

**COMMISSIONERS OF PUBLIC WORKS
OF THE CITY OF GREENWOOD, SOUTH CAROLINA**



**Comprehensive Annual
FINANCIAL REPORT**

**For the Years Ended
December 31, 2014 and 2013**

**COMMISSIONERS OF PUBLIC WORKS OF
THE CITY OF GREENWOOD, SOUTH CAROLINA**

**Comprehensive Annual Financial Report
As of and For the Years Ended December 31, 2014
and December 31, 2013**

Prepared by the Finance Department

INTRODUCTORY SECTION

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

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**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

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**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
LIST OF COMMISSIONERS - PRINCIPAL OFFICIALS**

<u>NAME</u>	<u>Principal Occupation</u>	<u>Length of Time in Office</u>
Michael G. Monaghan	Retired	14 Years
Henry O. Watts	Retired	9 Years
Arthur C. Bush	Retired	1 Year

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COMMISSIONERS OF PUBLIC WORKS

COMMISSIONERS: ARTHUR C. BUSH, MICHAEL G. MONAGHAN, HENRY O. WATTS
MANAGER: STEVE D. REEVES, JR.

May 21, 2015

Honorable Chairman
and Members of the Commission
Commissioners of Public Works
City of Greenwood, South Carolina

We are pleased to submit the comprehensive annual financial report of the Commissioners of Public Works of the City of Greenwood (the Commission) for the year ended December 31, 2014. The Commission's management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations and cash flows of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Elliott Davis Decosimo, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Commissioners of Public Works' financial statements for the year ended December 31, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The Commission is composed of three commission members elected at large for six year staggered terms. The Commissioners are an independent body politic and the system is not includable in the financial statement of any other jurisdiction. This report includes all activities over which the commissioners have financial accountability. These activities define the reporting entity which basically includes the water, electric and gas services provided for the City of Greenwood, South Carolina metro area.

The Commission was created by enacting legislation of the South Carolina General Assembly. This same legislation created other commissions of public works which are distinguishable by the areas they serve. Hence, our name, the Commissioners of Public Works of the City of Greenwood.

A brief discussion of our financial condition and environment follows. See Management's Discussion and Analysis for detailed explanations of financial trends.

LOCAL ECONOMY

Greenwood County established the Greenwood County Economic Alliance in 1986 to promote economic growth in Greenwood County through industry development. Since its establishment, over \$2.5 billion of investment and 8,900 jobs have been announced. In the period 2004-2008 the Partnership Alliance has announced more than \$400 million dollars in capital industrial investment and 2000 jobs. In 2013 over \$41 million in capital investment and 205 new jobs were announced. In addition, Colgate–Palmolive announced plans to establish a new facility in Greenwood County that will create 300 new jobs and a capital investment of \$196 million. In March 2015 Portucel Soporcel Group held a ground breaking ceremony for the construction of its future pellet-manufacturing plant in Greenwood which should be completed the third quarter of 2016, representing a global investment estimated at \$110 million and creating 70 new jobs. Today, the Partnership Alliance, a group of public and private community leaders, governs the economic development efforts for Greenwood County.

In 2003, the city embarked on a downtown redevelopment planning process. The Greenwood City Center Master Plan identified the need to establish a cultural center as an economic catalyst for new investment. The city secured over \$8 million dollars to develop a 9 acre cultural district in the heart of downtown called "The Emerald Triangle". Restorations have been made to the City's nearly 100-year-old Federal Building, a 25,000 square foot facility that serves as the Arts Center; the Greenwood Community Theatre, a 300 seat venue was renovated and re-opened in 2007; and renovations to the Museum were completed in the summer of 2008. Recently, streetscape improvements and the restoration of the facades for 26 buildings have been completed. In March of 2014 the city of Greenwood announced plans for a new \$2.8 million farmers market with plans to open in the fall of 2015.

A 1% countywide capital project sales tax that began in May of 2007 has been used for the construction of a new 45,000 square foot Greenwood County Library which was completed in 2010. This was South Carolina's first LEED-certified public library and serves as a vibrant anchor on the South end of Main Street. The City believes that these improvements will bring investment to the City of Greenwood's core main street corridor and are starting to see new small businesses open as a result of these initial public investments. In fact, since 2008 there have been 67 new business licenses issued in Uptown Greenwood. In addition, from 2009 to 2014 there has been a 26% increase in hospitality tax collected in Uptown.

Several new big box retail stores have been developed and serve as retail hubs for Greenwood and surrounding counties. The Commission continues to assist the city in a vigorous annexation effort. Businesses such as corporate headquarters for Countybank, a rehabilitation hospital and several tracts of desirable retail properties have been annexed as well as the annexation of an over 100 acre biotechnology center.

In June 2013, Clemson University announced plans to partner with the Greenwood Genetic Center in the research park and build a 17,000-square-foot research and education center in human genetics. In February 2014, Self Regional announced plans to join the collaboration and committed a gift of \$5.6 million. The Duke Endowment followed in the collaboration with a \$2.75 million grant.

The housing industry has remained steady since the Great Recession of 2008. New residential construction building permit values for single family homes doubled from 2010 to 2012, but decreased during 2013, from \$14,392,064 in 2010, to \$13,716,161 in 2011, to \$29,607,342 in 2012, and to \$21,010,867 in 2013. Commercial permit activity has increased from \$16,555,426 in 2010, to \$22,548,080 in 2011, to \$27,715,398 in 2012, but decreased to \$21,370,072 during 2013. Both sectors rebounded in 2014 with \$25,987,669 in residential building permits and \$82,382,355 for commercial permits. The substantial increase in commercial permits was due primarily to Colgate-Palmolive investment in plant and facilities.

The Greenwood County economy, like most of the nation, has been affected somewhat by the overall economic decline that began in 2009. This decline caused unemployment in Greenwood County to rise, however, signs were continuing to improve as of 2014. There has been an increase from the most recent unemployment rate in February 2015 of 7.3%, compared to 6% in February 2014.

MAJOR INITIATIVES

General

Unrestricted net position at year end was 25 percent of total operating revenues. This amount was slightly above the practice guidelines set by the Commission for budgetary and planning purposes (i.e. two months for revenues, approximately 17%). The year-end change in net position is above the minimum target set by the Commission during the budget process with revenues exceeding expenses by \$278,107 versus a balanced adopted budget.

The Commission continues to connect its facilities to the fiber optic system. This enhances the effectiveness and efficiency of operations in the communications and monitoring areas. Additionally, the Commission continues to market its excess fiber capacity to both public and private entities.

In 2012, the Commission initiated a project to enhance security at its major facilities through installation of video surveillance systems at its Wise Water Treatment facility, its Central Operations Center (COC), electrical substations, and water tanks throughout its service territory. This project is complete as well as the project to enhance security by adding camera alarms on some of the cameras at the Wise Water Treatment facility.

The Commission initiated a project to expand the yard area at the Central Operations Center (COC) during 2013. This project will provide additional equipment shed for vehicles and equipment, covered space for water pipe, gravel, sand, and asphalt, and a large area to store materials. The project will also add an automatic gate on the lower end of the property for better security and access.

The Commission also initiated a tree thinning project for its Wise Treatment facility, Central Operations Center (COC), and the city pond property. The goal of this project is to develop a long range plan to manage the Commission's timber resources effectively while maximizing revenues.

The Commission continues to review the various emerging technologies used to read and monitor customer meters electronically, to provide more mobile access of data, maps, etc. to our service people, and to more rapidly and accurately gather up to date information on construction projects, work order status, maintenance work, etc.

The Commission has completed major upgrades / renovations to the roofing and HVAC systems at its Main Office and Central Operations Center and has plans to make major upgrades and renovations to the roofing and HVAC system at the Water Treatment Plant.

During 2012 the Commission continued upgrading its Geographical Information System (GIS). As part of the upgrade process, the Commission is putting major emphasis in updating its GIS data base through field verifications and by utilizing GPS units to capture geographic locations of key components and features of the electric, natural gas and water distribution systems. The Commission is integrating the GIS data with its billing system data and then importing that information into modeling software to construct accurate working models of each of these distribution systems. Once these system models are completed and calibrated to accurately portray what is actually occurring in the field, they will provide the Commission with a unique ability to realistically determine where the systems currently need system improvements and to more accurately forecast impacts of future growth, thereby, enhancing the Commission's capability to project future capital needs and to utilize its resources more efficiently and effectively.

Electric System

Rates to our customers have remained competitive and allow the Commission to continue to be one of the lowest cost providers in the State. With its consistent history of providing quality service and some of the lowest rates in the state, the Commission once again experienced growth in its customer base. The Commission realizes that to be able to continue providing its electric customers with quality service at competitive rates, the Commission must be proactive rather than reactive to the ever changing electric market environment and constantly seeks ways to effectively control costs while maintaining or improving service to its customers. Additionally, the Commission has instituted an Electric Rate Stabilization Fund and continues to review and study its power supply options as it looks beyond the current contract.

The Commission continues to implement / construct the various system improvements / upgrades outlined in a long range planning study and pole line inspection program. One of the major system expansions projected in the study is the need for a new substation. Property was purchased in 2012 for this substation. Construction of the station is underway and is expected to be completed by December 2015. Most of these improvements have been and/or will be funded by construction funds from the 2010 and 2014 Bond Issues. Additionally, the Commission completed a major overhaul of Substation One in the winter of 2014.

Over the last few years, the City has completed several annexations of property into the corporate limits of the City. Continued emphasis on growing the City provides the opportunity of additional growth potential for the Electric Distribution system in future years.

Water System

Rates to our customers have remained competitive and allow the Commission to be in the lowest 20% of drinking water providers in the State. In 2001, the Commission began a five-phased project for improving and upgrading older, less efficient areas of its water distribution system. This project consisted of replacing almost all 2-inch galvanized water service lines with 6-inch or larger lines. All five phases have been completed from 2001 to 2012; 223,551 feet (42.34 miles) of these 2-inch galvanized lines have been replaced, improving service to 2,578 taps. From 2007 to 2014, 30 miles of new water lines have been added to the system. These improvements provide higher flow rates and increased pressure geared toward improving services, including fire protection, to these areas. At the end of 2014 the Commission owns, operates and maintains 629 miles of water line.

Over the last several years, various major improvements have been completed at the Commission's W.R. Wise Water Treatment Plant. These included, among others, chlorine dioxide generation, new carbon feed system, new aqua ammonia feed system, SCADA system upgrades, the complete renovation / upgrade of the filter controls and monitoring system and installation of on-site chlorine generation. In 2007 plans were developed to upgrade and replace the existing flocculators, concrete basins, filters, and to upgrade and/or replace high service pump motors and pump stations and various other instrumentation and equipment at the W.R. Wise Water Treatment Plant. In 2010 projects work began to increase the intake capacity of raw water into the plant. This project was completed in 2011 and increased the plant's rated capacity to 33 MGD (million gallons a day), a net increase of 3 MGD. These projects are complete and were funded under the 2007 Revenue Bond. Recently completed projects include; hydraulic improvements to the raw water lines, rehabilitation of filters (5-11), rehabilitation of concrete basins (1-8) and replace sludge collector in basins (1-8). These projects were funded with the construction funds from the 2010 bond issues and are complete.

Natural Gas System

The Commission continues to improve overall system reliability and efficiency by identifying areas that are supplied from only one direction, and when possible and feasible, looping the system in those areas to provide two-way supply. We continue to grow our footprint across Greenville County where more than 4 miles of plastic pipe has been installed in residential areas. Similarly, the Commission recently made its interstate pipeline connection with Carolina Gas Transmission (CGT) at the southern end of the Commission's distribution system operational (that is integrated into our gas SCADA system). This interconnect will act as a south end backup in case the two interconnects on the north end of the distribution system that connect with Transco become inadequate. We also are adding two new pressure recording devices, one in Hodges and another near Ninety Six, which will provide two more points where we can monitor system pressures. These will be integrated into our gas SCADA system as well.

RELEVANT FINANCIAL POLICIES

The Commission engages in an extensive budget process annually which ends with a day- long budget session with upper management and the Commissioners prior to the Commissioners adopting the budget in an open session board meeting. The Commission adopted a balanced budget for 2014.

In addition, the Commission completes internal audits on monthly, quarterly and annual basis for cash, accounts payable, payroll, material requisitions, bank reconciliations, customer accounts, etc. The staff prepares internal audit reports of all audits completed and submits them to the General Manager and the Commissioners.

The Commission's enabling legislation requires an annual audit of the books of account, financial records, and transactions to be conducted by independent certified public accountants selected by the Commissioners. The opinion of the Commission's auditor, Elliott Davis Decosimo, LLC, on the financial statements and on additional information has been included in this report.

AWARDS AND ACKNOWLEDGMENTS

We are again submitting our report this year to the Government Finance Officers Association of the United States and Canada (GFOA). We believe our report conforms to the Certificate of Achievement Program requirements. A Certificate of Achievement was earned the prior year and is valid for one year only. It will require recertification on an annual basis. In order to be awarded the certificate, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report on a timely basis that satisfies generally accepted accounting principles, applicable legal requirements, and meets program requirements.

We would like to acknowledge the dedicated efforts of the finance division and the leadership and support of the Commissioners which made the preparation of this report possible.

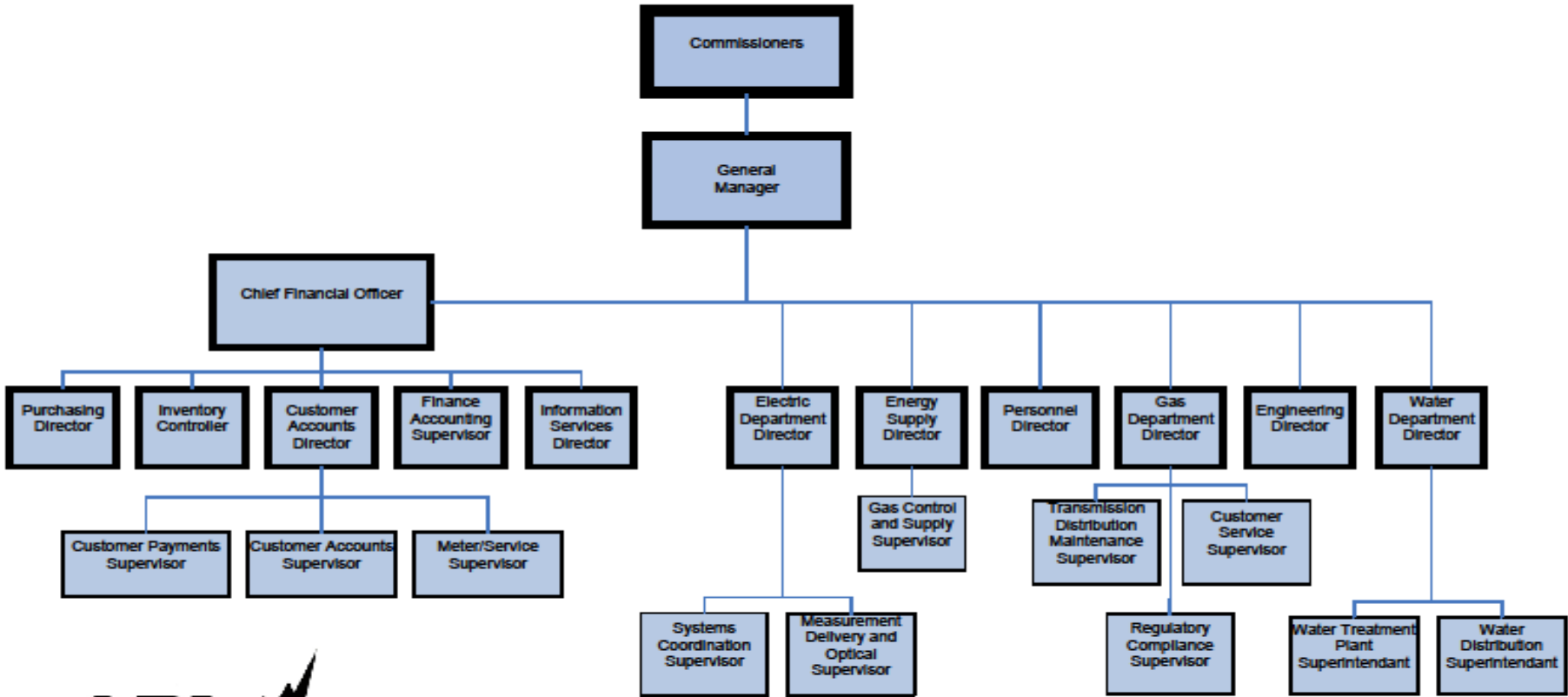
A handwritten signature in blue ink that reads "Teresa A. Lake, CPA". The signature is written in a cursive, flowing style.

