

# REGENERATION

ElectriCities of NC • 2015 Financial Report







**ELECTRICITIES OF  
NORTH CAROLINA, INC.**

Annual Financial Report  
(With Report of Independent Auditor Thereon)

December 31, 2015 and 2014

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**ElectriCities of North Carolina, Inc.**  
**Annual Financial Report**  
**Years Ended December 31, 2015 and 2014**

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**ElectriCities of North Carolina, Inc.**  
**Annual Financial Report**  
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## **Independent Auditor's Report**

To the Board of Directors  
ElectriCities of North Carolina, Inc.  
Raleigh, North Carolina

**RSM US LLP**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of ElectriCities of North Carolina, Inc. (ElectriCities), which are comprised of the statements of net position as of December 31, 2015 and 2014, and the related statements of revenue and expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise ElectriCities' basic financial statements, as listed in the accompanying table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ElectriCities of North Carolina, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note L to the financial statements, in the year ending December 31, 2015, ElectriCities adopted new accounting guidance Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*, and Governmental Accounting Standards Board Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the "Management's Discussion and Analysis, "the "Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions" and the Local Government Employee's Retirement System Schedules of Electricities Proportionate Share of the Net Pension Liability (Asset) and Electricities Contributions" on pages 4 through 8 and pages 30 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical section has 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 it.

*RSM VS LLP*

Morehead City, North Carolina  
May 20, 2016



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Unaudited)**

## Management's Discussion and Analysis (MD&A) (Unaudited)

As management of ElectriCities of North Carolina, Inc. (ElectriCities), we offer this narrative overview and analysis of the financial activities of ElectriCities for the years ended December 31, 2015 and 2014. This information should be read in conjunction with the information furnished in ElectriCities' financial statements that follow this narrative.

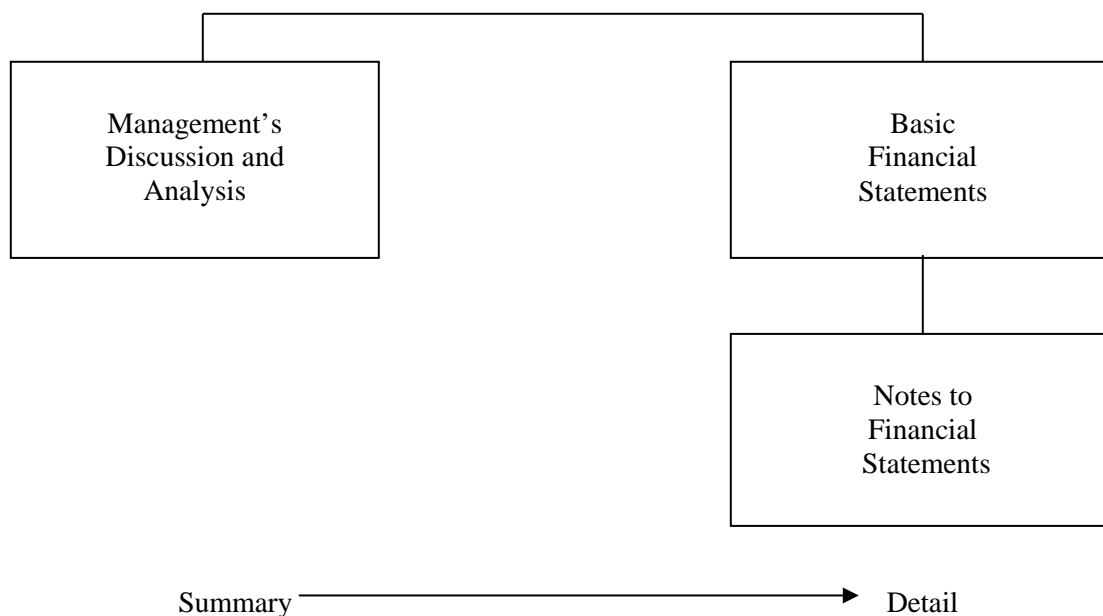
### Financial Highlights

- ElectriCities' basic financial statements consist of a single enterprise fund.
- At December 31, 2015 ElectriCities' liabilities and deferred inflows exceeded its assets and deferred outflows (net position) by \$185,551. At December 31, 2014, ElectriCities' assets exceeded its liabilities (net position) by \$851,323.
- ElectriCities' unrestricted net position was a deficit of (\$668,365) at December 31, 2015 and \$20,896 at December 31, 2015 and 2014.
- ElectriCities is not authorized to issue debt and therefore, has no debt.
- Dues billings were \$1,255,890 and \$1,214,251 for 2015 and 2014, respectively.
- In 2015 billed dues exceeded expenses by \$14,972. In accordance with its bylaws, ElectriCities will refund \$14,972 of the billed dues for 2015.

### Overview of the Financial Statements

This MD&A serves as an introduction to ElectriCities' basic financial statements and notes to the financial statements (see Exhibit 1). In addition to the basic financial statements, this report contains other supplemental information designed to enhance your understanding of the financial condition of ElectriCities.

### Required Components of the Annual Financial Report Exhibit 1



## Basic Financial Statements

ElectriCities is a special purpose government that accounts for its activities as a business type entity. The first section of the basic financial statements is for ElectriCities' single proprietary fund that focuses on its business activities. The statements are designed to provide a broad overview of ElectriCities' finances and provide short and long-term information about ElectriCities' financial status, operations and cash flow. They report net position and how it has changed during the period. Net position is total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. Analyzing the various components of net position is one way to gauge ElectriCities' financial condition.

The second section of the basic financial statements is the notes that explain in more detail some of the data contained in the basic 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 are on pages 14 through 30 of this report.

After the notes, additional information is provided. Required supplemental information is on pages 31-33, additional financial information is on pages 35 to 40 and statistical information is on pages 42 to 63.

## Financial Analysis

The enterprise fund financial statements for the years ended December 31, 2015, 2014 and 2013 are presented in accordance with the Codification of Governmental Accounting Standards Board (GASB) pronouncements.

### Summarized Statement of Net Position Exhibit 2

	December 31,		
	2015	2014	2013
<b>Assets</b>			
Capital assets	\$ 482,814	\$ 830,427	\$ 789,312
Current and other assets	6,845,887	6,424,078	6,128,362
Total assets	7,328,701	7,254,505	6,917,674
<b>Deferred Outflows of Resources</b>	419,901	-	-
<b>Liabilities and Deferred Inflows of Resources</b>			
Long-term liabilities outstanding	4,970,852	3,779,645	3,184,877
Current liabilities outstanding	2,580,161	2,623,537	2,912,625
Total liabilities	7,551,013	6,403,182	6,097,502
<b>Deferred Intflows of Resources</b>			
Unexpended dues supported program revenue	3,809	-	9,964
Pension Deferrals (Note F)	379,331	-	-
Total Deferred Intflows of Resources	383,140	-	9,964
<b>Net Position</b>			
Net invested in capital assets	482,814	830,427	789,312
Unrestricted	(668,365)	20,896	20,896
Total Net Position	\$ (185,551)	\$ 851,323	\$ 810,208

As noted earlier, the various components of net position may serve over time as a useful indicator of ElectriCities' financial condition. ElectriCities' liabilities and deferred inflows exceeds assets and deferred outflows of resources by \$185,551 at December 31, 2015 and assets exceeded liabilities and deferred inflows of resources by \$851,323 and \$810,208 at December 31, 2014 and 2013, respectively. ElectriCities' net position decreased by \$1,036,874 for the year ended December 31, 2015, increased by \$41,115 and decreased by \$341,812 for the years ended December 31, 2014 and 2013, respectively.

The portion of net position totaling \$482,814, \$830,427 and \$789,312 at December 31, 2015, 2014 and 2013, respectively, reflects ElectriCities' net investment in capital assets (e.g. vehicles, furniture and equipment). This amount decreased in 2015 because depreciation exceeded additional spending on capital assets. It increased in 2014 because additional spending on the capital additions exceeded depreciation.

The portion of net position totaling \$(668,365) at December 31, 2015 represents unrestricted net position. The prior year restatement for accounting change of \$(1,068,013) relates to the implementation of GASB 68, Accounting and Financial Reporting for Pensions (Refer to Note L on page 30). The pension related cost shown below in 2015 increased unrestricted net position by \$378,752.

### Summarized Statement of Activity Exhibit 3

	For The Years Ended December 31,		
	2015	2014	2013
<b>Revenues:</b>			
Membership dues	\$ 1,255,890	\$ 1,214,251	\$ 1,189,150
Management services and other program revenues	28,696,216	27,160,166	26,970,063
Non-operating revenues	238	43	149
Total Revenues	29,952,344	28,374,460	28,159,362
<b>Expenses:</b>			
Program Expenses:			
Administration	46,971	48,487	35,722
Safety and Training	1,105,476	1,065,243	988,949
Member Services	329,140	345,704	262,819
Government Affairs	-	938	1,049
Annual Meeting	219,842	222,688	225,704
Management Services	26,805,049	25,391,314	25,204,519
Regions Project #1	1,430,894	1,334,526	1,375,048
Depreciation and amortization	401,207	340,693	534,601
Refund (assessment) of excess/(deficit) dues	14,972	(34,440)	65,552
Pension related costs	(378,752)	-	-
Total Operating Expenses	29,974,799	28,715,153	28,693,963
Loss before capital contributions	(22,455)	(340,693)	(534,601)
Capital Contributions	69,039	381,808	192,789
Loss on Disposal	(15,445)	-	-
Increase (Decrease) in Net Position	31,139	41,115	(341,812)
Net Position January 1	851,323	810,208	1,152,020
Restatement for Accounting Change (Note L)	(1,068,013)	-	-
Net Position, Beginning of Year, as Restated	(216,690)	810,208	1,152,020
Net Position December 31	\$ (185,551)	\$ 851,323	\$ 810,208

Revenues totaled \$29,952,344, \$28,374,460 and \$28,159,362 for the years ended December 31, 2015, 2014, and 2013, respectively. Sources of revenues are derived from membership dues, management services and other program revenues, and non-operating revenues.

The following contributed to the changes in revenues for the calendar years ended December 31, 2015, and 2014, respectively:

- In 2015 and 2014 membership dues increased by \$41,639 and \$25,101, respectively. The increase was attributed to increased services provided by ElectriCities which include, among other programs, continued transition of covering costs of the Lineman Career Development program.
- In 2015 and 2014, management services and other program revenues increased by \$1,536,050 and \$190,103, respectively. The increase in 2015 was primarily due to increased outside services costs. Refer to Note E on Page 22 of this report for a further explanation of management services.
- Non-operating revenues increased by \$195 in 2015, and decreased by \$106 in 2014, primarily due to changes in investment rates.
- In 2015 and 2014, net position decreased by \$1,036,874 and increased by \$41,115, respectively. The 2015 change was attributable to the implementation of GASB 68, Accounting and Financial Reporting for Pensions which required ElectriCities to recognize its long-term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. Refer to Note F on Page 22 of this report for more details. The 2014 change was attributable to contributions for key capital expenditures (see Capital Assets and Debt Administration below); these expenditures were treated as contributions to net position.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

ElectriCities' investments in capital assets at December 31, 2015, 2014 and 2013 totaled \$482,814, \$830,427 and \$789,312, respectively, (net of accumulated depreciation and amortization). These assets include vehicles, furniture and equipment.

Major capital asset transactions during 2015 and 2014 include the following:

- In 2015 and 2014, three and eight vehicles, respectively, were purchased for \$61,470 and \$238,032, respectively.
- Four and eight vehicles were retired in 2015 and 2014, respectively.
- In both years, purchases of office equipment and furnishings accounted for the remainder.
- ElectriCities' capitalization threshold for capital assets is \$5,000 and \$500 in 2015 and 2014, respectively.

#### **Capital Assets**



#### Exhibit 4

	December 31, 2014	Additions	Retirements	December 31, 2015
Furniture and Equipment	\$ 3,327,567	\$ 69,039	\$ (138,205)	\$ 3,258,401
Accumulated Depreciation and Amortization	(2,497,140)	(401,207)	122,760	(2,775,587)
Total Furniture and Equipment, Net	<u>\$ 830,427</u>	<u>\$ (332,168)</u>	<u>\$ (15,445)</u>	<u>\$ 482,814</u>

	December 31, 2013	Additions	Retirements	December 31, 2014
Furniture and Equipment	\$ 4,722,442	\$ 381,808	\$ (1,776,683)	\$ 3,327,567
Accumulated Depreciation and Amortization	(3,933,130)	(340,693)	1,776,683	(2,497,140)
Total Furniture and Equipment, Net	<u>\$ 789,312</u>	<u>\$ 41,115</u>	<u>\$ -</u>	<u>\$ 830,427</u>

Additional information regarding ElectriCities' capital assets can be found in Note D on page 22 of this report.

