our natural gas system's jurisdiction. Our gas system is presently positioned between Piedmont Natural Gas' Greenville and Spartanburg systems. In the State of South Carolina, there are no defined jurisdictional areas and this would provide additional service area to our current gas system, while providing system stability and future growth.

Electric System

Blue Ridge Substation, $2,100,000 – Project will serve the rapidly growing areas north of Greer. This region is slated to develop exponentially over the next couple years with three developments already planned in this area that will contain more than 2,000 homes and business.

Electric System Upgrade, $2,000,000 – Project is an on-going project that addresses load issues, line size and reliability issues with our current electrical system. This is a system wide upgrade that is being systematically performed based on the long-range utility plan developed for the electric system.

Cash Management Policies and Practices

The primary objective of the cash management policy of the Commission is to invest funds in a method which will ensure the preservation of capital while providing the highest investment return with the maximum security, meeting the cash flow demands of the Commission, and conforming to all state and local statutes governing the investment of public funds. The Commission attempts to maximize investment income while investing in obligations of the United States and its agencies, repurchase agreements, and certificates of deposits to the extent that they are collateralized with U.S. Treasuries and its agencies or general obligations of the State of South Carolina or any of its political units at market value or insured by the FDIC. Investment earnings totaled $156,469 for fiscal year 2009.

Risk Management

The Commission maintains a Risk Management Program through the South Carolina State Budget and Control Board Office of Insurance Services. This all-inclusive plan includes vehicle comprehensive, collision and liability, building and personal property, inland marine, data processing, general tort liability and business income loss, fire, earthquake, flood and employees' bond coverage.

In addition to the traditional insurance coverage, an active safety program is employed at the Commission to facilitate the reduction of risks in the workplace. Safety in the workplace extends to all areas of employment at the Commission, not just the traditional high-risk areas. For this reason, all employees of the Commission are required to attend monthly safety meetings. Each department of the Commission is represented by an employee appointed by the department head to represent his/her respective department for a term of one year. The Committee reviews all safety policies and makes recommendations for further revisions and/or additions, as well as reports on the progress of projects and problems in our efforts to maintain a healthy and safe work environment. This committee also makes recommendations as to the safety goals that are to be met each year regarding accidents and loss-time accidents.

All employees and Commissioners participate in the South Carolina Retirement System (SCRS) a cost sharing, multiple employer defined benefit pension plan. This program was established by the South Carolina State Legislature for the benefit of public school employees, public higher education personnel, state employees, city, county and other local public personnel. Benefits include service and disability retirement, vesting rights and survivor allowances. The Commission additionally elected to participate in the group life insurance coverage for all of its employees, at a cost of .15% of covered payroll. Plan members are required to contribute 6.50% of the annual covered salary and the Commission's contribution is determined at an actuarial rate, which is currently 9.24% of annual covered payroll.

The Commission also provides post employment health and dental care benefits for certain retirees and their dependents. As of the end of 2009, there were 11 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. The Commission is in compliance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additional information on the Commission's pension arrangements and post employment benefits can be found in the notes to the financials.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its comprehensive annual financial report for the fiscal year ended December 31, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The American Public Power Association (APPA) awarded the Reliable Public Power Provider (RP_3) designation to the Commission during 2009. This award is given to a Utility for providing consumers with the highest degree of reliable and safe electric service. To receive this accommodation, the Utility must demonstrate proficiency in four important disciplines for reliability, safety, workforce development and system improvement as it related to our Electric System. Criteria within each category are based on sound business practices and represent a utility-wide commitment to safe and reliable delivery of electricity.

The American Public Gas Association (AGA) presented an award to the Commission in recognition of the efforts that have been made to ensure the safety of our employees and customers while maintaining the integrity of our natural gas infrastructure.

During 2009, the Commission received notification and recognition again for achieving the goals of the South Carolina Department of Health and Environmental Control's Area-Wide Optimization Program (AWOP). The goals of this program are to optimize particle removal and disinfection at all filtration plants to maximize public health protection.

ACKNOWLEDGEMENTS

This report could not have been prepared without the efficient and dedicated services of all the Commission employees who assisted and contributed to its preparation. We would like to express sincere appreciation to our Commissioners for their vision, leadership and guidance in helping us provide high-quality services, information and education resulting in the best possible utility services at reasonable rates while protecting our natural resources and the environment.

Sincerely,

Nick W. Stegall
General Manager

Charles E. Reynolds
Finance Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Greer Commission of Public Works South Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2008

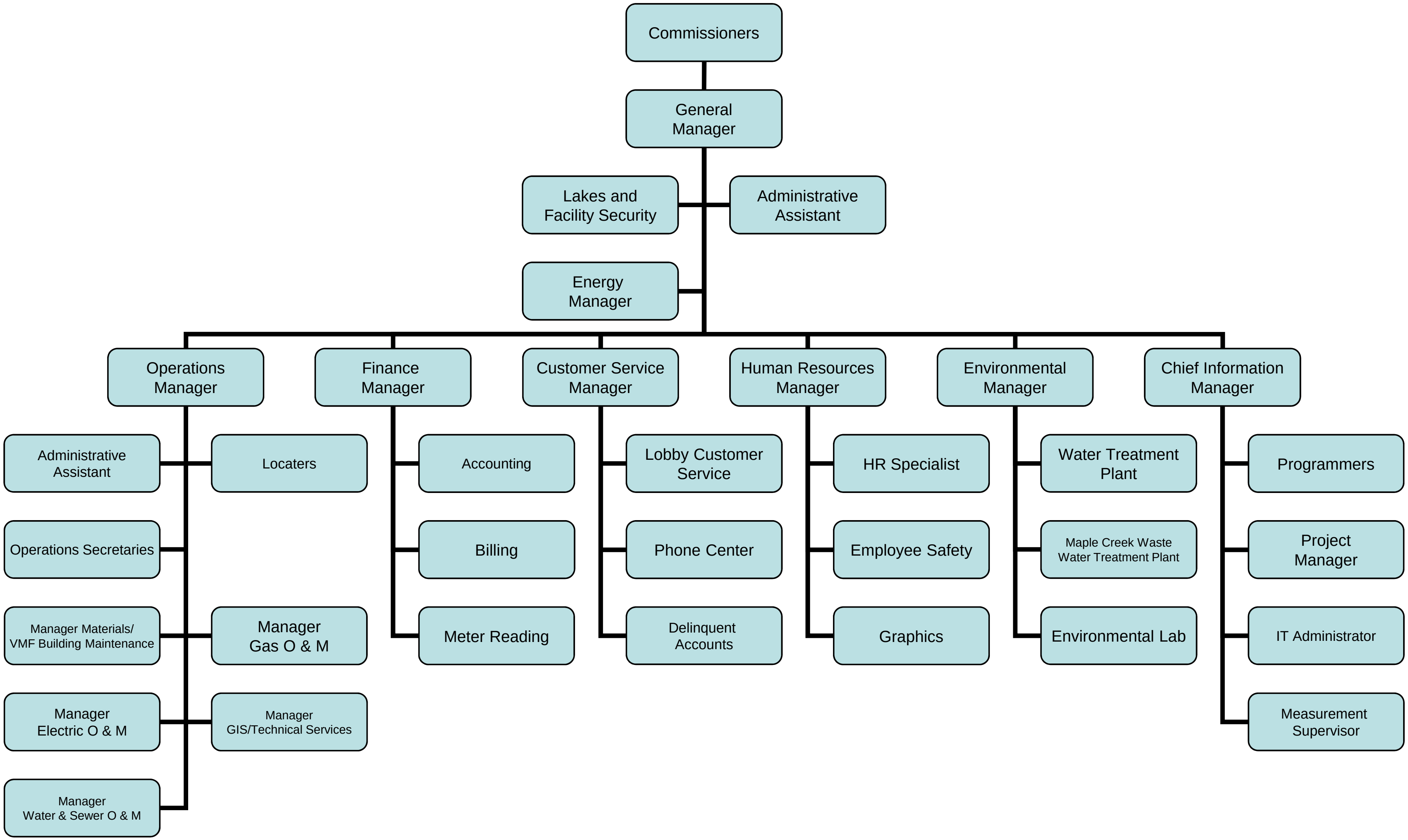
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Greer Commission of Public Works

Organizational Chart



GREER COMMISSION OF PUBLIC WORKS
As of December 31, 2009

LIST OF PRINCIPAL OFFICIALS

Commissioners	Year Service Began	Position	Term Expires December 31,
Jeffrey M. Howell	1998	Chairman	2015
Eugene G. Gibson	1982	Commissioner	2013
Perry J. Williams	2009	Commissioner	2011

Operating Officers	Year First Employed	Position
Nick W. Stegall	2009	General Manager
Charles E. Reynolds	2001	Finance Manager
Randall C. Olson	2003	Operations Manager
Tony E. Farr	1985	Electric Manager
Robert F. Rhodes	1978	Gas Manager
Thomas K. Holliday	2001	Human Resources Manager
Brian M. Forrester	1991	Information Technology Manager
Kandis C. Powell	1978	Materials Manager
Wendell O. Woodward	1971	Environmental Manager
Bradley M. Nelson	2006	Water Treatment Plant Manager
Kevin J. Reardon	2003	Water/Sewer Operations Manager
Charles E. Barnes	1979	Chief Lake Warden
Fredia Snow	1999	Customer Service Manager
Michael E.Watson	1981	Maple Creek Waste Water Treatment Plant Manager

Independent Auditors' Report

To the Board of Commissioners
of the Greer Commission of Public Works

We have audited the balance sheets of the Greer Commission of Public Works (the "Commission") as of December 31, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 22, 2010 on our consideration of the Commission's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, the supplementary information, statistical section as well as the accompanying Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cherry, Bekaert + Holland, L.L.P.

Greenville, South Carolina
April 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Greer Commission of Public Works' (Commission) annual financial statements presents our analysis of the Commission's financial performance during the Fiscal Year that ended on December 31, 2009. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Commission continued to show a solid financial position for fiscal year 2009. The Commission is well within its debt covenants and the more stringent financial policies and guidelines set by the Board and management. The following are financial highlights for 2009:

- The Commission's net assets increased by $4,860,368, or 3.72 percent, for 2009 compared to $7,191,743, or 5.82 percent, in 2008.

- During the year the Commission's operating revenues decreased to $71,584,903, which represents a 10.70 percent decrease from the prior year. Operating revenues increased to $80,157,818, or by 7.72 percent, in 2008.

- Total operating expenses decreased to $65,492,617, which represents a 9.88 percent decrease from the prior year. Total expenses increased to $72,671,076 or by 6.71 percent in 2008.

- Purchased Power expenses increased to $23,547,604, up from $22,688,529 last year. This 3.79 percent increase is reflected in the total expenses shown above. Purchased power increased from $20,859,070, or by 8.77 percent, to $22,688,529 in 2008.

- Purchased Gas expenses decreased to $20,150,380, down from $28,889,372 last year. This 30.25 percent decrease is reflected in the total expenses shown above. Purchased gas increased from 27,333,104, or by 5.69 percent, to $28,889,372 in 2008.

- Capital contributions to the Commission decreased by $674,200, which represents a 19.47 percent decrease from the prior year. Capital contributions decreased by $80,445, or 2.27 percent in 2008.

- Transfers to the City of Greer remained unchanged at $1,000,000 for 2009 and 2008.

- Debt service coverage was 230% for 2009, a decrease from the 2008 coverage of 255%. Debt service coverage required by the bond covenants is 120%, which is well below our current coverage.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual statement consists of four parts: Management's Discussion and Analysis, Financial Statements, Supplementary Information, and the Compliance Section. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Commission report information about the Commission using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Balance Sheet includes all of the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Commission's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Commission's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE COMMISSION

Our analysis of the Commission begins in the Financial Statement Section. As a review is made of the Commission's finances, one should consider "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Commission's activities in a way that will help answer this question. These two statements report the net assets of the Commission and changes in them. One can think of the Commission's net assets, the difference between assets and liabilities, as one way to measure financial health or financial position. Over time, increases or decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, annexation and new or changed government legislation.

NET ASSETS

A summary of the Commission's Balance Sheet is presented in Table A-1. Net assets increased $4,860,368 to $135,530,438 in Fiscal Year 2009, up from $130,670,070 in Fiscal Year 2008. While the Balance Sheet shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets, provides answers as to the nature and source of these changes. As can be seen in Table A-2, the income before capital contributions of $2,072,653 and capital contributions of $2,787,715 were the two sources of the increase in net assets.

TABLE A-1
Balance Sheet

	FY 2007	Total Dollar Change	Total Percent Change	FY 2008	Total Dollar Change	Total Percent Change	FY 2009
Current and Other Assets	$28,775,196	($223,635)	-0.78%	$28,551,561	$2,753,091	9.64%	$ 31,304,652
Capital Assets	178,154,099	17,333,243	9.73%	195,487,342	2,156,952	1.10%	197,644,294
Total Assets	206,929,295	17,109,608	8.27%	224,038,903	4,910,043	2.19%	228,948,946
Long-term Debt Outstanding	71,089,832	8,634,289	12.15%	79,724,121	2,362,070	2.96%	82,086,191
Other Liabilities	12,361,136	1,283,576	10.38%	13,644,712	-2,312,395	-16.95%	11,332,317
Total Liabilities	83,450,968	9,917,865	11.88%	93,368,833	49,675	0.05%	93,418,508
Invest in Capital Assets, Net of Related Debt	105,884,705	6,798,474	6.42%	112,683,179	1,048,946	0.93%	113,732,125
Restricted	11,166,548	-3,340,441	-29.91%	7,826,107	708,616	9.05%	8,534,723
Unrestricted	6,427,074	3,733,710	58.09%	10,160,784	3,102,806	30.54%	13,263,590
Total Net Assets	$123,478,327	$7,191,743	5.82%	$130,670,070	$4,860,368	3.72%	$ 135,530,438

Income (Loss) Before Capital Contributions and City Transfer

A closer examination of the individual categories affecting the source of changes in net assets reveals that the Commission's total revenues decreased by $8,913,040 to $71,592,872 in fiscal 2009 from $80,505,912 in fiscal 2008 due to the net effect of an increase in electric revenues and decreased gas, and water operating revenues. Electric revenues increased 5.57%, due in part from an increase in the electric rates of 2.0%. Water revenues decreased 7.03% and sewer revenues increased 1.01%, respectively in 2009. The decreases in water revenues are attributed to the decrease in the water consumption of 8.13%. The decrease in water consumption was largely the result of abundant precipitation amounts of approximately 52.83 inches, an increase from 2008 results of 38.02 inches, representing an increase of 38.95%.