Teresa A. Lake, CPA

Chief Financial Officer

Commissioners of Public Works

OF THE CITY OF GREENWOOD, SOUTH CAROLINA
ORGANIZATIONAL CHART



Revised November 26, 2013



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Commissioners of Public Works
of the City of Greenwood
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

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FINANCIAL SECTION



Independent Auditor's Report

Honorable Chairman and Members of the Commission
Commissioners of Public Works
City of Greenwood, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the Commissioners of Public Works of the City of Greenwood, South Carolina (the Commission) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements 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 opinions on these financial statements based on our audit. We conducted our audit 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Commission as of December 31, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress – Other Post Employment Benefit Plan on pages 3 through 7 and 33, respectively, 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, other supplemental information section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information schedules on pages 34-45 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2015 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Greenwood, South Carolina
May 21, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Commissioners of Public Works (the Commission) of the City of Greenwood, South Carolina, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ii through vi of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Commission exceeded its liabilities at the close of its most recent year by \$68,540,701 (i.e., net position). Of this amount \$16,190,198 may be used to meet the Commission's ongoing obligations to customers and creditors. This represents an increase from year 2013 of \$1,413,050. The Commission continues to strive to upgrade and improve the overall quality and effectiveness of its infrastructure.
- The Commission's total net position increased by \$278,107. The increase is attributable to several factors including an increase in investment income from prior year of \$407,703.
- Investment income increased over the past year. Investment income for the year 2014 totaled \$293,538 as compared to (\$114,165) in investment loss for 2013. The majority of the increase is due to having unrealized gains in 2014 versus the unrealized losses noted in 2013. The increase was primarily due to interest rates stabilizing and actually moving a little lower resulting in higher prices for existing bonds in calculating unrealized gains/losses. The actual interest income (absent market value fluctuations) is relatively stable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements, which are comprised of two components: 1) proprietary fund financial statements, and 2) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Proprietary Funds: The Commission is an enterprise type proprietary fund. The enterprise fund is used to account for the Commission's water, electric, and gas operations. The basic proprietary fund financial statements can be found on pages 8-11 of this report. Included in the basic financial statements are:

The Statements of Net Position on page 8 present information on the Commission's assets, deferred outflows of resources and liabilities, with the difference between the assets/deferred outflow of resources and liabilities reported as net position.

While the Statements of Net Position provide information about the nature and amount of resources and obligations at year-end, the Statements of Revenues, Expenses, and Changes in Net Position, summarized on page 9 and detailed on pages 34-38, present the results of the Commission's operations over the course of the year and information as to how the net position changed during the year. This statement can be used as an indicator of the extent to which the Commission has successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods, such as delayed collection of operating revenues and the expense of employee earned but unused vacation leave.

The Statements of Cash Flows on pages 10-11 present changes in cash and cash equivalents resulting from operational, capital, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and excludes non-cash accounting measures of depreciation or amortization of assets.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 12-32 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, as well as other supplemental information which includes schedules that focus on the individual divisions of the Commission where more detailed financial data is desirable and schedule presenting the Commission's future debt service requirements.

FINANCIAL ANALYSIS

Our analysis of the Commission as a whole begins here. One important question asked by our customers is, "How has this year's operations affected the Commission's financial picture?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information as a whole and about its various components in a manner that helps answer this question. These statements present assets, liabilities, income and expenses under the accrual basis of accounting, which is similar to the accounting used by most private sector companies. Changing balances provide indicators of the financial health of the company. Additional, non-financial factors can also be considered when evaluating the Commission's ability to meet future needs. The Commission is responsible for ensuring that assets reported in these funds are used for their intended purposes.

The Commission's financial condition remained strong at year-end with adequate liquid assets, reliable facilities to meet demand, and a reasonable level of unrestricted net position. The current financial condition, technical support staff capabilities, and operating and expansion plans to meet anticipated customer needs are well balanced and under control.

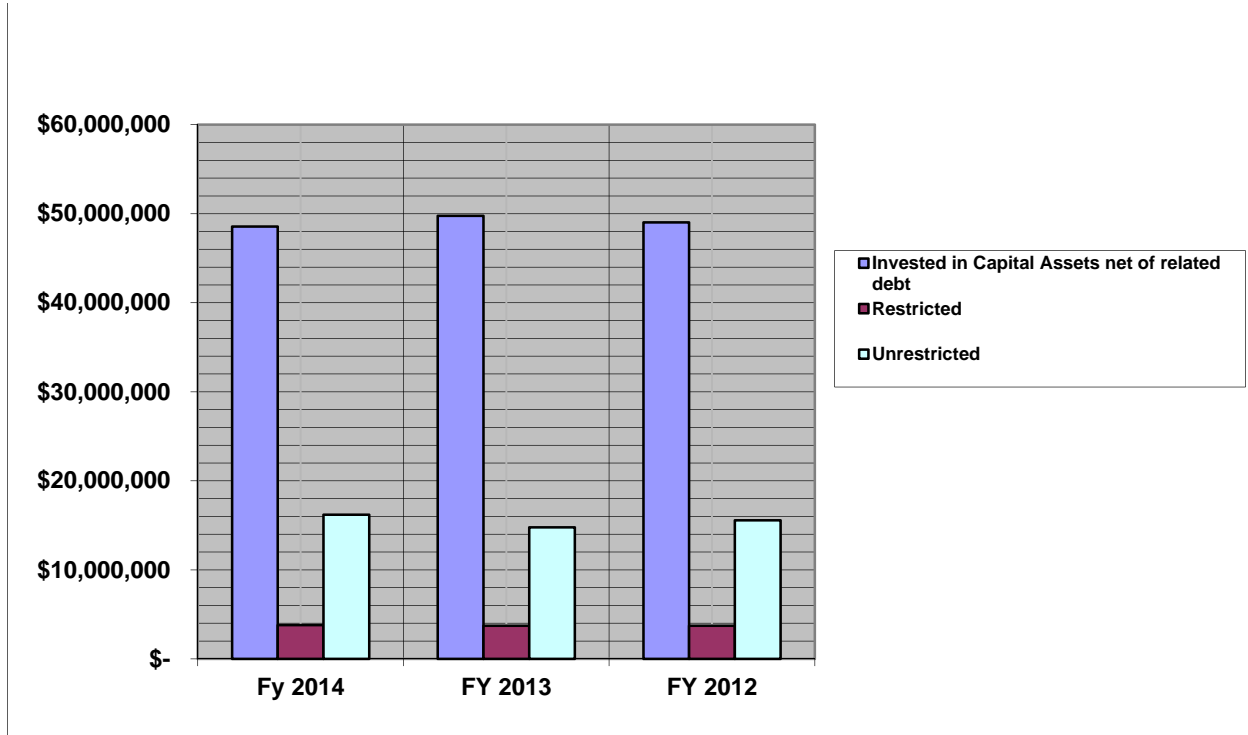
CONDENSED FINANCIAL DATA

For the year ended December 31, 2014, net position increased by \$278,107 or 0.4%. The distribution of this increase can be seen by comparing year-end balances for the three components of net position.

Commissioners of Public Works Net Position:

	2014	2013	2012
Assets			
Current and Other Assets	\$ 47,280,743	\$ 42,097,556	\$ 43,548,317
Capital Assets	72,388,367	71,982,463	70,545,261
Total Assets	<u>119,669,110</u>	<u>114,080,019</u>	<u>114,093,578</u>
Deferred Outflows of Resources			
Unamortized Charge on Refunding	363,027	469,298	535,016
Total Deferred Outflows	<u>363,027</u>	<u>469,298</u>	<u>535,016</u>
Liabilities			
Long-term Liabilities Outstanding	39,415,628	34,476,866	36,312,252
Other Liabilities	12,075,808	11,809,857	10,443,501
Total Liabilities	<u>51,491,436</u>	<u>46,286,723</u>	<u>46,755,753</u>
Net Position			
Net Investment in Capital Assets	48,562,210	49,761,074	49,035,922
Restricted For:			
Debt Service	3,788,293	3,724,372	3,719,250
Unrestricted	16,190,198	14,777,148	15,117,669
Total Net Position	<u>\$ 68,540,701</u>	<u>\$ 68,262,594</u>	<u>\$ 67,872,841</u>

Net Position at December 31, 2014, 2013 & 2012



The chart shown above is a visual representation of the net position as detailed above. The level of net position remained relatively stable for each classification. This is reflective of the Commission's modest increase in unrestricted net income and additions to capital assets. The Commission continues its ongoing efforts to insure that its utility infrastructure is maintained in excellent operating condition and is designed to handle projected future system customer growth and demand requirements.

Revenue

The following schedule presents a summary of Commission revenues for the past three years and the amount and percentage of increases and decreases compared to the prior year revenue.

	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Operating Revenues						
Water	\$ 11,740,937	18.0%	\$ 11,123,044	17.6%	\$ 11,911,017	20.2%
Electricity	24,963,179	38.2%	26,190,420	41.4%	25,243,711	42.9%
Gas	27,770,439	42.5%	25,386,355	40.1%	20,975,348	35.6%
	<u>64,474,555</u>		<u>62,699,819</u>		<u>58,130,076</u>	
Nonoperating Revenues						
Investment Earnings/(Losses)	293,538	0.5%	(114,165)	-0.2%	101,638	0.3%
Interest Subsidy	229,635	0.4%	238,488	0.4%	259,085	0.4%
Capacity Fees	147,825	0.2%	117,375	0.2%	141,070	0.3%
Gain on Sale of Capital Assets	126,262	0.1%	21,212	0.0%	19,401	0.0%
	<u>797,260</u>		<u>262,910</u>		<u>521,194</u>	
Capital Contributions	<u>70,109</u>	0.1%	<u>323,466</u>	0.5%	<u>194,213</u>	0.3%
Total Revenues	<u>\$ 65,341,924</u>	100.0%	<u>\$ 63,286,195</u>	100.0%	<u>\$ 58,845,483</u>	100.0%

2014 revenues of \$65,341,924 represent a 3.2% increase from 2013 revenues of \$63,286,195, and represent an 11.0% increase from 2012 revenues of \$58,845,483. The primary factor behind the increase in revenues in year 2014 is increased gas sales due to colder weather.

Expenses

The following schedule presents a summary of Commission expenses for the past three years and the amount and percentage of increases and decreases compared to the prior year expenses.

	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Cost of Energy for Resale	\$ 37,675,321	57.9%	\$ 36,099,807	57.4%	\$ 32,023,253	53.7%
Other Operating Expenses	12,148,112	18.7%	11,234,973	17.9%	11,732,621	19.8%
Administrative and General	7,515,214	11.6%	7,310,876	11.6%	7,645,409	12.8%
	<u>57,338,647</u>	<u>88.1%</u>	<u>54,645,656</u>	<u>86.9%</u>	<u>51,401,283</u>	<u>86.3%</u>
Depreciation and Amortization	5,071,856	7.8%	5,548,061	8.8%	5,386,899	9.0%
Interest	1,447,081	2.2%	1,494,583	2.4%	1,588,527	2.7%
Payment to City of Greenwood	1,206,233	1.9%	1,208,142	1.9%	1,209,387	2.0%
	<u>\$ 65,063,817</u>	<u>100.0%</u>	<u>\$ 62,896,442</u>	<u>100.0%</u>	<u>\$ 59,586,096</u>	<u>100.0%</u>

The 2014 Commission expenses of \$65,063,817 represent a 3.4% increase from 2013 expenses of \$62,896,442, and represent a 9.2% increase from 2012 expenses of \$59,586,096. This is primarily due to increases in costs of energy for resale and gas customer needs.

Commissioners of Public Works - Changes in Net Position

	2014	2013
Total Revenues	<u>\$ 65,271,815</u>	<u>\$ 62,962,729</u>
Total Expenses	<u>65,063,817</u>	<u>62,896,442</u>
Excess (Deficit) Before Capital Contributions	207,998	66,287
Capital Contributions	<u>70,109</u>	<u>323,466</u>
Increase/(Decrease) in Net Position	278,107	389,753
Net Position - Beginning	<u>68,262,594</u>	<u>67,872,841</u>
Net Position - Ending	<u>\$ 68,540,701</u>	<u>\$ 68,262,594</u>

Business Activities

The Commission's operations have been divided into four departments: water, gas, electric and administration. A review of departmental revenues and expenses reveals several areas for which additional facts could assist the reader in their analysis.

Water Department

The Water department's Schedule of Revenues, Expenses and Changes in Net Position shows an increase in net position of \$353,866. A comparison between 2014 and 2013 changes in net position reveals an increase of \$498,558. The principal cause for this is an increase in operating revenues due to less rain than in previous years.

Natural Gas Department

The Natural Gas department's Schedule of Revenues, Expenses and Changes in Net Position shows a decrease in net position of (\$100,297) for 2014. A comparison between 2014 and 2013 changes in net position reveals a decrease of (\$312,472). The transmission and distribution system expenses increased due to increases in professional services for engineering services for electrical maintenance of switch gears, motor control centers and transformers; there was also an increase in training and travel for the year. Early in FY2003, the Commission's Board authorized a gas rate structure that recalculated the gas cost portion of a customer's bill on a monthly basis rather than a 3 month basis. This has greatly enhanced the Commission's effectiveness in charging monthly rates that more accurately reflect the true wholesale cost of gas to the Commission.

Electric Department

The Electric department's Schedule of Revenues, Expenses and Changes in Net Position shows an increase in net position of \$1,572,541 for 2014. A comparison between 2014 and 2013 changes in net position reveals a decrease of (\$807,274). The primary cause of the change was the decrease in sales.

The schedules on pages 47-62 provide historical data concerning various financial components of the Commission's operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2014, the Commission had approximately \$72 million (net of accumulated depreciation) invested in capital assets. Included in the assets are equipment, buildings, facilities, land, and the water, natural gas, and electric distribution systems. An increase in net capital assets of \$405,904 or 0.6% from the previous year was the result of annual depreciation of assets of \$5,071,856, and total additions to capital assets for construction and equipment of \$5,477,760.

The *Schedule of Changes in Property, Plant, and Equipment and Accumulated Depreciation*, in the other supplemental information on page 39 provide information concerning the additions to, retirements of, and transfers of the Commission's property, plant and equipment assets for 2014.

Debt

As of December 31, 2014, the total bonded debt of the Commission was \$35,605,000, an increase from 2013 of \$3,765,000 or 11.8%. This is reflective of the 2014 bond issuance of \$8,265,000, pay off of the 2003 bonds of \$2,470,000 and other bond principal payments made during 2014 totaling \$2,030,000. The management of the Commission has utilized bonded debt capacity in order to accomplish significant capital improvements. The prudent use of debt is evidenced by continuing favorable credit ratings, ready market acceptability of debt issues, and achievement of stated debt objectives. The Commission has received an Aa3 rating from Moody's Investing Service in November 2014 and an A+ from Standard & Poors in November 2014.

