

**GREER COMMISSION OF
PUBLIC WORKS**

Greer, South Carolina

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Years ended December 31, 2014 and 2013

Issued by Finance Department



GREER COMMISSION OF PUBLIC WORKS

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

Jeffrey Tuttle
General Manager

Date: April 10, 2015

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

INTRODUCTION

The Comprehensive Annual Financial Report (“CAFR”) of Greer Commission of Public Works (the “Commission”) for the fiscal years ended December 31, 2014 and 2013 is hereby submitted. This report was prepared by the Commission’s financial staff, and conforms to the guidelines of the Governmental Finance Officers Association (“GFOA”) and Generally Accepted Accounting Principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”). The Commission is in compliance with GASB Statement No. 34, entitled “Basic Financial Statements – For State and Local Governments” (hereafter referred to as GASB Statement No. 34), as amended by GASB Statement No. 37, entitled “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments: Omnibus - An Amendment of GASB Statements No. 21 and No. 34”, GASB Statement No. 41, entitled “Budgetary Comparison Schedules - Perspective Differences -- An Amendment of GASB Statement No. 34”, GASB Statement No. 46, entitled “Net Assets Restricted by Enabling Legislation - An Amendment of GASB Statement No. 34”, and GASB Statement No. 61, entitled “The Financial Reporting Entity - Omnibus -- An Amendment of GASB Statements No. 14 and 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 CAFR 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 the Management’s Discussion and Analysis, the report of independent auditor, the basic financial statements, the notes to the financial statements, and supplementary 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 LLP, 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 auditor 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 report of the independent auditor.

Focusing our Energy on You.

PROFILE OF THE COMMISSION

The Commission was formed in 1913 for the purposes of providing electricity, water distribution, and sewer collection and treatment to the residents of the City of Greer. In 1950, the City of Greer's ("City") City Council enacted an ordinance to combine the previously separate systems of the Commission. In 1957, 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. The Commission makes recommendations to the 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 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. It is approximately 280 surface acres in size. Lake Robinson was constructed in 1984 and includes approximately 800 surface acres. Lake Robinson is the secondary water supply, and is located just north of Lake Cunningham.

The water treatment plant is located at Lake Cunningham and has a treatment capacity of 24 million gallons per day ("MGD") with an average peak flow of 8.37 MGD. The water distribution system operates on three gradient levels, a high level system (1,272 ft. mean sea level ("MSL")), intermediate level system (1,130 ft. MSL), and a low level system (1,104 ft. MSL). Each level has two elevated storage tanks for a total capacity of 5.75 million gallons. The Commission supplies potable water to 17,947 customers and serves all of the population within the City limits and surrounding areas. Over the last year, the Commission experienced a customer growth rate of 2.9% in the Waterworks Unit.

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 experiences an average daily processing flow of 2.02 MGD, with a current capacity of 5.0 MGD. The plant received its latest upgrade in 2009 and is designed for future upgrades to 7.5 MGD and 10.0 MGD to provide for additional capacity growth. The upgrade included significant improvements to the headworks, influent pumping, sludge handling facilities, and provides for ultra-violet treatment of the wastewater at the Maple Creek plant. The upgrade also provided an energy generation plant that will not only provide the energy needed for this wastewater treatment facility, 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 and treatment for the Commission's 11,808 customers is accomplished through approximately 244 miles of collector mains and outfall lines maintained by the Commission. Over the last year, the Commission experienced a customer growth rate of 2.2% in the Sewer unit. The Commission also provides sewer collection services to the customers of Renewable Water Resources ("ReWa") that live in the City of Greer, and transports this sewer to ReWa's treatment facilities.

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 most of its electric power from Duke Energy Company. 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. Over 90% of the purchased power is carbon free, generated by nuclear and hydro resources.

The Electric Unit consists of four substations operating 24 circuits. Distribution of 12,470 volts of electricity is managed with approximately 200 miles of overhead distribution facilities and approximately 200 miles of underground facilities. The service area served by this unit is approximately 33.18 square miles, including the City limits and surrounding areas, and serves 18,580 customers. Over the last year, the Commission experienced a customer growth rate of 1.6% in the Electric Unit.

The electric system touts industry leading reliability as measured by system average frequency and duration of customer interruptions. The average customer experienced less than one (1) minute of outage time in 2014 versus a national average of over 140 minutes, excluding major storms.

Natural 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 42 miles of high-pressure lines and approximately 729 miles of intermediate and distribution lines, along with 131 pressure-reducing and regulating stations. These distribution lines serve 20,143 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. Over the last year, the Commission experienced a customer growth rate of 3.0% in the Gas unit.

The Commission dedicated one of the few compressed natural gas (“CNG”) fueling stations in the area available to the public. Since its dedication in April 2013, the Commission has seen a strong growth in CNG sales along with interest among fleet operators and other fueling providers.

FACTORS AFFECTING FINANCIAL CONDITIONS

Economy

The Greater Greer area continues to benefit from a diverse industrial presence and prime location in the booming Upstate region. Partnerships between local and state governments and the private business sector continue to work to produce new and expanding business. For the past two decades, Greer has continued to be one of the fastest growing cities in South Carolina. The City was recognized as one of the top four cities in South Carolina in which to start a new business and has experienced exceptional growth in retail sales over the last two years by an average of 10.7% per year.

The City of Greer currently covers approximately 29 square miles, making Greer one of the largest land area cities in South Carolina. With its population exceeding 280,000 within a 20-minute drive of the historic downtown business district and approximately 1.5 million residents in its Upstate area, the area offers unemployment rates that continue to be lower, 5.3%, as compared to the state of South Carolina’s overall unemployment rate of 6.5%. 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 (“GSP Airport”), and the availability of undeveloped land is resulting in the continued development of several industrial and business parks. In 2013, the SC State Ports Authority opened an Inland Port along the Verne Smith Parkway. The Inland Port was built near the GSP Airport and Interstate 85, giving it the ability to reach approximately 6.5 million consumers in a 100-mile radius—including the areas from Asheville to Columbia, and Atlanta to Charlotte. Additionally, the GSP Airport owns approximately 1,500 acres of land that is being prepared to be developed into industrial, distribution, retail, office, hospitality, and other properties. The South Carolina Ports Authority recently announced that it had experienced its second consecutive month of 18% container growth in February 2015, and is nearly 50% ahead of its plans to surpass 1 million containers by the end of its fiscal period. The Commission provides the Inland Port its water, sewer, electric, and natural gas services.

The Upstate of South Carolina has one of the largest concentrations of international firms per capita in the United States. The Greer area is now home to more than 4,000 businesses, including many of the top international companies including BMW Manufacturing, Honeywell, Mitsubishi Polyester Film, Michelin North America, and Coats & Clark. BMW Manufacturing, having already invested in excess of \$6 billion into the Greer area, during 2014 announced that it is completing a physical plant expansion of \$900 million at its South Carolina plant, adding production of the all-new BMW X4 and completing construction of an additional 1.6 million square feet of production and logistics space. In addition, BMW also announced a \$1 billion investment to produce its new X7 model at its South Carolina plant. This expansion is expected to add an additional 800 jobs to their current workforce of nearly 8,000.

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 2015 until 2019. The primary focus for the Commission is the replacement or the rehabilitation of the aging infrastructure, as well as keeping our water and wastewater treatment facilities in compliance with regulatory requirements. The CIP consists of various projects totaling approximately \$46.8 million and provides for the rehabilitation of existing infrastructure, expansion of the water distribution system, wastewater collection system, electric distribution system, and natural gas distribution system to meet the demands of future growth and new regulations. While not all inclusive, the following projects highlight some of the major capital activities planned for the next several years:

Sewer System

Sewer Rehabilitation Project, \$6,250,000 – The project addresses on-going concerns of inflow and infiltration into parts of the sewer system that have been in operation since the early 20th century. 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.

Gibb Shoals Collector System, \$1,500,000 – The project will provide a sewer collector system connecting to the new ReWa trunk sewer line to serve the developing residential area along Gibb Shoals Road.

Abner Creek Pump Station Replacement, \$2,500,000 – The project will provide for the necessary replacement and relocation of the current pump station to strategically accommodate the growth and capacity needs of the service area.

Natural Gas System

South Carolina Highway 414 Transmission Lateral, \$4,044,000 – The project will provide the northwestern side of our gas system with high pressure (450 psi) natural gas to meet the current and anticipated residential and commercial growth to this area.

Gas System Growth and Expansion, \$2,400,000 — The Commission’s gas system has seen tremendous growth over the last year, and our projects reflect that. Currently, the Gas Department is expanding gas throughout out service area as it grows.

Electric System

Victor Hill Road Substation, \$3,200,000 – The project will serve the rapidly growing areas of east Greer along Highway 101 and the Verne Smith Corridor. This region is slated to develop exponentially over the next couple years with industrial developments already planned in this area.

Electric System Upgrade, \$1,250,000 – The 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.

Electric System Growth and Expansion, \$4,800,000 — Similar to our gas system, the Electric System is experiencing growth related expansion needs. The system is growing both north and south of I-85, and the related projects cost about \$2,400,000 in each area.

Water System

System Replacement and Rehabilitation of Aging Lines, \$1,750,000 — Comparable to industry efforts across the country, the Commission is experiencing challenges with a water system that is over a century old. Part of our rehabilitation and replacement program is to find these problem areas and fix them accordingly. We are repairing waterlines throughout our system to meet these challenges.

Relevant Financial Policies

The Commission operates under established policies for financing, rate setting, and cash management. These policies serve as parameters for developing annual operating budgets, as well as the 5-year CIP. The revenue bond ordinance provides that the rates shall be maintained at levels which will yield net revenues equal to a minimum of 120% of the annual principal and interest requirement in each fiscal year. The management of the Commission strives to maintain an internal target equal to a minimum of 220% of the annual principal and interest requirement.

The Commission has commenced with a strategic planning process to guide its efforts over the next ten years to further enhance customer satisfaction, operational excellence, personnel safety, and growth in the business.

AWARDS

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its CAFR for the fiscal year ended December 31, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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 awarded the Platinum Reliable Public Power Provider ("RP3") designation to the Commission during 2014. 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: 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. This award is valid for a period of three years.

During 2014, the Commission achieved its 7th consecutive recognition for its Area Wide Optimization Program from the South Carolina Department of Health and Environmental Control ("DHEC") for exceeding requirements for water quality. The Commission was also recognized with the first annual Emily Hall Tremaine Local Government Energy Leadership Award for efforts promoting CNG alternative fuels in the Greer community, presented by the South Carolina Budget and Control Board.

ACKNOWLEDGEMENTS

This CAFR was prepared thanks to the dedicated hard work of our Board and staff. We are thankful for the leadership and vision of the Board of Commissioners, and we are blessed with a talented staff that continues steward the resources of our customers and community. The hard work of these dedicated individuals makes the commission the progressive, strong organization it is today.

Sincerely,



Jeffrey M. Tuttle
General Manager



Charles E. Reynolds
Finance Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

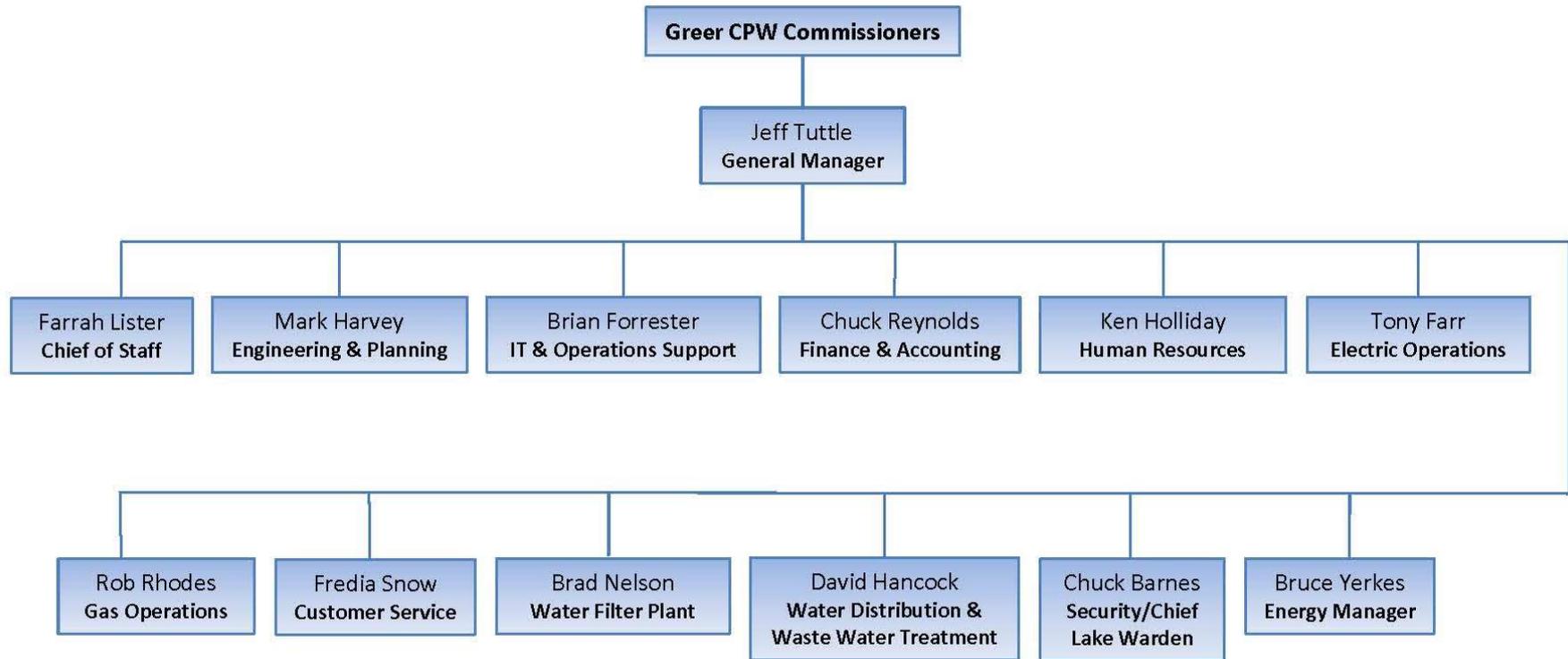
**Greer Commission of Public Works
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

GREER COMMISSION OF PUBLIC WORKS ORGANIZATIONAL CHART



GREER COMMISSION OF PUBLIC WORKS
LIST OF PRINCIPAL OFFICIALS AND LEADERSHIP TEAM

DECEMBER 31, 2014

Board of Commissioners



Jeffery Howell, Chair



Eugene Gibson



Perry Williams

Leadership Team



Jeffrey Tuttle
General Manager



Charles Barnes
Chief Lake Warden



Tony Farr
Electric Operations Manager



Brian Forrester
Information Technology
& Operations Support Manager



David Hancock
Water/Sewer
Operations Manager



Ken Holliday
Human Resources Manager



Farrah Lister
Chief of Staff



Brad Nelson
Water Treatment Plant Manager



Chuck Reynolds
Finance Manager



Rob Rhodes
Gas Operations Manager



Fredia Snow
Customer Service Manager



Bruce Yerkes
Energy Manager

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying statements of net position of Greer Commission of Public Works (the "Commission") as of December 31, 2014 and 2013, and the related statements of revenues, expenses, and changes in net position, cash flows, and notes to the financial statements for the years then ended, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission, as of December 31, 2014 and 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, schedule of actual and budgeted revenues and expenses, schedule of departmental operating revenues and expenses, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of actual and budgeted revenues and expenses and schedule of departmental operating revenues and expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of actual and budgeted revenues and expenses and schedule of departmental operating revenues and expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Greenville, South Carolina
April 10, 2015

GREER COMMISSION OF PUBLIC WORKS

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014 AND 2013

This section of the Greer Commission of Public Works' (the "Commission") annual financial statements presents our analysis of the Commission's financial performance during the fiscal year that ended on December 31, 2014 and 2013. 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 2014. 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 2014:

- The Commission's net position increased by \$6,740,902, or 4.74%, for 2014 as compared to an increase of \$2,965,935, or 2.13%, in 2013.
- During the year, the Commission's operating revenues increased to \$83,785,320, which represents a 12.24% increase from the prior year. Operating revenues increased to \$74,650,207, or 10.60%, in 2013.
- Total operating expenses increased to \$75,825,036, which represents a 10.32% increase from the prior year. Total expenses increased to \$68,729,729, or 5.67%, 2013.
- Purchased power expenses increased to \$32,895,371, up from \$30,329,243 last year. This 8.46% increase is reflected in the total expenses shown above. Purchased power increased from \$28,425,829, or by 6.70%, to \$30,329,243 in 2013.
- Purchased gas expenses increased to \$18,743,205, increased from \$15,140,312 last year. This 23.80% increase is reflected in the total expenses shown above. Purchased gas increased from \$12,987,997, or by 16.57%, to \$15,140,312 in 2013.
- Capital contributions to the Commission increased by \$1,590,905, which represents a 153.20% increase from the prior year. Capital contributions increased by \$3,633, or 0.35%, in 2013.
- Transfers to the City of Greer remained at \$1,000,000 for 2014 and 2013.
- Debt service coverage for 2014 was 229% of the bond ordinance requirement, which is 120% debt service coverage, an increase from 2013 of 16.39%. Debt service coverage for 2013 was 196%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Commission's annual statement consists of the Management's Discussion and Analysis ("MD&A"), the basic financial statements, other supplementary information, and the compliance section. The MD&A serves as an introduction to, and should be read in conjunction with the basic audited financial statements. The basic financial statements include notes which explain in detail information included in the basic financial statements.

The basic 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 basic financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and Notes to the Financial Statements.

GREER COMMISSION OF PUBLIC WORKS

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014 AND 2013

The Statement of Net Position 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 Position. 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.

The basic financial statements were prepared by the Commission's staff from the detailed books and records of the Commission. The basic financial statements were audited and adjusted, if material, during the independent external audit process.

