



GREER COMMISSION OF
PUBLIC WORKS
Greer, South Carolina

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

Years Ended December 31, 2018 and 2017

Issued by Finance Department

GREER COMMISSION OF PUBLIC WORKS

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301 McCall Street
Greer, SC 29650
(864) 848-5500
info@greercpw.com

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

Michael Richard, P.E.
General Manager

Date: April 12, 2019

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, 2018 and 2017 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 Mauldin & Jenkins, LLC, 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, with one seat up for election every two years. The members of the Commission, as of December 31, 2018, and the number of years of continuous services as Commissioners are as follows:

<u>Name</u>	<u>Years of Service</u>
Eugene Gibson (chairman)	36
Jeffery Howell	20
Perry Williams	9

Waterworks Unit

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

The water treatment plant is located at Lake Cunningham and has a treatment capacity of 24 million gallons per day ("MGD") with an average peak flow of 8.62 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 19,615 customers and serves all the population within the City limits and surrounding areas. Over the last year, the Commission experienced a customer growth rate of 2.42% 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 2.56 MGD, with a current capacity of 5.0 MGD. The plant received its latest upgrade in 2009 and is designed for future upgrades to 7.5 MGD and 10.0 MGD to provide for additional capacity growth. The upgrade included significant improvements to the headworks, influent pumping, sludge handling facilities, and provides for ultra-violet treatment of the wastewater at the Maple Creek plant. The upgrade also provided an energy generation plant that will not only provide the energy needed for this wastewater treatment facility, but will provide additional energy that can be added to the electrical system, and may generate significant load-side generation credits from our energy provider. Sewer collection and treatment for the Commission's 13,349 customers is accomplished through approximately 266 miles of collector mains and outfall lines maintained by the Commission. Over the last year, the Commission experienced a customer growth rate of 3.89% 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 212 miles of overhead distribution facilities and approximately 241 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 18,918 customers. Over the last year, the Commission experienced a customer growth rate of 4.68% 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 47 miles of high-pressure lines and approximately 776 miles of intermediate and distribution lines, along with 106 pressure-reducing and regulating stations. These distribution lines serve 23,078 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 3.98% 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.

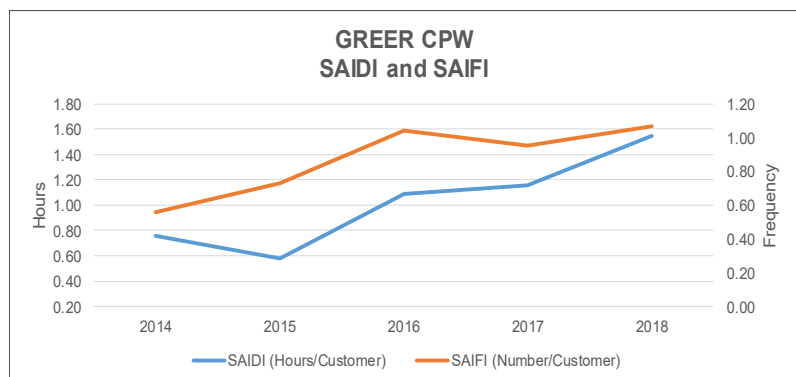
SERVING OUR CUSTOMERS

The primary mission of the Commission is to serve our community by providing safe, high quality, and reliable water, natural gas, electric and wastewater services in an environmentally and fiscally responsible manner consistent with sound business principles. 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. Of the customers that experienced an electric outage, the occurrence averaged to only one time per customer, with an average duration was nearly 1.20 hours.

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

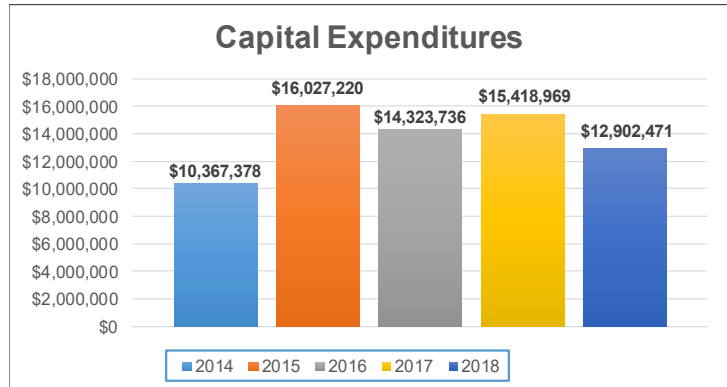
burning nuclear power, hydro-electric power is purchased from SEPA. Overall, roughly 94% of the Commission’s power is carbon free. To complement our clean power, the Commission’s CNG fueling station celebrated four years of service providing low emissions for fueling of vehicles, not only in the surrounding Community, but for use in approximately 22% of the Commission’s service fleet.



Capital Investment

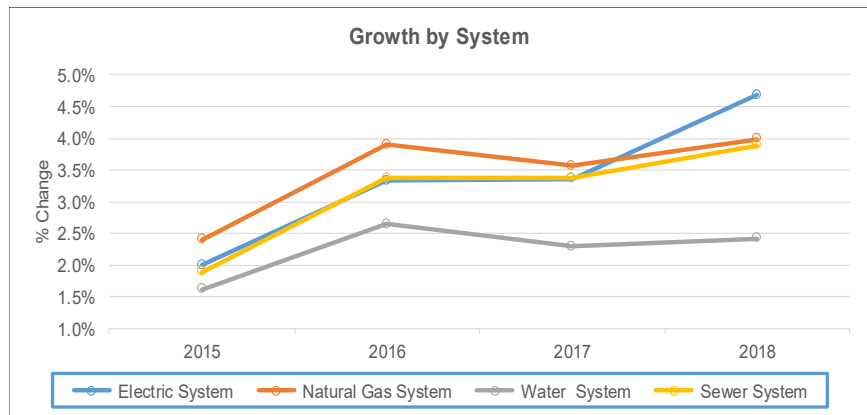
The Commission continued to invest in improving and expanding its infrastructure during 2018 by investing more than \$12 million into the System. Investment in new electric and gas infrastructure for providing utilities to new subdivisions and industries totaled approximately \$8.8 million. This investment provided support for the 3.73% average growth rate.

The Commission continued a pressure uprate project on its southern natural gas transmission pipeline. The pressure uprate project investment was approximately \$338 thousand and will enable additional capacity utilizing existing pipeline infrastructure. The Commission also began a project to repair and replace its water and sewer aging infrastructure in downtown Greer ahead of the upcoming City of Greer's Streetscape Project. This project will transform downtown Greer into a shared street design that will allow the creation of a pedestrian plaza for special events. The Commission invested approximately \$768 thousand during 2018.



Growth in the Community, Growth in our Business

The Greer community experienced continued economic growth in its residential, commercial, and industrial sectors. The Commission realized a growth rate of 3.73% during 2018, with a 5-year average growth rate of 2.83% across its service area.



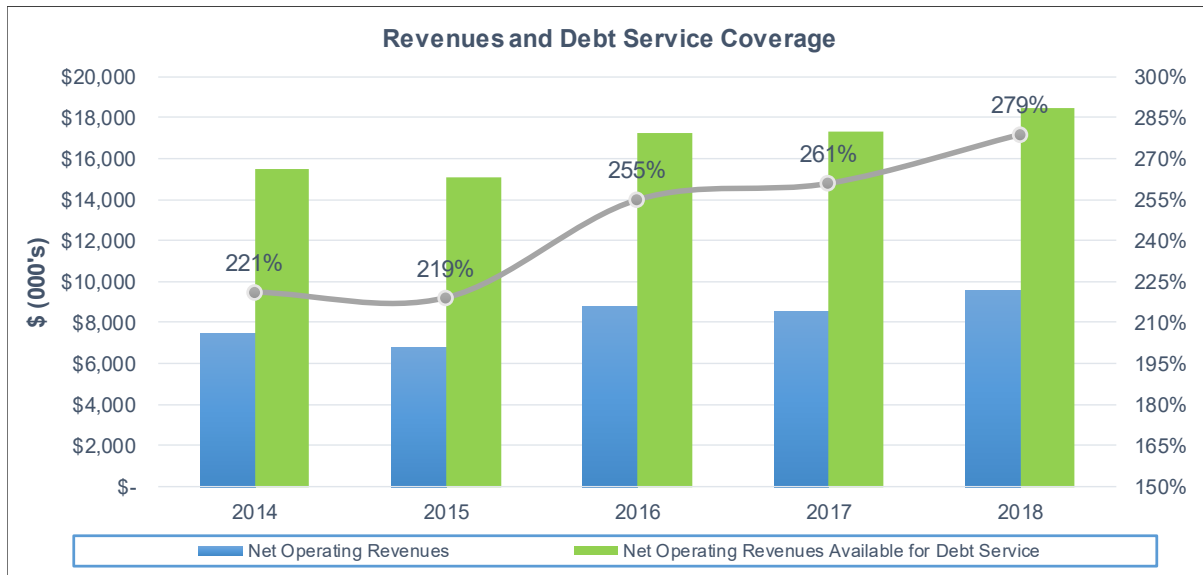
The region continues to enjoy diverse employers with solid financial footing, including advanced materials manufacturing, distribution and logistics, automotive Original Equipment Manufacturers ("OEMs"), automotive manufacturing and engineering. The BMW North America plant, located in Greer, SC, exported approximately 70% of its total volume through six southeastern ports, including Charleston, SC., Savannah and Brunswick, GA, Jacksonville, Miami and Everglades, FL. The exports ultimately arrived in 140 different countries around the world during 2018, continuing to make this facility the leading United States automotive exporter, with a value of \$8.76 billion. BMW North American announced that it is investing an additional \$600 million in the Greer plant through 2021 to support the manufacturing infrastructure for the current and future BMW X models.

During 2018, it was announced that the United States Department of Transportation awarded a \$25 million grant to support the expansion at the South Carolina Ports Authority's Inland Port located in Greer. This expansion will increase the terminal capacity to allow for additional storage and processing tracks inside the terminal which will improve rail capacity, efficiency and flexibility, and expand on-terminal support facilities.

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 continued to realize another strong financial performance during 2018. Net revenues exceeded projections through staff efforts 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 2018 outpaced the results of previous years with 287% coverage.



Awards

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

- The South Carolina Department of Health and Environmental Control's ("SCDHEC") Area Wide Optimization Program ("AWOP") is an EPA-sponsored program that recognizes water utilities for continual production of superior quality water based on strict compliance with rigorous standards. The Commission's Water Filter Plant has applied to earn this award for the eleventh consecutive year and the award is anticipated to be earned during 2019.
- The National Association of Clean Water Agencies ("NACWA") Peak Performance Award was again given to the Commission's Maple Creek Waste Water Treatment Plant. The award is given in recognition of wastewater systems for outstanding compliance with National Pollutant Discharge Elimination Systems ("NPDES") permits. The Commission applied to earn this award for the fourth consecutive year and the award is anticipated to be earned during 2019.
- The American Public Power Association's ("APPA") Reliable Public Power Provider ("RP₃") designation continues to recognize the Commission at the Platinum Level. The RP₃ designation recognizes public power utilities that demonstrate proficiency in four key disciplines including reliability, safety, workforce development and system improvements. The RP₃ designation is awarded for a three-year period.

Financial Award: 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, 2017. This was the fourteenth consecutive year that the Commission has achieved this prestigious award. 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.

Acknowledgements

This report could not have been prepared on a timely basis without the efficient and dedicated services of all the Commission's employees who assisted and contributed to its preparation. We are thankful for the leadership and support of the Board of Commissioners who enable the Commission to fulfill its role in providing our customers with the most reliable services at a reasonable price while protecting the environment and public health.

Sincerely,



Michael Richard
General Manager



Charles E. Reynolds
Finance Manager



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

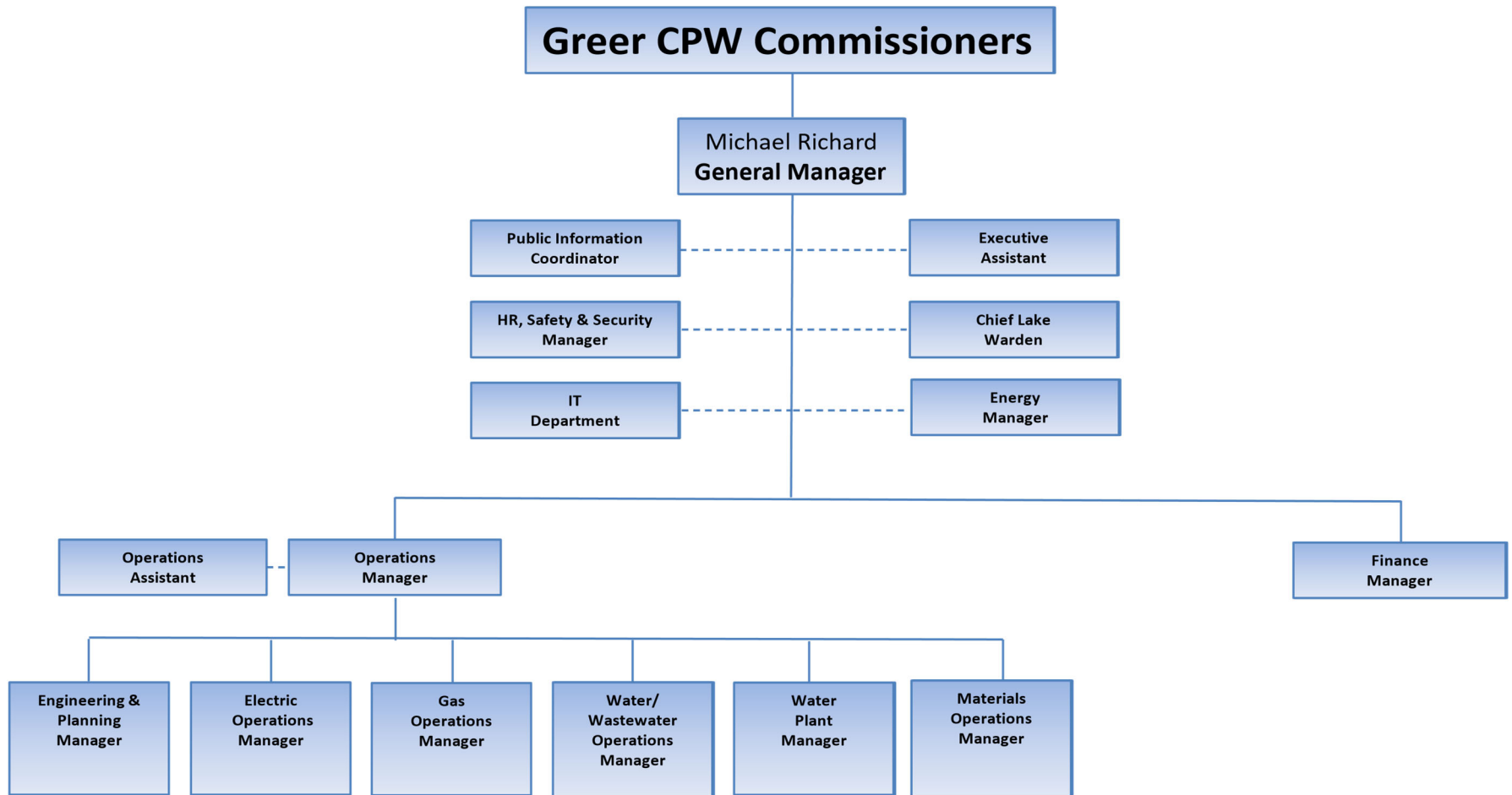
**Greer Commission of Public Works
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017



Executive Director/CEO



**GREER COMMISSION OF PUBLIC WORKS
PRINCIPAL OFFICIALS**

DECEMBER 31, 2018



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



INDEPENDENT AUDITOR'S REPORT

*To the Honorable Chairman and Members of the Commission
Greer Commission of Public Works
Greer, South Carolina*

Report on Financial Statements

We have audited the accompanying financial statements of the **Greer Commission of Public Works** (the "Commission"), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, 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 entity'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 entity'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 financial position of the Greer Commission of Public Works as of December 31, 2018 and 2017, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 9 and 17, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of January 1, 2017. This standard significantly changed the accounting for the Commission's total other postemployment benefits (OPEB) liability and the related disclosures. Our opinion is not modified with respect to this matter.

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 13 through 21), the Schedule of the Commission's Proportionate Share of the Net Pension Liability on page 51, the Schedule of Commission Pension Contributions on page 52, and the Schedule of Changes in the Commission's Total OPEB Liability and Related Ratios on page 53 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 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Budgeted and Actual Revenues and Expenses and the Schedule of Divisional Operating Revenue and Expenses (collectively the "supplementary information") are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

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 *Government Auditing Standards*, we have also issued our report dated April 12, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's 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.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Columbia, South Carolina
April 12, 2019

GREER COMMISSION OF PUBLIC WORKS MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018 AND 2017

This Management's Discussion and Analysis ("MD&A") of the Greer Commission of Public Works' (the "Commission") provides an overview of the financial activities for the fiscal years ended December 31, 2018, 2017 and 2016. This information serves as an introduction to the financial statements and should be read in conjunction with the audited financial statements.

Financial Highlights

The Commission continued to show a solid financial position for fiscal year 2018. 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 2018:

- The Commission's net position increased by \$16,201,252, or 10.08% for 2018 as compared to an increase of \$10,434,195, or 6.94% in 2017.
- During the year, the Commission's operating revenues increased to \$96,950,446, which represents a 13.16% increase from the prior year. Operating revenues increased to \$85,673,165, or 1.51% in 2017.
- Total operating expenses increased to \$87,385,011, which represents a 13.31% increase from the prior year. Total expenses decreased to \$77,120,495, or 2.02% in 2017.
- Purchased power expenses increased to \$36,821,848, up from \$35,502,277 last year. This 3.72% increase is reflected in the total operating expenses shown above. Purchased power decreased from \$36,000,430, or by 1.38%, to \$35,502,277 in 2017.
- Purchased gas expenses increased to \$20,498,377, increased from \$13,986,313 last year. This 46.56% increase is reflected in the total expenses shown above. Purchased gas increased from \$12,686,093, or by 10.25%, to \$13,986,313 in 2017.
- Capital contributions to the Commission increased by \$1,860,825, which represents a 36.84% increase from the prior year. Capital contributions increased by \$1,675,711, or 49.65% in 2017.
- Transfers to the City of Greer remained at \$1,000,000 for 2018 and 2017.
- Debt service coverage for 2018 was 279% of the bond ordinance requirement, which is 120% debt service coverage, an increase from 2017 of 6.90%. Debt service coverage for 2017 was 261%.
- The Commission's credit ratings continue to remain solid with credit ratings from Moody's, Standard & Poor's and Fitch Ratings with ratings of A1, A+, and AA-, respectively which reflects the declining leverage and improved coverage of full obligations, competitive retail rates, diverse customer base, and robust area economics.

GREER COMMISSION OF PUBLIC WORKS MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018 AND 2017

Overview of the Financial Statements

The Commission's annual statement consists of the Management's Discussion and Analysis ("MD&A"), the basic financial statements, required supplementary information, 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.