The *Schedule of Revenue Bonds* on pages 40-45, and related disclosures in the notes to the financial statements, provides information concerning the revenue bonds the Commission has outstanding, along with the payment dates associated with those bonds.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager's Office at 121 W. Court Street, Greenwood, SC 29646.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Statements of Net Position

Exhibit A

	December 31,	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,993,612	\$ 5,539,662
Investments	9,242,326	6,567,378
Accounts Receivable, Net	8,330,845	8,621,311
Inventories	2,989,665	2,794,053
Prepaid Items	284,130	147,522
Total Current Assets	24,840,578	23,669,926
NONCURRENT ASSETS		
Prepaid Items	25,436	56,057
Investments- Rate Stabilization	6,188,773	4,822,115
RESTRICTED CASH AND INVESTMENTS		
Cash and Cash Equivalents	3,788,293	3,724,372
Investments - Debt Proceeds	12,437,663	9,825,086
Total Restricted Cash and Investments	22,440,165	18,427,630
UTILITY PLANTS		
Units in Service	172,181,806	165,753,756
Less Accumulated Depreciation	102,994,075	98,373,491
	69,187,731	67,380,265
Construction in Progress	3,200,636	4,602,198
Net Utility Plants	72,388,367	71,982,463
Total Assets	119,669,110	114,080,019
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Charge on Refunding	363,027	469,298
Total Deferred Outflows of Resources	363,027	469,298
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	6,871,803	7,137,996
Accrued Expenses	1,829,293	1,474,180
Customers' Service Deposits	338,990	319,507
Accrued Revenue Bond Interest Payable	126,564	119,943
Revenue Bonds Payable - Net	2,457,249	2,318,394
Accrued Vacation Leave	451,909	439,837
Total Current Liabilities	12,075,808	11,809,857
Revenue Bonds Payable - Net	34,169,598	30,197,379
Accrued Vacation Leave	268,989	248,370
Net Post Employment Benefit Obligation	4,977,041	4,031,117
Total Long-Term Liabilities	39,415,628	34,476,866
Total Liabilities	51,491,436	46,286,723
NET POSITION		
Net investment in capital assets	48,562,210	49,761,074
Restricted for:		
Debt Service	3,788,293	3,724,372
Unrestricted	16,190,198	14,777,148
Total Net Position	\$ 68,540,701	\$ 68,262,594

See accompanying notes to financial statements.

COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
Statements of Revenues, Expenses and Changes in Net Position

Exhibit B

	For the Years Ended December 31,	
	2014	2013
OPERATING REVENUE		
Water Unit	\$ 11,740,937	\$ 11,123,044
Electric Unit	24,963,179	26,190,420
Gas Unit	27,770,439	25,386,355
Total Operating Revenue	64,474,555	62,699,819
OPERATING AND ADMINISTRATIVE EXPENSES BEFORE DEPRECIATION		
Water Unit	8,282,966	7,791,655
Electric Unit	22,341,930	22,767,926
Gas Unit	26,713,751	24,086,075
Total Operating Expenses Before Depreciation	57,338,647	54,645,656
OPERATING INCOME BEFORE DEPRECIATION	7,135,908	8,054,163
DEPRECIATION	5,071,856	5,548,061
OPERATING INCOME	2,064,052	2,506,102
NON-OPERATING REVENUE AND EXPENSE		
Investment Income/(Loss)	293,538	(114,165)
Interest Subsidy	229,635	238,488
Capacity Fees	147,825	117,375
Gain on Sale of Capital Assets	126,262	21,212
Revenue Bond Interest	(1,447,081)	(1,494,583)
Intergovernmental Expense	(1,206,233)	(1,208,142)
Total Nonoperating Revenues (Expenses)	(1,856,054)	(2,439,815)
INCOME BEFORE CONTRIBUTIONS	207,998	66,287
CAPITAL CONTRIBUTIONS	70,109	323,466
CHANGE IN NET POSITION	278,107	389,753
NET POSITION, BEGINNING OF YEAR	68,262,594	67,872,841
NET POSITION, END OF YEAR	\$ 68,540,701	\$ 68,262,594

See accompanying notes to financial statements.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Exhibit C

Statements of Cash Flows

	For the Years Ended	
	December 31,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 64,893,923	\$ 61,744,811
Cash Paid to Employees	(7,217,230)	(7,210,725)
Cash Paid to Suppliers	(49,397,636)	(45,700,549)
Cash Paid to City of Greenwood	(1,208,142)	(1,209,387)
	<u>7,070,915</u>	<u>7,624,150</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Capital Contributions	70,109	323,466
Interest Subsidy	120,216	238,488
	<u>190,325</u>	<u>561,954</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Sale of Bonds	8,265,000	-
Proceeds from Capacity Fees	147,825	117,375
Construction and Improvement of Utility Plant	(5,477,760)	(6,996,199)
Debt Principal Payments, Including Refunding	(4,500,000)	(1,990,000)
Proceeds from Sales of Capital Assets	126,262	32,148
Interest Paid	(1,424,686)	(1,523,894)
	<u>(2,863,359)</u>	<u>(10,360,570)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	4,089,181	2,370,815
Purchase of Investments	(10,198,773)	(964,292)
Interest received	229,582	343,403
	<u>(5,880,010)</u>	<u>1,749,926</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,482,129)	(424,540)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,264,034</u>	<u>9,688,574</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,781,905</u>	<u>\$ 9,264,034</u>
PER STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 3,993,612	\$ 5,539,662
Cash and Cash Equivalents - Restricted	3,788,293	3,724,372
	<u>\$ 7,781,905</u>	<u>\$ 9,264,034</u>

(Continued)

COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
Statements of Cash Flows

Exhibit C

	For the Years Ended December 31,	
	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 2,064,052	\$ 2,506,102
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	5,071,856	5,548,061
Intergovernmental Expenses	(1,206,233)	(1,208,142)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	355,821	(996,941)
(Increase) Decrease in Inventory	(195,612)	20,781
(Increase) Decrease in Prepaid Expenses	(105,987)	138,290
Increase (Decrease) in Accounts Payable	(266,193)	655,503
Increase (Decrease) in Accrued Expenses	355,113	426,681
Increase (Decrease) in Customer Deposits	19,483	41,933
Increase (Decrease) in Net Post Employment Benefits	945,924	503,851
Increase (Decrease) in Accrued Vacation Leave	32,691	(11,969)
	\$ 7,070,915	\$ 7,624,150
NET CASH PROVIDED BY OPERATING ACTIVITIES		
NON-CASH CAPITAL FINANCING ACTIVITIES		
Change in prepaid bond insurance	\$ 33,571	\$ 4,971
Change in unamortized charge on refunding	(65,718)	(65,718)
Change in original issue premium	139,396	95,524
Change in original issue discount	(7,131)	(7,131)
Unrealized gain/(loss) on investments	199,015	(250,747)

See accompanying notes to financial statements.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Commissioners of Public Works (the Commission), the Primary Government, consists of natural gas, electricity and water systems. The Commission buys and resells electricity in the City of Greenwood, natural gas throughout Greenwood County and parts of Abbeville, Anderson and Greenville Counties, and, via its own waterworks plant, supplies water service in the Greenwood County area.

The Commission's significant accounting policies are as follows:

Reporting Entity

This report includes all operations of the Primary Government for which the Commissioners are financially accountable. The following criteria were used in determining the operations for which financial accountability existed:

1. Selection of a majority of the governing board of the unit
2. Ability to impose its will upon the unit
3. Possibility of the unit to provide a benefit or impose a burden on the Primary Government

There are no component units.

The Commission is established by a separate act of the South Carolina General Assembly to own and operate the utility system in the City of Greenwood, South Carolina subject only to the City of Greenwood's approval of the Commission's Revenue Bonded indebtedness issuance. The City of Greenwood is in no way liable for the debt. There is therefore no financial burden, only a formal approval which is required by the separate act.

Basis of Accounting/Measurement Focus

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as recommended by the Governmental Accounting Standards Board (GASB) for a single enterprise fund. The Commission has chosen the option under GASB 20 whereby no implementation of the FASB pronouncements issued after November 30, 1989 will be done. Under the accrual basis of accounting, revenues are recognized when they are earned; expenses are recognized when incurred, regardless of the timing of related cash flows.

Operating and Non-operating Policy

These financial statements 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 Commission's principal ongoing operations. The principal operating revenues of the Commission are charges to customers for sales and services. The Commission also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

The Commission is not required by law to adopt a formal budget; however, the Commission does adopt and maintain a formal budget annually.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

Cash and Cash Equivalents

For purposes of reporting cash flows, the Commission considers cash on hand, demand deposits and all highly liquid non-equity investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

The Commission's investment policy is designed to operate within existing State of South Carolina statutes that authorize the Commission to invest in the following:

- a. Obligations of the United States of America and agencies thereof;
- b. General obligations of the State of South Carolina or any of its political units;
- c. Financial institutions to the extent that the same are insured by an agency of the federal government;
- d. Certificates of deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally insured by securities of the type described in (a) and (b) above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts 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;
- e. Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the Commission or a third party as escrow agent or custodian; and
- f. South Carolina Pooled Investment Fund established and maintained by the State Treasurer.

All investments are stated at their fair values.

Accounts Receivable

Customer receivables represent fees for utility services earned but not yet collected. Unbilled (i.e. cycle billings) receivables at year end are estimated to record revenues earned through year end. Receivables are reported net of applicable allowances for uncollectible accounts, which management determines based on historical collection trends and other factors.

Inventories

Inventories are stated at cost which is determined on the first-in, first-out and average cost basis. Certain materials for plant improvements and maintenance are included in inventory.

Utility Plants

Utility plants, including betterments valued at \$5,000 or more, are capitalized and stated at cost. Maintenance and repair costs and minor replacements not resulting in betterments are charged to expense when incurred. Depreciation is computed under the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings	25-30 Years
Purification and Distribution Systems	10-30 Years
Equipment, Machinery, Furniture and Fixtures	3-15 Years

Donated assets are valued at fair value on the date donated.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial 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 one item that qualifies in this category. It is unamortized charge on refunding reported on the statement of net position.

Amortization

Prepaid insurance costs related to bond issuance costs are amortized over the maturities of the bonds.

Capitalization of Interest

During the period of construction, interest related to construction (net of interest income) is capitalized as a part of construction cost.

Business Segments

The Commission is comprised of one business segment that has been divided into three units: Gas, Water and Electric.

Comparative Data/Reclassifications

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

Net Position

Net position is the difference between assets/deferred outflows of resources and liabilities. Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted for debt service and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt and other liabilities that is attributable to the acquisition, construction and improvement of those assets; unspent debt proceeds or other restricted cash and investments is excluded from the determination. Net position restricted for debt service consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, laws, regulations and enabling legislation. Unrestricted net position consists of all other net position not included in the above categories.

Subsequent Events

Subsequent events were evaluated through May 21, 2015, the date the financial statements were available to be issued.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

2. **FUNDS**

Establishment of Funds

The terms of the bond ordinances that govern the 2003, 2007, 2010 and 2014 Series Bond issues require that the gross revenues of the Commission, except customers' deposits and amounts which are controlled by other provisions of the Bond Ordinance, are declared to be a part of the General Revenue Fund and shall from time to time be promptly deposited in a bank or depository in an account which will reflect the fact that they are a part of the General Revenue Fund and then allocated in the form of monthly transfers to various funds as follows:

1. Debt Service Fund
2. Debt Service Reserve Fund
3. Construction Funds

While these are not actually funds in the accounting vernacular, they are separately established bank accounts or restricted assets set-aside for a specific purpose explained below:

Debt Service Fund

Maturities of bond principal and interest are paid from this fund, as specified by the bond ordinance. One-twelfth (1/12) of the next required payment of bond principal and interest is transferred to this account monthly.

Debt Service Reserve Fund

Under the terms of the bond ordinance, the Debt Service Reserve Fund is required to be funded to specified Reserve Requirement levels.

Construction Funds

These funds consist of bond proceeds remaining from the 2007, 2010 and 2014 Revenue Bonds.

3. **CASH AND INVESTMENTS**

Management is authorized by the Commissioners to deposit or invest Commission funds in deposits or investments which are collateralized, non-speculative and insured by or through securities of the United States government. State statutes authorize the Commission to invest in obligations of the U.S. Treasury, municipal bonds, repurchase agreements, certificates of deposit and the South Carolina State Treasurer's Pooled Investment Fund.

The Commission's deposits and investments are categorized below to give an indication of the investments custodial credit and market risk.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. At December 31, 2014, the carrying amount of the Commission's deposits was \$1,357,582 and the bank balance was \$1,818,412. All of the Commission's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the Commission's name. Therefore, none of the Commission's deposits were exposed to custodial credit risk at December 31, 2014. Petty cash funds held on hand as of December 31, 2014 were \$11,900.

At December 31, 2013, the carrying amount of the Commission's deposits was \$1,416,450 and the bank balance was \$1,504,178. All of the Commission's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the Commission's name. Therefore, none of the Commission's deposits were exposed to custodial credit risk at December 31, 2013. Petty cash funds held on hand as of December 31, 2013 were \$11,900.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

(Continued)

3. **CASH AND INVESTMENTS**, Continued

Investments

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

Investment Type	Fair Value	Investment maturities (in years)			
		Less than 1	1 - 5	5 - 10	Greater than 10
U S Treasury Obligations	\$ 3,378,698	\$ 376,729	\$ 2,001,327	\$ 1,000,642	\$ -
U S Government Agency Obligations	16,454,537	1,534,779	9,788,884	4,654,341	476,533
Municipal Bonds	1,187,868	658,726	346,154	182,988	-
Mutual Funds	10,635,954	10,635,954	-	-	-
Repurchase Agreements	2,624,128	2,624,128	-	-	-
	\$ 34,281,185	\$ 15,830,316	\$ 12,136,365	\$ 5,837,971	\$ 476,533

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

Investment Type	Fair Value	Investment maturities (in years)			
		Less than 1	1 - 5	5 - 10	Greater than 10
U S Treasury Obligations	\$ 3,376,566	\$ 1,081,844	\$ 1,504,895	\$ 789,827	\$ -
U S Government Agency Obligations	14,386,257	4,853,787	6,017,920	3,033,578	480,972
US Government-Zero CPN Bond	1,249,900	1,249,900	-	-	-
Municipal Bonds	1,409,765	201,604	1,020,256	187,905	-
Mutual Funds	4,516,463	4,516,463	-	-	-
Repurchase Agreements	4,111,312	4,111,312	-	-	-
	\$ 29,050,263	\$ 16,014,910	\$ 8,543,071	\$ 4,011,310	\$ 480,972

Interest rate risk

The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

The Commission has no investment policy that would further limit its investment choices other than state law. The Commission's investments in U.S. Treasury Obligations and Government Agency Obligations were rated Aaa by Moody's Investors Services, and the investments in Municipal Bonds were rated AA or higher.

Concentration of credit risk

The Commission places no limit on the amount the Commission may invest in any one issuer.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	December 31	
	2014	2013
Customers	\$ 5,237,701	\$ 5,447,069
Unbilled Revenue	3,097,545	3,108,792
	<u>8,335,246</u>	<u>8,555,861</u>
Less Allowance for Uncollectible Accounts	630,500	630,500
	<u>7,704,746</u>	<u>7,925,361</u>
City of Greenwood	46,469	46,251
Other	579,630	649,699
	<u>\$ 8,330,845</u>	<u>\$ 8,621,311</u>

Provisions contained in various bond ordinances of the Commission state that no free service may be rendered. The Commission has historically examined its changes in net position after the end of each calendar year, and where the changes in net position of the previous year and total net position permit, made a contribution to the City of Greenwood in an amount equal to the City's outstanding bills simultaneously with the payment by the City to the Commission of the City's outstanding bills, as well as, additional contributions. During the year, the Commission made contributions to the City as follows:

	December 31, 2014		December 31, 2013	
	PAID	ACCRUED	PAID	ACCRUED
City Utility Bills	\$ 696,860	\$ 696,757	\$ 783,389	\$ 696,860
Contribution per Agreement with the City of Greenwood	175,000	175,000	175,000	175,000
Additional Contribution to the City of Greenwood	336,282	334,476	250,998	336,282
	<u>\$ 1,208,142</u>	<u>\$ 1,206,233</u>	<u>\$ 1,209,387</u>	<u>\$ 1,208,142</u>

5. INVENTORIES

Inventories consist of the following:

	December 31	
	2014	2013
Materials and Supplies-All Departments	\$ 1,968,553	\$1,832,801
Stored Natural Gas	961,307	891,414
Gasoline, Diesel and Fuel Oil	57,782	66,500
Miscellaneous	2,023	3,338
	<u>\$ 2,989,665</u>	<u>\$2,794,053</u>

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

6. RESTRICTED ASSETS

Cash and investments by restricted account are as follows:

	December	
	2014	2013
2003 Debt Service Fund Cash and Cash Equivalents	\$ -	\$ 26,355
2007 Debt Service Fund Cash and Cash Equivalents	\$ 64,459	\$ 64,226
2010A Debt Service Fund Cash and Cash Equivalents	\$ 168,050	\$ 167,217
2010B Debt Service Fund Cash and Cash Equivalents	\$ 47,979	\$ 47,979
2014 Debt Service Fund Cash and Cash Equivalents	\$ 43,099	\$ -
2003 Debt Service Reserve Fund Cash and Cash Equivalents	\$1,237,001	\$1,209,746
2007 Debt Service Reserve Fund Cash and Cash Equivalents	\$ 820,505	\$ 801,650
2010A Debt Service Reserve Fund Cash and Cash Equivalents	\$ 272,699	\$ 272,699
2010B Debt Service Reserve Fund Cash and Cash Equivalents	\$1,134,500	\$1,134,500
2010 Construction Fund Investments	\$6,027,265	\$9,825,086
2014 Construction Fund Investments	\$6,410,398	\$ -

The Debt Service Funds and Debt Service Reserve Funds are required to be maintained at set levels discussed in the Revenue Bond indenture and the Commission has therefore reserved that portion of fund balance attributable to those Funds.