#### Outstanding Debt

ElectriCities is not authorized to issue debt and therefore, has no outstanding debt at December 31, 2015, 2014 or 2013.

#### Next Year's Budgets and Dues

##### Budget Highlights for 2016

- There is a dues increase of 6.0%.
- Safety & Training, Government Affairs, Member Services and ElectriCities Administration programs receive dues support.
- The Annual Meeting is fully funded by registrations, other fees and sponsorships and receives no dues support.
- Management Services and Regions Project #1 programs are paid for by those entities utilizing the services and receive no dues support.

#### Requests for Information

This report is designed to provide an overview of ElectriCities' finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, ElectriCities of North Carolina, Inc. P.O. Box 29513, Raleigh, NC 27626-0513.

## **BASIC FINANCIAL STATEMENTS**

**ElectriCities of North Carolina, Inc.**  
**Statements of Net Position**

	December 31,	
	2015	2014
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (Note C)	\$ 5,919,536	\$ 4,606,815
Accounts receivable	926,351	1,817,263
Total Current Assets	6,845,887	6,424,078
<b>Non-Current Assets:</b>		
Capital assets (Note D)		
Equipment and furnishings	3,258,401	3,327,567
Accumulated depreciation	(2,775,587)	(2,497,140)
Capital assets	482,814	830,427
Total Non-Current Assets	482,814	830,427
Total Assets	7,328,701	7,254,505
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	419,901	-
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	1,314,972	1,231,384
Current portion of accrued vacation	600,217	594,926
Other liabilities	664,972	797,227
Total Current Liabilities	2,580,161	2,623,537
<b>Non-Current Liabilities:</b>		
Accrued vacation	725,531	839,525
Due to Power Agencies	506,958	466,249
Net Pension Liability	729,831	-
Other post employment benefits obligation (Note H)	3,008,532	2,473,871
Total Non-Current Liabilities	4,970,852	3,779,645
Total Liabilities	7,551,013	6,403,182
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unexpended dues supported program revenue	3,809	-
Pension Deferrals (Note F)	379,331	-
Total Deferred Inflows of Resources	383,140	-
<b>NET POSITION</b>		
Net investment in capital assets	482,814	830,427
Unrestricted	(668,365)	20,896
Total net position	\$ (185,551)	\$ 851,323

See accompanying notes to financial statements.

**ElectriCities of North Carolina, Inc.**  
**Statements of Revenues and Expenses and Changes in Net Position**

	For the Years Ended December 31,	
	2015	2014
<b>Operating Revenues:</b>		
Membership dues	\$ 1,255,890	\$ 1,214,251
Management services (Note E)	26,805,049	25,391,314
Program revenues	1,891,167	1,768,852
Total Operating Revenues	29,952,106	28,374,417
<b>Operating Expenses:</b>		
Program Expenses:		
Administration	46,971	48,487
Safety and Training	1,105,476	1,065,243
Member Services	329,140	345,704
Government Affairs	-	938
Annual Meeting	219,842	222,688
Management Services	26,805,049	25,391,314
Regions Project #1	1,430,894	1,334,526
Depreciation and amortization (Note D)	401,207	340,693
Refund of excess /(deficit) revenues (Note A)	14,972	(34,440)
Pension related costs	(378,752)	-
Total Operating Expenses	29,974,799	28,715,153
Operating Loss	(22,693)	(340,736)
<b>Non-operating Revenues:</b>		
Investment income	238	43
Total Non-operating Revenues	238	43
Loss Before Capital Contributions	(22,455)	(340,693)
Capital Contributions	69,039	381,808
Loss on Disposal	(15,445)	-
Increase in Net Position	31,139	41,115
<b>Net Position</b>		
Beginning of Year	851,323	810,208
Restatement for Accounting Change (Note L)	(1,068,013)	-
Net Position, Beginning of Year, as Restated	(216,690)	810,208
Net Position, End of Year	\$ (185,551)	\$ 851,323

See accompanying notes to financial statements.

**ElectriCities of North Carolina, Inc.**  
**Statements of Cash Flows**

	For the Years Ended December 31,	
	2015	2014
<b>Cash Flows From Operating Activities:</b>		
Receipts from dues and other revenues	\$ 30,711,229	\$ 28,561,500
Payments to employees for services	(12,597,631)	(10,976,627)
Payments to other suppliers of goods and services	(16,801,115)	(16,791,881)
Net Cash Provided by Operating Activities	1,312,483	792,992
<b>Cash Flows From Capital Activities:</b>		
Additions to capital assets	(69,039)	(381,808)
Capital contributions	69,039	381,808
Net Cash Used For Capital Activities	-	-
<b>Cash Flows From Investing Activities:</b>		
Investment income	238	43
Net Increase in Cash And Cash Equivalents	1,312,721	793,035
Cash and Cash Equivalents, Beginning of Year	4,606,815	3,813,780
Cash and Cash Equivalents, End of Year	\$ 5,919,536	\$ 4,606,815
<b>Reconciliation Of Operating Loss To Net Cash Provided By Operating Activities:</b>		
<b>Operating Loss</b>	\$ (22,693)	\$ (340,736)
Adjustments:		
Depreciation and Amortization	401,207	340,693
Deferred noncash pension related expense	(378,752)	-
Changes in Operating Assets, Deferred Outflows of Resources and Liabilities:		
Decrease in accounts receivable	890,912	497,319
(Decrease) Increase in accounts payable	83,588	(112,769)
Increase (Decrease) in accrued vacation	(108,703)	55,121
Increase in accrued expenses	40,709	-
Increase in accrued post employment benefits	534,661	567,674
(Decrease) in other liabilities	(132,255)	(214,310)
Increase in unexpended dues	3,809	-
Net Cash Provided by (Used in) Operating Activities	\$ 1,312,483	\$ 792,992

See accompanying notes to financial statements.

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note A. General Matters**

ElectriCities of North Carolina, Inc. (ElectriCities) is a joint municipal assistance agency organized under Chapter 159B of the North Carolina General Statutes (G.S.). It is the successor organization of ElectriCities of North Carolina created in 1965 as a voluntary, non-profit association to serve the interests of North Carolina's municipal electric systems. ElectriCities provides aid and assistance to member municipalities in North Carolina, South Carolina and Virginia and to member constituent institutions of the University of North Carolina in the construction, ownership, maintenance, expansion and operation of their electric systems.

ElectriCities is involved in four major areas of activity on behalf of its members: (1) professional management services for the North Carolina Municipal Power Agencies (Agencies) (see Note E); (2) federal regulatory matters; (3) legislation and other public policy issues; and (4) member services, which include assistance with local problems, informational services and safety and training assistance.

The members are assessed annual dues to fund the various programs except for management services which is funded by the Agencies (see Note E), Regions Project #1 which is funded by Huntersville and Cornelius, Regions Contract Services which is funded by those cities utilizing the services, the Energy Auditor Program which is funded by a state grant from the North Carolina Energy Office and North Carolina Eastern Municipal Power Agency, and the Annual Meeting which is funded by registrations, sponsorships and other fees. ElectriCities' bylaws require that each year's excess revenues (modified accrual basis) be refunded to its members in good standing in a future year.

**Note B. Summary of Significant Accounting Policies**

The financial statements of ElectriCities are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of ElectriCities' accounting policies are described below.

ElectriCities reports in accordance with GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (GASB No. 34), as amended. The statement requires certain information be included in the financial statements and specifies how that information should be presented.

**Basis of Accounting**

The accrual basis of accounting is followed whereby revenues are recognized when earned and expenses are recognized when incurred.



**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note B. Summary of Significant Accounting Policies (continued)**

Financial Reporting

The financial statements are prepared using the economic resources measurement focus. Operating revenues are defined as dues and revenues received for Agency services provided to members. Revenues from investment activities are defined as non-operating revenues. The Agency has a deficit of (\$668,365) in unrestricted net position. Unrestricted net position may be utilized for any purpose approved by the Board through the budget process.

Reporting Entity

In evaluating how to define ElectriCities for financial reporting purposes, management has considered all potential component units. The decision to include potential component units in the reporting entity is made by applying the criteria set forth in the GASB standards. ElectriCities' lack of financial accountability is the primary criterion for excluding potential component units from the reporting entity. The specific elements of financial accountability considered in the decision to exclude the potential component units were the selection of governing authority and fiscal dependency.

While ElectriCities provides assistance to member municipalities, it has no financial accountability for any of them. Therefore, none of the member municipalities are included as component units of ElectriCities.

Fund Accounting

ElectriCities reports as a single enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

Measurement Focus

The single enterprise fund of ElectriCities is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflow of resources, and liabilities and deferred inflows of resources associated with the operation of this fund are included on the balance sheet. The operating statement presents increases (revenues) and decreases (expenses) in net position. As required by GASB Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions," (as amended) ElectriCities recognizes capital contributions as revenue.

Budgetary Data

An annual balanced budget, as required by the Local Government Budget and Fiscal Control Act, is adopted and is prepared using the modified accrual basis of accounting.

Budgetary control on expenditures is at the total expenditure level. Individual line item expenditures can exceed budgeted amounts as long as total expenditures do not exceed budgeted amounts. The budget can be amended at any time by majority vote of the Board of Directors.

Encumbrance accounting, under which purchase requisitions for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used. Only those encumbrances outstanding at year-end for which there are contractual liabilities are reported.

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note B. Summary of Significant Accounting Policies (continued)**

Unspent budget appropriations lapse at year-end and must be budgeted again in the following year.

Equipment and furnishings additions are budgeted as an expense of the year they are acquired in order to provide sufficient funds to purchase the assets. Depreciation for each program is not budgeted.

**Cash, Cash Equivalents and Investments**

ElectriCities has adopted GASB Statement No. 40 “Deposits and Investments Risk Disclosures” (as amended), which modifies disclosure requirements related to custodial risk by only requiring disclosure of deposits or investments facing substantial custodial risk. The statement requires new disclosures related to credit risk, concentration risk, interest rate risk and foreign currency risk.

At December 31, 2015 and 2014, ElectriCities’ investment balances consisted of amounts invested in the North Carolina Capital Management Cash Portfolio. The investment in this money market mutual fund is essentially a demand deposit, has been reported as cash equivalents in the accompanying financial statements and is stated at fair value.

	December 31,	
	2015	2014
Investments	\$ 5,768,570	\$ 4,461,305
Cash	150,966	145,510
Cash and Cash Equivalents	<u>\$ 5,919,536</u>	<u>\$ 4,606,815</u>

For purposes of the Statements of Cash Flows, ElectriCities considers all highly liquid investments with original maturities of three months or less when purchased, to be cash equivalents.

**Compensated Absences**

It is ElectriCities’ policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued when incurred and reported as a liability. When determining the vacation pay liability due within one year, leave is considered taken on the last in, first out (LIFO) basis. Unused vacation pay is paid to the employee at the time of termination. Unused sick pay benefits terminate with an employee’s employment and therefore no liability is reported for unpaid accumulated sick leave.

Accrued vacation was \$1,325,748 and \$1,434,451 at December 31, 2015 and 2014, respectively, and decreased by \$108,703 and increased by \$55,121 in 2015 and 2014, respectively.

**Defined Benefit Pension Plan**

ElectriCities has adopted GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers,” (GASB No. 27) and GASB Statement No. 68, “Accounting and Financial Reporting for Pensions-an amendment to Statement No. 27” which states that employers that participate in multi-employer defined benefit plans are required to measure and disclose an amount for annual pension costs on the accrual basis of accounting. See Note F.

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note B. Summary of Significant Accounting Policies (continued)**

Retiree Health Benefit Plan

ElectriCities has adopted GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" as amended which requires governments to report costs of post-employment health care and other post-employment benefits not provided as part of a pension plan on the accrual basis of accounting, rather than on a pay-as-you-go basis. See Note H.

Capital Assets

The capitalization threshold for capital assets with estimated useful lives of greater than one year is \$5,000 effective January 1, 2015 and \$500 prior to 2015. Equipment and furnishings are valued at historical cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of respective assets which range from three to ten years.