During 2008, the Commission's total revenues increased by $5,193,474 to $80,505,912 from $75,312,438 in fiscal 2007 due primarily to increased electric, gas water and sewer operating revenues. Electric revenues increased 8.24%, due in part from an increase in the electric customer base of 4.07% and an increase on consumption of 1.48%. Water revenues and sewer revenues increased 2.66% and 8.79%, respectively in 2008. The increases in the water and sewer revenues are attributed to a number of factors, including an increase in the customer base of 1.55% and 1.74%, respectively, increases in the water and sewer rates during 2008, and the addition of several large multi-family residential units. To the contrary, there was a decrease in water consumption of 4.52% and a small increase in sewer consumption of .97%. The decrease in water consumption is partially the result of the Upstate of South Carolina experiencing drought conditions, with precipitation amounts increasing by 22.33% to 38.02 inches during 2008 from 31.08 inches during 2007. The average rainfall for the Upstate of South Carolina is 51 inches of precipitation. The drought conditions prompted the Commission to issue voluntary water restrictions to its customers.

Natural gas revenues decreased by 24.12% during 2009, mainly because of the fluctuations in the commodity costs. The average rates passed to our customer's decreased by 20.60%. Consumption from our customer's increased by 8.13% during 2009. Natural gas revenues increased by 11.71% during 2008, due mainly to the increase in the customer base and a decrease in the costs of the commodity, with increases in our residential and commercial consumption by 12.69% and 18.11%, respectively.

Other operating revenues decreased by $521,619 during 2009. The decrease is attributable to the continued decline in customer tap fees. Other operating revenues decreased by $978,000 during 2008. The decrease is attributable to numerous factors, but primarily related to the decline in customer tap fees and investment income.

The decrease in the non-operating revenues of $340,125 in 2009 is explained by an increase in the loss on disposal of utility plant and a continued decrease in investment earnings. The current year recognized a loss for the disposal of certain obsolete assets and inventory in the amount of $148,500, an increase of 36.44% from 2008. Earnings realized from our investments continued to decrease due to the adverse economic situation. The prior year also recognized a loss for the disposal of certain obsolete assets and inventory in the amount of $108,836, an increase of 799.40% from 2007. These disposals included assets that were replaced or determined obsolete. Interest revenues declined 65.76% during 2009. The decrease in the non-operating revenues of $553,236 in 2008 is explained by a combination of a decrease in the amounts of investment earnings received and an increase in the loss on disposal of utility plant. During 2008, interest revenues were $456,930, or a decrease of 49.98%. These decreases were attributable to the decrease in interest rates during fiscal 2008 and the decrease in the amounts of funds available for investment.

A further review of Table A-2 reveals that expenses decreased by $7,255,865 to $69,520,219 in fiscal 2009, down from $76,776,084 in fiscal 2008, due to the net effect of a decrease in purchased gas and other operating expenses plus increased expenses related to the costs of purchased power and depreciation. Purchased power costs increased by $859,075, or 3.79%. Given the fact that overall electric consumption increased, the Commission was able to minimize this increase in costs by taking advantage of power allocations provided by the United States Department of Energy's Southeastern Power Agency's allocations which provides pooled hydroelectric power at reduced costs. The Commission also received $95,321 in net Load Side Generation credits from PMPA which further reduced the costs associated with the purchased power. Purchased gas costs decreased by $8,738,992, or 30.25%, due to the fact that the average costs related to natural gas decreased during 2009. The average cost of the natural gas commodity to the Commission was $6.46 and $9.68, respectively for 2009 and 2008, a decrease of 33.26%

Operating expenses excluding depreciation and amortization, purchased power, and purchased gas decreased by $89,554 or 0.60%. As a result of these factors, the Commission experienced $2,072,653 in net operating revenues over expenses before capital contributions.

A further review of Table A-2 reveals that expenses increased by $4,518,011 to $76,776,084 in fiscal 2008, up from $72,258,073 in fiscal 2007, due primarily to the increased expenses related to the costs of purchased power, purchased gas, depreciation and other operating expenses, such as salaries and related benefits, and property insurance expenses. Purchased power costs increased by $1,829,459, or 8.77%. Given the fact that overall electric consumption increased, the Commission was able to minimize this increase in costs by taking advantage of power allocations provided by the United States Department of Energy's

Southeastern Power Agency's allocations which provides pooled hydroelectric power at reduced costs. The Commission also received $67,020 in net Load Side Generation credits from PMPA which further reduced the costs associated with the purchased power. Purchased gas costs increased by $1,556,628, or 5.69%, due to the fact that the average costs related to natural gas increased during 2008, due to market speculation and lower storage supplies available as compared to prior years. Operating expenses excluding depreciation and amortization, purchased power, and purchased gas increased by $764,632 or 5.45%. As a result of these factors, the Commission experienced $3,729,828 in net operating revenues before capital contributions.

TABLE A-2
Condensed Statements of Revenues, Expenses, and Changes in Net Assets

	FY 2007	Total Dollar Change	Total Percent Change	FY 2008	Total Dollar Change	Total Percent Change	FY 2009
Electric Revenues	$26,686,529	$2,199,095	8.24%	$28,885,624	$1,609,681	5.57%	$ 30,495,305
Gas Revenues	34,442,931	4,033,264	11.71%	38,476,195	(9,281,141)	(24.12%)	29,195,054
Water Revenues	5,844,741	155,487	2.66%	6,000,228	(421,828)	(7.03%)	5,578,400
Sewer Revenues	3,832,229	336,864	8.79%	4,169,093	41,992	1.01%	4,211,085
Other Operating Revenues	3,604,678	(978,000)	(27.13%)	2,626,678	(521,619)	(19.86%)	2,105,059
Non-operating Revenues	901,330	(553,236)	(61.38%)	348,094	(340,125)	(97.71%)	7,969
Total Revenues	75,312,438	5,193,474	6.90%	80,505,912	(8,913,040)	(11.07%)	71,592,872
Purchased Power	20,859,070	1,829,459	8.77%	22,688,529	859,075	3.79%	23,547,604
Purchased Gas	27,333,104	1,556,268	5.69%	28,889,372	(8,738,992)	(30.25%)	20,150,380
Depreciation and Amortization Expense	5,866,839	421,365	7.18%	6,288,204	791,012	12.58%	7,079,216
Other Operating Expense	4,040,339	764,632	5.45%	14,804,971	(89,554)	(0.60%)	14,715,417
Non-operating Expense	4,158,721	(53,713)	(1.29%)	4,105,008	(77,406)	(1.89%)	4,027,602
Total Expense	72,258,073	4,518,011	6.25%	76,776,084	(7,255,865)	(9.45%)	69,520,219
Revenues over Expense Before Capital Contributions	3,054,365	675,463	22.11%	3,729,828	(1,657,175)	(44.43%)	2,072,653
Capital Contributions	3,542,360	(80,445)	(2.27%)	3,461,915	(674,200)	(19.47%)	2,787,715
Change in Net Assets	6,596,725	595,018	9.02%	7,191,743	(2,331,375)	(32.42%)	4,860,368
Beginning Net Assets	116,881,602	6,596,725	5.64%	123,478,327	7,191,743	5.82%	130,670,070
Ending Net Assets	$123,478,327	$7,191,743	5.82%	$130,670,070	$4,860,368	3.72%	$ 135,530,438

Capital Contributions

Contributions include cash and non-cash contributions and grants from various sources such as developers, customer assessments, and state and federal agencies. During 2009, the Commission received $2,787,715 in capital contributions. The $674,200 decrease from Fiscal Year 2008 capital contributions of $3,461,915 included the following receipts:

- $89,493 received from the Greenville Hospital System to offset capital costs related to the building of the Greer Memorial Hospital campus
- $274,185 received from the partners of the Abner Creek Sewer Group to offset capital costs related to the placement of sewer infrastructure
- $712,500 received from various sources to offset capital costs related to the infrastructure in and around the Greer International Business Park and Genoble Road.
- $674,070 in non-cash contributions in the form of water infrastructure assets received from various developers as constructed for various subdivisions

During 2008, the Commission received $3,461,915 in capital contributions. This was a decrease of $80,445 from $3,542,360 received during Fiscal Year 2007.

Transfers to the City

The Commission currently makes annual transfers to the City's General Fund based upon an agreement in the amount of $1,000,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following is a summary of some of the major capital improvements completed and added to the system during Fiscal Year 2009.

This year's major capital asset additions to plant include:

- $350,141 for improvements to the Operations and Customer Facilities
- $63,831 to provide Electric and Gas infrastructure to the Spartanburg Regional Village Hospital Campus
- $38,744 in engineering and land acquisition costs associated with the construction of the Blue Ridge Substation
- $111,469 to provide certain upgrades and replacement equipment to the Water Treatment Plant
- $711,228 to provide Sewer infrastructure to the Greer International Business Park
- $270,108 to provide for Water and Gas infrastructure for the BMW Expansion
- $46,664 to provide for Gas infrastructure in the Bent Creek Subdivision
- $89,520 to provide Gas infrastructure along the Verne Smith Parkway
- $82,941 to provide for Electric and Gas infrastructure in the Dillard Creek Crossing Subdivision
- $521,397 to provide Electric and Water infrastructure to the O'Neal Village Subdivision
- $501,061 to provide improvements and updates to the existing Electric system
- $324,637 to provide Sewer infrastructure along Hwy 101 and Hwy 296 in the Abner Creek Area
- $665,529 to provide for replacement of motor vehicles and heavy equipment
- $58,615 in demolition costs associated with the clearing of the Calvary School property
- $58,864 in costs associated with a Sewer Pumpstation located on Abner Creek Road
- $2,198,111in engineering and construction costs associated with the upgrade design for the Maple Creek Waste Water Facility from its current capacity of 4.5 MGD to 5.0 MGD

- $201,729 to provide Gas Infrastructure to Camp Creek Road
- $45,600 to provide upgrades to the Propane Gas Peak Shaving Facility
- $1,856,446 in engineering, land and construction costs associated with the development of the plans and specifications for the 1.5 MG Elevated Water Storage Tank and related transmission line

At the end of 2009, the Commission has invested $279,356,586 in land and a broad range of infrastructure including electric distribution facilities; electric substations; fiber optic infrastructure and equipment; water and sewer plants; wastewater facilities; water and sewer lines, maintenance and administration facilities; vehicles and equipment; and office and computer equipment as shown in Table A-3. Please refer to Note 3 to the financial statements for additional information on the Commission's capital assets.

TABLE A-3
Capital Assets

	FY 2007	Total Dollar Change	Total Percent Change	FY 2008	Total Dollar Change	Total Percent Change	FY 2009
Land	$ 467,390	$ 540,185	115.57%	$ 1,007,575	$ 1,174,285	116.55%	$ 2,181,860
Buildings	6,974,590	23,823	0.34%	6,998,413	(940,425)	-13.44%	6,057,988
Machinery, Equipment and Vehicles	7,371,266	24,017	0.33%	7,395,283	(190,787)	-2.58%	7,204,496
Electric distribution system	32,315,756	4,879,632	15.10%	37,195,388	3,456,607	9.29%	40,651,995
Water distribution system	56,343,993	7,350,921	13.05%	63,694,914	(1,215,471)	-1.91%	62,479,443
Water reservoirs and dams	10,535,221	-	0.00%	10,535,221	2,277,823	21.62%	12,813,044
Recreational facilities	1,313,349	-	0.00%	1,313,349	(774,912)	-59.00%	538,437
Gas distribution system	49,905,229	6,288,438	12.60%	56,193,667	1,109,752	1.97%	57,303,419
Disposal plants and sanitary sewer	61,143,566	1,819,780	2.98%	62,963,346	19,871,765	31.56%	82,835,111
Office equipment and software	2,704,648	(83,417)	-3.08%	2,621,231	2,355,296	89.85%	4,976,527
Fiber Optic	21,427	-	0.00%	21,427	508,419	2372.80%	529,846
Construction in Progress	19,112,901	1,585,173	8.29%	20,698,074	(18,913,654)	-91.38%	1,784,420
Subtotal	**248,209,336**	**22,428,552**	9.04%	**270,637,888**	**8,718,698**	3.22%	**279,356,586**
Less Accumulated Depreciation	70,055,237	5,095,309	7.27%	75,150,546	6,561,746	8.73%	81,712,292
Net property plant equipment	**$ 178,154,099**	**$ 17,333,243**	9.73%	**$ 195,487,342**	**2,156,952**	1.10%	**$ 197,644,294**

In 2009, the Commission expended $8,718,698 for capital assets, of which $7,305,971 was for expansion and improvement to utility plant and the remainder for other operating assets.

In Table A-4, the Commission's Fiscal Year 2010 adopted Capital Budget provides another $8,132,086 for capital projects, principally for the wastewater treatment plant upgrade, water distribution system, sewer collection system, electric distribution system, and natural gas system.

TABLE A-4
Fiscal Year 2010 Adopted Capital Budget

Water Distribution System	$4,123,547	Natural Gas System	290,000
Sewer Collection System	1,800,000	Other	451,539
Electric Distribution System	600,000	Vehicles and Equipment	867,000

LONG TERM DEBT

At year-end, the Commission had $83,022,356 in aggregate long-term debt, up from $81,618,275 at the end of Fiscal Year 2008, an increase of $1,040,080, or approximately 1.7%. The Commission had $81,618,275 in aggregate long-term debt, up from $72,545,842 at the end of Fiscal Year 2007, an increase of $9,072,433, or approximately 12.51%. The changes resulted from scheduled principal payments made on the existing debt and new issuances of long-term debt from (see Note 7 in the Notes to the Financial Statements).

Bond Ratings All outstanding Revenue Bonds carry an A2, A and A+ ratings from Moody's, Standard & Poor's and Fitch, respectively. During 2009, the Commission was reviewed by Fitch Ratings and received an affirmation of our A+ Rating.

Limitations on Debt The Ordinance provides that Bonds may be issued under the Ordinance from time to time in such amounts as deemed necessary or advisable by the City, upon request of the Commission, for any purpose for which Bonds may be issued for the benefit of the System under the Enabling Act. Prior to issuing any additional Bonds other than refunding Bonds, the Commission is required to prove that the estimated future net revenues of the System are expected to be at least 120% of the actual highest combined debt service requirement (including debt service on the proposed additional Bonds) for the current Fiscal Year and for the three Fiscal Years following the issuance of the additional Bonds. The Commission currently reports a maximum debt service coverage ratio of 230%, 255%, and 253%, for the years 2009, 2008 and 2007, respectively.

With this strong debt service coverage ratio, the Commission has the ability and capacity to issue additional Bonds to fund future capital additions to the System. As the long-range Capital Improvement Plan has evolved, the Commission currently anticipates issuing additional Bonds, via private placement and loans through the State Revolving Loan Fund to fund certain identified projects within the current long-range Capital Improvement Plan through Fiscal Year 2014. This additional debt is programmatically scheduled to be issued in the year 2010-11. With the potential acquisition of alternative capital resources, such as Federal grant monies, the amount of additional debt required to be issued may be reduced.

