

SUPERIOR SERVICE

Electricities of NC 2016 Financial Report



**ELECTRICITIES OF
NORTH CAROLINA, INC.**

Annual Financial Report
(With Report of Independent Auditor Thereon)

December 31, 2016 and 2015

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ElectriCities of North Carolina, Inc.
Annual Financial Report
Years Ended December 31, 2016 and 2015

	<u>Page(s)</u>
Report of Independent Auditor	1-2
Management's Discussion and Analysis – Unaudited.....	4-9
Basic Financial Statements	
Statements of Net Position, December 31, 2016 and 2015.....	10
Statements of Revenues and Expenses and Changes in Net Position For Years Ended December 31, 2016 and 2015.....	11
Statements of Cash Flows for Years Ended December 31, 2016 and 2015.....	12
Notes to Financial Statements for Years Ended December 31, 2016 and 2015	13-29
Required Supplementary Information – Unaudited	
Other Postemployment Benefits – Schedule of Funding Progress	30
Other Postemployment Benefits – Schedule of Employer Contributions.....	30
Local Government Employees Retirement System	
Proportionate Share of Net Pension Liability (Asset)	31
ElectriCities' Contributions	32
Supplementary Information	
Schedules of Revenues and Expenditures - Budget and Actual for Years Ended December 31, 2016 and 2015	34
Schedule of Budgetary Comparison - For Year Ended December 31, 2016	35
Schedule of Expenditures - Budget and Actual for Year Ended December 31, 2016	36-39
Statistical Section – Unaudited.....	42
Schedule of Net Position	43
Schedule of Changes in Net Position.....	44-45
Schedule of Membership Dues.....	46-49
Schedule of Estimated Population.....	50-53

ElectriCities of North Carolina, Inc.
Annual Financial Report
Years Ended December 31, 2016 and 2015

Schedule of Customers Served	54-57
Schedule of kWh Sold	58-61
Schedule of Employees.....	62

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, 2016 and 2015, 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, 2016 and 2015, and the results of its operations and its cash flows for the years ended December 31, 2016 and 2015, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the "Management's Discussion and Analysis, "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 32 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 ElectriCities' 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 18, 2017

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, 2016 and 2015. This information should be read in conjunction with the information furnished in ElectriCities' financial statements that follow this narrative.

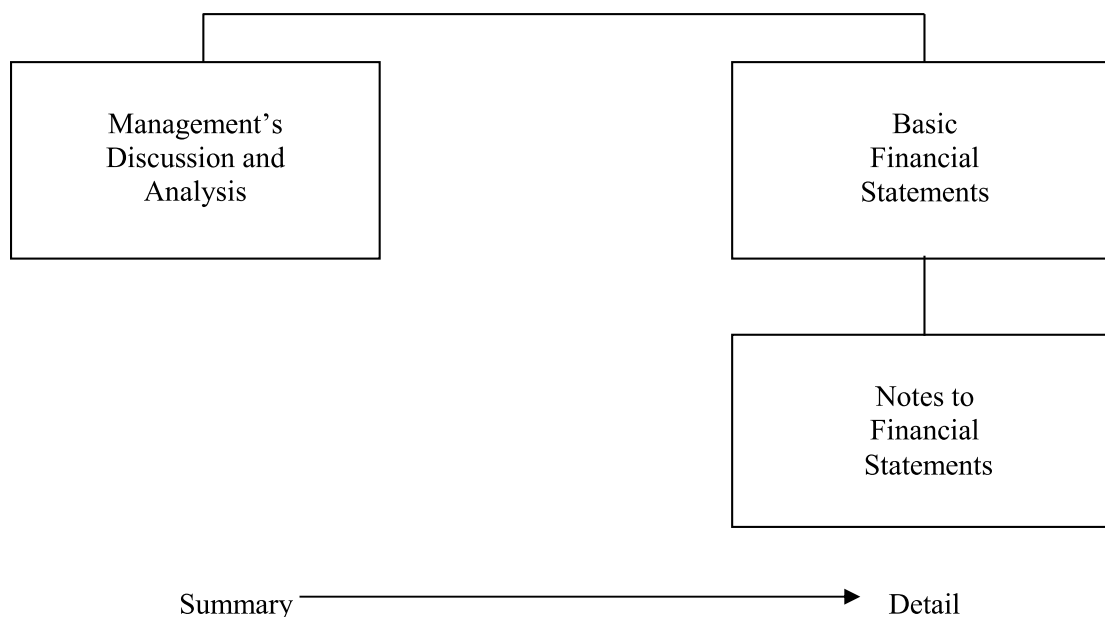
Financial Highlights

- ElectriCities' basic financial statements consist of a single enterprise fund.
- At December 31, 2016 and 2015 ElectriCities' liabilities and deferred inflows exceeded its assets and deferred outflows (net position) by \$100,490 and \$185,551, respectively.
- ElectriCities' unrestricted net position was a deficit of \$862,528 and \$668,365 at December 31, 2016 and December 31, 2015, respectively.
- ElectriCities is not authorized to issue debt and therefore, has no debt.
- Dues billings were \$1,283,788 and \$1,255,890 for 2016 and 2015, respectively.
- In 2016, billed dues exceeded expenses by \$73,608. In accordance with its bylaws, ElectriCities will refund \$73,608 of the billed dues for 2016.

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 13 through 29 of this report.

After the notes, additional information is provided. Required supplemental information is on pages 30-32, additional financial information is on pages 34 to 39 and statistical information is on pages 42 to 62.

Financial Analysis

The enterprise fund financial statements for the years ended December 31, 2016, 2015 and 2014 are presented in accordance with the Codification of Governmental Accounting Standards Board (GASB) pronouncements.

Summarized Statement of Net Position

Exhibit 2

	December 31,		
	2016	2015	2014
Assets			
Capital assets	\$ 762,038	\$ 482,814	\$ 830,427
Current and other assets	7,343,681	6,845,887	6,424,078
Total assets	8,105,719	7,328,701	7,254,505
Deferred Outflows of Resources	2,619,220	419,901	-
Liabilities and Deferred Inflows of Resources			
Long-term liabilities outstanding	8,186,862	4,970,852	3,779,645
Current liabilities outstanding	2,507,429	2,580,161	2,623,537
Total liabilities	10,694,291	7,551,013	6,403,182
Deferred Inflows of Resources			
Unexpended dues supported program revenue	12,557	3,809	-
Pension Deferrals (Note F)	118,581	379,331	-
Total Deferred Inflows of Resources	131,138	383,140	-
Net Position			
Net invested in capital assets	762,038	482,814	830,427
Unrestricted	(862,528)	(668,365)	20,896
Total Net Position	\$ (100,490)	\$ (185,551)	\$ 851,323

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 \$100,490 at December 31, 2016 and \$185,551 at December 31, 2015. Assets exceeded liabilities and deferred inflows of resources by \$851,323 at December 31, 2014. ElectriCities' net position increased by \$85,061 and decreased \$1,036,874 for the year ended December 31, 2016 and 2015 respectively and increased by \$41,115 for the year ended December 31, 2014.

The portion of net position totaling \$762,038, \$482,814 and \$830,427 at December 31, 2016, 2015 and 2014, respectively, reflects ElectriCities' net investment in capital assets (e.g. vehicles, furniture and equipment). This amount increased in 2016 because additional spending on capital assets exceeded depreciation. It decreased in 2015 because depreciation exceeded additional spending on capital assets.

The portion of net position totaling \$(862,528) at December 31, 2016 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 2016 decreased unrestricted net position by \$194,163.

Summarized Statement of Activity Exhibit 3

	For The Years Ended December 31,		
	2016	2015	2014
Revenues:			
Membership dues	\$ 1,283,788	\$ 1,255,890	\$ 1,214,251
Management services and other program revenues	27,187,554	28,696,216	27,160,166
Non-operating revenues	1,150	238	43
Total Revenues	28,472,492	29,952,344	28,374,460
Expenses:			
Program Expenses:			
Administration	51,485	46,971	48,487
Safety and Training	1,154,572	1,105,476	1,065,243
Member Services	320,653	329,140	345,704
Government Affairs	-	-	938
Annual Meeting	173,009	219,842	222,688
Management Services	24,770,812	26,805,049	25,391,314
Regions Contract Services	20,778		
Regions Project #1	1,907,575	1,430,894	1,334,526
Depreciation and amortization	259,151	401,207	340,693
Refund (assessment) of excess/(deficit) dues	73,608	14,972	(34,440)
Pension related costs	194,163	(378,752)	-
Total Operating Expenses	28,925,806	29,974,799	28,715,153
Loss before capital contributions	(453,314)	(22,455)	(340,693)
Capital Contributions	538,375	69,039	381,808
Gain (Loss) on Disposal	-	(15,445)	-
Increase (Decrease) in Net Position	85,061	31,139	41,115
Net Position January 1	(185,551)	851,323	810,208
Restatement for Accounting Change (Note L)	-	(1,068,013)	-
Net Position, Beginning of Year, as Restated	(185,551)	(216,690)	810,208
Net Position December 31	\$ (100,490)	\$ (185,551)	\$ 851,323

Revenues totaled \$28,472,492, \$29,952,344 and \$28,374,460 for the years ended December 31, 2016, 2015, and 2014, 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, 2016, and 2015, respectively:

- In 2016 and 2015 membership dues increased by \$27,898 and \$41,639, 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 2016 and 2015, management services and other program revenues decreased by \$1,508,662 in 2016, and increased by \$1,536,050 in 2015. The decrease in 2016 was primarily due to decreased outside services costs. Refer to Note E on Page 21 of this report for a further explanation of management services.
- Non-operating revenues increased by \$912 and \$195 in 2016 and 2015 respectively, primarily due to changes in investment rates.
- In 2016 and 2015, net position increased by \$85,061 and decreased \$1,036,874, respectively. The 2015 change in unrestricted net position 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.