Statistical Section - Unaudited

GASB Statement No. 44 "Economic Condition Reporting: The Statistical Section" (as amended) enhances and updates the statistical section that accompanies a state or local government's basic financial statements to reflect the significant changes that have taken place in government finance, including the more comprehensive government-wide financial information required by GASB. The statistical section comprises schedules presenting trend information about revenues and expenses, outstanding debt, economics and demographics, and other subjects. These schedules are intended to provide financial statement users with contextual information they need to assess a government's financial health.

Taxes

Income of ElectriCities is excludable from federal income tax under Section 115 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows and Inflows of Resources

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. As a result of the implementation of GASB Statement No.68, ElectriCities has defined contributions made to the pension plan in the 2015 fiscal year are reported as deferred outflows of resources and certain differences between expected and actual investment earnings and plan costs have been reported as deferred inflows. Additionally, unexpended dues supported program revenues are reported as deferred inflows of resources.

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note B. Summary of Significant Accounting Policies (continued)**

Recently Adopted GASB Standards

In June 2012, GASB issued Statement No. 67, “Financial Reporting for Pension Plans – an amendment to GASB Statement No. 25”. This Statement improves accounting and financial reporting for state and local governments for pensions. It replaces the requirements of Statements No. 25 “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributed Plans”, and No. 50 “Pension Disclosures” as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This Statement is effective for periods beginning after June 15, 2013, and did not have a material impact on the ElectriCities’ financial position, overall cash flow or balances or results of operations for 2015 or 2014.

In June 2012, GASB issued Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27”. This Statement improves accounting and financial reporting for state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement is effective for periods beginning after June 15, 2014 and as a result, net position for ElectriCities decreased by \$1,068,013. See Note L.

In January 2013, GASB issued Statement No. 69, “Government Combinations and Disposals of Government Operations”. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement is effective for periods beginning after December 15, 2013 and did not have a material impact on the ElectriCities’ financial position, over cash flow or balances or results of operations for 2015 or 2014.

In April 2013, GASB issued Statement No. 70, “Accounting and Financial Reporting for Non-exchange Financial Guarantees”. This Statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement is effective for reporting periods beginning after June 15, 2013 and did not have a material impact on the ElectriCities’s financial position, overall cash flow or balances or results of operations for 2015 or 2014.

In November 2013, GASB issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date: An Amendment of GASB Statement No. 68”. This Statement addresses an issue regarding application of the transition provisions of Statement No. 68 “Accounting and Financial Reporting for Pensions”. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. As a result of this change, net position for ElectriCitites decreased by \$1,068,013. See Note L.

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note B. Summary of Significant Accounting Policies (continued)**

Future GASB Standards

Management has not concluded its evaluation of the impact, if any, on implementation of the following GASB pronouncements may have on ElectriCities' financial Statements.

In February 2015, GASB issued Statement No 72, "Fair Value Management and Application". This Statement improves financial reporting by clarifying the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value guidance and enhances disclosures about fair value measurements. The provisions of this statement are effective for periods beginning after June 15, 2015.

In June 2015, GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

In June 2015, GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

In June 2015, GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. This Statement is effective for fiscal years beginning after June 15, 2017.

In June 2015, GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement improves financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note B. Summary of Significant Accounting Policies (continued)**

In August 2015, GASB issued Statement No. 77, “Tax Abatement Disclosures.” This Statement improves financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government’s financial position and economic condition. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

In December 2015, GASB issued Statement No. 78, “Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans.” This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

In December 2015, GASB issued Statement No. 79, “Certain External Investment Pools and Pool Participants.” This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

In January 2016, GASB issued Statement No. 80, “Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14.” The requirements of this Statement enhance the comparability of financial statements among governments. Greater comparability improves the decision-usefulness of information reported in financial statements and enhances its value for assessing government accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

In March 2016, GASB issued Statement No. 81, “Irrevocable Split-Interest Agreements” This Statement will enhance accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016.

In March 2016, GASB issued Statement No. 82, “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.” This Statement will address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That



**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note B. Summary of Significant Accounting Policies (continued)**

Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

**Note C. Deposits**

All deposits of ElectriCities are made in board-designated official depositories and are collateralized as required by North Carolina General Statute 159-31. Official depositories may be established with one or more banks, savings and loan associations or trust companies in North Carolina or, with written permission of the secretary of the Local Government Commission (LGC), a national bank located in another state. ElectriCities may also deposit monies at interest in those institutions described in the form of certificates of deposit, money market accounts or other forms of time deposits as the LGC may approve. At December 31, 2015 and 2014, ElectriCities' deposits had carrying amounts of \$150,966 and \$145,510, respectively and bank balances of \$3,890 and \$423, respectively. For each of the bank balances, \$250,000 was insured by the Federal Depositary Insurance Corporation.

At December 31, 2015 and 2014, ElectriCities Investments consisted of \$5,768,570 and \$4,461,305, respectively, in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAA by Standard and Poor's. ElectriCities investment choices are limited by North Carolina General Statute 159-31. ElectriCities has no additional formal policies on credit risk.

The investment in this money market mutual fund is essentially a demand deposit. ElectriCities investments are limited to this liquid fund since all of the cash is required for general operating purposes. ElectriCities does not have additional formal investment policies that limit maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

For cash and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, ElectriCities will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. ElectriCities has no formal policy regarding custodial credit risk.

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

**Note D. Capital Assets**

	December 31, 2014	Additions	Retirements	December 31, 2015
Furniture and Equipment	\$ 3,327,567	\$ 69,039	\$ (138,205)	\$ 3,258,401
Accumulated Depreciation and Amortization	(2,497,140)	(401,207)	122,760	(2,775,587)
Total Furniture and Equipment, Net	<u>\$ 830,427</u>	<u>\$ (332,168)</u>	<u>\$ (15,445)</u>	<u>\$ 482,814</u>

	December 31, 2013	Additions	Retirements	December 31, 2014
Furniture and Equipment	\$ 4,722,442	\$ 381,808	\$ (1,776,683)	\$ 3,327,567
Accumulated Depreciation and Amortization	(3,933,130)	(340,693)	1,776,683	(2,497,140)
Total Furniture and Equipment, Net	<u>\$ 789,312</u>	<u>\$ 41,115</u>	<u>\$ -</u>	<u>\$ 830,427</u>

In accordance with GASB No. 42, ElectriCities will assess the recoverability of its long lived assets whenever events or changes in circumstances indicate the carrying amount may have been impaired. During 2015 and 2014 ElectriCities determined that such an assessment was not necessary.

**Note E. Management Services**

North Carolina Eastern Municipal Power Agency and North Carolina Municipal Power Agency Number 1 ("Power Agencies") are joint agencies organized and existing pursuant to Chapter 159B of the General Statutes of North Carolina to enable municipal electric systems, through the organization of the Agencies, to finance, build, own and operate generation and transmission projects. The Agencies are comprised of 51 municipal electric systems which receive power from the Agencies. All of the Agencies' members are also members of ElectriCities.

ElectriCities entered into a contract with each Agency to provide them, at cost, management services as necessary to conduct their business. These agreements are for a period continuing to and including December 31, 2016, and are to be automatically renewed for successive periods of three years thereafter unless terminated by one year's written notice by either party prior to the end of any contract term. Such notice had not been provided as of December 31, 2015.

**Note F. Pension Plan**

Plan Description

ElectriCities is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh,

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note F. Pension Plan (continued)**

North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided**

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

**Funding Policy**

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6.0% of their annual covered salary. ElectriCities contributes at an actuarially determined rate. The current rate is 7.07% of annual covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from ElectriCities were \$734,599 for the year ended December 31, 2015.

**Refunds of Contributions**

Employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

**Note F. Pension Plan (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension**

At December 31, 2015, ElectriCities reported liabilities of \$729,831 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. ElectriCities' proportion of the net pension asset was based on a projection of ElectriCities' long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the ElectriCities proportion was 0.16262%, which was an increase of 0.00186% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the ElectriCities recognized pension expenses of \$354,809. At December 31, 2015, ElectriCities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 171,551
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	207,780
Changes in proportion and differences between ElectriCities contributions and proportionate share of contributions	79,253	-
Contributions subsequent to the measurement date	340,648	-
Total	<u>\$ 419,901</u>	<u>\$ 379,331</u>

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note F. Pension Plan (continued)**

\$340,648 reported as deferred outflows of resources related to pensions resulting from ElectriCities contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2015. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended December 31:		
2016	\$	(220,502)
2017		(220,502)
2018		(220,279)
2019		361,206
2020		-
Thereafter		-
	\$	<u>(300,077)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	3.0 percent
Salary increases	4.25 to 8.55%, including inflation and productivity factor
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, and employee group (i.e. general, law enforcement officers) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study of the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Electricities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

**Note F. Pension Plan (continued)**

The target allocation for each major asset class of June 30, 2015 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected</u>
		<u>Real Rate of Return</u>
Global Equity	42.0%	5.8%
Fixed Income	29.0%	2.2%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutory required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Electricities proportionate share of the net pension asset to changes in the discount rate.* The following presents the Electricities's proportionate share of the net pension asset calculated using the discount rate of 7.25%, as well as what the Electricities' proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Electricities' proportionate share of the net pension liability (asset)	\$ 5,089,199	\$ 729,831	\$(2,942,844)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.



**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note G. Supplemental Retirement Plans**

The Agency offer their employees a deferred compensation plan created in accordance with Internal Code Section 457 and a 401(k) supplemental retirement income plan through the State of North Carolina that is also in compliance with the Internal Revenue Code. All regular, full-time employees are eligible to participate in one or both of the plans.

The deferred compensation plan permits participants to defer a portion of their salaries to future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Agency has complied with changes in the laws which govern deferred compensation plans, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. The 401(k) supplemental retirement income plan allows eligible participants to contribute up to the maximum allowable under the law as a percentage of base salary.

In 2015, the Agency's contributions to the 401(k) plan were \$266,984 and \$254,683 for the years ended December 31, 2015 and 2014 respectively.

**Note H. Other Post-Employment Benefits**

Plan Description

ElectriCities provides post-employment health benefits to certain retired ElectriCities employees. It is a single-employer defined benefit plan. This is the only Other Post-Employment Benefits (OPEB) under GASB No. 45 which ElectriCities has.

An employee that retires with at least 15 years of employment with ElectriCities, with at least 25 years of credited service in the LGERS and elects an unreduced (full) retirement is eligible for the retiree health benefit. ElectriCities reimburses the employee's health benefit premium at 80% (25 to 29 years of credited service with LGERS) or 100% (30 or more years of credited service with LGERS) of the "employee only" premium for individual major medical (including prescription drug) coverage. If the employee keeps the retiree health coverage in force until they become eligible for Medicare, ElectriCities reimburses 50% of the "employee only" premium for major medical (including prescription drug) coverage under the ElectriCities group insurance or the actual amount incurred for a supplemental Medicare policy, whichever is less.

A separate report has not been issued for the Retiree Health Benefit Plan. Membership of the OPEB Plan consisted of the following at January 1, 2015 the date of the latest valuation:

Retirees receiving benefits	9
Active plan members	108
Total	117

Funding Policy

ElectriCities finances the Retiree Health Benefit Plan with actuarially determined annual contributions from the Power Agencies that are set aside for future retiree health insurance premiums. The funds are used to pay the health insurance premiums incurred under the Plan. The cumulative contributions are included in the "Cash and Cash Equivalents" as reported on the Statement of Net Position. The assets are solely the property **Note H.**

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

**Other Post-Employment Benefits (continued)**

and rights of ElectriCities subject to the claims of ElectriCities general creditors. ElectriCities believes it is unlikely that it will use the funds to satisfy the claims of general creditors in the future. The Board of Directors reserves the right and shall have complete discretion to amend, modify or terminate these benefits at any time. If the Retiree Health Benefit Plan is terminated, any amounts funded in excess of premiums paid to date will be refunded to the Power Agencies. ElectriCities does not anticipate that the Plan will be amended or terminated during 2016. Accordingly, ElectriCities has recorded a non-current post employment obligation and accrued expense liability for the unexpended amount of funds collected from the Power Agencies for the financing of the Retiree Health Benefit Plan as of December 31, 2015, and future years, respectively.