In addition, the Commission has been successful in accessing other available low interest cost financing, as was the case in the $1,750,850 State Revolving Loan Fund (SRF) loan completed in Fiscal Year 1999, the $9,211,590 SRF loan completed in Fiscal Year 2004, the $7,500,000 SRF loan completed in Fiscal Year 2005 and the $13,235,000 SRF Loan still active in 2009. The Commission closed on a fifth SRF loan during 2009 in the amount of $5,375,417, which carries a rate of 2.26% for a 30-year term, for which the proceeds are being utilized for the planning, design and construction of a 1.5 million gallon (MG) elevated water storage tank, including a 24 inch water transmission line from this site along Highway 14 and underneath Interstate 85. This storage and transmission line will facilitate improving the water flow and fire flow protection to businesses along the Verne Smith Parkway and Highway 14, including the Greenville-Spartanburg International Airport. The Commission has secured an EDA grant through the Appalachian Regional Council in the amount of $500,000. We were also able to secure $2,000,000 in Federal American Recovery and Reinvestment Act funds that were in the form of a zero percent interest loan.

During 2009, the Commission began the planning, design and construction of improvements of the Sewer lift station that serves the BMW plant and the businesses along the Hwy 101 corridor, as well as future development south of the Interstate 85 and Highway 101 junction. This project is anticipated to be funded by new debt issued through the SRF during 2010-11, and is estimated to cost approximately $6,000,000. The Commission will also be strategically attempting to secure additional funding in alternative capital resources, such as other Federal Grants.

On June 4, 2009, the Commission issued $24,230,000 of refunding bonds to defease the remaining outstanding bonds, net of all cost of debt, of the Series 1997 Combined Utility System Revenue bonds. This refunding transaction provided the Commission with an economic gain of $1,240,583. This transaction also resulted in a defeasance loss in the amount of $937,746, of which is being amortized over the life of the original debt, which is equal to the life of the new debt issue.

TABLE A-5
Debt Coverage Ratio

	FY 2007	FY 2008	Total Percent Change	FY 2009	Total Percent Change
Revenues					
Revenues from Operations	$ 74,411,108	$ 80,157,818	7.72%	$ 71,584,903	-10.70%
Non-operating Revenue	901,330	348,094	-61.38%	7,969	-97.71%
Capacity fees	730,300	630,599	-13.65%	339,699	-46.13%
Total Revenues	**76,042,738**	**81,136,511**	6.70%	**71,932,571**	-11.34%
Expenses					
Total Expenses	72,258,073	75,776,084	4.87%	68,520,219	-9.58%
Depreciation and Amortization Expense	(5,866,839)	(6,288,204)	7.18%	(7,079,216)	12.58%
Bond Interest Expense	(3,158,721)	(3,105,008)	-1.70%	(3,027,602)	-2.49%
Gain/Loss on sale of assets	(12,101)	(108,836)	799.40%	(148,500)	36.44%
Total Expenses	**63,220,412**	**66,274,036**	4.83%	**58,264,901**	-12.08%
Income Available for Debt Service	**$ 12,822,326**	**$ 14,862,475**	15.91%	**$ 13,667,670**	-8.04%
Maximum Annual Debt Service	**$ 5,071,918**	**$ 5,817,971**		**$ 5,938,300**	
Maximum Annual Debt Service Coverage	**2.53**	**2.55**	1.05%	**2.30**	-9.90%

*Although Capacity fees are allocated to Contributions of Capital, they are available for debt service under the Bond Ordinance

As can be seen in Table A-6, the Commission's current average cost of capital is 4.09% in outstanding debt, with the average cost of capital being 4.37% and 4.50%, for the years 2008 and 2007, respectively.

TABLE A-6
Cost of Capital

	FY 2007		FY 2008		FY 2009	
	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate
Series 1997 Combined Revenue Bonds	$ 25,330,000	4.90%	$ 24,425,000	4.90%	$ -	0.00%
Series 2002 Combined Revenue Bonds	24,645,000	5.36%	24,495,000	5.36%	24,345,000	5.36%
1999 South Carolina SRF Loan	1,212,099	3.50%	1,131,375	3.50%	1,047,789	3.50%
2004 South Carolina SRF Loan	8,723,685	2.50%	8,500,013	2.50%	8,270,758	2.50%
2005 South Carolina SRF Loan	6,658,609	3.00%	7,056,893	3.00%	6,891,171	3.00%
2007 BB&T Lease	276,449	3.73%	187,653	3.73%	95,544	3.73%
Series 2007 Combined Revenue Bonds	5,700,000	4.02%	5,508,981	4.02%	5,310,283	4.02%
2007 South Carolina SRF Loan	-		10,313,360	3.50%	12,831,811	3.50%
Series 2009 Combined Refunding Bonds	-		-		24,230,000	4.03%
	$ 72,545,842	4.50%	$ 81,618,275	4.37%	$ 83,022,356	4.09%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Commission considered a variety of factors in developing the Fiscal Year 2010 Budget, including required rates by utility and customer class, user fees and other charges. The Commission is required under the Ordinance to set rates and fees at levels which are at least sufficient to provide 100 percent of the amounts required to be deposited into the Operation and Maintenance Fund for the then current Fiscal Year, any amounts required to be deposited into any Debt Service Reserve Fund for the then current Fiscal Year, and any other amounts necessary to comply with the terms of the Ordinance or any other contract or agreement with the Bondholders.

The Fiscal Year 2010 Budget provides for no rate increases for all four operating utilities. Controllable operating costs were held very much in check for this budget year. The Commission has experienced a compound annual growth in total active meters of 11.1 percent since 2005, growing from 48,243 meters in December 2005 to 53,576 meters in December 2009. Given the current state of the economy, the Commission has decided to maximize the efficiency of our current staff, adding no new positions during 2010. Other requirements, such as increasing legislative environmental requirements mandated for our drinking water and wastewater treatment facilities, volatile natural gas markets and the rising cost of purchased power, and the general overall effects of inflation on our day-to-day operating requirements, must be dealt with effectively through increases in the rates and fees charged for our services in order to achieve revenue sufficiency and appropriate levels of debt coverage for each of the four operating utilities.

Contributions, or transfers, to the City of Greer's General Fund will increase to $1,175,000 for Fiscal Year 2010.

The Commission continues to make meaningful investments in the refurbishing, renewing and replacing of our utility infrastructure. In addition, we continue to expand our System with new capital projects as necessary to meet the demands of our growing customer base. The Commission's long-range Capital Improvement Plan, developed as a dynamic document, was most recently updated in March 2010, and currently projects a remaining $68.6 million in identified major capital projects through Fiscal Year 2014. The Commission has also identified the specific funding resources necessary to complete the plan, the majority of which will be provided by internally generated sources.

The Commission's customer base for each utility is evaluated in consideration of the City and county projected population growth, the impacts of annexations, the general economy and other known factors affecting each individual utility.

CONTACTING THE COMMISSION'S FINANCE MANAGER

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the office of: Charles E. Reynolds, Finance Manager, Greer Commission of Public Works, P.O. Box 216, Greer, South Carolina 29652-0216.

Greer Commission of Public Works
Balance Sheets
December 31, 2009 and December 31, 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents		
Operating	$ 5,046,251	$ 6,296,437
Restricted	4,246,522	4,076,107
Total funds	9,292,773	10,372,544
Receivables:		
Customers, less allowance for doubtful accounts of $275,113 in 2009 and $383,159 in 2008	9,130,102	8,666,711
Interest	15,722	144,111
Total receivables	9,145,824	8,810,822
Short-term investments:		
Unrestricted	3,000,071	1,700,000
Restricted	4,288,201	3,750,000
Inventories	2,306,687	1,291,999
Customer deposits	771,623	737,753
Total current assets	28,805,179	26,663,118
Non-current assets:		
Utility plant	279,356,586	270,637,888
Less accumulated depreciation	(81,712,292)	(75,150,546)
Net utility plant	197,644,294	195,487,342
Debt issuance cost, net of accumulated amortization $328,851 in 2009 and $430,336 in 2008	2,341,296	1,467,454
Other assets	158,177	420,989
Total non-current assets	200,143,767	197,375,785
Total assets	$ 228,948,946	$ 224,038,903
Equity and Liabilities		
Current liabilities:		
Accounts payable	$ 5,790,741	$ 7,015,058
Construction contract retainage payable	135,643	850,759
Accrued interest	950,172	1,050,805
Other accrued expenses	1,010,503	1,070,054
Customer deposits	771,623	737,753
Current portion of long-term debt	1,690,335	2,229,283
Total current liabilities	10,349,017	12,953,712
Landfill post-closure liability	393,300	396,000
Other post-employment liability	590,000	295,000
Long term debt, net of unamortized discount, unamortized premium, and current portion of long-term debt	82,086,191	79,724,121
Total non-current assets	83,069,491	80,415,121
Total liablilities	93,418,508	93,368,833
Net Assets		
Capital assets, net of related debt	113,732,125	112,683,179
Restricted assets		
Debt service	3,889,984	1,578,469
Capital projects	4,644,739	6,247,638
Unrestricted net assets	13,263,590	10,160,784
Total net assets	135,530,438	130,670,070
Total equity and liabilities	$ 228,948,946	$ 224,038,903

See accompanying notes to financial statements

Greer Commission of Public Works

Statement of Revenues, Expenses and Changes in Net Assets
Periods ended December 31, 2009 and December 31, 2008

	2009	2008
Operating revenues		
Electric revenues	$ 30,495,305	$ 28,885,624
Gas revenues	29,195,054	38,476,195
Water revenues	5,578,400	6,000,228
Sewer revenues	4,211,085	4,169,093
Other operating revenues	2,105,059	2,626,678
Total operating revenues	71,584,903	80,157,818
Operating expenses		
Purchased power	23,547,604	22,688,529
Purchased gas	20,150,380	28,889,372
Depreciation and amortization	7,079,216	6,288,204
Other operating expenses	14,715,417	14,804,971
Total Operating expenses	65,492,617	72,671,076
Net operating revenue	6,092,286	7,486,742
Other revenues (expenses)		
Interest expense	(3,027,602)	(3,105,008)
Interest revenue	156,469	456,930
Transfers to the City of Greer	(1,000,000)	(1,000,000)
Loss on disposal of utility plant	(148,500)	(108,836)
Total other expenses, net	(4,019,633)	(3,756,914)
Revenues over expenses before contributions	2,072,653	3,729,828
Contributions	2,787,715	3,461,915
Revenues over expenses after contributions	4,860,368	7,191,743
Net assets at beginning of the year	130,670,070	123,478,327
Net assets at end of the year	$ 135,530,438	$ 130,670,070

See accompanying notes to financial statements

Greer Commission of Public Works

Statement of Cash Flows
For the Periods Ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activites:		
Cash received from customers	$ 69,313,135	$ 77,026,327
Cash paid to suppliers	(53,658,910)	(61,802,954)
Cash paid to employees	(6,262,097)	(5,348,609)
Other operating revenue	2,105,059	2,626,678
Net cash provided by operating activities	11,497,187	12,501,442
Cash flows from noncapital financing activities:		
Payments to City of Greer	(1,000,000)	(1,000,000)
Net cash used in noncapital financing activities	(1,000,000)	(1,000,000)
Cash flows from capital and related financing activites:		
Increase in utility plants, net	(10,131,397)	(21,245,243)
Capital contributions	2,113,645	2,611,878
Proceeds from sale of utility plant	285,129	131,227
Proceeds from issuance of long-term debt	27,103,399	10,870,181
Debt issuance costs	(951,938)	(2,620)
Repayment of debt	(25,280,277)	(1,797,749)
Interest paid on long-term debt	(3,128,235)	(3,069,450)
Net cash used in capital and related financing activities	(9,989,674)	(12,501,776)
Cash flows from investing activites:		
Purchase of investments	(16,768,012)	(5,449,999)
Maturities of certificates of deposit	14,929,742	5,602,778
Interest received on certificates of deposit	284,858	509,961
Net cash provided (used in) by investing activities	(1,553,412)	662,740
Net decrease in cash and cash equivalents	(1,045,899)	(337,594)
Cash and cash equivalents at beginning of year	10,439,741	10,777,335
Cash and cash equivalents at end of year	$ 9,393,842	$ 10,439,741
Reconcile ending cash to balance sheet		
Cash and cash equivalents	$ 9,292,773	$ 10,372,544
Customer Deposits	771,623	737,753
Total cash and customer deposits	10,064,396	11,110,297
Less funds not considered cash and cash equivalents:		
Customer Deposit investments	(670,554)	(670,556)
Total funds not considered cash and cash equivalents	(670,554)	(670,556)
Cash and cash equivalents at end of year	$ 9,393,842	$ 10,439,741

See accompanying notes to financial statements

Greer Commission of Public Works

Statement of Cash Flows
For the Periods Ended December 31, 2009 and 2008

	2009	2008
Reconciliation of operating income to net cash provided by operating activities		
Net operating revenue	$ 6,092,286	$ 7,486,742
Adjustments to reconcile net operating revenue to net cash provided by operating activities:		
Depreciation	7,001,120	6,223,819
Amortization of bond discount, premiums and issuance costs of bond amortization	78,096	64,385
Changes in assets and liabilities:		
Customer receivables, net	(463,391)	(682,060)
Inventories	(516,038)	(1,156,418)
Other assets	262,812	175,996
Accounts Payable	(1,224,317)	(32,051)
Other accrued expenses	(59,551)	141,278
Other post-employment liabilities	295,000	295,000
Landfill post-closure liability	(2,700)	(16,500)
Customer deposits	33,870	1,251
Net cash provided by operating activities	$ 11,497,187	$ 12,501,442
Non-cash items		
Inventory transferred into capital assets	$ 516,582	$ 1,274,399
Capital assets transferred into Inventory	$ (1,015,232)	$ -
Loss on sale of assets	$ (148,500)	$ (108,836)
Non-cash capital contributions	$ 674,070	$ 850,037
Capitalized interest related to long-term debt	$ 158,566	$ 495,955

See accompanying notes to financial statements

Greer Commission of Public Works

Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 1 - Organization and Significant Accounting Policies

Organization

The Commission of Public Works (the "Commission") is a municipal utility system established in 1913 to furnish electricity, natural gas, water and sanitary sewer service to the City of Greer (the "City") and the surrounding area. The Commission is governed by three elected Commissioners and managed by an appointed General Manager.

For its electric service needs, under an all requirements contract, the Commission is a member of Piedmont Municipal Power Agency (PMPA) which owns a 25% undivided ownership interest in Duke Energy's Catawba Nuclear Station Unit 2 and its initial nuclear core. This jointly owned reactor furnishes approximately 96.40% of the Commission's electrical needs. The Commission also purchases power from the U.S. Department of Energy – Southeastern Power Administration and from the Laurens Electric Cooperative.