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 Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Commission's activities in a way that will help answer this question. These two statements report the net position of the Commission and changes in them. One can think of the Commission's net position, the difference between assets plus deferred outflows of resources and liabilities, as one way to measure financial health or financial position. Over time, increases or decreases in the Commission's net position is 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 POSITION

A summary of the Commission's Statements of Net Position is presented in Table A-1. Net position increased \$6,740,902 to \$148,873,814 in fiscal year 2014, up from \$142,132,912 in fiscal year 2013. While the Statements of Net Position show the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Position provide answers as to the nature and source of these changes. As can be seen in Table A-2, the gain before capital contributions of \$4,111,552 during 2014 and the gain before capital contributions of \$1,927,490 during 2013 were the two sources of the changes in net assets.

**GREER COMMISSION OF PUBLIC WORKS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DECEMBER 31, 2014 AND 2013

**TABLE A-1
Statement of Net Position**

	FY 2013	Total Dollar Change	Total Percent Change	FY 2014
Current and other assets	\$ 46,010,273	\$ 1,932,202	4.20%	\$ 47,942,475
Capital assets	191,956,720	2,162,771	1.13%	194,119,491
Total assets	<u>\$ 237,966,993</u>	<u>\$ 4,094,973</u>	<u>1.72%</u>	<u>\$ 242,061,966</u>
Deferred outflows of resources	\$ 443,633	\$ (38,577)	-8.70%	\$ 405,056
Long-term debt outstanding	\$ 83,277,007	\$ (3,543,203)	-4.25%	\$ 79,733,804
Other liabilities	13,000,707	858,697	6.61%	13,859,404
Total liabilities	<u>96,277,714</u>	<u>(2,684,506)</u>	<u>-2.79%</u>	<u>93,593,208</u>
Net investment in				
capital assets	108,778,273	5,598,669	5.15%	114,376,942
Restricted	8,449,761	1,829,935	21.66%	10,279,696
Unrestricted	24,904,878	(687,702)	-2.76%	24,217,176
Total net position	<u>\$ 142,132,912</u>	<u>\$ 6,740,902</u>	<u>4.74%</u>	<u>\$ 148,873,814</u>
	FY 2012 (Restated)	Total Dollar Change	Total Percent Change	FY 2013
Current and other assets	\$ 42,224,255	\$ 3,786,018	8.97%	\$ 46,010,273
Capital assets	191,979,327	(22,607)	-0.01%	191,956,720
Total assets	<u>\$ 234,203,582</u>	<u>\$ 3,763,411</u>	<u>1.61%</u>	<u>\$ 237,966,993</u>
Deferred outflows of resources	\$ 482,210	\$ (38,577)	-8.00%	\$ 443,633
Long-term debt outstanding	\$ 83,245,566	\$ 31,441	0.04%	\$ 83,277,007
Other liabilities	12,273,249	727,458	5.93%	13,000,707
Total liabilities	<u>95,518,815</u>	<u>758,899</u>	<u>0.79%</u>	<u>96,277,714</u>
Net investment in				
capital assets	108,761,825	16,448	0.02%	108,778,273
Restricted	9,171,441	(721,680)	-7.87%	8,449,761
Unrestricted	21,233,711	3,671,167	17.29%	24,904,878
Total net position	<u>\$ 139,166,977</u>	<u>\$ 2,965,935</u>	<u>2.13%</u>	<u>\$ 142,132,912</u>

Change in Net Position Before Capital Contributions and City Transfer

A closer examination of the individual categories affecting the source of changes in net position reveals that the Commission's total revenues increased by \$9,113,786 to \$83,815,231 in fiscal year 2014 from \$74,701,445 in fiscal year 2013 due to the effect of increases to electric, gas, and water revenues. The increase in the electric and gas revenues of 10.71% and 15.29%, respectively, can be attributed to several factors, including the weather, increased consumption, and price of the natural gas commodity. During the summer of 2014, the Upstate region of South Carolina experienced much milder temperatures than during 2013 and much colder temperatures during the winter months with the polar vortexes that affected our area. These weather variances

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contributed to an increase in electric consumption of 3.64% and gas consumption of 8.07%. The price of the natural gas commodity increased by 10.66% per Dekatherm ("dT") to an average cost of \$4.25 per dT, up from a 2013 average of \$3.84 per dT. During 2014, the Upstate region of South Carolina also experienced the fourth highest rainfall totals in the last fifteen years. The total rainfall recorded in Greer was 50.20 inches, a decrease of 19.36 inches from 2013, or 27.83%, with the record set in 1901 with 77.84 inches. This rainfall led to an increase in water and sewer revenues of 18.41% and 4.90%, respectively, and consumption increases of 8.95% and 4.18%, respectively.

A closer examination of the individual categories affecting the source of changes in net position reveals that the Commission's total revenues increased by \$7,138,837 to \$74,701,445 in fiscal year 2013 from \$67,562,608 in fiscal year 2012 due to the effect of increases to both electric and gas revenues. The increase in the electric and gas revenues of 8.03% and 20.99%, respectively, can be attributed to several factors, including the weather, increased consumption, and price of the natural gas commodity. During the summer of 2013, the Upstate region of South Carolina experienced much warmer temperatures than during 2012 and much cooler temperatures during the winter months. These weather variances contributed to an increase in electric consumption 0.50% and gas consumption of 4.87%. The price of the natural gas commodity increased by 17.43% per dT to an average cost of \$3.84 per dT, up from a 2012 average of \$3.27 per dT. During 2013, the Upstate region of South Carolina also experienced the fourth highest rainfall totals of record. The total rainfall recorded in Greer was 69.56 inches, an increase of 30.70 inches from 2012, or 79.00%. This abundance of rainfall led to a decrease in water revenues of 5.20% and decreased consumption of 14.32%. The sewer revenues increased 5.58% and consumption decrease 6.81%.

Other operating revenues increased by \$46,278 during 2014. Other operating revenues increased by \$22,638 during 2013. The increase is attributable to several factors, including an increase in the collection of reconnect fees, sales of gas taps, sales of sewer tap fees, sales of inventoried materials, and recovery of bad debts.

During 2014, non-operating revenues decreased by \$21,327. This decrease can be attributed to the decreased earnings on investments. Earnings on investments decreased 41.62%. During 2013, non-operating revenues decreased by \$12,856. This decrease can be attributed to the decreased earnings on investments. Earnings on investments decreased 20.06%.

During 2014, expenses increased by \$6,929,724 to \$79,703,679, increased from \$72,773,955 in fiscal year 2013, due to the net effect of an increase in expenses related to purchased power, purchased gas, depreciation and amortization, and other operating expenses, and the decrease in expenses related to non-operating expenses. Purchased power costs increased by \$2,566,128, or 8.46%. 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 ("SEPA") allocation which provides pooled hydroelectric power at reduced costs. The Commission's allocation of power supply included 5.20% of hydroelectric power at reduced costs. The Commission also received \$244,751 in net Load Side Generation credits from Piedmont Municipal Power Agency ("PMPA") which further reduced the costs associated with the purchased power. Purchased gas costs increased by \$3,602,893, or 23.80%, as a result of increased customer consumption from 2013 of 8.07%, and an increase in the average costs of the natural gas commodity. The average cost of the natural gas commodity to the Commission was \$4.25 and \$3.84, respectively, for 2014 and 2013, an increase of 10.66%. Other operating expenses increased by \$706,692, with the increases attributable to increases in salaries and benefits, water and wastewater treatment chemicals, and the operations and maintenance of equipment.

During 2013, expenses increased by \$3,439,041 to \$72,773,955, increased from \$69,334,914 in fiscal year 2012, due to the net effect of an increase in expenses related to purchased power, purchased gas, depreciation and amortization, and other operating expenses, and the decrease in expenses related to non-operating expenses. Purchased power costs increased by \$1,903,414, or 6.70%. The Commission was able to minimize this increase in costs by taking advantage of power allocations provided by SEPA allocation which provides pooled hydroelectric power at reduced costs. The Commission's allocation of power supply included 5.20% of

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hydroelectric power at reduced costs. The Commission also received \$329,185 in net Load Side Generation credits from Piedmont Municipal Power Agency ("PMPA") which further reduced the costs associated with the purchased power. Purchased gas costs increased by \$2,152,315, or 16.57%, as a result of increased customer consumption from 2012 of 4.87%, and an increase in the average costs of the natural gas commodity. The average cost of the natural gas commodity to the Commission was \$3.84 and \$3.27, respectively, for 2013 and 2012, an increase of 17.43%. Other operating expenses increased by \$352,644, with the increases attributable to increases in salaries and benefits, water and wastewater treatment chemicals, and the operations and maintenance of equipment.

Non-operating expenses decreased by \$165,583, or 4.09%, to \$3,878,643 during 2014. Debt service decreased by \$60,012, or 2.07%, to \$2,844,555 due to the annual retirement of long-term debt. During 2014, the losses realized on the disposal of assets declined by \$105,573, or 75.59%.

Non-operating expenses decreased by \$251,666, or 5.86%, to \$4,044,226 during 2013. This decrease is attributable to the net effect of the changes in debt service, transfers to the City of Greer, and disposals of utility plant. Debt service decreased by \$298,450, or 9.32%, to \$2,904,567 due to the early retirement of long-term debt payable to the State Revolving Fund in December 2012.

As a result of these factors, the Commission experienced net revenues over expenses of \$4,111,552 and \$1,927,490, respectively, in 2014 and 2013, before capital contributions.

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

	FY 2013	Total Dollar Change	Total Percent Change	FY 2014
Electric revenues	\$ 34,811,682	\$ 3,727,743	10.71%	\$ 38,539,425
Gas revenues	26,536,363	4,057,615	15.29%	30,593,978
Water revenues	5,794,589	1,066,900	18.41%	6,861,489
Sewer revenues	4,824,364	236,577	4.90%	5,060,941
Operating revenues	2,683,209	46,278	1.72%	2,729,487
Non-operating revenues	51,238	(21,327)	-41.62%	29,911
Total revenues	<u>74,701,445</u>	<u>9,113,786</u>	<u>12.20%</u>	<u>83,815,231</u>
Purchased power	30,329,243	2,566,128	8.46%	32,895,371
Purchased gas	15,140,312	3,602,893	23.80%	18,743,205
Depreciation and amortization expense	7,809,675	219,596	2.81%	8,029,271
Other operating expense	15,450,499	706,690	4.57%	16,157,189
Non-operating expense	4,044,226	(165,583)	-4.09%	3,878,643
Total expense	<u>72,773,955</u>	<u>6,929,724</u>	<u>9.52%</u>	<u>79,703,679</u>
Change in net position before Capital contributions	<u>1,927,490</u>	<u>2,184,062</u>	<u>113.31%</u>	<u>4,111,552</u>
Capital contributions	<u>1,038,445</u>	<u>1,590,905</u>	<u>153.20%</u>	<u>2,629,350</u>
Change in net position	<u>2,965,935</u>	<u>3,774,967</u>	<u>127.28%</u>	<u>6,740,902</u>
Beginning net position	139,166,977	2,965,935	2.13%	142,132,912
Ending net position	<u>\$ 142,132,912</u>	<u>\$ 6,740,902</u>	<u>4.74%</u>	<u>\$ 148,873,814</u>

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	FY 2012 (Restated)	Total Dollar Change	Total Percent Change	FY 2013
Electric revenues	\$ 32,223,792	\$ 2,587,890	8.03%	\$ 34,811,682
Gas revenues	21,932,416	4,603,947	20.99%	26,536,363
Water revenues	6,112,493	(317,904)	-5.20%	5,794,589
Sewer revenues	4,569,242	255,122	5.58%	4,824,364
Operating revenues	2,660,571	22,638	0.85%	2,683,209
Non-operating revenues	64,094	(12,856)	-20.06%	51,238
Total revenues	<u>67,562,608</u>	<u>7,138,837</u>	<u>10.57%</u>	<u>74,701,445</u>
Purchased power	28,425,829	1,903,414	6.70%	30,329,243
Purchased gas	12,987,997	2,152,315	16.57%	15,140,312
Depreciation and amortization expense	7,709,973	99,702	1.29%	7,809,675
Depreciation - change in accounting estimates	817,368	(817,368)	100.00%	-
Other operating expense	15,097,855	352,644	2.34%	15,450,499
Non-operating expense	4,295,892	(251,666)	-5.86%	4,044,226
Total expense	<u>69,334,914</u>	<u>3,439,041</u>	<u>4.96%</u>	<u>72,773,955</u>
Change in net position before Capital contributions	<u>(1,772,306)</u>	<u>3,699,796</u>	<u>-208.76%</u>	<u>1,927,490</u>
Capital contributions	<u>1,034,812</u>	<u>3,633</u>	<u>0.35%</u>	<u>1,038,445</u>
Change in net position	(737,494)	3,703,429	-502.16%	2,965,935
Beginning net position	141,572,538	(2,405,561)	-1.70%	139,166,977
Change in accounting principle	<u>(1,668,067)</u>	<u>1,668,067</u>	<u>-100.00%</u>	<u>-</u>
Beginning net position, restated	<u>139,904,471</u>	<u>(737,494)</u>	<u>-0.53%</u>	<u>139,166,977</u>
Ending net position	<u>\$ 139,166,977</u>	<u>\$ 2,965,935</u>	<u>2.13%</u>	<u>\$ 142,132,912</u>

Capital Contributions

Contributions include cash contributions, non-cash contributions and grants from various sources such as developers, customer assessments, and state and federal agencies. During 2014, the Commission received \$2,629,350 in capital contributions. This was a \$1,590,905 increase from fiscal year 2013 capital contributions of \$1,038,445. Capital contributions for 2014 included the following receipts:

- \$104,124 received from Food For Fun Buncombe, LLC to offset capital costs related to sewer infrastructure
- \$290,212 received from various sources to offset capital costs related to lighting infrastructure
- \$1,514,520 received from various developer contributed properties that consists of water and sewer infrastructure
- \$100,000 received from Mark III Properties to offset the capital costs related to sewer infrastructure for Belshire Subdivision
- \$8,400 received from Greystone Cottages developer to offset the capital costs related to lighting infrastructure
- \$22,726 received from Aspen Residential to help offset the costs of sewer infrastructure
- \$49,028 from the City of Greer to offset capital costs related to sewer improvements at the City of Greer's maintenance facility

During 2013, the Commission received \$1,038,445 in capital contributions. This was an increase of \$3,633 from \$1,034,812 received during fiscal year 2012.

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Change in Accounting Estimates

During 2012, after a review of the estimate life associated with waste water lift stations, the Commission determined that the useful life of this asset was to be 20 years. Prior to this finding, the useful life was estimated to be 50 years for this type of asset. As a result of this change, the Commission's capital asset records were adjusted to reflect this change in useful life, which resulted in additional depreciation expense of \$817,368.

Change in Accounting Principle

During 2013, the Commission adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The provisions of Statement No. 65 relevant to the Commission related to changes in the accounting and reporting of bonded debt activities. Specifically, bond issuance costs incurred are recorded as current period expenditures as opposed to being deferred and amortized over the maturity period of the debt. With the change being applied retroactively, the full amount of bond issuance costs, unamortized at January 1, 2011, was \$1,764,281 and was charged to net position.

Transfers to the City

During fiscal years 2014 and 2013, the Commission made transfers to the City of Greer's General Fund 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 2014.

- \$84,997 to provide improvements and upgrades to the existing Electric system
- \$12,153 to provide for utility infrastructure for the South Carolina Ports Authority
- \$44,581 to provide for a replacement of a section of high-pressure natural gas pipeline along Highway 101
- \$286,242 to provide for water and sewer infrastructure for the Redcroft Subdivision
- \$178,768 to provide for the relocation of the natural gas mains and distribution lines at the Greenville-Spartanburg International Airport
- \$79,730 to provide for electric infrastructure in the Caliber Ridge Business Park
- \$233,442 to provide sewer and water extensions to the intersection of South Buncombe Road and Hammett Bridge Road
- \$872,968 in costs associated with Inflow and Infiltration upgrades at various locations, including Memorial Drive Extension and Wards Creek Outfall sewer
- \$412,409 in costs associated with construction of a new substation located on Victor Hill Road to provide for future growth along Highway 101
- \$731,980 to provide for replacement of motor vehicles and heavy equipment
- \$560,158 to provide for replacement of computers and related equipment
- \$667,795 to provide for equipment necessary to provide and maintain the utilities to our customers
- \$76,114 to provide for upgrades to a pump station and related extension of sewer located in Bent Creek
- \$377,850 to provide for new meters and upgrades to meters and associated equipment needed for obtaining the customer usages
- \$45,998 in costs associated with improvements to the Commission's Operations Center

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At the end of 2014, the Commission has invested \$307,927,183 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 2013	Total Dollar Change	Total Percent Change	FY 2014
Land	\$ 2,349,591	\$ 219,742	9.35%	\$ 2,569,333
Buildings	6,788,274	24,778	0.37%	6,813,052
Machinery, equipment and vehicles	8,322,583	897,014	10.78%	9,219,597
Electric distribution system	46,446,258	1,497,199	3.22%	47,943,457
Water distribution system	69,264,697	1,348,066	1.95%	70,612,763
Water reservoirs and dams	12,808,116	-	0.00%	12,808,116
Recreational facilities	688,689	12,620	1.83%	701,309
Gas distribution system	59,620,654	2,251,481	3.78%	61,872,135
Disposal plants and sanitary sewer	85,979,932	4,454,390	5.18%	90,434,322
Office equipment and software	3,418,534	(301,341)	-8.81%	3,117,193
Fiber optic	550,200	-	0.00%	550,200
Construction in progress	3,145,531	(1,859,825)	-59.13%	1,285,706
Subtotal	299,383,059	8,544,124	2.85%	307,927,183
Less accumulated depreciation	107,426,339	6,381,353	5.94%	113,807,692
Net property plant equipment	\$ 191,956,720	\$ 2,162,771	1.13%	\$ 194,119,491

	FY 2012	Total Dollar Change	Total Percent Change	FY 2013
Land	\$ 2,313,949	\$ 35,642	1.54%	\$ 2,349,591
Buildings	6,738,807	49,467	0.73%	6,788,274
Machinery, equipment and vehicles	7,893,904	428,679	5.43%	8,322,583
Electric distribution system	46,072,507	373,751	0.81%	46,446,258
Water distribution system	69,493,128	(228,431)	-0.33%	69,264,697
Water reservoirs and dams	12,819,950	(11,834)	-0.09%	12,808,116
Recreational facilities	688,689	-	0.00%	688,689
Gas distribution system	57,556,768	2,063,886	3.59%	59,620,654
Disposal plants and sanitary sewer	84,364,212	1,615,720	1.92%	85,979,932
Office equipment and software	3,373,235	45,299	1.34%	3,418,534
Fiber optic	550,200	-	0.00%	550,200
Construction in progress	1,601,355	1,544,176	96.43%	3,145,531
Subtotal	293,466,704	5,916,355	2.02%	299,383,059
Less accumulated depreciation	101,487,377	5,938,962	5.85%	107,426,339
Net property plant equipment	\$ 191,979,327	\$ (22,607)	-0.01%	\$ 191,956,720

In 2014 and 2013, the Commission's capital assets increased in the net amount of \$8,544,124 and \$5,916,355, respectively. Of this increase, \$7,703,931 and \$5,357,268, respectively, was for expansion and improvement to utility plant and the remainder for other operating assets during 2014 and 2013.

