GREER COMMISSION OF PUBLIC WORKS

Greer, South Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Years Ended December 31, 2016 and 2015

Issued by Finance Department

GREER COMMISSION OF PUBLIC WORKS

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Date: April 14, 2017

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, 2016 and 2015 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.

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 9.33 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 18,721 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 2.63% 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 2.05 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. During 2016, the Commission completed the installation of a second sludge dewatering process to increase the capacity for this portion of the treatment process. Sewer collection and treatment for the Commission's 12,685 customers is accomplished through approximately 255 miles of collector mains and outfall lines maintained by the Commission. Over the last year, the Commission experienced a customer growth rate of 3.47% 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 sewage 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. The Commission also purchases a portion of its electrical supply from the United States Department of Energy's Southeastern Power Agency's ("SEPA") allocation of pooled hydroelectric power generated along the Savannah River. Over 90% of the purchased power is carbon free, generated by nuclear and hydro resources.

The Electric Unit consists of five substations operating 30 circuits. Distribution of 12,470 volts of electricity is managed with approximately 206 miles of overhead distribution facilities and approximately 216 miles of underground facilities. The service area served by this unit is approximately 33.31 square miles, including the City limits and surrounding areas, and serves 17,486 customers. Over the last year, the Commission experienced a customer growth rate of 3.33% in the Electric Unit.

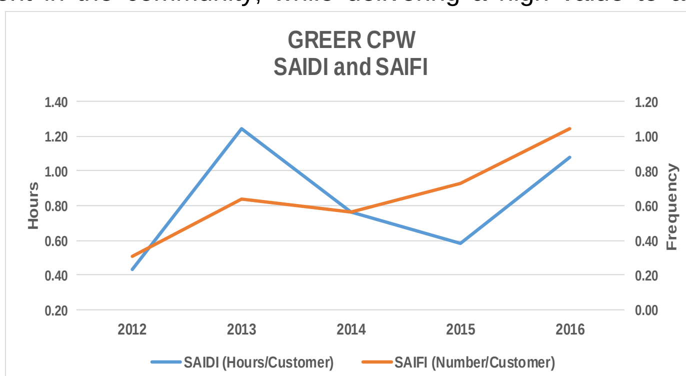
Natural Gas Unit

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 43 miles of high-pressure lines and approximately 749 miles of intermediate and distribution lines, along with 131 pressure-reducing and regulating stations. These distribution lines serve 21,430 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 3.62% in the Gas Unit.

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

SERVING OUR CUSTOMERS

The Commission leads the industry in several vital indicators. The primary focus of the Commission is to serve its customers as the leading energy and water provider in the Southeast. The utility has the ability to set rates that are competitive with not only neighboring utilities, but with other providers throughout the region. These rates continue to benefit the growth and development in the community, while delivering a high value to all customers. The Commission's reliability is among the very best nationally. Customers of the Commission that experience an electric outage lasts for a duration of less than an hour on the average.

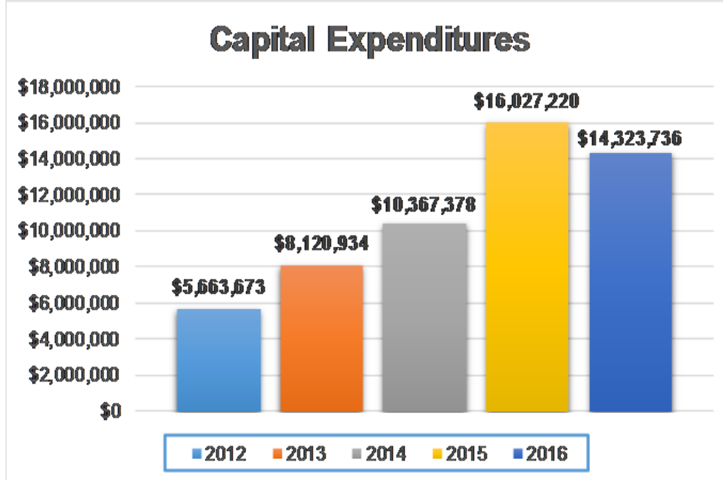


The Commission has a solid commitment to environmental stewardship. The utility is a member of PMPA, which owns a 25% stake in Unit 2 of the Catawba Nuclear Generating Station, operated by Duke Energy, in York, SC. In addition to clean burning nuclear power, hydro-electric power is purchased from SEPA. Overall, roughly 94% of the Commission's power is carbon free. To complement our clean power, the Commission's CNG fueling station celebrated three years of service that provides for low emissions fueling for vehicles, not only in the surrounding Community, but for use in approximately 20% of the Commission's service fleet.

Environmental commitment is also evident in the high-quality water and effluent produced from our 24 MGD Water Treatment Plant and our five MGD Maple Creek Wastewater Treatment Plant. Over the last year, the Commission captured its tenth South Carolina Area-Wide Water Optimization Award and the National Association of Clean Water Agencies Peak Performance Award.

Capital Investment

The Commission continues to invest in improving and expanding its infrastructure during 2016 by investing more than $14 million into the System. The completion of an additional dewatering system at its Maple Creek Wastewater Treatment Plant to increase the capacity sludge treatment, along with infrastructure upgrades at the Water Treatment Plant confirm the commitment to providing efficient, high-quality water and effluent.

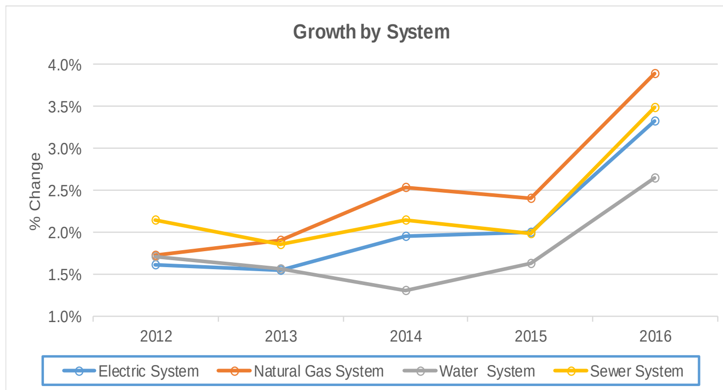


During 2016, the Commission invested approximately $2.4 million in new electric and gas infrastructure to provide utilities to new subdivisions throughout its service area, supporting the 3.3% growth rate.

The utility commenced a pressure uprate project on its southern natural gas transmission pipeline. The pressure uprate project will enable additional capacity utilizing existing pipeline infrastructure.

Growth in the Community, Growth in our Business

The Greer community saw continued economic growth in its residential, commercial, and industrial sectors. The Commission realized a growth rate of 3.3% during 2016, with the 5-year average growth rate 2.2% across its service area.

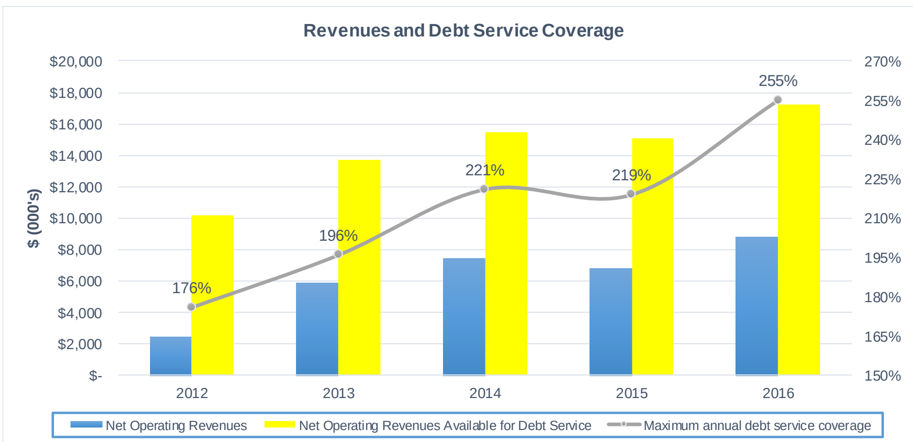


The region enjoys employers with solid financial footing, including advanced materials manufacturing, distribution and logistics, automotive Original Equipment Manufacturers ("OEMs"), automotive manufacturing and engineering. BMW North America, one of Commission's largest customers, produced more than 411,000 vehicles, which set a record, and continued as the largest exporter of automobiles in the nation. The BMW North America plant, located in Greer, SC, exported approximately 70% of its total volume to 140 different countries around the world during 2016, making this facility the leading United States automotive exporter by value.

Financial Stewardship, Financial Strength

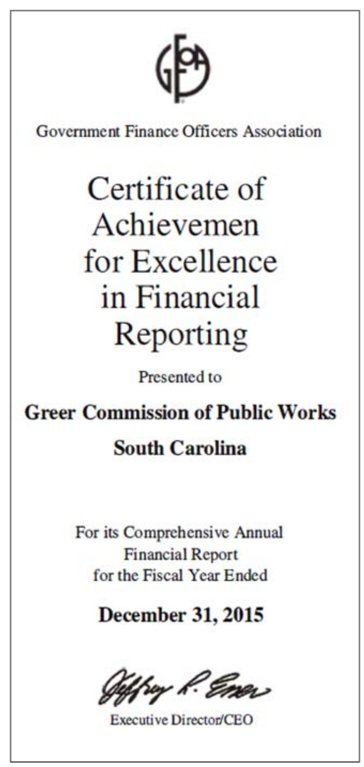
The Commission operates under established policies for financing, rate setting, and cash management. These policies serve as parameters for developing annual operating budgets, as well as the 5-year Capital Improvement Plan. The revenue bond ordinance provides that the rates shall be maintained at levels which 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 200% of the annual requirement.

The Commission realized another strong financial performance this year. Net revenues exceeded projections, and our Departments worked to reduce expenditures and improve efficiencies, while minimizing the effects of weather patterns changing from the normal patterns of the region. Debt service coverage for 2016 was at an all-time high of 255% of the maximum annual debt service. Rating agencies have taken note of the utility's steady, strong performance with Fitch Ratings upgrading its ratings on the Commission to AA-, stable, from A+, positive, while both Standard and Poor's and Moody's offered affirmations of their current A1 and A+ ratings, respectively.



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, 2015. 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, and is valid for a period of one year only.



Employee dedication is also evident by the many awards and recognitions that all aspects of the Commission's operations have received.

- South Carolina Area-wide Water Optimization Award ("AWOP")
- National Association of Clean Water Agencies Peak Performance Award (Wastewater Treatment)
- American Public Gas Association System Operations Achievement Bronze Award ("SOAR")
- American Public Power Association Reliable Public Power Provider Platinum Level ("RP_3")

Several Commission employees sit on trade boards at the state, regional, and national level, helping guide policymaking and improve the utility industry.

LOOKING AHEAD

2016 continued the success of a strong year for the Commission. The Board and staff demonstrated a strong commitment to superior services and financial stewardship. Going forward, the Commission's team is dedicated to strengthening its financial position and its position in the community. Through effective planning and focus on superior service, the Commission will continue to serve as a catalyst for growth and remain a strong member of the Greer and surrounding community.

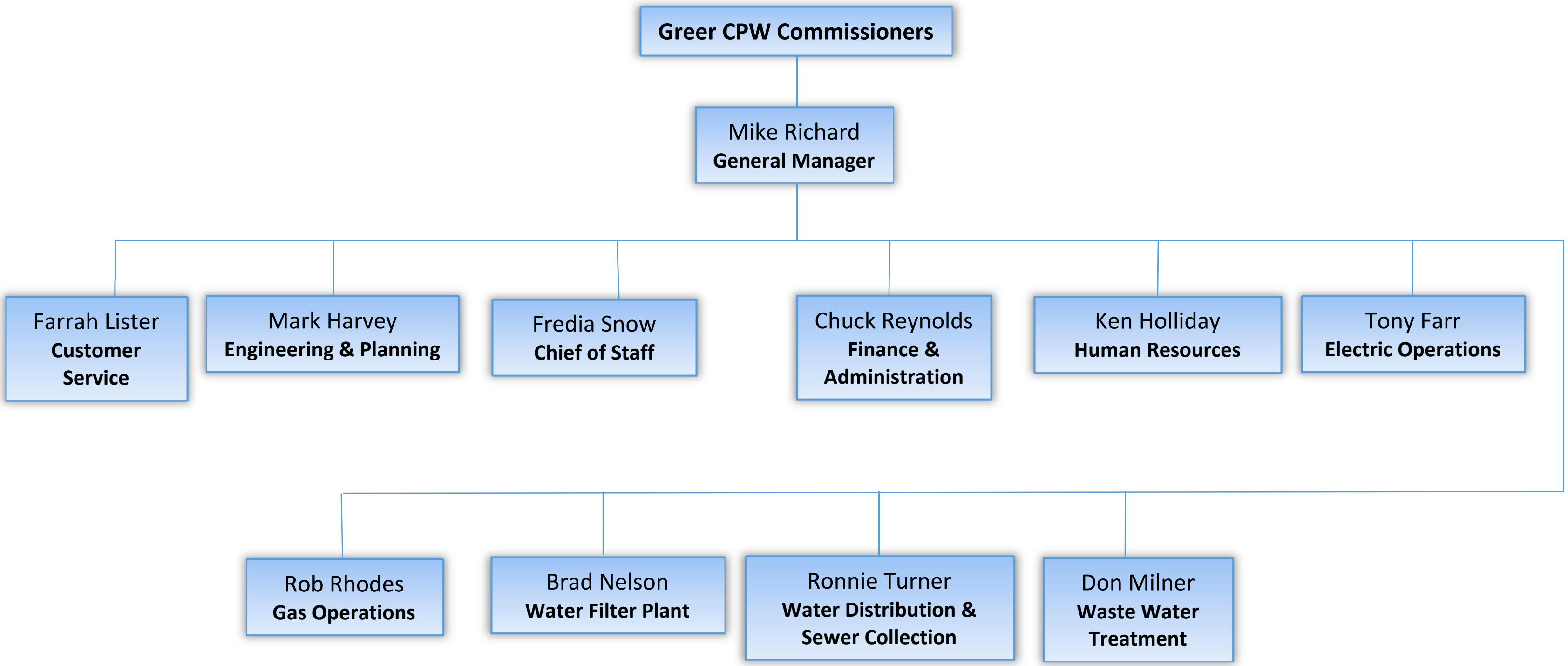
ACKNOWLEDGEMENTS

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 to 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,

Michael Richard	Charles E. Reynolds
General Manager	Finance Manager

GREER COMMISSION OF PUBLIC WORKS
ORGANIZATIONAL CHART



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

DECEMBER 31, 2016

From left to right: Gene Gibson (Commissioner), Mike Richard (General Manager), Perry Williams (Commissioner - Chairman), and Jeffery Howell (Commissioner)

Leadership Team

Chuck Reynolds
Manager - Finance and Administration

Ken Holliday
Human Resources Manager

Fredia Snow
Chief of Staff

Farrah Lister
Customer Service Manager

Mark Harvey
Engineering and Planning Manager

Tony Farr
Electric Operations Manager

Robert Rhodes
Gas Operations Manager

Ronnie Turner
Water Distribution and Sewer Collection Manager

Don Milner
Maple Creek Waste Water Treatment Manager

Brad Nelson
Water Filter Plant Manager

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Commissioners
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, 2016 and 2015, 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 audits 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 opinion.

Opinion

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, 2016 and 2015, 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 12 through 23 and the required supplementary information schedules on pages 51 through 54 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 an opinion 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated April 14, 2017 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide and opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Greenville, South Carolina
April 14, 2017

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 years that ended on December 31, 2016 and 2015. 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 2016. 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 2016:

- The Commission's net position increased by $8,732,580, or 6.10% for 2016 as compared to an increase of $7,312,639, or 5.38% in 2015.

- During the year, the Commission's operating revenues increased to $84,397,100, which represents a 2.38% increase from the prior year. Operating revenues decreased to $82,435,799, or 1.61% in 2015.

- Total operating expenses decreased to $75,598,411, which represents a 0.03% decrease from the prior year. Total expenses decreased to $75,624,112, or 0.94% in 2015.

- Purchased power expenses increased to $36,000,430, up from $34,595,007 last year. This 4.06% increase is reflected in the total operating expenses shown above. Purchased power increased from $32,895,371, or by 5.17%, to $34,595,007 in 2015.

- Purchased gas expenses decreased to $12,686,093, decreased from $15,855,854 last year. This 19.99% decrease is reflected in the total expenses shown above. Purchased gas decreased from $18,743,205, or by 15.40%, to $15,855,854 in 2015.

- Capital contributions to the Commission decreased by $696,458, which represents a 17.11% decrease from the prior year. Capital contributions increased by $1,442,232, or 54.85% in 2015.

- Transfers to the City of Greer remained at $1,000,000 for 2016 and 2015.

- Debt service coverage for 2016 was 255% of the bond ordinance requirement, which is 120% debt service coverage, an increase from 2015 of 16.44%. Debt service coverage for 2015 was 219%.

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.

The Statement of Net Position includes all 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 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 Statements of Net Position and the Statements 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 $8,732,580 to $151,961,624 in fiscal year 2016, up from $143,229,044 in fiscal year 2015. While the Statements of Net Position show the change in financial position of net position, 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 $5,357,456 during 2016 and the gain before capital contributions of $3,241,057 during 2015 were the two sources of the changes in net position.