Capital Assets and Debt Administration

Capital Assets

ElectriCities' investments in capital assets at December 31, 2016, 2015 and 2014 totaled \$762,038, \$482,814 and \$830,427, respectively, (net of accumulated depreciation and amortization). These assets include vehicles, furniture and equipment.

Major capital asset transactions during 2016 and 2015 include the following:

- In 2016 and 2015, eight and three vehicles, respectively, were purchased for \$318,502 and \$61,470, respectively.
- Six and four vehicles were retired in 2016 and 2015, respectively.
- In both years, purchases of computer hardware and other equipment accounted for the remainder.
- ElectriCities' capitalization threshold for capital assets is \$5,000 for 2016 and 2015, respectively.

Capital Assets Exhibit 4

	December 31, 2015	Additions	Retirements	December 31, 2016
Furniture and Equipment	\$ 3,258,401	\$ 538,375	\$ (123,149)	\$ 3,673,627
Accumulated Depreciation and Amortization	(2,775,587)	(259,151)	123,149	(2,911,589)
Total Furniture and Equipment, Net	<u>\$ 482,814</u>	<u>\$ 279,224</u>	<u>\$ -</u>	<u>\$ 762,038</u>

	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>

Additional information regarding ElectriCities' capital assets can be found in Note D on page 20 of this report.

Outstanding Debt

ElectriCities is not authorized to issue debt and therefore, has no outstanding debt at December 31, 2016, 2015 or 2014.

Next Year's Budgets and Dues

Budget Highlights for 2017

- 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,	
	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents (Note C)	\$ 5,950,301	\$ 5,919,536
Accounts receivable	1,393,380	926,351
Total Current Assets	7,343,681	6,845,887
Non-Current Assets:		
Capital assets (Note D)		
Equipment and furnishings	3,673,627	3,258,401
Accumulated depreciation	(2,911,589)	(2,775,587)
Capital assets	762,038	482,814
Total Non-Current Assets	762,038	482,814
Total Assets	8,105,719	7,328,701
 DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	2,619,220	419,901
 LIABILITIES		
Current Liabilities:		
Accounts payable	1,151,186	1,314,972
Current portion of accrued vacation	632,635	600,217
Other liabilities	723,608	664,972
Total Current Liabilities	2,507,429	2,580,161
Non-Current Liabilities:		
Accrued vacation	796,165	725,531
Due to Power Agencies	508,196	506,958
Net Pension Liability	3,384,063	729,831
Other post employment benefits obligation (Note H)	3,498,438	3,008,532
Total Non-Current Liabilities	8,186,862	4,970,852
Total Liabilities	10,694,291	7,551,013
 DEFERRED INFLOWS OF RESOURCES		
Unexpended dues supported program revenue	12,557	3,809
Pension Deferrals (Note F)	118,581	379,331
Total Deferred Inflows of Resources	131,138	383,140
 NET POSITION		
Net investment in capital assets	762,038	482,814
Unrestricted	(862,528)	(668,365)
Total net position	\$ (100,490)	\$ (185,551)

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,	
	2016	2015
Operating Revenues:		
Membership dues	\$ 1,283,788	\$ 1,255,890
Management services (Note E)	24,770,812	26,805,049
Program revenues	2,416,742	1,891,167
Total Operating Revenues	28,471,342	29,952,106
Operating Expenses:		
Program Expenses:		
Administration	51,485	46,971
Safety and Training	1,154,572	1,105,476
Member Services	320,653	329,140
Annual Meeting	173,009	219,842
Management Services	24,770,812	26,805,049
Regions Contract Servicess	20,778	-
Regions Project #1	1,907,575	1,430,894
Depreciation and amortization (Note D)	259,151	401,207
Refund of excess /(deficit) revenues (Note A)	73,608	14,972
Pension related costs	194,163	(378,752)
Total Operating Expenses	28,925,806	29,974,799
Operating Loss	(454,464)	(22,693)
Non-operating Revenues:		
Investment income	1,150	238
Total Non-operating Revenues	1,150	238
Loss Before Capital Contributions	(453,314)	(22,455)
Capital Contributions	471,261	69,039
Gain (Loss) on Disposal	67,114	(15,445)
Increase in Net Position	85,061	31,139
Net Position		
Beginning of Year	(185,551)	851,323
Restatement for Accounting Change (Note L)	-	(1,068,013)
Net Position, Beginning of Year, as Restated	(185,551)	(216,690)
Net Position, End of Year	\$ (100,490)	\$ (185,551)

See accompanying notes to financial statements.

ElectriCities of North Carolina, Inc.
Statements of Cash Flows

	For the Years Ended December 31,	
	2016	2015
Cash Flows From Operating Activities:		
Receipts from dues and other revenues	\$ 28,162,127	\$ 30,711,229
Payments to employees for services	(11,920,712)	(12,597,631)
Payments to other suppliers of goods and services	(16,211,800)	(16,801,115)
Net Cash Provided by Operating Activities	29,615	1,312,483
Cash Flows From Capital Activities:		
Additions to capital assets	(471,261)	(69,039)
Capital contributions	471,261	69,039
Net Cash Used For Capital Activities	-	-
Cash Flows From Investing Activities:		
Investment income	1,150	238
Net Increase in Cash And Cash Equivalents	30,765	1,312,721
Cash and Cash Equivalents, Beginning of Year	5,919,536	4,606,815
Cash and Cash Equivalents, End of Year	\$ 5,950,301	\$ 5,919,536
Reconciliation Of Operating Loss To Net Cash Provided By Operating Activities:		
Operating Loss	\$ (454,464)	\$ (22,693)
Adjustments:		
Depreciation and Amortization	259,151	401,207
Deferred noncash pension related expense	194,163	(378,752)
Changes in Operating Assets, Deferred Outflows of Resources and Liabilities:		
Decrease (Increase) in accounts receivable	(467,029)	890,912
Increase (Decrease) Increase in accounts payable	(163,786)	83,588
Increase (Decrease) in accrued vacation	103,052	(108,703)
Increase in accrued expenses	1,238	40,709
Increase in accrued post employment benefits	489,906	534,661
Increase (Decrease) in other liabilities	58,636	(132,255)
Increase (Decrease) in unexpended dues	8,748	3,809
Net Cash Provided by (Used in) Operating Activities	\$ 29,615	\$ 1,312,483
Supplemental Disclosures		
Noncash Transaction-Fixed Asset Purchases	\$ 67,114	

See accompanying notes to financial statements.

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

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/Cornelius and Pineville, 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, 2016 and 2015

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 \$862,528 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. Unspent budget appropriations lapse at year-end and must be budgeted again in the following year.

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note B. Summary of Significant Accounting Policies (continued)

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

The Agency reports according to the provisions of GASB Statement No. 72 “Fair Value Management and Application” which requires investments to be reported at fair value and GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools,” which allows certain investments to be reported at amortized cost. In addition, the Agency reports according to the provisions of GASB Statement No. 40 “Deposit and Investment Risk Disclosures” which addresses common investment risks related to credit risk, concentration of credit risk and interest rate risk.

The Agency categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

At December 31, 2016 and 2015, ElectriCities’ investment balances consisted of amounts invested in the North Carolina Capital Management Trust (NCCMT). NCCMT’s Government portfolio is a cash portfolio. The NCCMT cash portfolio is a SEC-registered 20-7 external investment pool measured at amortized cost, which is NCCMT’s share price of \$1. The NCCMT Term portfolio securities are measured at fair value. For both portfolios, the valuation of the underlying assets is performed by the custodian. The investment in these money market mutual funds have been reported as cash equivalents in the accompanying financial statements.

	Method of Valuation	December 31, 2016		December 31, 2015	
		Cost Basis	Fair Value	Cost Basis	Fair Value
U.S. Government Agencies	Fair Value Level 1	\$3,038,165	\$3,026,343	\$2,431,365	\$2,452,505
Treasury Coupons	Fair Value Level 1	498,750	500,069	498,750	499,551
Money Market					
NC Capital Mngement Trust -Government Portfolio	Amortized Cost	2,289,143	2,289,143	2,233,855	2,233,855
NC Capital Management Trust-Term Portfolio	Fair Value Level 1	13,213	13,213	582,659	582,659
Sub-total funds invested		5,839,271	5,828,768	5,746,629	5,768,570
Cash		121,533	121,533	150,966	150,966
Total Funds Invested		<u>\$5,960,804</u>	<u>\$5,950,301</u>	<u>\$5,897,595</u>	<u>\$5,919,536</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

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note B. Summary of Significant Accounting Policies (continued)

employee's employment and therefore no liability is reported for unpaid accumulated sick leave.

Accrued vacation was \$1,428,800 and \$1,325,748 at December 31, 2016 and 2015, respectively, and increased by \$103,052 in 2016, and decreased by \$108,703 in 2015.

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.

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

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note B. Summary of Significant Accounting Policies (continued)

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 2016 fiscal year, changes in assumptions, certain differences between expected and actual investment earnings and plan costs are reported as deferred outflows of resources and certain differences between expected and actual experience have been reported as deferred inflows. Additionally, unexpended dues supported program revenues are reported as deferred inflows of resources.