GREER COMMISSION OF PUBLIC WORKS MANAGEMENT'S DISCUSSION AND ANALYSIS

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LONG-TERM DEBT

At the end of 2014, the Commission had \$82,657,693 in aggregate long-term debt, down from \$86,059,528 at the end of fiscal year 2013, a decrease of \$3,401,835, or 3.95%. In 2013, the Commission had \$86,059,528 in aggregate long-term debt, increased from \$85,882,182 at the end of fiscal year 2012, an increase of \$177,346, or 0.21%. The changes resulted from scheduled principal payments made on the existing debt and new debt issuance from the South Carolina Public Service Authority (see Note 7 in the Notes to the Financial Statements).

Bond Ratings - All outstanding Combined Utility System Revenue Bonds ("Revenue Bonds") carry an A2, A+ and A+ ratings from Moody's, Standard & Poor's, and Fitch Ratings, respectively. During 2014 and 2013, the Commission received affirmations of each of its ratings.

Limitations on Debt - The Bond Ordinance provides that debt may be issued under the Bond Ordinance from time to time in such amounts as deemed necessary or advisable to the City, upon request of the Commission, for any purpose for which bonds may be issued for the benefit of the Commission 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 Commission 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 229%, 196%, and 176%, for the years 2014, 2013, and 2012, 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 a result of the increase in capital reserves, the Commission currently anticipates internally funding capital projects within the current long-range Capital Improvement Plan through fiscal year 2018.

In addition, the Commission has been successful in accessing other available low interest financing through the South Carolina Budget and Control Board for approved water and sewer infrastructure projects. The Commission accessed these loans with the \$9,211,590 State Revolving Fund ("SRF") loan completed in fiscal year 2004, the \$7,500,000 SRF loan completed in fiscal year 2005, the \$13,235,000 SRF Loan completed in fiscal year 2007, and the \$5,375,417 SRF completed in fiscal year 2009.

During 2012, the South Carolina Budget and Control Board modified their SRF Debt Service Reserve policies in regards to the amount of required debt service reserved required for each outstanding SRF loan. As a result of the changes, the Commission, upon request and approval, was required to only fund 50.00% of the annual debt service reserve requirements with the Trustee. The Commission elected to utilize the refunded debt service reserve funds to fully retire the 1999 SRF Loan note. This resolution saved the Commission approximately \$97,000 in future debt service.

During 2014, the South Carolina Budget and Control Board modified their SRF Debt Service Reserve policies in regards to the amount of required debt service reserved required for each outstanding SRF loan. The changes allowed for borrowers that maintain a minimum bond rating of A-, are not required to place funds into a debt service reserve fund. As a result of the changes, the Commission, upon request and approval, is not required to fund the annual debt service reserve requirements with the Trustee. The Commission elected to place the amounts received from the Trustee, \$949,990, back into its originating restricted cash fund.

**GREER COMMISSION OF PUBLIC WORKS
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**TABLE A-4
Debt Coverage Ratio**

	FY 2012 (Restated)	FY 2013	Total Percent Change	FY 2014	Total Percent Change
Revenues					
Revenues from operations	\$ 67,498,514	\$ 74,650,207	10.60%	\$ 83,785,320	12.24%
Non-operating revenue	64,094	51,238	-20.06%	29,911	-41.62%
Capacity fees	371,498	331,643	-10.73%	526,915	58.88%
Total revenues	67,934,106	75,033,088	10.45%	84,342,146	12.41%
Expenses					
Total expenses	68,334,914	71,773,955	5.03%	78,703,679	9.65%
Depreciation and amortization expense	(7,709,973)	(7,809,675)	1.29%	(8,029,271)	2.81%
Depreciation - change in Accounting estimates	(817,368)	-	-100.00%	-	0.00%
Bond interest expense	(3,203,017)	(2,904,567)	-9.32%	(2,844,555)	-2.07%
Gain/loss on sale of assets	(92,875)	(139,659)	50.37%	(34,088)	-75.59%
Total expenses	\$ 56,511,681	\$ 60,920,054	7.80%	\$ 67,795,765	11.29%
Income available for debt service	\$ 11,422,425	\$ 14,113,034	23.56%	\$ 16,546,381	17.24%
Maximum annual debt service (ADS)	\$ 6,486,179	\$ 7,186,179		\$ 7,238,624	
Maximum ADS coverage	176%	196%	11.52%	229%	16.39%

*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-5, the Commission's current average cost of capital is 3.58% in outstanding debt, with the average cost of capital being 3.57% and 3.71%, for the years 2013 and 2012, respectively.

**TABLE A-5
Cost of Capital**

	FY 2012		FY 2013		FY 2014	
	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate
Series 2002 revenue bonds	\$ 23,845,000	5.36%	\$ 23,665,000	5.36%	\$ 23,475,000	5.36%
2004 South Carolina SRF loan	7,529,188	2.25%	7,257,606	2.25%	6,979,862	2.25%
2005 South Carolina SRF loan	6,315,130	2.25%	6,080,563	2.25%	5,840,674	2.25%
Series 2007 revenue bonds	4,664,966	4.02%	4,432,339	4.02%	4,190,360	4.02%
2007 South Carolina SRF loan	11,540,794	2.25%	10,945,559	2.25%	10,336,817	2.25%
Series 2009 Refunding bonds	21,555,000	4.03%	20,260,000	4.03%	18,915,000	4.03%
2009 South Carolina SRF loan	4,907,104	2.25%	4,743,461	2.25%	4,609,980	2.25%
Series 2010 revenue bonds	5,525,000	3.07%	5,175,000	3.07%	4,810,000	3.07%
2013 SC Public Service Authority loan	-	0.00%	3,500,000	0.00%	3,500,000	0.00%
	\$ 85,882,182	3.71%	\$ 86,059,528	3.57%	\$ 82,657,693	3.58%

GREER COMMISSION OF PUBLIC WORKS MANAGEMENT'S DISCUSSION AND ANALYSIS

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Commission considered a variety of factors in developing the fiscal year 2015 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% 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 Bond Ordinance or any other contract or agreement with the Bondholders.

During 2014, the Commission engaged an independent rate consulting firm to conduct a full cost of service and rate design study. The purpose of the study was to provide management with a tool to ensure the recovery of all costs associated with providing utility services to our customers, and that the appropriate rates are set among all rate classes. The results from the study also provided management with a 5-year financial pro-forma for use in its financial management planning.

The fiscal year 2015 budget provides for rate increases in its electric, water, and sewer utilities. Controllable operating costs were held very much in check for this budget year. For 2015, 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, rising health care costs, and the general overall effects of inflation on our day-to-day operating requirements, must be dealt with effectively through the rates and fees charged for our services in order to achieve revenue sufficiency and appropriate levels of debt service coverage for each of the four operating utilities.

Contributions, or transfers, to the City of Greer's General Fund will remain at \$1,000,000 for fiscal year 2015.

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
STATEMENTS OF NET POSITION

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	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents:		
Operating	\$ 18,547,284	\$ 19,140,806
Restricted	13,780,440	7,611,009
Total funds	<u>32,327,724</u>	<u>26,751,815</u>
Receivables:		
Customers, less allowance for doubtful accounts of \$269,086 in 2014 and \$251,189 in 2013	8,889,190	8,569,615
Short-term investments:		
Unrestricted	3,040,762	3,035,713
Restricted	-	4,339,147
Inventories	2,593,824	2,211,759
Customer deposits	<u>924,186</u>	<u>977,872</u>
Total current assets	<u>47,775,686</u>	<u>45,885,921</u>
Non-current assets:		
Utility plant	307,927,183	299,383,059
Less accumulated depreciation	<u>(113,807,692)</u>	<u>(107,426,339)</u>
Net utility plant	194,119,491	191,956,720
Other assets		
Total non-current assets	<u>194,286,280</u>	<u>192,081,072</u>
Total assets	<u>\$ 242,061,966</u>	<u>\$ 237,966,993</u>
Deferred outflows of resources		
Bond defeasance loss	\$ 405,056	\$ 443,633
Total deferred outflows of resources	<u>\$ 405,056</u>	<u>\$ 443,633</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,479,184	\$ 5,412,163
Construction contract retainage payable	25,349	123,562
Accrued interest	879,140	885,705
Other accrued expenses	824,055	1,017,570
Customer deposits	924,186	977,872
Current portion of landfill post-closure liability	23,000	23,000
Current portion of long-term debt	<u>3,509,490</u>	<u>3,401,835</u>
Total current liabilities	<u>12,664,404</u>	<u>11,841,707</u>
Landfill post-closure liability	368,000	391,000
Other post-employment liability	827,000	768,000
Long-term debt, net of unamortized premium, and current portion of long-term debt	<u>79,733,804</u>	<u>83,277,007</u>
Total non-current liabilities	<u>80,928,804</u>	<u>84,436,007</u>
Total liabilities	<u>\$ 93,593,208</u>	<u>\$ 96,277,714</u>
NET POSITION		
Net investment in capital assets	\$ 114,376,942	\$ 108,778,273
Restricted for:		
Debt service	2,871,675	2,505,422
Capital projects	7,408,021	5,944,339
Unrestricted	<u>24,217,176</u>	<u>24,904,878</u>
Total net position	<u>\$ 148,873,814</u>	<u>\$ 142,132,912</u>

See accompanying notes to the financial statements.

GREER COMMISSION OF PUBLIC WORKS**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION***YEARS ENDED DECEMBER 31, 2014 AND 2013*

	<u>2014</u>	<u>2013</u>
Operating revenues		
Electric revenues	\$ 38,539,424	\$ 34,811,682
Gas revenues	30,593,979	26,536,363
Water revenues	6,861,489	5,794,589
Sewer revenues	5,060,941	4,824,364
Other operating revenues	2,729,487	2,683,209
Total operating revenues	<u>83,785,320</u>	<u>74,650,207</u>
Operating expenses		
Purchased power	32,895,371	30,329,243
Purchased gas	18,743,205	15,140,312
Depreciation and amortization	8,029,271	7,809,675
Other operating expenses	16,157,189	15,450,499
Total operating expenses	<u>75,825,036</u>	<u>68,729,729</u>
Net operating revenue	<u>7,960,284</u>	<u>5,920,478</u>
Other revenues (expenses)		
Interest expense	(2,844,555)	(2,904,567)
Interest revenue	29,911	51,238
Transfers to the City of Greer	(1,000,000)	(1,000,000)
Loss on disposal of utility plant	(34,088)	(139,659)
Total other expenses, net	<u>(3,848,732)</u>	<u>(3,992,988)</u>
Change in net position before contributions	4,111,552	1,927,490
Contributions	2,629,350	1,038,445
Change in net position after contributions	<u>6,740,902</u>	<u>2,965,935</u>
Net position at beginning of the year	142,132,912	139,166,977
Net position at end of the year	<u>\$ 148,873,814</u>	<u>\$ 142,132,912</u>

See accompanying notes to the financial statements.

GREER COMMISSION OF PUBLIC WORKS
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers	\$ 80,224,437	\$ 69,100,794
Cash paid to suppliers	(63,239,411)	(54,471,251)
Cash paid to employees	(6,201,355)	(6,044,107)
Other operating revenue	<u>2,729,487</u>	<u>2,683,209</u>
Net cash provided by operating activities	<u>13,513,158</u>	<u>11,268,645</u>
Cash flows from noncapital financing activities:		
Payments to City of Greer	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Net cash used in noncapital financing activities	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Cash flows from capital and related financing activities:		
Increase in utility plants	(6,270,042)	(6,262,502)
Capital contributions	1,114,830	815,688
Proceeds from sale of utility plant	53,222	144,157
Proceeds from issuance of long-term debt	-	3,500,000
Repayment of debt	(3,401,834)	(3,322,654)
Interest paid on long-term debt	<u>(2,851,120)</u>	<u>(2,959,935)</u>
Net cash used in capital and related financing activities	<u>(11,354,944)</u>	<u>(8,085,246)</u>
Cash flows from investing activities:		
Purchase of investments	(5,048)	(53,365)
Maturities of Investments	4,392,832	-
Interest received on investments	<u>29,911</u>	<u>51,238</u>
Net cash provided by (used in) investing activities	<u>4,417,695</u>	<u>(2,127)</u>
Net increase in cash and cash equivalents	5,575,909	2,181,272
Cash and cash equivalents at beginning of year	<u>26,751,815</u>	<u>24,570,543</u>
Cash and cash equivalents at end of year	<u>\$ 32,327,724</u>	<u>\$ 26,751,815</u>

GREER COMMISSION OF PUBLIC WORKS
STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income to net cash provided by operating activities:		
Net operating revenue	\$ 7,960,284	\$ 5,920,478
Adjustments to reconcile net operating revenue to net cash provided by operating activities:		
Depreciation	8,024,408	7,804,812
Amortization of bond discount, premiums and issuance costs of bond amortization	4,863	4,863
Changes in assets and liabilities:		
Customer receivables, net	(319,575)	(1,497,392)
Inventories	(2,970,205)	(1,582,081)
Other assets	(42,437)	25,914
Accounts payable	1,067,021	526,022
Other accrued expenses	(193,515)	(2,347)
Other post-employment liabilities	59,000	53,000
Landfill post-closure liability	(23,000)	(23,000)
Customer deposits	(53,686)	38,376
Net cash provided by operating activities	<u>\$ 13,513,158</u>	<u>\$ 11,268,645</u>
Non-cash items:		
Inventory transferred into capital assets	<u>\$ 2,588,140</u>	<u>\$ 1,502,178</u>
Loss on sale of assets	<u>\$ 34,088</u>	<u>\$ 139,659</u>
Non-cash capital contributions	<u>\$ 1,514,520</u>	<u>\$ 222,757</u>
Capitalized interest related to long-term debt	<u>\$ 230,970</u>	<u>\$ 197,370</u>

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 1—Organization and significant accounting policies

Organization - Greer 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 95% 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 five other municipalities. Natural gas supplies are purchased from a variety of sources including TexLa Energy Management Corporation, Conoco Phillips, BP Energy, Atmos Energy, EDF Trading North America LLC, SW Virginia Gas Company, and other providers and delivered to the Commission's marketing areas via transmission lines owned by Transcontinental Gas Pipeline Corporation. In June 2013, the Commission began participating as a cooperative buyer from Municipal Gas Acquisition and Supply Corporation ("MuniGas").

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, however, the Commission 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.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 1—Organization and significant accounting policies (continued)

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 fund’s 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 use 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, 2014 and 2013 was \$230,970 and \$197,370, 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:

	<u>Years</u>		<u>Years</u>
Electric distribution system	25	Finance building	50
Gas distribution system	33	Operations center	50
Water system	50	Vehicle maintenance facility	33
Compressed Natural Gas Station	15	Buildings	10
Recreational facilities	25	Fiber Optic	10
Disposal plants and sanitary sewer	50	Vehicles and other work equipment	6.8
Lift Stations	20	Office equipment and furniture	6.8

Depreciation expense for the years ended December 31, 2014 and 2013 was \$8,024,408 and \$7,804,812, 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, and consists of materials, supplies, and fuel.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 1—Organization and significant accounting policies (continued)

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, 2014 and 2013 were \$3,902,941 and \$3,920,067, 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 experience. Management believes that the allowance for uncollectible accounts as of year-end was adequate.

Bond Premium and Discounts - Bond premiums and discounts are recorded and amortized over the life of the respective bonds using a method that approximates the effective interest 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 12).

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 prepaid expenses, such as general liability insurance premiums that have been paid during 2014 and 2013, but are recognized over the appropriate accounting periods.

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.

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.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 1—Organization and significant accounting policies (continued)

Cumulative changes in the market value of hedge contracts are recorded at the time the contracts are closed. At December 31, 2014 and 2013, the Commission had a total of 33 contracts and 32 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 \$4,053,700 and \$3,278,650 at an average cost of \$4.24 and \$4.06 per dekatherm of natural gas at December 31, 2014 and 2013, 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.

Net Position - Equity is classified into net positions and is displayed in three components:

- Net investment in capital assets - 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 - consists of net assets with constraints placed on the use of either (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 - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Pronouncements - The GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities." The objective of this Statement is to establish accounting and financial reporting standards to reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for financial periods beginning after December 15, 2012, which the Commission implemented beginning January 1, 2013.

The GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27." The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. The requirements of this statement are effective for financial periods beginning after June 15, 2014, although early adoption of this Standard is permitted. The impact to the Commission upon adoption of this standard is currently being evaluated.

The GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." The objective of this Statement is to address an issue regarding application of the transition of provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." This Statement relates specifically to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement are effective for financial periods beginning after June 15, 2014, although early adoption of this Standard is permitted. The impact to the Commission upon adoption of this standard is currently being evaluated.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 1—Organization and significant accounting policies (continued)

The GASB issued Statement No. 72, *“Fair Value Measurement and Application.”* The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements, including guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial periods beginning after June 15, 2015, although early adoption of this Standard is permitted. The impact to the Commission upon adoption of this standard is currently being evaluated.

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 the Catawba Nuclear Station (the “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 15.13% and 15.12% in 2014 and 2013, respectively.

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 2014 and 2013, the Commission purchased \$32,158,426 and \$29,533,379, respectively, from PMPA under the two agreements discussed above. On December 31, 2014 and 2013, amounts due to PMPA of \$2,619,575 and \$2,507,726, respectively, were included in accounts payable.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 3—Utility plant

The following is a summary of changes in utility plant:

As of December 31, 2014

	December 31, 2013	Additions	Classification Transfers	Disposals	December 31, 2014
Utility plant not being depreciated:					
Land	\$ 2,349,591	\$ 36,793	\$ 182,949	\$ -	\$ 2,569,333
Construction in progress	3,145,531	1,145,395	(2,980,406)	(24,814)	1,285,706
Total Utility plant not being depreciated	<u>5,495,122</u>	<u>1,182,188</u>	<u>(2,797,457)</u>	<u>(24,814)</u>	<u>3,855,039</u>
Utility plant being depreciated:					
Electric distribution system	46,446,258	1,429,180	68,019	-	47,943,457
Gas distribution system	59,620,654	2,198,523	52,958	-	61,872,135
Water distribution system	69,264,697	1,348,066	-	-	70,612,763
Water reservoirs and dams	12,808,116	125,701	(125,701)	-	12,808,116
Recreational facilities	688,689	12,620	-	-	701,309
Disposal plants and sanitary sewer	85,979,932	2,401,840	2,577,732	(525,182)	90,434,322
Finance building	597,857	-	-	-	597,857
Operations center	5,757,343	45,998	-	(21,220)	5,782,121
Vehicle maintenance facility	358,074	-	-	-	358,074
Buildings	75,000	-	-	-	75,000
Vehicles and other work equipment	8,322,583	1,165,554	-	(268,540)	9,219,597
Office equipment and furniture	3,418,534	457,708	125,701	(884,750)	3,117,193
Fiber Optic	550,200	-	-	-	550,200
Total Utility plant being depreciated	<u>293,887,937</u>	<u>9,185,190</u>	<u>2,698,709</u>	<u>(1,699,692)</u>	<u>304,072,144</u>
Less accumulated depreciation for:					
Electric distribution system	(22,738,127)	(1,593,212)	(1,022)	-	(24,332,361)
Gas distribution system	(24,632,798)	(1,757,307)	(231)	-	(26,390,336)
Water distribution system	(19,038,099)	(1,375,927)	(6)	-	(20,414,032)
Water reservoirs and dams	(4,840,584)	(176,078)	1	-	(5,016,661)
Recreational facilities	(249,498)	(18,501)	(1)	-	(268,000)
Disposal plants and sanitary sewer	(23,698,892)	(1,870,222)	(17,386)	525,182	(25,061,318)
Finance building	(72,715)	(17,201)	-	-	(89,916)
Operations center	(2,936,655)	(139,059)	(239)	14,790	(3,061,163)
Vehicle maintenance facility	(219,636)	(9,185)	-	-	(228,821)
Buildings	(75,000)	-	-	-	(75,000)
Vehicles and other work equipment	(6,135,250)	(655,262)	2	267,850	(6,522,660)
Office equipment and furniture	(2,560,495)	(389,498)	(21,615)	875,731	(2,095,877)
Fiber Optic	(228,590)	(22,956)	(1)	-	(251,547)
Total accumulated depreciation	<u>(107,426,339)</u>	<u>(8,024,408)</u>	<u>(40,498)</u>	<u>1,683,553</u>	<u>(113,807,692)</u>
Utility plant, net	<u>\$ 191,956,720</u>				<u>\$ 194,119,491</u>

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 3—Utility plant (continued)

As of December 31, 2013

	December 31, 2012	Additions	Classification Transfers	Disposals	December 31, 2013
Utility plant not being depreciated:					
Land	\$ 2,313,949	\$ 30,714	\$ 4,928	\$ -	\$ 2,349,591
Construction in progress	1,601,355	2,986,579	(1,442,403)	-	3,145,531
Total Utility plant not being depreciated	<u>3,915,304</u>	<u>3,017,293</u>	<u>(1,437,475)</u>	<u>-</u>	<u>5,495,122</u>
Utility plant being depreciated:					
Electric distribution system	46,072,507	899,207	14,950	(540,406)	46,446,258
Gas distribution system	57,556,768	1,561,087	551,863	(49,064)	59,620,654
Water distribution system	69,493,128	487,360	(28,246)	(687,545)	69,264,697
Water reservoirs and dams	12,819,950	1,313	(6,241)	(6,906)	12,808,116
Recreational facilities	688,689	-	-	-	688,689
Disposal plants and sanitary sewer	84,364,212	1,044,985	628,810	(58,075)	85,979,932
Finance building	447,452	26,256	138,976	(14,827)	597,857
Operations center	5,858,281	-	-	(100,938)	5,757,343
Vehicle maintenance facility	358,074	-	-	-	358,074
Buildings	75,000	-	-	-	75,000
Vehicles and other work equipment	7,893,904	763,261	91,072	(425,654)	8,322,583
Office equipment and furniture	3,373,235	320,172	1,313	(276,186)	3,418,534
Fiber Optic	550,200	-	-	-	550,200
Total Utility plant being depreciated	<u>289,551,400</u>	<u>5,103,641</u>	<u>1,392,497</u>	<u>(2,159,601)</u>	<u>293,887,937</u>
Less accumulated depreciation for:					
Electric distribution system	(21,710,331)	(1,564,880)	(2,936)	540,020	(22,738,127)
Gas distribution system	(22,927,000)	(1,710,202)	(12,406)	16,810	(24,632,798)
Water distribution system	(18,266,155)	(1,371,841)	(3,131)	603,028	(19,038,099)
Water reservoirs and dams	(4,664,644)	(176,078)	(64)	202	(4,840,584)
Recreational facilities	(231,133)	(18,365)	-	-	(249,498)
Disposal plants and sanitary sewer	(21,993,119)	(1,763,556)	(291)	58,074	(23,698,892)
Finance building	(62,611)	(16,526)	(788)	7,210	(72,715)
Operations center	(2,845,584)	(139,292)	(730)	48,951	(2,936,655)
Vehicle maintenance facility	(210,451)	(9,185)	-	-	(219,636)
Buildings	(75,000)	-	-	-	(75,000)
Vehicles and other work equipment	(5,921,993)	(609,383)	(7,405)	403,531	(6,135,250)
Office equipment and furniture	(2,374,422)	(401,847)	(32,985)	248,759	(2,560,495)
Fiber Optic	(204,934)	(23,657)	1	-	(228,590)
Total accumulated depreciation	<u>(101,487,377)</u>	<u>(7,804,812)</u>	<u>(60,735)</u>	<u>1,926,585</u>	<u>(107,426,339)</u>
Utility plant, net	<u>\$ 191,979,327</u>				<u>\$ 191,956,720</u>

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

At December 31, 2014 and 2013, the Commission had outstanding contractual commitments of \$683,728 and \$425,455, 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
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 4—Cash, cash equivalents and investments

At December 31, 2014, the carrying value of deposits included in cash and cash equivalents was \$32,327,724 and the bank balance was \$33,475,978. At December 31, 2013, the carrying value of deposits included in cash and cash equivalents was \$26,751,815 and the bank balance was \$26,909,677. 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. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for substantially all depository accounts.

Cash and cash equivalents at December 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Cash	\$ 32,327,724	\$ 26,751,815

As of December 31, 2014, the Commission had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 6 Months</u>	<u>6 - 12 Months</u>
SC Local Government Investment Pool	\$ 3,040,762	\$ 3,040,762	\$ -

As of December 31, 2013, the Commission had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 6 Months</u>	<u>6 - 12 Months</u>
SC Local Government Investment Pool	\$ 7,374,860	\$ 7,374,860	\$ -

Reconciliation of Investments to Statements of Net Position:

	<u>2014</u>	<u>2013</u>
Short-term Investments		
Unrestricted	\$ 3,040,762	\$ 3,035,713
Restricted	-	4,339,147
Total short-term Investments	<u>\$ 3,040,762</u>	<u>\$ 7,374,860</u>

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.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 4—Cash, cash equivalents and investments (continued)

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 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) above.

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, its 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 SCLGIP 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. The SCLGIP is not rated. The fair value of the Commission’s position in the SCLGIP is the same as the value of the SCLGIP shares.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The 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 2014 and 2013, the Commission had a concentration of investments held in the SCLGIP.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 5—Inventories

Inventories at December 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Materials and supplies:		
Electric	\$ 1,419,391	\$ 1,281,425
Gas	790,386	607,393
Water and sewer	338,264	286,267
Other	20,441	11,884
Gasoline	25,342	24,790
	<u>\$ 2,593,824</u>	<u>\$ 2,211,759</u>

Note 6—Post-closure 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 post-closure maintenance for a period of thirty years after closure. During 2003, the Commission recorded a \$435,000 landfill post-closure liability for its South Tyger Monofill landfill. Under the EPA rulings, this amount is to be amortized over the remaining life the post-closure period, which is 20 years. At the end of 2012, after a review by independent engineers, the landfill post-closure liability was increased to \$437,000, an increase of \$75,800, and will be amortized over the remaining post-closure period. For the years ended December 31, 2014 and 2013, amortization in the amount of \$23,000, was recorded against related expenses. Actual cost for post-closure care may vary due to inflation, developments in technology, or changes in laws and regulations.

Note 7—Long-term debt

Long-term debt at December 31, 2014 and 2013 consists of the following:

	<u>2014</u>	<u>2013</u>
\$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.	\$ 23,475,000	\$ 23,665,000
South Carolina Water Quality Revolving Fund loan to finance the Water Treatment Plant Upgrade Project; interest at 2.25%; quarterly installments through August 1, 2034.	6,979,862	7,257,606
South Carolina Water Quality Revolving fund loan to finance the Water Transmission and Distribution System Improvements Project, interest at 2.25%; quarterly installments through February 1, 2034.	5,840,674	6,080,563
\$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.	4,190,360	4,432,339

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 7—Long-term debt (continued)

South Carolina Water Quality Revolving Fund loan to finance the upgrading and expanding of the Maple Creek Waste Water Treatment Plant Project; interest at 2.25%; quarterly installments through March 1, 2029.	10,336,817	10,945,559
South Carolina Water Quality Revolving fund loan to finance the Water construction of a 1.5 million gallon Elevated Water Tank and Transmission Main, interest at 2.25%; quarterly installments through January 1, 2041; Partially funded by American Recovery and Reinvestment Act (ARRA) in the amount of \$2,000,000, interest at 0.0%.	4,609,980	4,743,461
\$24,230,000 Series 2009 Combined Utility System Refunding Revenue Bond used to refund Series 1997 Combined Utility System Revenue Bonds; interest at 4.03%; principal payable annually starting at September 1, 2009 and interest payable semi-annually through September, 1, 2025.	18,915,000	20,260,000
\$6,115,000 Series 2010 Combined Utility System Revenue Bond used to fund construction and acquisition of certain improvements of utility plants; interest at 3.07%; principal payable annually starting at September 1, 2011 and interest payable annually through September 1, 2025.	4,810,000	5,175,000
South Carolina Public Service Authority junior lien loan to finance the acquisition and installation of an electrical substation; interest at 0.00% in years 1 through 5, and interest reset each year to the current rate of interest on 10-year U.S. Treasury Notes in years 6 through 10; principal and interest payable annually starting September 1, 2018 through September 1, 2022.	3,500,000	3,500,000
	82,657,693	86,059,528
Current portion of long-term debt	(3,509,490)	(3,401,835)
Bond premium, net of accumulated amortization of \$425,812 in 2014 and \$392,098 in 2013	585,601	619,314
	<u>\$ 79,733,804</u>	<u>\$ 83,277,007</u>

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 7—Long-term debt (continued)

Future maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,509,490	\$ 2,970,287	\$ 6,479,777
2016	3,628,200	2,854,479	6,482,679
2017	3,747,997	2,734,185	6,482,182
2018	3,868,913	2,609,652	6,478,565
2019	4,695,983	2,480,497	7,176,480
2020-2024	24,923,873	10,286,890	35,210,763
2025-2029	22,702,046	6,141,882	28,843,928
2030-2034	14,270,350	1,509,089	15,779,439
2035-2039	1,078,842	99,315	1,178,157
2040	231,999	3,632	235,631
	<u>\$ 82,657,693</u>	<u>\$ 31,689,908</u>	<u>\$ 114,347,601</u>

Changes in long-term debt:

December 31, 2014

	<u>Beginning Balance</u>	<u>New Issuance</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
2002 Combined Utility System Bonds	\$ 23,665,000	\$ -	\$ (190,000)	\$ 23,475,000	\$ 195,000
2004 State Revolving Loan	7,257,606	-	(277,744)	6,979,862	284,046
2005 State Revolving Loan	6,080,563	-	(239,889)	5,840,674	245,332
2007 State Revolving Loan	10,945,559	-	(608,742)	10,336,817	622,555
2007 Combined Utility System Bonds	4,432,339	-	(241,979)	4,190,360	251,707
2009 State Revolving Loan	4,743,461	-	(133,481)	4,609,980	135,850
2009 Combined Utility System Bonds	20,260,000	-	(1,345,000)	18,915,000	1,400,000
2010 Combined Utility System Bonds	5,175,000	-	(365,000)	4,810,000	375,000
2013 Santee Cooper Loan	3,500,000	-	-	3,500,000	-
Landfill Postclosure Costs	414,000	-	(23,000)	391,000	23,000
	<u>\$ 86,473,528</u>	<u>\$ -</u>	<u>\$ (3,424,835)</u>	<u>\$ 83,048,693</u>	<u>\$ 3,532,490</u>

December 31, 2013

	<u>Beginning Balance</u>	<u>New Issuance</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
2002 Combined Utility System Bonds	\$ 23,845,000	\$ -	\$ (180,000)	\$ 23,665,000	\$ 190,000
2004 State Revolving Loan	7,529,188	-	(271,582)	7,257,606	277,744
2005 State Revolving Loan	6,315,130	-	(234,567)	6,080,563	239,889
2007 State Revolving Loan	11,540,794	-	(595,235)	10,945,559	608,742
2007 Combined Utility System Bonds	4,664,966	-	(232,627)	4,432,339	241,979
2009 State Revolving Loan	4,907,104	-	(163,643)	4,743,461	133,481
2009 Combined Utility System Bonds	21,555,000	-	(1,295,000)	20,260,000	1,345,000
2010 Combined Utility System Bonds	5,525,000	-	(350,000)	5,175,000	365,000
2013 Santee Cooper Loan	-	3,500,000	-	3,500,000	-
Landfill Postclosure Costs	437,000	-	(23,000)	414,000	23,000
	<u>\$ 86,319,182</u>	<u>\$ 3,500,000</u>	<u>\$ (3,345,654)</u>	<u>\$ 86,473,528</u>	<u>\$ 3,424,835</u>

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 7—Long-term debt (continued)

The Commission has pledged future total revenues, net of operating expenses, to repay substantially all outstanding debt issued in prior years. Proceeds from this debt provided financing for utility infrastructure. The debt is payable solely from the net revenues of the Commission and is payable through 2041.

The total principal and interest remaining to be paid on the debt is \$114,347,601. Principal and interest paid for the years ended December 31, 2014 and 2013 were \$6,269,390 and \$6,250,221, respectively. Total operating revenues for the years ended December 31, 2014 and 2013 were \$83,785,320 and \$74,650,207, respectively.

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 bond defeasance loss and is being amortized as interest expense over the term of the new debt.

At December 31, 2014 and 2013, the amount of defeased bonds principal outstanding and unpaid by the Trustee was \$18,800,000 and \$20,780,000, respectively.

Note 8—Retirement plan

All employees of the Commission participate in the South Carolina Retirement System (“SCRS”) or the Police Officer Retirement System (“PORS”), managed by the South Carolina Public Employee Benefit Authority (“PEBA”), a cost sharing multiple employer public employee retirement system. During 2014, the Commission employed an employee that previously participated in the PORS onto the payroll of the Commission. This employee is subject to participating with the PORS.

The payroll for employees covered by the SCRS for the years ended December 31, 2014 and 2013 was \$6,854,759 and \$6,643,781, respectively. The payroll for employees covered by the PORS for the years ended December 31, 2014 and 2013 was \$18,262 and zero, respectively.

The SCRS and PORS offer 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 and PORS is issued and publicly available from the PEBA on their website at www.retirement.sc.gov, or a copy can be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, SC, 29211-1960.

Both employees and the Commission are required to contribute to the SCRS and PORS 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.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 8—Retirement plan (continued)

The SCRS and PORS have adjusted its mandatory contribution rates to be as follows:

Period	SCRS		PORS	
	Employee	Employer	Employee	Employer
July – June 2012	6.50%	9.39%	N/A	N/A
July – June 2013	7.00%	10.60%	N/A	N/A
July – December 2013	7.50%	10.60%	N/A	N/A
January – June 2014	7.50%	10.60%	7.50%	12.50%
July – December 2014	8.00%	10.90%	8.41%	13.21%

Contributions by the Commission to the SCRS were based on the percentages of the employees' earnings listed above and amounted to \$701,210, \$678,056, and \$677,492 in 2014, 2013, and 2012, respectively. Employee contributions were based on the percentages of the employees' earnings listed above and amounted to \$517,011, \$478,170, and \$451,525 in 2014, 2013, and 2012, respectively. The contributions are equal to the required contributions for each year.