Basic Financial Statements - The basic financial statements of the Commission report information about the Commission using the full accrual basis of accounting in a manner similar to those used by private sector companies. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. These statements offer short-term and long-term financial information about its activities. The basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the financial statements. The Commission accounts for its activities using a single proprietary (enterprise) fund. Under this method, revenues are recorded when earning, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

Statement of Net Position - 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.

Statement of Revenues, Expenses, and Changes in Net Position - 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.

Statement of Cash Flows - The *statement of cash flows* provides 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 comparative information on the source and use of cash, and the change in the cash balance for each of the last two fiscal years.

Notes to the Financial Statements – The *notes to the financial statements* provide information about accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning progress in funding its obligation to provide pension to its employees. The MD&A is also considered required supplementary information.

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.

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

DECEMBER 31, 2018 AND 2017

Financial Analysis

The following comparative condensed financial statements and other selected information serve as the key financial data and indicators for management, monitoring and planning:

Condensed Financial Statements

Condensed Statement of Net Position

	December 31,			2017 to 2018		2016 to 2017	
	FY 2016	Restated		Dollars	%	Dollars	%
		FY 2017	FY 2018				
Current and other assets	\$ 44,772,139	\$ 45,898,580	\$ 53,677,937	\$ 7,779,357	16.95%	\$ 1,126,441	2.52%
Capital assets	207,900,198	215,083,773	220,871,193	5,787,420	2.69%	7,183,575	3.46%
Total assets	\$ 252,672,337	\$ 260,982,353	\$ 274,549,130	\$ 13,566,777	5.20%	\$ 8,310,016	3.29%
Deferred outflows of resources	\$ 3,274,982	\$ 3,187,947	\$ 2,505,179	\$ (682,768)	-21.42%	\$ (87,035)	-2.66%
Long-term debt outstanding	\$ 72,385,180	\$ 68,287,078	\$ 63,439,534	\$ (4,847,544)	-7.10%	\$ (4,098,102)	-5.66%
Other liabilities	31,334,909	34,949,491	36,026,291	1,076,800	3.08%	3,614,582	11.54%
Total liabilities	\$ 103,720,089	\$ 103,236,569	\$ 99,465,825	\$ (3,770,744)	-3.65%	\$ (483,520)	-0.47%
Deferred inflows of resources	\$ 265,606	\$ 233,912	\$ 687,413	\$ 453,501	193.88%	\$ (31,694)	-11.93%
Net investment in capital assets	\$ 131,737,021	\$ 143,103,152	\$ 153,598,034	\$ 10,494,882	7.33%	\$ 11,366,131	8.63%
Restricted	11,371,266	7,173,310	8,277,810	1,104,500	15.40%	(4,197,956)	-36.92%
Unrestricted	8,853,337	10,423,357	15,025,227	4,601,870	44.15%	1,570,020	17.73%
Total net position	\$ 151,961,624	\$ 160,699,819	\$ 176,901,071	\$ 16,201,252	10.08%	\$ 8,738,195	5.75%

Condensed Statement of Revenues, Expenses and Changes in Net Position

	FY 2016	Restated FY 2017	FY 2018	2017 to 2018		2016 to 2017	
				Dollars	%	Dollars	%
	Increase (decrease)	Increase (decrease)					
Electric revenues	\$ 42,731,587	\$ 41,944,704	\$ 45,295,406	\$ 3,350,702	7.99%	\$ (786,883)	-1.84%
Gas revenues	24,345,989	26,147,506	33,642,411	7,494,905	28.66%	1,801,517	7.40%
Water revenues	8,454,746	8,401,020	8,496,694	95,674	1.14%	(53,726)	-0.64%
Sewer revenues	5,843,893	6,268,682	6,572,392	303,710	4.84%	424,789	7.27%
Other operating revenues	3,020,885	2,911,253	2,943,543	32,290	1.11%	(109,632)	-3.63%
Non-operating revenues	46,404	66,237	93,200	26,963	40.71%	19,833	42.74%
Total revenues	\$ 84,443,504	\$ 85,739,402	\$ 97,043,646	\$ 11,304,244	13.18%	\$ 1,295,898	1.53%
Purchased power	\$ 36,000,430	\$ 35,502,277	\$ 36,821,848	\$ 1,319,571	3.72%	\$ (498,153)	-1.38%
Purchased gas	12,686,093	13,986,313	20,498,377	6,512,064	46.56%	1,300,220	10.25%
Depreciation	8,454,337	8,734,655	8,887,018	152,363	1.74%	280,318	3.32%
Other operating expense	18,448,252	18,897,250	21,177,768	2,280,518	12.07%	448,998	2.43%
Non-operating expense	3,496,936	3,235,547	3,342,877	107,330	3.32%	(261,389)	-7.47%
Total expense	\$ 79,086,048	\$ 80,356,042	\$ 90,727,888	\$ 10,371,846	12.91%	\$ 1,269,994	1.61%
Change in net position before capital contributions and extraordinary items	\$ 5,357,456	\$ 5,383,360	\$ 6,315,758	\$ 932,398	17.32%	\$ 25,904	0.48%
Contributions and extraordinary items							
Capital contributions	\$ 3,375,124	\$ 5,050,835	\$ 6,911,660	\$ 1,860,825	36.84%	\$ 1,675,711	49.65%
Extraordinary revenues from electrical demand credits	-	-	2,973,834	2,973,834	100.00%	-	0.00%
Change in net position after capital contributions and extraordinary items	\$ 8,732,580	\$ 10,434,195	\$ 16,201,252	\$ 5,767,057	55.27%	\$ 1,701,615	19.49%
Beginning net position	\$143,229,044	\$151,961,624	\$160,699,819	\$ 8,738,195	5.75%	\$ 8,732,580	6.10%
Cumulative effect of change in accounting principle	\$ -	\$ (1,696,000)	\$ -	\$ 1,696,000	-100.00%	\$ (1,696,000)	100.00%
Ending net position	\$151,961,624	\$160,699,819	\$176,901,071	\$ 16,201,252	10.08%	\$ 8,738,195	5.75%

GREER COMMISSION OF PUBLIC WORKS MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018 AND 2017

General Trends

During 2018, the Greater Greer area continued to realize the steady growth in the residential, commercial and industrial base that it has experienced for the past 10 years. The Commission experienced growth in its customer base adding approximately 2,400 new customers, or 3.73%, continuing the growth trend that has averaged 2.21% over the past 10 years.

The Commission remains positioned to manage the growth that continues in our service area. We have a plentiful water supply and the sufficient capacity to manage the demand of our Water and Sewer systems. The five strategically located Electric substations throughout the service area continue to provide reliable and competitive Electric services. Our Natural Gas service area is fed by our connections to the Transcontinental Pipeline, which provides our customers with an abundant supply of commodity.

Financial Position

The Commission employs conservative management principles to maintain sustained and healthy debt service coverages. This management style lends itself to our continued financial strength and stability. Total assets of \$274,549,130 increased by \$13,566,777, or 5.20%, compared to the 2017 increase of \$8,310,016. Current and other assets increased by \$7,779,357, or 16.95%, to \$53,677,937 from fiscal year 2017 results of \$45,898,580. As we continue to expand and improve our capital infrastructure, the capital assets for fiscal year 2018 increased by \$5,787,420, or 2.69%, to \$220,871,193 from fiscal year 2017 results of \$215,083,773. Total liabilities decreased by \$3,770,744, or 3.65%, to \$99,465,825 from fiscal year 2017 results of \$103,236,569. Total liabilities decreased partly due to the reduction in long-term debt from annual required debt service.

Results of Operations

Operating Revenues: Operating revenues are primarily comprised of electric, natural gas, water and sewer sales that are supplemented by revenues from connection fees, service charges, collection fees, and some miscellaneous fees. Total revenues increased by \$11,304,244 to \$97,043,646 in fiscal year 2018 from \$85,739,402 in fiscal year 2017 due to the net effects of increases to the electric, natural gas, water and sewer revenues. The increases in the electric, natural gas, water and sewer revenues of 7.99%, 28.66%, 1.14%, and 4.84%, respectively, can be attributed to several factors, but mostly due to weather, growth and commodity prices. During the fiscal year 2018, temperature patterns experienced in the Upstate region of South Carolina included two cold patterns that were more severe than recent years past. The heating degree days ("HDD") during 2018 were 3,070 days, 29.15% higher than the 2,377 days experienced during 2017, and the cooling degree days ("CDD") during 2018 were 2,098 days and increase from 2017 of 16.43%. In addition to the volatility of the temperatures, the weather patterns also brought to the area 67.96 inches of precipitation, an increase of 27.96% from 2017 totals of 53.11 inches. The fluctuations in the price of the natural gas commodity resulted in weighted average costs of \$3.811 per dT, an increase from 2017 of 27.10%.

Operating revenues during 2017 were increased by \$1,295,898 to \$85,739,402 from \$84,443,504 in fiscal year 2016 due to the net effects of increases to the natural gas and sewer revenues, and decreases to the electric and water revenues. The increase in natural gas and sewer revenues of 7.40% and 7.27%, respectively, and the increases in electric and water revenues of 1.84% and 0.64%, respectively can be attributed to several factors including weather, rate increases and commodity prices. During the fiscal year 2017, temperature patterns experienced in the Upstate region of South Carolina incurred 1,802 cooling degree days ("CDD") and 2,377 heating degree days ("HDD"), a decrease from 2016 of 17.64% and 10.84%, respectively. This decrease in CDD was a direct factor in the decreased consumption amounts of electricity from our electric customers, while the decrease in HDD resulted in lower consumption by our natural gas customers. The Upstate region also experienced an increase in precipitation during fiscal year 2017 that resulted in 53.11 inches of precipitation, an increase of 54.26% from 2016, which decreased water consumption from our customers by 7.83% compared to

GREER COMMISSION OF PUBLIC WORKS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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2016. The price of the natural gas commodity realized by the Commission was 12.26% higher than the 2016 commodity price, which increased the average cost during 2017 to \$3.00 per Dekatherm ("dT"), from the 2016 average price of \$2.67 per dT.

Other operating revenues increased by \$32,290 and decreased by \$109,632 during 2018 and 2017, respectively. The increases are attributable to several factors, including changes in the collection of reconnect fees, sales of gas, water, and sewer tap fees, sales of inventoried materials, and recovery of bad debts.

During 2018, non-operating revenues increased by \$26,963, or 40.71%. These increases are attributable to an increase in interest earnings from cash balances held at banking institutions. During 2017, non-operating revenues increased by \$19,833, or 42.74%. These increases can be attributed to the increased earnings on investments.

Operating Expenses: Operating expenses are primarily comprised of the costs to procure electricity and natural gas for sales to our customers, to provide water treatment and distribution, and sewer collection and treatment. During 2018, expenses increased by \$10,264,516 to \$87,385,011, from \$77,120,495 in fiscal year 2017, due to the net effect of an increase in related purchased gas, purchased power and other operating expenses. Purchased gas costs increased by \$6,512,064, or 46.56%, as a result of increased commodity prices and colder weather experienced in the first and last quarters of 2018. Purchased power costs increased by \$1,319,571, or 3.72%, as a result of increased customer demand experienced during the increased temperatures during the summer months. The Commission's allocation of power supply during 2018 included 4.11% of hydroelectric power received from the Commission's allocation of power provided by SEPA. The Commission also received \$343,823 in Load Side Generation credits from PMPA. Other operating expenses increased by \$2,280,518, with the increase attributable to increases in salaries and benefits, water and wastewater treatment chemicals, and the operations and maintenance of equipment.

During 2017, expenses increased by \$1,531,383 to \$77,120,495, from \$75,589,112 in fiscal year 2016, due to the net effect of an increase in expenses related purchased gas, depreciation and amortization, and other operating expenses, and the decrease in expenses related to purchased power costs. Purchased gas costs increased by \$1,300,220, or 10.25%, as a result of increased commodity prices. The average costs of the natural gas commodity, per dT, to the Commission was \$3.00 and \$2.67, respectively, for 2017 and 2016, an increase of 12.26%. Purchase power costs decreased by \$498,153, or 1.38%, mainly due to the reduction of customer demand coupled with the net effect of decreased costs from PMPA of \$448,844, or 1.28%, and a decrease in the power costs provided by SEPA's allocation of pooled hydroelectric power by \$52,102, or 6.35%. The Commission's allocation of power supply during 2017 included 3.42% of hydroelectric power. The Commission also received \$336,096 in Load Side Generation credits from PMPA. Other operating expenses increased by \$448,998, with the increase attributable to increases in salaries and benefits, water and wastewater treatment chemicals, and the operations and maintenance of equipment.

Non-operating expenses increased by \$107,330, or 3.32%, to \$3,342,877 during 2018. Debt service decreased by \$331,456, or 14.26%, to \$1,992,276 due to the annual retirement of long-term debt. The disposal of assets resulted in loss realized in the amount of \$282,974, increase by \$371,159 from the gains realized during 2017.

During 2017, non-operating expenses decreased by \$261,389, or 7.47%, to \$3,235,547 during 2017. Debt service decreased by \$217,623, or 8.56%, to \$2,323,732 due to the annual retirement of long-term debt. The gains realized on the disposal of assets increased by \$43,766, or 98.53%.

As a result of these factors, the Commission experienced net revenues over expenses of \$6,315,758 and \$5,383,360, respectively, in 2018 and 2017, before capital contributions.

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Capital Contributions and Grants: Capital contributions include cash contributions, non-cash contributions and grants from various sources such as developers, customer assessments, and state and federal agencies. During 2018, the Commission received \$6,911,660 in capital contributions. This was a \$1,860,825 increase from fiscal year 2017 capital contributions of \$5,050,835. Capital contributions for 2018 included the following receipts:

- \$329,024 received from various sources to offset capital costs related to lighting infrastructure
- \$4,065,270 received from various developer contributed properties that consists of water and sewer infrastructure
- \$753,800 received from the City of Greer for contribution of costs for the Highway 29 LED lighting project
- \$547,489 received from the Spartanburg Regional Hospital System for contribution of costs for the Gibb Cancer Center
- \$389,200 received from new customers to provide for future capacity needs of the water system
- \$763,800 received from new customers to provide for future capacity needs of the sewer system

During 2017, the Commission received \$5,050,835 in capital contributions. This was an increase of \$1,675,711 from \$3,375,124 received during fiscal year 2016.

During 2017, the Commission was awarded \$500,000 in Appalachian Regional Commission (ARC) Grants for assistance in constructing an extension of gravity sewer service in the Bent Creek Basin. This project will provide sewer services to a planned \$50 million commercial and industrial development near the Greenville Spartanburg International Airport. As of December 31, 2018, this work has yet to be completed.

Extraordinary Revenues: During 2018, PMPA determined that certain conditions were met that enabled them to issue a base billing demand credit on the Commissions electric rates received from PMPA. These credits are not customary in nature and are not expected to be frequent in occurrence. During 2018, this amount received from PMPA as base billing demand credits were \$2,973,834.

Transfers to the City: During fiscal years 2018 and 2017, the Commission made transfers to the City of Greer's General Fund in the amount of \$1,000,000.

Capital Assets and Long-Term Debt

Capital Assets: At the end of 2018, the Commission has invested \$365,304,402 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. Please refer to Note 3 to the financial statements for additional information on the Commission's capital assets.

In 2018 and 2017, the Commission's capital assets increased in the net amount of \$12,902,471 and \$15,416,971, respectively. Of this increase, \$13,871,592 and \$14,235,081, respectively, was for expansion and improvement to utility plant and the remainder for other operating assets during 2018 and 2017.

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

DECEMBER 31, 2018 AND 2017

Capital Assets

	FY 2016	FY 2017	FY 2018	2017 to 2018		2016 to 2017	
				Dollars	%	Dollars	%
				Increase (decrease)		Increase (decrease)	
Land	\$ 2,635,088	\$ 2,684,952	\$ 2,692,270	\$ 7,318	0.27%	\$ 49,864	1.89%
Buildings	6,902,526	6,981,188	6,928,372	(52,816)	-0.76%	78,662	1.14%
Machinery, equipment, and vehicles	10,368,961	11,149,286	11,044,469	(104,817)	-0.94%	780,325	7.53%
Electric distribution system	55,171,058	57,996,292	63,111,789	5,115,497	8.82%	2,825,234	5.12%
Water distribution system	74,418,130	78,051,517	80,691,782	2,640,265	3.38%	3,633,387	4.88%
Water reservoirs and dams	12,810,716	12,835,008	12,848,308	13,300	0.10%	24,292	0.19%
Recreational facilities	760,131	773,734	773,760	26	0.00%	13,603	1.79%
Gas distribution system	67,555,967	71,533,509	75,292,672	3,759,163	5.26%	3,977,542	5.89%
Disposal plants and sanitary sewer	96,623,279	101,531,322	104,195,666	2,664,344	2.62%	4,908,043	5.08%
Office equipment and software	3,926,914	4,186,350	3,367,544	(818,806)	-19.56%	259,436	6.61%
Fiber optic	550,200	550,200	550,200	-	0.00%	-	0.00%
Construction in progress	5,261,990	4,128,573	3,807,570	(321,003)	-7.78%	(1,133,417)	-21.54%
Subtotal	\$ 336,984,960	\$352,401,931	\$ 365,304,402	\$ 12,902,471	3.66%	\$ 15,416,971	4.57%
Less accumulated depreciation	129,084,762	137,318,158	144,433,209	7,115,051	5.18%	8,233,396	6.38%
Net property, plant, and equipment	\$ 207,900,198	\$215,083,773	\$ 220,871,193	\$ 5,787,420	2.69%	\$ 7,183,575	3.46%

The following is a summary of some of the major capital improvements completed and added to the system during fiscal year 2018.

Improvements and upgrades to the Electric system	\$ 835,913
Improvements, upgrades and extension of the Natural Gas system	1,130,981
Highway 29 LED lighting project	237,006
High-pressure upgrades for Highway 101 Natural Gas lines	337,836
Genoble Road force main relocation	110,341
Pelham Medical Center campus upgrade for Gibbs Cancer Center	864,394
Water Filter Plant infrastructure upgrades	208,672
New subdevelopments utility infrastructure	1,822,716
Downtown Greer Water and Sewer infrastructure upgrades	766,797
Maple Creek sewer plant upgrades	217,261
Automated Metering Infrastructure (AMI) project	46,037
Motor vehicles and heavy equipment replacements	456,570
Computers and related equipment replacements	193,499
Equipment and tools for maintaining utility services and administration	322,786
New meters and upgrades to existing meters	1,619,269
Commission's LED lighting project	49,969
Total major capital improvements	\$ 9,220,047

Long-Term Debt: At the end of 2018, the Commission had \$67,873,093 in aggregate long-term debt, down from \$71,887,006 at the end of fiscal year 2017, a decrease of \$4,013,913, or 5.58%. In 2017, the Commission had \$71,887,006 in aggregate long-term debt, decreased from \$75,645,005 at the end of fiscal year 2016, a decrease of \$3,757,999, or 4.97%. The changes resulted from scheduled principal payments made on the existing debt, along with one debt refunding. Please refer to Note 7 to the financial statements for additional information on the Commission's long-term debt.