TABLE A-1
Statements of Net Position

	FY 2015	Total Dollar Change	Total Percent Change	FY 2016
Current and other assets	$ 43,513,634	$ 1,258,505	2.89%	$ 44,772,139
Capital assets	201,709,163	6,191,035	3.07%	207,900,198
Total assets	$ 245,222,797	$ 7,449,540	3.04%	$ 252,672,337
Deferred outflows of resources	$ 1,185,928	$ 2,089,054	176.15%	$ 3,274,982
Long-term debt outstanding	$ 76,196,890	$ (3,811,710)	-5.00%	$ 72,385,180
Other liabilities	26,596,507	4,738,402	17.82%	31,334,909
Total liabilities	$ 102,793,397	$ 926,692	0.90%	$ 103,720,089
Deferred inflows of resources	$ 386,284	$ (120,678)	-31.24%	$ 265,606
Net investment in capital assets	$ 125,357,319	$ 6,379,702	5.09%	$ 131,737,021
Restricted	10,415,450	955,816	9.18%	11,371,266
Unrestricted	7,456,275	1,397,062	18.74%	8,853,337
Total net position	$ 143,229,044	$ 8,732,580	6.10%	$ 151,961,624

	FY 2014 (Restated)	Total Dollar Change	Total Percent Change	FY 2015
Current and other assets	$ 47,942,475	$ (4,428,841)	-9.24%	$ 43,513,634
Capital assets	194,119,491	7,589,672	3.91%	201,709,163
Total assets	$ 242,061,966	$ 3,160,831	1.31%	$ 245,222,797
Deferred outflows of resources	$ 1,131,872	$ 54,056	4.78%	$ 1,185,928
Long-term debt outstanding	$ 79,733,804	$ (3,536,914)	-4.44%	$ 76,196,890
Other liabilities	26,479,449	117,058	0.44%	26,596,507
Total liabilities	$ 106,213,253	$ (3,419,856)	-3.22%	$ 102,793,397
Deferred inflows of resources	$ 1,064,180	$ (677,896)	-63.70%	$ 386,284
Net investment in capital assets	$ 114,376,942	$ 10,980,377	9.60%	$ 125,357,319
Restricted	10,279,696	135,754	1.32%	10,415,450
Unrestricted	11,259,767	(3,803,492)	-33.78%	7,456,275
Total net position	$ 135,916,405	$ 7,312,639	5.38%	$ 143,229,044

Change in Net Position Before Capital Contributions and City Transfer

A closer examination of the individual categories affecting the sources of changes in net position reveals that the Commission's total revenues increased by $1,978,214 to $84,443,504 in fiscal year 2016 from $82,465,290 in fiscal year 2015 due to the net effects of increases to the electric, water, and sewer revenues, and decreases to gas revenues. The increases in the electric, water, and sewer revenues of 4.85%, 12.81%, and 11.39%, respectively, and the decrease in gas revenues of 7.08%, can be attributed to several factors including weather, rate increases, and commodity prices. During the fiscal year 2016, temperature patterns experienced in the Upstate region of South Carolina incurred 2,188 cooling degree days ("CDD"), an increase from 2015 of 12.44%, and 2,666 heating degree days ("HDD"), an increase from 2015 of 2.11%. The increase in CDD during 2016 was a direct factor in increased consumption amounts of electricity from our customers, while another abnormal HDD resulted in lower consumption by our gas customers. The Upstate region also realized drought-like conditions during fiscal year 2016 that resulted in only 34.43 inches of precipitation, a decrease of 42.38% from 2015. Most of the precipitation was received during the first 6 months of the year, with less than half of the precipitation falling during the last 6 months of the year, which increased consumption by our customers 9.44% from 2015 results. The price of the natural gas commodity realized by the Commission was 18.84% lower than 2015 commodity price, which reduced the average cost during 2016 to $2.67 per Dekatherm ("dT"), from the 2015 average price of $3.29.

A continued examination of the individual categories affecting the source of changes in net position reveals that the Commission's total revenues decreased by $1,349,941 to $82,465,290 in fiscal year 2015 from $83,815,231 in fiscal year 2014 due to the net effects of increases to the electric, water, and sewer revenues, and decreases to gas revenues. The increase in the electric, water, and sewer revenues of 5.75%, 9.23%, and 3.66%, respectively, and the decrease in gas revenues of 14.36%, can be attributed to several factors including weather, rate increases, and commodity prices. During fiscal year 2015, temperature patterns experienced in the Upstate region of South Carolina incurred 1,946 CDD, an increase from 2014 of 14.94%, and 2,611 HDD, a decrease from 2014 of 18.53%. The increase in CDD during 2015 was a direct factor in increasing consumption amounts of electricity from our customers, while the abnormal HDD impacted our consumption of gas from our customers. The Upstate region also incurred an increase in the amount of precipitation it received in the amount of 59.75 inches, an increase from 2014 of 19.02%. Most of the precipitation that fell across the Upstate region came in the 4th quarter of the year, while during the summer months, the Upstate region experienced drought-like conditions, which increased the consumption by our customers during the normal peak season. The price of the natural gas commodity decreased by 22.59% per dT to an average cost of $3.29 per dT, down from a 2014 average of $4.25 per dT.

Other operating revenues increased by $283,194 and $8,204 during 2016 and 2015, respectively. The increases are attributable to several factors, including an increase in the collection of reconnect fees, sales of gas, water, and sewer tap fees, sales of inventoried materials, and recovery of bad debts.

During 2016, non-operating revenues increased by $16,913. This increase can be attributed to the increased earnings on investments. Earnings on investments increased 57.35%. During 2015, non-operating revenues decreased by $420. This decrease can be attributed to the decreased earnings on investments. Earnings on investments decreased 1.40%.

During 2016, expenses decreased by $138,185 to $79,086,048, from $79,224,233 in fiscal year 2015, due to the net effect of an increase in expenses related to purchase power, depreciation and amortization, and other operating expenses, and the decrease in expenses related to purchased gas, and non-operating expenses. Purchase power costs increased by $1,405,423, or 4.06%, which included the net effect of increased costs from PMPA of $1,399,720, or 4.14%, and a decrease in the power costs provided by SEPA's allocation of pooled hydroelectric power by $18,960, or 2.36%. The Commission's allocation of power supply during 2016 included 4.12% of hydroelectric power. The Commission also received $330,141 in net Load Side Generation credits from PMPA, which offset the increased costs associated with the purchased power. Purchased gas costs decreased by $3,169,761, or 19.99%, as a result of lower commodity prices and the Commission's hedging program. The average costs of the natural gas commodity, per dT, to the Commission was $2.67 and $3.29, respectively, for 2016 and 2015, a decrease of 18.84%. Other operating expenses increased by $1,563,998, with the increase attributable to increases in salaries and benefits, water and wastewater treatment chemicals, and the operations and maintenance of equipment.

During 2015, expenses decreased by $994,519 to $79,224,233, from $80,218,752 in fiscal year 2014, due to the net effect of an increase in expenses related to purchased power, depreciation and amortization, and other operating expenses, and the decrease in expenses related to purchased gas and non-operating expenses. Purchased power costs increased by $1,699,636, or 5.17%, which included the net effect of increased costs from PMPA of $1,624,199, or 5.05%, and a decrease in the power costs provided by SEPA's allocation of pooled hydroelectric power by $11,055, or 1.36%. The Commission's allocation of power supply during 2015 included 4.14% of hydroelectric power. The Commission also received $269,209 in net Load Side Generation credits from PMPA which further reduced the costs associated with the purchased power. Purchased gas costs decreased by $2,887,351, or 15.40%, as a result of lower commodity prices and the Commission's hedging program. The average costs of the natural gas commodity, per dT, to the Commission was $3.29 and $4.25, respectively, for 2015 and 2014, a decrease of 22.59%. Other operating expenses increased by $216,648, 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 $112,484, or 3.12%, to $3,487,637 during 2016. Debt service decreased by $42,408, or 1.65%, to $2,532,056 due to the annual retirement of long-term debt. During 2016, the gains realized on the disposal of assets increased by $70,076, or 273.13%.

Non-operating expenses decreased by $278,522, or 7.18%, to $3,600,121 during 2015. Debt service decreased by $270,091, or 9.50%, to $2,574,464 due to the annual retirement of long-term debt. During 2015, the losses realized on the disposal of assets declined by $8,431, or 24.73%.

As a result of these factors, the Commission experienced net revenues over expenses of $5,357,456 and $3,241,057, respectively, in 2016 and 2015, before capital contributions.

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

	FY 2015	Total Dollar Change	Total Percent Change	FY 2016
Electric revenues	$ 40,756,477	$ 1,975,110	4.85%	$ 42,731,587
Gas revenues	26,200,478	(1,854,489)	-7.08%	24,345,989
Water revenues	7,494,880	959,866	12.81%	8,454,746
Sewer revenues	5,246,273	597,620	11.39%	5,843,893
Operating revenues	2,737,691	283,194	10.34%	3,020,885
Non-operating revenues	29,491	16,913	57.35%	46,404
Total revenues	82,465,290	1,978,214	2.40%	84,443,504
Purchased power	34,595,007	1,405,423	4.06%	36,000,430
Purchased gas	15,855,854	(3,169,761)	-19.99%	12,686,093
Depreciation and amortization expense	8,288,997	174,639	2.11%	8,463,636
Other operating expense	16,884,254	1,563,998	9.26%	18,448,252
Non-operating expense	3,600,121	(112,484)	-3.12%	3,487,637
Total expense	79,224,233	(138,185)	-0.17%	79,086,048
Change in net position before capital contributions	3,241,057	2,116,399	65.30%	5,357,456
Capital contributions	4,071,582	(696,458)	-17.11%	3,375,124
Change in net position	7,312,639	1,419,941	19.42%	8,732,580
Beginning net position	135,916,405	7,312,639	5.38%	143,229,044
Ending net position	$143,229,044	$ 8,732,580	6.10%	$151,961,624

	FY 2014 (Restated)	Total Dollar Change	Total Percent Change	FY 2015
Electric revenues	$ 38,539,424	$ 2,217,053	5.75%	$ 40,756,477
Gas revenues	30,593,979	(4,393,501)	-14.36%	26,200,478
Water revenues	6,861,489	633,391	9.23%	7,494,880
Sewer revenues	5,060,941	185,332	3.66%	5,246,273
Operating revenues	2,729,487	8,204	0.30%	2,737,691
Non-operating revenues	29,911	(420)	-1.40%	29,491
Total revenues	83,815,231	(1,349,941)	-1.61%	82,465,290
Purchased power	32,895,371	1,699,636	5.17%	34,595,007
Purchased gas	18,743,205	(2,887,351)	-15.40%	15,855,854
Depreciation and amortization expense	8,029,271	259,726	3.23%	8,288,997
Other operating expense	16,672,262	211,992	1.27%	16,884,254
Non-operating expense	3,878,643	(278,522)	-7.18%	3,600,121
Total expense	80,218,752	(994,519)	-1.24%	79,224,233
Change in net position before capital contributions	3,596,479	(355,422)	-9.88%	3,241,057
Capital contributions	2,629,350	1,442,232	54.85%	4,071,582
Change in net position	6,225,829	1,086,810	17.46%	7,312,639
Beginning net position	142,132,912	(6,216,507)	-4.37%	135,916,405
Change in accounting principle	(12,442,336)	12,442,336	100.00%	-
Beginning net position, restated	129,690,576	6,225,829	4.80%	135,916,405
Ending net position	$135,916,405	$ 7,312,639	5.38%	$143,229,044

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 2016, the Commission received $3,375,124 in capital contributions. This was a $696,458 decrease from fiscal year 2015 capital contributions of $4,071,582. Capital contributions for 2016 included the following receipts:

- $300,993 received from various sources to offset capital costs related to lighting infrastructure
- $1,893,835 received from various developer contributed properties that consists of water and sewer infrastructure
- $21,460 received from insurance proceeds to recover a portion of the costs associated with repairing the Highway 14 meter pit for the Commission's feed to its wholesale customer
- $435,125 received from new customers to provide for future capacity needs of the water system
- $698,240 received from new customers to provide for future capacity needs of the sewer system

During 2015, the Commission received $4,071,582 in capital contributions. This was an increase of $1,442,232 from $2,629,350 received during fiscal year 2014.

Change in Accounting Principle

During 2015, the Commission adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 ("Statement No. 68")* and GASB Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB Statement No. 68 ("Statement No. 71")*. The provisions of Statement No. 68 and Statement No. 71 relevant to the Commission related to the reporting of the Commission's proportionate share of the net pension liability, contributions to the South Carolina Retirement System, and funding progress for the postemployment pension costs to supplement the basic financial statements. With the change being applied retroactively, the adoption of these statements resulted in a $12,442,336 reduction in net position as of January 1, 2014.

Transfers to the City

During fiscal years 2016 and 2015, 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 2016.

- $180,664 to provide improvements and upgrades to the existing Electric system
- $458,879 to provide improvements, upgrades, and extensions of the Natural Gas system
- $50,815 to provide for replacement of street lighting with efficient LED lighting along Poinsett Street, Main Street, and the downtown area of the City of Greer
- $142,268 to provide water service expansions along Old Highway 14 South
- $475,034 to provide for engineering and pressure upgrades to a section of high-pressure natural gas pipeline along Highway 101
- $812,033 to provide for infrastructure improvements to the Commission's water filter plant equipment
- $207,802 in costs to repair the interconnection for water delivery to the Commission's wholesale water customer
- $242,243 to provide utility infrastructure to the Green Road Industrial Park
- $2,408,897 to provide for utility infrastructure to various new developments
- $218,525 in costs associated with upgrading the water and sewer infrastructure in the Trade Street area of downtown Greer
- $294,460 in costs associated with projects to reduce inflow and infiltration, and extensions of the Sewer system
- $66,693 to provide the relocation of sewer infrastructure in the Apalache Mill
- $97,974 in costs associated to complete the construction of the East Greer substation located on Victor Hill Road to provide for future growth along Highway 101
- $44,506 in costs associated with a pilot project related to creating and AMI infrastructure for reading meters
- $513,582 to provide for replacement of motor vehicles and heavy equipment
- $218,858 to provide for replacement of computers and related equipment
- $1,380,529 to provide for capacity additions and upgrades at the Maple Creek Waste Water Treatment Plant
- $403,155 to provide computers and tools for maintaining utility services and administration
- $430,389 to provide for new meters and upgrades to meters and associated equipment needed for obtaining the customer usages
- $59,420 to upgrade property lighting equipment to efficient LED lighting at the Commission's operations properties
- $161,964 in costs associated with improvements to the Commission's Operations Center

At the end of 2016, the Commission has invested $336,984,960 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 2015	Total Dollar Change	Total Percent Change	FY 2016
Land	$ 2,595,608	$ 39,480	1.52%	$ 2,635,088
Buildings	6,806,698	95,828	1.41%	6,902,526
Machinery, equipment, and vehicles	10,026,724	342,237	3.41%	10,368,961
Electric distribution system	53,020,137	2,150,921	4.06%	55,171,058
Water distribution system	71,993,790	2,424,340	3.37%	74,418,130
Water reservoirs and dams	12,804,216	6,500	0.05%	12,810,716
Recreational facilities	714,454	45,677	6.39%	760,131
Gas distribution system	64,924,471	2,631,496	4.05%	67,555,967
Disposal plants and sanitary sewer	93,851,689	2,771,590	2.95%	96,623,279
Office equipment and software	3,494,404	432,510	12.38%	3,926,914
Fiber optic	550,200	-	0.00%	550,200
Construction in progress	1,878,833	3,383,157	180.07%	5,261,990
Subtotal	322,661,224	14,323,736	4.44%	336,984,960
Less accumulated depreciation	120,952,061	8,132,701	6.72%	129,084,762
Net property, plant, and equipment	$ 201,709,163	$ 6,191,035	3.07%	$ 207,900,198

	FY 2014	Total Dollar Change	Total Percent Change	FY 2015
Land	$ 2,569,333	$ 26,275	1.02%	$ 2,595,608
Buildings	6,813,052	(6,354)	-0.09%	6,806,698
Machinery, equipment, and vehicles	9,219,597	807,127	8.75%	10,026,724
Electric distribution system	47,943,457	5,076,680	10.59%	53,020,137
Water distribution system	70,612,763	1,381,027	1.96%	71,993,790
Water reservoirs and dams	12,808,116	(3,900)	-0.03%	12,804,216
Recreational facilities	701,309	13,145	1.87%	714,454
Gas distribution system	61,872,135	3,052,336	4.93%	64,924,471
Disposal plants and sanitary sewer	90,434,322	3,417,367	3.78%	93,851,689
Office equipment and software	3,117,193	377,211	12.10%	3,494,404
Fiber optic	550,200	-	0.00%	550,200
Construction in progress	1,285,706	593,127	46.13%	1,878,833
Subtotal	307,927,183	14,734,041	4.78%	322,661,224
Less accumulated depreciation	113,807,692	7,144,369	6.28%	120,952,061
Net property, plant, and equipment	$ 194,119,491	$ 7,589,672	3.91%	$ 201,709,163

In 2016 and 2015, the Commission's capital assets increased in the net amount of $14,323,736 and $14,734,041, respectively. Of this increase, $13,368,004 and $13,516,637, respectively, was for expansion and improvement to utility plant and the remainder for other operating assets during 2016 and 2015.