Recently Adopted GASB Standards

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. The agency has implemented the provisions of this statement as shown in Note D. The provisions of this statement did not have a material impact on the ElectriCities’ financial position, overall cash flow or balances or results of operations for 2016 or 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 and did not have a material impact on the ElectriCities’ financial position, overall cash flow or balances or results of operations for 2016 or 2015.

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 did not have a material impact on the ElectriCities’ financial position, overall cash flow or balances or results of operations for 2016 or 2015.

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note B. 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, and did not have a material impact on the ElectriCities’ financial position, overall cash flow or balances or results of operations for 2016 or 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, and did not have a material impact on the ElectriCities’ financial position, overall cash flow or balances or results of operations for 2016 or 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, and did not have a material impact on the ElectriCities’ financial position, overall cash flow or balances or results of operations for 2016 or 2015.

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 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.

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note B. Summary of Significant Accounting Policies (continued)

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 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 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.

In November 2016, GASB issued Statement No. 83, “Certain Asset Retirement Obligations”. This statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for Asset Retirement Obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

In January 2017, GASB issued Statement No. 84, “Fiduciary Activities”. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In March 2017, GASB issued Statement No. 85, “Omnibus 2017”. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note C. Deposits

In May 2017, GASB issued Statement No. 86, “Certain Debt Extinguishment Issues.” This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources—that is, resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished regardless of how the cash and other monetary assets were acquired. This Statement also establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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, 2016 and 2015, ElectriCities’ deposits had carrying amounts of \$121,533 and \$150,966, respectively and bank balances of \$241 and \$3,890, respectively. For each of the bank balances, \$250,000 was insured by the Federal Depository Insurance Corporation.

At December 31, 2016 and 2015, ElectriCities Investments consisted of \$5,815,555 and \$5,185,911, respectively, in the North Carolina Capital Management Trust’s Cash Portfolio, which carried a credit rating of AAA by Standard and Poor’s, and \$13,213 and \$582,659 investments in NCCMT’s Term portfolio, respectively. Term portfolio of ElectriCities investments in NCCMT’s Term portfolio is unrated. The Term portfolio is authorized to invest in obligations of the U.S. Government and agencies, and in high grade money market investments as permitted under North Carolina General Statutes 159-30 as amended. 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, 2016 and 2015

Note D. Capital Assets

	December 31, 2015	Additions	Retirements	December 31, 2016
Furniture and Equipment	\$ 3,258,401	\$ 538,375	\$ (123,149)	\$ 3,673,627
Accumulated Depreciation and Amortization	(2,775,587)	(259,151)	123,149	(2,911,589)
Total Furniture and Equipment, Net	<u>\$ 482,814</u>	<u>\$ 279,224</u>	<u>\$ -</u>	<u>\$ 762,038</u>

	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>

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 2016 and 2015 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, 2016.

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, 2016 and 2015

Note F. Pension Plan (continued)

North Carolina 27699-1410, by calling (919) 981-5454, or at 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 salary. ElectriCities contributes at an actuarially determined rate. The required rate of 7.07% of annual covered payroll in 2016 and 2015, actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from ElectriCities were \$739,019 and \$734,599 for the year ended December 31, 2016 and 2015, respectively.

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, 2016 and 2015

Note F. Pension Plan (continued)

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

Electricities reported liabilities of \$3,384,063 and \$729,831 at December 31, 2016 and 2015, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of December 31, 2015 and 2014. The total pension liability was then rolled forward to measurement dates of June 30, 2016 and 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. The Electricities proportion was 0.15945% and 0.16262% as at June 30, 2016 and 2015, respectively, which was a decrease of 0.00317% from its proportion measured as of June 30, 2015 and an increase of 0.00186% from its proportionate share measured as at June 30, 2014.

For the year ended December 31, 2016, the Electricities recognized pension expenses of \$194,163. At December 31, 2016, Electricities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,581	\$ 118,581
Changes of assumptions	231,778	-
Net difference between projected and actual earnings on pension plan investments	1,870,961	
Changes in proportion and differences between Electricities contributions and proportionate share of contributions	80,869	-
Contributions subsequent to the measurement date	372,031	-
Total	<u>\$ 2,619,220</u>	<u>\$ 118,581</u>

\$372,031 reported as deferred outflows of resources related to pensions resulting from Electricities contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended December 31, 2017.

Electricities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note F. Pension Plan (continued)

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>2016</u>	Year ended December 31:		
	2017	\$	338,484
	2018		338,702
	2019		908,714
	2020		542,708
	2021		-
	Thereafter		-
		\$	<u>2,128,608</u>

<u>2015</u>	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 liabilities in the December 31, 2015 and 2014 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

<u>2015</u>		
Inflation	3.0 percent	
Salary increases	3.5 to 7.75%, including inflation and productivity factor	
Investment rate of return	7.25%, net of pension plan investment expense, including inflation	

<u>2014</u>		
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.

Electricities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note F. Pension Plan (continued)

The actuarial assumptions used in the December 31, 2015 and 2014 valuations 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.

The target allocation for each major asset class of June 30, 2016 and 2015 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	2016	2015
		<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	42.0%	5.3%	5.8%
Fixed Income	29.0%	1.4%	2.2%
Real Estate	8.0%	4.3%	5.2%
Alternatives	8.0%	8.9%	9.8%
Credit	7.0%	6.0%	6.8%
Inflation Protection	6.0%	4.0%	3.4%
Total	<u>100%</u>		

The information above is based on 30 year expectations developed with the consulting actuary for the 2015 and 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.

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note G. Supplemental Retirement Plans

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>2016</u>	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
ElectriCities' proportionate share of the net pension liability (asset)	\$ 8,031,960	\$ 3,384,063	\$ (498,206)
 <u>2015</u>	 1% Decrease (6.25%)	 Discount Rate (7.25%)	 1% Increase (8.25%)
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.

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 2016, the Agency's contributions to the 401(k) plan were \$265,821 and \$266,984 for the years ended December 31, 2016 and 2015 respectively.

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note H. Other Post-Employment Benefits

Plan Description

ElectriCities provides post-employment health benefits to certain retired ElectriCities employees. ElectriCities of North Carolina, Inc. provides medical benefits to its retirees by allowing them to stay in their plan if the retiree is under age 65 or reimburse the retiree for their premium (up to a maximum amount) if the retiree is over 65 and/or decides to purchase other coverage. 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, 2016 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 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, 2016, 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.

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note H. Other Post-Employment Benefits (continued)

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.

	2016	2015	2014
Annual required contribution	\$ 727,996	\$ 727,996	\$ 668,711
Interest on net OPEB obligation	72,993	72,933	27,441
Adjustment to annual required contribution	(145,341)	(141,041)	(40,507)
Annual OPEB Cost	655,648	659,888	655,645
Premiums paid	(165,742)	(125,227)	(87,971)
Increase in net OPEB obligation	489,906	534,661	567,674
Net OPEB obligation, beginning of year	3,008,532	2,473,871	1,906,197
Net OPEB obligation, end of year	<u>\$ 3,498,438</u>	<u>\$ 3,008,532</u>	<u>\$ 2,473,871</u>

ElectriCities annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016, 2015, and 2014 is as follows:

For the Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 655,648	25.28%	3,498,438
2015	\$ 659,888	18.98%	3,008,532
2014	\$ 655,645	13.42%	2,473,871

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 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.

ElectriCities of North Carolina, Inc.
Notes to Financial Statements
Years Ended December 31, 2016 and 2015

Note H. Other Post-Employment Benefits (continued)

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 2016 and 2015, 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 2016 or 2015.

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.

Note K. Subsequent Events

ElectriCities has evaluated subsequent events through May 18, 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 in 2015 and the effects on net position of contributions made by ElectriCities during the measurement period (fiscal year ending June 30, 2016 and June 30, 2015). As a result, net position for ElectriCities decreased by \$1,068,013 as of July 1, 2015.

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
12/31/2016	\$ 727,996	\$ 165,742	22.77%
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 Four Fiscal Years*

Local Government Employees' Retirement System

	Year Ending December 31,			
	2016	2015	2014	2013
ElectriCities proportion of the net pension liability (asset)	0.15945%	0.16262%	0.16076%	0.16750%
ElectriCities proportion of the net pension liability (asset) (\$)	3,384,063	729,831	(887,263)	2,019,018
ElectriCities covered employee payroll (\$)	11,805,120	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	28.67%	5.91%	-8.17%	18.37%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	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.

- * This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, ElectriCities will present information for those years for which information is available.