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During 2017 the Commission issued \$14,740,000 of refunding bonds to defease the remaining outstanding bonds, net of all cost of debt, of the Series 2009 Combined Utility System Revenue bonds. The refund transaction provided the Commission with an economic gain of \$1,033,197, or 7.11%.

	FY 2016		FY 2017		FY 2018		2017 to 2018		2016 to 2017	
	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate	Dollars	%	Dollars	%
							Increase (decrease)		Increase (decrease)	
Series 2002 revenue bonds	\$ 23,075,000	5.47%	\$ 22,865,000	5.47%	\$ 22,640,000	5.48%	\$ (225,000)	-0.98%	\$ (210,000)	-0.91%
2004 South Carolina SRF loan	6,405,325	2.25%	6,108,242	2.25%	5,804,418	2.25%	(303,824)	-4.97%	(297,083)	-4.64%
2005 South Carolina SRF loan	5,344,443	2.25%	5,087,851	2.25%	4,825,437	2.25%	(262,414)	-5.16%	(256,592)	-4.80%
Series 2007 revenue bonds	3,676,828	4.02%	3,404,476	4.02%	3,121,177	4.02%	(283,299)	-8.32%	(272,352)	-7.41%
2007 South Carolina SRF loan	9,077,583	2.25%	8,426,455	2.25%	7,760,554	2.25%	(665,901)	-7.90%	(651,128)	-7.17%
Series 2009 refunding bonds	16,055,000	4.03%	-	0.00%	-	0.00%	-	0.00%	(16,055,000)	-100.00%
2009 South Carolina SRF loan	4,335,826	2.25%	4,194,982	2.25%	4,051,507	2.25%	(143,475)	-3.42%	(140,844)	-3.25%
2013 SC Public Service Authority loan	3,500,000	0.00%	3,500,000	0.00%	3,500,000	0.00%	-	0.00%	-	0.00%
Series 2015 refunding bonds	4,175,000	2.10%	3,745,000	2.10%	3,310,000	2.10%	(435,000)	-11.62%	(430,000)	-10.30%
Series 2017 refunding bonds	-	0.00%	14,555,000	1.99%	12,860,000	1.99%	(1,695,000)	-11.65%	14,555,000	0.00%
Total Long-term debt	\$ 75,645,005	3.58%	\$ 71,887,006	3.19%	\$ 67,873,093	3.24%	\$ (4,013,913)	-5.58%	\$ (3,757,999)	-4.97%

The Commission's current average cost of capital is 3.24% in outstanding debt, with the average cost of capital being 3.19% and 3.58%, for the years 2017 and 2016, respectively.

Bond Ratings - All outstanding Combined Utility System Revenue Bonds ("Revenue Bonds") carry an A1, A+ and AA- ratings from Moody's, Standard & Poor's, and Fitch Ratings, respectively. During 2017 and 2016, the Commission received affirmations of each of its ratings from Moody's and Standard & Poor's, with Fitch Ratings issuing an upgrade to its ratings to AA-, from A+.

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 279%, 261%, and 255%, for the years 2018, 2017, and 2016, respectively.

	FY 2016	FY 2017	FY 2018	2017 to 2018		2016 to 2017	
				Dollars	%	Dollars	%
				Increase (decrease)		Increase (decrease)	
Revenues							
Revenues from operations	\$ 84,397,100	\$ 85,673,165	\$ 96,950,446	\$ 11,277,281	13.16%	\$ 1,276,065	1.51%
Non-operating revenue	46,404	66,237	93,200	26,963	40.71%	19,833	42.74%
Capacity fees*	1,133,365	1,065,325	1,153,000	87,675	8.23%	(68,040)	-6.00%
Total revenues	\$ 85,576,869	\$ 86,804,727	\$ 98,196,646	\$ 11,391,919	13.12%	\$ 1,227,858	1.43%
Expenses							
Total expenses	\$ 78,086,048	\$ 79,356,042	\$ 89,727,888	\$ 10,371,846	13.07%	\$ 1,269,994	1.63%
Depreciation	(8,454,337)	(8,734,655)	(8,887,018)	(152,363)	1.74%	(280,318)	3.32%
Bond interest expense	(2,541,355)	(2,323,732)	(2,059,903)	263,829	-11.35%	217,623	-8.56%
Gain (loss) on sale of assets	44,419	88,185	(282,974)	(371,159)	-420.89%	43,766	98.53%
Total expenses	\$ 67,134,775	\$ 68,385,840	\$ 78,497,993	\$ 10,112,153	14.79%	\$ 1,251,065	1.86%
Income available for debt service	\$ 18,442,094	\$ 18,418,887	\$ 19,698,653	\$ 1,279,766	6.95%	\$ (23,207)	-0.13%
Maximum annual debt service (ADS)	\$ 7,229,365	\$ 7,056,895	\$ 7,056,895	\$ -	0.00%	\$ (172,470)	-2.39%
Maximum ADS coverage	255%	261%	279%	6.90%		2.35%	

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

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With this continued 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 and strategic planning, the Commission currently anticipates internally funding capital projects within the current long-range Capital Improvement Plan through fiscal year 2023.

Economic Outlook and Final Comments

The economic outlook for the Greenville and Spartanburg Counties continues to show positive trends in several areas. With the continued increase in the receipt of capacity fees received by the Commission, both Greenville and Spartanburg Counties are showing continual developer activity, which coincides with economic growth. Both Greenville and Spartanburg Counties have experienced an increase of 2.3% in the number of jobs as of December 31, 2018 compared to prior year. Unemployment rates for the Greenville and Spartanburg Counties were 3.4% at the end of 2018 and per capita personal income has increased 8.47% from prior year. Population increases in both counties mirror the positive trend the Commission has seen in customer growth.

These positive economic indicators promote the financial health and sustainability of the Commission. The Commission is committed to fiscal responsibility, which is our assurance we will sensibly spend, earn and generate funds without placing undue hardship on our ratepayers.

The Commission considered a variety of factors in developing the fiscal year 2019 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 2019 budget provided for no rate increases in any of the Commission's utility services. For 2019, 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.

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

Contacting the Commission's Finance Manager

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

GREER COMMISSION OF PUBLIC WORKS
STATEMENTS OF NET POSITION

DECEMBER 31, 2018 AND 2017

	2018	Restated 2017
ASSETS		
Current assets:		
Cash and cash equivalents:		
Operating	\$ 27,823,763	\$ 23,016,462
Restricted	10,016,986	8,639,503
Total cash and cash equivalents	37,840,749	31,655,965
Receivables:		
Customers, less allowance for doubtful accounts of \$275,644 in 2018 and \$250,675 in 2017	12,339,079	10,980,345
Inventories	3,329,434	2,910,321
Prepaid expenses	168,675	351,949
Total current assets	53,677,937	45,898,580
Non-current assets:		
Utility plant	365,304,402	352,401,931
Less accumulated depreciation	(144,433,209)	(137,318,158)
Total non-current assets	220,871,193	215,083,773
Total assets	\$ 274,549,130	\$ 260,982,353
Deferred outflows of resources:		
Bond defeasance loss	\$ 277,358	\$ 320,370
Deferred outflows from pension	1,940,821	2,811,577
Deferred outflows from other post-employment benefits	287,000	56,000
Total deferred outflows of resources	\$ 2,505,179	\$ 3,187,947
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,019,592	\$ 6,624,188
Construction contract retainage payable	-	85,816
Accrued interest	634,224	658,155
Other accrued expenses	2,749,660	1,563,501
Customer deposits	1,739,175	1,466,193
Current portion of landfill post-closure liability	16,700	17,521
Current portion of long-term debt	4,810,984	4,013,913
Total current liabilities	15,970,335	14,429,287
Landfill post-closure liability	217,100	227,779
Other post-employment liability	3,041,000	2,802,000
Net pension liability	16,797,856	17,490,425
Long-term debt, net of unamortized premium, and current portion of long-term debt	63,439,534	68,287,078
Total non-current liabilities	83,495,490	88,807,282
Total liabilities	\$ 99,465,825	\$ 103,236,569
Deferred inflows of resources:		
Deferred inflows from pension	\$ 609,413	\$ 142,912
Deferred inflows from other post-employment benefits	78,000	91,000
Total deferred inflows of resources	\$ 687,413	\$ 233,912
NET POSITION		
Net investment in capital assets	\$ 153,598,034	\$ 143,103,152
Restricted for:		
Debt service	435,807	429,032
Capital projects	7,842,003	6,744,278
Unrestricted	15,025,227	10,423,357
Total net position	\$ 176,901,071	\$ 160,699,819

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, 2018 AND 2017

	2018	Restated 2017
Operating revenues:		
Electric revenues	\$ 45,295,406	\$ 41,944,704
Gas revenues	33,642,411	26,147,506
Water revenues	8,496,694	8,401,020
Sewer revenues	6,572,392	6,268,682
Other operating revenues	2,943,543	2,911,253
Total operating revenues	96,950,446	85,673,165
Operating expenses:		
Purchased power	36,821,848	35,502,277
Purchased gas	20,498,377	13,986,313
Depreciation	8,887,018	8,734,655
Other operating expenses	21,177,768	18,897,250
Total operating expenses	87,385,011	77,120,495
Net operating revenue	9,565,435	8,552,670
Other revenues (expenses):		
Interest expense	(2,059,903)	(2,323,732)
Interest revenue	93,200	66,237
Transfers to the City of Greer	(1,000,000)	(1,000,000)
Gain/(loss) on disposal of utility plant	(282,974)	88,185
Total other expenses, net	(3,249,677)	(3,169,310)
Change in net position before contributions and extraordinary items	6,315,758	5,383,360
Contributions and extraordinary items		
Contributions	6,911,660	5,050,835
Extraordinary revenues from electric demand credits	2,973,834	-
Total contributions and extraordinary items	9,885,494	5,050,835
Change in net position after contributions and extraordinary items	16,201,252	10,434,195
Net position at beginning of the year, as previously reported	160,699,819	151,961,624
Cumulative effect of change in accounting principle	-	(1,696,000)
Net position at beginning of the year, as restated	160,699,819	150,265,624
Net position at end of the year	\$ 176,901,071	\$ 160,699,819

See accompanying notes to the financial statements.

GREER COMMISSION OF PUBLIC WORKS
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	Restated 2017
Cash flows from operating activities:		
Cash received from customers	\$ 92,921,151	\$ 81,359,987
Cash paid to suppliers	(70,523,786)	(60,952,147)
Cash paid to employees	(7,059,633)	(5,960,680)
Other operating revenue	2,943,543	2,911,253
Net cash provided by operating activities	18,281,275	17,358,413
Cash flows from noncapital financing activities:		
Payments to City of Greer	(1,000,000)	(1,000,000)
Extraordinary revenues	2,973,834	-
Net cash used in noncapital financing activities	1,973,834	(1,000,000)
Cash flows from capital and related financing activities:		
Increase in utility plants	(11,025,192)	(13,415,810)
Capital contributions	2,846,390	2,779,683
Proceeds from sale of utility plant	106,572	85,391
Proceeds from issuance of long-term debt	-	14,740,000
Repayment of debt	(4,007,461)	(18,559,174)
Interest paid on long-term debt	(2,083,834)	(2,477,584)
Net cash used in capital and related financing activities	(14,163,525)	(16,847,494)
Cash flows from investing activities:		
Interest received on investments	93,200	66,237
Net cash used in investing activities	93,200	66,237
Net increase (decrease) in cash and cash equivalents	6,184,784	(422,844)
Cash and cash equivalents at beginning of year	31,655,965	32,078,809
Cash and cash equivalents at end of year	\$ 37,840,749	\$ 31,655,965
Reconciliation of operating revenue to net cash provided by operating activities:		
Net operating revenue	\$ 9,565,435	\$ 8,552,670
Adjustments to reconcile net operating revenue to net cash provided by operating activities:		
Depreciation	8,887,018	8,734,655
Changes in assets and liabilities:		
Customer receivables, net	(1,358,734)	(1,634,773)
Inventories	(419,113)	(147,366)
Prepaid expenses	183,274	232,854
Accounts payable	(663,934)	620,610
Other accrued expenses	1,186,159	(67,805)
Other postemployment liabilities	(5,000)	(75,000)
Pension liabilities	644,688	970,420
Landfill post-closure liability	(11,500)	(60,700)
Customer deposits	272,982	232,848
Net cash provided by operating activities	\$ 18,281,275	\$ 17,358,413
Non-cash items:		
Non-cash capital contributions	\$ 4,065,270	\$ 2,271,152

See accompanying notes to the financial statements.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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.

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.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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 expenses 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 acquisition 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, 2018 and 2017 was \$202,705 and \$206,845, respectively. Minimum capitalization costs are \$1,000.

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

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

Depreciation expense for the years ended December 31, 2018 and 2017 was \$8,887,018 and \$8,734,655, 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.

Inventories and prepaid expenses - Materials and supplies inventories are valued at average cost, and consists of materials, supplies, and fuel. Prepaid expenses consist of items such as general liability insurance premiums that have been paid during 2018 and 2017, but are recognized over the appropriate accounting periods.

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, 2018 and 2017 were \$4,393,360 and \$4,945,124, respectively.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 1—Organization and significant accounting policies (continued)

Allowance of Uncollectible Accounts - Management reviews account receivables 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.

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.

Cumulative changes in the fair value of hedge contracts are recorded at the time the contracts are closed. At December 31, 2018 and 2017, the Commission had a total of 11 contracts and 21 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 \$8,176,075 and \$14,771,489 at an average cost of \$3.17 and \$3.16 per dekatherm of natural gas at December 31, 2018 and 2017, respectively.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 1—Organization and significant accounting policies (continued)

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.

Reclassifications – Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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 of long-term debt, 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. Deferred outflows related to pensions for the net difference between expected and actual experience are amortized over the expected remaining service lives of the plan members. Deferred outflows related to pensions for the net difference between projected and actual investment earnings are amortized over a five-year period. Deferred outflows related to changes in pension assumptions are amortized over the expected remaining service lives of the plan members. Deferred outflows related to changes in proportionate share of plan contributions are amortized over a four-year period.
- The Commission has deferred outflows related to other post-employment benefits for the net difference between expected and actual experience are amortized over the expected remaining service lives of the plan members. Deferred outflows related to changes in other post-employment benefits assumptions are amortized over the expected remaining service lives of the plan members. Deferred outflows related to other post-employment contributions made subsequent to the measurement date. These contributions will be a reduction of the other post-employment benefits liability in the next reporting period.

In addition to liabilities, the statement of net position contains a separate section for deferred inflows of resources. This separate net statement element, deferred inflows of resources, represents an acquisition of net pension 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 the experience gains resulting from the periodic studies by the actuary of the Retirement Plans, which adjust the net pension liability for actual experience for certain trend information that was previously assumed. These gains are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining lives of the plan members. Deferred inflows also contain items related to the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions.
- The Commission has deferred inflows related to changes in other post-employment benefit assumptions, which are amortized over the expected remaining lives of the plan members.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 1—Organization and significant accounting policies (continued)

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 “net investment in capital assets.”

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 15.90% and 15.58% in 2018 and 2017, 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 2018 and 2017, the Commission purchased \$33,123,126 and \$35,502,277, respectively, from PMPA under the two agreements discussed above. On December 31, 2018 and 2017, amounts due to PMPA of \$2,640,738 and \$2,891,033, respectively, were included in accounts payable.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 3—Utility plant

The following is a summary of changes in utility plant as of December 31, 2018:

	December 31, 2017	Additions	Classification Transfers	Disposals	December 31, 2018
Utility plant not being depreciated:					
Land	\$ 2,684,952	\$ 7,500	\$ -	\$ (182)	\$ 2,692,270
Construction in progress	4,128,573	2,890,120	(3,204,967)	(6,156)	3,807,570
Total utility plant not being depreciated	6,813,525	2,897,620	(3,204,967)	(6,338)	6,499,840
Utility plant being depreciated:					
Electric distribution system	57,996,292	3,000,591	2,332,581	(217,675)	63,111,789
Gas distribution system	71,533,509	2,937,319	821,844	-	75,292,672
Water distribution system	78,051,517	2,746,971	(7,662)	(99,044)	80,691,782
Water reservoirs and dams	12,835,008	20,669	(7,369)	-	12,848,308
Recreational facilities	773,734	14,772	-	(14,746)	773,760
Disposal plants and sanitary sewer	101,531,322	2,600,372	63,972	-	104,195,666
Finance building	704,302	-	-	-	704,302
Operations center	5,764,390	-	-	-	5,764,390
Vehicle maintenance facility	437,496	-	-	(52,816)	384,680
Buildings	75,000	-	-	-	75,000
Vehicles and other work equipment	11,149,286	624,062	4,958	(733,837)	11,044,469
Office equipment and furniture	4,186,350	229,201	892	(1,048,899)	3,367,544
Fiber optic	550,200	-	-	-	550,200
Total utility plant being depreciated	345,588,406	12,173,957	3,209,216	(2,167,017)	358,804,562
Less accumulated depreciation for:					
Electric distribution system	(29,483,387)	(1,863,346)	(8,850)	124,396	(31,231,187)
Gas distribution system	(31,448,549)	(2,004,852)	-	-	(33,453,401)
Water distribution system	(24,626,891)	(1,521,472)	(1,982)	23,514	(26,126,831)
Water reservoirs and dams	(5,541,784)	(176,926)	9	-	(5,718,701)
Recreational facilities	(326,713)	(20,409)	(383)	1,750	(345,755)
Disposal plants and sanitary sewer	(30,710,122)	(1,965,867)	1	-	(32,675,988)
Finance building	(142,677)	(18,122)	2	-	(160,797)
Operations center	(3,473,001)	(122,602)	-	-	(3,595,603)
Vehicle maintenance facility	(257,706)	(9,859)	(62)	114	(267,513)
Buildings	(75,000)	-	-	-	(75,000)
Vehicles and other work equipment	(7,818,076)	(881,261)	(11,292)	723,690	(7,986,939)
Office equipment and furniture	(3,096,106)	(280,386)	(63,624)	984,684	(2,455,432)
Fiber optic	(318,146)	(21,916)	-	-	(340,062)
Total accumulated depreciation	(137,318,158)	(8,887,018)	(86,181)	1,858,148	(144,433,209)
Utility plant, net	\$215,083,773				\$220,871,193

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 3—Utility plant (continued)

The following is a summary of changes in utility plant as of December 31, 2017:

	December 31, 2016	Additions	Classification Transfers	Disposals	December 31, 2017
Utility plant not being depreciated:					
Land	\$ 2,635,088	\$ 49,865	\$ (1)	\$ -	\$ 2,684,952
Construction in progress	5,261,990	4,061,575	(5,194,992)	-	4,128,573
Total utility plant not being depreciated	7,897,078	4,111,440	(5,194,993)	-	6,813,525
Utility plant being depreciated:					
Electric distribution system	55,171,058	2,593,803	232,259	(828)	57,996,292
Gas distribution system	67,555,967	2,831,205	1,146,337	-	71,533,509
Water distribution system	74,418,130	3,059,893	582,264	(8,770)	78,051,517
Water reservoirs and dams	12,810,716	55,422	(31,130)	-	12,835,008
Recreational facilities	760,131	13,159	444	-	773,734
Disposal plants and sanitary sewer	96,623,279	1,774,523	3,133,520	-	101,531,322
Finance building	699,455	4,847	-	-	704,302
Operations center	5,743,391	17,579	3,420	-	5,764,390
Vehicle maintenance facility	384,680	-	52,816	-	437,496
Buildings	75,000	-	-	-	75,000
Vehicles and other work equipment	10,368,961	1,126,889	-	(346,564)	11,149,286
Office equipment and furniture	3,926,914	427,082	1,332	(168,978)	4,186,350
Fiber optic	550,200	-	-	-	550,200
Total utility plant being depreciated	329,087,882	11,904,402	5,121,262	(525,140)	345,588,406
Less accumulated depreciation for:					
Electric distribution system	(27,703,187)	(1,780,775)	448	127	(29,483,387)
Gas distribution system	(29,527,434)	(1,924,228)	3,113	-	(31,448,549)
Water distribution system	(23,152,446)	(1,474,944)	(175)	674	(24,626,891)
Water reservoirs and dams	(5,365,068)	(176,724)	8	-	(5,541,784)
Recreational facilities	(306,465)	(20,240)	(8)	-	(326,713)
Disposal plants and sanitary sewer	(28,755,398)	(1,949,465)	(5,259)	-	(30,710,122)
Finance building	(124,678)	(17,999)	-	-	(142,677)
Operations center	(3,335,208)	(137,793)	-	-	(3,473,001)
Vehicle maintenance facility	(247,795)	(9,911)	-	-	(257,706)
Buildings	(75,000)	-	-	-	(75,000)
Vehicles and other work equipment	(7,342,010)	(822,630)	-	346,564	(7,818,076)
Office equipment and furniture	(2,853,911)	(397,962)	(10,801)	166,568	(3,096,106)
Fiber optic	(296,162)	(21,984)	-	-	(318,146)
Total accumulated depreciation	(129,084,762)	(8,734,655)	(12,674)	513,933	(137,318,158)
Utility plant, net	\$207,900,198				\$215,083,773

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

At December 31, 2018 and 2017, the Commission had outstanding contractual commitments of \$0 and \$172,346, respectively, related to additions to the utility plant. Such construction will be financed from cash flows from operations, and available cash and investments.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 4—Cash and cash equivalents

At December 31, 2018, the carrying value of deposits included in cash and cash equivalents was \$34,665,396 and the bank balance was \$34,926,506. At December 31, 2017, the carrying value of deposits included in cash and cash equivalents was \$31,655,965 and the bank balance was \$31,432,697. 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.