LONG-TERM DEBT

At the end of 2016, the Commission had $75,645,005 in aggregate long-term debt, down from $79,303,204 at the end of fiscal year 2015, a decrease of $3,658,199, or 4.61%. In 2015, the Commission had $79,303,204 in aggregate long-term debt, decreased from $82,657,693 at the end of fiscal year 2014, a decrease of $3,354,489, or 4.06%. The changes resulted from scheduled principal payments made on the existing debt (see Note 7 in the Notes to the Financial Statements).

Bond Ratings - All outstanding Combined Utility System Revenue Bonds ("Revenue Bonds") carry an A1, A+ and A+ ratings from Moody's, Standard & Poor's, and Fitch Ratings, respectively. During 2016 and 2015, the Commission received affirmations of each of its ratings, with Fitch Ratings issuing a positive outlook to 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 255%, 219%, and 221%, for the years 2016, 2015, and 2014, 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 2021.

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.

On September 1, 2015, the Commission issued $4,590,000 of refunding bonds to defease the remaining outstanding bonds, net of all cost of debt, of the Series 2010 Combined Utility System Revenue bonds. The refund transaction provided the Commission with an economic gain of $81,390. This transaction also resulted in a defeasance loss in the amount of $44,350, of which is being amortized over the life of the original debt, which is equal to the life of the new debt issue.

TABLE A-4
Debt Coverage Ratio

	FY 2014 (Restated)	FY 2015	Total Percent Change	FY 2016	Total Percent Change
Revenues					
Revenues from operations	$83,785,320	$82,435,799	-1.61%	$84,397,100	2.38%
Non-operating revenue	29,911	29,491	-1.40%	46,404	57.35%
Capacity fees	526,915	675,435	28.19%	1,133,365	67.80%
Total revenues	84,342,146	83,140,725	-1.42%	85,576,869	2.93%
Expenses					
Total expenses	79,218,752	78,224,233	-1.26%	78,086,048	-0.18%
Depreciation and amortization expense	(8,029,271)	(8,288,997)	3.23%	(8,463,636)	2.11%
Bond interest expense	(2,844,555)	(2,574,464)	-9.50%	(2,532,056)	-1.65%
Gain (loss) on sale of assets	(34,088)	(25,657)	-24.73%	44,419	-273.13%
Total expenses	68,310,838	67,335,115	-1.43%	67,134,775	-0.30%
Income available for debt service	$16,031,308	$15,805,610	-1.41%	$18,442,094	16.68%
Maximum annual debt service (ADS)	$ 7,238,624	$ 7,229,365		$ 7,229,365	
Maximum ADS coverage	221%	219%	-0.90%	255%	16.44%

*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 3.55% in outstanding debt, with the average cost of capital being 3.54% and 3.58%, for the years 2015 and 2014, respectively.

TABLE A-5
Cost of Capital

	FY 2014		FY 2015		FY 2016	
	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate
Series 2002 revenue bonds	$23,475,000	5.36%	$23,280,000	5.36%	$23,075,000	5.36%
2004 South Carolina SRF loan	6,979,862	2.25%	6,695,816	2.25%	6,405,325	2.25%
2005 South Carolina SRF loan	5,840,674	2.25%	5,595,342	2.25%	5,344,443	2.25%
Series 2007 revenue bonds	4,190,360	4.02%	3,938,653	4.02%	3,676,828	4.02%
2007 South Carolina SRF loan	10,336,817	2.25%	9,714,263	2.25%	9,077,583	2.25%
Series 2009 refunding bonds	18,915,000	4.03%	17,515,000	4.03%	16,055,000	4.03%
2009 South Carolina SRF loan	4,609,980	2.25%	4,474,130	2.25%	4,335,826	2.25%
Series 2010 revenue bonds	4,810,000	3.07%	-	0.00%	-	0.00%
2013 SC Public Service Authority loan	3,500,000	0.00%	3,500,000	0.00%	3,500,000	0.00%
Series 2015 refunding bonds	-	0.00%	4,590,000	2.10%	4,175,000	2.10%
	$82,657,693	3.58%	$79,303,204	3.54%	$75,645,005	3.55%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Commission considered a variety of factors in developing the fiscal year 2017 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.

The fiscal year 2017 budget provides for rate increases in its electric, water, and sewer utilities. For 2017, 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 2017.

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 MANAGER OF FINANCE AND ADMINISTRATION

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, Manager – Finance and Administration, Greer Commission of Public Works, P.O. Box 216, Greer, South Carolina 29652-0216.

GREER COMMISSION OF PUBLIC WORKS

STATEMENTS OF NET POSITION

DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents:		
Operating	$ 16,399,730	$ 18,176,540
Restricted	11,371,266	10,415,450
Total funds	27,770,996	28,591,990
Receivables:		
Customers, less allowance for doubtful accounts of $211,875 in 2016 and $191,482 in 2015	9,345,572	7,744,823
Short-term investments, unrestricted	3,074,468	3,050,861
Inventories	2,762,955	2,678,481
Customer deposits	1,233,345	959,534
Total current assets	44,187,336	43,025,689
Non-current assets:		
Utility plant	336,984,960	322,661,224
Less accumulated depreciation	(129,084,762)	(120,952,061)
Net utility plant	207,900,198	201,709,163
Other assets	584,803	487,945
Total non-current assets	208,485,001	202,197,108
Total assets	$ 252,672,337	$ 245,222,797
Deferred outflows of resources		
Bond defeasance loss	$ 363,382	$ 406,394
Deferred outflows from pension	2,911,600	779,534
Total deferred outflows of resources	$ 3,274,982	$ 1,185,928
LIABILITIES		
Current liabilities:		
Accounts payable	$ 6,003,578	$ 5,326,557
Construction contract retainage payable	39,342	5,449
Accrued interest	812,007	837,266
Other accrued expenses	1,631,306	1,136,804
Customer deposits	1,233,345	959,534
Current portion of landfill post-closure liability	18,000	18,000
Current portion of long-term debt	3,777,997	3,658,199
Total current liabilities	13,515,575	11,941,809
Landfill post-closure liability	288,000	306,000
Other postemployment liability	1,034,000	891,000
Net pension liability	16,497,334	13,457,698
Long-term debt, net of unamortized premium, and current portion of long-term debt	72,385,180	76,196,890
Total non-current liabilities	90,204,514	90,851,588
Total liablilities	$ 103,720,089	$ 102,793,397
Deferred inflows of resources		
Deferred inflows from pension	$ 265,606	$ 386,284
Total deferred inflows of resources	$ 265,606	$ 386,284
NET POSITION		
Net investment in capital assets	$ 131,737,021	$ 121,854,072
Restricted for:		
Debt service	2,194,446	2,390,345
Capital projects	9,176,820	8,025,105
Unrestricted	8,853,337	10,959,522
Total net position	$ 151,961,624	$ 143,229,044

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, 2016 AND 2015

	2016	2015
Operating revenues:		
Electric revenues	$ 42,731,587	$ 40,756,477
Gas revenues	24,345,989	26,200,478
Water revenues	8,454,746	7,494,880
Sewer revenues	5,843,893	5,246,273
Other operating revenues	3,020,885	2,737,691
Total operating revenues	84,397,100	82,435,799
Operating expenses:		
Purchased power	36,000,430	34,595,007
Purchased gas	12,686,093	15,855,854
Depreciation and amortization	8,463,636	8,288,997
Other operating expenses	18,448,252	16,884,254
Total operating expenses	75,598,411	75,624,112
Net operating revenue	8,798,689	6,811,687
Other revenues (expenses):		
Interest expense	(2,532,056)	(2,574,464)
Interest revenue	46,404	29,491
Transfers to the City of Greer	(1,000,000)	(1,000,000)
Gain (loss) on disposal of utility plant	44,419	(25,657)
Total other expenses, net	(3,441,233)	(3,570,630)
Change in net position before contributions	5,357,456	3,241,057
Contributions	3,375,124	4,071,582
Change in net position after contributions	8,732,580	7,312,639
Net position at beginning of the year	143,229,044	135,916,405
Net position at end of the year	$ 151,961,624	$ 143,229,044

See accompanying notes to the financial statements.

GREER COMMISSION OF PUBLIC WORKS
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash flows from operating activites:		
Cash received from customers	$ 78,528,623	$ 81,415,226
Cash paid to suppliers	(58,856,610)	(66,007,804)
Cash paid to employees	(6,777,164)	(6,184,807)
Other operating revenue	3,020,885	2,737,691
Net cash provided by operating activities	15,915,734	11,960,306
Cash flows from noncapital financing activities:		
Payments to City of Greer	(1,000,000)	(1,000,000)
Net cash used in noncapital financing activities	(1,000,000)	(1,000,000)
Cash flows from capital and related financing activites:		
Increase in utility plants	(10,808,499)	(10,242,192)
Capital contributions	1,481,289	1,470,699
Proceeds from sale of utility plant	57,010	106,588
Proceeds from issuance of long-term debt	-	4,590,000
Debt issuance costs	-	(44,350)
Repayment of debt	(3,658,199)	(7,944,491)
Interest paid on long-term debt	(2,557,315)	(2,616,338)
Net cash used in capital and related financing activities	(15,485,714)	(14,680,084)
Cash flows from investing activites:		
Purchase of investments	(297,418)	(45,447)
Interest received on investments	46,404	29,491
Net cash used in investing activities	(251,014)	(15,956)
Net decrease in cash and cash equivalents	(820,994)	(3,735,734)
Cash and cash equivalents at beginning of year	28,591,990	32,327,724
Cash and cash equivalents at end of year	$ 27,770,996	$ 28,591,990

See accompanying notes to the financial statements.

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

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Reconciliation of operating revenue to net cash provided by operating activities:		
Net operating revenue	$ 8,798,689	$ 6,811,687
Adjustments to reconcile net operating revenue to net cash provided by operating activities:		
Depreciation	8,454,337	8,279,699
Amortization of bond discounts and premiums	9,299	9,298
Change in pension expense	786,892	107,039
Changes in assets and liabilities:		
Customer receivables, net	(1,600,749)	1,144,367
Inventories	(2,006,210)	(3,263,098)
Other assets	(96,858)	(321,156)
Accounts payable	677,021	(1,152,627)
Other accrued expenses	494,502	312,749
Other postemployment liabilities	143,000	64,000
Landfill post-closure liability	(18,000)	(67,000)
Customer deposits	273,811	35,348
Net cash provided by operating activities	$ 15,915,734	$ 11,960,306
Non-cash items:		
Inventory transferred into capital assets	$ 1,921,736	$ 3,178,441
(Gain) loss on sale of assets	$ (44,419)	$ 25,657
Non-cash capital contributions	$ 1,893,835	$ 2,600,883
Capitalized interest related to long-term debt	$ 255,558	$ 353,912

See accompanying notes to the financial statements.

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 96% 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 Conoco Phillips, BP Energy, Direct Energy, NJR Energy, 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 the utility plant is capitalized during the construction period. Interest capitalization during the years ended December 31, 2016 and 2015 was $255,558 and $353,912, respectively. Minimum capitalization costs are $1,000.

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

	Years		Years
Electric distribution system	25	Finance building	50
Gas distribution system	33	Operations center	50
Water 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, 2016 and 2015 was $8,454,337 and $8,279,699, 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 statements 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 reported at fair value are categorized within the fair value hierarchy established under accounting principles generally accepted in the United States of America ("GAAP"). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Gains or losses that result from market fluctuations are reported in the current period. As of December 31, 2016 and 2015, all of the Commission's investments are valued using significant other observable inputs (Level 2 inputs) (See Note 4).

Inventories - Materials and supplies inventories are valued at average cost, and consists of materials, supplies, and fuel.

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, 2016 and 2015 were $3,963,809 and $3,372,722, 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 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 2016 and 2015, 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.

Note 1—Organization and significant accounting policies (continued)

Cumulative changes in the fair value of hedge contracts are recorded at the time the contracts are closed. At December 31, 2016 and 2015, the Commission had a total of 25 contracts and 20 contracts outstanding, 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 $20,063,150 and $14,605,025 at an average cost of $3.20 and $3.25 per dekatherm of natural gas at December 31, 2016 and 2015, 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.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position contains a separate section for deferred outflows of resources. This separate net statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has deferred losses on advance refundings, which qualify for reporting in this category. Deferred losses on refundings and advance refundings result from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Commission has deferred outflows related to pensions for contributions to the pension plan subsequent to the measurement date. These contributions will be a reduction of the collective net pension liability in the next reporting period.

In addition to liabilities, the statements of net position contains a separate section for deferred inflows of resources. This separate net statement element, deferred inflows of resources, represents an increase of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has deferred inflows related to pensions for the net difference between projected and actual investment earnings.

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 position 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 position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Note 1—Organization and significant accounting policies (continued)

Pronouncements - 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. The adoption of this statement did not have a material impact to the Commission.

The GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement extends the approach to accounting and financial reporting established in Statement 68 to all pensions, with certain modifications. The statement also clarifies the application of certain provisions of Statements 67 and 68. The requirements of this statement are effective for periods beginning after June 15, 2016. The impact to the Commission upon adoption of this statement is currently being evaluated**.**

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB plans that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The requirements of this statement are effective for periods beginning after June 15, 2017, although early adoption is permitted. The impact to the Commission upon adoption of this statement is currently being evaluated.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This statement reduces the Generally Accepted Accounting Principles (“GAAP”) hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is approved by the GASB. The requirements of this statement are effective for periods beginning after June 15, 2015, although early adoption is permitted. The adoption of this statement did not have a material impact to the Commission.

The GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this statement is to address certain issues that have been raised with respect to the presentation of payroll related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Among other items, this statement defines covered payroll, as reported in the required supplementary information, as the payroll on which contributions to a pension plan are based. The requirements of this statement are effective for financial periods beginning after June 15, 2016. The impact to the Commission upon adoption of this statement is currently being evaluated.

Note 1—Organization and significant accounting policies (continued)

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations ("AROs"). Among other things, GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this statement are effective for periods beginning after June 15, 2018, although early adoption is permitted. The impact to the Commission upon adoption of this statement is currently being evaluated.

Reclassifications - Certain accounts on the Statements of Net Position in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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 15.36% and 15.07% in 2016 and 2015, 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 2016 and 2015, the Commission purchased $35,182,344 and $33,793,788, respectively, from PMPA under the two agreements discussed above. On December 31, 2016 and 2015, amounts due to PMPA of $2,839,146 and $2,668,970, respectively, were included in accounts payable.