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

Local Government Employees' Retirement System

	Year Ending December 31,			
	2016	2015	2014	2013
Contractually required contribution	\$ 739,019	\$ 734,599	\$ 720,308	\$ 716,459
Contributions in relation to the contractually required contribution	739,019	734,599	720,308	716,459
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
ElectriCities covered-employee payroll	11,805,120	12,354,243	10,855,137	10,988,635
Contributions as a percentage of covered-employee payroll	6.26%	5.95%	6.64%	6.52%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, ElectriCities will present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

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

	For the Years Ended December 31,			
	2016		2015	
	Actual	Final Budget	Actual	Final Budget
Revenues:				
Membership Dues	\$ 1,283,788	\$ 1,275,537	\$ 1,255,890	\$ 1,248,063
Management Services	25,236,712	26,367,162	26,874,088	27,803,958
Investment Income	1,150	40	238	40
Program Revenues	2,422,103	2,530,730	1,891,167	2,061,683
Total Revenues	<u>28,943,753</u>	<u>30,173,469</u>	<u>30,021,383</u>	<u>31,113,744</u>
Expenditures:				
Administration	51,485	49,248	46,971	50,156
Safety and Training	1,159,933	1,275,086	1,105,476	1,160,939
Member Services	320,653	316,109	329,140	313,003
Government Affairs	-	1,961	-	971
Annual Meeting	173,009	186,900	219,842	186,900
Management Services	25,236,712	26,367,162	26,874,088	27,803,958
Regions Contract Services	20,778	-	-	-
Regions Project #1	1,907,575	1,977,003	1,430,894	1,597,817
Total Expenditures	<u>28,870,145</u>	<u>\$ 30,173,469</u>	<u>30,006,411</u>	<u>\$ 31,113,744</u>
Excess/(Deficit) Dues to Be Refunded (Assessed)	<u>\$ 73,608</u>		<u>\$ 14,972</u>	
Reconciliation of Modified Accrual Basis To Full Accrual Basis:				
Total Revenues	\$ 28,943,753		\$ 30,021,383	
Total Expenditures	<u>28,870,145</u>		<u>30,006,411</u>	
Excess/(Deficit) of Revenues over Expenditures	73,608		14,972	
Reconciling Items				
Budgetary Appropriations:				
Capital Outlay	471,261		69,039	
Depreciation and Amortization	(259,151)		(401,207)	
Pension related costs	(194,163)		378,752	
Refund of Excess Revenues	(73,608)		(14,972)	
Gain (Loss) on Disposal	<u>67,114</u>		<u>(15,445)</u>	
Increase (Decrease) in Net Position (Pg. 12)	<u>\$ 85,061</u>		<u>\$ 31,139</u>	

Prepared on a budgetary basis which is modified accrual.

ElectriCities of North Carolina, Inc.
Schedule of Budgetary Comparison
For the Year Ended December 31, 2016

	2016 Budget		Actuals	Positive
	Original	Final	(Budgetary	(Negative)
			Basis)	Variance
				With Final
				Budget
Revenues:				
Membership Dues	\$ 1,275,537	\$ 1,275,537	\$ 1,283,788	\$ 8,251
Management Services	26,367,162	26,367,162	25,236,712	(1,130,450)
Investment Income	40	40	1,150	1,110
Program Revenues	2,133,571	2,530,730	2,422,103	(108,627)
Total Revenues	29,776,310	30,173,469	28,943,753	(1,229,716)
Expenditures:				
Administration	49,248	49,248	51,485	(2,237)
Safety and Training	1,275,086	1,275,086	1,159,933	115,153
Member Services	316,109	316,109	320,653	(4,544)
Government Affairs	1,961	1,961	-	1,961
Annual Meeting	186,900	186,900	173,009	13,891
Management Services	26,367,162	26,367,162	25,236,712	1,130,450
Regions Contract Services	-	-	20,778	(20,778)
Regions Project #1	1,579,844	1,977,003	1,907,575	69,428
Total Expenditures	29,776,310	30,173,469	28,870,145	1,303,324
Revenues Over Expenses	\$ -	\$ -	73,608	\$ 73,608
Dues Refund Payable			(73,608)	
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, 2016

	Administration		Safety and Training	
	Actual	Final Budget	Actual	Final Budget
Program Expenditures				
Property Tax				\$ 1,500
Advertising	115	100	16,999	8,000
Salaries	30,881	14,681	437,433	419,301
Office & Program Supplies		58	125,184	192,606
Dues, Subscriptions & Publications			11,307	16,504
Printing		198		120
Telephone			1,231	1,368
Postage			3,541	4,080
Copies			6,720	8,020
Miscellaneous Office Expenses			3,102	2,290
Travel			222,764	208,190
Outside Services	11,230	18,900	62,617	89,128
Insurance		10,450	3,786	
Employee Benefits	9,259	4,861	155,958	161,299
Recruitment & Relocation			1,157	1,244
Staff Development			11,513	38,850
Other Expenses				
Occupancy Costs			6,873	21,398
Other Rents			7,308	5,400
Vehicle O&M			76,990	95,640
Equipment Maintenance			89	148
Capital Assets Additions			5,361	
Total Program Expenditures	<u>\$ 51,485</u>	<u>\$ 49,248</u>	<u>\$ 1,159,933</u>	<u>\$ 1,275,086</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
1,291	1,000				
166,911	163,033		1,488		
3,237	2,110				
2,379	845				150
503	2,500				
2,964	3,579				
898	845				
1,825	2,005				
711	723				250
34,858	41,679			173,009	186,500
33,213	30,507				
946					
56,472	57,154		473		
289	311				
4,303	3,013				
6,008	6,268				
3,822	500				
23	37				
<u>\$ 320,653</u>	<u>\$ 316,109</u>	<u>\$ -</u>	<u>\$ 1,961</u>	<u>\$ 173,009</u>	<u>\$ 186,900</u>

ElectriCities of North Carolina, Inc.
Schedule of Expenditures – Budget and Actual (continued)
For the Year Ended December 31, 2016

	Management Services		Contract Services	
	Actual	Final Budget	Actual	Final Budget
Program Expenditures				
Property Tax	\$ 9,042	\$ 12,700		
Advertising	787,566	601,960		
Salaries	10,101,093	10,553,422	15,560	
Office & Program Supplies	346,060	463,068		
Dues, Subscriptions & Publications	1,413,643	1,433,701		
Printing	146,613	341,518		
Telephone	478,836	554,420		
Postage	74,064	80,785		
Copies	169,163	191,475		
Miscellaneous Office Expenses	96,277	69,397		
Travel	466,650	552,501		
Outside Services	3,762,052	4,090,074		
Insurance	171,854	200,550		
Employee Benefits	3,169,163	3,504,964	4,387	
Recruitment & Relocation	54,351	29,545		
Staff Development	181,511	190,113		
Other Expenses	1,886,061	2,208,215		
Occupancy Costs	632,304	419,245		
Other Rents	491,740	250,404		
Vehicle O&M	65,939	108,500	831	
Equipment Maintenance	266,830	158,165		
Capital Assets Additions	465,900	352,440		
Total Program Expenditures	<u>\$ 25,236,712</u>	<u>\$ 26,367,162</u>	<u>\$ 20,778</u>	<u>\$ -</u>

Regions Project #1		Total	
Actual	Final Budget	Actual	Final Budget
\$ 5	\$ 3,500	\$ 9,047	\$ 17,700
631	1,500	806,602	612,560
1,271,887	1,252,256	12,023,765	12,404,181
13,521	34,000	488,002	691,842
7,019	8,150	1,434,348	1,459,350
		147,116	344,336
17,177	972	500,208	560,339
45,103	48,000	123,606	133,710
		177,708	201,500
7,695		107,785	72,660
21,168	25,000	918,449	1,013,870
1,613	2,500	3,870,725	4,231,109
30,699	56,500	207,285	267,500
411,205	451,812	3,806,444	4,180,563
693		56,490	31,100
14,394	7,417	211,721	239,393
4,337		1,890,398	2,208,215
2,420	20,896	647,605	467,807
33,721	50,000	532,769	305,804
23,823	3,500	171,405	208,140
464	10,000	267,406	168,350
	1,000	471,261	353,440
<u>\$ 1,907,575</u>	<u>\$ 1,977,003</u>	<u>\$ 28,870,145</u>	<u>\$ 30,173,469</u>

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STATISTICAL SECTION

(Unaudited)

ElectriCities of North Carolina, Inc.
Statistical Section

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,				
		2016	2015	2014	2013	2012
Business-type activities						
Net investment in Capital Assets	\$	762,038	\$ 482,814	\$ 830,427	\$ 789,312	\$ 1,131,124
Unrestricted		(862,528)	(668,365)	20,896	20,896	20,896
Total Net Position	\$	<u>(100,490)</u>	<u>\$ (185,551)</u>	<u>\$ 851,323</u>	<u>\$ 810,208</u>	<u>\$ 1,152,020</u>