In addition to the incorporated City service area, natural gas is provided to four other municipalities. Natural gas supplies are purchased from a variety of sources, including TexLa Energy Management Corporation, Conoco Phillips, BP Energy, Atmos Energy, Coral Energy and other providers, and delivered to the Commission's marketing areas via transmission lines owned by Transcontinental Gas Pipeline Corporation.

Raw water supply is provided from two reservoirs located approximately 5 miles north of the City. This water undergoes treatment in compliance with the South Carolina Department of Health and Environmental Control and Federal Environmental Protection Agency regulations and is partially softened during the process.

The sanitary sewer system consists of a series of collection mains, as well as a primary sewage treatment plant.

Reporting Entity

The Commission is not included as a component unit in the financials of another governmental entity.

Basis of Accounting

The Commission's accounting records are maintained on the full accrual basis in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities and substantially in conformity with the Federal Energy Regulatory Commission's Uniform System of Accounts.

The Commission accounts for its activities similar to those found in private business enterprises. The Financial Accounting Standards Board (FASB) and its predecessor organizations have issued accounting and reporting standards for activities in the private sector. The Commission has elected not to apply the standards issued by those organizations after November 31, 1989.

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 1 - Organization and Significant Accounting Policies (continued)

The Commission, however, has applied all applicable pronouncements issued by the Governmental Accounting Standards Board (GASB).

Measurement focus and basis of accounting

The financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On the full accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Commission's funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds principal ongoing operations. The principal operating revenues of the Commission's funds are charges to customers for sales and services. Operating expense for the Commission's funds include the costs of sales and services, general and administrative services and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, and then unrestricted resources as they are needed.

Utility Plant

Utility plant is stated at cost and contributed capital assets are recorded at their estimated fair value at the date of contribution. Interest cost on debt issued to finance the construction of utility plant is capitalized during the construction period. Interest capitalization during the years ended December 31, 2009 and 2008 was $158,566 and $500,971, respectively. Minimum capitalization costs are $1,000.

Capital assets of the Commission are depreciated on a straight-line basis over the following estimated useful lives:

	Years		Years
Electric distribution system	25	Finance building	50
Gas distribution system	33	Operations center	50
Water distribution system	50	Vehicle maintenance facility	33
Water reservoirs and dams	50	Buildings	10
Recreational facilities	25	Vehicles and other work equipment	6.8
Disposal plants and sanitary sewer	50	Office equipment and furniture	6.8
		Fiber Optic	10

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 1 - Organization and Significant Accounting Policies (continued)

Utility Plant (continued)

Depreciation expense for the years ended December 31, 2009 and 2008 was $7,001,120 and $6,223,819, respectively.

Costs of labor, materials, supervision and other expenses incurred in making repairs and minor replacements and in maintaining the plant are charged to expense. Plant accounts are charged with the costs of permanent betterments and replacements of plant, including capitalized labor, as appropriate.

Cash Equivalents

For purposes of the statement of cash flows, the Commission considers certificates of deposit with original maturities of three months or less to be cash equivalents.

Investments

Short-term investments include fully collateralized certificates of deposit or repurchase agreements with original maturities of greater than three months and less than one year. Long-term investments include fully collateralized certificates of deposit or repurchase agreements with original maturities of one year or more. Investments are reported at original cost (See Note 4).

Inventories

Materials and supplies inventories are stated at the lower of cost, determined by the average cost method, or market.

Revenue Recognition

The Commission recognizes revenue as earned on a monthly basis, based on rates established by the Commission's Board of Commissioners. Due to the fact that the customer meters are read and billed at various times during each month, the Commission estimates unbilled revenues for each of its services delivered to customers between their last respective cycle billing date and December 31, and records that amount as unbilled revenues for the current year. Estimated unbilled revenues as of December 31, 2009 and 2008 were $5,102,455 and $4,000,994, respectively.

Allowance of Uncollectible Accounts

Management reviews accounts receivable on a regular basis to determine if any receivables will potentially be uncollectible. The allowance for uncollectible accounts includes amounts estimated through an evaluation of specific accounts, based on the best available facts and circumstances, of customers that may be unable to meet their financial obligations, and a reserve based on historical

Greer Commission of Public Works

Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 1 - Organization and Significant Accounting Policies (continued)

Allowance of Uncollectible Accounts (continued)

experience. Management believes that the allowance for uncollectible accounts as of year end was adequate.

Debt Issuance Costs

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the respective bonds using the straight-line method.

Contributions

The Commission receives contributions in aid of construction from customers in the form of capacity fees for water and sewer expansions, from developer contributions, as well as from Federal, State and local grants principally for utility plant (See Note 11).

Income Taxes

The Commission is exempt from Federal and State income taxes and local property taxes as it is owned by a municipal corporation.

Restricted Assets

Restricted assets consist of cash and investments that will be used for future additions to utility plant or to meet debt service obligations on debt issued to fund additions to utility plant, as prescribed by the underlying Bond Ordinance.

Other Assets

Other assets consist primarily of a receivable from the South Carolina Department of Transportation to be collected as part of a binding agreement between the Commission and this State Agency.

Derivative Instruments and Hedging Activities

The Commission has developed a hedging policy, which provides guidelines for the use of natural gas and financial futures, options, and other contracts. The purpose of the hedging policy is to mitigate the risks associated with fluctuations in interest rates and/or natural gas prices.

By using derivative financial instruments to hedge exposures to changes in natural gas prices, the Commission exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract.

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 1 - Organization and Significant Accounting Policies (continued)

Derivative Instruments and Hedging Activities (continued)

When the fair value of a derivative contract is positive, the counterparty owes the Commission, which creates credit risk for the Commission. When the fair value of a derivative contract is negative, the Commission owes the counterparty and, therefore, it does not possess credit risk.

The Commission minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates or commodity prices. The market risk associated with commodity-price contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Cumulative changes in the market value of hedge contracts are recorded at the time the contracts are closed. At December 31, 2009 and 2008, the Commission had a total of 6 contracts and 24 contracts outstanding for both years, respectively, hedging the natural gas system supply and supply for other specific non-system customers, depending upon the expected month of future delivery.

These contracts represent a total outstanding commitment of $2,820,600 and $5,968,740 at an average cost of $6.72 and $8.15 per dekatherm of natural gas at December 31, 2009 and 2008, respectively.

Use of 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.

New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* which addresses accounting and financial reporting standards for potentially detrimental effects of existing pollution. GASB Statement No. 49 is required for financial statements for periods beginning after December 15, 2007. Implementation of this pronouncement had no effect on the 2009 and 2008 financial statements.

The Government Accounting Standards Board issued Statement No. 51, “Accounting and Financial Reporting for Intangible Assets.” This Statement establishes accounting and financial reporting requirements for intangible assets including easements, water right, patents and computer software. The requirements for this Statement is effective for financial statements issued after June 15, 2009, and was required to be adopted by the Commission beginning January 1, 2009. The adoption of this Statement did not have a material impact on the Commission’s financial statements.

Greer Commission of Public Works

Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 1 - Organization and Significant Accounting Policies (continued)

New Pronouncements, continued

The Government Accounting Standards Board issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. This Standard is effective for financial statements issued after June 15, 2009, and was required to be adopted by the Commission beginning January 1, 2009. The adoption of this Standard did not have a material impact on the Commission's financial statements.

Net Assets

Equity is classified as net assets and is displayed in three components:

- Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Comparative Data

Comparative total data for the prior year have been presented in order to provide an understanding of changes in the Commission's financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. These changes have no effect on the prior year's financial position and operations.

Note 2 - Project Power Sales Agreement

The Commission, as a Member of PMPA, is party to the Catawba Project Power Sales Agreements (the "Sales Agreements"). These Sales Agreements oblige PMPA to provide each Member a share of Project Power output and, in turn, each Member must pay its share of Project costs.

Members make their payments on a "take-or-pay" basis whether or not the Project is operable or operating. Such payments are not subject to reduction or offset and are not conditioned upon performance by PMPA or any given Member. The Sales Agreements are in effect until the earlier of August 1, 2025, or the completion of payments of PMPA's bonds and satisfaction of obligations under the Project agreements. The Commission's share of PMPA's total energy usage was approximately 14.63% and 14.64% in 2009 and 2008, respectively.

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 2 - Project Power Sales Agreement (continued)

The Commission as a Member of PMPA is also party to the Supplemental Power Sales Agreements (the "Supplemental Agreements") under which each Member has agreed to pay, in exchange for supplemental bulk power supply costs, its share of supplemental bulk power supply costs. A Member may terminate its Supplemental Agreement with ten years advance notice. During 2009 and 2008, the Commission purchased approximately $22,694,833 and $21,512,721, respectively, from PMPA under the two agreements discussed above. On December 31, 2009 and 2008, amounts due to PMPA of $2,034,868 and $1,803,065, respectively, were included in accounts payable.

Note 3 - Utility Plant

The following is a summary of changes in utility plant:

As of December 31, 2009

	December 31, 2008	Additions	Classification Transfers	Disposals	December 31, 2009
Utility plant not being depreciated:					
Land	$ 1,007,575	$ 628,046	$ 546,239	$ -	$ 2,181,860
Construction in progress	21,134,992	1,714,510	-	(21,478,923)	1,370,579
	22,142,567	2,342,556	546,239	(21,478,923)	3,552,439
Utility plant being depreciated:					
Electric distribution system	37,195,388	4,649,865	(1,176,497)	(16,761)	40,651,995
Gas distribution system	56,286,693	1,340,674	(148,858)	(82,064)	57,396,445
Water distribution system	63,679,187	1,330,072	(2,443,668)	(67,860)	62,497,731
Water reservoirs and dams	10,535,221	-	2,277,823	-	12,813,044
Recreational facilities	1,313,349	-	(774,912)	-	538,437
Disposal plants and sanitary sewer	62,449,129	20,858,183	(169,674)	-	83,137,638
Finance building	2,866,072	258,909	(2,754,985)	-	369,996
Operations center	3,498,104	993	1,554,659	-	5,053,756
Vehicle maintenance facility	358,075	-	(1)	-	358,074
Buildings	276,162	-	-	-	276,162
Vehicles and other work equipment	7,395,283	665,529	(301,237)	(555,079)	7,204,496
Office equipment and furniture	2,621,231	487,296	1,870,668	(2,668)	4,976,527
Fiber Optic	21,427	3,208	505,211	-	529,846
Total Utility plant being depreciated	248,495,321	29,594,729	(1,561,471)	(724,432)	275,804,147
Less accumulated depreciation for:					
Electric distribution system	(16,414,626)	(1,732,484)	773,954	4,626	(17,368,530)
Gas distribution system	(16,633,800)	(1,588,448)	31,546	17,405	(18,173,297)
Water distribution system	(13,289,154)	(1,396,591)	229,196	7,921	(14,448,628)
Water reservoirs and dams	(3,438,673)	(59,152)	(812,136)	-	(4,309,961)
Recreational facilities	(882,497)	-	586,396	-	(296,101)
Disposal plants and sanitary sewer	(14,985,661)	(1,285,758)	(193,016)	-	(16,464,435)
Finance building	(1,012,016)	(8,069)	995,457	-	(24,628)
Operations center	(1,287,719)	(125,986)	(729,326)	-	(2,143,031)
Vehicle maintenance facility	(210,502)	(10,845)	1	-	(221,346)
Buildings	(75,000)	-	-	-	(75,000)
Vehicles and other work equipment	(5,142,749)	(602,868)	262,449	406,754	(5,076,414)
Office equipment and furniture	(1,768,218)	(308,844)	(913,609)	2,668	(2,988,003)
Fiber Optic	(9,931)	(23,054)	(89,933)	-	(122,918)
Total accumulated depreciation	(75,150,546)	$ (7,142,099)	$ 140,979	$ 439,374	(81,712,292)
Utility plant, net	$ 195,487,342				$ 197,644,294

Greer Commission of Public Works

Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 3 - Utility Plant (continued)

As of December 31, 2008

	December 31, 2007	Additions	Disposals	December 31, 2008
Utility plant not being depreciated:				
Land	$ 467,390	$ 540,185	$ -	$ 1,007,575
Construction in progress	19,112,901	14,822,162	(12,800,070)	21,134,992
	19,580,291	15,362,346	(12,800,070)	22,142,567
Utility plant being depreciated:				
Electric distribution system	32,315,756	4,884,970	(5,339)	37,195,388
Gas distribution system	49,905,229	6,434,203	(52,739)	56,286,693
Water distribution system	56,343,992	7,420,957	(85,762)	63,679,187
Water reservoirs and dams	10,535,221	-	-	10,535,221
Recreational facilities	1,313,349	-	-	1,313,349
Disposal plants and sanitary sewer	61,143,567	1,305,562	-	62,449,129
Finance building	2,866,072	-	-	2,866,072
Operations center	3,474,282	23,822	-	3,498,104
Vehicle maintenance facility	358,075	-	-	358,075
Buildings	276,162	-	-	276,162
Vehicles and other work equipment	7,371,265	719,385	(695,367)	7,395,283
Office equipment and furniture	2,704,648	447,957	(531,374)	2,621,231
Fiber Optic	21,427	-	-	21,427
Total Utility plant being depreciated	228,629,045	21,236,856	(1,370,580)	248,495,321
Less accumulated depreciation for:				
	(15,201,066)	(1,214,567)	1,007	(16,414,626)
Gas distribution system	(15,136,452)	(1,510,580)	13,232	(16,633,800)
Water distribution system	(12,319,643)	(1,047,723)	78,212	(13,289,154)
Water reservoirs and dams	(3,302,260)	(136,413)	-	(3,438,673)
Recreational facilities	(830,494)	(52,003)	-	(882,497)
Disposal plants and sanitary sewer	(13,728,898)	(1,256,763)	-	(14,985,661)
Finance building	(953,376)	(58,640)	-	(1,012,016)
Operations center	(1,116,982)	(170,737)	-	(1,287,719)
Vehicle maintenance facility	(199,658)	(10,844)	-	(210,502)
Buildings	(75,000)	-	-	(75,000)
Vehicles and other work equipment	(5,100,324)	(568,279)	525,854	(5,142,748)
Office equipment and furniture	(2,083,981)	(194,442)	510,205	(1,768,219)
Fiber Optic	(7,103)	(2,828)	-	(9,931)
Total accumulated depreciation	(70,055,237)	$ (6,223,819)	$ 1,128,510	(75,150,546)
Utility plant, net	$ 178,154,099			$ 195,487,342

Disposals in Construction in progress are shown as additions to Utility plant being depreciated.

At December 31, 2009 and 2008, the Commission had outstanding contractual commitments of $135,643 and $3,131,395, respectively, related to additions to the utility plant. Such construction will be financed from debt proceeds, cash flows from operations and available cash and investments.