Note 3—Utility plant

The following is a summary of changes in utility plant as of December 31, 2016:

	December 31, 2015	Additions	Classification Transfers	Disposals	December 31, 2016
Utility plant not being depreciated:					
Land	$ 2,595,608	$ 39,830	$ -	$ (350)	$ 2,635,088
Construction in progress	1,878,833	4,687,234	(1,299,867)	(4,210)	5,261,990
Total utility plant not being depreciated	4,474,441	4,727,064	(1,299,867)	(4,560)	7,897,078
Utility plant being depreciated:					
Electric distribution system	53,020,137	1,903,873	247,048	-	55,171,058
Gas distribution system	64,924,471	2,345,053	286,443	-	67,555,967
Water distribution system	71,993,790	2,340,113	84,227	-	74,418,130
Water reservoirs and dams	12,804,216	6,500	-	-	12,810,716
Recreational facilities	714,454	45,677	-	-	760,131
Disposal plants and sanitary sewer	93,851,689	2,092,952	680,910	(2,272)	96,623,279
Finance building	614,926	84,529	-	-	699,455
Operations center	5,735,762	11,299	(3,670)	-	5,743,391
Vehicle maintenance facility	381,010	-	3,670	-	384,680
Buildings	75,000	-	-	-	75,000
Vehicles and other work equipment	10,026,724	638,651	28,705	(325,119)	10,368,961
Office equipment and furniture	3,494,404	471,011	4,692	(43,193)	3,926,914
Fiber optic	550,200	-	-	-	550,200
Total utility plant being depreciated	318,186,783	9,939,658	1,332,025	(370,584)	329,087,882
Less accumulated depreciation for:					
Electric distribution system	(25,990,045)	(1,713,142)	-	-	(27,703,187)
Gas distribution system	(27,668,418)	(1,859,016)	-	-	(29,527,434)
Water distribution system	(21,726,395)	(1,426,051)	-	-	(23,152,446)
Water reservoirs and dams	(5,188,839)	(176,229)	-	-	(5,365,068)
Recreational facilities	(286,735)	(19,730)	-	-	(306,465)
Disposal plants and sanitary sewer	(26,815,483)	(1,940,919)	(95)	1,099	(28,755,398)
Finance building	(107,295)	(17,383)	-	-	(124,678)
Operations center	(3,196,368)	(138,840)	-	-	(3,335,208)
Vehicle maintenance facility	(238,008)	(9,788)	1	-	(247,795)
Buildings	(75,000)	-	-	-	(75,000)
Vehicles and other work equipment	(6,884,046)	(740,334)	(3,714)	286,084	(7,342,010)
Office equipment and furniture	(2,501,455)	(390,717)	(965)	39,226	(2,853,911)
Fiber optic	(273,974)	(22,188)	-	-	(296,162)
Total accumulated depreciation	(120,952,061)	(8,454,337)	(4,773)	326,409	(129,084,762)
Utility plant, net	$ 201,709,163				$ 207,900,198

Note 3—Utility plant (continued)

The following is a summary of changes in utility plant as of December 31, 2015:

	December 31, 2014	Additions	Classification Transfers	Disposals	December 31, 2015
Utility plant not being depreciated:					
Land	$ 2,569,333	$ 26,275	$ -	$ -	$ 2,595,608
Construction in progress	1,285,706	1,811,494	(1,218,367)	-	1,878,833
Total utility plant not being depreciated	3,855,039	1,837,769	(1,218,367)	-	4,474,441
Utility plant being depreciated:					
Electric distribution system	47,943,457	4,493,780	582,900	-	53,020,137
Gas distribution system	61,872,135	3,556,349	80,734	(584,747)	64,924,471
Water distribution system	70,612,763	1,486,002	-	(104,975)	71,993,790
Water reservoirs and dams	12,808,116	15,644	(19,544)	-	12,804,216
Recreational facilities	701,309	13,144	1	-	714,454
Disposal plants and sanitary sewer	90,434,322	3,055,128	572,818	(210,579)	93,851,689
Finance building	597,857	17,069	-	-	614,926
Operations center	5,782,121	28,178	(63,641)	(10,896)	5,735,762
Vehicle maintenance facility	358,074	-	22,936	-	381,010
Buildings	75,000	-	-	-	75,000
Vehicles and other work equipment	9,219,597	1,141,723	40,704	(375,300)	10,026,724
Office equipment and furniture	3,117,193	382,434	16,598	(21,821)	3,494,404
Fiber optic	550,200	-	-	-	550,200
Total utility plant being depreciated	304,072,144	14,189,451	1,233,506	(1,308,318)	318,186,783
Less accumulated depreciation for:					
Electric distribution system	(24,332,361)	(1,657,766)	82	-	(25,990,045)
Gas distribution system	(26,390,336)	(1,812,749)	(5,457)	540,124	(27,668,418)
Water distribution system	(20,414,032)	(1,401,603)	(2,100)	91,340	(21,726,395)
Water reservoirs and dams	(5,016,661)	(176,078)	3,900	-	(5,188,839)
Recreational facilities	(268,000)	(18,735)	-	-	(286,735)
Disposal plants and sanitary sewer	(25,061,318)	(1,916,748)	226	162,357	(26,815,483)
Finance building	(89,916)	(17,379)	-	-	(107,295)
Operations center	(3,061,163)	(139,006)	(276)	4,077	(3,196,368)
Vehicle maintenance facility	(228,821)	(9,187)	-	-	(238,008)
Buildings	(75,000)	-	-	-	(75,000)
Vehicles and other work equipment	(6,522,660)	(682,532)	(20,420)	341,566	(6,884,046)
Office equipment and furniture	(2,095,877)	(425,489)	(1,197)	21,108	(2,501,455)
Fiber optic	(251,547)	(22,427)	-	-	(273,974)
Total accumulated depreciation	(113,807,692)	(8,279,699)	(25,242)	1,160,572	(120,952,061)
Utility plant, net	$ 194,119,491				$ 201,709,163

Transfers of construction in progress are shown as additions to utility plant being depreciated.

At December 31, 2016 and 2015, the Commission had outstanding contractual commitments of $214,777 and $1,299,471, 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.

Note 4—Cash, cash equivalents, and investments

At December 31, 2016, the carrying value of deposits included in cash and cash equivalents was $27,770,996 and the bank balance was $29,326,748. At December 31, 2015, the carrying value of deposits included in cash and cash equivalents was $28,591,990 and the bank balance was $29,678,723. 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.

As of December 31, 2016, the Commission had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months	6 - 12 Months
SC Local Government Investment Pool	$ 3,074,468	$ 3,074,468	$ -

As of December 31, 2015, the Commission had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months	6 - 12 Months
SC Local Government Investment Pool	$ 3,050,861	$ 3,050,861	$ -

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 two years and maturities shall be staggered in a way that avoids undue concentration in a specific maturity sector. A competitive bidding process is utilized, only allowing a select list of qualified commercial banks to participate.

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

a) Obligations of the United States and its agencies.

b) General obligations of the state of South Carolina or any of its political units. Savings and loan association deposits to the extent they are insured by the 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 fair 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.

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

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 total fair value of the pools is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at $1.00. The SCLGIP does not contain any restrictive redemption limitations. Funds may be deposited at any time and may be withdrawn upon 24 hours' notice. Financial statements for the SCGLIP may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

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 2016 and 2015, the Commission had a concentration of investments held in the SCLGIP.

Note 5—Inventories

Inventories at December 31, 2016 and 2015 consist of the following:

	2016	2015
Materials and Supplies:		
Electric	$ 1,574,867	$ 1,399,799
Gas	800,621	792,900
Water and sewer	340,153	438,056
Other	19,469	19,030
Gasoline	27,845	28,696
	$ 2,762,955	$ 2,678,481

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 30 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 of the post-closure period, which is 19 years. At the end of 2015, after a review by independent engineers, the landfill post-closure liability was decreased to $342,000, a decrease of $49,000, and will be amortized over the remaining post-closure period. For the years ended December 31, 2016 and 2015, amortization in the amount of $18,000, respectively, 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, 2016 and 2015 consists of the following:

	2016	2015
$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 September 1, 2005 and interest payable semi-annually through September 1, 2032.	$ 23,075,000	$ 23,280,000
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.	6,405,325	6,695,816
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.	5,344,443	5,595,342
$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 September 1, 2008 and interest payable annually through September 2027.	3,676,828	3,938,653
South Carolina Water Quality Revolving Fund loan to finance the upgrading and expanding of the Maple Creek Waste Water Treatment Plant Project; interest at 2.25%; quarterly installments through March 1, 2029.	9,077,583	9,714,263
South Carolina Water Quality Revolving Fund loan to finance the 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%.	4,335,826	4,474,130
$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 September 1, 2009 and interest payable semi-annually through September, 1, 2025.	16,055,000	17,515,000

Note 7—Long-term debt (continued)

	2016	2015
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
$4,590,000 Series 2015 Combined Utility System Refunding Bond used to refund Series 2010 Combined Utility System Revenue Bonds; interest at 2.10%; principal payable annually starting September 1, 2016 and interest payable annually through September 1, 2025.	4,175,000	4,590,000
	75,645,005	79,303,204
Current portion of long-term debt	(3,777,997)	(3,658,199)
Bond premium, net of accumulated amortization of $493,239 in 2016 and $459,526 in 2015.	518,172	551,885
	$ 72,385,180	$ 76,196,890

Future maturities of long-term debt are as follows:

	Principal	Interest	Total
2017	$ 3,777,997	$ 2,697,525	$ 6,475,522
2018	3,893,913	2,576,242	6,470,155
2019	4,720,983	2,450,539	7,171,522
2020	4,854,243	2,320,093	7,174,336
2021	4,993,727	2,184,843	7,178,570
2022-2026	24,541,460	8,706,431	33,247,891
2027-2031	21,526,531	4,259,069	25,785,600
2032-2036	6,441,358	426,042	6,867,400
2037-2040	894,793	47,734	942,527
	$ 75,645,005	$ 25,668,518	$ 101,313,523

Note 7—Long-term debt (continued)

Changes in long-term debt:

December 31, 2016	Beginning Balance	New Issuance	Payments	Ending Balance	Current Portion
2002 Combined Utility System Bonds	$ 23,280,000	$ -	$ (205,000)	$ 23,075,000	$ 210,000
2004 State Revolving Loan	6,695,816	-	(290,491)	6,405,325	297,083
2005 State Revolving Loan	5,595,342	-	(250,899)	5,344,443	256,592
2007 State Revolving Loan	9,714,263	-	(636,680)	9,077,583	651,127
2007 Combined Utility System Bonds	3,938,653	-	(261,825)	3,676,828	272,351
2009 State Revolving Loan	4,474,130	-	(138,304)	4,335,826	140,844
2009 Combined Utility System Bonds	17,515,000	-	(1,460,000)	16,055,000	1,520,000
2013 Santee Cooper Loan	3,500,000	-	-	3,500,000	-
2015 Combined Utility System Bonds	4,590,000	-	(415,000)	4,175,000	430,000
Landfill Postclosure Costs	324,000	-	(18,000)	306,000	18,000
	$ 79,627,204	$ -	$ (3,676,199)	$ 75,951,005	$ 3,795,997

December 31, 2015	Beginning Balance	New Issuance	Payments	Ending Balance	Current Portion
2002 Combined Utility System Bonds	$ 23,475,000	$ -	$ (195,000)	$ 23,280,000	$ 205,000
2004 State Revolving Loan	6,979,862	-	(284,046)	6,695,816	290,491
2005 State Revolving Loan	5,840,674	-	(245,332)	5,595,342	250,899
2007 State Revolving Loan	10,336,817	-	(622,554)	9,714,263	636,680
2007 Combined Utility System Bonds	4,190,360	-	(251,707)	3,938,653	261,825
2009 State Revolving Loan	4,609,980	-	(135,850)	4,474,130	138,304
2009 Combined Utility System Bonds	18,915,000	-	(1,400,000)	17,515,000	1,460,000
2010 Combined Utility System Bonds	4,810,000	-	(4,810,000)	-	-
2013 Santee Cooper Loan	3,500,000	-	-	3,500,000	-
2015 Combined Utility System Bonds	-	4,590,000	-	4,590,000	415,000
Landfill Postclosure Costs	391,000	-	(67,000)	324,000	18,000
	$ 83,048,693	$ 4,590,000	$ (8,011,489)	$ 79,627,204	$ 3,676,199

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 2040.

The total principal and interest remaining to be paid on the debt is $101,313,523. Principal and interest paid for the years ended December 31, 2016 and 2015 were $6,445,813 and $10,872,866, respectively. Total operating revenues for the years ended December 31, 2016 and 2015 were $84,397,100 and $82,435,799, 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 statements. 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.

Note 7—Long-term debt (continued)

On September 1, 2015, the Commission issued $4,590,000 of refunding bonds to defease the remaining outstanding bonds, net of all cost of debt, of the Series 2010 Combined Utility System Revenue bonds. This refunding transaction provided the Commission with an economic gain of $81,390. This transaction also resulted in a defeasance loss in the amount of $44,350, of which will be amortized over the life of the original debt, which is equal to the life of the new debt issue.

At December 31, 2016 and 2015, the amount of defeased bonds principal outstanding and unpaid by the Trustee was $19,010,000 and $21,155,000, respectively.

Note 8—Pension plan

Plan Description
The Commission is a member of the South Carolina Retirement System ("SCRS") and the Police Officer Retirement System ("PORS"), which is administered by the South Carolina Public Employee Benefit Authority ("PEBA"). The SCRS plan is a cost sharing multi-employer defined benefit pension plan, established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. The PORS plan is a cost sharing multi-employer defined benefit pension plan, established effective July 1, 1962, pursuant to the provisions of Sections 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of state, counties, municipalities, and political subdivisions. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS and PORS is publicly available on their website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA.

Membership
All employees of covered employers are required to participate in and contribute to the system as a condition of employment. SCRS covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. PORS covers police officers and firefighters. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits
Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend the benefit terms without legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years of credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

Note 8—Pension plan (continued)

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or $500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provision at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of the age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increase by the lesser of one percent or $500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions
Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of actuarial valuations. Employee and employer contributions rates, shown below, were made through payroll deductions for respective periods shown:

	SCRS		PORS	
Period	**Employee**	**Employer**	**Employee**	**Employer**
January – June 2014	7.50%	10.60%	7.50%	12.50%
July – December 2014	8.00%	10.90%	8.41%	13.21%
January – June 2015	8.00%	10.90%	8.41%	13.21%
July – December 2015	8.16%	11.06%	8.74%	13.54%
January – June 2016	8.16%	11.06%	8.74%	13.54%
July – December 2016	8.66%	11.56%	9.24%	14.04%

The gross salaries for employees covered by the SCRS for the years ended December 31, 2016, 2015, and 2014 were $7,530,495, $7,104,390, and $6,854,759, respectively. Contributions by the Commission to the SCRS were based on the percentages of the employees' earnings listed above and amounted to $852,012, $780,337, and $701,210 in 2016, 2015, and 2014, respectively. Employee contributions were based on the percentages of the employees' earnings listed above and amounted to $633,629, $574,312, and $517,011 in 2016, 2015, and 2014, respectively. The contributions are equal to the required contributions for each year.

The gross salaries for employees covered by the PORS for the years ended December 31, 2016, 2015, and 2014 were $62,141, $47,648, and $18,262, respectively. Contributions by the Commission to the PORS were based on the percentages of the employees' earnings listed above and amounted to $8,580, $6,383, and $1,837 in 2016, 2015, and 2014, respectively. Employee contributions were based on the percentages of the employees' earnings listed above and amounted to $5,599, $4,086, and $1,162 in 2016, 2015, and 2014 respectively.

Note 8—Pension plan (continued)

Actuarial Assumptions and Methods
Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2015.

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2015. The following is summary of the actuarial assumptions and methods used in the July 1, 2015 valuation for SCRS and PORS:

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Includes inflation at	2.75%	2.75%
Benefits adjustments	Lessor of 1% or $500 annually	Lessor of 1% or $500 annually
Post-retiree mortality	RP-2000 Males muliplied by 100%	RP-2000 Males multiplied by 115%
	RP-2000 Females multiplied by 90%	RP-2000 Females multiplied by 115%

Net Pension Liability
At December 31, 2016 and 2015, the Commission reported $16,386,211 and $13,397,217, respectively, for its proportionate share of the collective net pension liability of the SCRS. The net pension liability of the SCRS plan was measured as of June 30, 2016 based on the July 1, 2015 actuarial valuations and membership data, projected forward to the end of the fiscal year, as well as financial information of the pension trust funds as of June 30, 2016, using generally accepted actuarial procedures. The Commission's proportionate share of the SCRS net pension liability was calculated on the bases of historical employer contributions to the plan. At the June 30, 2016 and 2015 measurement date, the Commission's proportion was 0.076715% and 0.070640%, respectively.

At December 31, 2015 and 2014, the Commission reported $111,123 and $60,481, respectively, for its proportionate share of the collective net pension liability of the PORS. The net pension liability of the PORS plan was measured on the June 30, 2016 based on the July 1, 2015 actuarial valuations and membership data, projected forward to the end of the fiscal year, as well as financial information of the pension trust funds as of June 30, 2016, using generally accepted actuarial procedures. The Commission's proportionate share of the PORS net pension liability was calculated on the bases of historical employer contributions to the plan. At the June 30, 2016 and 2015 measurement date, the Commission's proportion was 0.00438% and 0.00277%, respectively.

Discount Rate
The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8—Pension plan (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market outlook at the end of the third quarter 2015. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted beginning January 1, 2016. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the below table. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	**43.0%**		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	**8.0%**		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	**20.0%**		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	**17.0%**		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	**12.0%**		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

Note 8—Pension plan (continued)

Sensitivity Analysis
The following table presents the Commission's proportionate share of the June 30, 2016 net pension liability calculated using the discount rate of 7.5%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

Commission's Proportionate Share of Net Pension Liability	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
SCRS	$ 20,441,349	$ 16,386,211	$ 13,010,461
PORS	145,603	111,123	80,088
	$ 20,586,952	$ 16,497,334	$ 13,090,549

Pension Plan Fiduciary Net Position
Detail information about the pension plan's fiduciary net position is available in the separately issued SCRS and PORS financial reports.

Deferred Outflows/(Inflows) of Resources
For the years ended December 31, 2016 and 2015, the Commission recognized pension expense of $786,892 and $107,039, respectively, for its proportional share of the net pension liability of SCRS and PORS. At December 31, 2016 and 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,470,194	$ -	$ 369,370	$ -
Net difference between projected and actual earnings on pension plan investments	-	265,606	-	386,284
Commission contributions subsequent to the measurement date to the measurement date	441,406	-	410,164	-
Total	$ 2,911,600	$ 265,606	$ 779,534	$ 386,284

The deferred outflow of resources of $441,406 related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources for the SCRS and PORS pension plans:

Measurement Year Ending June 30:	SCRS	PORS
2017	$ (572,391)	$ (19,617)
2018	(483,603)	(19,533)
2019	(741,883)	(21,449)
2020	(332,323)	(13,789)
Total	$ (2,130,200)	$ (74,388)

Note 9—Other postemployment 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:

	2016	2015
Active Employees	124	130
Retirees	4	5
Total	128	135

For those employees hired prior to October 7, 2005 and retired prior to July 1, 2010 (known as the Grandfathered-Group), the Commission provides postemployment 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 postemployment benefits during 2010, and are as follows. For those employees that were not considered as the Grandfathered-Group, the Commission provides postemployment health benefits to these employees who have met 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 postemployment 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, 2016 and 2015, the Commission recognized expenses (net of participant contributions) of $36,339 and $36,377 respectively, to provide health benefits to Commission participants in postemployment status. As of December 31, 2016 and 2015, retirees in postemployment status that were eligible for benefits under the Plan included four and five members, respectively.