7. UTILITY PLANTS

Statutory liens upon the Commission have been created under the terms of the bond ordinances. These liens will remain in effect until such time as all revenue bond interest and principal payments have been paid.

The sewer treatment plant land is leased to the Greenwood Metropolitan District under two separate 50 year leases. See Note 15.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

7. UTILITY PLANTS, Continued

The following is a summary of utility plants and equipment, at cost, and the lives for purposes of computing depreciation:

Capital Assets, Not Being Depreciated	Cost		Estimated Useful Lives
	2014	2013	
Land			N/A
Water Unit	\$ 153,836	\$ 153,836	N/A
Electric Unit	285,555	285,555	N/A
Gas Unit	50,128	50,128	N/A
Administrative	706,378	706,378	N/A
Construction in Progress	3,200,636	4,602,198	N/A
	<u>4,396,533</u>	<u>5,798,095</u>	
Capital Assets, Being Depreciated			
Water Unit			
Purification and Distribution System	94,871,100	90,296,310	20-30 Years
Buildings	1,130,721	1,130,721	25 Years
Equipment and Machinery	2,890,946	2,791,125	5-15 Years
	<u>98,892,767</u>	<u>94,218,156</u>	
Electric Unit			
Distribution System	23,727,112	22,789,571	10-30 Years
Fiber Optic	2,140,340	2,139,854	7-30 Years
Buildings	520,434	520,434	25 Years
Equipment and Machinery	2,364,565	2,570,370	3-15 Years
	<u>28,752,451</u>	<u>28,020,229</u>	
Gas Unit			
Distribution System	34,013,327	33,539,161	20-30 Years
Buildings	566,788	566,788	25 Years
Equipment and Machinery	2,095,242	1,812,100	3-10 Years
	<u>36,675,357</u>	<u>35,918,049</u>	
Administrative			
Buildings	4,598,050	4,380,788	25-30 Years
Equipment, Furniture and Fixtures	2,067,284	2,020,637	3-10 Years
	<u>6,665,334</u>	<u>6,401,425</u>	
	<u>170,985,909</u>	<u>164,557,859</u>	
Total Capital Assets	<u>\$ 175,382,442</u>	<u>\$ 170,355,954</u>	

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
Notes to Financial Statements**

7. UTILITY PLANTS, Continued

	Balance 12/31/2013	Additions	Retirements	Transfers	Balance 12/31/2014
Capital Assets, Not Being Depreciated					
Land	\$ 1,195,897	\$ -	\$ -	\$ -	\$ 1,195,897
Construction in Progress	4,602,198	2,531,731	-	(3,933,293)	3,200,636
Total Capital Assets Not Being Depreciated	5,798,095	2,531,731	-	(3,933,293)	4,396,533
Capital Assets, Being Depreciated					
Equipment	9,194,232	669,465	(451,272)	5,612	9,418,037
Distribution Systems	148,764,896	2,276,564	-	3,710,419	154,751,879
Buildings	6,598,731	-	-	217,262	6,815,993
	164,557,859	2,946,029	(451,272)	3,933,293	170,985,909
Accumulated Depreciation					
Equipment	6,812,764	653,922	(451,272)	(5,366)	7,010,048
Distribution Systems	88,147,416	4,193,887	-	-	92,341,303
Buildings	3,413,311	224,047	-	5,366	3,642,724
	98,373,491	5,071,856	(451,272)	-	102,994,075
Total Capital Assets Being Depreciated, Net	66,184,368	(2,125,827)	-	3,933,293	67,991,834
Total Capital Assets, Net	\$ 71,982,463	\$ 405,904	\$ -	\$ -	\$ 72,388,367

	Balance 12/31/2012	Additions	Retirements	Transfers	Balance 12/31/2013
Capital Assets, Not Being Depreciated					
Land	\$ 1,195,897	\$ -	\$ -	\$ -	\$ 1,195,897
Construction in Progress	933,487	3,910,108	-	(241,397)	4,602,198
Total Capital Assets Not Being Depreciated	2,129,384	3,910,108	-	(241,397)	5,798,095
Capital Assets, Being Depreciated					
Equipment	8,902,245	668,857	(376,870)	-	9,194,232
Distribution Systems	146,284,787	2,341,296	-	138,813	148,764,896
Buildings	6,420,209	75,938	-	102,584	6,598,731
	161,607,241	3,086,091	(376,870)	241,397	164,557,859
Accumulated Depreciation					
Equipment	6,599,518	579,180	(365,934)	-	6,812,764
Distribution Systems	83,395,708	4,751,708	-	-	88,147,416
Buildings	3,196,138	217,173	-	-	3,413,311
	93,191,364	5,548,061	(365,934)	-	98,373,491
Total Capital Assets Being Depreciated, Net	68,415,877	(2,461,970)	(10,936)	241,397	66,184,368
Total Capital Assets, Net	\$ 70,545,261	\$ 1,448,138	\$ (10,936)	\$ -	\$ 71,982,463

Interest incurred during construction phase of capital assets is reflected in the capitalized value of the asset constructed. Interest expense capitalized for the years ended December 31, 2014 and 2013 was \$13,039 and \$0, respectively.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

8. REVENUE BONDS

Bonds payable at December 31, 2014 and 2013 are comprised of the following individual issues:

	2014	2013
Combined Public Utility System Refunding and Improvement Revenue Bonds Series 2003 issued August 15, 2003 for \$15,525,000, due in annual installments of \$190,000-\$300,000 through December 1, 2023, interest at 4.0% to 5.0%.	\$ -	\$2,470,000
Combined Public Utility System Revenue Bonds Series 2007 issued August 9, 2007 for \$9,880,000, due in annual installments of \$415,000-\$740,000 through December 1, 2027, interest at 4.0% to 4.50%.	7,525,000	7,955,000
Combined Public Utility System Refunding Revenue Bonds Series 2010A issued September 30, 2010 for \$13,680,000 due in annual installments of \$630,000-\$1,835,000 through December 1, 2021, interest at 3.0% to 5.0%.	8,470,000	10,070,000
Combined Public Utility System Revenue Bonds Series 2010B issued September 30, 2010 for \$11,345,000, due in annual installments of \$680,000-\$1,035,000 through December 1, 2030, interest at 3.87% to 5.67%.	11,345,000	11,345,000
Combined Public Utility System Revenue Bonds Series 2014 issued December 17, 2014 for \$8,265,000, due in annual installments of \$210,000-\$605,000 through December 1, 2034, interest at 2.00% to 5.00%.	8,265,000	-
Less Current Portion	(2,350,000)	(2,230,000)
	\$33,255,000	\$29,610,000

The Bonds are secured by a pledge of and a lien upon that portion of the gross revenues which shall remain after paying the cost of the operation and maintenance of the system.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

8. **REVENUE BONDS**, Continued

The requirements to amortize bond debt outstanding as of December 31, 2014 follow:

Year Ending December 31	Principal	Interest	Total Requirements
2015	\$ 2,350,000	\$ 1,533,051	\$ 3,883,051
2016	2,435,000	1,442,639	3,877,639
2017	2,535,000	1,347,289	3,882,289
2018	2,620,000	1,264,239	3,884,239
2019	2,430,000	1,160,323	3,590,323
2020-2024	11,070,000	4,261,147	15,331,147
2025-2029	8,815,000	1,927,798	10,742,798
2030-2034	3,350,000	336,379	3,686,379
	<u>\$35,605,000</u>	<u>\$13,272,865</u>	<u>\$48,877,865</u>

Also included in interest expense is \$46,037 of net amortized discount, premium, and defeasance loss for the year ended December 31, 2014, and \$17,705 for the year ended December 31, 2013.

Long-term liability activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Long Term Portion
Revenue Bonds						
2003 Series	\$ 2,470,000	\$ -	\$ 2,470,000	\$ -	\$ -	\$ -
2007 Series	7,955,000	-	430,000	7,525,000	450,000	7,075,000
2010A Series	10,070,000	-	1,600,000	8,470,000	1,690,000	6,780,000
2010B Series	11,345,000	-	-	11,345,000	-	11,345,000
2014B Series	-	8,265,000	-	8,265,000	210,000	8,055,000
Total	<u>31,840,000</u>	<u>8,265,000</u>	<u>4,500,000</u>	<u>35,605,000</u>	<u>2,350,000</u>	<u>33,255,000</u>
Unamortized Premium	772,635	478,340	139,395	1,111,580	114,379	997,201
Unamortized Discount	(96,862)	-	(7,129)	(89,733)	(7,130)	(82,603)
Subtotal	<u>32,515,773</u>	<u>8,743,340</u>	<u>4,632,266</u>	<u>36,626,847</u>	<u>2,457,249</u>	<u>34,169,598</u>
Accrued Interest Payable	119,943	126,564	119,943	126,564	126,564	-
Accrued Vacation	688,207	472,528	439,837	720,898	451,909	268,989
Subtotal	<u>\$ 808,150</u>	<u>\$ 599,092</u>	<u>\$ 559,780</u>	<u>\$ 847,462</u>	<u>\$ 578,473</u>	<u>\$ 268,989</u>

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Long Term Portion
Revenue Bonds						
2003 Series	\$ 2,660,000	\$ -	\$ 190,000	\$ 2,470,000	\$ 200,000	\$ 2,270,000
2007 Series	8,370,000	-	415,000	7,955,000	430,000	7,525,000
2010A Series	11,455,000	-	1,385,000	10,070,000	1,600,000	8,470,000
2010B Series	11,345,000	-	-	11,345,000	-	11,345,000
Total	<u>33,830,000</u>	<u>-</u>	<u>1,990,000</u>	<u>31,840,000</u>	<u>2,230,000</u>	<u>29,610,000</u>
Unamortized Premium	868,159	-	95,524	772,635	95,524	677,111
Unamortized Discount	(103,991)	-	(7,129)	(96,862)	(7,130)	(89,732)
Subtotal	<u>34,594,168</u>	<u>-</u>	<u>2,078,395</u>	<u>32,515,773</u>	<u>2,318,394</u>	<u>30,197,379</u>
Accrued Interest Payable	126,577	119,943	126,577	119,943	119,943	-
Accrued Vacation	700,176	416,892	428,861	688,207	439,837	248,370
Subtotal	<u>\$ 826,753</u>	<u>\$ 536,835</u>	<u>\$ 555,438</u>	<u>\$ 808,150</u>	<u>\$ 559,780</u>	<u>\$ 248,370</u>

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

8. **REVENUE BONDS**, Continued

Refundings

The Series 2003 bonds issued during 2003 in part refunded the entire 1993 bonds, resulting in a net defeasance loss of \$246,269 which is the difference between the acquisition price of the new bonds and the net carrying amount of the refunded bonds. The refunding is expected to realize debt service net present value savings of \$524,111. This loss on refunding was recognized as a reduction of the new debt and has been completely amortized.

The Commission issued \$6,100,000 of series 2010A revenue bonds to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$6,160,000 of the 2001 Revenue Bonds. As a result, the refunded bonds are considered to be defeased. The reacquisition price exceeded the net carrying amount of the old debt by \$71,018. This amount is being netted against the new debt and amortized over the remaining life of the old debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$235,151 and resulted in an economic gain of \$847,407.

In addition, the Commission issued \$5,800,000 of series 2010B revenue bonds for a current refunding of \$5,720,000 of 1998 Revenue Bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$142,416. This amount is being netted against the new debt and amortized over the old debt's life, which is shorter than the new debt. The transaction also resulted in an economic gain of \$782,221 and a reduction of \$217,062 in future debt service payments.

The Series 2014 bonds issued during 2014 in part refunded the entire 2003 bonds, resulting in a net defeasance gain of \$40,552 which is the difference between the acquisition price of the new bonds and the net carrying amount of the refunded bonds. This amount is being netted against the new debt and amortized over the old debt's life, which is shorter than the new debt. The refunding is expected to realize debt service net present value savings of \$235,156.

Unamortized defeasance loss on bond refunding is reported on the statement of net position as a deferred outflow of resources in accordance with GASB statement 65; net unamortized defeasance loss at December 31, 2014 and 2013 was \$363,027 and \$469,298, respectively.

9. **COMPENSATED ABSENCES**

Full-time employees of the Commission accumulate sick leave benefits at the rate of 3/4 of a day per month up to 90 days. Accumulated sick leave benefits amounted to \$1,150,290 at December 31, 2014 and \$1,077,084 at December 31, 2013. In accordance with governmental accounting standards, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Full-time employees of the Commission accumulate vacation benefits at 1 day per month up to five years of service, 1 1/4 days per month up to fifteen years of service and 1 1/2 days per month up to twenty-five years of service and 1 2/3 days per month for twenty-five years of service or over, up to a total of 45 days. On termination and retirement, employees are paid for unused, accumulated vacation. These amounts are shown as both current and long-term liabilities on the statement of net position.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

10. EMPLOYEE BENEFIT PLANS

A. EMPLOYEE RETIREMENT PLANS

Pension Plans

The Commission participates in a retirement plan which is a component unit, under authorization of Title 9 of the SC Code of Laws, of the State of South Carolina. The plan is administered by the South Carolina Public Employee Benefit Authority (PEBA). Generally all full-time employees of the Commission are required by State Law to join the South Carolina Retirement System (SCRS). The plan is a cost-sharing multiple-employer defined benefit pension plan, and covers substantially all of the Commission's full-time employees.

Payroll information for the year ended December 31, 2014 and the two years prior is as follows:

	Member Wages	Total Wages
December 31, 2014	\$ 6,742,036	\$ 8,364,736
December 31, 2013	6,384,142	8,027,551
December 31, 2012	6,628,427	7,959,650

SCRS

A Class II 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 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 III member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension subject to 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 II and Class III 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. The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars 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 provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

10. EMPLOYEE BENEFIT PLANS, Continued

A. EMPLOYEE RETIREMENT PLANS, Continued

Pension Plans

The Pension Plans provide death and disability as well as retirement benefits. Both employees and employers are required to contribute to the Plans at rates established under authority of Title 9 of the SC Code of Laws. Contribution information for the year ended December 31, 2014 and the two years prior, which equaled the required contributions each year is as follows:

	Member Amount	Contributions % of Wages	Commission Amount	Contributions % of Wages	Total
December 31, 2014	\$ 647,930	7.5%/8.0%	\$ 887,032	10.45%/10.90%	\$ 1,534,962
December 31, 2013	580,946	7.0%/7.5%	838,879	10.45%	1,419,825
December 31, 2012	537,029	6.50% / 7.0%	790,488	9.385% / 10.45%	1,327,517

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, S.C. 29211-1960.

TERI Program

Employees eligible for service retirement may participate in the Teacher and Employee Retention Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the program July 1, 2005 or later, have to contribute to the SCRS as long as they are covered under the TERI program. The TERI program will end effective June 30, 2018.

During 2014 and as of December 31, 2014, the State SCRS held no securities issued by City of Greenwood, the Commission, or other related parties.

Certain state employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and become the property of the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

10. EMPLOYEE BENEFIT PLANS, Continued

A. EMPLOYEE RETIREMENT PLANS, Continued

Under State law, contributions to the ORP are required at the same rates as for the SCRS, which at December 31, 2014 are 10.90 percent from the employer plus the retiree surcharge of 8.0 percent.