**Annual OPEB Cost and Net OPEB Obligation**

ElectriCities calculates the OPEB cost based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded liabilities (or funding excess) over the next thirty years.

The following table shows the components of ElectriCities annual OPEB cost for the year, the amount actually contributed to the plan and changes in the net OPEB obligation to the Retiree Health Benefit Plan.

	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>
Annual required contribution	\$ 727,996	\$ 668,711	\$ 668,711
Interest on net OPEB obligation	72,933	27,441	27,441
Adjustment to annual required contribution	<u>(141,041)</u>	<u>(40,507)</u>	<u>(40,507)</u>
Annual OPEB Cost	659,888	655,645	655,645
Premiums paid	<u>(125,227)</u>	<u>(87,971)</u>	<u>(76,092)</u>
Increase in net OPEB obligation	534,661	567,674	579,553
Net OPEB obligation, beginning of year	<u>2,473,871</u>	<u>1,906,197</u>	<u>1,326,644</u>
Net OPEB obligation, end of year	<u><u>\$ 3,008,532</u></u>	<u><u>\$ 2,473,871</u></u>	<u><u>\$ 1,906,197</u></u>

ElectriCities annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015, 2014, and 2013 is as follows:

For the Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 659,888	18.98%	3,008,532
2014	\$ 655,645	13.42%	2,473,871
2013	\$ 655,645	11.61%	1,906,197

**Funding Status and Funding Progress**

As of January 1, 2015, the most recent actuarial date, the plan was not funded according to the definition per GASB 45. The unfunded actuarial accrued liability for benefits (UAAL) was \$6,957,781. The covered payroll (annual payroll of active employees covered by the plan) was \$10,188,242, and the ratio of

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note H. Other Post-Employment Benefits (continued)**

the UAAL to the covered payroll was 68.3%. Actuarial methods of an ongoing plan involve estimates of the value, reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare trends. Amounts for ElectriCities are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the January 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 2.95% overall discount rate on the UAAL based on the average yield on high quality municipal bonds as of the valuation date, and an annual medical cost trend rate of 9% to 5% with 2025 the year of ultimate trend rate. The actuarial value of the assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2015 was 24 years.

**Note I. Commitments**

ElectriCities occupies office space in the administrative office building owned by the Agencies and reimburses the Agencies for its share of the building's operating and maintenance costs. During 2015 and 2014, ElectriCities reimbursed the Agencies \$12,840 and \$12,840, respectively, for building operating and maintenance costs.

**Note J. Risk Management**

ElectriCities is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; health and accident insurance claims, and injuries to employees. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in 2015 or 2014.

ElectriCities maintains flood coverage for insured property located outside of the 500 year flood plain territory as defined by Federal Emergency Management Agency guidelines; additionally, ElectriCities does not have property that falls within this flood plain territory.

In accordance with G.S. 159-29, all ElectriCities employees, including the finance officer, are bonded with a \$10,000,000 Employee Dishonesty limit per occurrence subject to a \$50,000 deductible.

**ElectriCities of North Carolina, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**Note K. Subsequent Events**

ElectriCities has evaluated subsequent events through May 20, 2016, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

**Note L. Change in Accounting Principles/Restatement**

ElectriCities implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the year ending December 31, 2015. The implementation of the statement required ElectriCities to record beginning net pension liability and the effects on net position of contributions made by ElectriCities during the measurement period (fiscal year ending June 30, 2015). As a result, net position for ElectriCities decreased by \$1,068,013.

**ElectriCities of North Carolina, Inc.**  
**Other Postemployment Benefits**  
**Required Supplementary Information (Unaudited)**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As a percentage of Covered
1/1/2008	\$ -	\$ 2,015,431	\$ 2,015,431	0%	\$ 10,271,067	19.62%
1/1/2012	\$ -	\$ 5,664,890	\$ 5,664,890	0%	\$ 10,326,170	54.86%
1/1/2015	\$ -	\$ 6,957,781	\$ 6,957,781	0%	\$ 10,188,242	68.29%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution	Actual Premiums Paid	Percentage Contributed
12/31/2015	\$ 727,996	\$ 125,227	17.20%
12/31/2014	668,711	87,971	13.16%
12/31/2013	668,711	76,092	11.38%
12/31/2012	668,711	91,245	13.64%
12/31/2011	246,529	39,271	15.93%
12/31/2010	246,529	47,257	19.17%
12/31/2009	246,529	28,046	11.38%
12/31/2008	\$ 164,265	\$ 18,058	10.99%

Notes to the Required Supplemental Schedules:

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. The 2014 actuarial study reflects underlying corrections in the model that will be reflected prospectively.

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, open
Remaining amortization period	24 years

Actuarial assumptions:

Investment rate of return	2.95%
Medical cost trend	9.00% to 5.00%
Year of ultimate trend date	2025

**ElectriCities of North Carolina, Inc.**  
**Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Three Fiscal Years\***

**Local Government Employees' Retirement System**

	Year Ending December 31,		
	2015	2014	2013
ElectriCities proportion of the net pension liability (asset)	0.16262%	0.16076%	0.16750%
ElectriCities proportion of the net pension liability (asset) (\$)	729,831	(887,263)	2,019,018
ElectriCities covered employee payroll (\$)	12,354,243	10,855,137	10,988,635
ElectriCities proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.91%	-8.17%	18.37%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**ElectriCities of North Carolina, Inc.**  
**ElectriCities Contributions**  
**Required Supplementary Information**  
**Last Three Fiscal Years**

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**Local Government Employees' Retirement System**

	Year Ending December 31,		
	2015	2014	2013
Contractually required contribution	\$ 734,599	\$ 720,308	\$ 716,459
Contributions in relation to the contractually required contribution	734,599	720,308	716,459
Contribution deficiency (excess)	\$ -	\$ -	\$ -
ElectriCities covered-employee payroll	12,354,243	10,855,137	10,988,635
Contributions as a percentage of covered-employee payroll	5.95%	6.64%	6.52%

## **SUPPLEMENTARY INFORMATION**



**ElectriCities of North Carolina, Inc.**  
**Schedules of Revenues and Expenses – Budget and Actual**

	For the Years Ended December 31,			
	2015		2014	
	Actual	Final Budget	Actual	Final Budget
Revenues:				
Membership Dues	\$ 1,255,890	\$ 1,248,063	\$ 1,214,251	\$ 1,212,752
Management Services	26,874,088	27,803,958	25,771,489	26,059,840
Investment Income	238	40	43	3,600
Program Revenues	1,891,167	2,061,683	1,770,485	1,808,123
Total Revenues	30,021,383	31,113,744	28,756,268	29,084,315
Expenditures:				
Administration	46,971	50,156	48,487	48,575
Safety and Training	1,105,476	1,160,939	1,066,875	1,124,497
Member Services	329,140	313,003	345,704	294,685
Government Affairs		971	938	943
Annual Meeting	219,842	186,900	222,688	186,900
Management Services	26,874,088	27,803,958	25,771,490	26,059,840
Regions Project #1	1,430,894	1,597,817	1,334,526	1,368,875
Total Expenditures	30,006,411	31,113,744	28,790,708	29,084,315
Excess/(Deficit) Dues to Be Refunded (Assessed)	\$ 14,972		\$ (34,440)	
Reconciliation of Modified Accrual Basis				
To Full Accrual Basis:				
Total Revenues	\$ 30,021,383		\$ 28,756,268	
Total Expenditures	30,006,411		28,790,708	
Excess/(Deficit) of Revenues over Expenditures	14,972		(34,440)	
Reconciling Items				
Budgetary Appropriations:				
Capital Outlay	69,039		381,808	
Depreciation and Amortization	(401,207)		(340,693)	
Pension related costs	378,752		-	
Refund of Excess Revenues	(14,972)		34,440	
Loss on Disposal	(15,445)		-	
Increase (Decrease) in Net Position (Pg. 12)	\$ 31,139		\$ 41,115	

Prepared on a budgetary basis which is modified accrual.

**ElectriCities of North Carolina, Inc.**  
**Schedule of Budgetary Comparison**  
**For the Year Ended December 31, 2015**

	2015 Budget		Actuals	Positive
	Original	Final	(Budgetary	(Negative)
			Basis)	Variance
				With Final
				Budget
Revenues:				
Membership Dues	\$ 1,248,063	\$ 1,248,063	\$ 1,255,890	\$ 7,827
Management Services	27,803,958	27,803,958	26,874,088	(929,870)
Investment Income	40	40	238	198
Program Revenues	2,061,683	2,061,683	1,891,167	(170,516)
Total Revenues	31,113,744	31,113,744	30,021,383	(1,092,361)
Expenditures:				
Administration	50,156	50,156	46,971	3,185
Safety and Training	1,160,939	1,160,939	1,105,476	55,463
Member Services	313,003	313,003	329,140	(16,137)
Government Affairs	971	971	-	971
Annual Meeting	186,900	186,900	219,842	(32,942)
Management Services	27,803,958	27,803,958	26,874,088	929,870
Regions Project #1	1,597,817	1,597,817	1,430,894	166,923
Total Expenditures	31,113,744	31,113,744	30,006,411	1,107,333
Revenues Over Expenses	\$ -	\$ -	14,972	\$ 14,972
Dues Refund Payable			(14,972)	
Revenues Over Expenses			\$ -	

Prepared on a budgetary basis which is modified accrual.

**ElectriCities of North Carolina, Inc.**  
**Schedule of Expenditures – Budget and Actual**  
**For the Year Ended December 31, 2015**

	Administration		Safety and Training	
	Actual	Final Budget	Actual	Final Budget
Program Expenditures				
Property Tax				
Advertising	62		5,333	6,000
Salaries	21,315	15,079	400,618	403,557
Office & Program Supplies		58	151,315	148,044
Dues, Subscriptions & Publications			9,884	14,409
Printing		198		120
Telephone			1,007	1,373
Postage			4,132	3,980
Copies			7,477	9,620
Miscellaneous Office Expenses		75	2,297	2,277
Travel			202,990	186,507
Outside Services	19,360	18,902	57,990	72,088
Insurance		10,450	3,787	
Employee Benefits	6,234	5,394	145,737	166,569
Recruitment & Relocation			5,815	1,400
Staff Development			10,117	23,690
Other Expenses				
Occupancy Costs			21,405	20,325
Other Rents			4,869	6,200
Vehicle O&M			70,703	91,640
Equipment Maintenance				140
Capital Assets Additions				3,000
Total Program Expenditures	<u>\$ 46,971</u>	<u>\$ 50,156</u>	<u>\$ 1,105,476</u>	<u>\$ 1,160,939</u>

Prepared on a budgetary basis which is modified accrual.

Member Services		Government Affairs		Annual Meeting	
Actual	Final Budget	Actual	Final Budget	Actual	Final Budget
1,437	1,000				
176,341	157,470		723		
12,251	2,110			120	
7,302	746				150
1,263	2,500				
2,945	3,580				
1,293	845				
1,879	2,405				
559	719				250
43,546	41,571			219,722	186,500
2,304	30,247				
947					
59,562	58,978		248		
1,454	350				
5,447	3,947				
6,006	6,000				
4,604	500				
	35				
<u>\$ 329,140</u>	<u>\$ 313,003</u>	<u>\$ -</u>	<u>\$ 971</u>	<u>\$ 219,842</u>	<u>\$ 186,900</u>

**ElectriCities of North Carolina, Inc.**  
**Schedule of Expenditures – Budget and Actual (continued)**  
**For the Year Ended December 31, 2015**

	Management Services	
	Actual	Final Budget
Program Expenditures		
Property Tax	\$ 11,460	\$ 14,200
Advertising	672,991	616,309
Salaries	10,970,828	9,975,343
Office & Program Supplies	354,943	1,095,159
Dues, Subscriptions & Publications	1,254,851	1,369,259
Printing	219,703	332,518
Telephone	832,490	777,539
Postage	82,742	80,785
Copies	182,487	229,475
Miscellaneous Office Expenses	83,161	63,961
Travel	526,326	530,638
Outside Services	4,797,298	5,963,608
Insurance	178,145	200,550
Employee Benefits	3,107,017	3,618,673
Recruitment & Relocation	146,538	33,250
Staff Development	159,456	198,712
Other Expenses	1,941,012	1,517,456
Occupancy Costs	563,465	390,760
Other Rents	287,686	233,248
Vehicle O&M	66,866	105,000
Equipment Maintenance	365,584	216,975
Capital Assets Additions	69,039	240,540
Total Program Expenditures	<u>\$ 26,874,088</u>	<u>\$ 27,803,958</u>

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Regions Project #1		Total	
Actual	Final Budget	Actual	Final Budget
\$ 11	\$ 3,500	\$ 11,471	\$ 17,700
4,060	1,500	683,883	624,809
919,827	959,242	12,488,929	11,511,414
7,694	80,000	526,323	1,325,371
5,892	8,150	1,277,929	1,392,714
		220,966	335,336
11,307	972	847,749	783,464
46,066		134,233	85,610
		191,843	241,500
388		86,405	67,282
13,006	25,000	1,005,590	970,216
4,285	2,500	4,881,237	6,087,345
28,089	26,500	210,968	237,500
321,463	384,253	3,640,013	4,234,115
		153,807	35,000
10,180	6,200	185,200	232,549
17,025		1,958,037	1,517,456
4,345		595,221	417,085
23,990	65,000	316,545	304,448
13,171	3,000	155,344	200,140
95	31,000	365,679	248,150
	1,000	69,039	244,540
<u>\$ 1,430,894</u>	<u>\$ 1,597,817</u>	<u>\$ 30,006,411</u>	<u>\$ 31,113,744</u>

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## **STATISTICAL SECTION**

**(Unaudited)**



**ElectriCities of North Carolina, Inc.**  
**Statistical Section**

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This part of ElectriCities comprehensive annual financial report presents detailed information about ElectriCities and its member cities as a context for understanding what the information in the financial statements, note disclosures and required supplemental information says about ElectriCities' overall financial health. Schedules presented in the Statistical Section differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. The Statistical Section reflects social and economic data, financial trends and the fiscal capacity of ElectriCities.