Note 9—Other postemployment benefits (continued)

Annual OPEB Cost and Net Obligation

The Plan's annual Other Postemployment 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, 2016 and 2015, respectively, the amount actually contributed to the Plan and the changes in the net OPEB obligation to the Plan:

	2016	2015
Annual required contribution	$ 187,000	$ 104,000
Interest on net OPEB obligation	36,000	33,000
Adjustment to annual required contribution	(37,000)	(34,000)
Annual OPEB cost	186,000	103,000
Contributions made during the year	(43,000)	(39,000)
Increase in Net OPEB obligation	143,000	64,000
Net OPEB obligation - beginning of year	891,000	827,000
Net OPEB obligation - end of year	$ 1,034,000	$ 891,000

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, 2016, 2015, and 2014 are as follows:

Year	Annual OPEB Cost	Contribution	Percent Contributed	Net OPEB Obligation
2016	$ 186,000	$ 43,000	23.12%	$ 1,034,000
2015	103,000	39,000	37.86%	891,000
2014	103,000	44,000	42.72%	827,000

Funding progress:

Actuarial valuation date	January 1, 2016	January 1, 2013	January 1, 2010
Actuarial value of assets	$ -	$ -	$ -
Actuarial accrued liability (AAL) – projects unit credit	2,239,000	1,402,000	1,528,000
Unfunded AAL (UAAL)	2,239,000	1,402,000	1,528,000
Normal cost	92,000	45,000	51,000
Funded ratio	0%	0%	0%
Covered payroll	$ 6,825,000	$ 6,643,781	$ 6,751,423
UAAL as a percent of covered payroll	32.81%	21.10%	22.63%

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, 2016, the Plan was unfunded.

Note 9—Other postemployment benefits (continued)

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

The projected unit credit cost method was used in the January 1, 2016 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 2.5%) 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 9.0%, 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, 2016, was 21 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	30 Years
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.

Note 10—Risk management (continued)

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, 2016 and 2015 was $1,656,359 and $1,539,250, respectively.

During the year ended December 31, 2016, the Commission entered into a self-funded insurance plan (the "Plan") whereby the Commission is responsible for the payment of health care claims by covered employees. The Plan administrator provides the Commission with an expected claims liability for each fiscal year. The Commission subsequently purchased a stop-loss insurance plan to ensure the Commission does not pay in excess of 125% of expected claims. During the year ended December 31, 2016, the Commission recorded a liability to the self-funded insurance plan totaling $305,499, which is included in the other accrued expenses on the Statements of Net Position.

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

Note 11—Related party transactions

In 2016 and 2015, the Commission and the City of Greer verbally agreed to addendums to the existing 9-year agreement whereby the Commission makes a fixed payment to the City each year. The Commission recognized expenses of $1,000,000 in each of 2016 and 2015, respectively.

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 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, 2016 and 2015 are reported in the Statements of Revenues, Expenses, and Changes in Net Position as revenues, rather than as directed additions to contributed capital. Developer and consumer capacity fees of $1,133,365 and $675,435 and capital contributions of $2,241,759 and $3,396,147, 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, 2016 and 2015, 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, 2016

	Budget	Actual	Variance Positive (Negative)	Variance
Operating revenues:				
Electric revenues	$ 42,382,762	$ 42,731,587	$ 348,825	0.82%
Gas revenues	25,512,152	24,345,989	(1,166,163)	-4.57%
Water and sewer service	13,587,560	14,298,639	711,079	5.23%
Other operating revenues	1,877,659	3,020,885	1,143,226	60.89%
Total operating revenues	83,360,133	84,397,100	1,036,967	1.24%
Operating expenses:				
Purchased power	34,480,806	36,000,430	(1,519,624)	-4.41%
Purchased gas	12,614,910	12,686,093	(71,183)	-0.56%
Depreciation and amortization	8,536,239	8,463,636	72,603	0.85%
Other operating expenses	19,123,703	18,448,252	675,451	3.53%
Total operating expenses	74,755,658	75,598,411	(842,753)	-1.13%
Net operating revenue	8,604,475	8,798,689	194,214	2.26%
Other revenues (expenses):				
Interest expense	(2,829,473)	(2,532,056)	297,417	-10.51%
Interest revenue	30,000	46,404	16,404	54.68%
Transfers to the City of Greer	(1,000,000)	(1,000,000)	-	0.00%
Gain on disposal of utility plant	-	44,419	44,419	
Total other expenses, net	(3,799,473)	(3,441,233)	358,240	-9.43%
Change in net position before contributions	4,805,002	5,357,456	552,454	11.50%
Contributions	-	3,375,124	3,375,124	
Change in net position after contributions	$ 4,805,002	$ 8,732,580	$ 3,927,578	81.74%

GREER COMMISSION OF PUBLIC WORKS

SCHEDULE 2 – SCHEDULE OF DEPARTMENTAL OPERATING REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	Electric	Gas	Water	Sewer	Total
Operating revenues:					
Electric and gas sales:					
Residential	$ 23,192,160	$ 10,341,338	$ -	$ -	$ 33,533,498
Commercial	6,038,913	5,005,175	-	-	11,044,088
Industrial and power	13,500,514	8,999,476	-	-	22,499,990
Water and sewer service	-	-	8,454,746	5,843,893	14,298,639
Collection penalties	94,481	144,202	119,961	119,962	478,606
Other operating revenues	622,151	410,712	561,885	947,531	2,542,279
Total operating revenues	43,448,219	24,900,903	9,136,592	6,911,386	84,397,100
Operating and maintenance expenses:					
Purchased power	36,000,430	-	-	-	36,000,430
Purchased gas	-	12,686,093	-	-	12,686,093
Depreciation	2,042,594	2,188,949	1,951,942	2,270,852	8,454,337
Amortization	(5,201)	6,751	(4,786)	12,535	9,299
Other operating expenses	3,543,978	5,675,418	5,212,186	4,016,670	18,448,252
Total operating expenses	41,581,801	20,557,211	7,159,342	6,300,057	75,598,411
Net operating departmental revenue	$ 1,866,418	$ 4,343,692	$ 1,977,250	$ 611,329	$ 8,798,689

GREER COMMISSION OF PUBLIC WORKS

SCHEDULE 3 – SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2016 (UNAUDITED)

Fiscal Year [1]	Commission's Proportion of Net Pension Liability	Commission's Proportionate Share of the Net Pension Liability	Commission's Total Payroll	Commission's Proportionate Share of the Net Pension Liability as a Percentage of Total Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
South Carolina Retirement System					
2016	0.076715%	$ 16,386,211	$ 7,530,495	217.6%	52.9%
2015	0.070640%	13,397,217	7,104,390	188.6%	57.0%
2014	0.073261%	12,613,115	6,854,759	184.0%	59.9%
2013	0.073261%	13,140,410	6,643,781	197.8%	56.4%
Police Officers Retirement System					
2016	0.004380%	$ 111,123	$ 62,141	178.8%	60.4%
2015	0.002770%	60,481	47,648	126.9%	64.6%
2014	0.000360%	6,930	18,262	37.9%	67.5%
2013	0.000360%	7,504	-	0.0%	63.0%

1 - Represents South Carolina Retirement System's and Police Officers' Retirement System's fiscal year.
This data is presented for those years which information is available.

GREER COMMISSION OF PUBLIC WORKS

SCHEDULE 4 – SCHEDULE OF THE COMMISSION'S PENSION CONTRIBUTION

FOR THE YEAR ENDED DECEMBER 31, 2016

Fiscal Year [1]	Actuarial Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	Commission's Total Payroll	Contributions as a Percentage of Total Payroll
South Carolina Retirement System					
2016	$ 852,012	$ 852,012	$ -	$ 7,530,495	11.3%
2015	780,337	780,337	-	7,104,390	11.0%
2014	701,210	701,210	-	6,854,759	10.2%
2013	678,056	678,056	-	6,643,781	10.2%
Police Officers Retirement System					
2016	$ 8,580	$ 8,580	$ -	$ 62,141	13.8%
2015	6,383	6,383	-	47,648	13.4%
2014	1,837	1,837	-	18,262	10.1%
2013	-	-	-	-	0.0%

1 - Represents South Carolina Retirement System's and Police Officers' Retirement System's fiscal year.

**This data is presented for those years which information is available.*

GREER COMMISSION OF PUBLIC WORKS
STATISTICAL NARRATIVE

FOR THE YEAR ENDED DECEMBER 31, 2016

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

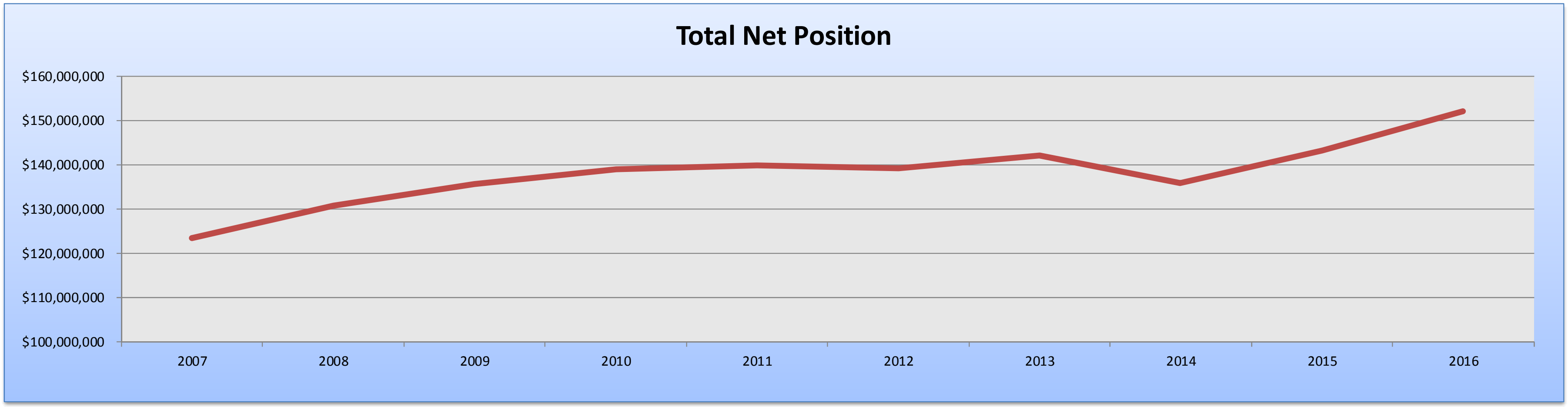
COMBINED SYSTEM

SCHEDULE OF NET POSITION BY COMPONENT FOR THE LAST 10 YEARS (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014 (Restated)	2015	2016
Net investment in capital assets	$105,884,705	$112,683,179	$113,732,125	$111,941,096	$108,561,274	$108,761,825	$108,778,273	$114,376,942	$121,854,072	$131,737,021
Restricted for:										
Debt service	2,154,633	1,578,469	3,889,984	4,952,826	4,467,936	3,565,121	2,505,422	2,871,675	2,390,345	2,194,446
Capital projects	9,011,915	6,247,638	4,644,739	4,874,744	5,169,075	5,606,320	5,944,339	7,408,021	8,025,105	9,176,820
Total restricted	11,166,548	7,826,107	8,534,723	9,827,570	9,637,011	9,171,441	8,449,761	10,279,696	10,415,450	11,371,266
Unrestricted	6,427,074	10,160,784	13,263,590	17,244,248	23,374,253	21,233,711	24,904,878	24,217,176	10,959,522	8,853,337
Change In accounting principles (1) (2)	-	-	-	-	(1,668,067)	-	-	(12,957,409)	-	-
Unrestricted, restated	6,427,074	10,160,784	13,263,590	17,244,248	21,706,186	21,233,711	24,904,878	11,259,767	10,959,522	8,853,337
Total net position	$123,478,327	$130,670,070	$135,530,438	$139,012,914	$139,904,471	$139,166,977	$142,132,912	$135,916,405	$143,229,044	$151,961,624

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

(2) The Commission adopted GASB 68 in fiscal year 2014, which recorded net pension liability



GREER COMMISSION OF PUBLIC WORKS

CAPITAL ASSETS STATISTICS BY UTILITY

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Electric										
Substations	3	3	3	3	3	4	4	4	5	5
Winter peak (megawatts)	53	59	58	67	67	61	64	77	76	70
Summer peak (megawatts)	81	81	75	83	85	84	81	84	88	91
Overhead distribution (miles)	190	190	193	193	195	196	199	200	204	206
Underground distribution (miles)	170	176	183	184	184	184	188	200	204	216
Poles	9,606	9,986	10,135	11,793	11,938	12,045	12,152	12,302	12,443	12,557
Transformers	4,499	4,534	4,571	4,587	4,612	4,653	4,714	4,819	4,867	4,983
Meters	15,263	15,955	16,089	16,143	16,310	16,510	16,683	16,962	17,318	17,864
Vehicles	17	18	17	17	17	17	18	17	18	16
Natural Gas										
Transco pipeline connections	2	2	2	2	2	2	2	2	2	2
High-pressure transmission lines (miles)	42	42	42	42	42	42	42	42	43	43
Intermediate and distribution lines (miles)	683	704	710	712	714	717	721	729	739	749
Pressure reducing regulator stations	139	139	139	139	131	131	131	131	131	131
Meters	19,263	19,639	19,880	20,078	20,275	20,569	20,891	21,255	21,883	22,615
Vehicles	17	19	21	21	21	20	21	20	20	21
Water										
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Water treatment plant capacity (million gallons per day)	24	24	24	24	24	24	24	24	24	24
Average daily flow (million gallons per day)	9	9	8	9	8	10	9	8	9	8
Peak flow (million gallons per day)	14	16	14	14	13	19	13	12	15	13
Ground storage capacity (million gallons)	8	8	8	8	8	8	8	8	8	8
Elevated tank storage capacity (million gallons)	4	4	4	6	6	6	6	6	6	6
Transmission lines (miles)	30	31	31	32	31	32	32	33	32	32
Distribution lines (miles)	372	373	373	379	379	368	371	370	368	382
Fire hydrants	1,398	1,446	1,459	1,476	1,423	1,438	1,455	1,484	1,506	1,539
Meters	17,221	17,438	17,607	17,717	17,899	18,126	18,302	18,522	18,816	19,267
Vehicles	8	8	10	10	10	9	12	12	13	13
Sewer										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment plant capacity (million gallons per day)	5	5	5	5	5	5	5	5	5	5
Average daily flow (million gallons per day)	2	2	2	2	2	2	2	2	2	2
Maximum daily flow	4	4	6	5	4	4	7	6	7	4
Gravity collection lines (miles)	213	214	215	216	214	216	216	222	223	232
Force main collection lines (miles)	19	21	21	22	28	20	20	22	21	23
Lift stations	17	18	18	17	17	17	17	19	17	21
Sewer valves	52	52	52	52	52	52	52	58	65	75
Manholes	5,325	5,452	5,532	5,582	5,606	5,615	5,590	5,798	5,891	6,089
Vehicles	12	11	13	13	13	14	15	15	11	16

GREER COMMISSION OF PUBLIC WORKS

COMBINED SYSTEM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – *LAST TEN FISCAL YEARS*[1]