Contributions by the Commission to the PORS were based on the percentages of the employees' earnings listed above and amounted to \$1,837 in 2014. Employee contributions were based on the percentages of the employees' earnings listed above and amounted to \$1,162 in 2014. There were no contributions by the Commission or employees to the PORS in 2013 or 2012.

The PEBA also provides an Optional Retirement Plan ("ORP"). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the Internal Revenue Code. The 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 SCRS, employees eligible for the state ORP may choose between the state ORP and the SCRS.

Note 9—Other post-employment benefits

The Commission adopted GASB 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:

	2014	2013
Active Employees	125	122
Retirees	5	14
Total	130	136

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 9—Other post-employment benefits (continued)

For those employees hired prior to October 7, 2005 and retired prior to July 1, 2010 (known as the Grandfathered-Group), the Commission provides post-employment health benefits to these employees who retire with 25 years of service for a period until the employee attains age 65. For those employees who retire with 30 years of service, the Commission also provides their spouses with a maximum of three years of coverage.

The Commission adopted changes to the post-employment benefits during 2010, and are as follows. For those employees that were not considered as the Grandfathered-Group, the Commission provides post-employment health benefits to these employees who have meet the following qualifications: 1) retire with 30 years of service within the SCRS, 2) have 25 years of service at the Commission, and 3) have attained age 62. The post-employment health benefits are provided for a period of up to three 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 60% to 80% 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.

The health plan is financed on a pay-as-you-go basis. During the fiscal years ended December 31, 2014 and 2013, the Commission recognized expenses (net of participant contributions) of \$31,210 and \$63,648 respectively, to provide health benefits to Commission participants in post-employment status. As of December 31, 2014 and 2013, retired members in post-employment status that were eligible for benefits under the Plan included 9 and 17, respectively.

Annual OPEB Cost and Net Obligation

The Plan's annual Other Post-Employment Benefits ("OPEB") cost is calculated based on the Commission'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 Commission's annual OPEB cost at December 31, 2014 and 2013, respectively, the amount actually contributed to the Plan and the changes in the net OPEB obligation to the Plan:

	2014	2013
Annual Required Contribution	\$ 104,000	\$ 104,000
Interest on net OPEB obligation	31,000	29,000
Adjustment to annual required contribution	(32,000)	(30,000)
Annual OPEB cost	103,000	103,000
Contributions made during the year	(44,000)	(50,000)
Increase in Net OPEB obligation	59,000	53,000
Net OPEB obligation - beginning of year	768,000	715,000
Net OPEB obligation - end of year	<u>\$ 827,000</u>	<u>\$ 768,000</u>

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 9—Other post-employment benefits (continued)

The Commission's annual OPEB cost, contributions, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation of the years ended December 31, 2014, 2013, and 2012 are as follows:

<u>Year</u>	<u>Annual OPEB Cost</u>	<u>Contribution</u>	<u>Percent Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 103,000	\$ 44,000	42.72%	\$ 827,000
2013	103,000	50,000	48.54%	768,000
2012	114,000	83,000	72.81%	715,000

Funding progress:

	<u>January 1, 2013</u>	<u>January 1, 2010</u>	<u>January 1, 2008</u>
Actuarial valuation date			
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL) – projects unit credit	1,402,000	1,528,000	3,725,000
Unfunded AAL (UAAL)	1,402,000	1,528,000	3,725,000
Normal Cost	45,000	51,000	189,000
Funded ratio	0%	0%	0%
Covered payroll	\$ 6,643,781	\$ 6,751,423	\$ 6,948,988
UAAL as a percent of covered payroll	21.10%	22.63%	53.60%

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 Commission are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. At December 31, 2014, 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.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 9—Other post-employment benefits (continued)

The projected unit credit cost method was used in the January 1, 2013 actuarial valuation. The actuarial present value of benefits allocated to the valuation year is the normal costs. Using the plan benefits, the present health premiums, and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. Actuarial gains (losses), as they occur, reduce (increase) the unfunded actuarial accrued liability. Unfunded actuarial accrued liabilities (“UAAL”) were amortized by level percent of payroll contributions. The UAAL was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent of payroll (assumed to increase at 2.0%) required to fully amortize the UAAL over a 30-year period. Projections of health benefits are based on the plan as understood by the Commission and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Commission and its employees to that point. Actuarial assumptions include annual healthcare cost trend rates of 7.5%, reduced by decrements of 0.5% to an ultimate rate of 5.0%. Dental costs are assumed to increase at 5.0% per year. The remaining open amortization period at December 31, 2014, was 23 years. Significant methods and assumption were as follows:

Actuarial Methods and Assumptions

Investment rate of return	4.00%
Actuarial cost method	Projected Unit Cost Method
Annual amortization Inflation rate	2.50%
Amortization period	Level as a percentage of salary
Salary growth	2.50%

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 plan. 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.

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 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. These health insurance policies are administered by a third party. The Commission’s total expense for the fiscal years ended December 31, 2014 and December 31, 2013 was \$1,625,538 and \$1,405,351, respectively.

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

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 11—Related party transactions

In 2014 and 2013, the Commission and the City of Greer verbally agreed to addendums to the existing 7-year agreement whereby the Commission makes a fixed payment to the City each year. The Commission recognized expenses of \$1,000,000 in 2014 and 2013.

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' policy has been to require residential and commercial developers 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.

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 Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, contributions for the years ended December 31, 2014 and 2013 are reported in the Statement of Revenues, Expenses, and Changes in Net Position as revenues, rather than as directed additions to contributed capital. Developer and consumer capacity fees of \$526,915 and \$331,643 and capital contributions of \$2,102,435 and \$706,802, 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 cover 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, 2014 and 2013, the Commission had no accumulated unbilled PGA costs.

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 COMMISSION OF PUBLIC WORKS

SCHEDULE 1 – SCHEDULE OF ACTUAL AND BUDGETED REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	Variance
Operating revenues				
Electric revenues	\$ 37,473,142	\$ 38,539,424	\$ 1,066,282	2.85%
Gas revenues	24,188,339	30,593,979	6,405,640	26.48%
Water and sewer service	12,261,023	11,922,430	(338,593)	-2.76%
Other operating revenues	<u>2,211,536</u>	<u>2,729,487</u>	<u>517,951</u>	23.42%
Total operating revenues	<u>76,134,040</u>	<u>83,785,320</u>	<u>7,651,280</u>	10.05%
Operating expenses				
Purchased power	31,513,700	32,895,371	(1,381,671)	-4.38%
Purchased gas	13,080,277	18,743,205	(5,662,928)	-43.29%
Depreciation and amortization	8,102,830	8,029,271	73,559	0.91%
Other operating expenses	<u>16,975,571</u>	<u>16,157,189</u>	<u>818,382</u>	4.82%
Total operating expenses	<u>69,672,378</u>	<u>75,825,036</u>	<u>(6,152,658)</u>	-8.83%
Net operating revenue	<u>6,461,662</u>	<u>7,960,284</u>	<u>1,498,622</u>	23.19%
Other revenues (expenses)				
Interest expense	(3,139,075)	(2,844,555)	294,520	-9.38%
Interest revenue	45,000	29,911	(15,089)	-33.53%
Transfers to the City of Greer	(1,000,000)	(1,000,000)	-	0.00%
Loss on disposal of utility plant	<u>-</u>	<u>(34,088)</u>	<u>(34,088)</u>	
Total other expenses, net	<u>(4,094,075)</u>	<u>(3,848,732)</u>	<u>245,343</u>	-5.99%
Change in net position before contributions	2,367,587	4,111,552	1,743,965	73.66%
Contributions	<u>-</u>	<u>2,629,350</u>	<u>2,629,350</u>	
Change in net position after contributions	<u>\$ 2,367,587</u>	<u>\$ 6,740,902</u>	<u>\$ 4,373,315</u>	184.72%

GREER COMMISSION OF PUBLIC WORKS**SCHEDULE 2 – SCHEDULE OF DEPARTMENTAL OPERATING REVENUES AND EXPENSES***FOR THE YEAR ENDED DECEMBER 31, 2014*

	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues					
Electric and gas sales -					
Residential	\$ 20,680,518	\$ 11,593,410	\$ -	\$ -	\$ 32,273,928
Commercial	5,853,976	5,933,728	-	-	11,787,704
Industrial and power	12,004,931	13,066,840	-	-	25,071,771
Water and sewer service	-	-	6,861,489	5,060,941	11,922,430
Collection penalties	99,893	152,766	127,061	127,061	506,781
Other operating revenues	495,168	345,762	439,086	942,690	2,222,706
Total Operating revenues	<u>39,134,486</u>	<u>31,092,506</u>	<u>7,427,636</u>	<u>6,130,692</u>	<u>83,785,320</u>
Operating and maintenance expenses					
Purchased power	32,895,371	-	-	-	32,895,371
Purchased gas	-	18,743,205	-	-	18,743,205
Depreciation	1,901,502	2,065,598	1,878,797	2,178,511	8,024,408
Amortization	875	778	1,605	1,605	4,863
Other operating expenses	3,072,804	4,886,060	4,319,405	3,878,920	16,157,189
Total operating expenses	<u>37,870,552</u>	<u>25,695,641</u>	<u>6,199,807</u>	<u>6,059,036</u>	<u>75,825,036</u>
Net operating departmental revenue	<u>\$ 1,263,934</u>	<u>\$ 5,396,865</u>	<u>\$ 1,227,829</u>	<u>\$ 71,656</u>	<u>\$ 7,960,284</u>

GREER COMMISSION OF PUBLIC WORKS

STATISTICAL NARRATIVE

FOR THE YEAR ENDED DECEMBER 31, 2014

This part of the Commission's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, says about the Commission'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

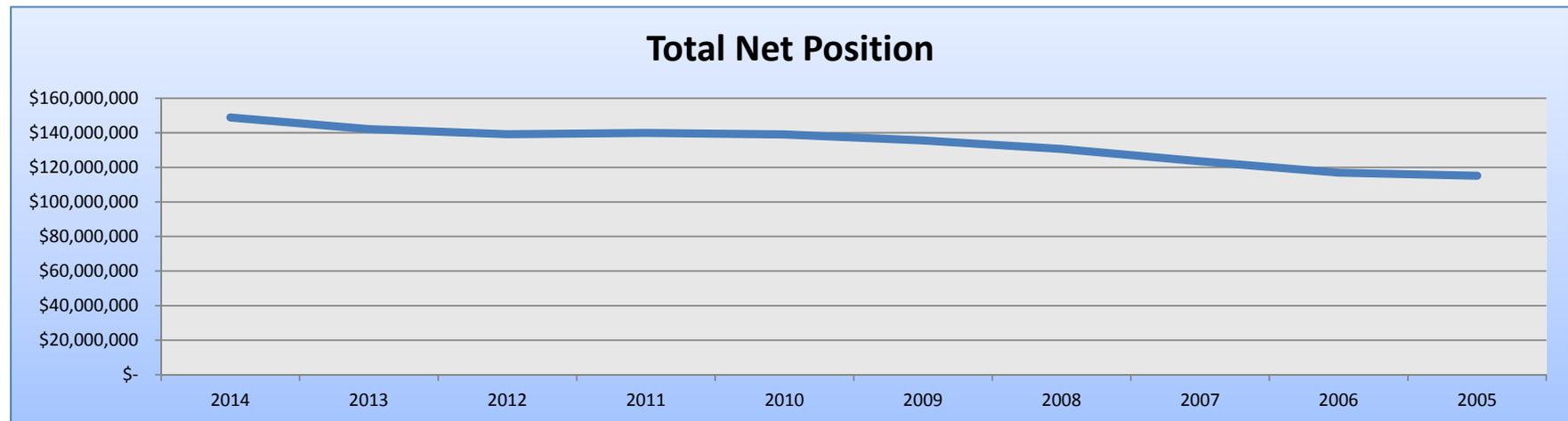
These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**GREER COMMISSION OF PUBLIC WORKS
COMBINED SYSTEM
SCHEDULE OF NET POSITION BY COMPONENT FOR THE LAST 10 YEARS (UNAUDITED)**

	<u>2014</u>	<u>2013</u>	<u>2012 (Restated)</u>	<u>2011 (Restated)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net investment in capital assets	\$ 114,376,942	\$ 108,778,273	\$ 108,761,825	\$ 108,561,274	\$ 111,941,096	\$ 113,732,125	\$ 112,683,179	\$ 105,884,705	\$ 98,779,928	\$ 94,868,899
Restricted for:										
Debt service	2,871,675	2,505,422	3,565,121	4,467,936	4,952,826	3,889,984	1,578,469	2,154,633	2,452,007	2,111,197
Capital projects	7,408,021	5,944,339	5,606,320	5,169,075	4,874,744	4,644,739	6,247,638	9,011,915	5,401,779	4,237,532
Total restricted	10,279,696	8,449,761	9,171,441	9,637,011	9,827,570	8,534,723	7,826,107	11,166,548	7,853,786	6,348,729
Unrestricted	24,217,176	24,904,878	21,233,711	23,374,253	17,244,248	13,263,590	10,160,784	6,427,074	10,247,888	13,931,999
Change in accounting principles	-	-	-	(1,668,067)	-	-	-	-	-	-
Unrestricted, restated	24,217,176	24,904,878	21,233,711	21,706,186	17,244,248	13,263,590	10,160,784	6,427,074	10,247,888	13,931,999
Total net position	<u>\$ 148,873,814</u>	<u>\$ 142,132,912</u>	<u>\$ 139,166,977</u>	<u>\$ 139,904,471</u>	<u>\$ 139,012,914</u>	<u>\$ 135,530,438</u>	<u>\$ 130,670,070</u>	<u>\$ 123,478,327</u>	<u>\$ 116,881,602</u>	<u>\$ 115,149,627</u>

(1) The Commission adopted GASB 65 in fiscal year 2011, which changed the treatment of the costs of debt issuance.



GREER COMMISSION OF PUBLIC WORKS
CAPITAL ASSETS STATISTICS BY UTILITY
LAST EIGHT FISCAL YEARS⁽¹⁾

	2014	2013	2012	2011	2010	2009	2008	2007
Electric								
Substations	4	4	4	3	3	3	3	3
Winter peak (megawatts)	77	64	61	67	67	58	59	53
Summer peak (megawatts)	84	81	84	85	83	75	81	81
Overhead distribution (miles)	200	199	196	195	193	193	190	190
Underground distribution (miles)	200	188	184	184	184	183	176	170
Poles	12,302	12,152	12,045	11,938	11,793	10,135	9,986	9,606
Transformers	4,819	4,714	4,653	4,612	4,587	4,571	4,534	4,499
Meters	16,962	16,683	16,510	16,310	16,143	16,089	15,955	15,263
Vehicles	17	18	17	17	17	17	18	17
Natural Gas								
Transco pipeline connections	2	2	2	2	2	2	2	2
High-pressure transmission lines (miles)	42	42	42	42	42	42	42	42
Intermediate and distribution lines (miles)	729	721	717	714	712	710	704	683
Pressure reducing regulator stations	131	131	131	131	139	139	139	139
Meters	21,255	20,891	20,569	20,275	20,078	19,880	19,639	19,263
Vehicles	20	21	20	21	21	21	19	17
Water								
Water treatment plants	1	1	1	1	1	1	1	1
Water treatment plant capacity (million gallons per day)	24	24	24	24	24	24	24	24
Average daily flow (million gallons per day)	8	9	10	8	9	8	9	9
Peak flow (million gallons per day)	12	13	19	13	14	14	16	14
Ground storage capacity (million gallons)	8	8	8	8	8	8	8	8
Elevated tank storage capacity (million gallons)	6	6	6	6	6	4	4	4
Transmission lines (miles)	33	32	32	31	32	31	31	30
Distribution lines (miles)	370	371	368	379	379	373	373	372
Fire hydrants	1,484	1,455	1,438	1,423	1,476	1,459	1,446	1,398
Meters	18,522	18,302	18,126	17,899	17,717	17,607	17,438	17,221
Vehicles	12	12	9	10	10	10	8	8
Sewer								
Treatment plants	1	1	1	1	1	1	1	1
Treatment plant capacity (million gallons per day)	5	5	5	5	5	5	5	5
Average daily flow (million gallons per day)	2	2	2	2	2	2	2	2
Gravity collection lines (miles)	222	216	216	214	216	215	214	213
Force main collection lines (miles)	22	20	20	28	22	21	21	19
Lift stations	19	17	17	17	17	18	18	17
Sewer valves	58	52	52	52	52	52	52	52
Manholes	5,798	5,590	5,615	5,606	5,582	5,532	5,452	5,325
Vehicles	15	15	14	13	13	13	11	12