**ElectriCities of North Carolina, Inc.**  
**Schedule of Net Position (Unaudited)**

	Years Ended December 31,				
	2015	2014	2013	2012	2011
Business-type activities					
Net investment in Capital Assets	\$ 482,814	\$ 830,427	\$ 789,312	\$ 1,131,124	\$ 1,133,734
Unrestricted	(668,365)	20,896	20,896	20,896	20,896
Total Net Position	<u>\$ (185,551)</u>	<u>\$ 851,323</u>	<u>\$ 810,208</u>	<u>\$ 1,152,020</u>	<u>\$ 1,154,630</u>

	Years Ended December 31,				
	2010	2009	2008	2007	2006
Net invested in Capital Assets	\$ 1,207,305	\$ 506,176	\$ 526,296	\$ 535,805	\$ 566,884
Unrestricted	20,896	20,896	20,896	20,896	20,896
Total Net Position	<u>\$ 1,228,201</u>	<u>\$ 527,072</u>	<u>\$ 547,192</u>	<u>\$ 556,701</u>	<u>\$ 587,780</u>

Prepared on accrual basis of accounting.

Source: ElectriCities' basic or general purpose, as applicable, financial statements for the years indicated.

**ElectriCities of North Carolina, Inc.**  
**Schedule of Changes in Net Position (Unaudited)**

	For the Years Ended December 31,			
	2015	2014	2013	2012
<b>Operating Expenses</b>				
Administration	\$ 46,971	\$ 48,487	\$ 35,722	\$ 38,226
Safety and Training	1,105,476	1,065,243	988,949	915,627
Member Services	329,140	345,704	262,819	316,030
Government Affairs	-	938	1,049	871
Annual Meeting	219,842	222,688	225,704	163,594
Management Services	26,805,049	25,391,314	25,204,519	24,649,222
Regions Project #1	1,430,894	1,334,526	1,375,048	1,292,031
Regions Contract Services	-	-	-	-
Energy Auditor	-	-	-	-
Depreciation and amortization	401,207	340,693	534,601	501,469
Refund of excess (deficit) revenues	14,972	(34,440)	65,552	52,924
Pension Related Costs	(378,752)	-	-	-
Total Expenditures	<u>\$ 29,974,799</u>	<u>\$ 28,715,153</u>	<u>\$ 28,693,963</u>	<u>\$ 27,929,994</u>
<b>Operating Revenues</b>				
Membership dues	\$ 1,255,890	\$ 1,214,251	\$ 1,189,150	\$ 1,117,610
Management services and other program revenues	28,696,216	27,160,166	26,970,063	26,310,635
Miscellaneous revenues				
Non-operating revenues	238	43	149	280
Total Revenues	<u>\$ 29,952,344</u>	<u>\$ 28,374,460</u>	<u>\$ 28,159,362</u>	<u>\$ 27,428,525</u>
<b>Net Revenue/(Expense)</b>	<u>\$ (22,455)</u>	<u>\$ (340,693)</u>	<u>\$ (534,601)</u>	<u>\$ (501,469)</u>
<b>Changes in Net Position</b>				
Capital Contributions	69,039	381,808	192,789	498,859
Loss on Disposal	(15,445)	-	-	-
Restatement for Accounting Change	(1,068,013)	-	-	-
Change in Net Position	<u>\$ (1,036,874)</u>	<u>\$ 41,115</u>	<u>\$ (341,812)</u>	<u>\$ (2,610)</u>

Prepared on accrual basis of accounting.

Source: ElectriCities' basic or general purpose, as applicable, financial statements for the years indicated.

For the Years Ended December 31,					
2011	2010	2009	2008	2007	2006
\$ 32,095	\$ 52,667	\$ 39,220	\$ 51,860	\$ 56,820	\$ 67,400
697,695	682,000	729,469	715,873	636,357	590,177
264,035	256,522	268,297	272,169	272,616	266,817
830	851	2,627	8,008	9,239	6,374
150,786	60,246	192,487	210,350	166,086	107,565
16,556,273	16,072,937	16,614,852	15,253,337	14,190,428	13,177,208
1,164,993	1,161,209	1,184,200	1,061,362	826,026	766,659
8,445	16,163	7,031	9,455	12,932	14,868
-	-	44,878	83,547	23,889	-
285,179	260,282	246,135	255,201	282,421	251,791
235,923	74,123	45,477	40,650	41,442	6,835
-	-	-	-	-	-
<u>\$ 19,396,254</u>	<u>\$ 18,637,000</u>	<u>\$ 19,374,673</u>	<u>\$ 17,961,812</u>	<u>\$ 16,518,256</u>	<u>\$ 15,255,694</u>
\$ 970,707	\$ 988,575	\$ 869,520	\$ 825,376	\$ 798,865	\$ 764,127
18,139,852	17,385,815	18,250,893	16,865,977	15,425,175	14,231,050
516	2,328	8,125	15,258	11,795	8,727
<u>\$ 19,111,075</u>	<u>\$ 18,376,718</u>	<u>\$ 19,128,538</u>	<u>\$ 17,706,611</u>	<u>\$ 16,235,835</u>	<u>\$ 15,003,904</u>
<u>\$ (285,179)</u>	<u>\$ (260,282)</u>	<u>\$ (246,135)</u>	<u>\$ (255,201)</u>	<u>\$ (282,421)</u>	<u>\$ (251,790)</u>
986,308	240,162	236,626	224,122	259,700	356,938
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 701,129</u>	<u>\$ (20,120)</u>	<u>\$ (9,509)</u>	<u>\$ (31,079)</u>	<u>\$ (22,721)</u>	<u>\$ 105,148</u>

**ElectriCities of North Carolina, Inc.**  
**Schedule of Membership Dues (Unaudited)**  
**For the Years Ended December 31,**

	2015	2014	2013	2012	2011
Albemarle	\$ 27,602	\$ 26,758	\$ 26,600	\$ 22,452	\$ 24,391
Apex	30,496	29,424	27,675	22,596	24,435
Ayden	9,699	10,032	9,640	7,805	8,334
Bamberg, SC*	795	750	732	689	670
Bedford, VA *	1,592	1,502	1,465	1,378	1,339
Belhaven	2,225	2,217	2,165	1,847	2,005
Bennettsville, SC*	795	1,502	1,465	1,378	1,339
Benson	4,250	4,023	3,998	3,394	3,717
Black Creek					
Bostic	571	524	525	447	486
Camden, SC*	1,592	1,502	1,465	1,378	1,339
Cherryville	5,624	6,116	6,096	4,934	5,441
Clayton	12,030	11,211	10,883	9,139	8,997
Concord	68,294	66,298	65,269	53,571	56,493
Cornelius	6,553	6,182	5,835	4,928	5,210
Dallas	7,300	6,400	6,324	5,236	5,729
Danville, VA *	1,592	1,502	1,465	1,378	1,339
Drexel	2,410	2,335	2,278	1,933	2,110
East Carolina University	159	150	146	137	133
Edenton	9,679	9,386	9,123	7,810	8,405
Elizabeth City	27,387	26,975	26,267	22,715	24,272
Elizabeth City State University	159	150	146	137	133
Enfield	3,272	3,223	3,184	2,699	2,976
Farmville	6,145	5,945	5,818	4,951	5,357
Fayetteville Public Works Commission	107,790	104,805	102,863	84,697	91,743
Forest City	10,253	10,412	10,275	8,338	9,180
Fountain	675	703	693	592	648
Fremont	1,600	1,516	1,476	1,324	1,425
Front Royal	1,592	1,502			
Gastonia	58,876	57,265	56,487	47,864	52,291
Granite Falls	5,805	5,547	5,477	4,640	5,087
Greenville Utilities	107,790	104,805	102,864	84,697	91,742
Hamilton	583	545	582	464	508
Hertford	2,438	2,423	2,348	2,001	2,219
High Point	92,430	89,769	88,295	74,691	81,077
Highlands*					
Hobgood	619	605	592	514	566
Hookerton	883	854	824	730	789
Huntersville	13,650	12,880	11,905	9,751	10,276
Kings Mountain	11,665	10,848	10,463	8,664	9,248
Kinston	31,360	30,459	29,686	25,562	27,928
La Grange	2,992	3,508	3,431	3,065	3,319
Landis	6,056	5,790	5,728	4,874	5,294
Laurinburg	13,673	13,049	12,778	10,900	11,869
Lexington	39,635	38,349	37,892	32,201	34,554
Lincolnton	6,563	6,410	6,363	5,320	5,796
Louisburg	5,299	5,182	5,101	4,368	4,790

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2010	2009	2008	2007	2006
\$ 22,402	\$ 22,338	\$ 20,943	\$ 20,288	\$ 19,804
22,152	21,744	19,376	17,882	16,439
7,833	7,991	7,284	7,046	6,834
612	592	543	517	500
1,224	1,185	1,087	1,035	1,000
1,878	1,836	1,764	1,635	1,596
1,224	1,185	1,087	1,035	500
3,449	3,443	3,310	3,147	3,087
455	450	418	407	391
1,224	1,185	1,087	1,035	1,000
5,018	5,023	4,493	4,469	4,253
9,286	8,244	7,224	6,838	6,632
51,738	49,381	46,994	44,291	42,626
4,619	4,599	4,310	3,909	3,684
5,265	5,229	4,699	4,505	4,414
1,224	1,185	1,087	1,035	1,000
1,968	1,956	1,829	1,762	1,712
122	118	108	103	100
7,786	7,797	7,338	7,095	6,970
22,385	21,982	21,083	19,440	18,282
122	118	108		
2,734	2,755	2,669	2,562	2,523
4,931	4,893	4,281	4,182	4,160
72,236	51,666	32,602	31,050	30,000
8,282	7,672	8,440	8,097	7,984
595	512	476		
1,307	1,330	1,268	1,227	1,185
48,128	47,710	45,351	43,321	41,538
4,650	4,475	4,208	3,992	3,833
84,952	84,168	79,223	75,412	72,923
473	474	453	426	414
2,082	2,053	1,990	1,786	1,777
74,684	74,835	67,017	64,037	61,950
536	533	501	505	488
737	730	699	671	660
9,060	8,465	7,009	6,200	5,789
8,370	8,130	7,602	7,035	6,895
26,313	26,640	25,659	24,017	23,362
2,969	2,967	2,753	2,646	2,586
4,844	4,783	4,511	4,169	4,026
11,028	11,044	10,533	10,000	9,693
32,174	32,805	31,396	30,242	30,010
5,506	5,480	5,235	5,030	4,825
4,451	4,367	4,119	3,891	3,825

**ElectriCities of North Carolina, Inc.**  
**Schedule of Membership Dues (Unaudited)**  
**For the Years Ended December 31,**