Interest Rate Risk

Interest rate risk is the risk that rising interest rates will adversely affect the fair value of the Commission's deposits. 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 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.

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 pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Department does not disclose investment in the LGIP within the fair value hierarchy.

Custodial Credit Risk

For a deposit, 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 deposits or collateral securities that are in the possession of an outside party. The Commission's deposits 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 2018 and 2017, the Commission had no investments.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 5—Inventories

Inventories at December 31, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Electric	\$ 1,806,714	\$ 1,659,030
Gas	1,139,037	870,873
Water and sewer	343,012	332,356
Other	11,430	18,736
Gasoline	29,241	29,326
Total Inventories	\$ 3,329,434	\$ 2,910,321

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 15 years. During a review by independent engineers in September 2017, the landfill post-closure liability was reduced to \$245,300, a decrease of \$42,700, and will be amortized over the remaining post-closure period. For the years ended December 31, 2018 and 2017, amortization in the amount of \$16,700 and \$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.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 7—Long-term debt

Long-term debt at December 31, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Revenue Bonds:		
\$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.	\$ 22,640,000	\$ 22,865,000
\$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.	3,121,177	3,404,476
\$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.	3,310,000	3,745,000
\$14,740,000 Series 2017 Combined Utility System Refunding Bond used to refund Series 2009 Combined Utility System Revenue Bonds; interest at 1.99%; principal payable annually starting September 1, 2017 and interest payable annually through September 1, 2025.	12,860,000	14,555,000
State Revolving Fund Loans:		
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.	5,804,418	6,108,242
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.	4,825,437	5,087,851
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.	7,760,554	8,426,455
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%.	4,051,507	4,194,982

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 7—Long-term debt (continued)

	2018	2017
Other Loans:		
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
Total Long-term debt	\$ 67,873,093	\$ 71,887,006
Current portion of long-term debt	(4,810,984)	(4,013,913)
Bond premium, net of accumulated amortization of \$633,988 in 2018 and \$597,427 in 2017.	377,425	413,985
Long-term debt, net of unamortized premium, and current portion of long-term debt	\$ 63,439,534	\$ 68,287,078

Future maturities of long-term debt are as follows:

	Revenue Bonds		State Revolving Fund Loans		Other Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 2,704,688	\$ 1,691,530	\$ 1,406,296	\$ 492,635	\$ 700,000	\$ -	\$ 4,810,984	\$ 2,184,165
2020	2,776,534	1,624,162	1,437,708	461,222	700,000	-	4,914,242	2,085,384
2021	2,848,857	1,554,661	1,469,870	429,061	700,000	-	5,018,727	1,983,722
2022	2,916,675	1,482,742	1,463,768	376,255	700,000	-	5,080,443	1,858,997
2023	2,990,008	1,409,048	1,575,543	382,296	700,000	-	5,265,551	1,791,344
2024-2028	14,929,415	5,626,007	8,217,152	1,277,502	-	-	23,146,567	6,903,509
2029-2033	12,765,000	1,802,075	4,941,423	516,185	-	-	17,706,423	2,318,260
2034-2038	-	-	1,471,821	129,038	-	-	1,471,821	129,038
2039-2040	-	-	458,335	12,927	-	-	458,335	12,927
	\$ 41,931,177	\$ 15,190,225	\$ 22,441,916	\$ 4,077,121	\$ 3,500,000	\$ -	\$ 67,873,093	\$ 19,267,346

Changes in long-term debt:

Description	Rate	December 31, 2016	New Issuance	Payments	December 31, 2017	New Issuance	Payments	December 31, 2018	Current
Revenue Bonds:									
Series 2002	3.00% to 5.50%	\$ 23,075,000	\$ -	\$ (210,000)	\$ 22,865,000	\$ -	\$ (225,000)	\$ 22,640,000	\$ 235,000
Series 2007	4.02%	3,676,828	-	(272,352)	3,404,476	-	(283,299)	3,121,177	294,688
Series 2009	4.03%	16,055,000	-	(16,055,000)	-	-	-	-	-
Series 2015	2.10%	4,175,000	-	(430,000)	3,745,000	-	(435,000)	3,310,000	445,000
Series 2017	1.99%	-	14,740,000	(185,000)	14,555,000	-	(1,695,000)	12,860,000	1,730,000
		\$ 46,981,828	\$ 14,740,000	\$ (17,152,352)	\$ 44,569,476	\$ -	\$ (2,638,299)	\$ 41,931,177	\$ 2,704,688
Add: Bond Premiums		518,172	-	(104,187)	413,985	-	(36,560)	377,425	-
Total Revenue Bonds		\$ 47,500,000	\$ 14,740,000	\$ (17,256,539)	\$ 44,983,461	\$ -	\$ (2,674,859)	\$ 42,308,602	\$ 2,704,688
State Revolving Fund Loans:									
Series 2004	2.25%	\$ 6,405,325	\$ -	\$ (297,083)	\$ 6,108,242	\$ -	\$ (303,824)	\$ 5,804,418	\$ 310,718
Series 2005	2.25%	5,344,443	-	(256,592)	5,087,851	-	(262,414)	4,825,437	268,369
Series 2007	2.25%	9,077,583	-	(651,128)	8,426,455	-	(665,901)	7,760,554	681,011
Series 2009	2.25%	4,335,826	-	(140,844)	4,194,982	-	(143,475)	4,051,507	146,198
Total State Revolving Fund Loans		\$ 25,163,177	\$ -	\$ (1,345,647)	\$ 23,817,530	\$ -	\$ (1,375,614)	\$ 22,441,916	\$ 1,406,296
Other Long-term debt									
Santee Cooper Loan	0.00%	\$ 3,500,000	\$ -	\$ -	\$ 3,500,000	\$ -	\$ -	\$ 3,500,000	\$ 700,000
Landfill post-closure costs		306,000	-	(60,700)	245,300	-	(11,500)	233,800	16,700
Total Other Long-term debt		\$ 3,806,000	\$ -	\$ (60,700)	\$ 3,745,300	\$ -	\$ (11,500)	\$ 3,733,800	\$ 716,700
Total Long-Term Liabilities		\$ 76,469,177	\$ 14,740,000	\$ (18,662,886)	\$ 72,546,291	\$ -	\$ (4,061,973)	\$ 68,484,318	\$ 4,827,684
Less current portion		(3,795,997)	-	(4,031,434)	(4,031,434)	-	(4,827,684)	(4,827,684)	-
Total Long-Term Debt		\$ 72,673,180	\$ -	\$ -	\$ 68,514,857	\$ -	\$ -	\$ 63,656,634	\$ -

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 7—Long-term debt (continued)

The Commission has pledged future total revenues, net of operating expenses, to repay substantially all outstanding debt issued in prior years. Proceeds from this debt provided financing for utility infrastructure. The debt is payable solely from the net revenues of the Commission and is payable through 2040.

The total principal and interest remaining to be paid on the debt is \$87,140,439. Principal and interest paid for the years ended December 31, 2018 and 2017 were \$6,017,689 and \$20,821,731, respectively. Total operating revenues for the years ended December 31, 2018 and 2017 were \$96,950,446 and \$85,673,165, 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.

In June 2017, the Commission issued \$14,740,000 of refunding bonds at an interest rate of 1.99% to defease the remaining outstanding bonds, net of all cost of debt, of the Series 2009 Combined Utility System Revenue bonds in the amount of \$14,535,000. The Commission completed the refunding to reduce its total debt service payments over a period of 9 years by \$1,433,773 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,033,197.

At December 31, 2018 and 2017, the amount of defeased bonds principal outstanding and unpaid by the Trustee was \$26,390,000 and \$29,840,000, 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 PEBA was created July 1, 2012 and administers the various retirement systems and retirement programs that are managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the systems and serves as a co-trustee of the systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

For purposes of measuring the net pension liability (“NPL”), deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 8—Pension plan (continued)

PEBA issues a CAFR 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. PEBA is considered a division of the primary government of the State of South Carolina, and, therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

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.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is described below.

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. 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.

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. 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.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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. If the scheduled employee and employer contributions provided in statute, or the rates adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase the employer contribution as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is schedules to be reduced one year for each of the next 10 years to a twenty-year amortization schedule.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 8—Pension plan (continued)

Employee and employer contributions rates, shown below, were made through payroll deductions for respective periods shown:

Period	SCRS		PORS	
	Employee	Employer	Employee	Employer
January – June 2016	8.16%	11.06%	8.74%	13.94%
July – December 2016	8.66%	11.56%	9.24%	14.24%
January - June 2017	8.66%	11.56%	9.24%	14.24%
July - December 2017	9.00%	13.56%	9.75%	16.24%
January - June 2018	9.00%	13.56%	9.75%	16.24%
July - December 2018	9.00%	14.41%	9.75%	16.84%

The required contributions and percentages of amounts contributed by the Commission to the SCRS and PORS, respectively, for the past four years were as follows:

Year Ended	SCRS		PORS		Total Required Contributions
	Required	% Contributed	Required	% Contributed	
2018	\$1,027,657	100%	\$ 19,232	100%	\$ 1,046,889
2017	986,834	100%	15,230	100%	1,002,064
2016	852,012	100%	8,580	100%	860,592
2015	780,337	100%	6,383	100%	786,720

Eligible payrolls of the Commission covered under the SCRS and PORS plans for the past four years were as follows:

Year Ended	SCRS Payroll	PORS Payroll	Total Payroll
2018	\$ 7,331,749	\$ 115,144	\$ 7,446,893
2017	7,859,783	99,914	7,959,697
2016	7,530,495	62,141	7,592,636
2015	7,104,370	47,648	7,152,018

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 July 1, 2015, with the next study to be performed after the June 30, 2020 valuation.

The June 30, 2018 total pension liability, NPL, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2017, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2018, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2018.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 8—Pension plan (continued)

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2017. The following is summary of the actuarial assumptions and methods used in the July 1, 2017 valuation for SCRS and PORS:

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefits adjustments	Lessor of 1% or \$500 annually	Lessor of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumption, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the July 1, 2017 valuations for SCRS and PORS are as follows:

Former Job Class	Males	Females
General Employees and Members of the General Assembly (SCRS)	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters (PORS)	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67, less that System’s fiduciary net position. NPL totals, as of December 31, 2018 for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 36,067,052	\$ 19,513,949	\$ 16,553,103	54.10%
PORS	639,555	394,802	244,753	61.73%

NPL totals, as of December 31, 2017 for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 37,179,575	\$ 19,831,004	\$ 17,348,571	53.34%
PORS	363,308	221,454	141,854	60.95%

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 8—Pension plan (continued)

As of June 30, 2018 and 2017 measurement dates, respectively, the change in the NPL for the SCRS Plan is calculated as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Total pension liability		
Service cost	\$ 672,887	\$ 619,646
Interest	2,512,923	2,557,056
Difference between actual and expected experience	(127,316)	42,065
Assumption changes	-	1,346,055
Benefit payments	(2,632,020)	(2,339,014)
Net change in total pension liability	\$ 426,474	\$ 2,225,808
Total pension liability - beginning	\$ 35,640,578	\$ 34,953,767
Total pension liability - ending	\$ 36,067,052	\$ 37,179,575
Plan fiduciary net position		
Contributions - employer	\$ 960,727	\$ 900,772
Contributions - nonemployer	77,550	-
Contributions - member	641,738	636,975
Refunds of contributions to members	(84,120)	(81,049)
Retirement benefits	(2,531,437)	(2,240,489)
Death benefits	(16,462)	(17,476)
Net investment income	1,467,858	2,151,050
Administrative expense	(10,900)	(10,382)
Net transfers to affiliated systems	(1,133)	(1,194)
Net change in Plan fiduciary net position	\$ 503,821	\$ 1,338,207
Plan fiduciary net position - beginning	19,010,128	18,492,797
Plan fiduciary net position - ending	\$ 19,513,949	\$ 19,831,004
Net pension liability	\$ 16,553,103	\$ 17,348,571

As of June 30, 2018 and 2017 measurement dates, respectively, the change in the NPL for the PORS Plan is calculated as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Total pension liability		
Service cost	\$ 15,943	\$ 8,634
Interest	43,255	24,504
Difference between actual and expected experience	8,887	261
Assumption changes	-	17,259
Benefit payments	(34,372)	(19,518)
Net change in total pension liability	\$ 33,713	\$ 31,140
Total pension liability - beginning	\$ 605,842	\$ 332,168
Total pension liability - ending	\$ 639,555	\$ 363,308
Plan fiduciary net position		
Contributions - employer	\$ 18,295	\$ 9,946
Contributions - nonemployer	1,133	-
Contributions - member	11,977	6,622
Refunds of contributions to members	(2,064)	(1,034)
Retirement benefits	(31,921)	(18,285)
Death benefits	(387)	(200)
Net investment income	28,637	23,616
Administrative expense	(199)	(56)
Net transfers to affiliated systems	132	66
Net change in Plan fiduciary net position	\$ 25,603	\$ 20,675
Plan fiduciary net position - beginning	369,199	200,779
Plan fiduciary net position - ending	\$ 394,802	\$ 221,454
Net pension liability	\$ 244,753	\$ 141,854

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 8—Pension plan (continued)

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

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 assumptions. 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 real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year of the Systems. 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 table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 8—Pension plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from 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.

Sensitivity Analysis

The following table presents the Commission's proportionate share of the June 30, 2018 NPL calculated using the discount rate of 7.25%, as well as what the Commission's proportionate share of the NPL would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

Commission's Proportionate Share of Net Pension Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 21,151,792	\$ 16,553,103	\$ 13,265,481
PORS	329,958	244,753	174,963
	<u>\$ 21,481,750</u>	<u>\$ 16,797,856</u>	<u>\$ 13,440,444</u>

The following table presents the Commission's proportionate share of the June 30, 2017 NPL calculated using the discount rate of 7.25%, as well as what the Commission's proportionate share of the NPL would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

Commission's Proportionate Share of Net Pension Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 22,359,925	\$ 17,348,571	\$ 14,307,857
PORS	191,531	141,854	102,725
	<u>\$ 22,551,456</u>	<u>\$ 17,490,425</u>	<u>\$ 14,410,582</u>

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, 2018 and 2017, the Commission recognized pension expense of \$1,700,062 and \$1,972,506, respectively, for its proportional share of the NPL of SCRS and PORS. At December 31, 2018 and 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 8—Pension plan (continued)

	2018		2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS						
Difference between expected and actual experience	\$ 29,880	\$ 97,410	\$ 77,340	\$ 9,616	\$ 169,862	\$ 17,795
Changes of assumption	656,735	-	1,015,573	-	-	-
Net difference between projected and actual earnings on pension plan investments	262,946	-	484,291	-	1,378,607	-
Changes in proportionate share differentials between employer contributions and proportionate share of total plan employer contributions	338,485	512,003	627,922	133,296	851,500	247,811
Commission contributions subsequent to the measurement date to the measurement date	520,861	-	524,627	-	436,773	-
Total SCRS	\$ 1,808,907	\$ 609,413	\$ 2,729,753	\$ 142,912	\$ 2,836,742	\$ 265,606
PORS						
Difference between expected and actual experience	\$ 7,541	\$ -	\$ 1,265	\$ -	\$ 1,649	\$ -
Changes of assumption	16,138	-	13,463	-	-	-
Net difference between projected and actual earnings on pension plan investments	4,895	-	5,055	-	12,601	-
Changes in proportionate share differentials between employer contributions and proportionate share of total plan employer contributions	93,126	-	51,957	-	55,975	-
Commission contributions subsequent to the measurement date to the measurement date	10,214	-	10,084	-	4,633	-
Total PORS	\$ 131,914	\$ -	\$ 81,824	\$ -	\$ 74,858	\$ -
Total SCRS and PORS	\$ 1,940,821	\$ 609,413	\$ 2,811,577	\$ 142,912	\$ 2,911,600	\$ 265,606

The deferred outflow of resources of \$531,075 related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended December 31, 2019.

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	Total
2019	\$ 757,909	\$ 53,357	\$ 811,266
2020	304,508	38,301	342,809
2021	(343,563)	23,200	(320,363)
2022	(40,221)	6,842	(33,379)
Total	\$ 678,633	\$ 121,700	\$ 800,333

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 9—Other postemployment benefits

Plan Description

Other postemployment benefits (OPEB) are part of the total compensation offered to attract and retain the services of qualified employees. The Commission provides other postemployment benefits under a single-employer benefit plan that provides medical and dental insurance for retired employees and their spouses based on the years of service at the time of retirements. There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. A retiring employee from the Commission who has served at least 30 years in a full time, regular position, is eligible to elect post-retirement insurance coverage, for a maximum of 3 years, or Medicare eligibility, whichever comes first. The Commission’s Board has the authority to amend, or terminate, the Plan.