(in thousands)	2007	2008	2009	2010	2011	2012	2013	2014 (Restated)	2015	2016
OPERATING REVENUES:										
Electric revenues	$ 26,686	$ 28,886	$ 30,495	$ 32,136	$ 31,562	$ 32,224	$ 34,812	$ 38,539	$ 40,756	$ 42,732
Gas revenues	34,443	38,476	29,195	31,247	26,888	21,932	26,536	30,594	26,201	24,346
Water revenues	5,845	6,000	5,579	5,679	5,634	6,113	5,795	6,862	7,495	8,455
Sewer revenues	3,832	4,169	4,211	4,481	4,526	4,569	4,824	5,061	5,246	5,844
Other operating revenues	3,605	2,627	2,105	1,807	2,022	2,661	2,683	2,729	2,738	3,021
Total operating revenues	74,411	80,158	71,585	75,350	70,632	67,499	74,650	83,785	82,436	84,398
OPERATING EXPENSES:										
Purchased power	20,859	22,689	23,548	25,054	26,509	28,426	30,329	32,895	34,595	36,000
Purchased gas	27,333	28,889	20,150	20,381	16,784	12,988	15,140	18,743	15,856	12,686
Depreciation and amortization	5,867	6,288	7,079	7,472	7,124	7,710	7,810	8,029	8,289	8,464
Depreciation - change in accounting estimate	-	-	-	-	-	817	-	-	-	-
Other operating expenses	14,040	14,805	14,716	14,598	13,987	15,099	15,451	16,673	16,884	18,448
Total operating expenses	68,099	72,671	65,493	67,505	64,404	65,040	68,730	76,340	75,624	75,598
Net operating revenue	$ 6,312	$ 7,487	$ 6,092	$ 7,845	$ 6,228	$ 2,459	$ 5,920	$ 7,445	$ 6,812	$ 8,800
OTHER REVENUES (EXPENSES):										
Interest expense	$ (3,158)	$ (3,105)	$ (3,028)	$ (3,275)	$ (3,498)	$ (3,203)	$ (2,904)	$ (2,845)	$ (2,574)	$ (2,532)
Interest revenue	913	457	156	48	80	64	51	30	29	46
Transfers to the City of Greer	(1,000)	(1,000)	(1,000)	(1,262)	(1,088)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
(Loss) gain on disposal of utility plant	(12)	(109)	(148)	(599)	(178)	(93)	(140)	(34)	(26)	44
Total other expenses, net	(3,257)	(3,757)	(4,020)	(5,088)	(4,684)	(4,232)	(3,993)	(3,849)	(3,571)	(3,442)
Change in net position before contributions	3,055	3,730	2,072	2,757	1,544	(1,773)	1,927	3,596	3,241	5,358
Contributions	3,541	3,462	2,788	726	1,112	1,035	1,039	2,629	4,072	3,375
Change in net position after contributions	6,596	7,192	4,860	3,483	2,656	(738)	2,966	6,225	7,313	8,733
Beginning net position [2] [3]	116,882	123,478	130,670	135,530	139,013	139,905	139,167	142,133	135,916	143,229
Change in accounting principle	-	-	-	-	(1,764)	-	-	(12,442)	-	-
Beginning net position, restated	116,882	123,478	130,670	135,530	137,249	139,905	139,167	129,691	135,916	143,229
Ending net position	$ 123,478	$ 130,670	$ 135,530	$ 139,013	$ 139,905	$ 139,167	$ 142,133	$ 135,916	$ 143,229	$ 151,962

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

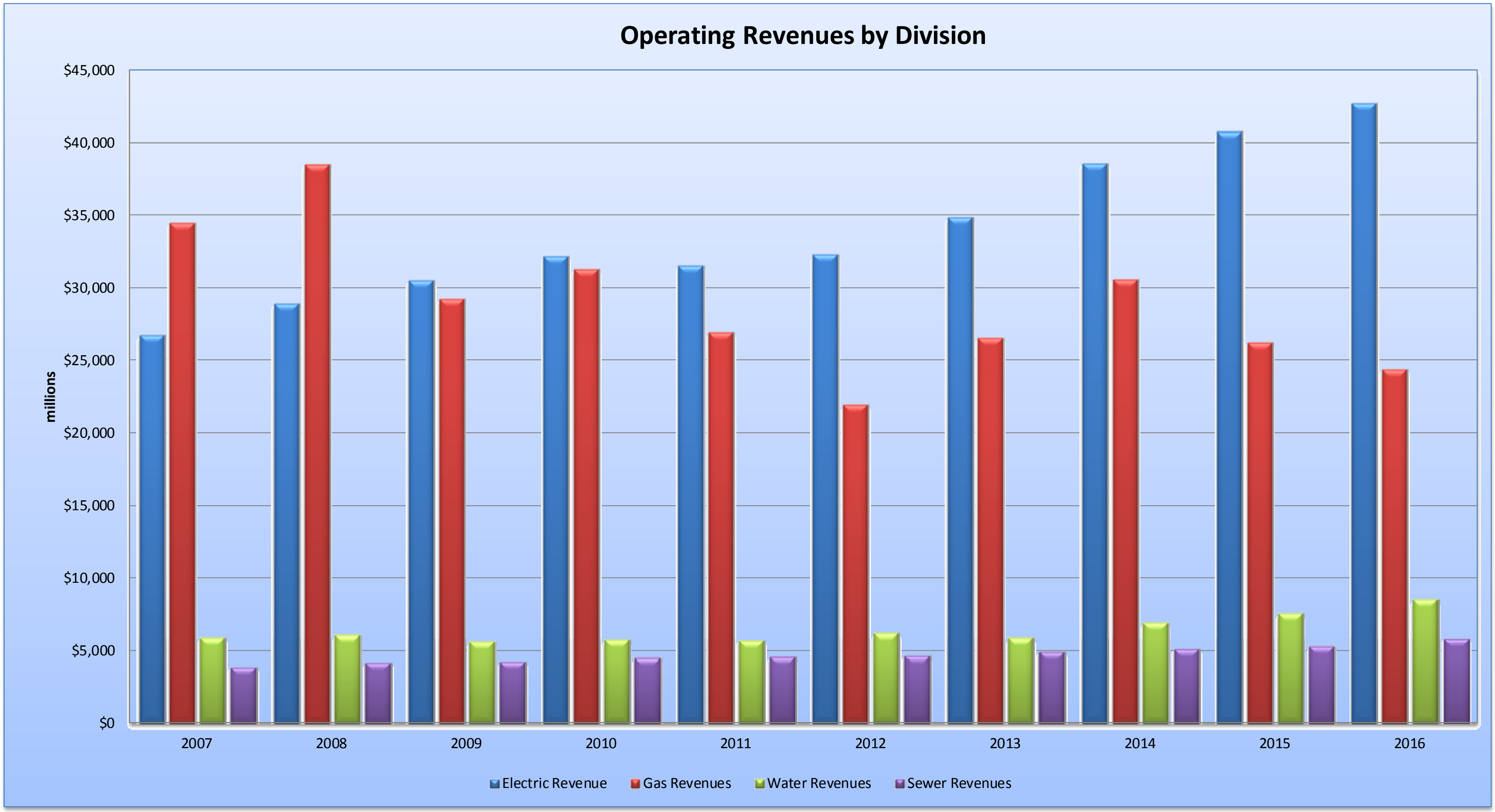
(2) The Commission adopted GASB 65 in fiscal year 2011, which changed the treatment of the costs of debt issuance

(3) The Commission adopted GASB 68 in fiscal year 2014, which recorded net pension liability

GREER COMMISSION OF PUBLIC WORKS

COMBINED SYSTEM

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



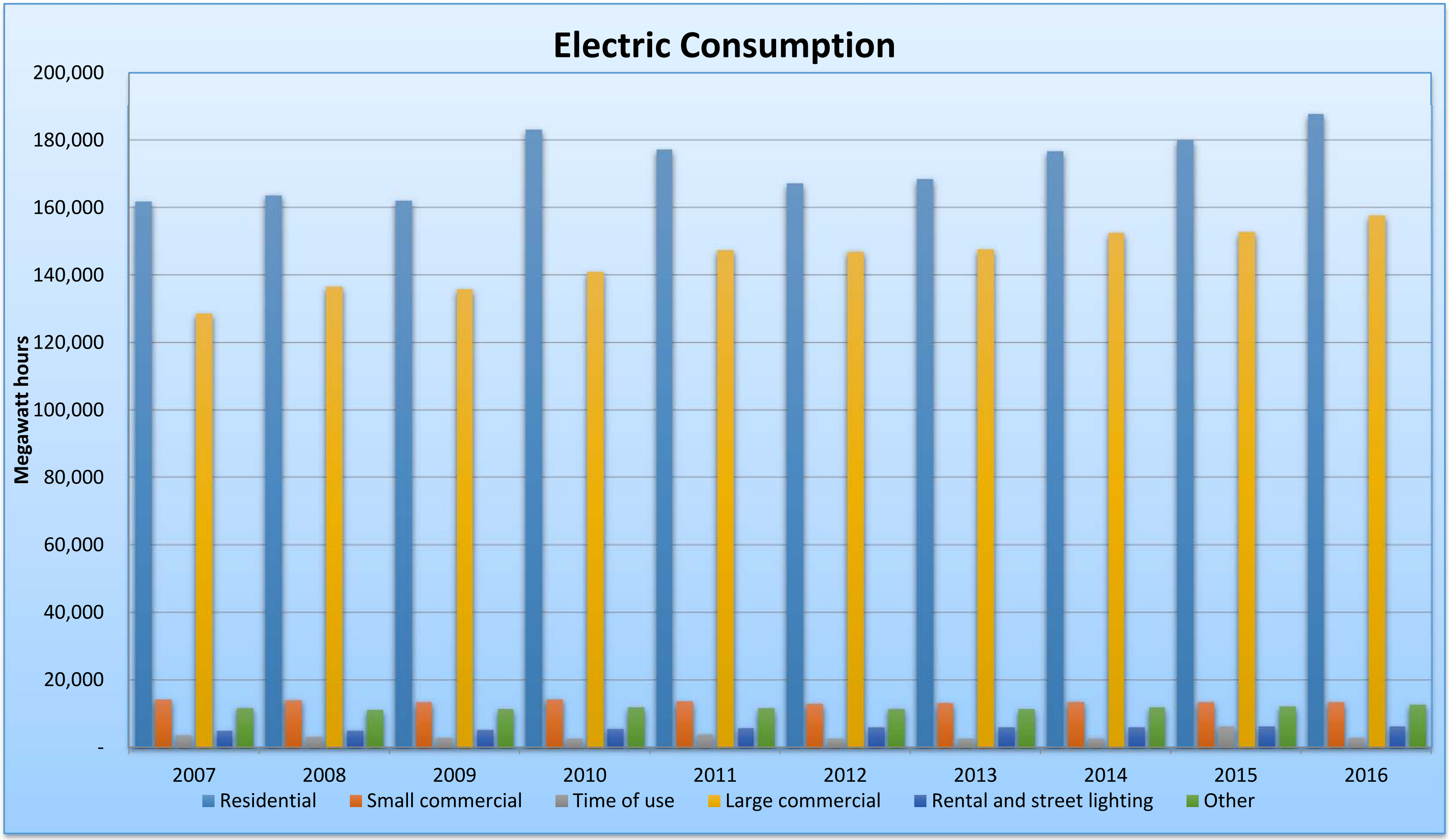
GREER COMMISSION OF PUBLIC WORKS

ELECTRIC SYSTEM

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

(in thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OPERATING REVENUES:										
Residential	$ 15,186	$ 15,468	$ 16,321	$ 17,162	$ 17,141	$ 17,067	$ 18,657	$ 20,681	$ 21,679	$ 23,192
Small commercial	2,430	3,072	3,171	3,492	3,341	4,338	4,079	4,322	4,455	4,242
Time of use	237	227	208	210	297	208	217	234	623	368
Large commercial	8,833	9,087	9,702	10,211	9,625	10,022	10,696	12,005	12,624	13,501
Rental and street lighting	901	1,032	1,093	1,061	1,158	589	1,163	1,298	1,375	1,429
Collection penalties	149	152	129	95	91	94	96	99	105	94
Other	273	301	333	294	473	513	501	495	488	622
Total operating revenues	28,009	29,339	30,957	32,525	32,126	32,831	35,409	39,134	41,349	43,448
OPERATING EXPENSES:										
Purchased power	20,859	22,688	23,548	25,054	26,509	28,426	30,329	32,895	34,595	36,000
Depreciation	1,408	1,481	1,609	1,854	1,713	1,836	1,865	1,902	1,982	2,043
Amortization	6	6	4	43	34	25	1	1	(5)	(5)
Other operating expenses	2,859	2,966	3,219	3,244	2,979	2,938	3,051	3,072	3,160	3,544
Total operating expenses	25,132	27,141	28,380	30,195	31,235	33,225	35,246	37,870	39,732	41,582
Net operating departmental revenue	$ 2,877	$ 2,198	$ 2,577	$ 2,330	$ 891	$ (394)	$ 163	$ 1,264	$ 1,617	$ 1,866
PURCHASED POWER (Megawatt Hours)										
Purchased from PMPA (2)	328,918	340,029	335,001	363,458	352,790	345,028	342,297	357,985	361,126	378,360
Purchased from SEPA (3)	13,901	14,041	12,516	11,272	13,584	12,796	18,769	15,267	15,606	16,254
Total purchased	342,819	354,070	347,517	374,730	366,374	357,824	361,066	373,252	376,732	394,614
CONSUMPTION (Megawatt Hours)										
Residential	161,825	163,775	162,016	183,153	177,315	167,257	168,471	176,752	180,179	187,783
Small commercial	14,235	14,133	13,432	14,418	13,689	12,917	13,171	13,612	13,502	13,566
Time of use	3,639	3,299	2,924	2,746	3,998	2,778	2,678	2,793	6,295	2,876
Large commercial	128,748	136,619	135,962	141,101	147,363	147,079	147,618	152,595	152,925	157,777
Rental and street lighting	5,027	5,153	5,282	5,678	5,791	6,082	6,088	6,112	6,327	6,360
Other	11,825	11,226	11,463	12,029	11,740	11,555	11,513	11,987	12,225	12,672
Total consumption	325,299	334,205	331,079	359,125	359,896	347,668	349,539	363,851	371,453	381,034
Line losses and megawatt hours unaccounted for	17,520	19,865	16,438	15,605	6,478	10,156	11,527	9,401	5,279	13,580
Percentage of line losses and megawatt hours unaccounted for to purchased power	5.1%	5.6%	4.7%	4.2%	1.8%	2.8%	3.2%	2.5%	1.4%	3.4%
ACTIVE SERVICES (Number of Meters)										
Residential	12,869	13,461	13,454	13,588	13,764	14,003	14,226	14,526	14,819	15,338
Small commercial	1,192	1,245	1,214	1,195	1,211	1,215	1,235	1,229	1,244	1,263
Time of use	4	4	3	3	3	3	3	3	4	4
Large commercial	684	715	710	704	744	757	759	782	773	829
Rental and street lighting	6,328	6,439	6,638	6,630	6,655	6,817	6,920	6,952	6,963	6,934
Other	44	47	47	46	47	46	49	49	49	48
	21,121	21,911	22,066	22,166	22,424	22,841	23,192	23,541	23,852	24,416

(1) Information is compiled from internally generated statistical reports
(2) Piedmont Municipal Power Association
(3) United States Department of Energy, Southeastern Power Association


Electric Consumption
Megawatt hours
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
-
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Residential
Small commercial
Time of use
Large commercial
Rental and street lighting
Other