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 4 - Cash, Cash Equivalents and Investments

At December 31, 2009, the carrying value of deposits included in cash and cash equivalents was $9,292,773 and the bank balance was $9,400,735. At December 31, 2008, the carrying value of deposits included in cash and cash equivalents was $10,372,544 and the bank balance was $10,621,383. These bank deposits were covered by federal depository insurance up to $250,000 and/or fully collateralized with eligible securities held by an agent of the Commission in the Commission's name. In October and November 2008, the Federal Deposit Insurance Corporation (the "FDIC") temporarily increased coverage to $250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The unlimited coverage for participating accounts expired on December 31, 2009. The increased coverage is scheduled to expire on December 31, 2013, at which time it is anticipated amounts insured by the FDIC will return to $100,000.

Cash and cash equivalents at December 31, 2009 and 2008 consist of the following:

	2009	2008
Cash	$ 9,292,773	$ 10,372,544
Certificates of deposits	-	-
	$ 9,292,773	$ 10,372,544

As of December 31, 2009, the Commission had the following investments and maturities:

Investment Type	Fair Value	Less than 6 Months	6 - 12 Months
Certificates of Deposit	$ 804,156	$ 804,156	$ -
SCLGIP Investments	7,288,272	7,288,272	-
	$ 8,092,428	$ 8,092,428	$ -

As of December 31, 2008, the Commission had the following investments and maturities:

Investment Type	Fair Value	Less than 6 Months	6 - 12 Months
Certificates of Deposit	$ 6,225,000	$ 6,225,000	$ -

Reconciliation of Investments to Balance Sheet:

	2009	2008
Short-term Investments		
Unrestricted	$ 3,000,071	$ 1,700,000
Restricted	4,288,201	3,750,000
Customer Deposits Invested	771,623	737,753
Investments considered as cash and cash equivalents	32,533	37,247
Total Short-term Investments	$ 8,092,428	$ 6,225,000

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 4 - Cash, Cash Equivalents and Investments (continued)

Interest Rate Risk. Interest rate risk is the risk that rising interest rates will adversely affect the fair value of the Commission's investments. As outlined in the Commission's investment policy, investment maturities shall be less than 2 years and maturities shall be staggered in a way that avoids undue concentration in a specific maturity sector. A competitive bidding process is utilized, only allowing a select list of qualified commercial banks to participate.

Credit Risk. The deposits and investments of the Commission are invested pursuant to statutes established by the State of South Carolina. The statutes allow for the investment of money in the following investments:

a) Obligations of the United States and its Agencies

b) General obligations of the State of South Carolina or any of its political units. Savings and loan association deposits to the extent they are insured by the Federal Deposit Insurance Corporation ("FDIC")

c) Certificates of deposit which are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, at a market value not less than the amount of certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an Agency of the Federal government

d) Collateralized repurchase agreements which are collateralized by securities as set forth in (a) and (b)

e) South Carolina Local Government Investment Pool established and maintained by the State Treasurer

The Commission is invested 9.9% in certificate of deposits. The certificates of deposits are unrated, but are fully collateralized by investments held in the Commission's name that meet the statutes of the State of South Carolina.

In addition, the South Carolina state statutes authorize the Commission to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, it agencies and instrumentalities, and any corporation with the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCGLIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 4 - Cash, Cash Equivalents and Investments (continued)

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's investments are subject to insurance provided by the FDIC and are fully collateralized with U.S. Treasury, "AAA" rated Federal Agency securities, or general obligations of the State of South Carolina or any of its political units.

Concentration of Credit Risk. The investment policy of the Commission places no limit on the amount that the Commission may invest in any one issuer. During 2009 and 2008, the Commission has deposited more than 5% of its investments in Certificates of Deposits, which are collaterally secured, at one financial institution. These investments represent 9.9% and 100% of the Commission's total investments for 2009 and 2008, respectively.

Note 5 - Inventories

Inventories at December 31, 2009 and 2008 consist of the following:

	2009	2008
Materials and supplies:		
Electric	$ 1,385,535	$ 421,392
Gas	568,697	570,618
Water and sewer	333,083	280,947
Other	6,713	7,025
Merchandise held for resale	-	-
Gasoline	12,659	12,017
	$ 2,306,687	$ 1,291,999

Note 6 – Postclosure Care Costs - Solid Waste Landfills

On October 9, 1991, Federal regulations issued by the Environmental Protection Agency (EPA) placed specific requirements pertaining to the closing of municipal solid waste landfills as well as postclosure maintenance for a period of thirty years after closure. During 2003, the Commission recorded a $435,000 landfill postclosure liability for its South Tyger Monofill landfill. Under the EPA rulings, this amount is to be amortized over the remaining life the postclosure period, which is 28 years. During 2009, after a review by independent engineers, the landfill postclosure liability was increased to $410,400, an increase of $14,400 and will be amortized over the remaining postclosure period. For the years ended December 31, 2009 and 2008, amortization in the amount of $17,100 and $16,500, respectively, was recorded against related expenses. Actual cost for postclosure care may vary due to inflation, developments in technology, or changes in laws and regulations.

Greer Commission of Public Works

Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 7 - Long-Term Debt

In prior years, the Commission defeased outstanding debt issues by issuing new debt and depositing the proceeds in an irrevocable trust to provide for all future debt service payments of the old debt. Thus, the defeased debt and the irrevocable trust are not a part of the financial statement. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt which is included in the accompanying financial statements as debt issuance costs and is being amortized as interest expense over the term of the new debt. At December 31, 2009 and 2008, the amount of defeased bonds principal outstanding and unpaid by the Trustee was $4,305,000 and $4,905,000, respectively.

On June 4, 2009, the Commission issued $24,230,000 of refunding bonds to defease the remaining outstanding bonds, net of all cost of debt, of the Series 1997 Combined Utility System Revenue bonds. This refunding transaction provided the Commission with an economic gain of $1,240,583. This transaction also resulted in a defeasance loss in the amount of $937,746, of which will be amortized over the life of the original debt, which is equal to the life of the new debt issue.

Long-term debt at December 31, 2009 and 2008 consists of the following:

	2009	2008
$33,165,000 Series 1997 Combined Utility System Revenue Bonds used to refund Series 1996 Combined Utility System Revenue Bond Anticipation Note and Series 1995 and 1993 Combined Utility System Revenue Bonds; and to fund construction and acquisition of certain improvements of utility plants; interest at 3.80% to 6.00%; principal payment annually and interest payable semi-annually through September 1, 2025.	$ -	$ 24,425,000
South Carolina Water Quality Revolving Fund loan to finance the South Tyger Consolidation Project; interest at 3.5%; quarterly installments through February 1, 2020.	1,047,789	1,131,375
$25,060,000 Series 2002 Combined Utility System Revenue Bond used to fund construction and acquisition of certain improvements of utility plants; interest at 3.00% to 5.50%; principal payable annually starting at September 1, 2005 and interest payable semi- annually through September 1, 2032.	24,345,000	24,495,000
South Carolina Water Quality Revolving Fund loan to finance the Water Treatment Plant Upgrade Project; interest at 2.5%; quarterly installments through May 1, 2035.	8,270,758	8,500,013
South Carolina Water Quality Revolving fund loan to finance the Water Transmission and Distribution System Improvements Project, interest at 3.0%; quarterly installments through May 1, 2036.	6,891,171	7,056,893

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 7 - Long-Term Debt (continued)

	2009	2008
$5,700,000 Series 2007 Combined Utility System Revenue Bond used to fund construction and acquisition of certain improvements of utility plants; interest at 4.02%; principal payable annually starting at September 1, 2008 and interest payable annually through September 1, 2027.	5,310,283	5,508,981
$276,449 Equipment Lease entered into with Branch Banking and Trust to fund certain equipment purchases; interest at 3.73%; principal and interest payable annually starting November 16, 2009 through November 16, 2010 and collateralized by the equipment under lease.	95,544	187,653
South Carolina Water Quality Revolving Fund loan to finance the upgrading and expanding of the Maple Creek Waste Water Treatment Plant Project; interest at 3.5%; quarterly installments through March 1, 2029	12,831,811	10,313,360
$24,230,000 Series 2009 Combined Utility System Refunding Revenue Bond used to refund Series 1997 Combined Utility System Revenue Bonds	24,230,000	-
	83,022,356	81,618,275
Current portion of long-term debt.	(1,690,335)	(2,229,283)
Original issue discount, net of accumulated amortization of zero in 2009 and $307,870 in 2008.	-	(452,755)
Bond premium, net of accumulated amortization of $257,242 in 2009 and $223,528 in 2008.	754,170	787,884
	$ 82,086,191	$ 79,724,121

Future maturities of long-term debt area as follows:

	Principal	Interest	Total
2010	$ 1,690,335	$ 3,399,922	$ 5,090,257
2011	2,594,861	3,340,055	5,934,916
2012	2,691,305	3,243,440	5,934,745
2013	2,794,170	3,142,947	5,937,117
2014	2,898,505	3,038,323	5,936,828
2015-2019	16,202,738	13,471,144	29,673,882
2020-2024	18,900,582	10,204,233	29,104,815
2025-2029	20,885,179	6,117,408	27,002,587
2030-2034	13,508,939	1,492,028	15,000,967
2035-2036	855,742	21,326	877,068
	$ 83,022,356	$ 47,470,826	$ 130,493,182

Greer Commission of Public Works

Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 7 - Long-Term Debt (continued)

Changes in Long-Term Debt

December 31, 2009

	Beginning Balance	New Issuance	Payments	Ending Balance	Current Portion
1997 Combined Utility System Bonds	$ 24,425,000	$ -	$ (24,425,000)	$ -	$ -
1999 State Revolving Loan	1,131,375	-	(83,586)	1,047,789	86,550
2002 Combined Utility System Bonds	24,495,000	-	(150,000)	24,345,000	160,000
2004 State Revolving Loan	8,500,013	-	(229,256)	8,270,757	235,041
2005 State Revolving Loan	7,056,893	-	(165,722)	6,891,171	170,749
2007 BB&T Equipment Lease	187,653	-	(92,108)	95,545	95,545
2007 State Revolving Loan	10,313,360	2,873,399	(354,948)	12,831,811	495,764
2007 Combined Utility System Bonds	5,508,981	-	(198,698)	5,310,283	206,686
2009 Combined Utility System Revenue Bonds	-	24,230,000	-	24,230,000	240,000
Landfill Postclosure Costs	396,000	14,400	(17,100)	393,300	17,100
	$ 82,014,275	$ 27,117,799	$ (25,716,418)	$ 83,415,656	$ 1,707,435

December 31, 2008

	Beginning Balance	New Issuance	Payments	Ending Balance	Current Portion
1997 Combined Utility System Bonds	$ 25,330,000	$ -	$ (905,000)	$ 24,425,000	$ 955,000
1999 State Revolving Loan	1,212,099	-	(80,724)	1,131,375	83,586
2002 Combined Utility System Bonds	24,645,000	-	(150,000)	24,495,000	150,000
2004 State Revolving Loan	8,723,685	-	(223,672)	8,500,013	229,256
2005 State Revolving Loan	6,658,609	556,821	(158,537)	7,056,893	165,722
2007 BB&T Equipment Lease	276,449	-	(88,796)	187,653	92,108
2007 State Revolving Loan	-	10,313,360	-	10,313,360	354,913
2007 Combined Utility System Bonds	5,700,000	-	(191,019)	5,508,981	198,698
Landfill Postclosure Costs	412,500	-	(16,500)	396,000	16,500
	$ 72,958,343	$ 10,870,181	$ (1,814,248)	$ 82,014,275	$ 2,245,783

The Commission has pledged future total revenues, net of operating expenses, to repay substantially all outstanding bonds issued in prior years. Proceeds from these bonds provided financing for utility infrastructure. The bonds are payable solely from the net revenues of the Commission and are payable through 2036. Annual principal and interest payments on the bonds are expected to require less than 6.7 percent of revenues. The total principal and interest remaining to be paid on the bonds is $130,493,182. Principal and interest paid for the years ended December 31, 2009 and 2008 were $4,319,021 and $4,919,256, respectively. Total revenues for the years ended December 31, 2009 and 2008 were $71,584,903 and $80,157,818, respectively.

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 8 - Retirement Plan

All employees of the Commission participate in the South Carolina Retirement System (SCRS), a cost sharing multiple employer public employee retirement system. The payroll for employees covered by the SCRS for the years ended December 31, 2009 and 2008 was $6,948,988 and $6,296,113, respectively.

The SCRS offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The plan's provisions are established under Title 9 of the South Carolina Code of Laws. A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS is issued and publicly available by writing to the South Carolina Retirement System, P.O. Box 11960, Columbia, SC, 29211-1960.

Both employees and the Commission are required to contribute to the SCRS at rates established under authority of Title 9 of the Code of Laws. The Commission's contributions are actuarially determined, but are communicated to and paid by the Commission as a percentage of the employee's annual earnings.

The South Carolina Retirement System has adjusted its mandatory contribution rates to be as follows:

Period	Employee	Employer
January - June, 2006	6.25	7.55
July - December, 2006	6.50	8.05
January – June, 2007	6.50	8.05
July – December, 2007	6.50	9.06
January – June, 2008	6.50	9.06
July – December, 2008	6.50	9.24
January – December, 2009	6.50	9.24

Contributions by the Commission were based on the percentages of the employees' earnings listed above and amounted to $633,250, $568,519 and $503,898 in 2009, 2008 and 2007, respectively. Employee contributions were based on the percentages of the employees' earnings listed above and amounted to $448,056, $406,059 and $378,879 in 2009, 2008, and 2007, respectively.

The State of South Carolina also provides an Optional Retirement Plan (State ORP). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits for newly hired teachers and certain administrative positions which allows them to participate. As an alternative to the South Carolina Retirement System, employees eligible for the State ORP may choose between the State ORP and the SCRS.

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 9 - Other Post-Employment Benefits

The Commission adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Retirement Benefits Other Than Pensions* (GASB 45) for the year ended December 31, 2008. GASB 45 requires an employer to recognize the cost of providing post retirement employee benefits other than pensions as the annual required contribution, as calculated under GASB 45, adjusted for interest on the unfunded obligation or funded excess and an amount necessary to amortize the unfunded obligation. The Commission previously recognized the cost of such plans as benefits were paid under the plan.

The Commission sponsors a single-employer defined benefit health plan (the “Plan”) that provides medical and dental insurance for retired employees and their spouses based on the years of service at the time of retirements. The contribution requirements of the Commission and Plan members are established and amended by the Commission. Membership in the healthcare plan consisted of the following at December 31:

	2009	2008
Active Employees	125	124
Retirees	8	8
Total	133	132

For employees that were hired prior to October 7, 2005, the Commission provides post-employment health benefits to these employees who retire with 25 years of service and have attained age 60 for a period of five years from the date of retirement or until the employee attains age 65, whichever comes first. For those employees who retire with 30 years of service the Commission also provides their spouses with a maximum of three years of coverage.