	2015	2014	2013	2012	2011
Lucama*	\$ -	\$ -	\$ -	\$ -	\$ -
Lumberton	26,678	25,642	25,102	20,473	22,021
Maiden	4,308	4,158	4,077	3,379	3,533
Martinsville, VA*	1,592	1,502	1,465	1,378	1,339
Monroe	38,055	36,917	36,930	30,283	32,015
Morganton	24,980	24,147	23,767	19,839	21,438
Murphy*					
New Bern	44,695	42,984	41,838	35,717	38,377
New River Light & Power*	19,054	18,217	18,299	14,059	15,590
Newton	11,806	11,526	11,571	9,712	10,634
Pikeville	1,132	1,082	1,050	892	972
Pineville	8,563	8,391	8,114	6,927	7,653
Piedmont Municipal Power Agency**	10,195	10,214	9,962	9,367	9,105
Red Springs	4,129	3,999	3,950	3,365	3,640
Richlands, VA*					
Robersonville	2,315	2,303	2,255	1,907	2,011
Rocky Mount	58,843	57,467	56,493	48,047	52,098
Scotland Neck	3,020	3,591	3,490	3,021	3,246
Selma	6,453	6,279	6,107	5,130	5,606
Sharpsburg*					
Shelby	18,421	17,853	17,627	14,822	16,080
Smithfield	12,134	11,838	11,688	9,960	11,197
Southport	6,020	5,744	5,577	4,783	5,103
Stantonsburg	2,474	2,397	2,369	1,948	2,141
Statesville	34,443	33,458	32,932	27,379	29,510
Tarboro	16,621	16,088	15,660	13,473	14,673
University of NC - Chapel Hill*	159	150	146	137	133
University of NC - Greensboro*					
NC State University	159	150	146	137	133
Wake Forest	14,409	13,748	13,453	11,345	12,078
Washington	28,075	27,133	26,545	22,629	24,603
Waynesville	7,819				
Western Carolina University*	795	750	732	689	670
Wilson	84,929	84,530	82,615	70,569	75,965
Windsor	4,811	4,709	4,626	3,878	4,263
Winterville	6,355	5,951	5,877	5,101	5,351
Budget Amendment - Appropriated				119,075	
<b>Total Dues</b>	<u>\$ 1,255,890</u>	<u>\$ 1,214,251</u>	<u>\$ 1,189,150</u>	<u>\$ 1,117,610</u>	<u>\$ 1,076,177</u>

\*Associate Members

\*\* Membership includes the following South Carolina municipalities, all of whom are associate members:  
 Abbeville, Clinton, Easley, Gaffney, Greer, Laurens, Newberry, Rock Hill, Union and Westminster

Source: ElectriCities' dues billing to its members.

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2010	2009	2008	2007	2006
\$ -	\$ -	\$ 108	\$ 103	\$ 100
21,576	20,140	19,005	18,384	17,795
3,143	3,365	3,151	2,942	2,892
1,224	1,185	1,087	1,035	1,000
29,301	30,143	28,188	26,388	24,847
19,718	20,029	18,766	17,881	17,298
		543	517	500
35,302	33,988	31,339	29,831	28,866
1,224	1,185	1,087	1,035	1,000
9,573	9,368	8,868	8,003	7,516
897	905	847	814	810
6,987	7,034	6,846	6,439	6,203
7,834	7,584	6,950	6,620	6,400
3,572	3,342	3,164	3,016	2,894
612	592	543	517	500
1,988	1,947	1,860	1,857	1,789
48,465	48,593	48,219	46,011	46,638
3,065	3,056	2,904	2,839	2,775
5,375	5,383	5,196	4,880	4,630
		108	103	100
14,702	14,984	14,269	13,405	12,871
9,962	9,940	9,762	9,344	9,028
4,775	4,692	4,441	4,057	3,909
2,010	1,940	1,801	1,728	1,647
27,731	28,515	27,398	26,172	25,416
13,533	13,599	13,188	12,598	12,494
122		108	103	100
	118	108	103	100
122	118	108		
11,114	10,708	9,905	9,495	9,093
22,858	22,529	21,157	20,336	19,546
		543	517	500
612	592	543	517	500
71,468	69,791	65,040	62,217	60,290
3,903	3,818	3,564	3,416	3,226
4,911	4,874	4,639	4,181	4,322
	48,450			
<u>\$ 970,707</u>	<u>\$ 988,575</u>	<u>\$ 869,520</u>	<u>\$ 825,376</u>	<u>\$ 798,865</u>



**ElectriCities of North Carolina**  
**Schedule of Estimated Population (Unaudited)**  
**For the Fiscal Years Ended June 30,**

<i>City/Town</i>	2015	2014	2013	2012
Abbeville, SC	81,370	81,370	81,370	81,370
Albemarle	16,338	16,338	16,338	16,338
Apex	32,275	32,275	32,275	32,275
Ayden	5,008	5,008	5,008	5,008
Bamberg, SC	3,600	3,600	3,600	3,600
Bedford, VA	6,300	6,300	6,300	6,300
Belhaven	1,963	1,963	1,963	1,963
Bennettsville, SC	9,425	9,425	9,425	9,425
Benson	3,703	3,703	3,703	3,703
Black Creek				
Bostic	316	316	316	316
Camden, SC	7,000	7,000	7,000	7,000
Cherryville	2,795	5,795	5,795	5,795
Clayton	14,333	14,333	14,333	14,333
Clinton, SC	8,091	8,091	8,091	8,091
Concord	81,370	81,370	81,370	81,370
Cornelius	24,847	24,847	24,847	24,847
Dallas	4,033	4,033	4,033	4,033
Danville, VA	46,500	46,500	46,500	46,500
Drexel	1,920	1,920	1,920	1,920
Easley, SC	20,000	20,000	20,000	20,000
East Carolina University				
Edenton	5,166	5,166	5,166	5,166
Elizabeth City	20,406	20,406	20,406	20,406
Elizabeth City State University				
Enfield	2,221	2,221	2,221	2,221
Farmville	4,776	4,776	4,776	4,776
Fayetteville	207,788	207,788	207,788	207,788
Forest City	7,133	7,133	7,133	7,133
Fountain	586	586	586	586
Fremont	1,404	1,404	1,404	1,404
Front Royal VA	14,440			
Gaffney, SC	12,986	12,986	12,986	12,986
Gastonia	75,820	75,280	75,280	75,280
Granite Falls	4,999	4,999	4,999	4,999
Greenville	82,571	82,571	82,571	82,571
Greer, SC	24,557	24,557	24,557	24,557
Hamilton	459	459	459	459
Hertford	2,303	2,203	2,203	2,203
High Point	102,216	102,216	102,216	102,216
Highlands				
Hobgood	381	381	381	381
Hookerton	487	487	487	487
Huntersville	41,216	41,216	41,216	41,216
Kings Mountain	11,070	11,070	11,070	11,070
Kinston	22,478	22,478	22,478	22,478
La Grange	2,774	2,774	2,774	2,774
Landis	3,127	3,127	3,127	3,127
Laurens, SC	10,000	10,000	10,000	10,000

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2011	2010	2009	2008	2007	2006
5,900	5,900	5,900	5,900	5,900	5,900
16,043	16,026	15,917	15,917	15,694	15,694
34,937	34,591	33,405	30,182	30,182	28,895
4,923	4,827	4,827	4,827	4,661	4,642
3,600	3,600	3,600	3,600	3,600	3,600
6,300	6,300	6,300	6,300	6,300	6,300
1,945	1,938	1,933	1,933	1,933	1,937
9,425	9,425	9,425	9,425	9,425	9,425
3,581	3,380	3,380	3,232	3,232	3,232
316	322	322	322	322	325
7,000	7,000	7,000	6,682	6,682	6,682
5,680		5,538	5,538	5,538	5,538
13,842		13,842	12,173	12,173	10,706
8,091	8,091	8,091	8,091	8,091	9,129
79,673	71,240	68,249	62,291	62,291	61,068
23,929	22,946	14,581	17,144	14,581	15,399
3,558	3,558	3,558	3,558	3,558	3,558
46,500	46,400	48,500	48,500	48,500	48,500
1,950	1,930	1,930	1,930	1,930	1,931
20,000		19,194	17,754	17,754	17,754
5,143	5,069	5,069	5,069	5,069	5,394
19,449	19,449	19,449	17,490	17,490	17,686
2,250	2,370	2,370	2,370	2,370	2,409
4,656	4,601	4,601	4,601	4,601	4,591
207,445	174,364	174,364	173,653	173,653	130,762
7,162	7,329	7,329	7,329	7,329	7,450
578	550	550	550	545	537
1,463	1,463	1,463	1,463	1,463	1,463
12,986	18,133	18,133	18,133	18,133	18,133
74,518	72,848	71,376	70,278	68,809	68,518
4,979	4,904	4,845	4,762	4,703	4,660
79,629	72,233	72,233	69,517	67,525	63,477
24,557	21,421	21,421	19,989	19,989	19,989
502	502	502	502	502	502
2,172	2,172	2,172	2,172	2,080	2,070
100,442	96,867	96,867	94,793	92,489	92,489
385	385	387	395	395	397
485	487	487	472	472	472
44,500	40,000	40,000	32,000	32,000	32,000
10,757	10,535	10,535	10,535	10,535	10,535
22,649	23,337	23,337	23,337	23,337	23,500
2,836	2,836	2,836	2,836	2,836	3,000
3,100	3,047	3,047	3,036	3,033	3,033
10,000	9,964	9,916	9,916	9,916	9,916

**ElectriCities of North Carolina**  
**Schedule of Estimated Population (Unaudited)**  
**For the Fiscal Years Ended June 30,**

<i>City/Town</i>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Laurinburg	15,825	15,825	15,825	15,825
Lexington	21,420	21,420	21,420	21,420
Lincolnton	11,553	11,553	11,553	11,553
Louisburg	3,711	3,711	3,711	3,711
Lucama				
Lumberton	23,039	23,039	23,039	23,039
Macclesfield	401	401	401	401
Maiden	3,466	3,466	3,466	3,466
Martinsville, VA	15,416	15,416	15,416	15,416
Monroe	38,120	38,120	38,120	38,120
Morganton	17,058	17,058	17,058	17,058
Murphy				
New Bern	26,613	26,613	26,613	26,613
New River Light & Power	15,000	15,000	15,000	15,000
Newberry, SC	10,907	10,907	10,907	10,907
Newton	13,819	13,819	13,819	13,819
Pikeville	703	703	703	703
Pinetops	1,259	1,259	1,259	1,259
Pineville	7,747	7,747	7,747	7,747
Red Springs	3,497	3,497	3,497	3,497
Richlands, VA				
Robersonville	1,578	1,578	1,578	1,578
Rock Hill, SC	70,500	70,500	70,500	70,500
Rocky Mount	60,219	60,219	60,219	60,219
Scotland Neck	2,182	2,182	2,182	2,182
Selma	7,671	7,671	7,671	7,671
Sharpsburg				
Shelby	20,793	20,793	20,793	20,793
Smithfield	13,410	13,410	13,410	13,410
Southport	3,143	3,143	3,143	3,143
Stantonsburg	749	749	749	749
Statesville	27,322	27,322	27,322	27,322
Tarboro	10,292	10,292	10,292	10,292
University of NC - Chapel Hill				
University of NC - Greensboro				
Union, SC	9,575	9,575	9,575	9,575
Wake Forest	28,572	28,542	28,542	28,542
Walstonburg	232	232	232	232
Washington	10,114	10,114	10,114	10,114
Waynesville	9,869			
Western Carolina University				
Westminster, SC	3,120	3,120	3,120	3,120
Wilson	51,274	51,274	51,274	51,274
Windsor	3,214	3,214	3,214	3,214
Winterville	9,154	9,154	9,154	9,154

Source: ElectriCities' member questionnaires prepared by members and submitted to ElectriCities in the fall of each year.