GREER COMMISSION OF PUBLIC WORKS

GAS SYSTEM

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

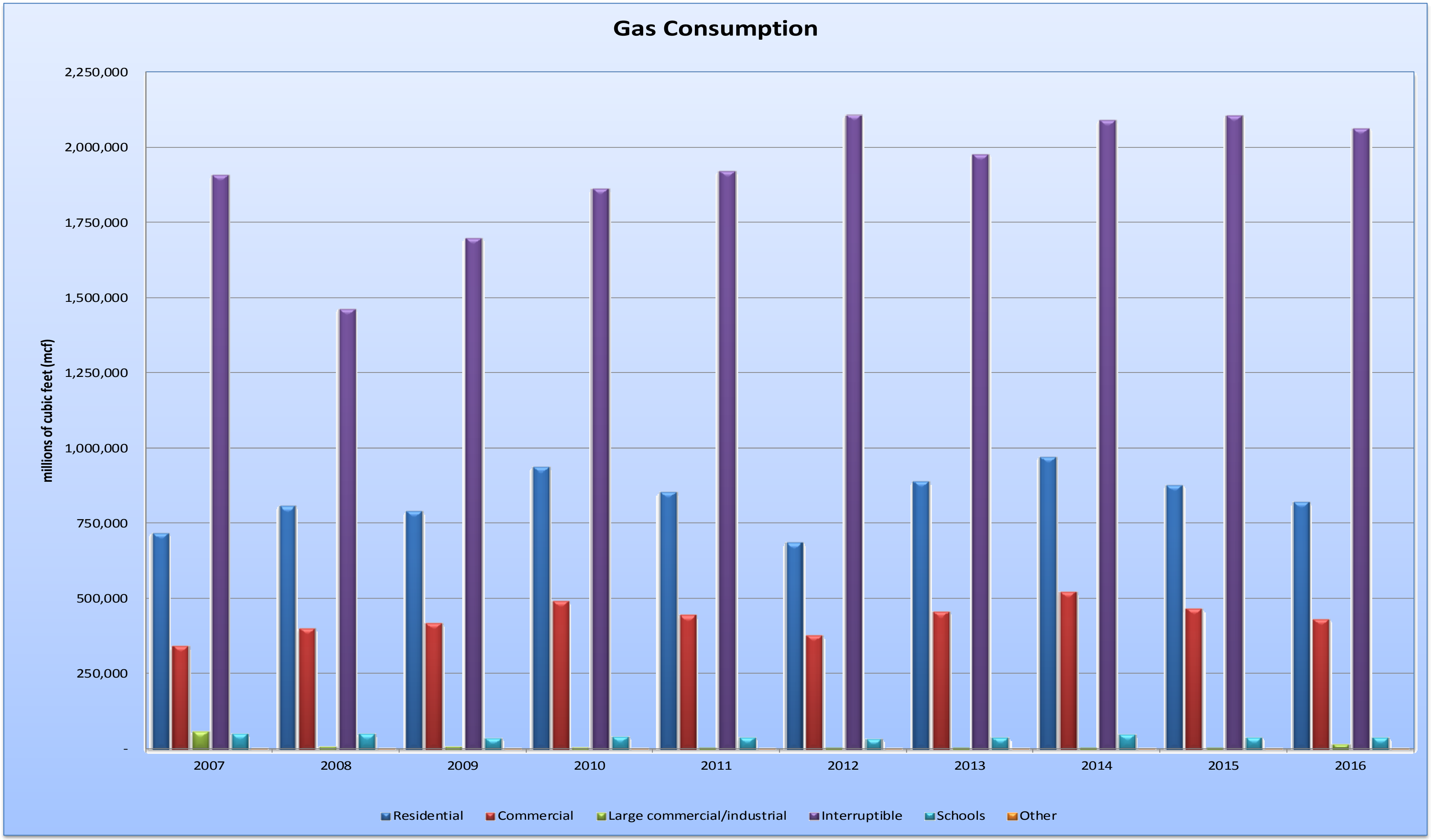
(in thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OPERATING REVENUES:										
Residential	$ 11,138	$ 13,841	$ 11,937	$ 12,946	$ 10,364	$ 8,670	$ 10,808	$ 11,593	$ 10,716	$ 10,341
Commercial	5,572	7,283	6,004	6,429	4,952	4,317	4,803	5,488	4,863	4,621
Large commercial/industrial	728	430	105	118	50	43	41	41	61	38
Interruptible	16,346	16,115	10,656	11,228	11,087	8,529	10,517	13,026	10,167	8,962
Schools	659	807	494	526	435	374	367	446	393	384
Collection penalties	278	284	193	149	141	146	148	153	161	144
Other	498	335	222	229	253	301	333	345	398	411
Total operating revenues	35,219	39,095	29,611	31,625	27,282	22,380	27,017	31,092	26,759	24,901
OPERATING EXPENSES:										
Purchased gas	27,333	28,889	20,150	20,381	16,784	12,988	15,140	18,743	15,856	12,686
Depreciation	1,621	1,757	1,855	2,003	1,864	2,760	2,010	2,066	2,137	2,189
Amortization	27	26	35	39	(10)	26	1	1	7	7
Other operating expenses	4,040	4,457	4,512	4,516	4,377	4,500	4,424	4,886	4,934	5,675
Total operating expenses	33,021	35,129	26,552	26,939	23,015	20,274	21,575	25,696	22,934	20,557
Net operating departmental revenue	$ 2,198	$ 3,966	$ 3,059	$ 4,686	$ 4,267	$ 2,106	$ 5,442	$ 5,396	$ 3,825	$ 4,344
PURCHASED GAS (MCF)	3,197,090	2,925,584	3,057,809	3,533,902	3,382,199	3,340,740	3,639,638	3,873,682	3,629,763	3,724,402
CONSUMPTION (MCF)										
Residential	717,641	808,764	792,434	936,733	853,869	686,981	889,965	971,507	878,428	820,245
Commercial	340,434	402,109	418,847	491,385	444,267	377,058	456,793	523,005	465,234	432,763
Large commercial/industrial	58,452	7,965	7,613	5,981	4,393	3,899	4,003	4,022	3,967	15,904
Interruptible	1,908,916	1,463,607	1,699,902	1,865,158	1,921,301	2,110,089	1,980,468	2,093,179	2,109,492	2,064,880
Schools	52,335	50,865	36,962	41,362	39,074	34,303	37,424	48,706	39,630	38,402
Other	1,733	2,393	2,329	2,738	2,950	1,725	2,078	2,372	2,531	2,242
Total consumption	3,079,511	2,735,703	2,958,087	3,343,357	3,265,854	3,214,055	3,370,731	3,642,791	3,499,282	3,374,436
Line-loss and unaccounted for gas	117,579	189,881	99,722	190,545	116,345	126,685	268,907	230,891	130,481	349,966
Percentage of line losses and MCF unaccounted for to purchased gas.	3.7%	6.5%	3.3%	5.4%	3.4%	3.8%	7.4%	6.0%	3.6%	9.4%
ACTIVE SERVICES (Number of Meters)										
Residential	16,334	16,871	16,902	17,141	17,358	17,649	18,004	18,575	18,947	19,671
Commercial	1,460	1,485	1,457	1,433	1,448	1,472	1,489	1,509	1,526	1,546
Large commercial/industrial	13	9	9	7	6	6	5	5	5	5
Interruptible	8	10	10	10	10	10	10	10	10	8
Schools	25	26	26	24	24	24	24	24	24	27
Other	12	14	15	14	15	16	19	20	21	21
	17,852	18,415	18,419	18,629	18,861	19,177	19,551	20,143	20,533	21,278

(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

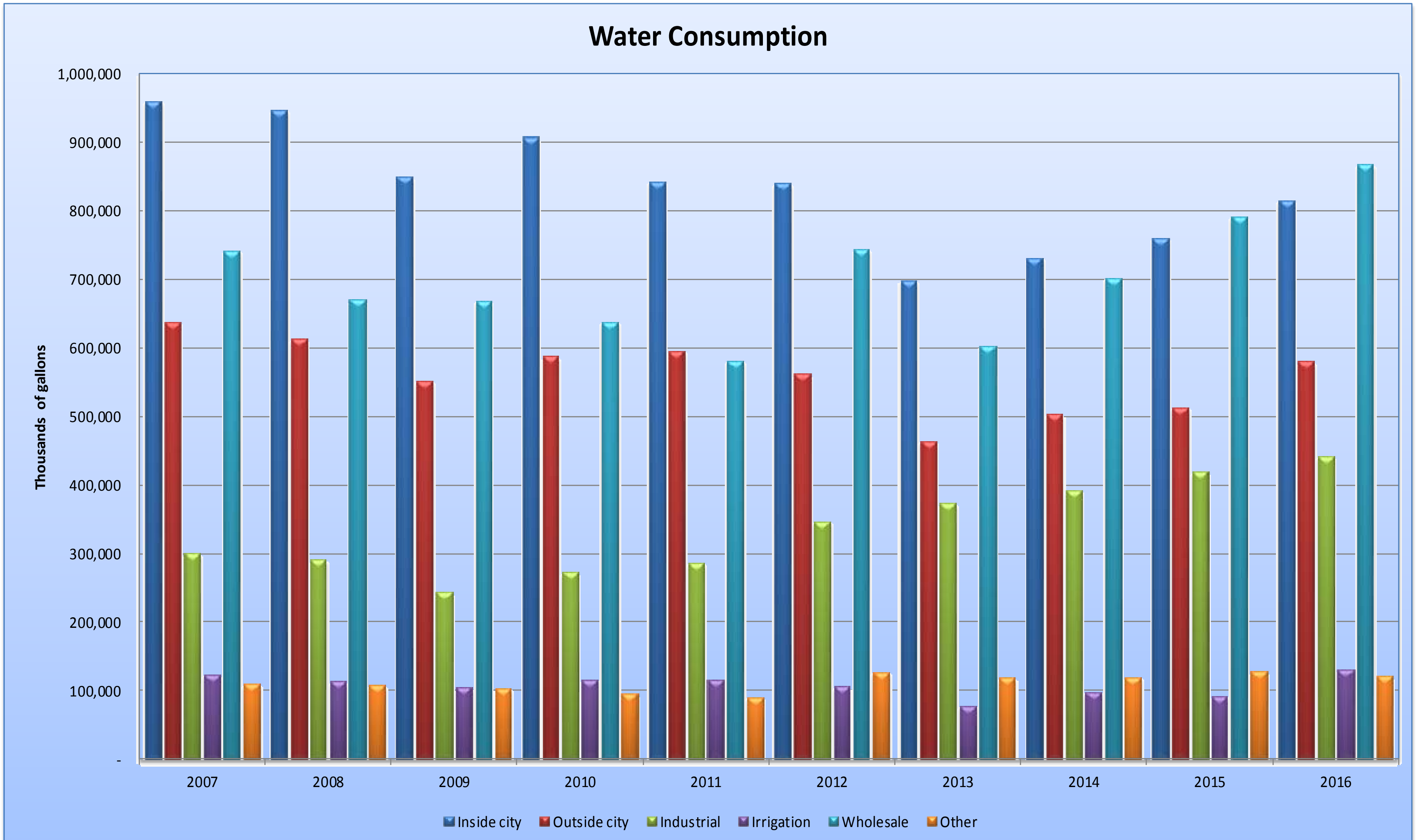
WATER SYSTEM

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

(in thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OPERATING REVENUES:										
Inside city	$ 2,106	$ 2,192	$ 1,982	$ 2,005	$ 1,924	$ 2,284	$ 1,921	$ 2,269	$ 2,414	$ 2,706
Outside city	2,023	2,075	1,965	2,018	2,070	2,100	1,915	2,244	2,404	2,689
Industrial	458	471	390	448	472	306	796	908	967	1,042
Fire protection [(2)]	13	13	13	13	13	14	14	15	15	15
Irrigation	209	213	202	222	222	220	182	219	259	357
Wholesale	1,036	1,037	1,026	973	933	1,189	967	1,207	1,436	1,646
Collection penalties	124	126	161	124	117	121	123	127	133	120
Other	559	435	401	430	402	454	479	439	488	561
Total operating revenues	6,528	6,562	6,140	6,233	6,153	6,688	6,397	7,428	8,116	9,136
OPERATING EXPENSES:										
Depreciation	1,370	1,457	1,699	1,691	1,692	1,872	1,866	1,879	1,920	1,952
Amortization	4	4	31	5	(16)	(26)	2	2	(5)	(5)
Other operating expenses	4,373	4,590	4,234	4,189	4,001	4,105	4,280	4,319	4,802	5,212
Total operating expenses	5,747	6,051	5,964	5,885	5,677	5,951	6,148	6,200	6,717	7,159
Net operating departmental revenue	$ 781	$ 511	$ 176	$ 348	$ 476	$ 737	$ 249	$ 1,228	$ 1,399	$ 1,977
WATER USAGE (thousands of gallons)										
Total water pumped	3,079,150	2,957,687	2,881,685	3,078,170	2,960,810	2,853,470	2,579,333	2,724,470	2,888,633	3,177,011
Total percentage of non-revenue water	5.25%	4.73%	6.12%	6.58%	6.41%	6.89%	9.96%	4.83%	5.46%	2.20%
Consumption										
Inside city	959,233	946,308	849,477	906,564	842,495	839,571	697,776	731,028	760,646	814,636
Outside city	636,797	613,953	551,435	587,988	596,328	562,175	464,470	502,717	512,389	580,358
Industrial	300,854	291,671	243,292	272,781	286,841	345,685	373,152	391,915	418,976	442,654
Irrigation	123,206	113,145	103,633	116,025	114,757	105,455	77,170	97,219	91,731	131,294
Wholesale	742,250	669,319	668,624	636,947	581,474	744,748	603,358	701,249	790,598	867,833
Other	109,932	107,919	102,955	94,666	89,749	127,180	118,784	119,519	128,461	121,177
Total consumption	2,872,272	2,742,315	2,519,416	2,614,971	2,511,644	2,724,814	2,334,710	2,543,647	2,702,801	2,957,952
Non-account water	206,878	215,372	362,269	463,199	449,166	128,656	244,623	180,823	185,832	219,059
Non-account water as a percentage of total water pumped	6.72%	7.28%	12.57%	15.05%	15.17%	4.51%	9.48%	6.64%	6.43%	6.90%
ACTIVE SERVICES (Number of Meters)										
Inside city	9,747	9,937	9,876	9,941	10,118	10,328	10,534	10,706	10,775	11,143
Outside city	6,429	6,462	6,442	6,479	6,536	6,612	6,668	6,717	6,932	7,026
Industrial	4	4	4	4	4	4	4	4	4	4
Fire protection	48	47	44	45	42	40	41	40	41	40
Irrigation	371	407	410	422	437	445	454	464	468	490
Wholesale	1	1	1	1	1	1	1	1	1	1
Other	15	15	15	14	13	13	15	15	17	17
	16,615	16,873	16,792	16,906	17,151	17,443	17,717	17,947	18,238	18,721

(1) Information is compiled from internally generated statistical reports
(2) Fire protection customers are charged based on the phsycial number of sprinkler heads and 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)]

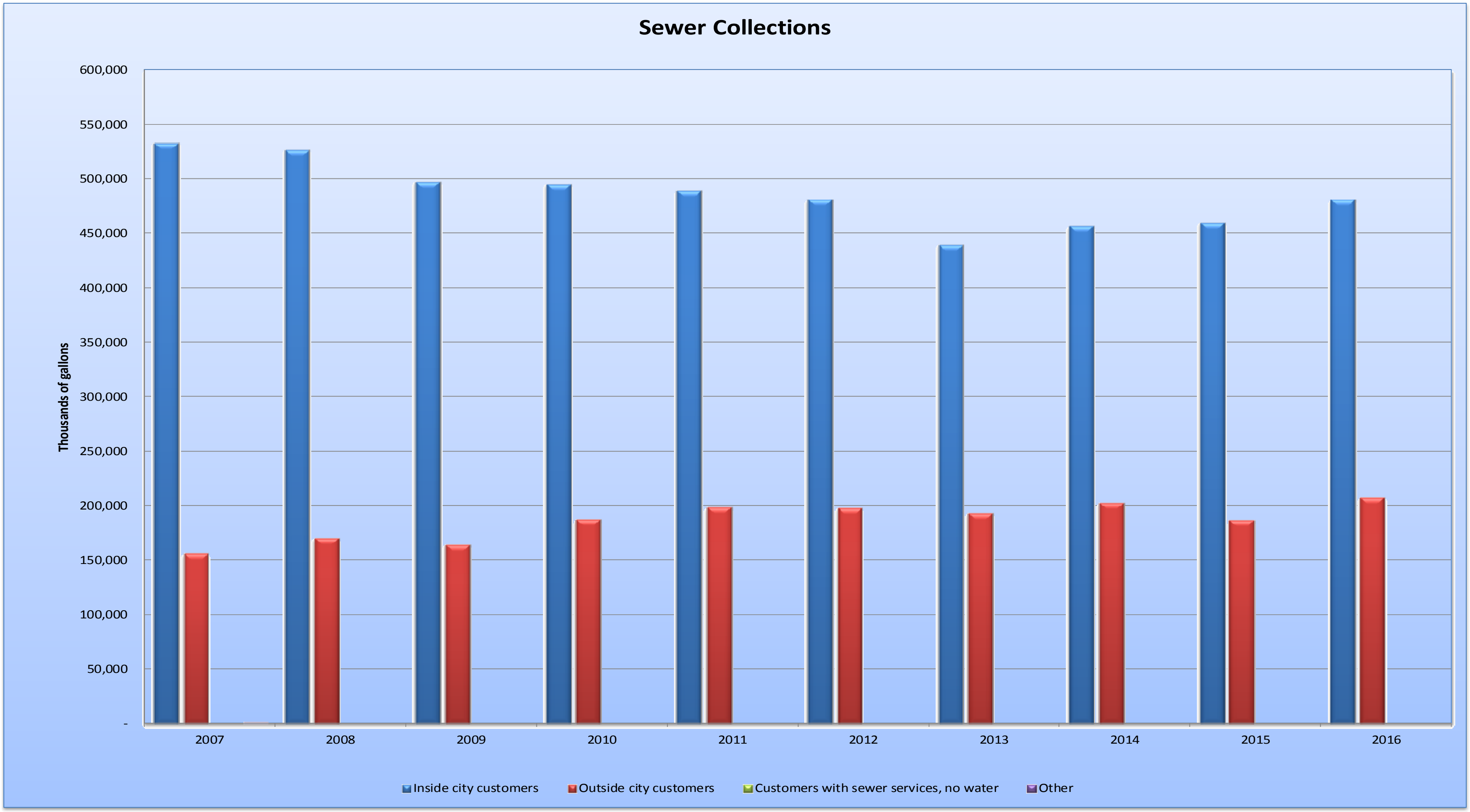
(in thousands)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OPERATING REVENUES:										
Inside city	$ 2,377	$ 2,596	$ 2,636	$ 2,740	$ 2,803	$ 2,898	$ 3,150	$ 3,274	$ 3,375	$ 3,690
Outside city	1,088	1,164	1,176	1,210	1,186	1,117	1,138	1,217	1,298	1,423
Sewer services, no water	6	2	2	1	1	1	1	1	1	2
Enoree Basin, inside city	233	254	258	334	397	411	407	427	402	553
Enoree Basin industrial	132	153	138	196	139	142	128	142	170	176
Collection penalties	80	81	161	124	117	121	123	127	134	120
Other	742	912	505	362	427	909	879	943	831	947
Total operating revenues	4,658	5,162	4,876	4,967	5,070	5,599	5,826	6,131	6,211	6,911
OPERATING EXPENSES:										
Depreciation	1,402	1,529	1,837	1,827	1,852	1,252	2,063	2,179	2,241	2,271
Depreciation - change in accounting estimate	-	-	-	-	-	817	-	-	-	-
Amortization	29	29	8	10	(5)	(35)	2	2	12	12
Other operating expenses	2,767	2,792	2,750	2,649	2,629	3,555	3,695	3,878	3,987	4,017
Total operating expenses	4,198	4,350	4,595	4,486	4,476	5,589	5,760	6,059	6,240	6,300
Net operating departmental revenue	$ 460	$ 812	$ 281	$ 481	$ 594	$ 10	$ 66	$ 72	$ (29)	$ 611
WASTEWATER TREATMENT										
Wastewater plant flows (thousands of gallons)										
Maple Creek wastewater treatment facility	700,632	711,348	813,750	698,577	704,461	691,079	844,324	735,856	782,402	748,339
Wastewater treated - (Thousands of Gallons)										
Inside city customers	534,089	527,247	497,271	495,291	489,914	481,235	439,950	457,026	460,042	481,285
Outside city customers	156,128	170,541	164,026	187,202	198,549	198,105	193,121	202,524	186,511	207,800
Customers with sewer services, no water	1	1	2	1	1	1	1	1	1	2
Other	1,659	813	276	291	286	290	290	272	291	280
Retail	691,877	698,602	661,575	682,785	688,750	679,631	633,362	659,823	646,845	689,367
Unaccounted for wastewater	8,755	12,746	152,175	15,792	15,711	11,448	210,962	76,033	135,557	58,972
Percentage of unaccounted for wastewater to total wastewater treated	1.2%	1.8%	18.7%	2.3%	2.2%	1.7%	25.0%	10.3%	17.3%	7.9%
ANNUAL RAINFALL (inches) [(2)]	31.08	38.02	52.83	42.09	45.96	38.86	69.56	50.20	59.75	34.43
ACTIVE SERVICES (Number of Meters)										
Inside city	6,186	6,255	6,195	6,206	6,287	6,358	6,441	6,497	6,555	6,718
Outside city	1,128	1,119	1,114	1,119	1,119	1,140	1,138	1,141	1,143	1,144
Sewer services, no water	5	5	5	4	4	3	4	4	4	4
Enoree Basin, inside city	3,281	3,397	3,395	3,452	3,541	3,684	3,813	4,003	4,157	4,397
Enoree Basin industrial	108	118	119	161	162	162	162	162	162	163
Other [(3)]	2	2	2	1	1	1	1	1	1	1
	10,710	10,896	10,830	10,943	11,114	11,348	11,559	11,808	12,022	12,427