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

GREER COMMISSION OF PUBLIC WORKS

COMBINED SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾

<i>(in thousands)</i>	2014	2013	2012 (Restated)	2011 (Restated)	2010	2009	2008	2007	2006	2005
OPERATING REVENUES:										
Electric revenues	\$ 38,539	\$ 34,812	\$ 32,224	\$ 31,562	\$ 32,136	\$ 30,495	\$ 28,886	\$ 26,686	\$ 23,868	\$ 23,052
Gas revenues	30,594	26,536	21,932	26,888	31,247	29,195	38,476	34,443	33,630	32,015
Water revenues	6,862	5,795	6,113	5,634	5,679	5,579	6,000	5,845	5,001	4,597
Sewer revenues	5,061	4,824	4,569	4,526	4,481	4,211	4,169	3,832	3,355	3,165
Other operating revenues	2,729	2,683	2,661	2,022	1,807	2,105	2,627	3,605	3,728	3,847
Total operating revenues	<u>83,785</u>	<u>74,650</u>	<u>67,499</u>	<u>70,632</u>	<u>75,350</u>	<u>71,585</u>	<u>80,158</u>	<u>74,411</u>	<u>69,582</u>	<u>66,676</u>
OPERATING EXPENSES:										
Purchased power	32,895	30,329	28,426	26,509	25,054	23,548	22,689	20,859	19,333	17,843
Purchased gas	18,743	15,140	12,988	16,784	20,381	20,150	28,889	27,333	27,936	26,629
Depreciation and amortization	8,029	7,810	7,710	7,124	7,472	7,079	6,288	5,867	5,377	5,233
Depreciation - change in accounting estimate	-	-	817	-	-	-	-	-	-	-
Other operating expenses	16,157	15,451	15,099	13,987	14,598	14,716	14,805	14,040	12,811	12,096
Total operating expenses	<u>75,824</u>	<u>68,730</u>	<u>65,040</u>	<u>64,404</u>	<u>67,505</u>	<u>65,493</u>	<u>72,671</u>	<u>68,099</u>	<u>65,457</u>	<u>61,801</u>
Net operating revenue	<u>\$ 7,961</u>	<u>\$ 5,920</u>	<u>\$ 2,459</u>	<u>\$ 6,228</u>	<u>\$ 7,845</u>	<u>\$ 6,092</u>	<u>\$ 7,487</u>	<u>\$ 6,312</u>	<u>\$ 4,125</u>	<u>\$ 4,875</u>
OTHER REVENUES (EXPENSES)										
Interest expense	\$ (2,845)	\$ (2,904)	\$ (3,203)	\$ (3,498)	\$ (3,275)	\$ (3,028)	\$ (3,105)	\$ (3,158)	\$ (3,052)	\$ (2,645)
Interest revenue	30	51	64	80	48	156	457	913	842	730
Transfers to the City of Greer	(1,000)	(1,000)	(1,000)	(1,088)	(1,262)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Loss on disposal of utility plant	(34)	(140)	(93)	(178)	(599)	(148)	(109)	(12)	(425)	(64)
Total other expenses, net	<u>(3,849)</u>	<u>(3,993)</u>	<u>(4,232)</u>	<u>(4,684)</u>	<u>(5,088)</u>	<u>(4,020)</u>	<u>(3,757)</u>	<u>(3,257)</u>	<u>(3,635)</u>	<u>(2,979)</u>
Change in net position before contributions	4,112	1,927	(1,773)	1,544	2,757	2,072	3,730	3,055	490	1,896
Contributions	2,629	1,039	1,035	1,112	726	2,788	3,462	3,541	1,242	4,369
Change in net position after contributions	<u>6,741</u>	<u>2,966</u>	<u>(738)</u>	<u>2,656</u>	<u>3,483</u>	<u>4,860</u>	<u>7,192</u>	<u>6,596</u>	<u>1,732</u>	<u>6,265</u>
Beginning net position ⁽²⁾	<u>142,133</u>	<u>139,167</u>	<u>139,905</u>	<u>139,013</u>	<u>135,530</u>	<u>130,670</u>	<u>123,478</u>	<u>116,882</u>	<u>115,150</u>	<u>108,885</u>
Change in accounting principle	-	-	-	(1,764)	-	-	-	-	-	-
Beginning net position, restated	<u>142,133</u>	<u>139,167</u>	<u>139,905</u>	<u>137,249</u>	<u>135,530</u>	<u>130,670</u>	<u>123,478</u>	<u>116,882</u>	<u>115,150</u>	<u>108,885</u>
Ending net position	<u>\$ 148,874</u>	<u>\$ 142,133</u>	<u>\$ 139,167</u>	<u>\$ 139,905</u>	<u>\$ 139,013</u>	<u>\$ 135,530</u>	<u>\$ 130,670</u>	<u>\$ 123,478</u>	<u>\$ 116,882</u>	<u>\$ 115,150</u>

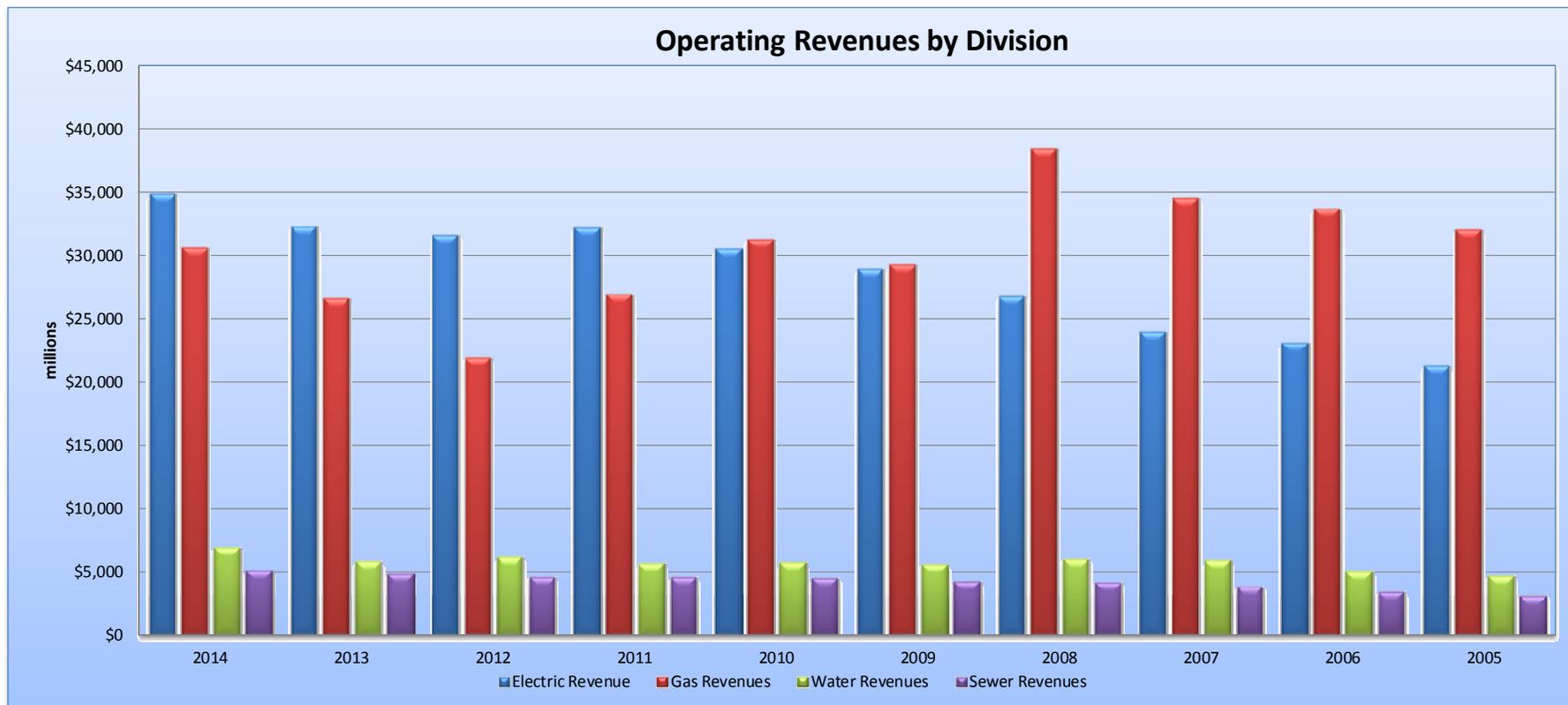
(1) Information is summarized from the audited financial statements for the years indicated.

(2) The Commission adopted GASB 65 in fiscal year 2011, which changed the treatment of the costs of debt issuance

GREER COMMISSION OF PUBLIC WORKS

COMBINED SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾



GREER COMMISSION OF PUBLIC WORKS

ELECTRIC SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾

<i>(in thousands)</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES:										
Residential	\$ 20,681	\$ 18,657	\$ 17,067	\$ 17,141	\$ 17,162	\$ 16,321	\$ 15,468	\$ 15,186	\$ 13,296	\$ 13,019
Small commercial	4,322	4,079	4,338	3,341	3,492	3,171	3,072	2,430	1,778	1,835
Time of use	234	217	208	297	210	208	227	237	212	323
Large commercial	12,005	10,696	10,022	9,625	10,211	9,702	9,087	8,833	7,747	7,875
Rental and street lighting	1,298	1,163	589	1,158	1,061	1,093	1,032	901	835	803
Collection penalties	99	96	94	91	95	129	152	149	141	163
Other	495	501	513	473	294	333	301	273	1,204	280
Total operating revenues	<u>39,134</u>	<u>35,409</u>	<u>32,831</u>	<u>32,126</u>	<u>32,525</u>	<u>30,957</u>	<u>29,339</u>	<u>28,009</u>	<u>25,213</u>	<u>24,298</u>
OPERATING EXPENSES:										
Purchased power	32,895	30,329	28,426	26,509	25,054	23,548	22,688	20,859	19,333	17,843
Depreciation	1,902	1,865	1,836	1,713	1,854	1,609	1,481	1,408	1,317	1,279
Amortization	1	1	25	34	43	4	6	6	5	5
Other operating expenses	3,072	3,051	2,938	2,979	3,244	3,219	2,966	2,859	2,668	2,531
Total operating expenses	<u>37,870</u>	<u>35,246</u>	<u>33,225</u>	<u>31,235</u>	<u>30,195</u>	<u>28,380</u>	<u>27,141</u>	<u>25,132</u>	<u>23,323</u>	<u>21,658</u>
Net operating departmental revenue	<u>\$ 1,264</u>	<u>\$ 163</u>	<u>\$ (394)</u>	<u>\$ 891</u>	<u>\$ 2,330</u>	<u>\$ 2,577</u>	<u>\$ 2,198</u>	<u>\$ 2,877</u>	<u>\$ 1,890</u>	<u>\$ 2,640</u>
PURCHASED POWER - (Megawatt Hours)										
Purchased from PMPA ⁽²⁾	357,985	342,297	345,028	352,790	363,458	335,001	340,029	328,918	290,598	272,704
Purchased from SEPA ⁽³⁾	15,267	18,769	12,796	13,584	11,272	12,516	14,041	13,901	13,402	27,645
Total purchased	<u>373,252</u>	<u>361,066</u>	<u>357,824</u>	<u>366,374</u>	<u>374,730</u>	<u>347,517</u>	<u>354,070</u>	<u>342,819</u>	<u>304,000</u>	<u>300,349</u>
CONSUMPTION - (Megawatt Hours)										
Residential	176,752	168,471	167,257	177,315	183,153	162,016	163,775	161,825	148,537	141,312
Small commercial	13,612	13,171	12,917	13,689	14,418	13,432	14,133	14,235	14,872	17,729
Time of use	2,793	2,678	2,778	3,998	2,746	2,924	3,299	3,639	3,473	5,190
Large commercial	152,595	147,618	147,079	147,363	141,101	135,962	136,619	128,748	114,483	105,835
Rental and street lighting	1,928	2,186	2,330	2,233	2,156	2,029	2,095	6,037	5,431	5,656
Other	11,987	11,513	11,555	11,740	12,029	11,463	11,226	11,825	10,733	9,377
Total consumption	<u>359,667</u>	<u>345,637</u>	<u>343,916</u>	<u>356,338</u>	<u>355,603</u>	<u>327,826</u>	<u>331,147</u>	<u>326,309</u>	<u>297,529</u>	<u>285,099</u>
Line losses and megawatt hours unaccounted for	<u>13,585</u>	<u>15,429</u>	<u>13,908</u>	<u>10,036</u>	<u>19,127</u>	<u>19,691</u>	<u>22,923</u>	<u>16,510</u>	<u>6,471</u>	<u>15,250</u>
Percentage of line losses and megawatt hours unaccounted for to purchased power	<u>3.6%</u>	<u>4.3%</u>	<u>3.9%</u>	<u>2.7%</u>	<u>5.1%</u>	<u>5.7%</u>	<u>6.5%</u>	<u>4.8%</u>	<u>2.1%</u>	<u>5.1%</u>
ACTIVE SERVICES (Number of Customers)										
Residential	14,526	14,226	14,003	13,764	13,588	13,454	13,461	12,869	12,439	11,932
Small commercial	1,229	1,235	1,215	1,211	1,195	1,214	1,245	1,192	1,154	1,140
Time of use	6	6	6	6	6	6	8	8	8	8
Large commercial	782	759	757	744	704	710	715	684	659	641
Rental and street lighting	1,988	2,016	2,039	2,043	2,035	2,053	2,061	2,054	2,030	2,018
Other	49	49	46	47	46	47	47	44	36	33
Total	<u>18,580</u>	<u>18,291</u>	<u>18,066</u>	<u>17,815</u>	<u>17,574</u>	<u>17,484</u>	<u>17,537</u>	<u>16,851</u>	<u>16,326</u>	<u>15,772</u>

(1) Information is compiled from internally generated statistical reports

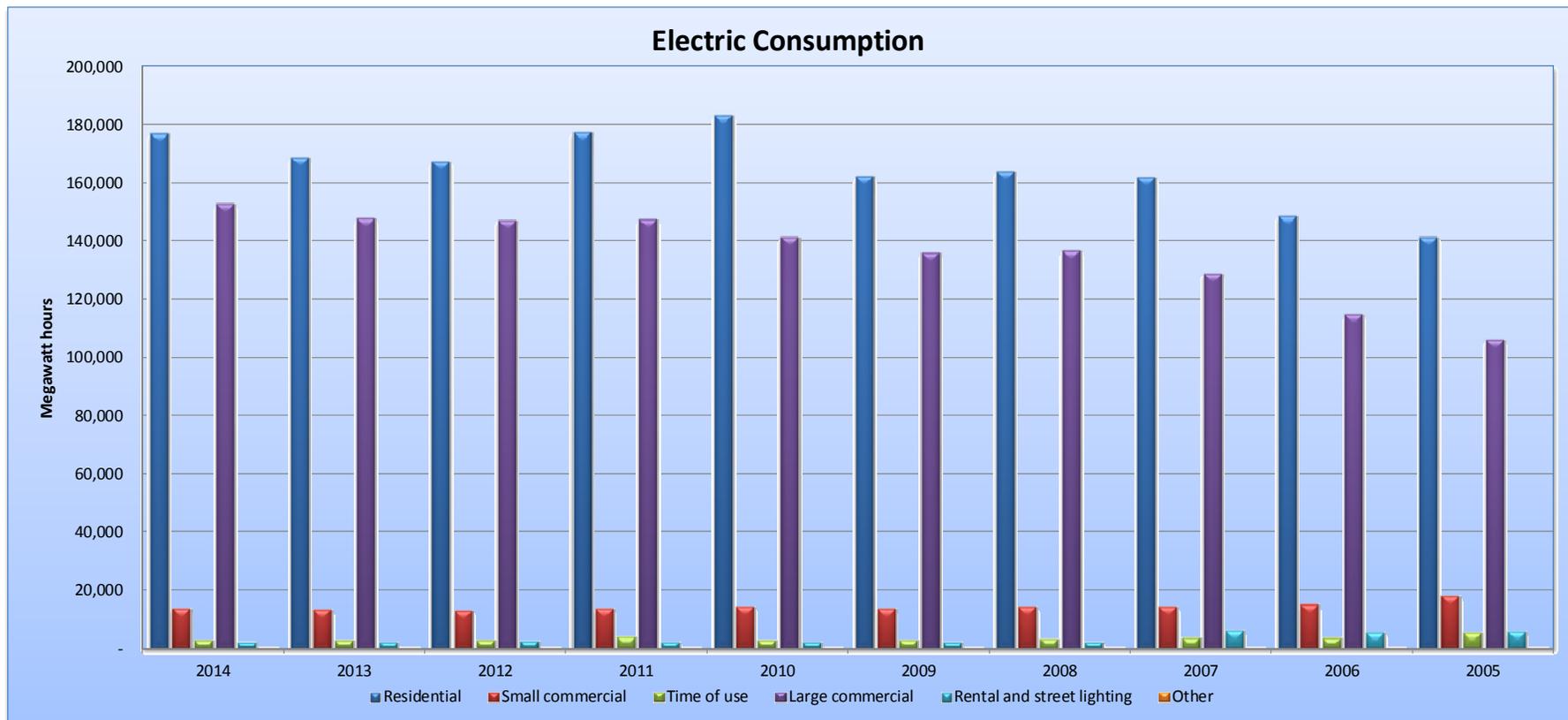
(2) Piedmont Municipal Power Association