		Years Ended December 31,				
		2011	2010	2009	2008	2007
Net invested in Capital Assets	\$	1,133,734	\$ 1,207,305	\$ 506,176	\$ 526,296	\$ 535,805
Unrestricted		20,896	20,896	20,896	20,896	20,896
Total Net Position	\$	<u>1,154,630</u>	<u>\$ 1,228,201</u>	<u>\$ 527,072</u>	<u>\$ 547,192</u>	<u>\$ 556,701</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,			
	2016	2015	2014	2013
Operating Expenses				
Administration	\$ 51,485	\$ 46,971	\$ 48,487	\$ 35,722
Safety and Training	1,154,572	1,105,476	1,065,243	988,949
Member Services	320,653	329,140	345,704	262,819
Government Affairs	-	-	938	1,049
Annual Meeting	173,009	219,842	222,688	225,704
Management Services	24,770,812	26,805,049	25,391,314	25,204,519
Regions Project #1	1,907,575	1,430,894	1,334,526	1,375,048
Regions Contract Services	20,778	-	-	-
Energy Auditor	-	-	-	-
Depreciation and amortization	259,151	401,207	340,693	534,601
Refund of excess (deficit) revenues	73,608	14,972	(34,440)	65,552
Pension Related Costs	194,163	(378,752)	-	-
Total Expenditures	<u>\$ 28,925,806</u>	<u>\$ 29,974,799</u>	<u>\$ 28,715,153</u>	<u>\$ 28,693,963</u>
Operating Revenues				
Membership dues	\$ 1,283,788	\$ 1,255,890	\$ 1,214,251	\$ 1,189,150
Management services and other program revenues	27,187,554	28,696,216	27,160,166	26,970,063
Miscellaneous revenues	1,150	238	43	149
Non-operating revenues	<u>\$ 28,472,492</u>	<u>\$ 29,952,344</u>	<u>\$ 28,374,460</u>	<u>\$ 28,159,362</u>
Total Revenues				
Net Revenue/(Expense)	<u>\$ (453,314)</u>	<u>\$ (22,455)</u>	<u>\$ (340,693)</u>	<u>\$ (534,601)</u>
Changes in Net Position				
Capital Contributions	471,261	69,039	381,808	192,789
Gain (Loss) on Disposal	67,114	(15,445)	-	-
Restatement for Accounting Change	-	(1,068,013)	-	-
Change in Net Position	<u>\$ 85,061</u>	<u>\$ (1,036,874)</u>	<u>\$ 41,115</u>	<u>\$ (341,812)</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,					
2012	2011	2010	2009	2008	2007
\$ 38,226	\$ 32,095	\$ 52,667	\$ 39,220	\$ 51,860	\$ 56,820
915,627	697,695	682,000	729,469	715,873	636,357
316,030	264,035	256,522	268,297	272,169	272,616
871	830	851	2,627	8,008	9,239
163,594	150,786	60,246	192,487	210,350	166,086
24,649,222	16,556,273	16,072,937	16,614,852	15,253,337	14,190,428
1,292,031	1,164,993	1,161,209	1,184,200	1,061,362	826,026
-	8,445	16,163	7,031	9,455	12,932
-	-	-	44,878	83,547	23,889
501,469	285,179	260,282	246,135	255,201	282,421
52,924	235,923	74,123	45,477	40,650	41,442
-	-	-	-	-	-
<u>\$ 27,929,994</u>	<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>
\$ 1,117,610	\$ 970,707	\$ 988,575	\$ 869,520	\$ 825,376	\$ 798,865
26,310,635	18,139,852	17,385,815	18,250,893	16,865,977	15,425,175
280	516	2,328	8,125	15,258	11,795
<u>\$ 27,428,525</u>	<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>\$ (501,469)</u>	<u>\$ (285,179)</u>	<u>\$ (260,282)</u>	<u>\$ (246,135)</u>	<u>\$ (255,201)</u>	<u>\$ (282,421)</u>
498,859	986,308	240,162	236,626	224,122	259,700
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (2,610)</u>	<u>\$ 701,129</u>	<u>\$ (20,120)</u>	<u>\$ (9,509)</u>	<u>\$ (31,079)</u>	<u>\$ (22,721)</u>

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

	2016	2015	2014	2013	2012
Albemarle	\$ 27,868	\$ 27,602	\$ 26,758	\$ 26,600	\$ 22,452
Apex	32,157	30,496	29,424	27,675	22,596
Ayden	9,299	9,699	10,032	9,640	7,805
Bamberg, SC*	843	795	750	732	689
Bedford, VA *	1,688	1,592	1,502	1,465	1,378
Belhaven	2,240	2,225	2,217	2,165	1,847
Bennettsville, SC*	1,688	795	1,502	1,465	1,378
Benson	4,152	4,250	4,023	3,998	3,394
Black Creek					
Bostic	570	571	524	525	447
Camden, SC*	1,688	1,592	1,502	1,465	1,378
Cherryville	5,715	5,624	6,116	6,096	4,934
Clayton	12,472	12,030	11,211	10,883	9,139
Concord	69,577	68,294	66,298	65,269	53,571
Cornelius	6,921	6,553	6,182	5,835	4,928
Dallas	7,180	7,300	6,400	6,324	5,236
Danville, VA *	1,688	1,592	1,502	1,465	1,378
Drexel	2,416	2,410	2,335	2,278	1,933
East Carolina University	169	159	150	146	137
Edenton	9,636	9,679	9,386	9,123	7,810
Elizabeth City	27,841	27,387	26,975	26,267	22,715
Elizabeth City State University	169	159	150	146	137
Enfield	3,288	3,272	3,223	3,184	2,699
Farmville	6,252	6,145	5,945	5,818	4,951
Fayetteville Public Works Commission	109,840	107,790	104,805	102,863	84,697
Forest City	10,063	10,253	10,412	10,275	8,338
Fountain	686	675	703	693	592
Fremont	1,616	1,600	1,516	1,476	1,324
Front Royal	1,688	1,592	1,502		
Gastonia	60,137	58,876	57,265	56,487	47,864
Granite Falls	5,871	5,805	5,547	5,477	4,640
Greenville Utilities	109,840	107,790	104,805	102,864	84,697
Hamilton	591	583	545	582	464
Hertford	2,449	2,438	2,423	2,348	2,001
High Point	93,969	92,430	89,769	88,295	74,691
Highlands*	5,923				
Hobgood	620	619	605	592	514
Hookerton	907	883	854	824	730
Huntersville	14,371	13,650	12,880	11,905	9,751
Kings Mountain	10,571	11,665	10,848	10,463	8,664
Kinston	31,397	31,360	30,459	29,686	25,562
La Grange	2,997	2,992	3,508	3,431	3,065
Landis	6,118	6,056	5,790	5,728	4,874
Laurinburg	13,766	13,673	13,049	12,778	10,900
Lexington	39,918	39,635	38,349	37,892	32,201
Lincolnton	6,688	6,563	6,410	6,363	5,320
Louisburg	5,395	5,299	5,182	5,101	4,368

2011	2010	2009	2008	2007
\$ 24,391	\$ 22,402	\$ 22,338	\$ 20,943	\$ 20,288
24,435	22,152	21,744	19,376	17,882
8,334	7,833	7,991	7,284	7,046
670	612	592	543	517
1,339	1,224	1,185	1,087	1,035
2,005	1,878	1,836	1,764	1,635
1,339	1,224	1,185	1,087	1,035
3,717	3,449	3,443	3,310	3,147
486	455	450	418	407
1,339	1,224	1,185	1,087	1,035
5,441	5,018	5,023	4,493	4,469
8,997	9,286	8,244	7,224	6,838
56,493	51,738	49,381	46,994	44,291
5,210	4,619	4,599	4,310	3,909
5,729	5,265	5,229	4,699	4,505
1,339	1,224	1,185	1,087	1,035
2,110	1,968	1,956	1,829	1,762
133	122	118	108	103
8,405	7,786	7,797	7,338	7,095
24,272	22,385	21,982	21,083	19,440
133	122	118	108	
2,976	2,734	2,755	2,669	2,562
5,357	4,931	4,893	4,281	4,182
91,743	72,236	51,666	32,602	31,050
9,180	8,282	7,672	8,440	8,097
648	595	512	476	
1,425	1,307	1,330	1,268	1,227
52,291	48,128	47,710	45,351	43,321
5,087	4,650	4,475	4,208	3,992
91,742	84,952	84,168	79,223	75,412
508	473	474	453	426
2,219	2,082	2,053	1,990	1,786
81,077	74,684	74,835	67,017	64,037
566	536	533	501	505
789	737	730	699	671
10,276	9,060	8,465	7,009	6,200
9,248	8,370	8,130	7,602	7,035
27,928	26,313	26,640	25,659	24,017
3,319	2,969	2,967	2,753	2,646
5,294	4,844	4,783	4,511	4,169
11,869	11,028	11,044	10,533	10,000
34,554	32,174	32,805	31,396	30,242
5,796	5,506	5,480	5,235	5,030
4,790	4,451	4,367	4,119	3,891

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

	2016	2015	2014	2013	2012
Lucama*		\$ -	\$ -	\$ -	\$ -
Lumberton	27,438	26,678	25,642	25,102	20,473
Maiden	4,478	4,308	4,158	4,077	3,379
Martinsville, VA *	1,688	1,592	1,502	1,465	1,378
Monroe	40,275	38,055	36,917	36,930	30,283
Morganton	25,181	24,980	24,147	23,767	19,839
Murphy*					
New Bern	45,263	44,695	42,984	41,838	35,717
New River Light & Power*	18,453	19,054	18,217	18,299	14,059
Newton	11,951	11,806	11,526	11,571	9,712
Pikeville	1,132	1,132	1,082	1,050	892
Pineville	8,826	8,563	8,391	8,114	6,927
Piedmont Municipal Power Agency**	10,257	10,195	10,214	9,962	9,367
Red Springs	4,105	4,129	3,999	3,950	3,365
Richlands, VA *					
Robersonville	2,203	2,315	2,303	2,255	1,907
Rocky Mount	59,079	58,843	57,467	56,493	48,047
Scotland Neck	2,983	3,020	3,591	3,490	3,021
Selma	6,617	6,453	6,279	6,107	5,130
Sharpsburg*	2,331				
Shelby	18,746	18,421	17,853	17,627	14,822
Smithfield	12,282	12,134	11,838	11,688	9,960
Southport	6,292	6,020	5,744	5,577	4,783
Stantonsburg	2,532	2,474	2,397	2,369	1,948
Statesville	34,521	34,443	33,458	32,932	27,379
Tarboro	16,500	16,621	16,088	15,660	13,473
University of NC - Chapel Hill*	169	159	150	146	137
University of NC - Greensboro*					
NC State University	169	159	150	146	137
Wake Forest	15,315	14,409	13,748	13,453	11,345
Washington	28,277	28,075	27,133	26,545	22,629
Waynesville	7,879	7,819			
Western Carolina University*	843	795	750	732	689
Wilson	85,694	84,929	84,530	82,615	70,569
Windsor	4,958	4,811	4,709	4,626	3,878
Winterville	6,413	6,355	5,951	5,877	5,101
Budget Amendment - Appropriated					119,075
Total Dues	<u>\$ 1,283,788</u>	<u>\$ 1,255,890</u>	<u>\$ 1,214,251</u>	<u>\$ 1,189,150</u>	<u>\$ 1,117,610</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.