None of the Commission's employees have elected to be covered under optional retirement plans as of December 31, 2014.

Deferred Compensation Plan

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and 401(k). The plans, available to all Commission employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

As of August 26, 1996, laws governing Section 457 plans were changed to state that plans were not eligible unless all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

Great-West Financial (under state contract) is the program administrator of the 457 Plan, as well as the other available 401(k) Plan. The choice of deferred compensation options are selected by the participant. As recommended by FASB No. 32, *Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans*, the value of the assets under the Plan are not included in the Commission's financial statements.

B. POST EMPLOYMENT BENEFITS

In addition to providing retirement benefits, the Commission, according to Commission policy, provides certain post-employment health care benefits for retired employees through a single employer defined benefit healthcare plan. Employees may become eligible for those benefits if they attain age sixty (60) while working for the Commission, or are eligible to retire from SCRS system with a minimum of twenty-eight (28) years' service. The Commission will contribute to retirees: 50% of single coverage for employees with 10-19 years of service, and 100% for employees with 20 or more years of service. The cost of these benefits is recognized as an expenditure on a pay-as-you-go basis.

Other post employment healthcare benefits (OPEB)

Plan Description

Employees of the Commission are eligible to receive full retiree health care benefits. Members are eligible at the age of 60 or with 28 years of service for SCRS retirement. The vesting schedule for retirees is as follows:

Percentage of Insurance premiums Paid by Employer for Retirees

Years of Service	Age of Retirement							
	55	56	57	58	59	60	61	62
10	50%	50%	50%	50%	50%	50%	50%	50%
20+	100%	100%	100%	100%	100%	100%	100%	100%

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

10. EMPLOYEE BENEFIT PLANS, Continued

B. POST EMPLOYMENT BENEFITS, Continued

Employees who terminate employment are not eligible for retiree health care benefits. Employees who retire under disability retirement are eligible for retiree health care benefits based on the years of service provided in the chart above, or at the member's expense depending on years of service. Spouses of retired employees are eligible to receive retiree health care benefits at member's cost. Retirees are required to enroll in Medicare once eligible. Retiree pays Medicare premiums according to years of service. Commission's insurance coverage continues when retiree becomes eligible for Medicare. Once actively retired, Commission's insurance becomes secondary. Employees and spouses retiring with retiree health care benefits are eligible for Commission dental benefits for an additional \$20 for retirees and \$15 for spouses.

Funding Policy

The Commission currently pays for post-employment benefits on a pay-as-you-go basis. For fiscal years 2014 and 2013, the Commission contributed \$604,472 and \$753,444, respectively, for current premiums of existing retirees. The Commission made an initial contribution of \$500,000 to an irrevocable trust account with South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer investment plan established by the Municipal Association of South Carolina, whose function is to administer and invest contributions made by the beneficiaries of the trust. The Commission is currently studying various funding alternatives and/or modifications to the existing plan.

Annual OPEB costs and Net OPEB Obligation

The Commission first had an actuarial valuation performed for the plan as of July 1, 2008 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year. The valuation will be updated every two years. The Commission's annual OPEB cost for 2014 and the net OPEB obligation as of December 31, 2014 was as follows:

Employer Normal Costs	\$ 741,516
Amortization of UAL*	783,625
Expenses	4,460
Annual Required Contribution (ARC)	1,529,601
Interest on Net Obligation	201,556
Adjustment to ARC	(180,761)
Annual OPEB Costs	1,550,396
Contributions made	(604,472)
Increase in net OPEB obligation	945,924
Net OPEB Obligation – beginning of year	4,031,117
Net OPEB Obligation – end of year	\$ 4,977,041

* Unfunded Actuarial Accrued Liabilities (UAL) were amortized over 30 years.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

10. **EMPLOYEE BENEFIT PLANS**, Continued

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the prior two years is as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$1,216,337	35.6%	\$3,527,266
2013	\$1,257,295	59.9%	\$4,031,117
2014	\$1,550,396	40.0%	\$4,977,041

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2014, was as follows:

Actuarial accrued liability	\$18,057,644
Actuarial value of plan assets	\$582,207
Unfunded actuarial accrued liability	\$17,475,437
Funded Ratio	3.2%
Covered payroll	\$7,325,416
Unfunded actuarial accrued liability as a percentage of covered payroll	238.6%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events well into the future. Examples would include assumptions about future employment, rates of retirement, mortality, and health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation, the projected unit credit normal cost method was used. The UAAL amortization payment is the level percent of pay on an open basis required to fully amortize the UAAL over a 30 year period and the underlying inflation rate is 2.75%. The actuarial assumptions included 5% rate of investment return. The valuation assumes a 8.5% health care trend inflation rate for 2013 and decreases 1% each year until 2016, then decreases .5% for 2017, for 2018 and thereafter 5% was assumed.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

11. COMMITMENTS AND CONTINGENCIES

On February 13, 1989, the Commission entered into an agreement with the City of Greenwood that provides for payments to the City's general fund. On March 25, 1993 this agreement was amended and currently provides the following:

1. During the first 90 days of each year and continuing until 2010, to the extent the Commissioners have monies available from the preceding year and from all prior years in excess of those required to be retained by the bond ordinance, the Commissioners shall pay to the general fund of the City an amount computed as follows:
 - a. The sum of One Hundred Seventy-Five Thousand (\$175,000) Dollars, plus
 - b. An amount equal to the amount billed to the City during the preceding calendar year for street lights, fiber optics, traffic lights, and fire hydrants within the City, plus
 - c. An amount equal to the amount billed to the City for utilities supplied by the Commissioners to certain locations, plus
 - d. An amount equal to the utilities supplied by the Commissioners to the Municipal Building during the preceding calendar year.

In addition to the above amounts, for the years ending December 31, 2014 and 2013 the Commissioners have agreed to pay an additional \$334,476 and \$336,282, respectively, to the City of Greenwood.

2. During the first 90 days of each year and continuing until 2010, the City Council shall pay to the Commissioners an amount computed as follows:
 - a. An amount equal to the unpaid amount billed to the City during the preceding calendar year for street lights, fiber optics, traffic lights and fire hydrants within the City, plus
 - b. An amount equal to the unpaid amount billed to the City for utilities supplied by the Commissioners to certain locations, plus
 - c. An amount equal to the utilities supplied by the Commissioners to the Municipal Building during the preceding calendar year.

The agreement referred to above expired as of December 31, 2010, and no formal agreement was established going forward. Rather, the Commissioners will determine annually at the time the previous year's audited financial statements are made available what amount, if any, shall be reimbursed to the City.

Due to the nature of the Commission's normal activities, it is routinely subject to a variety of claims and demands by various individuals and entities. Loss contingencies are situations involving uncertainties as to possible loss. The uncertainties are resolved when certain events occur or fail to occur. Loss contingencies may result from litigation, claims, audit disallowances, threatened property loss, or uncollectible receivables. The Commission maintains insurance against certain loss contingencies with tort liability policies and physical damage coverage.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

11. COMMITMENTS AND CONTINGENCIES, Continued

The Commission's suppliers of natural gas and electricity are regulated by the Federal Energy Regulatory Commission (FERC). There are several rate making suits at issue between these suppliers, the Commission and FERC, which would generally affect the Commission prospectively in the rates they pay for energy from these suppliers. However, certain suits could have retroactive effects both positive and negative. It is impossible to determine the final outcome of these suits and therefore their effects on the Commission. Management is not aware of any disputes or lawsuits that would give rise to any other material loss contingency.

In order to assure an adequate supply of natural gas to meet customer needs, to minimize and stabilize the cost and maintain stable, competitive rates, the Commission enters into agreements for the purchase of volumes of gas for specific future periods at fixed prices or prices within a specified price range. At year end the Commission had no firm commitments and as of the date of this report all firm commitments had expired. Management is authorized to enter into certain transactions to hedge the price risk for natural gas to be purchased under these firm commitment agreements.

Effective January 1, 2010 the Commission entered into a Full Requirements Firm Power Service Agreement with Duke Energy Carolinas (Duke) whereby the Commission will purchase all of its wholesale power from Duke for a period of nine years. The agreement expires December 31, 2019.

The Series 2007 bonds issued fiscal year 2007 provided approximately \$10,000,000 for new construction projects to be used for approved capital projects. As of December 31, 2013, all of the funds had been expended. The Series 2010 A & B bonds issued year 2010 provided approximately \$12,650,000 for new construction projects to be used for approved capital projects. As of December 31, 2014 approximately \$6,623,000 of the funds have been expended. The Series 2014 bonds issued fiscal year 2014 provided approximately \$6,410,000 for new construction projects to be used for capital projects. As of December 31, 2014, none of the funds have been expended.

12. 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, and job related illnesses and accidents. The Commission pays premiums to the South Carolina Municipal Association for workman's compensation insurance which is administered by a private insurance company. The Commission pays the State Insurance Fund for all other forms of coverage. The Municipal Association risk pool and the State Insurance Fund promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The Commission manages its health care costs through a combination of self-insurance and purchase of commercial insurance. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

13. ARBITRAGE REBATE

The Commission has issued revenue bonds which are subject to arbitrage regulations pursuant to Internal Revenue Code Section 148. As of December 31, 2014, it is estimated based on required calculations that no interest earned through December 31, 2014, in excess of the bond yield, would have to be rebated to the Internal Revenue Service.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

14. DEBT SERVICE COVERAGE

The debt service coverage is computed as follows:

	December 31	
	2014	2013
Operating Revenues	\$64,474,555	\$62,699,819
Other Income	797,260	262,910
	<u>\$65,271,815</u>	<u>\$62,962,729</u>
Operating Expenses (Excluding Depreciation, Interest on Debt and Certain Intergovernmental Expense)	57,338,647	54,645,656
Net Available for Debt Service	<u>\$7,933,168</u>	<u>\$8,317,073</u>
Debt Service	3,883,051	3,669,321
Debt Service Coverage	204.3%	226.7%
Debt Service Coverage Required by Bond Ordinance	115.0%	115.0%

15. DISCONTINUED SEWER OPERATIONS

In January 2000, the Commissioners entered into an agreement with the Greenwood Metropolitan District, otherwise referred to as GMD, whereby GMD agrees to manage, operate and maintain the sewer collection system within the City of Greenwood and previously managed, operated and maintained by the Commission. The agreement is for a term of 50 years beginning January 1, 2000.

In addition, the Commission will continue to extend sewer lines to its customers and in turn these lines will be part of the system that GMD operates and maintains. Legal title to its sewer collection lines has been transferred as of March 14, 2004 from the Commission to GMD.

In addition to the above transaction, on January 31, 1971 the Commission entered into an agreement with GMD whereby GMD leases the West Alexander disposal plant and certain sewage trunk lines for a period of 50 years at an annual rental of \$1.

16. RELATED PARTY TRANSACTIONS

The Commission has an agreement with Greenwood Metropolitan District (GMD) to perform the billing and collection function for the majority of GMD's sewer charges. At December 31, 2014, sewer charges billed by the Commission on behalf of the GMD but not yet collected totaled \$1,040,003 and the monies collected on behalf of GMD by the Commission and not remitted to GMD totaled \$0. For the years ended December 31, 2014 and 2013, GMD paid the Commission \$240,433 and \$239,238, respectively, for performing these billing and collection services.

In addition, all of the Commission's Commissioners are also commissioners for GMD. They represent three of the six commissioners of GMD.

(Continued)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**
Notes to Financial Statements

16. RELATED PARTY TRANSACTIONS, Continued

During 1998 the Commission moved to new headquarters office facilities and leased the old administrative offices to the City of Greenwood for \$1 per year through December 31, 2010. The Commissioners approved a motion in March of 2011 to deed the property to the City of Greenwood, with a provision included that half of the sales proceeds be paid to the Commission should the City decide to sell the building at any point in the future. The office building, located at 520 Monument Street in downtown Greenwood, had an original cost of \$529,207 and had a net book value at December 31, 2010 (after accumulated depreciation of \$517,581) of \$11,626.

17. NET POSITION

Net position represents the difference between assets/deferred outflows of resources and liabilities. The restricted net position amounts were as follows:

	December 31,	
	2014	2013
Net Investment in Capital Assets:		
Net capital assets	\$ 72,388,367	\$ 71,982,463
Revenue bonds payable - net	(36,626,847)	(32,515,773)
Unamortized charge on refunding	363,027	469,298
Add: Unspent debt proceeds	12,437,663	9,825,086
	48,562,210	49,761,074
Restricted for Debt Service:		
Restricted cash and investments	16,225,956	13,549,458
Less: Unspent debt proceeds	(12,437,663)	(9,825,086)
Restricted for debt service	3,788,293	3,724,372
Unrestricted	16,190,198	14,777,148
Total net position	\$ 68,540,701	\$ 68,262,594

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REQUIRED SUPPLEMENTAL INFORMATION

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
SCHEDULE OF FUNDING PROGRESS OTHER
POST EMPLOYMENT BENEFITS PLAN**

The CPW's annual required contribution (ARC), the percentage funded, and the actual contributions are as follows:

Actuarial Valuation Date	Fiscal Year Ended	Annual Required Contribution (ARC)	Percent Funded	Actual Contributions
07/01/10	2010	\$1,065,282	51.9%	\$552,429
07/01/10	2011	\$1,097,413	46.1%	\$506,282
07/01/11	2012	\$1,180,435	36.7%	\$432,809
07/01/13	2013	\$1,211,141	62.2%	\$753,444
07/01/13	2014	\$1,529,601	39.5%	\$604,472

Funded Status and Funding Progress

The funded status of the plan was as follows:

	Actuarial Valuation Date:		
	July 1, 2013	July 1, 2011	July 1, 2010
Actuarial accrued liability	\$ 18,057,644	\$13,155,637	\$11,634,616
Actuarial value of plan assets	582,207	544,148	531,692
Unfunded actuarial accrued liability	\$ 17,475,437	\$ 12,611,489	\$ 11,102,924
Funded ratio	3.22%	4.14%	4.57%
Covered payroll	\$ 7,325,416	\$ 7,294,222	\$ 7,533,965
Unfunded actuarial accrued liability as a percentage of covered payroll	238.6%	172.9%	147.4%

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OTHER SUPPLEMENTAL INFORMATION

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Schedule of Revenues, Expenses and Changes in Net Position - Combined System
For the Years Ended December 31, 2014 and December 31, 2013

	2014	2013
Operating Revenue		
Sales to General Customers	\$ 61,064,711	\$ 59,582,864
Sales to Public Authorities	152,822	142,392
Inter-Departmental Sales	113,873	112,799
Revenue From Customer Site Work	132,284	113,800
Tapping Fees	360,943	130,044
Fiber Cable Rental Fees	502,066	532,800
Municipal Street Light Charges	453,334	467,371
Miscellaneous Revenue	870,913	864,980
Administrative Department Revenues Allocated	823,609	752,769
	<u>64,474,555</u>	<u>62,699,819</u>
Operating Expenses Before Depreciation		
Bad Debt Expense, Net	252,760	211,772
Transmission and Distribution System	5,061,675	4,598,904
Power Purchased for Resale	18,295,575	18,720,525
Gas Purchased for Resale	19,379,746	17,379,282
Water Distribution Lines	2,678,858	2,345,916
Maintenance of Plants	2,389,919	2,314,529
Maintenance of Tanks	7,150	10,237
Maintenance of Regulator Stations	37,243	24,135
Energy Supply and Control	935,798	875,204
Right of Ways	22,368	34,351
Substations	57,717	67,188
Communications	18,445	22,006
Lighting	108,445	123,030
Fiber Optic Operations	35,226	40,806
SCADA Operations	33,654	53,341
Customer Site Work	508,854	513,554
Administrative Operating Expenses Allocated	7,515,214	7,310,876
	<u>57,338,647</u>	<u>54,645,656</u>
Operating Income Before Depreciation	7,135,908	8,054,163
Depreciation	<u>5,071,856</u>	<u>5,548,061</u>
Operating Income	<u>2,064,052</u>	<u>2,506,102</u>
Other Revenue (Expense)		
Interest Income	267,545	390,595
Interest Subsidy	229,635	238,488
Capacity Fees	147,825	117,375
Gain on Sale of Capital Assets	126,262	21,212
Realized Loss on Investments	(173,022)	(254,013)
Unrealized Gain (Loss) on Investments	199,015	(250,747)
Revenue Bond Interest	(1,447,081)	(1,494,583)
Transfer to the City of Greenwood	(1,206,233)	(1,208,142)
	<u>(1,856,054)</u>	<u>(2,439,815)</u>
Capital Contributions	<u>70,109</u>	<u>323,466</u>
Change in Net Position	<u>\$ 278,107</u>	<u>\$ 389,753</u>