In addition to the requirements shown below, retirees must also meet the class rules. Class One employees are those that qualified for retirement with the Commission prior to July 1, 2010. Class Two employees are those employees that qualify for retirement with the Commission on or after July 1, 2010. Spouses of eligible participants are eligible for a maximum of three (3) years of post-retirement insurance coverage.

Employees qualifying for retirement prior to July 1, 2010 (Class 2):

- At age 60 and with 10 years of earned service and 15 years of service qualification with the South Carolina Retirement System (SCRS) or Police Officer’s Retirement System (PORS). The participant will pay 100% of the funded premium rates for participant and qualifying spouse.
- At age 60 and with 20 years of earned service and 25 years of service qualification with the SCRS, or PORS. The Commission will pay 100% of the funded premium rate for the participant and qualifying spouse.
- At any age and with 15 years of earned service and 30 years of service qualification with the SCRS or PORS. The Commission will pay 100% of the funded premium rate for the participant and qualifying spouse.
- At any age and with 15 years of earned service and 28 years of service qualification with the SCRS or PORS.

Employees qualifying for retirement on or after July 1, 2010 (Class 3):

- At age 62 and with 30 years of earned service and 30 years of service qualification with the South Carolina Retirement System (SCRS) or Police Officer’s Retirement System (PORS). The Commission will pay 100% of the funded premium rate for the participant and qualifying spouse for a maximum of 3 years, or Medicare eligibility, whichever comes first.

The following table provides a summary of the number of participants in the plan as of December 31:

	2018	2017
Inactive plan members or beneficiaries currently receiving benefits	104	130
Inactive plan members entitled to but not yet receiving benefits	-	-
Active plan members	12	6
Total plan members	116	136

The health plan is financed on a pay-as-you-go basis. As of December 31, 2018, and 2017, retirees in postemployment status that were eligible for benefits under the Plan included twelve and six members, respectively.

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 9—Other postemployment benefits (continued)

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.

Total OPEB Liability

The Commission's total OPEB liability as of December 31, 2018 and 2017 are \$3,041,000 and \$2,802,000, respectively was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs:

Valuation Date	January 1, 2018
Methods and assumptions	
Actuarial cost method	Individual entry-age
Discount rate	3.31%
Salary increases	2.50%
Mortality	Based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality scale MP-2018
Health care trend rates	8.00% for fiscal year end 2018, declining to an ultimate rate of 5.00% after 6 years
Participation rates	100% of pre-age 65 active participants are assumed to elect coverage into retirement; 30% of pre-age 65 participants are assumed to cover a spouse into retirement
Other information	
Notes	There were no benefit changes during the year

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the Commission's valuation, the municipal bond index rate is 3.31% (based on the daily rate equal to the Fidelity Index's "20-year Municipal GO AA Index").

Changes in Total OPEB Liability

The below schedule shows the changes in the total OPEB liability for the years ending December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Beginning balance at January 1,	\$ 2,802,000	\$ 2,766,000
Changes for the year:		
Service cost	79,000	66,000
Interest	100,000	105,000
Changes in benefit terms		
Differences between expected and actual experience	(85,000)	(99,000)
Changes in pension assumptions	201,000	
Benefit payments	(56,000)	(36,000)
Net changes	\$ 239,000	\$ 36,000
Ending balance at December 31,	\$ 3,041,000	\$ 2,802,000

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 9—Other postemployment benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in Discount Rate

The following presents the plan's total OPEB liability; calculated using a discount rate of 3.31%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>1% Increase</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$3,519,000	\$3,041,000	\$2,651,000

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the plan's total OPEB liability; calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	<u>1% Increase</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$2,593,000	\$3,041,000	\$3,624,000

OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period of equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the average of the expected remaining service lives of all active employees for the purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period was approximately 12.63 years.

For the years ended December 21, 2018 and 2017, the Commission recognized OPEB expense of \$180,000 and \$163,000, respectively, to provide benefits to participants in postretirement status.

<u>OPEB Expense</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Service cost	\$ 79,000	\$ 66,000
Interest on the total OPEB liability	100,000	105,000
Amortizations of Deferred Outflow and Inflow of resources		
Differences between expected and actual experience	(15,000)	(8,000)
Changes of assumption	16,000	
Total OPEB expense	\$ 180,000	\$ 163,000

GREER COMMISSION OF PUBLIC WORKS
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 9—Other postemployment benefits (continued)

Deferred outflows of resources of \$102,000 related to OPEB resulting from the Commission’s contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2018. There are no remaining deferred outflows/(inflows) of resources at December 31, 2018, that require amortization.

	December 31, 2018		December 31, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (78,000)	\$ -	\$ (91,000)
Change in assumptions	185,000	-	-	-
Employer contributions after measurement date but prior to fiscal year end	102,000	-	56,000	-
Total	\$ 287,000	\$ (78,000)	\$ 56,000	\$ (91,000)

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 State Fiscal Accountability Authority, 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.

The Commission participates in a self-funded insurance plan (the “Plan”) whereby the Commission is responsible for the payment of health care claims, administrative costs, and other liabilities incurred by covered active and post-retirement employees. The Plan administrator provides the Commission with an expected claims liability for each fiscal year. These estimates are based upon the Commission’s claims history, claims processed following the close of the Plan’s year end, and other industry factors. The Commission subsequently purchased a stop-loss insurance plan to ensure the Commission does not pay in excess of 125% of expected claims. Changes in reported liabilities are as follows:

Year Ended December 31,	Beginning Balance	Claims and Changes in Estimates	Claims/ Payments	Ending Balance
2018	\$ 273,847	\$ 2,895,122	\$ 2,539,978	\$ 628,991
2017	305,449	2,117,863	2,149,465	273,847

It is the policy of the Commission to provide group health insurance for all 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, 2018 and 2017 was \$2,363,440 and \$1,982,699, respectively.

The Commission also participates in the South Carolina Municipal Insurance Trust (“SCMIT”) for workers’ compensation insurance coverage up to the statutory limits. This is a public entity risk pool operating as a common risk management and insurance program. The Commission pays premiums to SCMIT for this coverage. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past fiscal years.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 11—Related party transactions

In 2018 and 2017, the Commission and the City of Greer verbally agreed to addendums to the existing 10-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 2018 and 2017, 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 acquisition 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, 2018 and 2017 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 \$1,153,000 and \$3,985,510 and capital contributions of \$5,758,660 and \$1,065,325, 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, 2018 and 2017, the Commission had no accumulated unbilled PGA costs.

GREER COMMISSION OF PUBLIC WORKS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 14—Purchased power adjustment

The Commission has a purchased power adjustment (“PPA”) mechanism in place to absorb fluctuations in the cost of electricity. The Commission approved in 2015 the PPA to provide the ability to spread the collection of accumulated price spikes in the second succeeding billing month to minimize the impacts on its customers.

Annually, estimates of the power sales and costs are developed for budgetary purposes and rate setting. The PPA calculation is designed to recover the difference between the Commission’s actual cost of purchased power and the estimated purchased power costs, and provides the ability to charge the customer with a price per kilowatt hour. As of December 31, 2018 and 2017, the Commission had no accumulated unbilled PPA costs.

Note 15—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.

Note 16—Consideration of subsequent events

On December 31, 2018, the Commission provided to Piedmont Municipal Power Agency a ten-year notice of termination of the Supplemental Power Sales Agreement between the City of Greer to preserve its rights to seek alternative sources of supplemental power. The future effect of the termination is not known at this time.

Note 17—Cumulative effect of change in accounting principle

As of result if implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, a cumulative effect of change in accounting principle is shown as a separate line item on the Statements of Revenue, Expense, and Changes in Net Positions. In accordance with GASB No. 75, the restatement of the cumulative effect of applying these statements is reported as an adjustment of the beginning net position for the year ending December 31, 2017. The Commission’s beginning net position for the year ended December 31, 2017 includes the cumulative effect of change in accounting principle as follows:

Change in Accounting Principle do to implementation of GASB Statement No. 75	
Ending net position at fiscal year December 31, 2016	\$ 151,961,624
Net OPEB Obligation, as previously reported	1,034,000
Total OPEB Liability adjustment	(2,766,000)
Deferred Outflow for contributions subsequent to the measurement date	36,000
Beginning net position at January 1, 2017, as restated	\$ 150,265,624

**GREER COMMISSION OF PUBLIC WORKS
REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 1 – Schedule of the Commission’s Proportionate Share of the Net Position Liability*

As of June 30,	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					
2018	0.073875%	\$ 16,553,103	\$ 7,666,617	215.9%	54.1%
2017	0.077065%	17,348,571	7,775,554	223.1%	53.3%
2016	0.076715%	16,386,211	7,428,797	220.6%	52.9%
2015	0.070640%	13,397,217	6,795,936	197.1%	57.0%
2014	0.073261%	12,613,115	6,655,473	189.5%	59.9%
2013	0.073261%	13,140,410	6,564,177	200.2%	56.4%
Police Officers Retirement System					
2018	0.008658%	\$ 244,753	\$ 119,559	204.7%	61.7%
2017	0.005180%	141,854	69,727	203.4%	60.9%
2016	0.004380%	111,123	55,850	199.0%	60.4%
2015	0.002770%	60,481	34,372	176.0%	64.6%
2014	0.000360%	6,930	-	0.0%	67.5%
2013	0.000360%	7,504	-	0.0%	63.0%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

GREER COMMISSION OF PUBLIC WORKS
REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 2 – Schedule of the Commission’s Pension Contributions

As of December 31,	Actuarial Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	Commission's Covered Payroll	Contributions as a Percentage of Covered Payroll
South Carolina Retirement System					
2018	\$ 1,027,657	\$ 1,027,657	\$ -	\$ 7,331,749	14.0%
2017	986,834	986,834	-	7,859,783	12.6%
2016	852,012	852,012	-	7,530,495	11.3%
2015	780,337	780,337	-	7,104,370	11.0%
2014	701,210	701,210	-	6,666,273	10.5%
2013	678,056	678,056	-	6,587,631	10.3%
2012	-	-	-	-	0.0%
2011	-	-	-	-	0.0%
2010	-	-	-	-	0.0%
2009	-	-	-	-	0.0%
Police Officers Retirement System					
2018	\$ 19,232	\$ 19,232	\$ -	\$ 115,144	16.7%
2017	15,230	15,230	-	99,914	15.2%
2016	8,580	8,580	-	62,141	13.8%
2015	6,383	6,383	-	47,648	13.4%
2014	1,837	1,837	-	13,905	13.2%
2013	-	-	-	-	0.0%
2012	-	-	-	-	0.0%
2011	-	-	-	-	0.0%
2010	-	-	-	-	0.0%
2009	-	-	-	-	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.

The actual contribution rates and the actuarially determined contribution rates documented in the schedule above for SCRS and PORS are determined in accordance with Sections 9-1-1085 and 9-11-225 of the South Carolina Code, respectively. The actuarial methods and assumptions used to determine the contribution rates reported in that the above schedule are as follows:

Item	SCRS	PORS
Valuation date	July 1, 2016	July 1, 2016
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-Year Smoothed	5-Year Smoothed
Amortization method	Level % of Pay	Level % of Pay
Amortization period	30-years variable, but not to exceed 30 years	30-years variable, but not to exceed 30 years
Investment return	7.50%	7.50%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-ate increases for members with less than 21 years of service	3.50% plus step-ate increases for members with less than 15 years of service
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and female rates are multiplied by 111%.

**GREER COMMISSION OF PUBLIC WORKS
REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 3 – Schedule of Changes in the Commission’s Total OPEB Liability and Related Ratios*

	2017	2018
Year ending December 31,		
Service Cost	\$ 66,000	\$ 79,000
Interest on the Total OPEB Liability	105,000	100,000
Change in benefit terms		
Differences between expected and actual experience	(99,000)	(85,000)
Changes in assumptions		201,000
Benefit payments	(36,000)	(56,000)
Net change in total OPEB Liability	\$ 36,000	\$ 239,000
Total OPEB liability - beginning	\$ 2,766,000	\$ 2,802,000
Total OPEB liability - ending	\$ 2,802,000	\$ 3,041,000
Covered employee payroll	\$ 8,365,330	\$ 7,787,224
Total OPEB liability as a percentage of covered-employee payroll	33.50%	39.05%

- 1) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
- 2) The assumptions used in the preparation of the above Schedule 3 are disclosed in Note 9 to the Financial Statements
- 3) The discount rate changed from 3.81%, as of the December 31, 2016 measurement date, to 3.31%, as of the December 1, 2017 measurement date.
- 4) The Commission is not accumulating assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

**GREER COMMISSION OF PUBLIC WORKS
REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 4 – Schedule of Budgeted and Actual Revenues and Expenses

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Electric revenues	\$ 43,927,924	\$ 45,295,406	\$ 1,367,482
Gas revenues	24,218,566	33,642,411	9,423,845
Water and sewer service	14,406,090	15,069,086	662,996
Other operating revenues	2,322,405	2,943,543	621,138
Total operating revenues	84,874,985	96,950,446	12,075,461
Operating expenses:			
Purchased power	36,435,344	36,821,848	(386,504)
Purchased gas	12,086,915	20,498,377	(8,411,462)
Depreciation	8,783,472	8,887,018	(103,546)
Other operating expenses	20,469,932	21,177,768	(707,836)
Total operating expenses	77,775,663	87,385,011	(9,609,348)
Net operating revenue	7,099,322	9,565,435	2,466,113
Other revenues (expenses):			
Interest expense	(2,427,491)	(2,059,903)	367,588
Interest revenue	45,000	93,200	48,200
Transfers to the City of Greer	(1,000,000)	(1,000,000)	-
Loss on disposal of utility plant	-	(282,974)	(282,974)
Total other expenses, net	(3,382,491)	(3,249,677)	132,814
Change in net position before contributions and extraordinary items	3,716,831	6,315,758	2,598,927
Contributions and extraordinary items			
Contributions	-	6,911,660	6,911,660
Extraordinary revenues from electric demand credits	-	2,973,834	2,973,834
Total contributions and extraordinary items	-	9,885,494	9,885,494
Change in net position after contributions and extraordinary items	\$ 3,716,831	\$ 16,201,252	\$ 12,484,421

GREER COMMISSION OF PUBLIC WORKS
REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 5 – Schedule of Divisional Operating Revenues and Expenses

	Electric	Gas	Water	Sewer	Total
Operating revenues:					
Electric and gas sales:					
Residential	\$ 25,208,579	\$ 14,643,462	\$ -	\$ -	\$ 39,852,041
Commercial	6,284,825	8,580,483	-	-	14,865,308
Industrial and power	13,802,002	10,418,466	-	-	24,220,468
Water and sewer service	-	-	8,496,694	6,572,392	15,069,086
Collection penalties	121,110	184,604	153,592	153,593	612,899
Other operating revenues	534,578	401,118	504,484	890,464	2,330,644
Total operating revenues	\$ 45,951,094	\$ 34,228,133	\$ 9,154,770	\$ 7,616,449	\$ 96,950,446
Operating and maintenance expenses:					
Purchased power	\$ 36,821,848	\$ -	\$ -	\$ -	\$ 36,821,848
Purchased gas	-	20,498,377	-	-	20,498,377
Depreciation	2,196,852	2,338,398	2,052,355	2,299,413	8,887,018
Other operating expenses	5,016,961	6,467,216	5,715,364	3,978,227	21,177,768
Total operating expenses	\$ 44,035,661	\$ 29,303,991	\$ 7,767,719	\$ 6,277,640	\$ 87,385,011
Net operating departmental revenue	\$ 1,915,433	\$ 4,924,142	\$ 1,387,051	\$ 1,338,809	\$ 9,565,435

GREER COMMISSION OF PUBLIC WORKS

STATISTICAL NARRATIVE

FOR THE YEAR ENDED DECEMBER 31, 2018

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

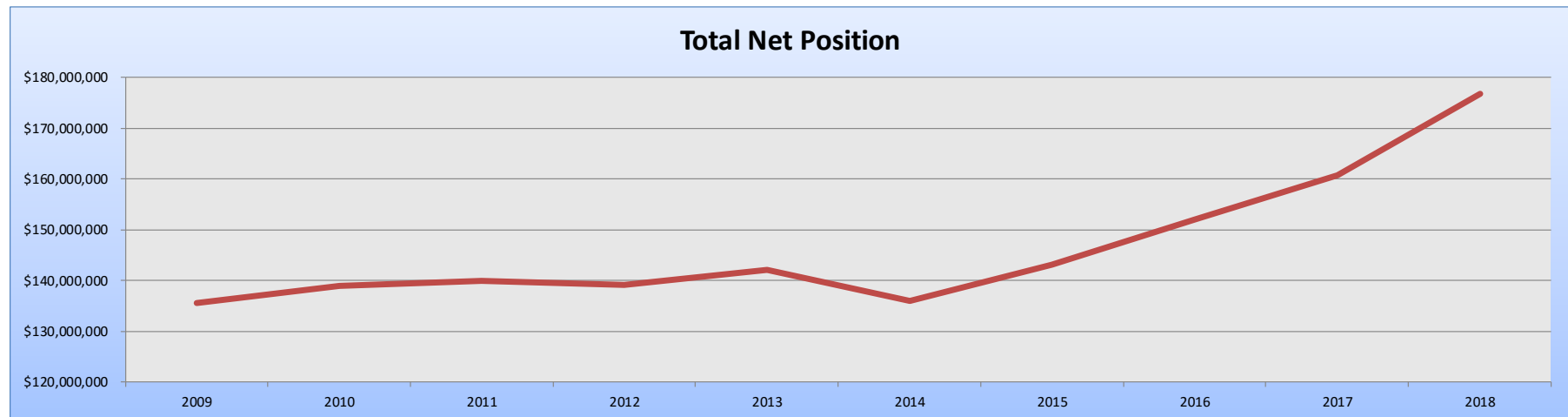
These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.