2011	2010	2009	2008	2007
\$ -	\$ -	\$ -	\$ 108	\$ 103
22,021	21,576	20,140	19,005	18,384
3,533	3,143	3,365	3,151	2,942
1,339	1,224	1,185	1,087	1,035
32,015	29,301	30,143	28,188	26,388
21,438	19,718	20,029	18,766	17,881
			543	517
38,377	35,302	33,988	31,339	29,831
15,590	1,224	1,185	1,087	1,035
10,634	9,573	9,368	8,868	8,003
972	897	905	847	814
7,653	6,987	7,034	6,846	6,439
9,105	7,834	7,584	6,950	6,620
3,640	3,572	3,342	3,164	3,016
	612	592	543	517
2,011	1,988	1,947	1,860	1,857
52,098	48,465	48,593	48,219	46,011
3,246	3,065	3,056	2,904	2,839
5,606	5,375	5,383	5,196	4,880
			108	103
16,080	14,702	14,984	14,269	13,405
11,197	9,962	9,940	9,762	9,344
5,103	4,775	4,692	4,441	4,057
2,141	2,010	1,940	1,801	1,728
29,510	27,731	28,515	27,398	26,172
14,673	13,533	13,599	13,188	12,598
133	122		108	103
		118	108	103
133	122	118	108	
12,078	11,114	10,708	9,905	9,495
24,603	22,858	22,529	21,157	20,336
			543	517
670	612	592	543	517
75,965	71,468	69,791	65,040	62,217
4,263	3,903	3,818	3,564	3,416
5,351	4,911	4,874	4,639	4,181
		48,450		
<u>\$ 1,076,177</u>	<u>\$ 970,707</u>	<u>\$ 988,575</u>	<u>\$ 869,520</u>	<u>\$ 825,376</u>

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

<i>City/Town</i>	2016	2015	2014	2013	2012
Abbeville, SC	81,370	81,370	81,370	81,370	81,370
Albemarle	16,338	16,338	16,338	16,338	16,338
Apex	32,275	32,275	32,275	32,275	32,275
Ayden	5,008	5,008	5,008	5,008	5,008
Bamberg, SC	3,600	3,600	3,600	3,600	3,600
Bedford, VA	6,300	6,300	6,300	6,300	6,300
Belhaven	1,963	1,963	1,963	1,963	1,963
Bennettsville, SC	9,425	9,425	9,425	9,425	9,425
Benson	3,703	3,703	3,703	3,703	3,703
Black Creek					
Bostic	316	316	316	316	316
Camden, SC	7,000	7,000	7,000	7,000	7,000
Cherryville	2,795	2,795	5,795	5,795	5,795
Clayton	14,333	14,333	14,333	14,333	14,333
Clinton, SC	8,091	8,091	8,091	8,091	8,091
Concord	81,370	81,370	81,370	81,370	81,370
Cornelius	24,847	24,847	24,847	24,847	24,847
Dallas	4,033	4,033	4,033	4,033	4,033
Danville, VA	46,500	46,500	46,500	46,500	46,500
Drexel	1,920	1,920	1,920	1,920	1,920
Easley, SC	20,000	20,000	20,000	20,000	20,000
East Carolina University					
Edenton	5,166	5,166	5,166	5,166	5,166
Elizabeth City	20,406	20,406	20,406	20,406	20,406
Elizabeth City State University					
Enfield	2,221	2,221	2,221	2,221	2,221
Farmville	4,776	4,776	4,776	4,776	4,776
Fayetteville	207,788	207,788	207,788	207,788	207,788
Forest City	7,133	7,133	7,133	7,133	7,133
Fountain	586	586	586	586	586
Fremont	1,404	1,404	1,404	1,404	1,404
Front Royal VA	14,440	14,440			
Gaffney, SC	12,986	12,986	12,986	12,986	12,986
Gastonia	75,820	75,820	75,280	75,280	75,280
Granite Falls	4,999	4,999	4,999	4,999	4,999
Greenville	82,571	82,571	82,571	82,571	82,571
Greer, SC	24,557	24,557	24,557	24,557	24,557
Hamilton	459	459	459	459	459
Hertford	2,303	2,303	2,203	2,203	2,203
High Point	102,216	102,216	102,216	102,216	102,216
Highlands					
Hobgood	381	381	381	381	381
Hookerton	487	487	487	487	487
Huntersville	41,216	41,216	41,216	41,216	41,216
Kings Mountain	11,070	11,070	11,070	11,070	11,070
Kinston	22,478	22,478	22,478	22,478	22,478
La Grange	2,774	2,774	2,774	2,774	2,774
Landis	3,127	3,127	3,127	3,127	3,127
Laurens, SC	10,000	10,000	10,000	10,000	10,000

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

<i>City/Town</i>	2016	2015	2014	2013	2012
Laurinburg	15,825	15,825	15,825	15,825	15,825
Lexington	21,420	21,420	21,420	21,420	21,420
Lincolnton	11,553	11,553	11,553	11,553	11,553
Louisburg	3,711	3,711	3,711	3,711	3,711
Lucama					
Lumberton	23,039	23,039	23,039	23,039	23,039
Macclesfield	401	401	401	401	401
Maiden	3,466	3,466	3,466	3,466	3,466
Martinsville, VA	15,416	15,416	15,416	15,416	15,416
Monroe	38,120	38,120	38,120	38,120	38,120
Morganton	17,058	17,058	17,058	17,058	17,058
Murphy					
New Bern	26,613	26,613	26,613	26,613	26,613
New River Light & Power	15,000	15,000	15,000	15,000	15,000
Newberry, SC	10,907	10,907	10,907	10,907	10,907
Newton	13,819	13,819	13,819	13,819	13,819
Pikeville	703	703	703	703	703
Pinetops	1,259	1,259	1,259	1,259	1,259
Pineville	7,747	7,747	7,747	7,747	7,747
Red Springs	3,497	3,497	3,497	3,497	3,497
Richlands, VA					
Robersonville	1,578	1,578	1,578	1,578	1,578
Rock Hill, SC	70,500	70,500	70,500	70,500	70,500
Rocky Mount	60,219	60,219	60,219	60,219	60,219
Scotland Neck	2,182	2,182	2,182	2,182	2,182
Selma	7,671	7,671	7,671	7,671	7,671
Sharpsburg					
Shelby	20,793	20,793	20,793	20,793	20,793
Smithfield	13,410	13,410	13,410	13,410	13,410
Southport	3,143	3,143	3,143	3,143	3,143
Stantonsburg	749	749	749	749	749
Statesville	27,322	27,322	27,322	27,322	27,322
Tarboro	10,292	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	9,575
Wake Forest	28,572	28,572	28,542	28,542	28,542
Walstonburg	232	232	232	232	232
Washington	10,114	10,114	10,114	10,114	10,114
Waynesville	9,869	9,869			
Western Carolina University					
Westminster, SC	3,120	3,120	3,120	3,120	3,120
Wilson	51,274	51,274	51,274	51,274	51,274
Windsor	3,214	3,214	3,214	3,214	3,214
Winterville	9,154	9,154	9,154	9,154	9,154

Source:

2007-2011 ElectriCities' member questionnaires prepared by members and submitted to ElectriCities in the fall of each year.
2012-2017 Census information-2010.