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Schedule of Revenues, Expenses and Changes in Net Position - Water Unit
For the Years Ended December 31, 2014 and December 31, 2013

	2014	2013
Operating Revenue		
Sales to General Customers	\$ 10,620,332	\$ 10,270,268
Sales to Public Authorities	35,384	29,128
Inter-Departmental Sales	5,782	5,396
Tapping Fees	360,943	130,044
Miscellaneous Revenue	372,580	372,045
Administrative Department Revenues Allocated	345,916	316,163
	11,740,937	11,123,044
Operating Expenses Before Depreciation		
Bad Debt Expense, Net	39,510	32,802
Water Distribution Lines	2,678,858	2,345,916
Maintenance of Plants	2,389,919	2,314,529
Maintenance of Tanks	7,150	10,237
Right of Ways	11,139	17,603
Administrative Department Expenses Allocated	3,156,390	3,070,568
	8,282,966	7,791,655
Operating Income Before Depreciation	3,457,971	3,331,389
Depreciation	2,716,007	3,260,021
Operating Income	741,964	71,368
Other Revenue/ (Expense)		
Interest Income	112,369	164,050
Capacity Fees	147,825	117,375
Gain on Sale of Capital Assets	108,152	16,849
Revenue Bond Interest	(826,553)	(837,800)
	(458,207)	(539,526)
Capital Contributions	70,109	323,466
Change in Net Position	\$ 353,866	\$ (144,692)

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Schedule of Revenues, Expenses and Changes in Net Position - Electric Unit
For the Years Ended December 31, 2014 and December 31, 2013

	<u>2014</u>	<u>2013</u>
Operating Revenue		
Sales to General Customers	\$ 23,215,354	\$ 24,408,137
Sales to Public Authorities	86,941	88,058
Inter-Departmental Sales	77,470	76,117
Fiber Cable Rental Fees	502,066	532,800
Municipal Street Light Charges	453,334	467,371
Miscellaneous Revenue	446,820	452,328
Administrative Department Revenues Allocated	181,194	165,609
	<u>24,963,179</u>	<u>26,190,420</u>
Operating Expenses Before Depreciation		
Bad Debt Expense, Net	127,997	115,980
Transmission and Distribution System	2,011,524	2,016,657
Substations	57,717	67,188
Communications	18,445	22,006
Lighting	108,445	123,030
Fiber Optic Operations	35,226	40,806
SCADA Operations	33,654	53,341
Power Purchased for Resale	18,295,575	18,720,525
Administrative Department Expenses Allocated	1,653,347	1,608,393
	<u>22,341,930</u>	<u>22,767,926</u>
Operating Income Before Depreciation	2,621,249	3,422,494
Depreciation	<u>824,229</u>	<u>830,163</u>
Operating Income	<u>1,797,020</u>	<u>2,592,331</u>
Other Revenue/ (Expense)		
Interest Income	58,860	85,931
Gain on Sale of Capital Assets	5,426	1,090
Revenue Bond Interest	(288,765)	(299,537)
	<u>(224,479)</u>	<u>(212,516)</u>
Change in Net Position	<u>\$ 1,572,541</u>	<u>\$ 2,379,815</u>

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Schedule of Revenues, Expenses and Changes in Net Position - Gas Unit
For the Years Ended December 31, 2014 and December 31, 2013

	<u>2014</u>	<u>2013</u>
Operating Revenue		
Sales to General Customers	\$ 27,229,025	\$ 24,904,459
Sales to Public Authorities	30,497	25,206
Inter-Departmental Sales	30,621	31,286
Revenue From Customer Site Work	132,284	113,800
Miscellaneous Revenue	51,513	40,607
Administrative Department Revenues Allocated	296,499	270,997
	<u>27,770,439</u>	<u>25,386,355</u>
Operating Expenses Before Depreciation		
Bad Debt Expense, Net	85,253	62,990
Transmission and Distribution System	3,050,151	2,582,247
Maintenance of Regulator Stations	37,243	24,135
Customer Site Work	508,854	513,554
Energy Supply and Control	935,798	875,204
Right of Ways	11,229	16,748
Gas Purchased for Resale	19,379,746	17,379,282
Administrative Department Expenses Allocated	2,705,477	2,631,915
	<u>26,713,751</u>	<u>24,086,075</u>
Operating Income Before Depreciation	1,056,688	1,300,280
Depreciation	<u>1,209,898</u>	<u>1,171,708</u>
Operating Income	<u>(153,210)</u>	<u>128,572</u>
Other Revenue/ (Expense)		
Interest Income	96,316	140,614
Gain on Sale of Capital Assets	12,684	3,273
Revenue Bond Interest	(56,087)	(60,284)
	<u>52,913</u>	<u>83,603</u>
Change in Net Position	<u>\$ (100,297)</u>	<u>\$ 212,175</u>

COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
Administrative Department Revenue and Expenses
For the Years Ended December 31, 2014 and December 31, 2013

	2014	2013
Operating Revenue		
Reconnection Fees	\$ 279,216	\$ 266,967
Gain on Sale of Property	188,148	15,789
Miscellaneous Revenue	356,245	470,013
	823,609	752,769
Allocated To		
Water Unit - Schedule 2	(345,916)	(316,163)
Electric Unit - Schedule 3	(181,194)	(165,609)
Gas Unit - Schedule 4	(296,499)	(270,997)
	-	-
Other Revenue		
Interest Income	267,545	390,595
	267,545	390,595
Allocated To		
Water Unit - Schedule 2	(112,369)	(164,050)
Electric Unit - Schedule 3	(58,860)	(85,931)
Gas Unit - Schedule 4	(96,316)	(140,614)
	-	-
Non-Allocated Revenue / (Expense)		
Realized Loss on Investments	(173,022)	(254,013)
Unrealized Gain on Investments	199,015	(250,747)
Interest Subsidy	229,635	238,488
	255,628	(266,272)
Operating Expense Before Depreciation		
General Operations	1,573,701	1,380,547
General Manager's Office	288,489	440,705
Finance Department	489,199	470,343
Engineering Department	759,596	775,875
Billing/Collections/Customer Service	1,658,036	1,575,287
Meter Readers/Servicemen	909,505	873,724
Information Services	1,007,396	1,016,895
Combined Operation Center	398,494	293,091
Warehouse/Purchasing	283,416	276,699
Personnel Department	145,877	150,353
Marketing Department	1,505	57,357
	7,515,214	7,310,876
Allocated To		
Water Unit - Schedule 2	(3,156,390)	(3,070,568)
Electric Unit - Schedule 3	(1,653,347)	(1,608,393)
Gas Unit - Schedule 4	(2,705,477)	(2,631,915)
	-	-
Non Allocated Expense		
Revenue Bond Interest	275,676	296,962
Transfer to City of Greenwood	1,206,233	1,208,142
Depreciation	321,722	286,169
	\$ 1,803,631	\$ 1,791,273

COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
Schedule of Changes in Property, Plant and Equipment and Accumulated Depreciation
For the Year Ended December 31, 2014

	Balance 12/31/2013	Additions	Retirements	Transfers	Balance 12/31/2014
UTILITY PLANTS					
WATER UNIT					
Purification and Distribution System	\$ 90,296,310	\$ 1,158,298	\$ -	\$ 3,416,492	\$ 94,871,100
Land	153,836	-	-	-	153,836
Buildings	1,130,721	-	-	-	1,130,721
Equipment and Machinery	2,791,125	122,142	16,080	(6,241)	2,890,946
	<u>94,371,992</u>	<u>1,280,440</u>	<u>16,080</u>	<u>3,410,251</u>	<u>99,046,603</u>
ELECTRIC UNIT					
Distribution System	22,789,571	646,458	-	291,083	23,727,112
Fiber Optic	2,139,854	486	-	-	2,140,340
Land	285,555	-	-	-	285,555
Building	520,434	-	-	-	520,434
Equipment and Machinery	2,570,370	41,150	256,799	9,844	2,364,565
	<u>28,305,784</u>	<u>688,094</u>	<u>256,799</u>	<u>300,927</u>	<u>29,038,006</u>
GAS UNIT					
Distribution System	33,539,161	471,322	-	2,844	34,013,327
Land	50,128	-	-	-	50,128
Buildings	566,788	-	-	-	566,788
Equipment and Machinery	1,812,100	365,721	72,735	(9,844)	2,095,242
	<u>35,968,177</u>	<u>837,043</u>	<u>72,735</u>	<u>(7,000)</u>	<u>36,725,485</u>
ADMINISTRATIVE					
Land	706,378	-	-	-	706,378
Buildings	4,380,788	-	-	217,262	4,598,050
Equipment, Furniture and Fixtures	2,020,637	140,452	105,658	11,853	2,067,284
	<u>7,107,803</u>	<u>140,452</u>	<u>105,658</u>	<u>229,115</u>	<u>7,371,712</u>
	<u>\$ 165,753,756</u>	<u>\$ 2,946,029</u>	<u>\$ 451,272</u>	<u>\$ 3,933,293</u>	<u>\$ 172,181,806</u>
CONSTRUCTION IN PROGRESS					
Other Projects	\$ 4,602,198	\$ 2,531,731	\$ -	\$ (3,933,293)	\$ 3,200,636
ACCUMULATED DEPRECIATION					
WATER AND SEWER UNIT					
Purification and Distribution System	\$ 57,353,336	\$ 2,468,917	\$ -	\$ -	\$ 59,822,253
Buildings	790,780	35,918	-	-	826,698
Equipment and Machinery	2,032,566	211,172	16,080	(2,304)	2,225,354
	<u>60,176,682</u>	<u>2,716,007</u>	<u>16,080</u>	<u>(2,304)</u>	<u>62,874,305</u>
ELECTRIC UNIT					
Distribution System	11,648,641	644,222	-	-	12,292,863
Fiber Optic	1,502,135	44,063	-	-	1,546,198
Building	441,901	17,281	-	-	459,182
Equipment and Machinery	2,069,811	118,663	256,799	9,844	1,941,519
	<u>15,662,488</u>	<u>824,229</u>	<u>256,799</u>	<u>9,844</u>	<u>16,239,762</u>
GAS UNIT					
Distribution System	17,643,304	1,036,685	-	-	18,679,989
Buildings	475,122	18,893	-	-	494,015
Equipment and Machinery	1,350,355	154,320	72,735	(9,844)	1,422,096
	<u>19,468,781</u>	<u>1,209,898</u>	<u>72,735</u>	<u>(9,844)</u>	<u>20,596,100</u>
ADMINISTRATIVE					
Buildings	1,705,508	151,955	-	5,366	1,862,829
Equipment, Furniture and Fixtures	1,360,032	169,767	105,658	(3,062)	1,421,079
	<u>3,065,540</u>	<u>321,722</u>	<u>105,658</u>	<u>2,304</u>	<u>3,283,908</u>
	<u>\$ 98,373,491</u>	<u>\$ 5,071,856</u>	<u>\$ 451,272</u>	<u>\$ -</u>	<u>\$ 102,994,075</u>

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Revenue Bonds
December 31, 2014

Date Issued	Description	Interest Rate	Annual Principal Maturities		Semi-Annual Interest Due	Amount
			Amount	Date	Date	
August 9, 2007	Combined Public Utility System Revenue Bonds Series 2007	4.00%	\$ 450,000	12/01/2015	6/1/15	\$ 161,757
					12/1/15	161,756
		4.00%	465,000	12/01/2016	6/1/16	152,757
					12/1/16	152,756
		4.00%	485,000	12/01/2017	6/1/17	143,457
					12/1/17	143,456
		4.00%	505,000	12/01/2018	6/1/18	133,757
					12/1/18	133,756
		4.25%	525,000	12/01/2019	6/1/19	123,657
					12/1/19	123,656
		4.25%	545,000	12/01/2020	6/1/20	112,500
					12/1/20	112,500
		4.25%	570,000	12/01/2021	6/1/21	100,919
					12/1/21	100,919
		4.25%	595,000	12/01/2022	6/1/22	88,806
12/1/22	88,807					
4.50%	620,000	12/01/2023	6/1/23	76,162		
			12/1/23	76,163		
4.50%	645,000	12/01/2024	6/1/24	62,212		
			12/1/24	62,213		
4.50%	675,000	12/01/2025	6/1/25	47,700		
			12/1/25	47,700		
4.50%	705,000	12/01/2026	6/1/26	32,512		
			12/1/26	32,513		
4.50%	740,000	12/01/2027	6/1/27	16,650		
			12/1/27	16,650		
			<u>\$ 7,525,000</u>		<u>\$ 2,505,691</u>	

Continued...

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Revenue Bonds
December 31, 2014

Date Issued	Description	Interest Rate	Annual Principal Maturities		Semi-Annual Interest Due	
			Amount	Date	Date	Amount
September 30, 2010	Combined Public Utility System Refunding Revenue Bonds Series 2010A	5.00%	1,490,000	12/01/2015	6/1/15	163,300
		4.00%	200,000		12/1/15	163,300
		4.00%	1,765,000	12/01/2016	6/1/16	122,050
					12/1/16	122,050
		3.00%	1,835,000	12/01/2017	6/1/17	86,750
					12/1/17	86,750
		4.00%	1,215,000	12/01/2018	6/1/18	59,225
					12/1/18	59,225
		4.00%	435,000	12/01/2019	6/1/19	34,925
		3.00%	195,000		12/1/19	34,925
		4.00%	655,000	12/01/2020	6/1/20	23,300
					12/1/20	23,300
		3.00%	<u>680,000</u>	12/01/2021	6/1/21	10,200
					12/1/21	<u>10,200</u>
			<u>\$ 8,470,000</u>			<u>\$ 999,500</u>

Continued...

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Revenue Bonds
December 31, 2014

Date Issued	Description	Interest Rate	Annual Principal Maturities		Semi-Annual Interest Due	
			Amount	Date	Date	Amount
September 30, 2010	Combined Public Utility System Refunding Revenue Bonds Series 2010B	3.87%			6/1/15	287,872
12/1/15					287,873	
3.87%				6/1/16	287,872	
				12/1/16	287,873	
3.87%				6/1/17	287,872	
				12/1/17	287,873	
3.87%		680,000	12/01/2018	6/1/18	287,872	
				12/1/18	287,873	
4.07%		765,000	12/01/2019	6/1/19	274,714	
				12/1/19	274,715	
4.22%		785,000	12/01/2020	6/1/20	259,147	
				12/1/20	259,147	
4.92%		805,000	12/01/2021	6/1/21	242,583	
				12/1/21	242,584	
4.92%		825,000	12/01/2022	6/1/22	222,780	
				12/1/22	222,781	
4.92%		845,000	12/01/2023	6/1/23	202,485	
				12/1/23	202,486	
4.92%	870,000	12/01/2024	6/1/24	181,698		
			12/1/24	181,699		
4.92%	895,000	12/01/2025	6/1/25	160,296		
			12/1/25	160,297		
5.67%	915,000	12/01/2026	6/1/26	138,279		
			12/1/26	138,280		
5.67%	945,000	12/01/2027	6/1/27	112,325		
			12/1/27	112,326		
5.67%	975,000	12/01/2028	6/1/28	85,520		
			12/1/28	85,521		

Continued...

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Revenue Bonds
December 31, 2014

<u>Date Issued</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Annual Principal Maturities</u>		<u>Semi-Annual Interest Due</u>	<u>Amount</u>
<u>September 30, 2010</u>			<u>Amount</u>	<u>Date</u>	<u>Date</u>	
	Combined Public Utility System Refunding Revenue Bonds Series 2010B	5.67%	1,005,000	12/01/2029	6/1/29 12/1/29	57,864 57,865
		5.67%	<u>1,035,000</u>	12/01/2030	6/1/30 12/1/30	29,358 <u>29,358</u>
			<u>\$ 11,345,000</u>			<u>\$ 6,237,088</u>

Continued...