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)**

	2009	2010	2011	2012	2013	2014 (Restated)	2015	2016	2017 (Restated)	2018
Net investment in capital assets	\$ 113,732,125	\$ 111,941,096	\$ 108,561,274	\$ 108,761,825	\$ 108,778,273	\$ 114,376,942	\$ 125,357,319	\$ 131,737,021	\$ 143,103,152	\$ 153,598,034
Restricted for:										
Debt service	3,889,984	4,952,826	4,467,936	3,565,121	2,505,422	2,871,675	2,390,345	2,194,446	429,032	435,807
Capital projects	4,644,739	4,874,744	5,169,075	5,606,320	5,944,339	7,408,021	8,025,105	9,176,820	6,744,278	7,842,003
Total restricted	8,534,723	9,827,570	9,637,011	9,171,441	8,449,761	10,279,696	10,415,450	11,371,266	7,173,310	8,277,810
Unrestricted	13,263,590	17,244,248	23,374,253	21,233,711	24,904,878	24,217,176	7,456,275	8,853,337	12,119,357	15,025,227
Change in accounting principles ^{(1) (2) (3)}	-	-	(1,668,067)	-	-	(12,957,409)	-	-	(1,696,000)	-
Unrestricted, restated	13,263,590	17,244,248	21,706,186	21,233,711	24,904,878	11,259,767	7,456,275	8,853,337	10,423,357	15,025,227
Total net position	\$ 135,530,438	\$ 139,012,914	\$ 139,904,471	\$ 139,166,977	\$ 142,132,912	\$ 135,916,405	\$ 143,229,044	\$ 151,961,624	\$ 160,699,819	\$ 176,901,071

- (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
- (3) The Commission adopted GASB 75 in fiscal year 2017, which recorded changes to other post-employment liability



**GREER COMMISSION OF PUBLIC WORKS
COMBINED SYSTEM**

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

<i>(in thousands)</i>	2009	2010	2011	2012	2013	2014 (Restated)	2015	2016	2017 (Restated)	2018
OPERATING REVENUES:										
Electric revenues	\$ 30,495	\$ 32,136	\$ 31,562	\$ 32,224	\$ 34,812	\$ 38,539	\$ 40,756	\$ 42,731	\$ 41,945	\$ 45,295
Gas revenues	29,195	31,247	26,888	21,932	26,536	30,594	26,201	24,346	26,147	33,642
Water revenues	5,579	5,679	5,634	6,113	5,795	6,862	7,495	8,455	8,401	8,497
Sewer revenues	4,211	4,481	4,526	4,569	4,824	5,061	5,246	5,844	6,269	6,572
Other operating revenues	2,105	1,807	2,022	2,661	2,683	2,729	2,738	3,021	2,911	2,944
Total operating revenues	71,585	75,350	70,632	67,499	74,650	83,785	82,436	84,397	85,673	96,950
OPERATING EXPENSES:										
Purchased power	23,548	25,054	26,509	28,426	30,329	32,895	34,595	36,000	35,502	36,822
Purchased gas	20,150	20,381	16,784	12,988	15,140	18,743	15,856	12,686	13,986	20,498
Depreciation	7,000	7,375	7,121	7,720	7,804	8,026	8,280	8,454	8,735	8,887
Depreciation - change in accounting estimate	-	-	-	817	-	-	-	-	-	-
Other operating expenses	14,716	14,598	13,987	15,099	15,451	16,673	16,884	18,448	18,897	21,177
Total operating expenses	65,414	67,408	64,401	65,050	68,724	76,337	75,615	75,588	77,120	87,384
Net operating revenue	\$ 6,171	\$ 7,942	\$ 6,231	\$ 2,449	\$ 5,926	\$ 7,448	\$ 6,821	\$ 8,809	\$ 8,553	\$ 9,566
OTHER REVENUES (EXPENSES)										
Interest expense	\$ (3,107)	\$ (3,372)	\$ (3,501)	\$ (3,193)	\$ (2,910)	\$ (2,848)	\$ (2,583)	\$ (2,541)	\$ (2,324)	\$ (2,060)
Interest revenue	156	48	80	64	51	30	29	46	66	93
Transfers to the City of Greer	(1,000)	(1,262)	(1,088)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Gain/(loss) on disposal of utility plant	(148)	(599)	(178)	(93)	(140)	(34)	(26)	44	88	(283)
Total other expenses, net	(4,099)	(5,185)	(4,687)	(4,222)	(3,999)	(3,852)	(3,580)	(3,451)	(3,170)	(3,250)
Change in net position										
before contributions and extraordinary items	2,072	2,757	1,544	(1,773)	1,927	3,596	3,241	5,358	5,383	6,316
Capital contributions	2,788	726	1,112	1,035	1,039	2,629	4,072	3,375	5,051	6,911
Extraordinary revenues	-	-	-	-	-	-	-	-	-	2,974
	2,788	726	1,112	1,035	1,039	2,629	4,072	3,375	5,051	9,885
Change in net position										
after contributions and extraordinary items	4,860	3,483	2,656	(738)	2,966	6,225	7,313	8,733	10,434	16,201
Beginning net position ^{(2) (3) (4)}	130,670	135,530	139,013	139,905	139,167	142,133	135,916	143,229	151,962	160,700
Change in accounting principle	-	-	(1,764)	-	-	(12,442)	-	-	(1,696)	-
Beginning net position, restated	130,670	135,530	137,249	139,905	139,167	129,691	135,916	143,229	150,266	160,700
Ending net position	\$ 135,530	\$ 139,013	\$ 139,905	\$ 139,167	\$ 142,133	\$ 135,916	\$ 143,229	\$ 151,962	\$ 160,700	\$ 176,901

(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

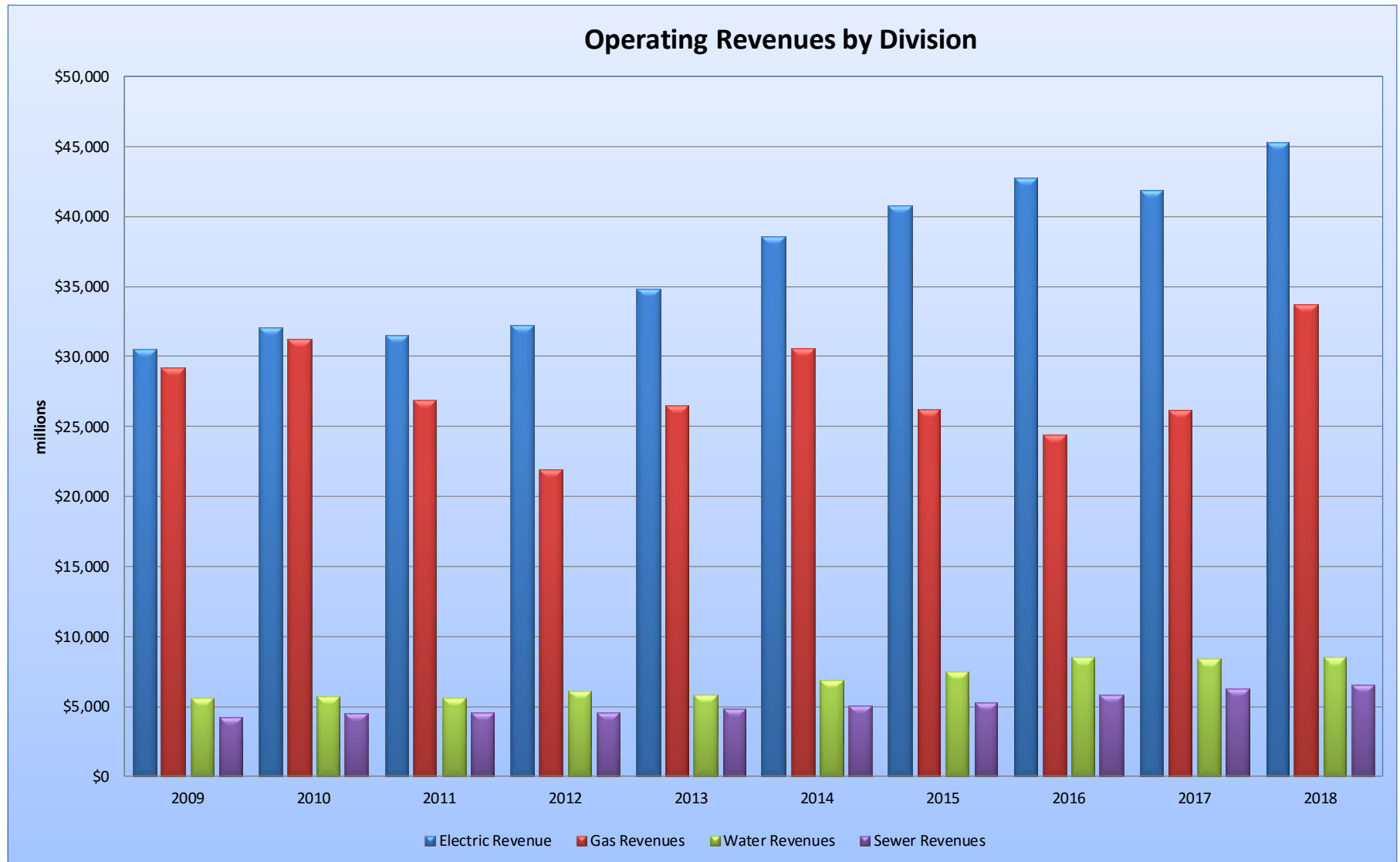
(3) The Commission adopted GASB 68 in fiscal year 2014, which recorded net pension liability

(4) The Commission adopted GASB 75 in fiscal year 2017, which changed the treatment of other post-employment benefits

GREER COMMISSION OF PUBLIC WORKS

COMBINED SYSTEM

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



GREER COMMISSION OF PUBLIC WORKS

ELECTRIC SYSTEM

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

<i>(in thousands)</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OPERATING REVENUES:										
Residential	\$ 16,321	\$ 17,162	\$ 17,141	\$ 17,067	\$ 18,657	\$ 20,681	\$ 21,679	\$ 23,192	\$ 22,524	\$ 25,209
Small commercial	3,171	3,492	3,341	4,338	4,079	4,322	4,455	4,242	4,425	4,621
Time of use	208	210	297	208	217	234	623	368	236	218
Large commercial	9,702	10,211	9,625	10,022	10,696	12,005	12,624	13,501	13,454	13,802
Rental and street lighting	1,093	1,061	1,158	589	1,163	1,298	1,375	1,429	1,306	1,445
Collection penalties	129	95	91	94	96	99	105	94	91	121
Other	333	294	473	513	501	495	488	622	534	535
Total operating revenues	30,957	32,525	32,126	32,831	35,409	39,134	41,349	43,448	42,570	45,951
OPERATING EXPENSES:										
Purchased power	23,548	25,054	26,509	28,426	30,329	32,895	34,595	36,000	35,502	36,822
Depreciation	1,609	1,854	1,713	1,836	1,865	1,902	1,982	2,043	2,133	2,197
Other operating expenses	3,219	3,244	2,979	2,938	3,051	3,072	3,160	3,544	3,951	5,017
Total operating expenses	28,376	30,152	31,201	33,200	35,245	37,869	39,737	41,587	41,586	44,036
Net operating departmental revenue	\$ 2,581	\$ 2,373	\$ 925	\$ (369)	\$ 164	\$ 1,265	\$ 1,612	\$ 1,861	\$ 984	\$ 1,915
PURCHASED POWER - (Megawatt Hours)										
Purchased from PMPA ⁽²⁾	335,001	363,458	352,790	345,028	342,297	357,985	361,126	378,360	368,656	394,346
Purchased from SEPA ⁽³⁾	12,516	11,272	13,584	12,796	18,769	15,267	15,606	16,254	13,072	16,917
Total purchased	347,517	374,730	366,374	357,824	361,066	373,252	376,732	394,614	381,728	411,263
CONSUMPTION - (Megawatt Hours)										
Residential	162,016	183,153	177,315	167,257	168,471	176,752	180,179	187,783	178,757	200,421
Small commercial	13,432	14,418	13,689	12,917	13,171	13,612	13,502	13,566	13,091	13,815
Time of use	2,924	2,746	3,998	2,778	2,678	2,793	6,295	2,876	2,571	2,395
Large commercial	135,962	141,101	147,363	147,079	147,618	152,595	152,925	157,777	152,547	161,881
Rental and street lighting	5,282	5,678	5,791	6,082	6,088	6,112	6,327	6,360	5,405	5,370
Other	11,463	12,029	11,740	11,555	11,513	11,987	12,225	12,672	12,150	12,304
Total consumption	331,079	359,125	359,896	347,668	349,539	363,851	371,453	381,034	364,521	396,186
Line losses and megawatt hours unaccounted for	16,438	15,605	6,478	10,156	11,527	9,401	5,279	13,580	17,207	15,077
Percentage of line losses and megawatt hours unaccounted for to purchased power	4.7%	4.2%	1.8%	2.8%	3.2%	2.5%	1.4%	3.4%	4.5%	3.7%
ACTIVE SERVICES (Number of Meters)										
Residential	13,454	13,588	13,764	14,003	14,226	14,526	14,819	15,338	15,797	16,693
Small commercial	1,214	1,195	1,211	1,215	1,235	1,229	1,244	1,263	1,313	1,196
Time of use	3	3	3	3	3	3	4	4	4	4
Large commercial	710	704	744	757	759	782	773	829	906	971
Rental and street lighting	6,638	6,630	6,655	6,817	6,920	6,952	6,963	6,934	7,005	7,112
Other	47	46	47	46	49	49	49	48	48	50
Total active services	22,066	22,166	22,424	22,841	23,192	23,541	23,852	24,416	25,073	26,026

(1) Information is compiled from internally generated statistical reports

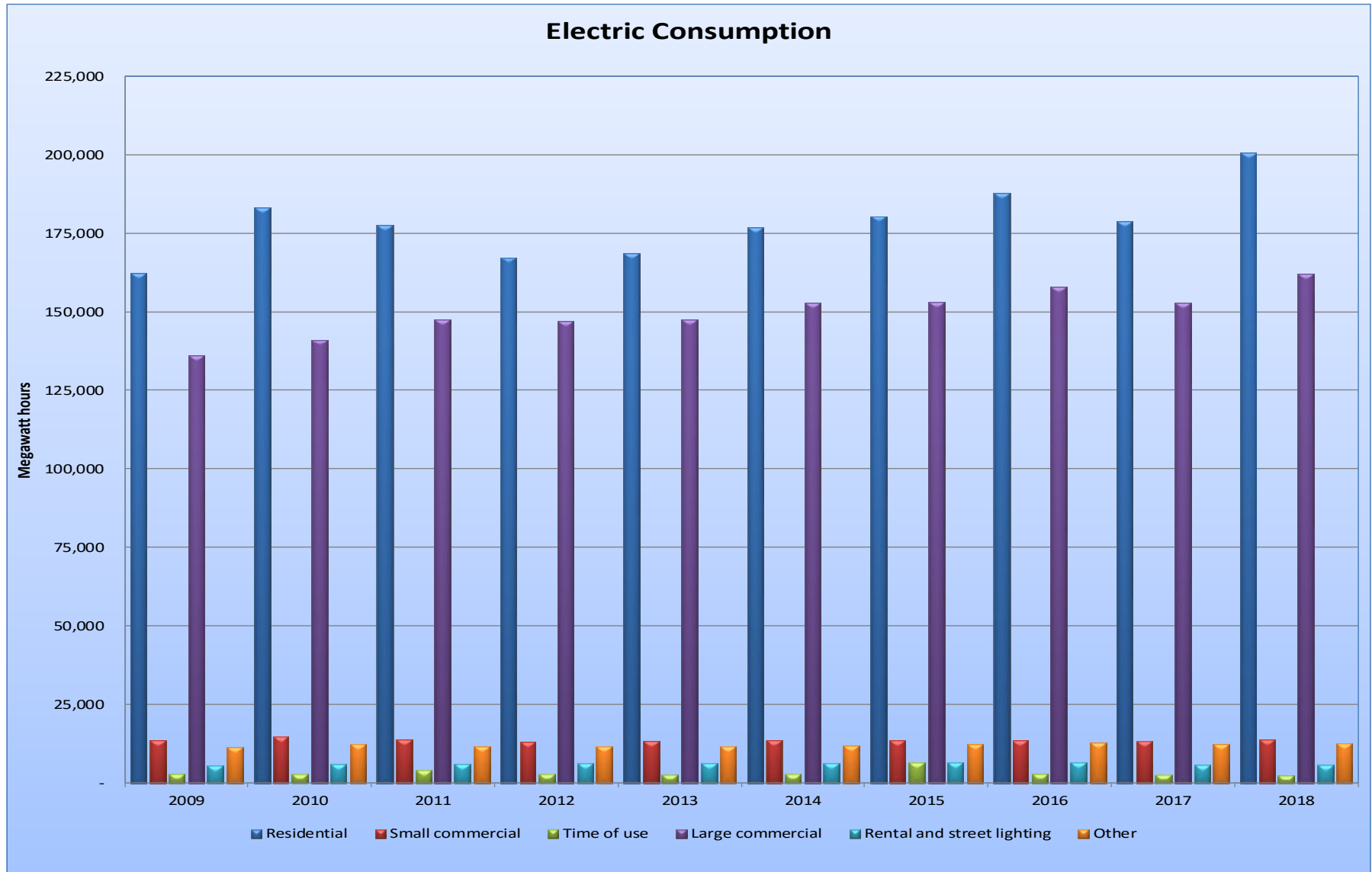
(2) Piedmont Municipal Power Association