For those employees that were hired on or after October 7, 2005, the Commission provides post-employment health benefits to these employees who retire with 30 years of service for a period of up to five years from the date of retirement or until the employee attains age 65 or the employee becomes eligible for coverage under another group policy, whichever comes first. For those employees who retire with 30 years of service the Commission also provides their spouses with a maximum of three years of coverage.

In accordance with the contractual provisions of the plan, participants must meet the specified annual deductible requirements. Thereafter, the plan pays 75% to 85% of allowable claims based on the plan option selected. The plan pays 100% of allowable claims after the participant has paid the annual out-of-pocket limit prescribed by the plan. The plan disallows claims in excess of a specified lifetime maximum.

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 9 - Other Post-Employment Benefits (continued)

The health plan is financed on a pay-as-you-go-basis. During the fiscal years ended December 31, 2009 and 2008, the Commission recognized expenses (net of participant contributions) of $31,281 and $16,485 respectively, to provide health benefits to Commission participants in post-employment status. As of December 31, 2009 and 2008, retired members in post-employment status that were eligible for benefits under the plan included 11 and 10 participants, respectively.

Employees of the Commission are eligible to participate into two additional programs that allow for income tax-deferral through the South Carolina Deferred Compensation Program, specifically in either a 401(k) or 457 plans. Participation in these programs allows an employee to defer up to the maximum amount permissible by the Internal Revenue Service for the respective deferral period. These programs are fully funded by the employee only, thus no matching funds are provided by the Commission.

Annual OPEB Cost and Net Obligation. The Plan's annual Other Post-Employment Benefits ("OPEB") cost is calculated based on the System's Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 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 over a period not to exceed 30 years. The following table shows the components of the System's annual OPEB cost at December 31, 2009 and December 31, 2008, respectively, the amount actually contributed to the Plan and the changes in the net OPEB obligation to the Plan:

	2009	2008
Annual Required Contribution	$ 348,000	$ 348,000
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	348,000	348,000
Contributions made during the year	(53,000)	(53,000)
Increase in Net OPEB obligation	295,000	295,000
Net OPEB obligation - beginning of year	295,000	-
Net OPEB obligation - end of year	$ 590,000	$ 295,000

The Systems annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation of the years ended December 31, 2009 and December 31, 2008 are as follows:

	2009	2008
Annual OPEB cost	$ 696,000	$ 348,000
Percentage of annual OPEB cost contributed to the Plan	15.2%	15.2%
Net OPEB obligation	$ 590,000	$ 295,000

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 9 - Other Post-Employment Benefits (continued)

Funding progress:

Actuarial valuation date		January 1, 2008
Actuarial value of assets		-
Actuarial accrued liability (AAL) – projects unit credit	$	3,725,000
Unfunded AAL (UAAL)		3,725,000
Funded ratio		0%
Covered payroll	$	6,948,988
UAAL as a percent of covered payroll		53.6%

Actuarial valuation of an ongoing plan involves the estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The assumptions include employee turnover, mortality and health care trend rates, etc. The amounts determined regarding the funded status of the Plan and the ARC of the System are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. At December 31, 2009, the plan was unfunded.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The projected unit credit cost method was used in the January 1, 2008 actuarial valuation. Under this method, each participant's benefits earned to date are calculated using projected benefits based on accrual to the date of the expected retirement and the participant's benefit service, when eligible. Costs are attributed from the date of hire to the date first eligible for full benefits. The service costs is the actuarial present value of the benefit earned at the end of the plan year less the actuarial present value of benefits earned at the beginning of the year. The actuarial assumptions included a 4.0% investment rate of return. For all individuals, the healthcare cost trends are computed with an annual 10% increase each year. The trends rate will decrease in 0.5% steps until it reaches 5% and then will remain level. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at December 31, 2009, was 28 years.

Note 10 – Risk Management

The Commission 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. The Commission is insured under policies through the South Carolina Budget and Control Board, Office of the Insurance Reserve Fund (the Fund) that is a public entity risk pool. The Commission pays premiums to the Fund for its general liability, property and accidental insurance. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through

Note 10 – Risk Management, continued

commercial companies for each insured event. The Commission carries general liability insurance with coverage of up to $1,000,000 per occurrence; automobile insurance with coverage of up to $1,000,000 per occurrence for bodily injury; and a public official's and employee liability with coverage of up to $1,000,000 per occurrence.

It is the policy of the Commission to provide group health insurance for all of its full time employees and Commissioners with the South Carolina Local Government Assurance Group. This Plan is a fully funded group health plan and uses a third party administrator to process health insurance claims. The Commission pays the employees and qualifying dependent insurance premium for this insurance plan. The Plan is a PPO that contains co-insurance maximums of $2,000.00 and $4,000.00 in network and $3,000.00 and $6,000.00 out of network, not including the deductible. The co-insurance pays 80% in network and 60% out of network. The policy has a lifetime maximum of $2,000,000. The Commission's total expense for the fiscal years ending December 31, 2009 and December 31, 2008 was $1,460,936 and $1,352,804, respectively.

The Commission also participates in the South Carolina Municipal Insurance Trust for workers compensation insurance coverage up to the statutory limits.

Note 11 - Related Party Transactions

In 2000, the Commission and the City of Greer signed an addendum to the existing seven-year agreement whereby the Commission makes fixed payments to the City each year through 2003, based on a schedule of payments. These payments are to assist in the operations of the City of Greer.

In 2009 and 2008, the Commission and the City of Greer verbally agreed to addendums to the existing seven-year agreement whereby the Commission makes a fixed payment to the City each year, and the Commission paid the City $1,000,000 in 2009 and 2008.

Note 12 – Contributions and capital improvement grants

The Commission receives capital improvement grants from Federal, state and local government agencies to finance the planning and construction of various water projects. Upon completion of the projects, the Commission is required to have independent audits of grant funds. Such audits could lead to a request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the agreement.

The Commission receives developer contributed assets from various developers during the year of which become property of the Commission for future maintenance. The Commissions' strategy has been to require residential and commercial developer's in need of sewer and water services to develop the needed infrastructure at their costs and then to donate the assets to the Commission at the donated assets fair market value.

Greer Commission of Public Works
Greer, South Carolina

Notes to the Financial Statements
December 31, 2009 and 2008

Note 12 – Contributions and capital improvement grants, continued

Beginning in September 2000, the Commission initiated a policy of charging developers and consumers capacity fees related to the direct capitalization cost of installing new services in previously undeveloped parts of its service area, with respect to the waterworks and sanitary sewer systems. These fees serve to recover a portion of the economic impact to the Commission directly relating to these system expansions and may be used to pay a portion of the debt service on debt issued to fund such improvements. Capacity fees are recorded as contributions by the Commission.

Under GASB 33, contributions for the years ended December 31, 2009 and 2008 are reported in the statement of revenues and expenses and changes in retained earnings as revenues, rather than as directed additions to contributed capital. Developer and consumer capacity fees of $339,669 and $630,599 and capital grants of $2,448,046 and $2,831,316, respectively, are included in contributions.

Note 13 - Purchased Gas Adjustment

The Commission has a purchased gas adjustment (PGA) mechanism in place to absorb fluctuations in the cost of natural gas. The Commission amended the PGA to provide the ability to spread the collection of accumulated price spikes over longer periods of time to minimize the impacts on its customers. The PGA calculation records the actual value paid for the commodity during any month, and provides the ability to charge the customer with a price per therm of consumption that would recover a portion of accumulated unbilled amounts, while remaining competitive with other providers in the existing market environment. This future recovery of the cost of natural gas not yet billed is expected to be completed over the course of future billing periods. As of December 31, 2009, the Commission had recovered a small portion of the unbilled PGA costs in the amount of $379,715. As of December 31, 2008, the Commission had accumulated $2,920,970 in unbilled PGA costs. It is anticipated that this amount will be recovered and recognized as revenue in rate charges to residential and small commercial customers over the course of future billing periods, based upon expected usage for these customer classes, of approximately $0.23, per therm of natural gas consumed.

Note 14 - Contingencies

The Commission is occasionally involved in claims arising out of its operations in the normal course of business, none of which are expected, individually or in the aggregate, to have a material adverse effect on the Commission.

Greer CPW
Schedule of Actual and Budgeted Revenues and Expenses
Twelve Month Period Ended December 31, 2009
Schedule 1

	Budget	Actual	Variance Positive (Negative)
Operating revenues			
Electric revenues	$ 31,393,435	$ 30,495,305	$ (898,130)
Gas revenues	35,689,015	29,195,054	(6,493,961)
Water and sewer service	10,604,481	9,789,485	(814,996)
Other operating revenues	2,438,860	2,105,059	(333,801)
Total operating revenues	80,125,791	71,584,903	(8,540,888)
Operating expenses			
Purchased power	23,951,927	23,547,604	404,323
Purchased gas	26,625,874	20,150,380	6,475,494
Depreciation and amortization	6,524,938	7,079,216	(554,278)
Other operating expenses	16,415,417	14,715,417	1,700,000
Total Operating expenses	73,518,156	65,492,617	8,025,539
Net operating revenue	6,607,635	6,092,286	(515,349)
Other revenues (expenses)			
Interest expense	(3,588,713)	(3,027,602)	561,111
Interest revenue - unrestricted	500,004	131,248	(368,756)
Interest revenue - restricted	-	25,221	25,221
Transfers to the City of Greer	(1,000,000)	(1,000,000)	-
Gain (loss) on disposal of utility plant	-	(148,500)	(148,500)
Total other expenses, net	(4,088,709)	(4,019,633)	69,076
Revenues over expenses before contributions	2,518,926	2,072,653	(446,273)
Contributions	-	2,787,715	2,787,715
Revenues over expenses after contributions	$ 2,518,926	$ 4,860,368	$ 2,341,442

Greer CPW
Departmental Income Statement
Twelve Month Period Ended December 31, 2009
Schedule 2

	Electric	Gas	Water	Sewer	Total
Operating revenues					
Electric and gas sales -					
Residential	$ 16,320,977	$ 11,936,584	$ -	$ -	$ 28,257,561
Commercial	4,471,835	6,497,755	-	-	10,969,590
Industrial and power	9,702,493	10,760,715	-	-	20,463,208
Water and sewer service	-	-	5,578,400	4,211,085	9,789,485
Collection penalties	128,759	193,139	160,949	160,949	643,796
Other operating revenues	333,316	222,336	401,011	504,600	1,461,263
Total Operating revenues	30,957,380	29,610,529	6,140,360	4,876,634	71,584,903
Operating and maintenance expenses					
Purchased power	23,547,604	-	-	-	23,547,604
Purchased gas	-	20,150,380	-	-	20,150,380
Depreciation	1,609,539	1,854,655	1,699,453	1,837,473	7,001,120
Amortization	3,905	35,143	31,238	7,810	78,096
Other operating expenses	3,219,201	4,511,777	4,234,111	2,750,328	14,715,417
Total operating expenses	28,380,249	26,551,955	5,964,802	4,595,611	65,492,617
Net operating departmental revenue	$ 2,577,131	$ 3,058,574	$ 175,558	$ 281,023	$ 6,092,286

Statistical Section

(Unaudited)

This part of the Greer Commission of Public Works comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Commission's most significant revenue source, user charges.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Commission implemented GASB 34 in the year ended December 31, 2003, therefore certain schedules do not contain information prior to this year.

Greer Commission of Public Works

Combined System

Schedule of Net Assets By Component For The Last 7 Years (unaudited) [1]

	2009	2008	2007	2006	2005	2004	2003
Investments in Capital Assets, Net of Related Debt	$ 113,732,125	$ 112,683,179	$ 105,884,705	$ 98,779,928	$ 94,868,899	$ 72,226,205	$ 68,933,850
Restricted Assets							
Debt Service	3,889,984	1,578,469	2,154,633	2,452,007	2,111,197	2,902,405	2,147,927
Capital Projects	4,644,739	6,247,638	9,011,915	5,401,779	4,237,532	4,118,206	2,756,050
Total Restricted Assets	8,534,723	7,826,107	11,166,548	7,853,786	6,348,729	7,020,611	4,903,977
Unrestricted Net Assets	13,263,590	10,160,784	6,427,074	10,247,888	13,931,999	16,558,687	17,115,782
Total Net Assets	$ 135,530,438	$ 130,670,070	$ 123,478,327	$ 116,881,602	$ 115,149,627	$ 95,805,503	$ 90,953,609

(1) Net Assets trend data is presented only for the years such information was determined in accordance with the implementation of GASB Statement No. 34.

Greer Commission of Public Works

Capital Assets Statistics by Utility
Last Three Fiscal Years (1)

	2009	2008	2007
Electric			
Substations	3	3	3
Winter Peak (MW)	58	59	53
Summer Peak (MW)	75	81	81
Overhead Distribution (miles)	193	190	190
Underground Distribution (miles)	183	176	170
Poles	10,135	9,986	9,606
Transformers	4,571	4,534	4,499
Meters	16,089	15,955	15,263
Vehicles	17	18	17
Natural Gas			
Transco Pipeline Connections	2	2	2
High-pressure Transimission Lines (miles)	46	46	46
Intermediate and Distribution Lines (miles)	710	704	683
Pressure Reducing Regulator Stations	139	139	139
Meters	19,880	19,639	19,263
Vehicles	21	19	17
Water			
Water Treatment Plants	1	1	1
Water Treatment Plant Capacity (mgd)	24	24	24
Average Daily Flow (mgd)	7.89	8.56	8.69
Peak Flow (mgd)	13.55	15.57	13.72
Ground Storage Capacity (mg)	8.00	8.00	8.00
Elevated Tank Storage Capacity (mg)	4.25	4.25	4.25
Transmission Lines (miles)	30.84	30.83	29.68
Distribution Lines (miles)	373.46	373.16	371.90
Fire Hydrants	1,459	1,446	1,398
Meters	17,607	17,438	17,221
Vehicles	10	8	8
Sewer			
Treatment Plants	1	1	1
Treatment Plant Capacity (mgd)	5	5	5
Average Daily Flow (mgd)	2.22	1.81	1.92
Gravity Collection Lines (miles)	34.42	34.42	34.42
Force Main Collection Lines (miles)	21.48	21.49	18.72
Lift Stations	18	18	17
Vehicles	13	11	12

(1) Capital Asset Information prior to Fiscal year 2007 is not readiliy available

Greer Commission of Public Works

Combined system

Schedule of Revenues, Expenses and Changes in Net Assets - *Last Ten Fiscal Years* [(1)]