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Revenue Bonds
December 31, 2014

Date Issued	Description	Interest Rate	Annual Principal Maturities		Semi-Annual Interest Due	
			Amount	Date	Date	Amount
December 17, 2014	Combined Public Utility System Refunding Revenue Bonds Series 2014	2.00%	210,000	12/01/2015	6/1/15 12/1/15	146,453 160,741
		3.00%	205,000	12/01/2016	6/1/16 12/1/16	158,640 158,641
		4.00%	215,000	12/01/2017	6/1/17 12/1/17	155,565 155,566
		4.00%	220,000	12/01/2018	6/1/18 12/1/18	151,265 151,266
		5.00%	510,000	12/01/2019	6/1/19 12/1/19	146,865 146,866
		5.00%	535,000	12/01/2020	6/1/20 12/1/20	134,115 134,116
		3.00%	565,000	12/01/2021	6/1/21 12/1/21	120,740 120,741
		5.00%	575,000	12/01/2022	6/1/22 12/1/22	112,265 112,266
		5.00%	605,000	12/01/2023	6/1/23 12/1/23	97,890 97,891
		5.00%	350,000	12/01/2024	6/1/24 12/1/24	82,765 82,766
		3.00%	370,000	12/01/2025	6/1/25 12/1/25	74,015 74,016
		3.00%	380,000	12/01/2026	6/1/26 12/1/26	68,465 68,466
		3.00%	390,000	12/01/2027	6/1/27 12/1/27	62,765 62,766

Continued...

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

Revenue Bonds
December 31, 2014

Date Issued	Description	Interest Rate	Annual Principal Maturities		Semi-Annual Interest Due	
			Amount	Date	Date	Amount
December 17, 2014	Combined Public Utility System Refunding Revenue Bonds Series 2014	3.125%	405,000	12/01/2028	6/1/28 12/1/28	56,915 56,916
		3.25%	415,000	12/01/2029	6/1/29 12/1/29	50,587 50,588
		3.375%	430,000	12/01/2030	6/1/30 12/1/30	43,843 43,844
		3.50%	445,000	12/01/2031	6/1/31 12/1/31	36,587 36,588
		4.00%	460,000	12/01/2032	6/1/32 12/1/32	28,800 28,800
		4.00%	480,000	12/01/2033	6/1/33 12/1/33	19,600 19,600
		4.00%	<u>500,000</u>	12/01/2034	6/1/34 12/1/34	10,000 <u>10,000</u>
			<u>\$ 8,265,000</u>			<u>\$ 3,530,584</u>

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION (Unaudited)

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, note disclosures, and required supplementary information says about the Commission's overall financial health.

Index	Page
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.	47
Revenue Capacity	
This schedule contains information to help the reader assess the Commission's most significant local revenues sources, including water, gas and electric revenues.	49
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.	50
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.	57
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.	58

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**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN YEARS**

TABLE 1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary government										
Net investment in capital assets	\$ 52,523,643	\$ 52,665,850	\$ 53,213,419	\$ 54,114,319	\$ 51,826,974	\$ 50,130,376	\$ 50,405,112	\$ 49,035,922	\$ 49,761,074	\$ 48,562,210
Restricted	592,211	610,665	610,981	920,972	2,099,380	4,768,616	4,450,993	3,719,250	3,724,372	3,788,293
Unrestricted	<u>13,804,210</u>	<u>15,375,963</u>	<u>16,484,121</u>	<u>13,811,670</u>	<u>13,186,966</u>	<u>13,549,929</u>	<u>14,200,784</u>	<u>15,117,669</u>	<u>14,777,148</u>	<u>16,190,198</u>
Total primary government net position	<u>\$ 66,920,064</u>	<u>\$ 68,652,478</u>	<u>\$ 70,308,521</u>	<u>\$ 68,846,961</u>	<u>\$ 67,113,320</u>	<u>\$ 68,448,921</u>	<u>\$ 69,056,889</u>	<u>\$ 67,872,841</u>	<u>\$ 68,262,594</u>	<u>\$ 68,540,701</u>

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
CHANGES IN NET ASSETS/POSITION
LAST TEN YEARS**

TABLE 2

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/ Expenses	Capital Contributions	Change in Net Assets / Position
2005	\$ 74,823,183	\$ 72,179,657	\$ 2,643,526	\$ (1,933,649)	\$ -	\$ 709,877
2006	74,070,029	71,053,059	3,016,970	(1,284,556)	-	1,732,414
2007	71,126,685	68,896,897	2,229,788	(1,396,444)	822,699	1,656,043
2008	81,823,549	81,741,077	82,472	(1,544,032)	-	(1,461,560)
2009	66,051,944	65,537,781	514,163	(2,767,141)	519,337	(1,733,641)
2010	68,382,396	65,413,034	2,969,362	(2,225,124)	591,363	1,335,601
2011	64,722,836	62,387,497	2,335,339	(2,352,685)	625,314	607,968
2012	58,130,076	56,788,182	1,341,894	(2,276,720)	194,213	(740,613)
2013	62,699,819	60,193,717	2,506,102	(2,439,815)	323,466	389,753
2014	64,474,555	62,410,503	2,064,052	(1,856,054)	70,109	278,107

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
REVENUES BY UNIT BY SOURCE**

TABLE 3

Fiscal Year	Totals		Water		Electric		Gas	
	Operating	Other	Operating	Other	Operating	Other	Operating	Other
2005	\$ 74,823,183	\$ 474,102	\$ 8,976,812	\$ 161,194	\$ 19,327,422	\$ 156,454	\$ 46,518,949	\$ 156,454
2006	74,070,029	1,402,910	10,069,799	476,989	21,190,759	462,960	42,809,471	462,961
2007	71,126,685	1,644,146	9,896,643	852,424	21,631,937	536,623	39,598,105	255,099
2008	81,823,549	931,191	10,380,010	338,182	25,017,322	133,545	46,426,217	459,464
2009	66,051,944	978,672	9,978,498	736,378	25,643,256	103,738	30,430,190	138,556
2010	68,382,396	521,870	11,199,639	239,458	25,743,349	118,217	31,439,408	164,195
2011	64,722,836	636,338	12,015,705	303,001	25,721,924	140,959	26,985,207	192,378
2012	58,130,076	614,966	11,911,017	329,134	25,243,711	118,169	20,975,348	167,663
2013	62,699,819	529,182	11,123,044	298,274	26,190,420	87,021	25,386,355	143,887
2014	64,474,555	541,632	11,740,937	368,346	24,963,179	64,286	27,770,439	109,000

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
EXPENSES BY UNIT ACTIVITY**

TABLE 4

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Water</u>										
Operating	\$ 5,678,512	\$ 6,380,474	\$ 6,554,728	\$ 7,313,538	\$ 7,944,528	\$ 7,724,358	\$ 7,589,134	\$ 8,105,823	\$ 7,791,655	\$ 8,282,966
Depreciation and Amortization	3,002,832	2,961,220	2,751,787	2,864,827	2,956,918	2,995,995	3,077,567	3,171,691	3,260,021	2,716,007
Other	693,536	728,331	671,707	632,515	603,133	690,353	1,014,831	902,359	837,800	826,553
	<u>9,374,880</u>	<u>10,070,025</u>	<u>9,978,222</u>	<u>10,810,880</u>	<u>11,504,579</u>	<u>11,410,706</u>	<u>11,681,532</u>	<u>12,179,873</u>	<u>11,889,476</u>	<u>11,825,526</u>
<u>Electric</u>										
Operating	17,529,113	18,494,362	19,412,949	23,786,239	23,361,880	22,804,878	23,754,461	22,974,496	22,767,926	22,341,930
Depreciation and Amortization	727,151	727,430	750,916	771,326	800,352	785,530	795,362	796,496	830,163	824,229
Other	171,341	199,391	177,956	176,531	181,903	269,613	483,872	268,390	299,537	288,765
	<u>18,427,605</u>	<u>19,421,183</u>	<u>20,341,821</u>	<u>24,734,096</u>	<u>24,344,135</u>	<u>23,860,021</u>	<u>25,033,695</u>	<u>24,039,382</u>	<u>23,897,626</u>	<u>23,454,924</u>
<u>Gas</u>										
Operating	43,909,175	41,142,595	38,043,127	45,563,966	29,017,208	29,650,261	25,745,886	20,320,964	24,086,075	26,713,751
Depreciation and Amortization	1,087,740	1,094,885	1,122,421	1,154,242	1,137,533	1,130,112	1,117,429	1,139,743	1,171,708	1,209,898
Other	239,623	222,526	209,426	192,365	191,514	205,068	76,674	145,224	60,284	56,087
	<u>45,236,538</u>	<u>42,460,006</u>	<u>39,374,974</u>	<u>46,910,573</u>	<u>30,346,255</u>	<u>30,985,441</u>	<u>26,939,989</u>	<u>21,605,931</u>	<u>25,318,067</u>	<u>27,979,736</u>
Total Expenses	<u>\$ 73,039,023</u>	<u>\$ 71,951,214</u>	<u>\$ 69,695,017</u>	<u>\$ 82,455,549</u>	<u>\$ 66,194,969</u>	<u>\$ 66,256,168</u>	<u>\$ 63,655,216</u>	<u>\$ 57,825,186</u>	<u>\$ 61,105,169</u>	<u>\$ 63,260,186</u>

This schedule includes all operating and non operating expenses.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
CURRENT YEAR AND NINE YEARS AGO**

TABLE 5

**2014 - WATER
PRINCIPAL CUSTOMERS**

<u>Customer</u>	<u>Consumption (Cubic Feet in Hundreds)</u>	<u>Revenue</u>	<u>Percent of Unit's Sales Revenue</u>	<u>Percent of System's Sales Revenue</u>
Fuji Film	1,171,180	\$ 651,774	5.72%	1.02%
Ascend Perform. Materials, LLC	577,892	321,844	2.82%	0.51%
Carolina Pride Foods, Inc.	270,383	260,414	2.29%	0.41%
Capsugel, Inc.	247,858	142,926	1.25%	0.22%
Town of Ware Shoals	161,845	186,884	1.64%	0.29%
CPW-Town of Ninety Six	139,488	182,778	1.60%	0.29%
Greenwood Mills	119,132	75,313	0.66%	0.12%
Self Regional Healthcare	83,762	101,482	0.89%	0.16%
SPF North America, Inc.	83,312	53,041	0.47%	0.08%
SC Department of Correction	72,132	57,617	0.51%	0.09%

**2014 - ELECTRIC UNIT
PRINCIPAL CUSTOMERS**

<u>Customer</u>	<u>Consumption Kilowatt Hours</u>	<u>Revenue</u>	<u>Percent of Unit's Sales Revenue</u>	<u>Percent of System's Sales Revenue</u>
Self Regional Healthcare	37,900,080	\$ 1,993,591	8.04%	3.13%
Lander University	11,872,740	764,581	3.09%	1.20%
Greenwood School District 50	11,004,720	901,922	3.64%	1.42%
Greenwood Plating	4,840,560	292,919	1.18%	0.46%
Wesley Commons	4,638,400	280,733	1.13%	0.44%
Food Lion LLC	4,034,500	239,847	0.97%	0.38%
Greenwood County	3,052,880	194,706	0.79%	0.31%
Lowe's Home Center	2,597,400	158,567	0.64%	0.25%
Gwd Regional Rehab Hospital	2,191,760	134,692	0.54%	0.21%
Gwd Genetic Center	2,058,080	126,486	0.51%	0.20%

**2014 - NATURAL GAS UNIT
PRINCIPAL CUSTOMERS**

<u>Customer</u>	<u>Consumption (Cubic Feet in Hundreds)</u>	<u>Revenue</u>	<u>Percent of Unit's Sales Revenue</u>	<u>Percent of System's Sales Revenue</u>
Ascend Perform. Materials, LLC	8,412,408	\$ 4,633,388	16.86%	7.28%
Fuji Film	5,574,730	3,115,222	11.34%	4.89%
Capsugel, Inc.	2,033,150	1,130,502	4.11%	1.78%
Carolina Pride Foods, Inc.	1,954,140	1,150,338	4.19%	1.81%
Self Regional Healthcare	1,800,771	1,056,515	3.85%	1.66%
SPF North America, Inc.	1,004,640	580,479	2.11%	0.91%
Clendenin Lumber Co.	651,810	434,855	1.58%	0.68%
Eaton Corp.	575,601	410,330	1.49%	0.64%
Greenwood Mills	452,810	257,704	0.94%	0.40%
Satterfield Construction Co.	357,470	228,380	0.83%	0.36%

Source: CPW Internal Billing System

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
CURRENT YEAR AND NINE YEARS AGO**

TABLE 5, continued

**2005 - WATER
PRINCIPAL CUSTOMERS**

<u>Customer</u>	<u>Consumption (Cubic Feet in Hundreds)</u>	<u>Revenue</u>	<u>Percent of Unit's Sales Revenue</u>	<u>Percent of System's Sales Revenue</u>
Fuji Film	1,132,652	\$ 900,237	10.29%	1.21%
Solutia, Inc.	583,490	419,973	4.80%	0.57%
Carolina Pride	353,284	250,536	2.86%	0.34%
National Textiles	221,007	170,967	1.96%	0.23%
Town of Ware Shoals	191,981	180,387	2.06%	0.24%
CPW - Town of Ninety Six	136,842	129,923	1.49%	0.18%
Greenwood Metropolitan Commission	98,309	84,302	0.96%	0.11%
Self Regional Healthcare	91,560	81,936	0.94%	0.11%
Capsugel	84,198	73,722	0.84%	0.10%
Greenwood Mills	83,690	82,705	0.95%	0.11%

**2005 - ELECTRIC UNIT
PRINCIPAL CUSTOMERS**

<u>Customer</u>	<u>Consumption Kilowatt Hours</u>	<u>Revenue</u>	<u>Percent of Unit's Sales Revenue</u>	<u>Percent of System's Sales Revenue</u>
Self Regional Healthcare	32,864	\$ 1,398,597	7.32%	1.89%
Lander University	11,174	551,233	2.89%	0.74%
Greenwood School District 50	6,868	399,371	2.09%	0.54%
NSO Resins, Inc.	6,499	295,390	1.55%	0.40%
Wesley Commons	4,770	229,463	1.20%	0.31%
Greenwood Plating	4,282	203,083	1.06%	0.27%
Lowe's Homecenter #518	4,074	180,239	0.94%	0.24%
Food Lion Store #1431	2,102	97,630	0.51%	0.13%
Winn-Dixie Store #1258	1,774	81,238	0.43%	0.11%
Food Lion Store #233	1,733	79,491	0.42%	0.11%

**2005 - NATURAL GAS UNIT
PRINCIPAL CUSTOMERS**

<u>Customer</u>	<u>Consumption (Cubic Feet in Hundreds)</u>	<u>Revenue</u>	<u>Percent of Unit's Sales Revenue</u>	<u>Percent of System's Sales Revenue</u>
Fuji Film	9,030,470	\$ 9,190,691	19.85%	12.40%
Southern-Hanson Brick	4,683,580	4,809,125	10.39%	6.49%
Solutia	4,214,851	4,020,192	8.68%	5.42%
Carolina Pride	1,614,770	1,682,385	3.63%	2.27%
Capsugel	1,404,730	1,434,719	3.10%	1.94%
Self Regional Healthcare	1,154,762	1,207,850	2.61%	1.63%
Greenwood Mills	717,460	708,808	1.53%	0.96%
Satterfield Construction	687,179	739,240	1.60%	1.00%
Eaton Corp.	616,111	724,491	1.56%	0.98%
Kendall Healthcare	587,170	606,936	1.31%	0.82%

Source: CPW Internal Billing System

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
CURRENT YEAR AND PRIOR NINE YEARS**

TABLE 6

**INDUSTRY SPECIFIC DATA
WATER UNIT**

Monthly Rates:

WATER ONLY

	COMMERCIAL/INDUSTRIAL		RESIDENTIAL	
	Inside City	Outside City	Inside City	Outside City
First 15,000 cu. ft. or less ³	\$1.6516/100 cu. ft. ^{3*}	\$2.9724/100 cu. ft. ^{3**}	\$1.6516/100 cu. ft. ^{3*}	\$2.9724/100 cu. ft. ^{3**}
Over 15,000 cu. Ft. ³	\$0.9084/100 cu. ft. ^{3*}	\$1.0505/100 cu. ft. ^{3**}	\$0.9084/100 cu. ft. ^{3*}	\$1.0505/100 cu. ft. ^{3**}

* There is a minimum charge for various size connections and meters ranging from \$7.77 to \$971.35 for water only.