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

GREER COMMISSION OF PUBLIC WORKS

ELECTRIC SYSTEM

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



GREER COMMISSION OF PUBLIC WORKS

GAS SYSTEM

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

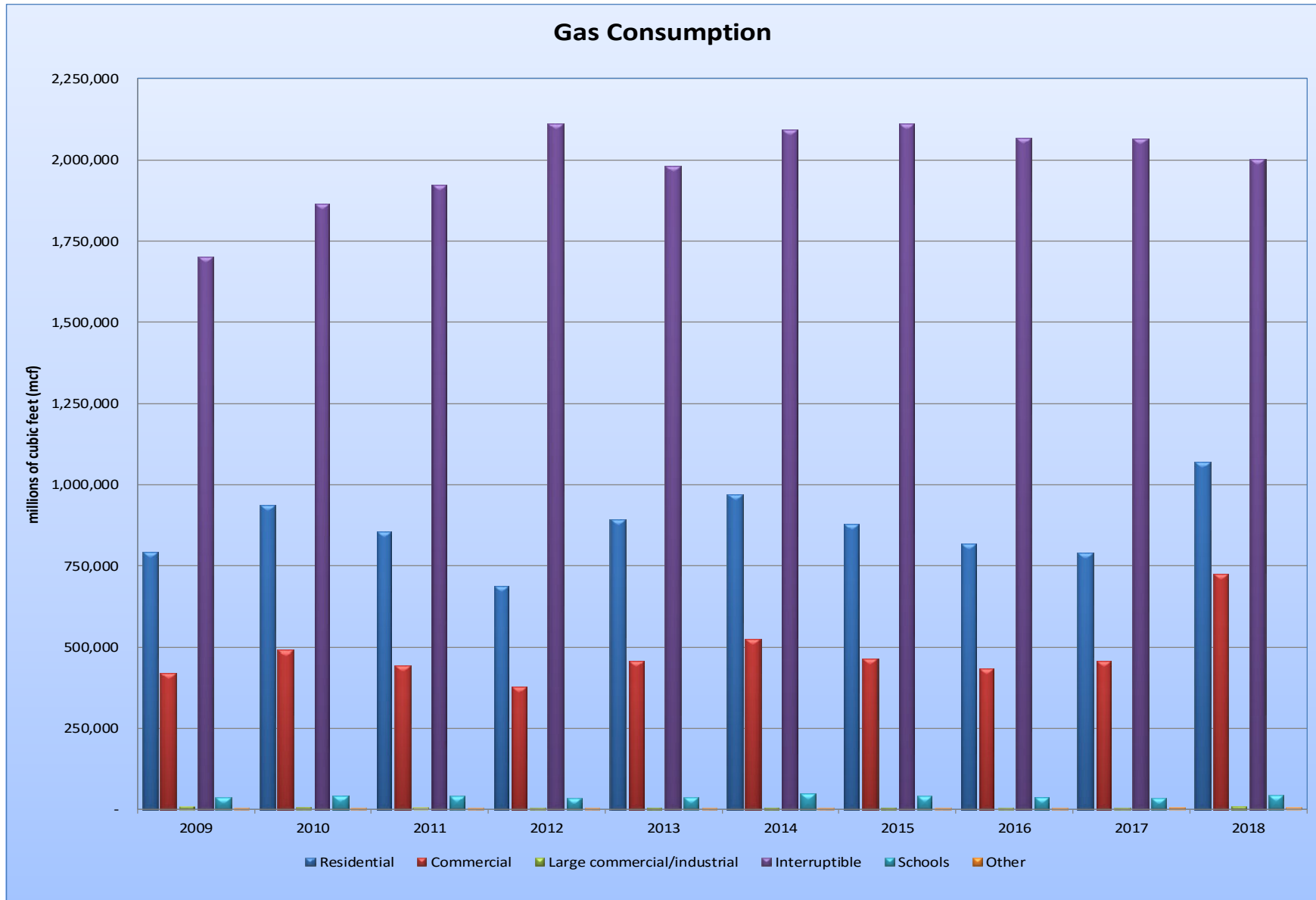
<i>(in thousands)</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OPERATING REVENUES:										
Residential	\$ 11,937	\$ 12,946	\$ 10,364	\$ 8,670	\$ 10,808	\$ 11,593	\$ 10,716	\$ 10,341	\$ 10,290	\$ 14,644
Commercial	6,004	6,429	4,952	4,317	4,803	5,488	4,863	4,621	4,785	8,093
Large commercial/industrial	105	118	50	43	41	41	61	38	35	113
Interruptible	10,656	11,228	11,087	8,529	10,517	13,026	10,167	8,962	10,557	10,305
Schools	494	526	435	374	367	446	393	384	480	487
Collection penalties	193	149	141	146	148	153	161	144	139	185
Other	222	229	253	301	333	345	398	411	377	401
Total operating revenues	29,611	31,625	27,282	22,380	27,017	31,092	26,759	24,901	26,663	34,228
OPERATING EXPENSES:										
Purchased gas	20,150	20,381	16,784	12,988	15,140	18,743	15,856	12,686	13,986	20,498
Depreciation	1,855	2,003	1,864	2,760	2,010	2,066	2,137	2,189	2,276	2,338
Other operating expenses	4,512	4,516	4,377	4,500	4,424	4,886	4,934	5,675	5,653	6,467
Total operating expenses	26,517	26,900	23,025	20,248	21,574	25,695	22,927	20,550	21,915	29,303
Net operating departmental revenue	\$ 3,094	\$ 4,725	\$ 4,257	\$ 2,132	\$ 5,443	\$ 5,397	\$ 3,832	\$ 4,351	\$ 4,748	\$ 4,925
PURCHASED GAS (MCF)	3,057,809	3,533,902	3,382,199	3,340,740	3,639,638	3,873,682	3,629,763	3,724,402	3,644,014	3,973,806
CONSUMPTION - (MCF)										
Residential	792,434	936,733	853,869	686,981	889,965	971,507	878,428	820,245	790,957	1,068,994
Commercial	418,847	491,385	444,267	377,058	456,793	523,005	465,234	432,763	455,132	723,160
Large commercial/industrial	7,613	5,981	4,393	3,899	4,003	4,022	3,967	3,786	3,856	9,493
Interruptible	1,699,902	1,865,158	1,921,301	2,110,089	1,980,468	2,093,179	2,109,492	2,064,880	2,062,071	2,002,507
Schools	36,962	41,362	39,074	34,303	37,424	48,706	39,630	38,402	34,884	42,370
Other	2,329	2,738	2,950	1,725	2,078	2,372	2,531	2,242	4,384	4,494
Total consumption	2,958,087	3,343,357	3,265,854	3,214,055	3,370,731	3,642,791	3,499,282	3,362,318	3,351,284	3,851,018
Line-loss and unaccounted for gas	99,722	190,545	116,345	126,685	268,907	230,891	130,481	362,084	292,730	122,788
Percentage of line losses and MCF unaccounted for to purchased gas.	3.3%	5.4%	3.4%	3.8%	7.4%	6.0%	3.6%	9.7%	8.0%	3.1%
ACTIVE SERVICES (Number of Meters)										
Residential	16,902	17,141	17,358	17,649	18,004	18,575	18,947	19,671	20,529	21,395
Commercial	1,457	1,433	1,448	1,472	1,489	1,509	1,526	1,546	1,600	1,622
Large commercial/industrial	9	7	6	6	5	5	5	5	5	6
Interruptible	10	10	10	10	10	10	10	8	8	5
Schools	26	24	24	24	24	24	24	27	27	27
Other	15	14	15	16	19	20	21	21	22	23
Total active services	18,419	18,629	18,861	19,177	19,551	20,143	20,533	21,278	22,191	23,078

(1) Information is compiled from internally generated statistical reports

GREER COMMISSION OF PUBLIC WORKS

GAS SYSTEM

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



GREER COMMISSION OF PUBLIC WORKS

WATER SYSTEM

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

<i>(in thousands)</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OPERATING REVENUES:										
Inside city	\$ 1,982	\$ 2,005	\$ 1,924	\$ 2,284	\$ 1,921	\$ 2,269	\$ 2,414	\$ 2,706	\$ 2,775	\$ 2,785
Outside city	1,965	2,018	2,070	2,100	1,915	2,244	2,404	2,689	2,651	2,672
Industrial	390	448	472	306	796	908	967	1,042	1,069	1,131
Fire protection ⁽²⁾	13	13	13	14	14	15	15	15	16	16
Irrigation	202	222	222	220	182	219	259	357	308	270
Wholesale	1,026	973	933	1,189	967	1,207	1,436	1,646	1,582	1,622
Collection penalties	161	124	117	121	123	127	133	120	116	154
Other	401	430	402	454	479	439	488	561	541	504
Total operating revenues	6,140	6,233	6,153	6,688	6,397	7,428	8,116	9,136	9,058	9,154
OPERATING EXPENSES:										
Depreciation	1,699	1,691	1,692	1,872	1,866	1,879	1,920	1,952	2,024	2,052
Other operating expenses	4,234	4,189	4,001	4,105	4,280	4,319	4,802	5,212	5,480	5,715
Total operating expenses	5,933	5,880	5,693	5,977	6,146	6,198	6,722	7,164	7,504	7,767
Net operating departmental revenue	\$ 207	\$ 353	\$ 460	\$ 711	\$ 251	\$ 1,230	\$ 1,394	\$ 1,972	\$ 1,554	\$ 1,387
WATER USAGE (thousands of gallons)										
Total water pumped	2,881,685	3,078,170	2,960,810	2,853,470	2,579,333	2,724,470	2,888,633	3,177,011	2,986,255	3,122,728
Total percentage of non-revenue water	6.12%	6.58%	6.41%	6.89%	9.96%	4.83%	5.46%	2.20%	3.75%	3.98%
Consumption										
Inside city	849,477	906,564	842,495	839,571	697,776	731,028	760,646	814,636	769,526	774,757
Outside city	551,435	587,988	596,328	562,175	464,470	502,717	512,389	580,358	519,096	523,816
Industrial	243,292	272,781	286,841	345,685	373,152	391,915	418,976	442,654	427,889	440,721
Irrigation	103,633	116,025	114,757	105,455	77,170	97,219	91,731	131,294	91,895	71,355
Wholesale	668,624	636,947	581,474	744,748	603,358	701,249	790,598	867,833	787,335	827,023
Other	102,955	94,666	89,749	127,180	118,784	119,519	128,461	121,177	130,459	137,369
Total consumption	2,519,416	2,614,971	2,511,644	2,724,814	2,334,710	2,543,647	2,702,801	2,957,952	2,726,200	2,775,041
Non-account water	362,269	463,199	449,166	128,656	244,623	180,823	185,832	219,059	260,055	347,687
Non-account water as a percentage of total water	12.57%	15.05%	15.17%	4.51%	9.48%	6.64%	6.43%	6.90%	8.71%	11.13%
ACTIVE SERVICES (Number of Meters)										
Inside city	9,876	9,941	10,118	10,328	10,534	10,706	10,775	11,143	11,438	11,802
Outside city	6,442	6,479	6,536	6,612	6,668	6,717	6,932	7,026	7,131	7,215
Industrial	4	4	4	4	4	4	4	4	4	3
Fire protection	44	45	42	40	41	40	41	40	42	40
Irrigation	410	422	437	445	454	464	468	490	518	537
Wholesale	1	1	1	1	1	1	1	1	1	1
Other	15	14	13	13	15	15	17	17	17	17
Total active services	16,792	16,906	17,151	17,443	17,717	17,947	18,238	18,721	19,151	19,615

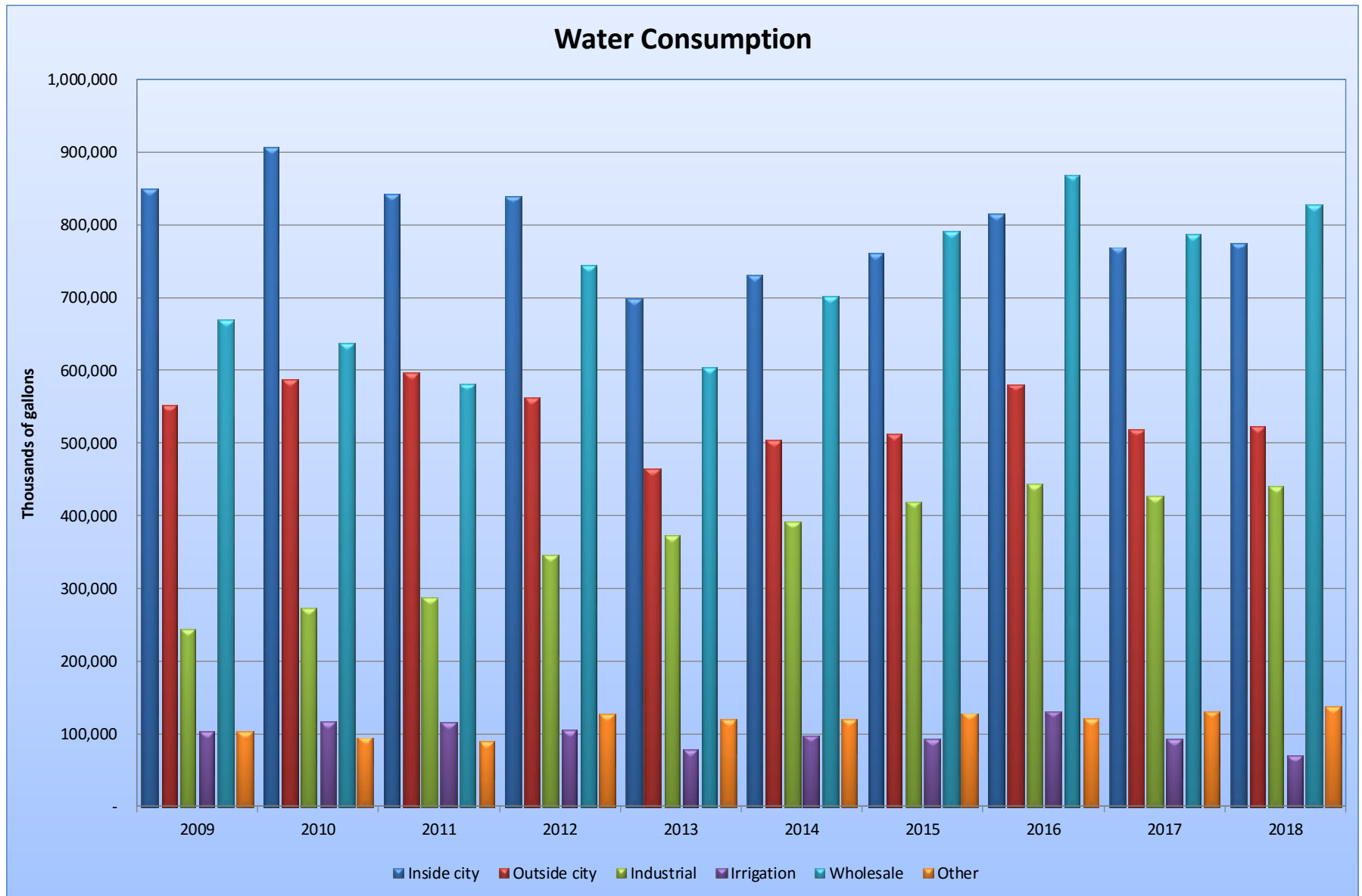
(1) Information is compiled from internally generated statistical reports

(2) Fire protection customers are charged based on the physical 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⁾

<i>(in thousands)</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OPERATING REVENUES:										
Inside city	\$ 2,636	\$ 2,740	\$ 2,803	\$ 2,898	\$ 3,150	\$ 3,274	\$ 3,375	\$ 3,690	\$ 4,096	\$ 4,387
Outside city	1,176	1,210	1,186	1,117	1,138	1,217	1,298	1,423	1,438	1,410
Sewer services, no water	2	1	1	1	1	1	1	2	2	2
Enoree Basin, inside city	258	334	397	411	407	427	402	553	570	579
Enoree Basin industrial	138	196	139	142	128	142	170	176	162	194
Collection penalties	161	124	117	121	123	127	134	120	116	154
Other	505	362	427	909	879	943	831	947	997	890
Total operating revenues	4,876	4,967	5,070	5,599	5,826	6,131	6,211	6,911	7,381	7,616
OPERATING EXPENSES:										
Depreciation	1,837	1,827	1,852	1,252	2,063	2,179	2,241	2,271	2,301	2,299
Depreciation - change in accounting estimate	-	-	-	817	-	-	-	-	-	-
Other operating expenses	2,750	2,649	2,629	3,555	3,695	3,878	3,987	4,017	3,847	3,978
Total operating expenses	4,587	4,476	4,481	5,624	5,758	6,057	6,228	6,288	6,148	6,277
Net operating departmental revenue	\$ 289	\$ 491	\$ 589	\$ (25)	\$ 68	\$ 74	\$ (17)	\$ 623	\$ 1,233	\$ 1,339
WASTEWATER TREATMENT										
Wastewater plant flows (thousands of gallons)										
Maple Creek wastewater treatment facility	813,750	698,577	704,461	691,079	844,324	735,856	782,402	748,339	764,596	935,800
Wastewater treated - (Thousands of Gallons)										
Inside city customers	497,271	495,291	489,914	481,235	439,950	457,026	460,042	481,285	475,059	489,230
Outside city customers	164,026	187,202	198,549	198,105	193,121	202,524	186,511	207,800	201,340	211,038
Customers with sewer services, no water	2	1	1	1	1	1	1	2	2	2
Other	276	291	286	290	290	272	291	280	259	221
Retail	661,575	682,785	688,750	679,631	633,362	659,823	646,845	689,367	676,660	700,491
Unaccounted for wastewater	152,175	15,792	15,711	11,448	210,962	76,033	135,557	58,972	87,936	235,309
Percentage of unaccounted for wastewater to total wastewater treated	18.7%	2.3%	2.2%	1.7%	25.0%	10.3%	17.3%	7.9%	11.5%	25.1%
ANNUAL RAINFALL (inches) ⁽²⁾	52.83	42.09	45.96	38.86	69.56	50.20	59.75	34.43	53.11	80.60
ACTIVE SERVICES (Number of Meters)										
Inside city	6,195	6,206	6,287	6,358	6,441	6,497	6,555	6,718	6,963	7,289
Outside city	1,114	1,119	1,119	1,140	1,138	1,141	1,143	1,144	1,160	1,172
Sewer services, no water	5	4	4	3	4	4	4	4	4	3
Enoree Basin, inside city	3,395	3,452	3,541	3,684	3,813	4,003	4,157	4,397	4,558	4,721
Enoree Basin industrial	119	161	162	162	162	162	162	163	163	163
Other ⁽³⁾	2	1	1	1	1	1	1	1	1	1
Total active services	10,830	10,943	11,114	11,348	11,559	11,808	12,022	12,427	12,849	13,349

(1) Information is compiled from internally generated statistical reports

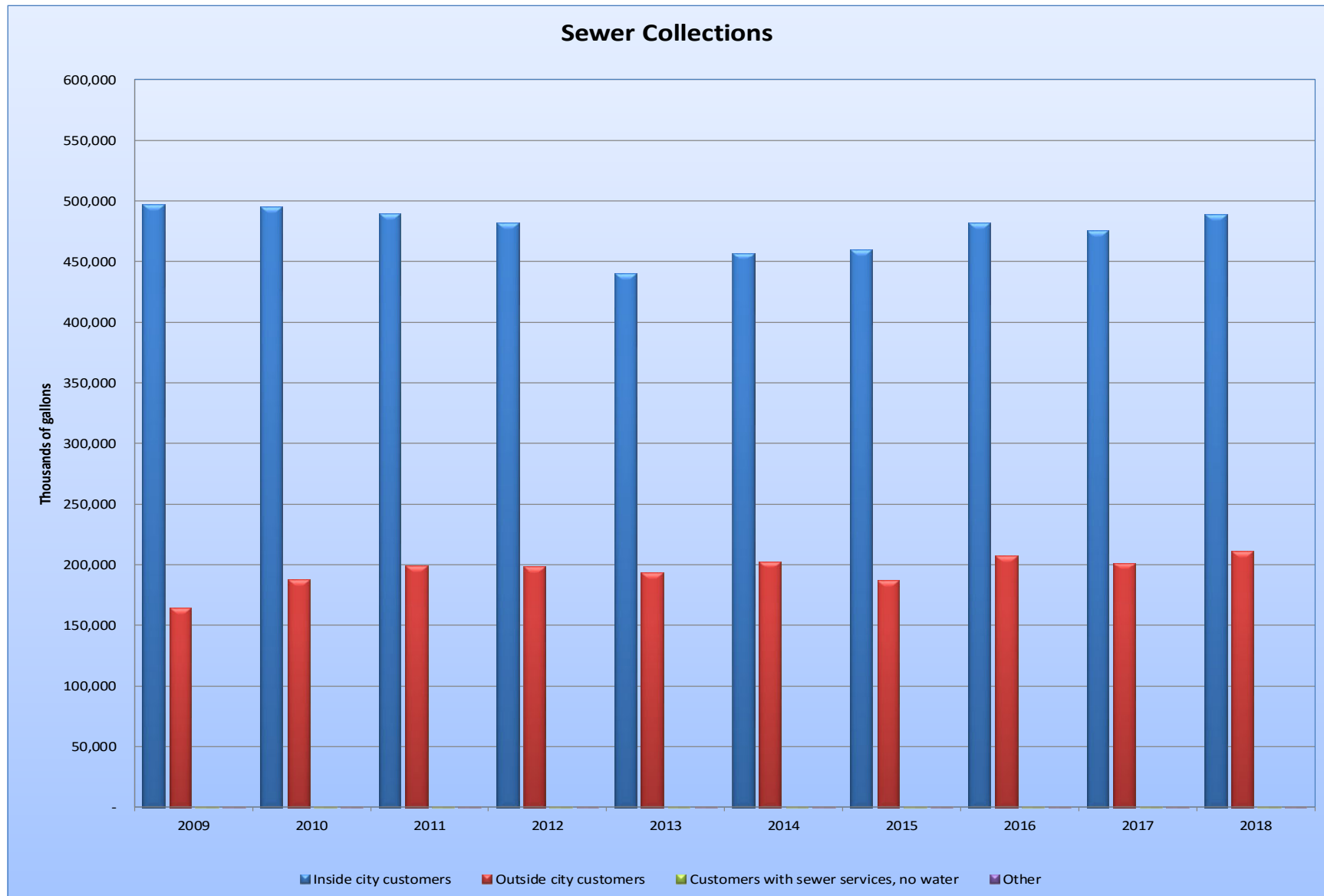
(2) Source: National Weather Service Forecast Office in Greenville for rainfall recorded in inches at Greenville-Spartanburg International Airport