2011	2010	2009	2008	2007
15,911	16,586	16,586	16,586	15,815
21,378	20,927	20,927	20,918	20,385
11,316	11,061	10,791	10,206	10,206
3,677	3,644	3,644		3,413
	880	880	880	878
22,006	20,795	20,795	20,795	20,795
450	432	432	432	458
3,406	3,279	3,279	3,279	3,279
15,416	15,416	15,416	15,416	15,000
37,280	35,966	33,908	29,489	30,392
17,108	18,474	18,474	18,474	17,080
			1,588	1,581
28,586	25,600	25,600	25,600	23,415
15,000	13,901	13,901	13,901	13,901
10,907	10,580	10,580	10,580	10,580
13,670	13,075	13,075	13,075	12,939
704	714	714	714	793
1,256	1,314	1,329	1,329	1,416
7,501	7,368	6,897	4,027	3,975
3,461	3,461	3,461	3,461	3,447
5,639	5,639	5,639	4,144	4,144
1,596	1,650	1,650	1,650	1,751
67,339	64,858	56,114	56,114	56,144
59,228	56,291	56,291	56,290	56,321
2,268	2,268	2,268	2,268	2,299
7,497	7,008	7,008	6,841	6,517
		2,512	2,512	2,460
21,449	20,957	20,957	20,957	20,825
12,800	12,160	12,160	12,160	11,915
2,964	2,934	2,860	2,677	2,558
730	730	730	730	802
24,292	24,292	24,292	24,292	23,320
10,430	10,686	10,686	10,985	11,138
9,575	8,800	8,800	8,800	8,793
27,217	25,000	25,000	20,300	16,490
231	231	231	231	228
9,583	9,764	9,764	9,764	9,674
	9,972	9,621	9,531	9,482
3,120	3,120	3,120	3,120	3,120
50,652	49,000	47,487	47,487	45,562
3,165	2,285	2,285	2,285	2,311
8,949	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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Abbeville, SC				
Albemarle	11,999	11,887	11,844	11,821
Apex	16,682	16,154	15,477	14,831
Ayden	4,521	3,881	3,934	4,548
Bamberg, SC				
Bedford, VA				
Belhaven	1,238	1,145	1,115	1,121
Bennettsville, SC				
Benson	1,796	1,609	1,777	1,766
Black Creek				
Bostic	202	203	222	201
Camden, SC				
Cherryville	2,437	2,440	2,442	2,425
Clayton	5,885	5,747	5,623	5,250
Clinton, SC				
Concord	29,186	28,618	28,215	27,298
Cornelius	3,427	3,239	3,102	2,953
Dallas	3,546	3,478	3,400	3,359
Danville, VA				
Drexel	1,213	1,203	1,207	1,214
Easley, SC				
East Carolina University	University	University	University	University
Edenton	4,159	4,162	4,164	4,157
Elizabeth City	12,029	11,987	11,956	11,969
Elizabeth City State University	University	University	University	University
Enfield	1,256	1,274	1,298	1,300
Farmville	2,909	2,912	2,904	2,879
Fayetteville	90,050	88,760	87,883	87,072
Forest City	4,062	4,103	4,114	4,129
Fountain	297	302	311	315
Fremont	763	803	803	806
Gaffney, SC				
Gastonia	26,882	26,891	26,497	26,268
Granite Falls	2,439	2,396	2,394	2,391
Greenville	66,051	65,326	65,073	64,629
Greer, SC				
Hamilton	261	254	252	249
Hertford	1,153	1,160	1,166	1,203
High Point	41,790	40,123	39,731	39,607
Highlands	2,817			
Hobgood	277	278	284	285
Hookerton	425	419	415	390
Huntersville	4,973	4,836	4,664	4,501
Kings Mountain	4,503	4,446	4,364	4,154
Kinston	11,605	11,645	11,730	11,809
La Grange	1,468	1,482	1,486	1,500
Landis	2,888	2,865	2,877	2,837
Laurens, SC				

2012	2011	2010	2009	2008	2007
	3,541	3,511	3,522	3,588	3,569
11,857	11,957	11,966	11,880	11,910	11,645
14,279	13,995	13,866	13,964	13,441	11,224
4,576	4,611	4,625	3,950	4,283	3,925
	1,826				
	7,055		6,955	6,955	6,619
1,140	1,164	1,174	1,185	1,144	1,125
	4,657		4,726	4,726	4,726
1,767	1,768	1,792	1,789	1,789	1,761
199	201	198	198	193	193
	10,636		9,344	9,344	
3,115	2,432	2,508	2,486	2,964	2,914
5,142	5,141	5,160	4,950	5,135	5,132
	4,106		5,614	4,202	4,202
28,282	28,064	27,170	27,014	26,945	26,945
2,783	2,707	2,636	2,625	2,625	2,458
3,311	3,276	3,243	3,000	3,000	3,000
	46,016		44,579	46,400	48,601
1,202	1,212	1,212	1,210	1,202	1,202
	13,463		12,779	12,779	12,779
University	University	University	University	University	University
4,159	4,185	4,193	4,600	4,196	4,965
11,967	12,010	11,809	11,863	11,878	11,373
University	University	University	University	University	University
1,312	1,322	1,394	1,448	1,448	1,448
2,883	2,901	2,886	2,850	2,864	N/A
85,174	85,197	85,186	76,756	76,170	76,909
4,100	4,126	4,123	4,461	4,155	4,155
316	318	304	331	388	338
753	749	817	916	916	916
	7,288		7,292	7,254	7,254
26,067	26,133	26,063	26,292	25,254	N/A
2,410	2,406	2,384	2,418	2,418	2,390
64,309	63,893	63,240	62,363	60,758	60,758
	17,437		15,928	16,851	16,729
284	251	258	254	254	254
1,198	1,185	1,227	1,228	990	990
39,462	39,338	39,208	39,223	39,186	39,186
289	297	301	371	371	371
398	432	434	439	439	N/A
4,355	4,193	4,118	4,056	4,079	3,521
4,250	4,324	4,086	4,624	4,381	4,381
11,787	11,838	12,068	12,226	12,186	12,118
1,502	1,500	1,503	1,654		
2,810	2,816	2,816	2,800	2,700	2,700
	51,974		5,424	5,345	5,198

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

<i>City/Town</i>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Laurinburg	5,592	5,588	5,749	5,672
Lexington	18,576	18,474	18,348	18,371
Lincolnton	2,769	2,657	2,671	2,670
Louisburg	1,950	1,958	1,925	1,930
Lucama				
Lumberton	12,169	12,237	12,036	12,323
Macclesfield	269	269	269	274
Maiden	1,174	1,171	1,165	1,122
Martinsville, VA				
Monroe	10,685	10,557	10,475	10,421
Morganton	8,204	8,168	8,184	8,200
Murphy				
New Bern	22,095	21,859	21,822	21,284
New River Light & Power	7,926	7,852	7,751	7,689
Newberry, SC				
Newton	4,528	4,504	4,495	4,486
Pikeville	508	513	518	516
Pinetops	745	756	781	775
Pineville	3,202	2,994	2,907	2,756
Red Springs	1,689	1,692	1,700	1,700
Richlands, VA				
Robersonville	1,023	1,035	1,034	1,068
Rock Hill, SC				
Rocky Mount	27,419	27,276	27,277	27,167
Scotland Neck	1,445	1,480	1,483	1,501
Selma	2,944	2,741	2,661	2,666
Sharpsburg	1,174			
Shelby	8,136	8,077	8,013	7,936
Smithfield	4,538	4,498	4,477	4,491
Southport	2,787	2,761	2,663	2,620
Stantonsburg	1,140	1,129	1,171	1,174
Statesville	13,206	13,084	13,010	12,962
Tarboro	5,871	6,050	6,050	6,060
University of NC - Chapel Hill	University	University	University	University
University of NC - Greensboro	University	University	University	University
Union, SC				
Wake Forest	6,882	6,734	6,307	6,187
Walstonburg	132	129	131	125
Washington	13,601	13,441	13,565	13,478
Waynesville	3,013	3,200		
Western Carolina University	University	University	University	University
Westminster, SC				
Wilson	33,813	33,813	33,691	33,619
Windsor	1,791	1,786	1,796	1,804
Winterville	2,889	2,835	2,913	2,881

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

2012	2011	2010	2009	2008	2007
5,586	6,519	5,634	5,569	5,681	N/A
18,356	18,267	18,092	18,154	18,477	18,477
2,654	2,668	2,653	2,888	2,879	2,864
1,921	1,936	1,939	1,950	3,878	3,898
				1,200	1,200
11,886	11,980	11,982	12,243	20,345	20,496
274	276	275	295	293	293
1,087	1,080	1,068	1,069	1,069	1,067
	7,897	7,867	8,047	8,647	8,047
10,331	10,319	10,369	10,331	10,467	10,403
8,173	8,089	8,230	8,230	8,695	8,120
				4,802	4,802
21,180	21,433	21,158	20,626	19,481	19,481
7,641		7,682			
	12,507		4,989	4,916	4,889
4,478	4,522	4,486	4,840	4,535	4,411
512	519	519	516	527	538
777	777	777	752	722	722
2,722	2,822	2,791	2,745	2,728	2,468
1,709	1,705	1,698	1,717		3,410
			2,641	3,002	3,002
1,101	1,105	1,314	1,175	1,069	1,035
	36,872	33,182	32,850	32,917	29,800
27,095	27,390	27,576	27,576	29,376	29,367
1,520	1,538	1,574	1,599	1,599	3,211
2,690	2,676	2,769	2,784	2,842	2,385
				1,504	1,504
7,898	7,567	7,443	7,971	8,316	8,230
4,449	4,474	4,653	4,566	4,528	4,700
2,595	2,595	2,588	2,706	2,590	2,553
1,186	1,184	1,175	1,231	1,030	1,030
13,020	12,914	12,914	13,024	13,024	12,801
6,078	6,087	6,098	6,125	6,104	6,116
University	University	University	University	University	University and 430 campus retail customers
University	University	University	University	University	University
	7,041	7,006	7,000	7,125	7,096
6,088	6,070	6,004	8,088	6,220	N/A
131	132	132	132	130	130
13,421	13,435	13,347	13,333	12,956	N/A
				3,006	3,019
University	University	University	University	University	University
	1,568		1,571		
33,593	33,549	33,518	36,200	35,391	32,636
1,807	1,835	1,829	2,085	2,049	2,049
3,460	3,427	3,413	2,716	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>	2016	2015	2014	2013
Abbeville, SC				
Albemarle	298,511.000	292,828.000	280,760.000	294,365.000
Apex	292,435.000	266,566.000	247,851.000	246,768.000
Ayden	98,490.000	106,141.000	103,605.000	99,087.000
Bamberg, SC				
Bedford, VA				
Belhaven	17,343.000	18,980.000	19,475.000	18,820.000
Bennettsville, SC				
Benson	33,705.000	32,523.000	31,893.000	32,161.000
Black Creek				
Bostic	3,436.000	3,496.000	3,347.000	3,286.000
Camden, SC				
Cherryville	47,638.000	46,788.000	44,691.000	44,854.000
Clayton	101,750.000	96,446.000	91,317.000	90,664.000
Clinton, SC				
Concord	885,841.000	860,552.000	833,000.000	846,243.000
Cornelius	56,577.000	52,544.000	50,184.000	49,267.000
Dallas	68,706.000	65,729.000	64,566.000	63,856.000
Danville, VA				
Drexel	19,057.000	18,741.000	18,149.000	17,610.000
Easley, SC				
East Carolina University				
Edenton	97,813.000	96,007.000	98,334.000	94,651.000
Elizabeth City	307,989.000	299,942.000	298,733.000	296,808.000
Elizabeth City State University				
Enfield	35,924.000	36,223.000	35,415.000	34,636.000
Farmville	47,434.000	47,228.000	46,282.000	45,284.000
Fayetteville	2,059,540.000	2,087,801.000	2,025,377.000	2,007,469.000
Forest City	104,510.000	115,259.000	104,750.000	106,437.000
Fountain	3,911.000	4,289.000	4,672.000	4,353.000
Fremont	11,993.000	13,119.000	13,174.000	12,790.000
Gaffney, SC				
Gastonia	651,423.000	647,079.000	625,787.000	632,569.000
Granite Falls	55,556.000	57,708.000	55,472.000	52,680.000
Greenville	1,733,095.000	1,706,381.000	1,638,236.000	1,631,488.000
Greer, SC				
Hamilton	2,823.000	2,865.000	2,839.000	2,750.000
Hertford	22,813.000	22,153.000	22,782.000	21,821.000
High Point	1,153,476.000	1,133,236.000	1,122,288.000	1,113,155.000
Highlands	39,798.000			
Hobgood	2,901.000	2,894.000	2,900.000	2,784.000
Hookerton	5,646.000	5,527.000	5,251.000	5,179.000
Huntersville	217,659.000	198,441.000	199,780.000	174,091.000
Kings Mountain	140,057.000	136,512.000	126,629.000	129,823.000
Kinston	451,666.000	461,500.000	440,862.000	418,092.000
La Grange	26,337.000	24,460.000	25,211.000	24,722.000
Landis	44,803.000	44,607.000	43,519.000	43,690.000
Laurens, SC				