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

GREER COMMISSION OF PUBLIC WORKS

ELECTRIC SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾



GREER COMMISSION OF PUBLIC WORKS

GAS SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾

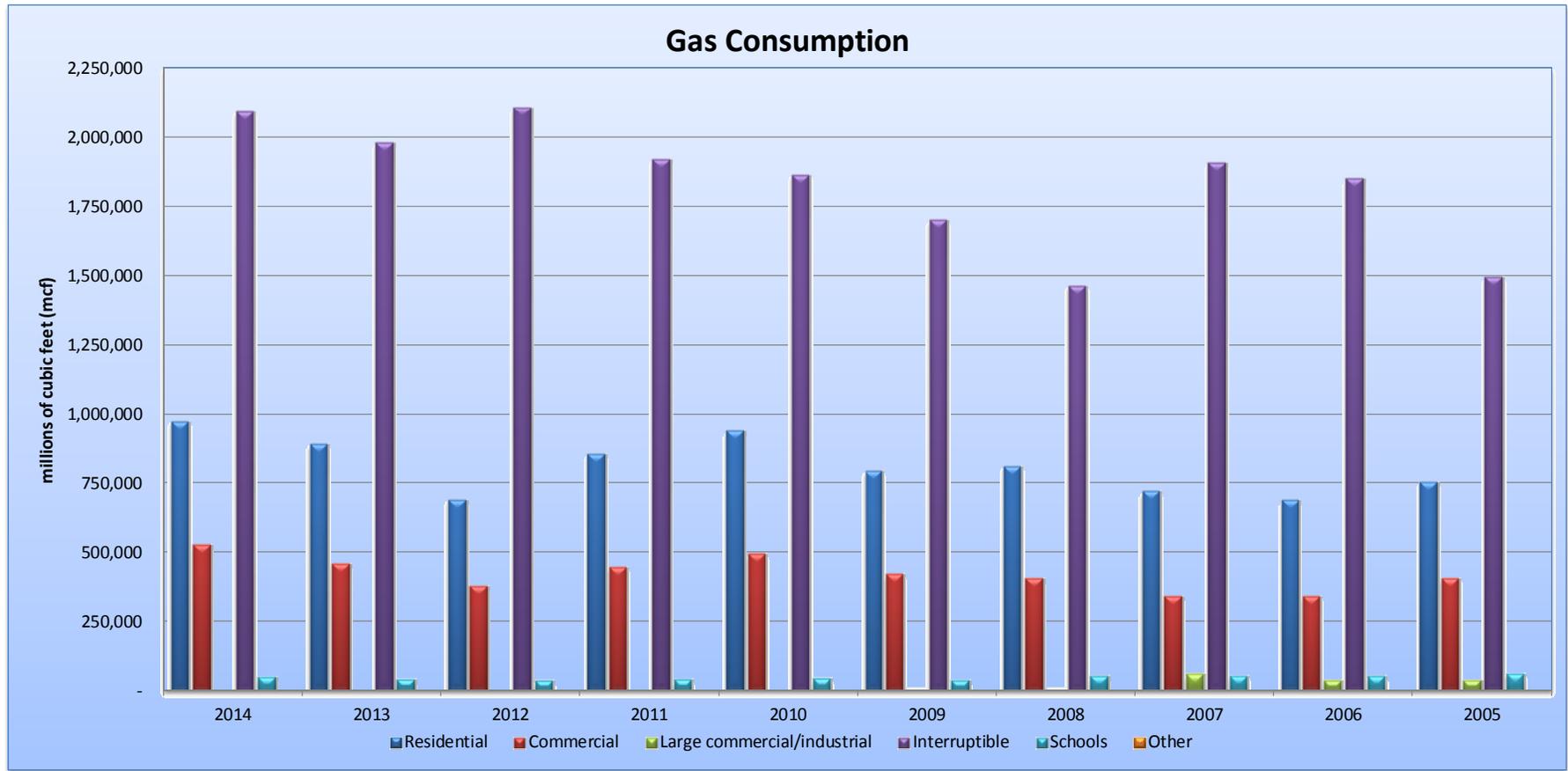
<i>(in thousands)</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES:										
Residential	\$ 11,593	\$ 10,808	\$ 8,670	\$ 10,364	\$ 12,946	\$ 11,937	\$ 13,841	\$ 11,138	\$ 10,963	\$ 11,185
Commercial	5,488	4,803	4,317	4,952	6,429	6,004	7,283	5,572	5,135	6,152
Large commercial/industrial	41	41	43	50	118	105	430	728	673	448
Interruptible	13,026	10,517	8,529	11,087	11,228	10,656	16,115	16,346	16,076	13,410
Schools	446	367	374	435	526	494	807	659	783	820
Collection penalties	153	148	146	141	149	193	284	278	263	304
Other	345	333	301	253	229	222	335	498	579	631
Total operating revenues	31,092	27,017	22,380	27,282	31,625	29,611	39,095	35,219	34,472	32,950
OPERATING EXPENSES:										
Purchased gas	18,743	15,140	12,988	16,784	20,381	20,150	28,889	27,333	27,937	26,629
Depreciation	2,066	2,010	2,760	1,864	2,003	1,855	1,757	1,621	1,489	1,440
Amortization	1	1	26	(10)	39	35	26	27	23	22
Other operating expenses	4,886	4,424	4,500	4,377	4,516	4,512	4,457	4,040	3,803	3,704
Total operating expenses	25,696	21,575	20,274	23,015	26,939	26,552	35,129	33,021	33,252	31,795
Net operating departmental revenue	\$ 5,396	\$ 5,442	\$ 2,106	\$ 4,267	\$ 4,686	\$ 3,059	\$ 3,966	\$ 2,198	\$ 1,220	\$ 1,155
PURCHASED GAS (MCF)	3,937,025	3,793,021	3,238,936	3,449,843	3,604,580	3,118,965	2,984,096	3,261,032	3,182,122	2,932,260
CONSUMPTION - (MCF)										
Residential	971,507	889,965	686,981	853,869	936,733	792,434	808,764	717,641	686,047	751,792
Commercial	523,005	456,793	377,058	444,267	491,385	418,847	402,109	340,434	339,158	404,718
Large commercial/industrial	4,022	4,003	3,899	4,393	5,981	7,613	7,965	58,452	35,778	37,205
Interruptible	2,093,179	1,980,468	2,110,089	1,921,301	1,865,158	1,699,902	1,463,607	1,908,916	1,850,861	1,494,890
Schools	48,706	37,424	34,303	39,074	41,362	36,962	50,865	52,335	50,791	60,162
Other	2,372	2,078	1,725	2,950	2,738	2,329	2,393	1,733	2,112	2,350
Total consumption	3,642,791	3,370,731	3,214,055	3,265,854	3,343,357	2,958,087	2,735,703	3,079,511	2,964,747	2,751,117
Line-loss and unaccounted for gas	294,234	422,290	24,881	183,989	261,223	160,878	248,393	181,521	217,375	181,143
Percentage of line losses and MCF unaccounted for to purchased gas.	7.5%	11.1%	0.8%	5.3%	7.2%	5.2%	8.3%	5.6%	6.8%	6.2%
ACTIVE SERVICES (Number of Customers)										
Residential	18,575	18,004	17,649	17,358	17,141	16,902	16,871	16,334	15,996	15,268
Commercial	1,509	1,489	1,472	1,448	1,433	1,457	1,485	1,460	1,430	1,421
Large commercial/industrial	5	5	6	6	7	9	9	13	7	7
Interruptible	10	10	10	10	10	10	10	8	11	10
Schools	24	24	24	24	24	26	26	25	26	26
Other	20	19	16	15	14	15	14	12	11	9
	20,143	19,551	19,177	18,861	18,629	18,419	18,415	17,852	17,481	16,741

(1) Information is compiled from internally generated statistical reports

GREER COMMISSION OF PUBLIC WORKS

GAS SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾



GREER COMMISSION OF PUBLIC WORKS

WATER SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾

<i>(in thousands)</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES:										
Inside city	\$ 2,269	\$ 1,921	\$ 2,284	\$ 1,924	\$ 2,005	\$ 1,982	\$ 2,192	\$ 2,106	\$ 1,742	\$ 1,649
Outside city	2,244	1,915	2,100	2,070	2,018	1,965	2,075	2,023	1,729	1,673
Industrial	908	796	306	472	448	390	471	458	436	384
Fire protection ⁽²⁾	15	14	14	13	13	13	13	13	13	14
Irrigation	219	182	220	222	222	202	213	209	174	143
Wholesale	1,207	967	1,189	933	973	1,026	1,037	1,036	906	734
Collection penalties	127	123	121	117	124	161	126	124	117	135
Other	439	479	454	402	430	401	435	559	611	670
Total operating revenues	<u>7,428</u>	<u>6,397</u>	<u>6,688</u>	<u>6,153</u>	<u>6,233</u>	<u>6,140</u>	<u>6,562</u>	<u>6,528</u>	<u>5,728</u>	<u>5,402</u>
OPERATING EXPENSES:										
Depreciation	1,879	1,866	1,872	1,692	1,691	1,699	1,457	1,370	1,197	1,172
Amortization	2	2	(26)	(16)	5	31	4	4	3	3
Other operating expenses	4,319	4,280	4,105	4,001	4,189	4,234	4,590	4,373	3,869	3,504
Total operating expenses	<u>6,200</u>	<u>6,148</u>	<u>5,951</u>	<u>5,677</u>	<u>5,885</u>	<u>5,964</u>	<u>6,051</u>	<u>5,747</u>	<u>5,069</u>	<u>4,679</u>
Net operating departmental revenue	<u>\$ 1,228</u>	<u>\$ 249</u>	<u>\$ 737</u>	<u>\$ 476</u>	<u>\$ 348</u>	<u>\$ 176</u>	<u>\$ 511</u>	<u>\$ 781</u>	<u>\$ 659</u>	<u>\$ 723</u>
WATER USAGE (thousands of gallons)										
Total water pumped	<u>2,724,470</u>	<u>2,579,333</u>	<u>2,853,470</u>	<u>2,960,810</u>	<u>3,078,170</u>	<u>2,881,685</u>	<u>2,957,687</u>	<u>3,079,150</u>	<u>2,575,744</u>	<u>2,431,730</u>
Total percentage of non-revenue water	4.83%	9.96%	6.89%	6.41%	6.58%	6.12%	4.73%	5.25%	4.51%	6.13%
Consumption										
Inside city	731,028	697,776	839,571	842,495	906,564	849,477	946,308	959,233	841,986	873,102
Outside city	502,717	464,470	562,175	596,328	587,988	551,435	613,953	636,797	575,549	521,379
Industrial	391,915	373,152	345,685	286,841	272,781	243,292	291,671	300,854	286,618	253,690
Irrigation	97,219	77,170	105,455	114,757	116,025	103,633	113,145	123,206	96,167	76,613
Wholesale	701,249	603,358	744,748	581,474	636,947	668,624	669,319	742,250	661,729	585,725
Other	119,519	118,784	127,180	89,749	94,666	102,955	107,919	109,932	94,400	89,596
Total consumption	<u>2,543,647</u>	<u>2,334,710</u>	<u>2,724,814</u>	<u>2,511,644</u>	<u>2,614,971</u>	<u>2,519,416</u>	<u>2,742,315</u>	<u>2,872,272</u>	<u>2,556,449</u>	<u>2,400,105</u>
Non-account water	<u>180,823</u>	<u>244,623</u>	<u>128,656</u>	<u>449,166</u>	<u>463,199</u>	<u>362,269</u>	<u>215,372</u>	<u>206,878</u>	<u>19,295</u>	<u>31,625</u>
Non-account water as a percentage of total water pumped	<u>6.64%</u>	<u>9.48%</u>	<u>4.51%</u>	<u>15.17%</u>	<u>15.05%</u>	<u>12.57%</u>	<u>7.28%</u>	<u>6.72%</u>	<u>0.75%</u>	<u>1.30%</u>
ACTIVE SERVICES (Number of Customers)										
Inside city	10,706	10,534	10,328	10,118	9,941	9,876	9,937	9,747	9,424	8,966
Outside city	6,717	6,668	6,612	6,536	6,479	6,442	6,462	6,429	6,323	6,203
Industrial	4	4	4	4	4	4	4	4	2	3
Fire Protection	40	41	40	42	45	44	47	48	48	48
Irrigation	464	454	445	437	422	410	407	371	363	353
Wholesale	1	1	1	1	1	1	1	1	1	1
Other	15	15	13	13	14	15	15	15	15	15
	<u>17,947</u>	<u>17,717</u>	<u>17,443</u>	<u>17,151</u>	<u>16,906</u>	<u>16,792</u>	<u>16,873</u>	<u>16,615</u>	<u>16,176</u>	<u>15,589</u>

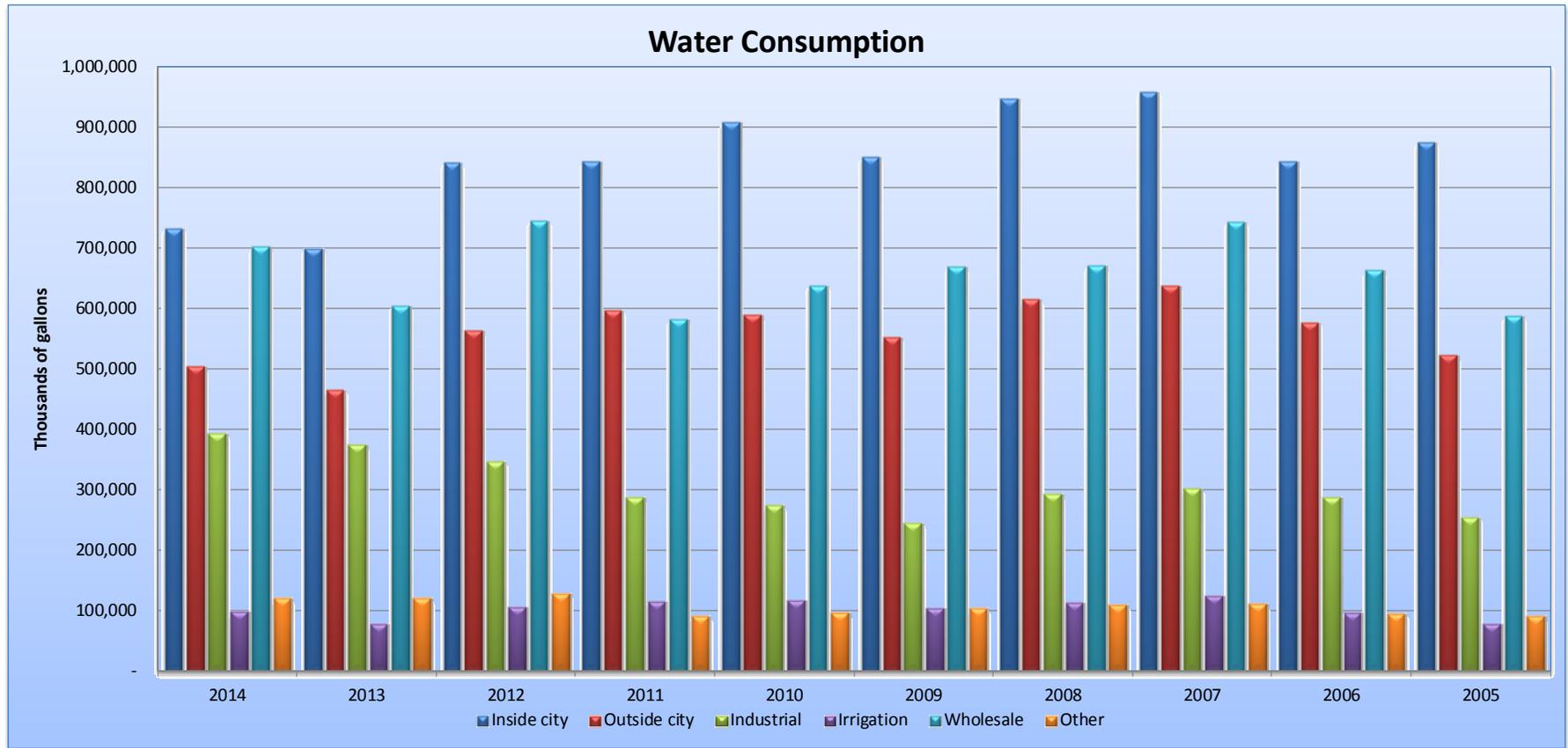
(1) Information is compiled from internally generated statistical reports

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

GREER COMMISSION OF PUBLIC WORKS

WATER SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾



GREER COMMISSION OF PUBLIC WORKS

SEWER SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾

<i>(in thousands)</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES:										
Inside city	\$ 3,274	\$ 3,150	\$ 2,898	\$ 2,803	\$ 2,740	\$ 2,636	\$ 2,596	\$ 2,377	\$ 2,108	\$ 1,967
Outside city	1,217	1,138	1,117	1,186	1,210	1,176	1,164	1,088	904	884
Sewer services, no water	1	1	1	1	1	2	2	6	1	1
Enoree Basin, inside city	427	407	411	397	334	258	254	233	203	184
Enoree Basin industrial	142	128	142	139	196	138	153	132	139	129
Collection penalties	127	123	121	117	124	161	81	80	75	87
Other	943	879	909	427	362	505	912	742	738	774
Total operating revenues	<u>6,131</u>	<u>5,826</u>	<u>5,599</u>	<u>5,070</u>	<u>4,967</u>	<u>4,876</u>	<u>5,162</u>	<u>4,658</u>	<u>4,168</u>	<u>4,026</u>
OPERATING EXPENSES:										
Depreciation	2,179	2,063	1,252	1,852	1,827	1,837	1,529	1,402	1,317	1,289
Depreciation - change in accounting estimate	-	-	817	-	-	-	-	-	-	-
Amortization	2	2	(35)	(5)	10	8	29	29	26	23
Other operating expenses	3,878	3,695	3,555	2,629	2,649	2,750	2,792	2,767	2,469	2,357
Total operating expenses	<u>6,059</u>	<u>5,760</u>	<u>5,589</u>	<u>4,476</u>	<u>4,486</u>	<u>4,595</u>	<u>4,350</u>	<u>4,198</u>	<u>3,812</u>	<u>3,669</u>
Net operating departmental revenue	<u>\$ 72</u>	<u>\$ 66</u>	<u>\$ 10</u>	<u>\$ 594</u>	<u>\$ 481</u>	<u>\$ 281</u>	<u>\$ 812</u>	<u>\$ 460</u>	<u>\$ 356</u>	<u>\$ 357</u>
WASTEWATER TREATMENT										
Wastewater plant flows (thousands of gallons)										
Maple Creek wastewater treatment facility	<u>735,856</u>	<u>844,324</u>	<u>691,079</u>	<u>704,461</u>	<u>698,577</u>	<u>813,750</u>	<u>711,348</u>	<u>700,632</u>	<u>695,780</u>	<u>753,930</u>
Wastewater treated - (Thousands of Gallons)										
Inside city customers	457,026	439,950	481,235	489,914	495,291	497,271	527,247	534,089	514,022	489,089
Outside city customers	202,524	193,121	198,105	198,549	187,202	164,026	170,541	156,128	167,570	174,399
Customers with sewer services, no water	1	1	1	1	1	2	1	1	1	1
Other	272	290	290	286	291	276	813	1,659	879	647
Retail	<u>659,823</u>	<u>633,362</u>	<u>679,631</u>	<u>688,750</u>	<u>682,785</u>	<u>661,575</u>	<u>698,602</u>	<u>691,877</u>	<u>682,472</u>	<u>664,136</u>
Unaccounted for wastewater	<u>76,033</u>	<u>210,962</u>	<u>11,448</u>	<u>15,711</u>	<u>15,792</u>	<u>152,175</u>	<u>12,746</u>	<u>8,755</u>	<u>13,308</u>	<u>89,794</u>
Percentage of unaccounted for wastewater to total wastewater treated	<u>10.3%</u>	<u>25.0%</u>	<u>1.7%</u>	<u>2.2%</u>	<u>2.3%</u>	<u>18.7%</u>	<u>1.8%</u>	<u>1.2%</u>	<u>1.9%</u>	<u>11.9%</u>
ANNUAL RAINFALL (inches)⁽²⁾	<u>50.20</u>	<u>69.56</u>	<u>38.86</u>	<u>45.96</u>	<u>42.09</u>	<u>52.83</u>	<u>38.02</u>	<u>31.08</u>	<u>41.80</u>	<u>53.14</u>
ACTIVE SERVICES (Number of Customers)										
Inside city	6,497	6,441	6,358	6,287	6,206	6,195	6,255	6,186	6,081	5,941
Outside city	1,141	1,138	1,140	1,119	1,119	1,114	1,119	1,128	1,112	1,090
Sewer services, no water	4	4	3	4	4	5	5	5	4	4
Enoree Basin, inside city	4,003	3,813	3,684	3,541	3,452	3,395	3,397	3,281	3,069	2,721
Enoree Basin industrial	162	162	162	162	161	119	118	108	101	86
Other ⁽³⁾	1	1	1	1	1	2	2	2	2	2
	<u>11,808</u>	<u>11,559</u>	<u>11,348</u>	<u>11,114</u>	<u>10,943</u>	<u>10,830</u>	<u>10,896</u>	<u>10,710</u>	<u>10,369</u>	<u>9,844</u>