2011	2010	2009	2008	2007	2006
15,911	16,586	16,586	16,586	16,586	15,815
21,378	20,927	20,927	20,918	20,605	20,385
11,316	11,061	10,791	10,206	10,206	10,206
3,677	3,644	3,644			3,413
	880	880	880	880	878
22,006	20,795	20,795	20,795	20,795	20,795
450	432	432	432	432	458
3,406	3,279	3,279	3,279	3,279	3,279
15,416	15,416	15,416	15,416	15,416	15,000
37,280	35,966	33,908	29,489	29,489	30,392
17,108	18,474	18,474	18,474	18,474	17,080
			1,588	1,588	1,581
28,586	25,600	25,600	25,600	25,600	23,415
15,000	13,901	13,901	13,901	13,901	13,901
10,907	10,580	10,580	10,580	10,580	10,580
13,670	13,075	13,075	13,075	12,986	12,939
704	714	714	714	714	793
1,256	1,314	1,329	1,329	1,419	1,416
7,501	7,368	6,897	4,027	4,027	3,975
3,461	3,461	3,461	3,461	3,461	3,447
5,639	5,639	5,639	4,144	4,144	4,144
1,596	1,650	1,650	1,650	1,650	1,751
67,339	64,858	56,114	56,114	56,114	56,144
59,228	56,291	56,291	56,290	56,309	56,321
2,268	2,268	2,268	2,268	2,268	2,299
7,497	7,008	7,008	6,841	6,685	6,517
		2,512	2,512	2,512	2,460
21,449	20,957	20,957	20,957	20,957	20,825
12,800	12,160	12,160	12,160	11,893	11,915
2,964	2,934	2,860	2,677	2,595	2,558
730	730	730	730	730	802
24,292	24,292	24,292	24,292	24,292	23,320
10,430	10,686	10,686	10,985	10,985	11,138
9,575	8,800	8,800	8,800	8,800	8,793
27,217	25,000	25,000	20,300	20,300	16,490
231	231	231	231	225	228
9,583	9,764	9,764	9,764	9,764	9,674
	9,972	9,621	9,531	9,482	9,482
3,120	3,120	3,120	3,120	3,120	3,120
50,652	49,000	47,487	47,487	47,487	45,562
3,165	2,285	2,285	2,285	2,311	2,311
8,949	6,942	6,942	6,942	6,942	5,101

**ElectriCities of North Carolina, Inc.**  
**Schedule of Customers Served (Unaudited)**  
**For the Fiscal Years Ended June 30,**

<i>City/Town</i>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Abbeville, SC				
Albemarle	11,887	11,844	11,821	11,857
Apex	16,154	15,477	14,831	14,279
Ayden	3,881	3,934	4,548	4,576
Bamberg, SC				
Bedford, VA				
Belhaven	1,145	1,115	1,121	1,140
Bennettsville, SC				
Benson	1,609	1,777	1,766	1,767
Black Creek				
Bostic	203	222	201	199
Camden, SC				
Cherryville	2,440	2,442	2,425	3,115
Clayton	5,747	5,623	5,250	5,142
Clinton, SC				
Concord	28,618	28,215	27,298	28,282
Cornelius	3,239	3,102	2,953	2,783
Dallas	3,478	3,400	3,359	3,311
Danville, VA				
Drexel	1,203	1,207	1,214	1,202
Easley, SC				
East Carolina University	University	University	University	University
Edenton	4,162	4,164	4,157	4,159
Elizabeth City	11,987	11,956	11,969	11,967
Elizabeth City State University	University	University	University	University
Enfield	1,274	1,298	1,300	1,312
Farmville	2,912	2,904	2,879	2,883
Fayetteville	88,760	87,883	87,072	85,174
Forest City	4,103	4,114	4,129	4,100
Fountain	302	311	315	316
Fremont	803	803	806	753
Gaffney, SC				
Gastonia	26,891	26,497	26,268	26,067
Granite Falls	2,396	2,394	2,391	2,410
Greenville	65,326	65,073	64,629	64,309
Greer, SC				
Hamilton	254	252	249	284
Hertford	1,160	1,166	1,203	1,198
High Point	40,123	39,731	39,607	39,462
Highlands				
Hobgood	278	284	285	289
Hookerton	419	415	390	398
Huntersville	4,836	4,664	4,501	4,355
Kings Mountain	4,446	4,364	4,154	4,250
Kinston	11,645	11,730	11,809	11,787
La Grange	1,482	1,486	1,500	1,502
Landis	2,865	2,877	2,837	2,810
Laurens, SC				

2011	2010	2009	2008	2007	2006
3,541	3,511	3,522	3,588	3,569	3,591
11,957	11,966	11,880	11,910	11,645	11,645
13,995	13,866	13,964	13,441	11,224	11,224
4,611	4,625	3,950	4,283	3,925	3,817
1,826					
7,055		6,955	6,955	6,619	6,738
1,164	1,174	1,185	1,144	1,125	1,125
4,657		4,726	4,726	4,726	4,726
1,768	1,792	1,789	1,789	1,761	1,800
201	198	198	193	193	193
10,636		9,344	9,344		9,784
2,432	2,508	2,486	2,964	2,914	2,465
5,141	5,160	4,950	5,135	5,132	5,132
4,106		5,614	4,202	4,202	4,202
28,064	27,170	27,014	26,945	26,945	25,780
2,707	2,636	2,625	2,625	2,458	2,537
3,276	3,243	3,000	3,000	3,000	3,000
46,016		44,579	46,400	48,601	48,757
1,212	1,212	1,210	1,202	1,202	1,202
13,463		12,779	12,779	12,779	12,779
University	University	University	University	University	University
4,185	4,193	4,600	4,196	4,965	4,069
12,010	11,809	11,863	11,878	11,373	11,373
University	University	University	University	University	University
1,322	1,394	1,448	1,448	1,448	1,448
2,901	2,886	2,850	2,864	N/A	5,788
85,197	85,186	76,756	76,170	76,909	72,920
4,126	4,123	4,461	4,155	4,155	4,170
318	304	331	388	338	338
749	817	916	916	916	1,724
7,288		7,292	7,254	7,254	7,254
26,133	26,063	26,292	25,254	N/A	25,634
2,406	2,384	2,418	2,418	2,390	2,379
63,893	63,240	62,363	60,758	60,758	58,299
17,437		15,928	16,851	16,729	13,273
251	258	254	254	254	254
1,185	1,227	1,228	990	990	990
39,338	39,208	39,223	39,186	39,186	38,715
297	301	371	371	371	371
432	434	439	439	N/A	437
4,193	4,118	4,056	4,079	3,521	3,836
4,324	4,086	4,624	4,381	4,381	4,381
11,838	12,068	12,226	12,186	12,118	12,366
1,500	1,503	1,654			
2,816	2,816	2,800	2,700	2,700	2,700
51,974		5,424	5,345	5,198	5,198

**ElectriCities of North Carolina, Inc.**  
**Schedule of Customers Served (Unaudited)**  
**For Fiscal Year Ended June 30,**

<i>City/Town</i>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Laurinburg	5,588	5,749	5,672	5,586
Lexington	18,474	18,348	18,371	18,356
Lincolnton	2,657	2,671	2,670	2,654
Louisburg	1,958	1,925	1,930	1,921
Lucama				
Lumberton	12,237	12,036	12,323	11,886
Macclesfield	269	269	274	274
Maiden	1,171	1,165	1,122	1,087
Martinsville, VA				
Monroe	10,557	10,475	10,421	10,331
Morganton	8,168	8,184	8,200	8,173
Murphy				
New Bern	21,859	21,822	21,284	21,180
New River Light & Power	7,852	7,751	7,689	7,641
Newberry, SC				
Newton	4,504	4,495	4,486	4,478
Pikeville	513	518	516	512
Pinetops	756	781	775	777
Pineville	2,994	2,907	2,756	2,722
Red Springs	1,692	1,700	1,700	1,709
Richlands, VA				
Robersonville	1,035	1,034	1,068	1,101
Rock Hill, SC				
Rocky Mount	27,276	27,277	27,167	27,095
Scotland Neck	1,480	1,483	1,501	1,520
Selma	2,741	2,661	2,666	2,690
Sharpsburg				
Shelby	8,077	8,013	7,936	7,898
Smithfield	4,498	4,477	4,491	4,449
Southport	2,761	2,663	2,620	2,595
Stantonsburg	1,129	1,171	1,174	1,186
Statesville	13,084	13,010	12,962	13,020
Tarboro	6,050	6,050	6,060	6,078
University of NC - Chapel Hill	University	University	University	University
University of NC - Greensboro	University	University	University	University
Union, SC				
Wake Forest	6,734	6,307	6,187	6,088
Walstonburg	129	131	125	131
Washington	13,441	13,565	13,478	13,421
Waynesville	3,200			
Western Carolina University	University	University	University	University
Westminster, SC				
Wilson	33,813	33,691	33,619	33,593
Windsor	1,786	1,796	1,804	1,807
Winterville	2,835	2,913	2,881	3,460

Source: ElectriCities' member questionnaires prepared by members and submitted to ElectriCities in the fall of each year

2011	2010	2009	2008	2007	2006
6,519	5,634	5,569	5,681	N/A	5,681
18,267	18,092	18,154	18,477	18,477	18,461
2,668	2,653	2,888	2,879	2,864	2,864
1,936	1,939	1,950	3,878	3,898	3,878
			1,200	1,200	1,200
11,980	11,982	12,243	20,345	20,496	20,345
276	275	295	293	293	293
1,080	1,068	1,069	1,069	1,067	1,067
7,897	7,867	8,047	8,647	8,047	8,047
10,319	10,369	10,331	10,467	10,403	9,631
8,089	8,230	8,230	8,695	8,120	8,128
			4,802	4,802	4,802
21,433	21,158	20,626	19,481	19,481	19,481
	7,682				
12,507		4,989	4,916	4,889	4,873
4,522	4,486	4,840	4,535	4,411	4,411
519	519	516	527	538	538
777	777	752	722	722	722
2,822	2,791	2,745	2,728	2,468	2,468
1,705	1,698	1,717		3,410	
		2,641	3,002	3,002	3,002
1,105	1,314	1,175	1,069	1,035	1,035
36,872	33,182	32,850	32,917	29,800	29,800
27,390	27,576	27,576	29,376	29,367	29,105
1,538	1,574	1,599	1,599	3,211	3,281
2,676	2,769	2,784	2,842	2,385	2,733
			1,504	1,504	1,504
7,567	7,443	7,971	8,316	8,230	8,230
4,474	4,653	4,566	4,528	4,700	4,700
2,595	2,588	2,706	2,590	2,553	2,394
1,184	1,175	1,231	1,030	1,030	1,030
12,914	12,914	13,024	13,024	12,801	12,697
6,087	6,098	6,125	6,104	6,116	6,024
University	University	University	University	University and 430 campus retail customers	University and 430 campus retail customers
University	University	University	University	University	University
7,041	7,006	7,000	7,125	7,096	7,072
6,070	6,004	8,088	6,220	N/A	6,220
132	132	132	130	130	130
13,435	13,347	13,333	12,956	N/A	12,956
			3,006	3,019	3,038
University	University	University	University	University	University
1,568		1,571			
33,549	33,518	36,200	35,391	32,636	32,636
1,835	1,829	2,085	2,049	2,049	2,049
3,427	3,413	2,716	2,667	2,667	2,667



**ElectriCities of North Carolina, Inc.**  
**Schedule of kWh Sold (Unaudited)**  
**For the Fiscal Years Ended June 30,**