(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

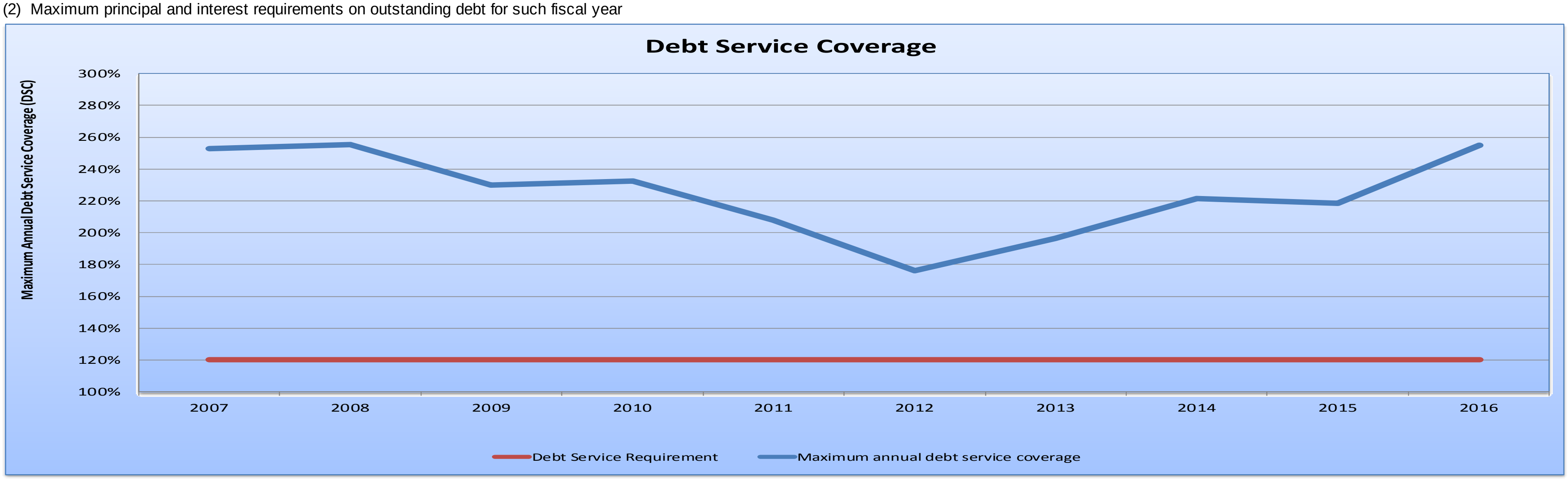
DEBT SERVICE COVERAGE

LAST TEN FISCAL YEARS(1)

(in thousands)	2007	2008	2009	2010	2011	2012	2013	2014 (Restated)	2015	2016
Revenues:										
Revenues from operations	$ 74,411	$ 80,158	$ 71,585	$ 75,350	$ 70,632	$ 67,499	$ 74,650	$ 83,785	$ 82,436	$ 84,398
Non-operating revenues	901	457	156	48	80	64	51	30	29	46
Capacity fees (1)	730	631	340	228	287	371	332	527	675	1,133
Total revenues	76,042	81,246	72,081	75,626	70,999	67,934	75,033	84,342	83,140	85,577
Expenses:										
Total expenses	72,258	75,885	68,670	71,380	68,080	68,335	71,774	79,219	78,224	78,086
Depreciation and amortization expense	(5,867)	(6,288)	(7,079)	(7,472)	(7,124)	(7,710)	(7,810)	(8,029)	(8,289)	(8,464)
Depreciation - change in accouting estimate	-	-	-	-	-	(817)	-	-	-	-
Bond interest expense	(3,159)	(3,104)	(3,028)	(3,275)	(3,499)	(3,203)	(2,904)	(2,845)	(2,574)	(2,532)
(Loss) gain on sale of assets	(12)	(109)	(149)	(600)	(178)	(93)	(140)	(34)	(26)	44
Total expenses	63,220	66,384	58,414	60,033	57,279	56,512	60,920	68,311	67,335	67,134
Net revenues available for debt service	$ 12,822	$ 14,862	$ 13,667	$ 15,593	$ 13,720	$ 11,422	$ 14,113	$ 16,031	$ 15,805	$ 18,443
Maximum annual debt service (2)	$ 5,072	$ 5,818	$ 5,938	$ 6,708	$ 6,600	$ 6,486	$ 7,186	$ 7,239	$ 7,229	$ 7,229
Maximum annual debt service coverage	253%	255%	230%	232%	208%	176%	196%	221%	219%	255%

(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
2007	$ 72,545,842	3,231	0.61%
2008	81,618,275	3,489	0.73%
2009	83,022,355	3,307	0.70%
2010	91,184,805	3,502	0.77%
2011	89,935,693	3,525	0.63%
2012	85,882,182	3,291	0.47%
2013	86,059,528	3,230	0.45%
2014	82,657,693	3,053	0.42%
2015	79,303,204	2,729	0.34%
2016	75,645,005	3,140	0.45%

GREER COMMISSION OF PUBLIC WORKS

CUSTOMER STATISTICS

LARGEST SYSTEM CUSTOMERS – CURRENT YEAR AND NINE YEARS AGO

	2016					2007				
Name	Rank	Volume (MG)	Percentage Volume	Revenues	Percentage Revenues	Rank	Volume (MG)	Percentage Volume	Revenues	Percentage Revenues
Water System (thousands of gallons)										
Blue Ridge Water Company (Wholesale)	1	867,833	29.34%	$ 1,645,356	19.46%	1	742,250	25.09%	$ 1,035,991	12.25%
BMW of North America, LLC	2	314,215	10.62%	585,518	6.93%	2	208,285	7.04%	311,567	3.69%
Greer Commission of Public Works	3	121,130	4.10%	206,397	2.44%	4	109,931	3.72%	145,350	1.72%
Mitsubishi Polyester Film, LLC	4	86,779	2.93%	162,296	1.92%	5	33,114	1.12%	204,834	2.42%
Cliffstar Corporation	5	42,206	1.43%	71,756	0.85%	3	110,578	3.74%	126,946	1.50%
Greenville-Spartanburg International Airport	6	36,323	1.23%	142,509	1.69%	6	31,458	1.06%	74,419	0.88%
Greenville Hospital System	7	21,655	0.73%	42,745	0.51%	8	14,833	0.50%	21,248	0.25%
Greenville County School District	8	16,259	0.55%	35,003	0.41%	7	18,808	0.64%	25,963	0.31%
Spartanburg Regional Hospital System	9	10,290	0.35%	23,014	0.27%	-	-	-	-	-
WC Greenville, LLC	10	10,094	0.34%	39,628	0.47%	-	-	-	-	-
John Deere Landscapes	-	-	-	-	-	9	13,502	0.46%	29,127	0.34%
Riverwood Farms HOA	-	-	-	-	-	10	9,605	0.32%	13,143	0.16%
Sewer System (thousands of gallons)										
BMW of North America, LLC	1	138,403	20.08%	$ 637,555	10.91%	2	77,542	11.21%	$ 304,721	7.95%
Mitsubishi Polyester Film, LLC	2	120,660	17.50%	276,081	4.72%	1	176,310	25.48%	289,413	7.55%
Greenville Hospital System	3	52,304	7.59%	125,141	2.14%	6	29,411	4.25%	55,551	1.45%
Greenville-Spartanburg International Airport	4	33,924	4.92%	111,438	1.91%	3	59,089	8.54%	150,491	3.93%
Greenville County School District	5	30,846	4.47%	77,632	1.33%	4	45,001	6.50%	84,130	2.20%
KBS Legacy Partners Greer, LLC	6	22,431	3.25%	79,736	1.36%	-	-	-	-	-
Cliffstar Corporation	7	20,861	3.03%	24,637	0.42%	5	41,838	6.05%	37,654	0.98%
Spartanburg Regional Hospital System	8	20,704	3.00%	48,808	0.84%	-	-	-	-	-
WC Greenville, LLC	9	18,469	2.68%	73,989	1.27%	-	-	-	-	-
Preserve at West View Apartments	10	18,367	2.66%	78,104	1.34%	-	-	-	-	-
Exide Battery Corporation	-	-	-	-	-	7	21,715	3.14%	53,275	1.39%
Honeywell International	-	-	-	-	-	8	18,778	2.71%	46,209	1.21%
Greer Housing Authority	-	-	-	-	-	9	17,290	2.50%	53,543	1.40%
Poplar Place Apartments	-	-	-	-	-	10	12,483	1.80%	29,303	0.76%

GREER COMMISSION OF PUBLIC WORKS

CUSTOMER STATISTICS

LARGEST SYSTEM CUSTOMERS – CURRENT YEAR AND NINE YEARS AGO

	2016					2007				
Name	Rank	Volume (MG)	Percentage Volume	Revenues	Percentage Revenues	Rank	Volume (MG)	Percentage Volume	Revenues	Percentage Revenues
Electric System (megawatt hours)										
Greer Commission of Public Works	1	17,038	4.47%	$ 1,150,903	2.69%	2	11,780	3.61%	$ 857,078	3.21%
Greenville Hospital System	2	14,386	3.78%	1,454,113	3.40%	3	8,606	2.64%	562,193	2.11%
Greenville County School District	3	11,744	3.08%	1,284,845	3.01%	1	16,009	4.91%	1,241,397	4.65%
Spartanburg Regional Hospital System	4	10,338	2.71%	931,467	2.18%	8	2,775	0.85%	196,640	0.74%
Wal-mart Stores Incorporated	5	5,879	1.54%	519,289	1.22%	4	5,321	1.63%	354,281	1.33%
Huntington Foam, LLC	6	4,269	1.12%	383,455	0.90%	-	-	-	-	-
Cliffstar Corporation	7	4,203	1.10%	365,999	0.86%	6	3,849	1.18%	244,132	0.91%
Ingles	8	3,515	0.92%	304,120	0.71%	7	3,788	1.16%	244,331	0.92%
Syncreon America, Inc	9	3,505	0.92%	317,390	0.74%	-	-	-	-	-
City of Greer, SC	10	3,136	0.82%	365,182	0.85%	-	-	-	-	-
Lowe's	-	-	-	-	-	5	4,087	1.25%	269,406	1.01%
Food Lion Stores	-	-	-	-	-	9	2,287	0.70%	146,248	0.55%
Bi-Lo Stores	-	-	-	-	-	10	2,232	0.68%	140,595	0.53%
Natural Gas System (mcf)										
BMW of North America, LLC	1	161,044	4.77%	$ 3,002,915	12.33%	2	68,010	2.21%	$ 3,148,112	9.14%
Mitsubishi Polyester Film, LLC	2	67,663	2.01%	2,353,755	9.67%	1	110,385	3.58%	9,252,363	26.86%
Carotell Paper Board Corporation	3	39,820	1.18%	1,403,521	5.76%	3	14,639	0.48%	1,171,570	3.40%
Sloan Asphalt	4	7,361	0.22%	280,920	1.15%	-	-	-	-	-
Rogers Group Inc	5	6,054	0.18%	241,949	0.99%	-	-	-	-	-
Cliffstar Corporation	6	4,938	0.15%	433,866	1.78%	6	6,694	0.22%	816,817	2.37%
Sprinfield LLC	7	4,797	0.14%	150,404	0.62%	4	13,895	0.45%	1,129,446	3.28%
Greenville County School District	8	3,214	0.10%	315,657	1.30%	7	4,377	0.14%	628,693	1.83%
Blacklidge Emulsions	9	2,591	0.08%	227,343	0.93%	-	-	-	-	-
Spartanburg Regional Hospital System	10	2,361	0.07%	228,460	0.94%	-	-	-	-	-
Ashmore Brothers	-	-	-	-	-	5	6,880	0.22%	562,961	1.63%
Karastan Bigelow	-	-	-	-	-	8	3045	0.10%	371,756	1.08%
Sew Eurodrive Inc	-	-	-	-	-	9	2568	0.08%	364,945	1.06%
Greenville Hospital System	-	-	-	-	-	10	2480	0.08%	310,161	0.90%

GREER COMMISSION OF PUBLIC WORKS

NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water System										
Water production	10	10	9	9	9	9	8	7	8	9
Water distribution	8	8	8	7	7	7	7	8	8	8
Lake wardens	3	3	3	3	3	3	3	3	3	2
Total Water System	21	21	20	19	19	19	18	18	19	19
Electric Distribution System	18	19	19	19	18	18	18	18	16	18
Natural Gas Distribution System	22	21	23	23	23	22	22	22	23	23
Sewer System										
Collection	9	8	9	9	7	6	5	6	7	7
Treatment	7	7	7	7	6	9	9	9	8	8
Total Sewer System	16	15	16	16	13	15	14	15	15	15
Shared Support										
General administration	3	3	3	3	3	3	3	3	3	2
Customer service	13	13	12	12	12	12	11	10	11	12
Billing	4	4	3	3	2	2	2	2	3	3
Finance and accounting	4	4	4	4	4	4	3	4	4	4
Meter reading	3	3	3	3	3	3	3	3	3	3
Engineering	5	3	4	4	4	4	4	5	7	7
Warehouse and facilities maintenance	5	5	5	4	4	4	5	4	5	4
Human resources	4	4	4	4	4	4	4	4	4	4
Operations	4	4	4	4	4	4	4	4	3	4
Information systems	6	8	8	8	8	7	4	6	5	4
Locators	4	4	4	2	3	2	3	3	4	5
Measurement	-	-	-	-	-	-	2	2	2	2
Communications	-	-	-	-	-	-	-	-	1	1
Vehicle maintenance	2	2	2	2	2	2	2	2	2	2
Total Shared Support	57	57	56	53	53	51	50	52	57	57
Total Employees	134	133	134	130	126	125	122	125	130	132

GREER COMMISSION OF PUBLIC WORKS

DEMOGRAPHICS AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population (1), (2)	22,451	23,395	25,105	26,040	25,515	26,098	26,645	27,169	27,697	28,905
Mean household income (4)	$ 42,183	$ 41,864	$ 40,764	$ 41,864	$ 52,660	$ 66,940	$ 68,687	$ 68,518	$ 53,692	$ 62,300
Personal income (000's) (6)	$526,656	$480,674	$475,614	$456,898	$563,703	$706,917	$723,518	$735,519	$804,958	$696,293
Per capita personal income (4)	$ 23,458	$ 20,546	$ 18,945	$ 17,546	$ 22,093	$ 27,087	$ 27,154	$ 27,072	$ 29,063	$ 24,089
Median age (4)	33.7	35.7	35.2	34.5	33.9	34.1	35.3	37.2	35.9	36.3
Median school years completed (5)	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.0	13.0
Unemployment rates (2), (3), (4)	5.0%	4.3%	9.6%	9.3%	9.5%	7.0%	7.0%	5.8%	5.1%	4.4%

Source:

(1) Census of Population

(2) US Census Bureau

(3) South Carolina Department of Commerce

(4) Greer Development Corporation

(5) City of Greer's 2016 CAFR

(6) Computed using population multiplied by per capita income (shown in thousands)

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

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, 2016 and 2015, 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 14, 2017.

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.

Cherry Bekaert LLP

Greenville, South Carolina
April 14, 2017