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING REVENUES:										
Electric revenues	$ 30,495	$ 28,886	$ 26,686	$ 23,868	$ 23,052	$ 21,187	$ 19,389	$ 18,495	$ 16,714	$ 17,010
Gas revenues	29,195	38,476	34,443	33,630	32,015	26,577	28,025	30,846	48,315	35,645
Water revenues	5,579	6,000	5,845	5,001	4,597	4,375	3,882	4,173	3,842	3,966
Sewer revenues	4,211	4,169	3,832	3,355	3,165	3,057	2,774	2,878	2,521	2,379
Other operating revenues	2,105	2,627	3,605	3,728	3,847	3,299	3,582	3,821	2,399	1,917
Total operating revenues	71,585	80,158	74,411	69,582	66,676	58,495	57,652	60,213	73,791	60,917
OPERATING EXPENSES:										
Purchased power	23,548	22,689	20,859	19,333	17,843	16,299	15,395	15,256	14,061	13,404
Purchased gas	20,150	28,889	27,333	27,936	26,629	21,318	22,838	25,527	43,990	30,511
Depreciation and amortization	7,079	6,288	5,867	5,377	5,233	5,061	4,455	4,220	3,981	3,693
Other operating expenses	14,716	14,805	14,040	12,811	12,096	10,738	10,744	9,816	9,265	10,021
Total Operating expenses	65,493	72,671	68,099	65,457	61,801	53,416	53,432	54,819	71,297	57,629
Net operating revenue	$ 6,092	$ 7,487	$ 6,312	$ 4,125	$ 4,875	$ 5,079	$ 4,220	$ 5,394	$ 2,494	$ 3,288
OTHER REVENUES (EXPENSES)										
Interest expense	$ (3,028)	$ (3,105)	$ (3,158)	$ (3,052)	$ (2,645)	$ (2,421)	$ (2,410)	$ (2,456)	$ (1,810)	$ (1,644)
Interest revenue	156	457	913	842	730	461	724	700	586	502
Transfers to the City of Greer	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,400)
Gain (loss) on disposal of utility plant	(148)	(109)	(12)	(425)	(64)	(4)	(95)	28	(50)	(262)
Other expenses	-	-	-	-	-	-	-	-	-	-
Total other expenses, net	(4,020)	(3,757)	(3,257)	(3,635)	(2,979)	(2,964)	(2,781)	(2,728)	(2,274)	(2,804)
Revenues over (under) expenses before contributions	2,072	3,730	3,055	490	1,896	2,115	1,439	2,666	220	484
Contributions [(2)]	2,788	3,462	3,541	1,242	4,369	4,516	1,638	1,575	4,688	-
Revenues over expenses after contributions	4,860	7,192	6,596	1,732	6,265	6,631	3,077	4,241	4,908	484
Beginning Net Assets [(3)]	130,670	123,478	116,882	115,150	108,885	102,254	87,877			
Ending Net Assets	$ 135,530	$ 130,670	$ 123,478	$ 116,882	$ 115,150	$ 108,885	$ 90,954			

(1) Information is summarized from the audited financial statements for the years indicated.

(2) The Commission adopted GASB 33 in fiscal year 2001, which changed the classification of developer contributions, federal and state grants, and consumer capacity fees to contributions

(3) Net Assets trend data is presented only for the years such information was determined in accordance with the implementation of GASB Statement No. 34.

Greer Commission of Public Works

Water System

Schedule of Revenue, Expenses and Operating Indicators - *Last Ten Fiscal Years* [1]

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING REVENUES:										
Inside City	$ 1,982	$ 2,192	$ 2,106	$ 1,742	$ 1,649	$ 1,495	$ 1,262	$ 1,405	$ 1,269	$ 1,287
Outside City	1,965	2,075	2,023	1,729	1,673	1,662	1,521	1,528	1,604	1,600
Industrial	390	471	458	436	384	418	418	472	272	371
Fire Protection [2]	13	13	13	13	14	14	12	14	12	11
Irrigation	202	213	209	174	143	111	99	142	113	115
Wholesale	1,026	1,037	1,036	906	734	705	570	612	572	582
Collection penalties	161	126	124	117	135	105	124	135	74	46
Other	401	435	559	611	670	636	496	555	694	574
Total operating revenues	6,140	6,562	6,528	5,728	5,402	5,146	4,502	4,863	4,610	4,586
OPERATING EXPENSES:										
Depreciation	1,699	1,457	1,370	1,197	1,172	1,297	1,002	955	920	905
Amortization	31	4	4	3	3	2	2	4	4	4
Other operating expenses	4,234	4,590	4,373	3,869	3,504	3,278	3,182	3,230	2,758	2,800
Total Operating expenses	5,964	6,051	5,747	5,069	4,679	4,577	4,186	4,189	3,682	3,709
Net operating departmental revenue	$ 176	$ 511	$ 781	$ 659	$ 723	$ 569	$ 316	$ 674	$ 928	$ 877
WATER USAGE (thousands of gallons)										
Total Water pumped	2,881,685	2,957,687	3,079,150	2,575,744	2,431,730	2,336,236	2,247,523	2,455,805	2,455,504	2,468,568
Consumption										
Inside City	849,477	946,308	959,233	841,986	873,102	733,327	600,447	721,134	625,135	608,167
Outside City	551,435	613,953	636,797	575,549	521,379	540,906	501,545	583,994	576,537	567,931
Industrial	243,292	291,671	300,854	286,618	253,690	284,976	283,395	308,014	328,283	265,866
Irrigation	103,633	113,145	123,206	96,167	76,613	58,476	50,358	82,555	64,752	72,200
Wholesale	668,624	669,319	742,250	661,729	585,725	586,439	537,711	578,836	537,671	564,993
Other	102,955	107,919	109,932	94,400	89,596	95,530	83,184	90,706	96,728	240,096
Total consumption	2,519,416	2,742,315	2,872,272	2,556,449	2,400,105	2,299,654	2,056,640	2,365,239	2,229,106	2,319,253
Non-account water	362,269	215,372	206,878	19,295	31,625	36,582	190,883	90,566	226,398	149,315
Non-account water as a percentage of toal water pumped	12.6%	7.3%	6.7%	0.7%	1.3%	1.6%	8.5%	3.7%	9.2%	6.0%
ACTIVE SERVICES (Number of Customers)										
Inside City	9,876	9,937	9,747	9,424	8,966	8,636	8,161	7,792	7,481	7,189
Outside City	6,442	6,462	6,429	6,323	6,203	6,124	6,078	6,017	5,912	5,795
Industrial	4	4	4	2	3	3	4	5	4	4
Fire Protection	44	47	48	48	48	49	44	46	46	46
Irrigation	410	407	371	363	353	336	310	289	267	231
Wholesale	1	1	1	1	1	1	1	1	1	1
Other	15	15	15	15	15	15	13	12	10	9
	16,792	16,873	16,615	16,176	15,589	15,164	14,611	14,162	13,721	13,275

(1) Information is compiled from internally generated statistical reports

(2) Fire protection customers are charged based on the phsycial number of sprinkler heads. Consumption is metered.

Greer Commission of Public Works

Electric System

Schedule of Revenue, Expenses and Operating Indicators - *Last Ten Fiscal Years* [1]

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING REVENUES:										
Residential	$ 16,321	$ 15,468	$ 15,186	$ 13,296	$ 13,019	$ 12,161	$ 10,955	$ 10,605	$ 9,432	$ 9,548
Small commercial	3,171	3,072	2,430	1,778	1,835	1,808	1,710	1,680	1,581	1,551
Time of use	208	227	237	212	323	365	368	398	370	352
Large Commercial	9,702	9,087	8,833	7,747	7,875	7,023	6,361	5,812	4,705	4,994
Rental and Street lighting	1,093	1,032	901	835	803	759	714	661	626	565
Collection penalties	129	152	149	141	163	127	149	162	400	247
Other	333	301	273	1,204	280	121	410	430	198	140
Total operating revenues	30,957	29,339	28,009	25,213	24,298	22,364	20,667	19,748	17,312	17,397
OPERATING EXPENSES:										
Purchased Power	23,548	22,688	20,859	19,333	17,843	16,299	15,395	14,730	13,539	12,805
Depreciation	1,609	1,481	1,408	1,317	1,279	1,198	1,067	989	938	888
Amortization	4	6	6	5	5	4	4	7	5	4
Other operating expenses	3,219	2,966	2,859	2,668	2,531	2,160	2,283	2,068	2,330	3,039
Total Operating expenses	28,380	27,141	25,132	23,323	21,658	19,661	18,749	17,794	16,812	16,736
Net operating departmental revenue	$ 2,577	$ 2,198	$ 2,877	$ 1,890	$ 2,640	$ 2,703	$ 1,918	$ 1,954	$ 500	$ 661
PURCHASED POWER - (Megawatt Hours)										
Purchased from PMPA [2]	335,001	340,029	328,918	290,598	272,704	256,798	234,344	257,648	219,783	221,410
Purchased from SEPA [3]	12,516	14,041	13,901	13,402	27,645	21,937	25,085	13,203	12,878	12,688
Total purchased	347,517	354,070	342,819	304,000	300,349	278,735	259,429	270,851	232,661	234,098
CONSUMPTION - (Megawatt Hours)										
Residential	162,016	163,775	161,825	148,537	141,312	133,278	121,108	120,634	111,793	109,689
Small commercial	13,432	14,133	14,235	14,872	17,729	17,142	16,252	16,733	16,540	16,163
Time of use	2,924	3,299	3,639	3,473	5,190	6,004	5,957	6,068	6,323	6,386
Large Commercial	135,962	136,619	128,748	114,483	105,835	97,696	88,789	82,301	77,683	75,610
Rental and Street lighting	2,029	2,095	6,037	5,431	5,656	5,541	4,846	5,168	5,337	5,285
Other	11,463	11,226	11,825	10,733	9,377	9,809	10,224	10,050	10,205	9,321
Total consumption	327,826	331,147	326,309	297,529	285,099	269,470	247,176	240,954	227,881	222,454
Line losses and megawatt hours unaccounted for	19,691	22,923	16,510	6,471	15,250	9,265	12,253	29,897	4,780	11,644
Percentage of line losses and megawatt hours unaccounted for to purchased power	5.7%	6.5%	4.8%	2.1%	5.1%	3.3%	4.7%	11.0%	2.1%	5.0%
ACTIVE SERVICES (Number of Customers)										
Residential	13,454	13,461	12,869	12,439	11,932	11,392	10,927	10,527	10,142	9,710
Small commercial	1,214	1,245	1,192	1,154	1,140	1,185	1,155	1,147	1,138	1,128
Time of use	6	8	8	8	8	10	10	10	10	10
Large Commercial	710	715	684	659	641	490	439	405	390	356
Rental and Street lighting	2,053	2,061	2,054	2,030	2,018	2,039	2,023	2,031	2,034	2,080
Other	47	47	44	36	33	32	29	29	27	24
	17,484	17,537	16,851	16,326	15,772	15,148	14,583	14,149	13,741	13,308

(1) Information is compiled from internally generated statistical reports

(2) Piedmont Municipal Power Association

(3) United States Department of Energy, Southeastern Power Association

Greer Commission of Public Works

Sewer System
Schedule of Revenue, Expenses and Operating Indicators - *Last Ten Fiscal Years* (1)

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING REVENUES:										
Inside City	$ 2,636	$ 2,596	$ 2,377	$ 2,108	$ 1,967	$ 1,932	$ 1,749	$ 1,942	$ 1,677	$ 1,618
Outside City	1,176	1,164	1,088	904	884	884	811	742	737	660
Sewer services, no water	2	2	6	1	1	2	1	1	1	1
Enoree Basin, inside City	258	254	233	203	184	150	119	109	88	59
Enoree Basin Industrial	138	153	132	139	129	112	94	84	18	41
Collection penalties	161	81	80	75	87	68	80	87	24	15
Other	505	912	742	738	774	428	449	397	378	400
Total operating revenues	4,876	5,162	4,658	4,168	4,026	3,576	3,303	3,362	2,923	2,794
OPERATING EXPENSES:										
Depreciation	1,837	1,529	1,402	1,317	1,289	1,130	1,053	1,022	972	785
Amortization	8	29	29	26	23	23	20	34	25	21
Other operating expenses	2,750	2,792	2,767	2,469	2,357	1,881	1,844	2,091	1,237	1,241
Total Operating expenses	4,595	4,350	4,198	3,812	3,669	3,034	2,917	3,147	2,234	2,047
Net operating departmental revenue	$ 281	$ 812	$ 460	$ 356	$ 357	$ 542	$ 386	$ 215	$ 689	$ 747
WASTEWATER TREATMENT										
Wastewater Plant Flows (thousands of gallons)										
South Tyger Wastewater Treatment Facility(2)	-	-	-	-	-	-	-	-	-	86,360
Maple Creek Wastewater Treatment Facility	813,750	711,348	700,632	695,780	753,930	811,821	915,467	745,965	727,930	608,360
Total wastewater plant flows	813,750	711,348	700,632	695,780	753,930	811,821	915,467	745,965	727,930	694,720
Wastewater Treated - (Thousands of Gallons)										
Inside City Customers	497,271	527,247	534,089	514,022	489,089	483,843	453,672	494,677	359,760	327,205
Outside City Customers	164,026	170,541	156,128	167,570	174,399	174,659	191,990	182,073	200,541	173,964
Customers with sewer services, no water	2	1	1	1	1	5	5	9	5	5
Other	276	813	1,659	879	647	633	563	363	464	329
Retail	661,575	698,602	691,877	682,472	664,136	659,140	646,230	548,469	560,770	501,503
Unaccounted for wastewater	152,175	12,746	8,755	13,308	89,794	152,681	269,237	197,496	167,160	193,217
Percentage of unaccounted for wastewater to total wastewater treated	18.7%	1.8%	1.2%	1.9%	11.9%	18.8%	29.4%	26.5%	23.0%	27.8%
ANNUAL RAINFALL (inches) (3)		38.02	31.08	41.80	53.14	47.68	63.14	47.85	40.38	35.04
ACTIVE SERVICES (Number of Customers)										
Inside City	6,195	6,255	6,186	6,081	5,941	5,822	5,692	5,659	5,607	5,492
Outside City	1,114	1,119	1,128	1,112	1,090	1,121	1,126	1,117	1,097	1,092
Sewer services, no water	5	5	5	4	4	5	5	5	5	5
Enoree Basin, inside City	3,395	3,397	3,281	3,069	2,721	2,455	2,164	1,843	1,571	1,371
Enoree Basin Industrial	119	118	108	101	86	81	45	38	33	32
Other	2	2	2	2	2	2	2	2	2	2
	10,830	10,896	10,710	10,369	9,844	9,486	9,034	8,664	8,315	7,994

(1) Information is compiled from internally generated statistical reports
(2) South Tyger Wasterwater Treatment Facility was permanently closed during 2000
(3) Source: National Weather Service Forecast Office in Greenville for rainfall recorded in inches at Greenville-Spartanburg International Airport