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

GREER COMMISSION OF PUBLIC WORKS

SEWER SYSTEM

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



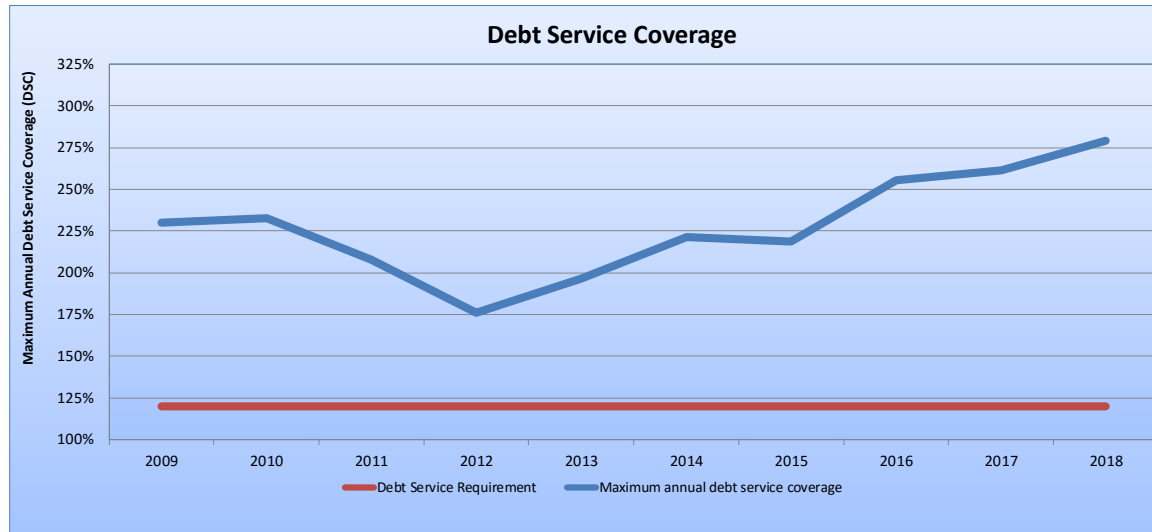
GREER COMMISSION OF PUBLIC WORKS
DEBT SERVICE COVERAGE
LAST TEN FISCAL YEARS ⁽¹⁾

<i>(in thousands)</i>	2009	2010	2011	2012	2013	2014 (Restated)	2015	2016	2017	2018
Revenues										
Revenues from operations	\$ 71,585	\$ 75,350	\$ 70,632	\$ 67,499	\$ 74,650	\$ 83,785	\$ 82,436	\$ 84,397	\$ 85,673	\$ 96,950
Non-operating revenues	156	48	80	64	51	30	29	46	66	93
Capacity fees ⁽¹⁾	340	228	287	371	332	527	675	1,133	1,066	1,153
Total revenues	72,081	75,626	70,999	67,934	75,033	84,342	83,140	85,576	86,805	98,196
Expenses										
Total expenses	68,669	71,379	68,080	68,336	71,774	79,219	78,224	78,085	79,356	89,727
Depreciation and amortization expense	(7,000)	(7,375)	(7,121)	(7,720)	(7,804)	(8,026)	(8,280)	(8,454)	(8,735)	(8,887)
Depreciation - change in accounting estimate	-	-	-	(817)	-	-	-	-	-	-
Bond interest expense	(3,107)	(3,372)	(3,501)	(3,193)	(2,910)	(2,848)	(2,583)	(2,541)	(2,324)	(2,060)
Gain/loss on sale of assets	(148)	(599)	(178)	(93)	(140)	(34)	(26)	44	88	(283)
Total expenses	58,414	60,033	57,280	56,513	60,920	68,311	67,335	67,134	68,385	78,497
Net revenues available for debt service	\$ 13,667	\$ 15,593	\$ 13,719	\$ 11,421	\$ 14,113	\$ 16,031	\$ 15,805	\$ 18,442	\$ 18,420	\$ 19,699
Maximum annual debt service ⁽²⁾	\$ 5,938	\$ 6,708	\$ 6,600	\$ 6,486	\$ 7,186	\$ 7,239	\$ 7,229	\$ 7,229	\$ 7,057	\$ 7,057
Maximum annual debt service coverage	230%	232%	208%	176%	196%	221%	219%	255%	261%	279%

(1) During 2000, the Commission initiated a policy of charging developers and consumers capacity fees to recover a portion of the economic impact directly related to these system expansions.

These fees may be used to pay a portion of the debt service on debt issued to fund such improvements, and therefore are considered available for debt service under the Bond Ordinance

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



GREER COMMISSION OF PUBLIC WORKS
RATIOS OF OUTSTANDING LONG-TERM DEBT
LAST TEN FISCAL YEARS

Fiscal Year	Revenue Bonds	Per Capita	As Share of Personal Income
2009	83,022,355	3,307	0.70%
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%
2017	71,887,006	2,861	0.39%
2018	67,873,093	2,490	0.31%

GREER COMMISSION OF PUBLIC WORKS

CUSTOMER STATISTICS

LARGEST SYSTEM CUSTOMERS – CURRENT YEAR AND NINE YEARS AGO

Name	2018					2009				
	Rank	Consumption	Percentage Volume	Revenues	Percentage Revenues	Rank	Consumption	Percentage Volume	Revenues	Percentage Revenues
<i>Water System (thousands of gallons)</i>										
Blue Ridge Water Company (Wholesale)	1	827,023	29.80%	\$1,660,646	19.55%	1	617,212	24.50%	\$ 947,575	16.99%
BMW of North America, LLC	2	316,836	11.42%	644,401	7.58%	2	181,806	7.22%	298,393	5.35%
Greer Commission of Public Works	3	138,296	4.98%	248,848	2.93%	3	99,554	3.95%	136,019	2.44%
Mitsubishi Polyester Film, LLC	4	88,997	3.21%	180,524	2.12%	5	83,548	3.32%	140,705	2.52%
Greenville - Spartanburg International Airport	5	34,876	1.26%	156,853	1.85%	6	30,981	1.23%	69,143	1.24%
Cliffstar Corporation	6	25,387	0.91%	49,414	0.58%	4	89,536	3.55%	121,098	2.17%
Upstate Affiliate Organization	7	15,707	0.57%	33,796	0.40%	7	24,789	0.98%	36,314	0.65%
Greenville County School District	8	14,377	0.52%	40,765	0.48%	10	16,732	0.66%	23,653	0.42%
West Chase Greenville LLC	9	8,518	0.31%	37,481	0.44%	-	-	-	-	-
Spartanburg Regional Hospital System	10	8,214	0.30%	21,014	0.25%	8	19,796	0.79%	39,553	0.71%
Honeywell International	-	-	-	-	-	9	17,939	0.71%	38,976	0.70%
<i>Sewer System (thousands of gallons)</i>										
BMW of North America, LLC	1	148,155	21.15%	\$ 700,363	10.66%	2	93,637	14.15%	\$ 348,558	8.28%
Mitsubishi Polyester Film, LLC	2	124,035	17.71%	297,166	4.52%	1	114,294	17.28%	219,498	5.21%
Greenville - Spartanburg International Airport	3	59,243	8.46%	207,217	3.15%	5	41,567	6.28%	113,744	2.70%
Upstate Affiliate Organization	4	42,266	6.03%	103,795	1.58%	4	42,253	6.39%	80,050	1.90%
Greenville County School District	5	33,094	4.72%	90,037	1.37%	6	33,882	5.12%	63,236	1.50%
Spartanburg Regional Hospital System	6	23,583	3.37%	59,272	0.90%	3	65,976	9.97%	81,447	1.93%
Legacy Crescent Apartments	7	21,947	3.13%	90,214	1.37%	-	-	-	-	-
Alpha Health and Rehabilitation	8	21,184	3.02%	56,531	0.86%	-	-	-	-	-
Textron Inc	9	18,656	2.66%	63,863	0.97%	-	-	-	-	-
West Chase Greenville LLC	10	16,420	2.34%	73,442	1.12%	10	16,414	2.48%	52,913	1.26%
Cliffstar Corporation	-	-	-	-	-	7	31,548	4.77%	30,917	0.73%
Exide Battery Corporation	-	-	-	-	-	8	20,734	3.13%	54,904	1.30%
Greer Housing Authority	-	-	-	-	-	9	17,832	2.70%	61,092	1.45%

GREER COMMISSION OF PUBLIC WORKS

CUSTOMER STATISTICS

LARGEST SYSTEM CUSTOMERS – CURRENT YEAR AND NINE YEARS AGO (CONTINUED)

Name	2018					2009				
	Rank	Consumption	Percentage Volume	Revenues	Percentage Revenues	Rank	Consumption	Percentage Volume	Revenues	Percentage Revenues
<i>Electric System (megawatt hours)</i>										
Greer Commission of Public Works	1	14,404	3.64%	1,171,765	2.59%	2	15,524	4.69%	862,499	2.83%
Spartanburg Regional Hospital System	2	11,646	2.94%	1,075,520	2.37%	4	6,884	2.08%	526,283	1.73%
Upstate Affiliate Organization	3	11,530	2.91%	1,035,863	2.29%	1	19,435	5.87%	1,454,054	4.77%
Greenville County School District	4	11,132	2.81%	1,224,263	2.70%	3	11,232	3.39%	1,016,036	3.33%
Wal-Mart Stores Inc	5	6,265	1.58%	558,996	1.23%	5	5,010	1.51%	347,978	1.14%
Syncreon America, Inc	6	5,110	1.29%	479,286	1.06%	-	-	-	-	-
Alpha Health and Rehabilitation	7	3,807	0.96%	358,300	0.79%	-	-	-	-	-
Ingles	8	3,531	0.89%	312,918	0.69%	7	3,214	0.97%	225,328	0.74%
City Of Greer, SC	9	3,372	0.85%	376,687	0.83%	9	2,586	0.78%	250,617	0.82%
Huntington Foam, LLC	10	3,172	0.80%	303,675	0.67%	-	-	-	-	-
Cliffstar Corporation	-	-	-	-	-	6	3,379	1.02%	239,159	0.78%
Lowe's	-	-	-	-	-	8	2,910	0.88%	212,197	0.70%
Target Stores	-	-	-	-	-	10	2,026	0.61%	149,645	0.49%
<i>Natural Gas System (mcf)</i>										
BMW of North America, LLC	1	186,295	4.84%	4,595,335	13.66%	1	88,877	3.00%	2,864,049	9.81%
Mitsubishi Polyester Film, LLC	2	66,390	1.72%	2,965,069	8.81%	2	67,833	2.29%	3,902,048	13.37%
Carotell Paper Board Corporation	3	29,490	0.77%	1,545,034	4.59%	3	39,451	1.33%	1,941,896	6.65%
Rogers Group Inc	4	6,741	0.18%	295,896	0.88%	7	4,252	0.14%	292,373	1.00%
Plastic Omnium	5	4,025	0.10%	468,478	1.39%	-	-	-	-	-
Sloan Asphalt	6	3,809	0.10%	168,143	0.50%	-	-	-	-	-
Greenville County School District	7	3,351	0.09%	381,872	1.14%	8	3,078	0.10%	407,212	1.39%
Greenville - Spartanburg International Airport	8	2,872	0.07%	331,674	0.99%	-	-	-	-	-
Minghai USA Inc	9	2,865	0.07%	331,426	0.99%	-	-	-	-	-
Cliffstar Corporation	10	2,849	0.07%	305,139	0.91%	5	5,921	0.20%	647,400	2.22%
Upstate Affiliate Organization	-	-	-	-	-	6	5,793	0.20%	724,629	2.48%
Springfield, LLC	-	-	-	-	-	4	8,311	0.28%	432,150	1.48%
Sew Eurodrive Inc	-	-	-	-	-	9	2,191	0.07%	285,248	0.98%
Spartanburg Regional Hospital System	-	-	-	-	-	10	2,189	0.07%	286,728	0.98%

GREER COMMISSION OF PUBLIC WORKS
CAPITAL ASSET STATISTICS BY UTILITY
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Electric										
Substations	3	3	3	4	4	4	5	5	5	6
Winter peak (megawatts)	58	67	67	61	64	77	76	70	65	76
Summer peak (megawatts)	75	83	85	84	81	84	88	91	92	92
Overhead distribution (miles)	193	193	195	196	199	200	204	206	212	212
Underground distribution (miles)	183	184	184	184	188	200	204	216	227	241
Poles	10,135	11,793	11,938	12,045	12,152	12,302	12,443	12,557	13,012	13,266
Transformers	4,571	4,587	4,612	4,653	4,714	4,819	4,867	4,983	5,121	5,290
Meters	16,089	16,143	16,310	16,510	16,683	16,962	17,318	17,864	18,464	19,326
Vehicles	17	17	17	17	18	17	18	16	16	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	43	43	43	47
Intermediate and distribution lines (miles)	710	712	714	717	721	729	739	749	764	776
Pressure reducing regulator stations	139	139	131	131	131	131	131	131	110	106
Meters	19,880	20,078	20,275	20,569	20,891	21,255	21,883	22,615	23,361	24,228
Vehicles	21	21	21	20	21	20	20	21	18	16
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)	8	9	8	10	9	8	9	8	8	9
Peak flow (million gallons per day)	14	14	13	19	13	12	15	13	13	13
Ground storage capacity (million gallons)	8	8	8	8	8	8	8	8	8	8
Elevated tank storage capacity (million gallons)	4	6	6	6	6	6	6	6	6	8
Transmission lines (miles)	31	32	31	32	32	33	32	32	32	31
Distribution lines (miles)	373	379	379	368	371	370	368	382	404	385
Fire hydrants	1,459	1,476	1,423	1,438	1,455	1,484	1,506	1,539	1,622	1,654
Meters	17,607	17,717	17,899	18,126	18,302	18,522	18,816	19,267	19,643	20,017
Vehicles	10	10	10	9	12	12	13	13	12	10
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	3
Maximum daily flow	6	5	4	4	7	6	7	4	4	7
Gravity collection lines (miles)	215	216	214	216	216	222	223	232	236	243
Force main collection lines (miles)	21	22	28	20	20	22	21	23	24	23
Lift stations	18	17	17	17	17	19	17	21	21	21
Sewer valves	52	52	52	52	52	58	65	75	78	83
Manholes	5,532	5,582	5,606	5,615	5,590	5,798	5,891	6,089	6,283	6,402
Vehicles	13	13	13	14	15	15	11	16	16	16

GREER COMMISSION OF PUBLIC WORKS
NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water system										
Water production	9	9	9	9	8	7	8	9	8	8
Water distribution	8	7	7	7	7	8	8	8	8	8
Lake wardens	3	3	3	3	3	3	3	2	3	3
Total water system	20	19	19	19	18	18	19	19	19	19
Electric distribution system	19	19	18	18	18	18	16	18	17	14
Natural gas distribution system	23	23	23	22	22	22	23	23	21	14
Sewer system										
Collection	9	9	7	6	5	6	7	7	8	5
Treatment	7	7	6	9	9	9	8	8	9	9
Total sewer system	16	16	13	15	14	15	15	15	17	14
Shared support										
General administration	3	3	3	3	3	3	3	2	3	5
Customer service	12	12	12	12	11	10	11	12	11	8
Billing	3	3	2	2	2	2	3	3	3	4
Finance and accounting	4	4	4	4	3	4	4	4	4	3
Meter Technicians	3	3	3	3	3	3	3	3	5	2
Engineering	4	4	4	4	4	5	7	7	7	8
Warehouse and facilities maintenance	5	4	4	4	5	4	5	4	5	6
Human resources	4	4	4	4	4	4	4	4	4	3
Operations	4	4	4	4	4	4	3	4	2	-
Information systems	8	8	8	7	4	6	5	4	3	2
Locators	4	2	3	2	3	3	4	5	5	5
Measurement	-	-	-	-	2	2	2	2	-	-
Communications	-	-	-	-	-	-	1	1	1	1
Vehicle maintenance	2	2	2	2	2	2	2	2	2	-
Total shared support	56	53	53	51	50	52	57	57	55	47
Total employees	134	130	126	125	122	125	130	132	129	108

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population ^{1,2}	25,105	26,040	25,515	26,098	26,645	27,169	27,697	28,905	29,145	29,307
Mean household income ¹	\$ 40,764	\$ 41,864	\$ 52,660	\$ 66,940	\$ 68,687	\$ 68,518	\$ 53,692	\$ 62,300	\$ 69,017	\$ 70,296
Personal income (000's) ¹	\$ 475,614	\$ 456,898	\$ 563,703	\$ 706,917	\$ 723,518	\$ 735,519	\$ 804,958	\$ 696,293	\$ 732,326	\$ 798,762
Per capita personal income ¹	\$ 18,945	\$ 17,546	\$ 22,093	\$ 27,087	\$ 27,154	\$ 27,072	\$ 29,063	\$ 24,089	\$ 25,127	\$ 27,255
Median age ¹	35.2	34.5	33.9	34.1	35.3	37.2	35.9	36.3	36.5	36.7
*Unemployment rates ³	9.6%	9.3%	9.5%	7.0%	7.0%	5.8%	5.1%	4.4%	3.4%	3.4%

Source:

(1) ESRI Business Analyst Online

(2) US Census Bureau

(3) South Carolina Department Employment and Workforce

* Unemployment rate data was not available specifically for the City of Greer. This number represents a weighted average of unemployment rates in Greenville and Spartanburg Counties.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

***To the Honorable Chairman and Members of the Commission
Greer Commission of Public Works
Greer, South Carolina***

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 the **Greer Commission of Public Works** (the "Commission"), as of and for the year ended December 31, 2018, 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 12, 2019.

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 opinion 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 entity'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Columbia, South Carolina
April 12, 2019

**GREER COMMISSION OF PUBLIC WORKS
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS FOR THE YEAR
ENDED DECEMBER 31, 2018**

**SECTION I
SUMMARY OF AUDIT
RESULTS**

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	___ Yes <u>X</u> No
Significant efficiencies identified not considered	
To be material weaknesses?	___ Yes <u>X</u> No
Noncompliance material to financial statements noted?	___ Yes <u>X</u> No

Federal Awards

There was not an audit of major federal award programs as of December 31, 2018, due to the total amount expended being less than \$750,000.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None.

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.