<i>City/Town</i>	2015	2014	2013	2012
Abbeville, SC				
Albemarle	292,828.000	280,760.000	294,365.000	300,735.000
Apex	266,566.000	247,851.000	246,768.000	253,762.000
Ayden	106,141.000	103,605.000	99,087.000	100,867.000
Bamberg, SC				
Bedford, VA				
Belhaven	18,980.000	19,475.000	18,820.000	20,273.000
Bennettsville, SC				
Benson	32,523.000	31,893.000	32,161.000	34,457.000
Black Creek				
Bostic	3,496.000	3,347.000	3,286.000	3,519.000
Camden, SC				
Cherryville	46,788.000	44,691.000	44,854.000	51,276.000
Clayton	96,446.000	91,317.000	90,664.000	94,266.000
Clinton, SC				
Concord	860,552.000	833,000.000	846,243.000	847,511.000
Cornelius	52,544.000	50,184.000	49,267.000	49,563.000
Dallas	65,729.000	64,566.000	63,856.000	62,020.000
Danville, VA				
Drexel	18,741.000	18,149.000	17,610.000	19,412.000
Easley, SC				
East Carolina University				
Edenton	96,007.000	98,334.000	94,651.000	97,814.000
Elizabeth City	299,942.000	298,733.000	296,808.000	315,771.000
Elizabeth City State University				
Enfield	36,223.000	35,415.000	34,636.000	34,988.000
Farmville	47,228.000	46,282.000	45,284.000	47,342.000
Fayetteville	2,087,801.000	2,025,377.000	2,007,469.000	2,171,225.000
Forest City	115,259.000	104,750.000	106,437.000	116,368.000
Fountain	4,289.000	4,672.000	4,353.000	3,663.000
Fremont	13,119.000	13,174.000	12,790.000	12,627.000
Gaffney, SC				
Gastonia	647,079.000	625,787.000	632,569.000	660,255.000
Granite Falls	57,708.000	55,472.000	52,680.000	55,214.000
Greenville	1,706,381.000	1,638,236.000	1,631,488.000	1,690,744.000
Greer, SC				
Hamilton	2,865.000	2,839.000	2,750.000	2,814.000
Hertford	22,153.000	22,782.000	21,821.000	21,888.000
High Point	1,133,236.000	1,122,288.000	1,113,155.000	1,145,838.000
Highlands				
Hobgood	2,894.000	2,900.000	2,784.000	3,079.000
Hookerton	5,527.000	5,251.000	5,179.000	5,792.000
Huntersville	198,441.000	199,780.000	174,091.000	169,352.000
Kings Mountain	136,512.000	126,629.000	129,823.000	135,319.000
Kinston	461,500.000	440,862.000	418,092.000	436,370.000
La Grange	24,460.000	25,211.000	24,722.000	26,163.000
Landis	44,607.000	43,519.000	43,690.000	47,877.000
Laurens, SC				

2011	2010	2009	2008	2007	2006
58,056,000	62,971,764	59,369,085	60,027,767	60,739,579	62,167,914
308,342,000	288,735,000	284,095,000	294,702,425	297,204,518	297,204,518
256,633,000	242,155,000	235,084,147	235,183,279	193,889,646	193,889,646
101,551,000	98,097,000	102,728,854	108,767,249	108,721,501	110,773,914
50,050,000					
211,131,000		221,608,571	225,635,846	226,139,253	244,057,062
21,080,000	19,578,000	20,013,008	20,410,863	20,833,081	20,833,080
96,185,000		99,821,583	99,821,583	98,434,000	98,434,000
37,734,000	36,008,000	35,295,798	36,172,672	35,299,938	35,299,938
3,851,000	3,755,000	3,862,822	3,798,848	3,798,848	3,798,848
180,705,000		191,925,842	191,342,018	183,911,678	170,745,000
52,461,000	52,351,000	50,827,289	47,578,133	47,886,499	47,886,499
103,699,000	91,963,000	80,546,649	78,423,102	75,682,251	75,444,492
109,999,000		114,531,918	112,620,629	112,620,629	112,620,629
876,388,000	810,758,000	816,424,443	780,264,570	795,381,007	722,654,117
50,191,000	44,461,000	43,797,354	44,500,576	39,950,456	39,264,246
63,917,000	58,626,000	45,620,476	45,620,476	45,620,476	45,620,476
975,360,000		995,787,487	NA	986,033,199	985,719,997
19,990,000	18,846,000	19,389,000	18,594,641	18,594,641	18,594,641
286,441,000		269,561,068	269,561,068	269,561,068	269,561,068
101,544,000	93,082,000	96,886,066	96,886,066	102,349,804	102,349,804
323,348,000	302,963,000	312,472,937	303,607,580	289,548,266	289,548,266
37,291,000	37,111,000	36,716,967	38,468,632	38,468,632	38,468,632
51,465,000	49,584,000	53,375,505	52,967,769	53,375,505	53,375,505
2,214,346,000	2,101,183,000	2,120,880,926	2,121,037,988	2,041,060,661	2,068,425,296
118,611,000	112,644,000	117,576,402	128,415,337	128,415,337	110,119,338
3,748,000	3,699,000	3,799,414	7,092,077	7,092,077	7,092,077
13,575,000	14,196,000	12,515,377	12,515,377	12,515,377	12,515,377
210,072,000	230,400,000	238,542,504	224,137,152	224,137,152	224,137,152
684,155,000	692,156,000	704,505,952	732,860,472	690,930,239	694,921,864
56,826,000	54,248,000	49,085,925	49,085,925	48,614,472	46,524,887
1,704,348,000	1,608,710,000	1,626,811,632	1,556,258,230	1,556,258,230	1,537,258,938
316,363,000		333,416,418	326,309,000	303,247,994	259,661,590
3,195,000	3,166,000				
23,955,000	22,960,000	22,630,797	21,879,612	21,879,612	2,318,462
1,158,330,000	1,094,331,000	1,154,044,495	1,112,755,429	1,112,755,429	1,120,392,460
3,580,000	3,743,000	3,390,723	3,630,257	3,630,257	3,630,257
5,888,000	5,315,000	5,532,308	5,437,110	5,665,132	5,665,132
162,865,000	148,473,000	143,815,828	134,271,814	82,221,588	82,221,588
133,739,000	123,742,000	125,437,894	109,133,402	109,133,402	109,133,402
450,636,000	430,248,000	444,952,078	391,956,005	463,368,391	444,199,947
27,758,000	25,816,000	24,621,160	24,625,160		
51,158,000	45,618,000	47,025,646	30,326,925	30,326,925	30,326,925
948,989,000		106,071,933	10,613,757	99,290	99,290

**ElectriCities of North Carolina, Inc.**  
**Schedule of kWh Sold (Unaudited)**  
**For the Fiscal Years Ended June 30,**

<i>City/Town</i>	2015	2014	2013	2012
Laurinburg	134,968.000	128,881.000	131,385.000	135,751.000
Lexington	397,556.000	386,865.000	383,899.000	407,191.000
Lincolnton	57,124.000	56,382.000	57,513.000	59,224.000
Louisburg	56,887.000	53,544.000	58,961.000	60,830.000
Lucama				
Lumberton	284,490.000	262,117.000	261,335.000	282,350.000
Macclesfield	2,525.000	2,738.000	3,135.000	3,618.000
Maiden	72,712.000	70,717.000	69,945.000	69,345.000
Martinsville, VA				
Monroe	686,630.000	636,660.000	647,197.000	651,109.000
Morganton	361,432.000	356,155.000	364,128.000	351,055.000
Murphy				
New Bern	454,434.000	443,637.000	440,993.000	467,060.000
New River Light & Power	215,386.000	216,998.000	212,888.000	225,700.000
Newberry, SC				
Newton	147,561.000	147,907.000	148,330.000	155,410.000
Pikeville	8,731.000	8,722.000	7,679.000	8,331.000
Pinetops	21,200.000	19,850.000	19,500.000	20,125.000
Pineville	110,902.000	110,584.000	112,430.000	115,786.000
Red Springs	35,412.000	34,922.000	34,169.000	33,870.000
Richlands, VA				
Robersonville	20,782.000	22,057.000	22,786.000	23,108.000
Rock Hill, SC				
Rocky Mount	699,641.000	690,443.000	690,852.000	725,986.000
Scotland Neck	24,853.000	25,195.000	27,056.000	25,854.000
Selma	66,605.000	64,051.000	61,396.000	65,686.000
Sharpsburg				
Shelby	188,631.000	188,313.000	187,005.000	196,035.000
Smithfield	168,639.000	159,649.000	162,652.000	166,205.000
Southport	55,811.000	51,824.000	50,951.000	53,824.000
Stantonsburg	#####	20,804.000	20,247.000	21,516.000
Statesville	449,110.000	457,769.000	444,422.000	434,033.000
Tarboro	217,102.000	236,997.000	226,807.000	232,616.000
University of NC - Chapel Hill				
University of NC - Greensboro				
Union, SC				
Wake Forest	142,120.000	139,037.000	134,656.000	145,560.000
Walstonburg	1,575.000	1,712.000	1,649.000	1,741.000
Washington	280,334.000	274,759.000	274,294.000	288,147.000
Waynesville	93,352.000			
Western Carolina University				
Westminister, SC				
Wilson	1,237,230.000	1,215,950.000	1,225,479.000	1,230,141.000
Windsor	50,305.000	48,744.000	47,275.000	48,735.000
Winterville	44,333.000	47,158.000	46,697.000	50,406.000

Source: ElectriCities' member questionnaires prepared by members and submitted to ElectriCities in the fall of each year.

2011	2010	2009	2008	2007	2006
140,725,000	132,781,000	135,531,419	120,884,209	120,884,209	120,884,209
420,429,000	393,509,000	402,228,635	421,787,331	413,869,167	425,357,371
59,871,000	64,606,000	58,259,569	60,339,683	59,586,593	59,398,247
61,872,000	60,109,000	58,093,522	56,280,802	56,280,802	56,280,802
			18,432,891	18,432,891	18,432,891
283,235,000	280,361,000	287,992,127	316,654,578	316,654,578	316,654,578
3,874,000	4,025,000	3,348,928	3,220,853	3,220,853	3,220,853
70,748,000	57,409,000	67,918,558	67,918,558	61,006,111	61,006,111
177,299,000	178,337,901	144,542,880	200,180,720	200,180,720	200,180,720
630,713,000	568,604,000	595,688,716	682,165,489	587,400,434	549,246,019
364,427,000	33,575,800	30,240,734	348,918,335	328,973,989	321,305,678
			161,930,282	161,930,282	161,930,282
485,072,000	443,210,000	451,164,298	426,032,469	426,032,469	446,032,469
	224,880,845	229,690,000			
266,442,000		191,986,260	194,261,115	179,341,477	171,980,472
158,754,000	143,202,000	141,369,813	141,091,968	118,679,979	118,679,979
8,757,000	7,876,000	8,223,625	8,032,212	8,100,759	8,100,759
20,105,000	19,151,000	20,051,000	20,569,825	19,418,000	19,418,000
123,779,000	122,033,000	130,030,032	122,771,300	128,022,607	128,022,607
34,137,000	35,616,000	32,593,101			
		67,018,073	64,049,441	63,929,946	63,170,405
24,375,000	26,700,000	28,000,000	31,018,075	24,546,070	24,546,070
769,452,000	789,101,342	769,451,876	783,394,069	706,158,126	706,158,126
745,710,000	716,899,000	733,440,582	748,028,249	748,028,249	750,345,125
27,145,000	26,584,000	28,940,899	28,940,899	27,705,275	27,705,275
70,048,000	65,314,000	70,226,096	66,228,035	67,939,467	60,885,106
			22,011,729	22,011,729	22,011,729
199,131,000	185,291,000	194,541,539	193,017,022	184,425,052	184,425,052
170,475,000	163,527,000	159,446,725	182,473,888	165,242,947	165,242,947
54,802,000	50,067,000	51,081,091	49,602,758	49,260,956	47,856,394
21,712,000	21,157,000	20,679,331	20,856,000	20,856,000	20,856,000
444,631,000	443,440,000	489,779,611	489,779,611	472,258,240	480,322,435
240,688,000	229,890,000	233,782,590	243,794,843	236,859,861	244,597,555
137,924,000	143,405,785	137,924,001	138,959,214	133,151,187	129,742,886
149,569,000	140,969,000	111,927,216	125,781,181	125,781,181	125,781,181
1,958,000					
296,535,000	274,493,000	285,735,716	286,452,156	286,452,156	286,452,156
			92,462,495	93,743,094	91,650,561
	37,097,180	35,888,071	34,847,112	34,521,598	33,388,479
26,939,000					
1,261,358,000	1,202,530,000	1,237,711,000	1,222,062,761	1,222,062,761	1,222,062,761
50,348,000	47,492,000	48,367,735	44,310,466	44,310,466	44,310,466
50,446,000	46,856,000	46,856,298	43,589,232	43,589,232	43,589,232

**ElectriCities of North Carolina, Inc.**  
**Schedule of Full Time Equivalent Employees (Unaudited)**  
**For the Years Ended December 31,**

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	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Management Services	98	100	101	99	103
Member Services	9	9	4	3	3
Safety & Training	<u>6</u>	<u>6</u>	<u>5</u>	<u>6</u>	<u>4</u>
Total	<u><u>113</u></u>	<u><u>115</u></u>	<u><u>110</u></u>	<u><u>108</u></u>	<u><u>110</u></u>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Management Services	102	106	108	101	102
Member Services	3	4	3	3	3
Safety & Training	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total	<u><u>110</u></u>	<u><u>114</u></u>	<u><u>115</u></u>	<u><u>108</u></u>	<u><u>109</u></u>

Source: ElectriCities payroll records.