** There is a minimum charge for various size connections and meters ranging from \$13.97 to \$1,745.65 for water only.

WATER CONSUMPTION (in cubic feet) BY INSIDE CITY AND OUTSIDE CITY SALES

Year	Inside City	Outside City	Total
2005	179,353,700	350,786,700	530,140,400
2006	173,339,300	310,105,900	483,445,200
2007	177,705,000	298,388,200	476,093,200
2008	175,618,600	285,025,600	460,644,200
2009	157,491,100	251,736,100	409,227,200
2010	165,466,700	282,882,800	448,349,500
2011	161,856,500	275,919,300	437,775,800
2012	153,511,300	261,581,000	415,092,300
2013	132,268,300	257,485,900	389,754,200
2014	139,145,500	265,011,800	404,157,300

Source: CPW Internal Billing System

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
CURRENT YEAR AND PRIOR NINE YEARS**

TABLE 7

**INDUSTRY SPECIFIC DATA
ELECTRIC UNIT**

Electric Unit:

<u>Year</u>	<u>System Peak Demand (KW)</u>	<u>Year</u>	<u>System Peak Demand (KW)</u>
2005	69,450	2010	70,414
2006	66,830	2011	68,755
2007	71,410	2012	66,789
2008	70,430	2013	63,958
2009	67,100	2014	66,396

Monthly Rates:

RESIDENTIAL ELECTRIC SERVICE RATES

Energy Charge:

First	650 kwh @ 7.45 cents/kwh	<u>Customer Charge:</u>
All Over	650 kwh @ 6.00 cents	Single Phase \$3.50
		Three Phase \$11.00

SMALL COMMERCIAL SERVICE RATES

Energy Charge:

First	10,000 kwh @ 7.03 cents/kwh	<u>Customer Charge:</u>
All Over	10,000 kwh @ 5.96 cents	Single Phase \$10.50
		Three Phase \$15.00

LARGE COMMERCIAL SERVICE RATES

Energy Charge:

First	10,000 kwh @ 5.25 cents/kwh	<u>Customer Charge:</u>
All Over	10,000 kwh @ 4.11 cents	\$15.00

Demand Charge:

First	30 kw @ 1.890 cents/kwh
All Over	30 kw @ 2.956 cents/kwh

LARGE POWER SERVICE RATES

Demand Charge:

All	kw @ 7.00 cents/kw
-----	--------------------

Energy Charge:

First 400 Hours Use of Billing Demand		
First	250,000 kwh @ 3.27 cents/kwh	<u>Customer Charge:</u>
All Over	250,000 kwh @ 2.50 cents/kwh	Minimum \$50.28
Over 400 Hours Use of Billing Demand		
All	kwh @ 2.10 cents/kwh	

kwh - kilowatt hour

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
CURRENT YEAR AND PRIOR NINE YEARS**

TABLE 7, continued

**INDUSTRY SPECIFIC DATA
ELECTRIC UNIT
(continued)**

KILOWATT HOUR SALES FROM THE FIVE TYPES OF SERVICES (in thousands)

<u>Year</u>	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>Total</u>
2005	116,827	182,802	299,629
2006	114,993	185,550	300,543
2007	116,983	188,857	305,840
2008	116,568	191,220	307,788
2009	113,035	188,954	301,989
2010	125,154	194,934	320,088
2011	120,238	189,362	309,600
2012	108,086	186,718	294,804
2013	108,268	188,546	296,814
2014	115,250	192,463	307,713

NUMBER OF CUSTOMERS

<u>Year</u>	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>Total</u>
2005	11,133	2,582	13,715
2006	11,150	2,625	13,775
2007	11,238	2,637	13,875
2008	11,234	2,703	13,937
2009	11,138	2,744	13,882
2010	11,072	2,773	13,845
2011	11,021	2,782	13,803
2012	10,961	2,833	13,794
2013	10,968	2,847	13,815
2014	10,989	2,869	13,858

Source: CPW Internal Billing System

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
CURRENT YEAR AND PRIOR NINE YEARS**

TABLE 8

**INDUSTRY SPECIFIC DATA
GAS UNIT**

Monthly Rates:

RESIDENTIAL GAS SERVICE RATES

Facilities Charge \$10.00
All Cubic Feet @ \$0.2959 per CCF

SMALL COMMERCIAL GAS SERVICE RATES

Facilities Charge \$16.75
First 5 CCF @ \$0.1300 per CCF
Next 95 CCF @ \$0.2600 per CCF
All Over 100 CCF @ \$0.1800 per CCF

LARGE COMMERCIAL GAS SERVICE RATES

Facilities Charge \$50.00
First 5 CCF @ \$0.2550 per CCF
Next 95 CCF @ \$0.2550 per CCF
All Over 100 CCF @ \$0.1575 per CCF

FIRM INDUSTRIAL GAS SERVICE RATES

Customer Charge: Market Dependent
Demand Charge: Call for rates 864-942-8152
Transportation:

All gas rates, except the interruptible rates, have a purchased gas cost adjustment provision that allows CPW to pass on any increases or decreases in its wholesale cost of gas.

GAS CUSTOMERS (Average)

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Firm Industrial</u>	<u>Interruptible Industrial</u>	<u>Total</u>
2005	16,469	1,710	5	13	18,197
2006	16,459	1,679	5	13	18,156
2007	16,427	1,672	5	13	18,117
2008	16,307	1,651	5	12	17,975
2009	16,162	1,625	6	11	17,804
2010	16,069	1,626	7	11	17,713
2011	16,012	1,613	7	11	17,643
2012	15,910	1,610	6	12	17,538
2013	15,923	1,607	6	11	17,547
2014	15,961	1,597	5	9	17,572

GAS SALES (in thousands of cubic feet)

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Firm Industrial</u>	<u>Interruptible Industrial</u>	<u>Total</u>
2005	819,002	619,188	201,479	2,374,492	4,014,161
2006	684,426	562,367	224,343	2,790,747	4,261,883
2007	664,468	548,276	208,069	2,281,766	3,702,579
2008	737,821	615,920	217,612	2,223,978	3,795,331
2009	699,956	526,031	243,216	1,979,973	3,449,176
2010	840,642	554,253	282,664	2,174,266	3,851,825
2011	742,749	499,490	277,668	2,160,789	3,680,696
2012	560,789	423,684	223,474	2,101,248	3,309,195
2013	727,741	530,694	187,797	2,129,188	3,575,420
2014	811,343	600,092	176,807	2,079,510	3,667,752

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA**

TABLE 9

REVENUE BOND COVERAGE

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Gross Revenues</u>										
Electric Unit	\$ 18,967,461	\$ 21,058,873	\$ 21,453,041	\$ 24,865,742	\$ 25,266,464	\$ 25,743,349	\$ 25,721,924	\$ 25,243,711	\$ 26,190,420	\$ 24,963,179
Water Unit	8,932,586	10,012,184	9,833,946	10,328,953	9,864,252	11,199,639	12,015,705	11,911,017	11,123,044	11,740,937
Natural Gas Unit	46,684,095	42,658,135	39,452,201	46,303,117	30,239,379	31,439,408	26,985,207	20,975,348	25,386,355	27,770,439
Other Income	474,102	1,402,910	821,447	902,791	459,335	246,777	654,349	521,194	262,910	797,260
Total Income	<u>75,058,244</u>	<u>75,132,102</u>	<u>71,560,635</u>	<u>82,400,603</u>	<u>65,829,430</u>	<u>68,629,173</u>	<u>65,377,185</u>	<u>58,651,270</u>	<u>62,962,729</u>	<u>65,271,815</u>
<u>Expenses</u>										
Electric Unit	17,169,152	18,362,476	19,234,053	23,634,659	22,985,088	22,804,878	23,754,461	22,974,496	22,767,926	22,341,930
Water Unit/ Sewer Unit	5,634,286	6,322,859	6,492,031	7,262,481	7,830,282	7,724,358	7,589,134	8,105,823	7,791,655	8,282,966
Natural Gas Unit	44,074,321	40,991,259	37,897,223	45,440,866	28,826,397	29,650,261	25,745,886	20,320,964	24,086,075	26,713,751
Intergovernmental	1,617	-	10,330	263,876	629,785	-	-	-	-	-
Total Expense	<u>66,879,376</u>	<u>65,676,594</u>	<u>63,633,637</u>	<u>76,601,882</u>	<u>60,271,552</u>	<u>60,179,497</u>	<u>57,089,481</u>	<u>51,401,283</u>	<u>54,645,656</u>	<u>57,338,647</u>
Net Revenues Available for Debt Service	<u>8,178,868</u>	<u>9,455,508</u>	<u>7,926,998</u>	<u>5,798,721</u>	<u>5,557,878</u>	<u>8,449,676</u>	<u>8,287,704</u>	<u>7,249,987</u>	<u>8,317,073</u>	<u>7,933,168</u>
Debt Service	<u>4,403,304</u>	<u>4,389,234</u>	<u>4,803,872</u>	<u>3,696,822</u>	<u>3,687,260</u>	<u>3,061,221</u>	<u>3,528,121</u>	<u>3,508,921</u>	<u>3,669,321</u>	<u>3,883,051</u>
Debt Service Coverage	<u>185.7%</u>	<u>215.4%</u>	<u>165.0%</u>	<u>156.9%</u>	<u>150.7%</u>	<u>276.0%</u>	<u>234.9%</u>	<u>206.6%</u>	<u>226.7%</u>	<u>204.3%</u>

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
DECEMBER 31, 2014**

TABLE 10

DEMOGRAPHIC DATA

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2005	68,000	\$ 28,098	13,509	8.90%
2006	67,980	24,935	14,810	8.70%
2007	68,213	26,177	14,374	7.00%
2008	68,259	26,418	12,267	9.00%
2009	68,549	27,147	12,116	14.20%
2010	69,671	28,792	12,056	12.10%
2011	69,671	29,676	11,882	12.04%
2012	69,835	29,611	11,468	11.00%
2013	69,756	32,398	11,294	9.90%
2014	69,723	32,495	11,630	6.30%

Sources: U.S. Census Bureau, SC Dept of Revenue, SC Dept of Education, U.S. Bureau of Labor Statistics.

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
DECEMBER 31, 2014**

TABLE 11

**OPERATING AND CAPITAL INDICATORS
WATER**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Water System:										
Miles of Water Mains	591	598	602	613	619	620	624	627	628	629
Daily Average Consumption (mgd)	11.69	11.04	11.02	10.58	9.42	10.21	10.01	9.70	9.44	9.57
Plant Capacity (mgd)	30	30	30	30	30	30	33	33	33	33
Number of Fire Hydrants	2,255	2,320	2,365	2,439	2,687	2,732	2,746	2,782	2,805	2,818

NUMBER OF WATER SERVICE CONNECTIONS: (Average)

<u>Year Ended December 31</u>	<u>Number of Connections Inside City of Greenwood</u>	<u>Number of Connections Outside City of Greenwood</u>	<u>Total Number of Connections</u>
2005	9,253	11,088	20,341
2006	9,285	11,312	20,597
2007	9,410	11,521	20,931
2008	9,458	11,645	21,103
2009	9,432	11,661	21,093
2010	9,412	11,711	21,123
2011	9,374	11,752	21,126
2012	9,385	11,842	21,227
2013	9,405	11,925	21,330
2014	9,414	12,021	21,435

mgd - Million gallons per day.

Source: CPW Internal Billing System

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY
LAST TEN FISCAL YEARS**

TABLE 12

Full-time-Equivalent Employees as of December 31

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Water:</u>										
Water Lines & Distribution	24	24	24	23	23	24	23	24	23	22
Water Plant	14	14	14	14	14	14	14	14	14	13
<u>Gas:</u>										
Gas Lines & Distribution	28	28	28	28	31	31	32	36	33	32
Gas/Propane Supply & Control	5	5	5	5	2	2	2	2	2	2
<u>Electric:</u>										
Electric Lines & Distribution	19	21	22	22	22	24	24	22	22	23
<u>Administration:</u>										
General Operations	3	3	3	3	3	3	3	3	3	3
General Manager's Office	2	2	3	3	3	3	3	3	3	4
Finance	5	5	5	4	5	5	5	5	5	4
Engineering	9	9	9	8	9	9	8	5	5	5
Billing/Customer Service	19	19	19	19	19	18	18	17	17	16
Meter Reading	10	10	10	11	11	11	11	11	11	12
Information Services	5	5	4	5	5	4	3	4	2	3
COC	1	1	1	1	1	1	1	1	1	1
Warehouse/Purchasing	3	3	3	3	3	3	3	3	3	3
Personnel	1	1	1	1	1	1	1	1	1	1
Marketing	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Total Employees	<u>148</u>	<u>150</u>	<u>152</u>	<u>151</u>	<u>153</u>	<u>154</u>	<u>152</u>	<u>152</u>	<u>146</u>	<u>144</u>

Note: All managers or directors are included with their divisions. A full-time employee is scheduled to work 2,080 hours per year(including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

TABLE 13

**COMMISSIONERS OF PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
RATIOS OF BONDED DEBT OUTSTANDING**

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Personal Income*</u>	<u>Population</u>	<u>As a Share of Personal Income</u>	<u>Per Capita</u>
2005	\$ 28,751,862	\$ 1,910,664	68,000	1.50%	\$ 422.82
2006	25,574,708	1,695,081	67,980	1.51%	376.21
2007	32,042,528	1,785,614	68,213	1.79%	469.74
2008	28,666,432	1,803,267	68,259	1.59%	419.97
2009	26,279,756	1,860,910	68,549	1.41%	383.37
2010	37,776,745	2,005,989	69,671	1.88%	542.22
2011	36,026,829	2,067,569	69,671	1.74%	517.10
2012	34,594,168	2,067,862	69,835	1.67%	495.37
2013	32,515,773	2,259,945	69,756	1.44%	466.14
2014	36,626,847	2,265,645	69,723	1.62%	525.32

* in thousands

Sources: SC Dept of Employment and Workforce, U.S. Census Bureau of Economic Analysis

**COMMISSIONERS OF
PUBLIC WORKS
CITY OF GREENWOOD, SOUTH CAROLINA
PRINCIPAL EMPLOYERS - COUNTY
CURRENT YEAR AND NINE YEARS AGO**

TABLE 14

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Self Regional Healthcare	2,202	1	7.57%	N/A	N/A	N/A
Greenwood School District 50	1,175	2	4.04%	N/A	N/A	N/A
Fuji Photo Film Inc.	1,100	3	3.78%	N/A	N/A	N/A
Carolina Pride Foods Inc(Gwd Packing)	930	4	3.20%	N/A	N/A	N/A
Kendall-Tyco Healthcare (Coviden)	920	5	3.16%	N/A	N/A	N/A
Eaton Corp (Electric & Hydraulic)	885	6	3.04%	N/A	N/A	N/A
Capsugel-Division of Pfizer Inc.	680	7	2.34%	N/A	N/A	N/A
Velux	490	8	1.68%	N/A	N/A	N/A
Ascend Performance Materials	478	9	1.64%	N/A	N/A	N/A
Piedmont Technical College	435	10	1.49%	N/A	N/A	N/A
Total	9,295		31.94%	N/A		N/A

Source: SC Appalachian Council of Governments, SC Dept of Employment and Workforce
2005 information was not available

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COMPLIANCE SECTION



**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***

Honorable Chairman and Members of the Commission
Commissioners of Public Works
City of Greenwood, 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 Commissioners of Public Works of the City of Greenwood, South Carolina (the Commission) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated May 21, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Greenwood, South Carolina
May 21, 2015