(1) Information is compiled from internally generated statistical reports

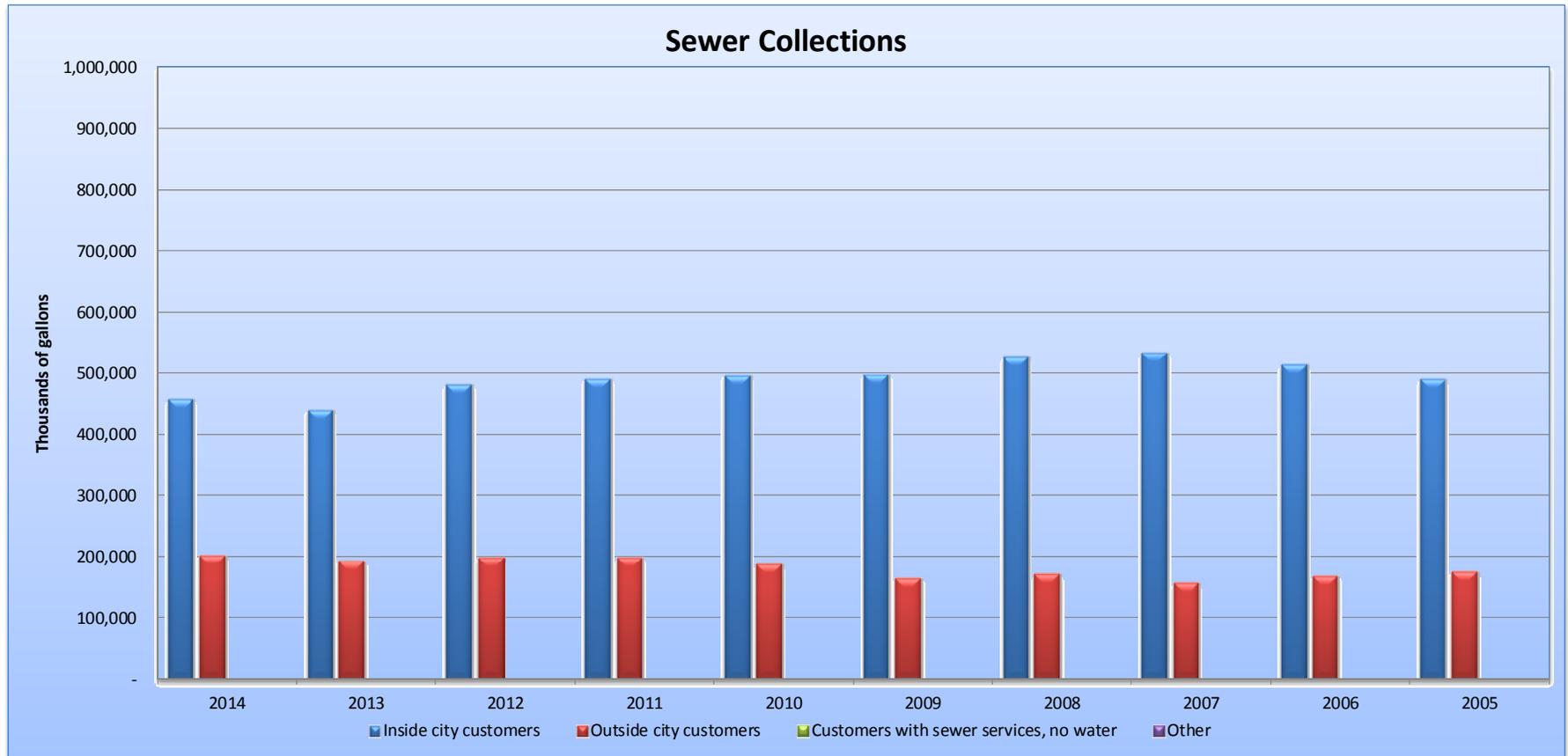
(2) Source: National Weather Service Forecast Office in Greenville for rainfall recorded in inches at Greenville-Spartanburg International Airport

(3) Other customers count does not include ReWa or surcharges

GREER COMMISSION OF PUBLIC WORKS

SEWER SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – LAST TEN FISCAL YEARS⁽¹⁾

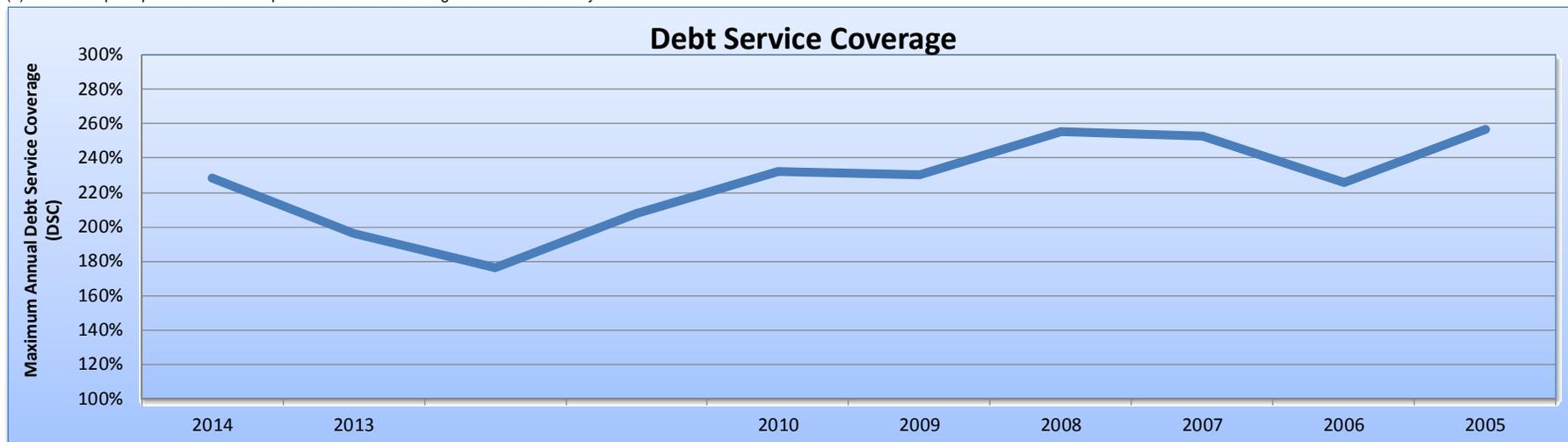


GREER COMMISSION OF PUBLIC WORKS
DEBT SERVICE COVERAGE
LAST TEN FISCAL YEARS⁽¹⁾

<i>(in thousands)</i>	2014	2013	2012 (Restated)	2011 (Restated)	2010	2009	2008	2007	2006	2005
<i>Revenues</i>										
Revenues from operations	\$ 83,785	\$ 74,650	\$ 67,499	\$ 70,632	\$ 75,350	\$ 71,585	\$ 80,158	\$ 74,411	\$ 69,582	\$ 66,676
Non-operating revenues	30	51	64	80	48	156	457	901	417	666
Capacity fees ⁽¹⁾	527	332	371	287	228	340	631	730	839	974
Total revenues	84,342	75,033	67,934	70,999	75,626	72,081	81,246	76,042	70,838	68,316
<i>Expenses</i>										
Total expenses	78,704	71,774	68,335	68,080	71,380	68,670	75,885	72,258	69,509	65,447
Depreciation and amortization expense	(8,029)	(7,810)	(7,710)	(7,124)	(7,472)	(7,079)	(6,288)	(5,867)	(5,377)	(5,293)
Depreciation - change in accounting estimate			(817)	-	-	-	-	-	-	-
Bond interest expense	(2,845)	(2,904)	(3,203)	(3,499)	(3,275)	(3,028)	(3,104)	(3,159)	(3,052)	(2,645)
Gain/loss on sale of assets	(34)	(140)	(93)	(178)	(600)	(149)	(109)	(12)	(425)	(64)
Total expenses	67,796	60,920	56,512	57,279	60,033	58,414	66,384	63,220	60,655	57,445
Net revenues available for debt service	\$ 16,546	\$ 14,113	\$ 11,422	\$ 13,720	\$ 15,593	\$ 13,667	\$ 14,862	\$ 12,822	\$ 10,183	\$ 10,871
Maximum annual debt service ⁽²⁾	\$ 7,239	\$ 7,186	\$ 6,486	\$ 6,600	\$ 6,708	\$ 5,938	\$ 5,818	\$ 5,072	\$ 4,513	\$ 4,234
Maximum annual debt service coverage	229%	196%	176%	208%	232%	230%	255%	253%	226%	257%

(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
2014	\$ 82,657,693	3,053	0.42%
2013	86,059,528	3,230	0.45%
2012	85,882,182	3,291	0.47%
2011	89,935,693	3,525	0.63%
2010	91,184,805	3,502	0.77%
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%

GREER COMMISSION OF PUBLIC WORKS
CUSTOMER STATISTICS
LARGEST SYSTEM CUSTOMERS – FISCAL YEAR 2014

Name	Consumption	Percent of System Gross Consumption	Revenues	Percent of System Gross Revenues
<i>Water System (thousands of gallons)</i>				
Blue Ridge Water Company (Wholesale)	701,249	27.57%	\$ 1,206,600	17.59%
BMW of North America, LLC	242,556	9.54%	441,125	6.43%
Greer Commission of Public Works	119,519	4.70%	183,243	2.67%
Mitsubishi Polyester Film, LLC	102,313	4.02%	153,633	2.24%
Cliffstar Corporation	39,329	1.55%	59,916	0.87%
Greenville - Spartanburg International Airport	28,778	1.13%	89,559	1.31%
Greer Memorial Hospital	26,100	1.03%	44,274	0.65%
Greenville County School District	14,542	0.57%	27,175	0.40%
KBS Legacy Partners Greer, LLC	10,926	0.43%	45,322	0.66%
Honeywell International Incorporated	10,632	0.42%	28,910	0.42%
<i>Sewer System (thousands of gallons)</i>				
BMW of North America, LLC	136,565	20.70%	\$ 608,310	12.02%
Mitsubishi Polyester Film, LLC	131,046	19.86%	282,481	5.58%
Greer Memorial Hospital	49,787	7.55%	113,160	2.24%
Greenville - Spartanburg International Airport	38,663	5.86%	111,446	2.20%
Greenville County School District	30,121	4.57%	69,334	1.37%
KBS Legacy Partners Greer, LLC	24,223	3.67%	83,645	1.65%
Preserve at West View Apartments	18,389	2.79%	69,851	1.38%
Exide Battery Corporation	17,227	2.61%	47,867	0.95%
WC Greenville, LLC	17,194	2.61%	63,584	1.26%
Honeywell International Incorporated	16,820	2.55%	46,754	0.92%
<i>Electric System (megawatt hours)</i>				
Greer Commission of Public Works	16,628	4.62%	\$ 1,083,392	2.81%
Greer Memorial Hospital	15,656	4.35%	1,345,489	3.49%
Greenville County School District	11,228	3.12%	1,219,173	3.16%
Village Hospital	8,828	2.45%	752,533	1.95%
Wal-mart Stores Incorporated	5,610	1.56%	475,245	1.23%
Huntington Foam, LLC	4,935	1.37%	410,587	1.07%
Advanced Composite Materials	3,666	1.02%	234,176	0.61%
Ingles	3,534	0.98%	288,747	0.75%
City of Greer, SC	3,251	0.90%	371,065	0.96%
Lowes	2,952	0.82%	250,807	0.65%
<i>Natural Gas System (mcf)</i>				
BMW of North America, LLC	147,643	4.05%	\$ 4,343,574	14.20%
Mitsubishi Polyester Film, LLC	75,220	2.06%	4,375,507	14.30%
Carotell Paper Board Corporation	39,945	1.10%	2,134,691	6.98%
Springfield, LLC	14,142	0.39%	794,155	2.60%
Ashmore Brothers	4,248	0.12%	230,550	0.75%
Cliffstar Corporation	3,922	0.11%	341,927	1.12%
Greenville County School District	3,870	0.11%	343,920	1.12%
Greer Memorial Hospital	3,804	0.10%	365,206	1.19%
Sloan Asphalt	2,669	0.07%	155,736	0.51%
Blacklidge Emulsions	2,558	0.07%	223,129	0.73%

GREER COMMISSION OF PUBLIC WORKS
NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Water system											
Water production	7	8	9	9	9	9	10	10	9	8	7
Water distribution	8	7	7	7	7	8	8	8	9	9	6
Lake wardens	3	3	3	3	3	3	3	3	3	3	3
Total water system	<u>18</u>	<u>18</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>20</u>	<u>16</u>
Electric distribution system	18	18	18	18	19	19	19	18	19	17	17
Natural gas distribution system	22	22	22	23	23	23	21	22	21	22	23
Sewer system											
Collection	6	5	6	7	9	9	8	9	7	7	6
Treatment	9	9	9	6	7	7	7	7	7	6	6
Total sewer system	<u>15</u>	<u>14</u>	<u>15</u>	<u>13</u>	<u>16</u>	<u>16</u>	<u>15</u>	<u>16</u>	<u>14</u>	<u>13</u>	<u>12</u>
Shared support											
General administration	3	3	3	3	3	3	3	3	4	5	5
Customer service	10	11	12	12	12	12	13	13	13	13	13
Billing	2	2	2	2	3	3	4	4	4	4	4
Finance and accounting	4	3	4	4	4	4	4	4	3	4	4
Meter reading	3	3	3	3	3	3	3	3	3	3	3
Engineering	5	4	4	4	4	4	3	5	6	5	6
Warehouse and facilities maintenance	4	5	4	4	4	5	5	5	5	5	4
Human resources	4	4	4	4	4	4	4	4	4	4	4
Operations	4	4	4	4	4	4	4	4	4	4	4
Information systems	6	4	7	8	8	8	8	6	6	6	6
Locators	3	3	2	3	2	4	4	4	3	3	3
Measurement	2	2									
Vehicle maintenance	2	2	2	2	2	2	2	2	2	2	2
Total shared support	<u>52</u>	<u>50</u>	<u>51</u>	<u>53</u>	<u>53</u>	<u>56</u>	<u>57</u>	<u>57</u>	<u>57</u>	<u>58</u>	<u>58</u>
Total employees	<u>125</u>	<u>122</u>	<u>125</u>	<u>126</u>	<u>130</u>	<u>134</u>	<u>133</u>	<u>134</u>	<u>132</u>	<u>130</u>	<u>126</u>

GREER COMMISSION OF PUBLIC WORKS
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Population ^{1,2}	27,169	26,645	26,098	25,515	26,040	25,105	23,395	22,451	22,451	21,421
Mean household income ⁴	\$ 68,518	\$ 68,687	\$ 66,940	\$ 52,660	\$ 41,864	\$ 40,764	\$ 41,864	\$ 42,183	\$ 42,183	\$ 42,183
Personal income ⁶	\$ 735,519	\$ 723,518	\$ 706,917	\$ 563,703	\$ 456,898	\$ 475,614	\$ 480,674	\$ 526,656	\$ 526,656	\$ 502,494
Per capita personal income ⁴	\$ 27,072	\$ 27,154	\$ 27,087	\$ 22,093	\$ 17,546	\$ 18,945	\$ 20,546	\$ 23,458	\$ 23,458	\$ 23,458
Median age ⁴	37.2	35.3	34.1	33.9	34.5	35.2	35.7	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	13.2	13.2	13.2
Unemployment rates ^{2,3,4}	5.8%	7.0%	7.0%	9.5%	9.3%	9.6%	4.3%	5.0%	5.6%	5.4%

Source: (1) Census of Population, (2) US Census Bureau, (3) South Carolina Department of Commerce (4) Greer Development Corporation, and (5) City of Greer's 2014 CAFR
(6) Computed using population multiplied by per capita income (shown in thousands)

**Independent Auditor's 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
Greer Commission of Public Works

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greer Commission of Public Works (the "Commission"), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 10, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Cherry Bebaert LHP". The signature is written in a cursive style with a large initial "C".

Greenville, South Carolina
April 10, 2015