Notes:
* Other customer count does not include WCRSA or surcharges

Greer Commission of Public Works

Gas System
Schedule of Revenue, Expenses and Operating Indicators - *Last Ten Fiscal Years* (1)

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING REVENUES:										
Residential	$ 11,937	$ 13,841	$ 11,138	$ 10,963	$ 11,185	$ 9,525	$ 8,246	$ 8,081	$ 8,165	$ 6,459
Commercial	6,004	7,283	5,572	5,135	6,152	5,028	5,023	4,415	4,841	4,128
Large Commercial/Industrial	105	430	728	673	448	372	394	394	500	580
Interruptible	10,656	16,115	16,346	16,076	13,410	11,585	11,218	11,431	12,529	10,017
Off-system	-	-	-	-	-	-	2,633	6,196	21,971	14,306
Schools	494	807	659	783	820	594	511	329	309	155
Collection penalties	193	284	278	263	304	236	278	303	161	99
Other	222	335	498	579	631	70	877	1,091	470	396
Total operating revenues	29,611	39,095	35,219	34,472	32,950	27,410	29,180	32,240	48,946	36,140
OPERATING EXPENSES:										
Purchased Gas	20,150	28,889	27,333	27,937	26,629	21,318	22,838	25,527	43,991	30,512
Depreciation	1,855	1,757	1,621	1,489	1,440	1,388	1,289	1,176	1,095	1,066
Amortization	35	26	27	23	22	19	18	33	22	20
Other operating expenses	4,512	4,457	4,040	3,803	3,704	3,420	3,435	2,953	3,461	3,539
Total Operating expenses	26,552	35,129	33,021	33,252	31,795	26,145	27,580	29,689	48,569	35,137
Net operating departmental revenue	$ 3,059	$ 3,966	$ 2,198	$ 1,220	$ 1,155	$ 1,265	$ 1,600	$ 2,551	$ 377	$ 1,003
PURCHASED GAS (MCF)	3,118,965	2,984,096	3,261,032	3,182,122	2,932,260	3,267,353	3,582,844	6,031,492	8,808,680	6,555,744
CONSUMPTION - (MCF)										
Residential	792,434	808,764	717,641	686,047	751,792	774,589	730,665	699,224	654,718	627,812
Commercial	418,847	402,109	340,434	339,158	404,718	420,026	421,165	376,618	375,960	482,304
Large Commercial/Industrial	7,613	7,965	58,452	35,778	37,205	37,821	11,565	24,775	18,795	18,014
Interruptible	1,699,902	1,463,607	1,908,916	1,850,861	1,494,890	1,792,096	1,810,125	2,901,562	2,418,890	2,629,812
Off-system	-	-	-	-	-	-	426,548	1,955,684	5,189,665	2,409,877
Schools	36,962	50,865	52,335	50,791	60,162	51,924	48,944	33,825	27,571	19,910
Other	2,329	2,393	1,733	2,112	2,350	2,447	2,633	2,474	1,754	1,782
Total consumption	2,958,087	2,735,703	3,079,511	2,964,747	2,751,116	3,078,903	3,451,645	5,994,162	8,687,353	6,189,511
Line-loss and unaccounted for gas	160,878	248,393	181,521	217,375	181,144	188,450	131,199	37,330	121,327	366,233
Percentage of line losses and MCF unaccounted for to purchased gas.	5.16%	8.32%	5.57%	6.83%	6.18%	5.77%	3.66%	0.62%	1.38%	5.59%
ACTIVE SERVICES (Number of Customers)										
Residential	16,902	16,871	16,334	15,996	15,268	14,696	14,012	13,475	12,346	12,039
Commercial	1,457	1,485	1,460	1,430	1,421	1,407	1,349	1,355	1,270	1,247
Large Commercial/Industrial	9	9	13	7	7	7	10	12	11	11
Interruptible	10	10	8	11	10	11	11	11	13	13
Off-system	-	-	-	-	-	-	2	31	37	10
Schools	26	26	25	26	26	26	25	23	21	15
Other	15	14	12	11	9	8	7	10	7	5
	18,419	18,415	17,852	17,481	16,741	16,155	15,416	14,917	13,705	13,340

(1) Information is compiled from internally generated statistical reports

Greer Commission of Public Works

Debt Service Coverage
Last Ten Fiscal Years

(in thousands)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Revenues from Operations	$ 71,585	$ 80,158	$ 74,411	$ 69,582	$ 66,676	$ 58,495	$ 57,652	$ 60,213	$ 73,791	$ 60,917
Non-operating Revenues	8	349	901	417	666	461	629	728	536	240
Capacity fees (1)	340	631	730	839	974	927	792	789	955	814
Total Revenues	71,933	81,138	76,042	70,838	68,316	59,883	59,073	61,730	75,282	61,971
Expenses										
Total Expenses	68,521	75,829	72,258	69,509	65,447	55,527	55,842	57,275	73,107	59,273
Depreciation and Amortization Expense	(7,079)	(6,288)	(5,867)	(5,377)	(5,293)	(4,751)	(4,455)	(4,220)	(3,981)	(3,693)
Bond Interest Expense	(3,028)	(3,105)	(3,159)	(3,052)	(2,645)	(2,421)	(2,410)	(2,456)	(1,810)	(1,644)
Gain/Loss on sale of assets	(149)	(109)	(12)	(425)	(64)	(4)	(95)	28	(50)	(262)
Total Expenses	58,265	66,327	63,220	60,655	57,445	48,351	48,882	50,627	67,266	53,674
Net revenues available for debt service	$ 13,668	$ 14,811	$ 12,822	$ 10,183	$ 10,871	$ 11,532	$ 10,191	$ 11,103	$ 8,016	$ 8,297
Maximum annual debt service (2)	$ 5,938	$ 5,818	$ 5,072	$ 4,513	$ 4,234	$ 3,917	$ 3,767	$ 4,028	$ 2,292	$ 2,347
Maximum annual debt service coverage	$ 2.30	$ 2.55	$ 2.53	$ 2.26	$ 2.57	$ 2.94	$ 2.71	$ 2.76	$ 3.50	$ 3.54

(1) During 2000, the Commission initiated a policy of charging developers and consumers capacity fees to recover a portion of the economic impact directly related to these system expansions. These fees may be used to pay a portion of the debt service on debt issued to fund such improvements, and therefore are considered available for debt service under the Bond Ordinance

(2) Maximum principal and interest requirements on outstanding debt for such fiscal year

Greer Commission of Public Works

Ratios of Outstanding Long Term Debt
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Per Capita	As Share of Personal Income
2009	$ 83,022,355	$ 3,307	0.70%
2008	81,618,275	3,489	0.73%
2007	72,545,842	3,231	0.61%
2006	67,531,461	3,008	0.57%
2005	63,030,627	2,942	0.59%
2004	57,446,365	2,804	0.70%
2003	55,113,279	2,801	0.73%
2002	55,901,095	2,947	0.80%
2001	41,429,609	2,271	0.64%
2000	35,429,550	2,104	0.64%

Customer Statistics
Largest System Customers - *Fiscal Year 2009**

Name	Consumption	Percent of System Gross Consumption
Water System (thousands of gallons)		
Blue Ridge Water Company *(Wholesale)*	617,212	24.5%
BMW of North American LLC	157,296	6.2%
Cliffstar Corporation	89,536	3.5%
Water Filter Facility *(GCPW)*	84,636	3.4%
Mitsubishi Polyester Film LLC	83,548	3.3%
Greenville - Spartanburg International Airport	29,454	1.2%
BMW Performance Center	20,826	0.8%
Greer Memorial Hospital	17,660	0.7%
Village Hospital	16,428	0.7%
Honeywell International Incorporated	11,280	0.4%
Sewer System (thousands of gallons)		
Mitsubishi Polyester Film LLC	114,294	5.9%
BMW of North America LLC	91,293	4.7%
Village Hospital	58,740	3.0%
Greenville - Spartanburg International Airport	38,513	2.0%
Greer Memorial Hospital	33,135	1.7%
Cliffstar Corporation	31,548	1.6%
Exide Battery Corporation	20,734	1.1%
Honeywell International	13,319	0.7%
Greenville County School District	11,485	0.6%
Oakland Apartments	10,360	0.5%
Electric System (megawatt hours)		
Greer Memorial Hospital	10,352	3.2%
Water Filter Facility *(GCPW)*	7,037	2.2%
Greenville County School District	5,019	1.5%
Wal-mart Stores Incorporated	5,010	1.5%
Village Hospital	4,378	1.3%
Roger Huntington Nursing Home	4,111	1.3%
Cliffstar Corporation	3,379	1.0%
Ingles	3,214	1.0%
Cottages at Brushy Creek	2,982	0.9%
Lowe's	2,910	0.9%
Natural Gas System (mcf)		
BMW of North America LLC	88,636	30.0%
Mitsubishi Polyester Film LLC	67,833	22.9%
Carotell Paper Board Corporation	39,236	13.3%
Springfield LLC	8,312	2.8%
Cliffstar Corporation	5,921	2.0%
Ashmore Brothers	4,129	1.4%
Greer Memorial Hospital	4,075	1.4%
Blacklidge Emulsions	2,023	0.7%
Village Hospital	2,018	0.7%
Karastan Bigelow, Division of Mohawk Industries	2,004	0.7%

** Only one year presented as prior years are not easily comparable*

Greer Commission of Public Works

Number of Employees by Identifiable Activity

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Water System										
Water Production	9	10	10	9	8	7	7	6	6	6
Water Distribution	8	8	8	9	9	6	7	6	6	6
Lake Wardens	3	3	3	3	3	3	3	3	3	3
Total Water System	**20**	**21**	**21**	**21**	**20**	**16**	**17**	**15**	**15**	**15**
Electric Distribution System	**19**	**19**	**18**	**19**	**17**	**17**	**17**	**15**	**15**	**15**
Natural Gas Distribution System	**23**	**21**	**22**	**21**	**22**	**23**	**23**	**20**	**20**	**20**
Sewer System										
Collection	9	8	9	7	7	6	4	4	4	4
Treatment	7	7	7	7	6	6	6	5	5	5
Total Sewer System	**16**	**15**	**16**	**14**	**13**	**12**	**10**	**9**	**9**	**9**
Shared Support										
General Administration	3	3	3	4	5	5	5	5	5	5
Customer Service	12	13	13	13	13	13	13	13	13	14
Billing	3	4	4	4	4	4	4	4	4	4
Finance and Accounting	4	4	4	3	4	4	4	4	4	3
Meter Reading	3	3	3	3	3	3	3	4	4	4
Engineering	4	3	5	6	5	6	7	7	7	7
Warehouse and Facilities Maintenance	5	5	5	5	5	4	5	5	5	5
Human Resources	4	4	4	4	4	4	4	4	3	-
Operations	4	4	4	4	4	4	4	5	5	5
Information Systems	8	8	6	6	6	6	6	6	6	6
Locators	4	4	4	3	3	3	3	3	3	3
Vehicle Maintenance	2	2	2	2	2	2	2	2	2	2
Total Shared Support	**56**	**57**	**57**	**57**	**58**	**58**	**60**	**62**	**61**	**58**
Total Employees	**134**	**133**	**134**	**132**	**130**	**126**	**127**	**121**	**120**	**117**

Greer Commission of Public Works

Demographics and Economic Statistics
Last 10 Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Population [1, 2]	25,105	23,395	22,451	22,451	21,421	20,486	19,674	18,970	18,245	16,843
Mean Household Income [4]	$ 40,764	$ 41,864	$ 42,183	$ 42,183	$ 42,183	$ 42,183	$ 42,183	$ 36,895	$ 36,895	$ 36,895
Personal Income [6]	$ 475,614	$ 480,674	$ 526,656	$ 526,656	$ 502,494	$ 399,416	$ 383,584	$ 369,858	$ 355,723	$ 328,388
Per Capita Personal Income [4]	$ 18,945	$ 20,546	$ 23,458	$ 23,458	$ 23,458	$ 19,497	$ 19,497	$ 19,497	$ 19,497	$ 19,497
Median Age [4]	35.2	35.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7
Median School Years Completed [5]	13.2	13.2	13.2	13.2	13.2	13.2	13.2	12.8	12.8	12.8
Unemployment Rates [2, 3, 4]	9.6%	4.3%	5.0%	5.6%	5.4%	4.4%	4.5%	4.8%	4.9%	4.5%

Source: (1) 2000 Census of Population, (2) US Bureau of Census, (3) South Carolina Department of Commerce (4) Greer Development Corporation, and (5) City of Greer's 2009 CAFR
(6) Computed using population multiplied by per capita income (shown in thousands)

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*

To the Board of Commissioners of the
Greer Commission of Public Works

We have audited the financial statements of the Greer Commission of Public Works (the "Commission"), as of and for the years ended December 31, 2009 and 2008 and have issued our report thereon dated April 22, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of 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*.

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert + Holland, L.L.P.

Greenville, South Carolina
April 22, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners of the
Greer Commission of Public Works

Compliance

We have audited the compliance of Greer Commission of Public Works (the "Commission") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Commission'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. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Commission's internal control over compliance.

A *deficiency in internal control over compliance* 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, 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert + Holland, L.L.P.

Greenville, South Carolina
April 22, 2010

Greer Commission of Public Works

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

• Material weakness identified?	____ yes	X no
• Significant deficiencies identified that are not considered to be a material weaknesses	____ yes	X no
Noncompliance material to financial statements noted	____ yes	X no

Federal Awards

Internal control over major federal programs:

• Material weakness identified?	____ yes	X no
• Significant deficiencies identified that are not considered to be material weaknesses	____ yes	X no
Noncompliance material to federal awards	____ yes	X no

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	____ yes	X no

Identification of major federal programs:

CFDA#	Program Name
66.468	Capitalization Grants for Drinking Water State Revolving Funds 2009 Revolving fund loan, with $2,000,000 ARRA no-interest bearing loan

Dollar threshold used to distinguish between Type A and Type B Programs: $ 300,000

Auditee qualified as low-risk auditee?	____ yes	X no

Greer Commission of Public Works
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2009

Section II. Financial Statement Findings

Finding: There were no audit findings.

Section III. Federal Award Questioned Costs & Findings

Finding: There were no audit findings.

Greer Commission of Public Works
Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2009

Section IV. Resolution of Prior Year Findings

No findings reported in the prior year audit.

Greer Commission of Public Works

Preliminary Schedule of Expenditures of Federal Awards
Year ended December 31, 2009

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor's Identification Number	Expenditures
U.S. Environmental Protection Agency (pass through State)			
Capitalization Grants for Drinking Water State Revolving Funds			
2009 Revolving fund loan, with $2,000,000 ARRA no-interest bearing loan	66.468	ARRA 25-95426409-0 S3-043-09-231005-04	1,130,783
Total federal financial assistance			$ 1,130,783

Greer Commission of Public Works
Note to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Greer Commission of Public Works and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.