2012	2011	2010	2009	2008	2007
	58,056,000	62,971,764	59,369,085	60,027,767	60,739,579
300,735.000	308,342,000	288,735,000	284,095,000	294,702,425	297,204,518
253,762.000	256,633,000	242,155,000	235,084,147	235,183,279	193,889,646
100,867.000	101,551,000	98,097,000	102,728,854	108,767,249	108,721,501
	50,050,000				
	211,131,000		221,608,571	225,635,846	226,139,253
20,273.000	21,080,000	19,578,000	20,013,008	20,410,863	20,833,081
	96,185,000		99,821,583	99,821,583	98,434,000
34,457.000	37,734,000	36,008,000	35,295,798	36,172,672	35,299,938
3,519.000	3,851,000	3,755,000	3,862,822	3,798,848	3,798,848
	180,705,000		191,925,842	191,342,018	183,911,678
51,276.000	52,461,000	52,351,000	50,827,289	47,578,133	47,886,499
94,266.000	103,699,000	91,963,000	80,546,649	78,423,102	75,682,251
	109,999,000		114,531,918	112,620,629	112,620,629
847,511.000	876,388,000	810,758,000	816,424,443	780,264,570	795,381,007
49,563.000	50,191,000	44,461,000	43,797,354	44,500,576	39,950,456
62,020.000	63,917,000	58,626,000	45,620,476	45,620,476	45,620,476
	975,360,000		995,787,487	NA	986,033,199
19,412.000	19,990,000	18,846,000	19,389,000	18,594,641	18,594,641
	286,441,000		269,561,068	269,561,068	269,561,068
97,814.000	101,544,000	93,082,000	96,886,066	96,886,066	102,349,804
315,771.000	323,348,000	302,963,000	312,472,937	303,607,580	289,548,266
34,988.000	37,291,000	37,111,000	36,716,967	38,468,632	38,468,632
47,342.000	51,465,000	49,584,000	53,375,505	52,967,769	53,375,505
2,171,225.000	2,214,346,000	2,101,183,000	2,120,880,926	2,121,037,988	2,041,060,661
116,368.000	118,611,000	112,644,000	117,576,402	128,415,337	128,415,337
3,663.000	3,748,000	3,699,000	3,799,414	7,092,077	7,092,077
12,627.000	13,575,000	14,196,000	12,515,377	12,515,377	12,515,377
	210,072,000	230,400,000	238,542,504	224,137,152	224,137,152
660,255.000	684,155,000	692,156,000	704,505,952	732,860,472	690,930,239
55,214.000	56,826,000	54,248,000	49,085,925	49,085,925	48,614,472
1,690,744.000	1,704,348,000	1,608,710,000	1,626,811,632	1,556,258,230	1,556,258,230
	316,363,000		333,416,418	326,309,000	303,247,994
2,814.000	3,195,000	3,166,000			
21,888.000	23,955,000	22,960,000	22,630,797	21,879,612	21,879,612
1,145,838.000	1,158,330,000	1,094,331,000	1,154,044,495	1,112,755,429	1,112,755,429
3,079.000	3,580,000	3,743,000	3,390,723	3,630,257	3,630,257
5,792.000	5,888,000	5,315,000	5,532,308	5,437,110	5,665,132
169,352.000	162,865,000	148,473,000	143,815,828	134,271,814	82,221,588
135,319.000	133,739,000	123,742,000	125,437,894	109,133,402	109,133,402
436,370.000	450,636,000	430,248,000	444,952,078	391,956,005	463,368,391
26,163.000	27,758,000	25,816,000	24,621,160	24,625,160	
47,877.000	51,158,000	45,618,000	47,025,646	30,326,925	30,326,925
	948,989,000		106,071,933	10,613,757	99,290

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

<i>City/Town</i>	2016	2015	2014	2013
Laurinburg	138,267.000	134,968.000	128,881.000	131,385.000
Lexington	393,125.000	397,556.000	386,865.000	383,899.000
Lincolnton	59,157.000	57,124.000	56,382.000	57,513.000
Louisburg	57,145.000	56,887.000	53,544.000	58,961.000
Lucama				
Lumberton	277,445.000	284,490.000	262,117.000	261,335.000
Macclesfield	3,388.000	2,525.000	2,738.000	3,135.000
Maiden	77,684.000	72,712.000	70,717.000	69,945.000
Martinsville, VA				
Monroe	708,682.000	686,630.000	636,660.000	647,197.000
Morganton	358,790.000	361,432.000	356,155.000	364,128.000
Murphy				
New Bern	457,517.000	454,434.000	443,637.000	440,993.000
New River Light & Power	208,074.000	215,386.000	216,998.000	212,888.000
Newberry, SC				
Newton	146,393.000	147,561.000	147,907.000	148,330.000
Pikeville	9,106.000	8,731.000	8,722.000	7,679.000
Pinetops	22,260.000	21,200.000	19,850.000	19,500.000
Pineville	110,270.000	110,902.000	110,584.000	112,430.000
Red Springs	34,129.000	35,412.000	34,922.000	34,169.000
Richlands, VA				
Robersonville	21,870.000	20,782.000	22,057.000	22,786.000
Rock Hill, SC				
Rocky Mount	714,369.000	699,641.000	690,443.000	690,852.000
Scotland Neck	25,422.000	24,853.000	25,195.000	27,056.000
Selma	64,084.000	66,605.000	64,051.000	61,396.000
Sharpsburg	16,732.000			
Shelby	191,158.000	188,631.000	188,313.000	187,005.000
Smithfield	164,935.000	168,639.000	159,649.000	162,652.000
Southport	55,197.000	55,811.000	51,824.000	50,951.000
Stantonsburg	21,042.000	21,486.000	20,804.000	20,247.000
Statesville	447,401.000	449,110.000	457,769.000	444,422.000
Tarboro	225,669.000	217,102.000	236,997.000	226,807.000
University of NC - Chapel Hill				
University of NC - Greensboro				
Union, SC				
Wake Forest	157,926.000	142,120.000	139,037.000	134,656.000
Walstonburg	1,565.000	1,575.000	1,712.000	1,649.000
Washington	278,703.000	280,334.000	274,759.000	274,294.000
Waynesville	89,412.000	93,352.000		
Western Carolina University				
Westminister, SC				
Wilson	1,282,020.000	1,237,230.000	1,215,950.000	1,225,479.000
Windsor	50,985.000	50,305.000	48,744.000	47,275.000
Winterville	49,000.000	44,333.000	47,158.000	46,697.000

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

2012	2011	2010	2009	2008	2007
135,751.000	140,725,000	132,781,000	135,531,419	120,884,209	120,884,209
407,191.000	420,429,000	393,509,000	402,228,635	421,787,331	413,869,167
59,224.000	59,871,000	64,606,000	58,259,569	60,339,683	59,586,593
60,830.000	61,872,000	60,109,000	58,093,522	56,280,802	56,280,802
				18,432,891	18,432,891
282,350.000	283,235,000	280,361,000	287,992,127	316,654,578	316,654,578
3,618.000	3,874,000	4,025,000	3,348,928	3,220,853	3,220,853
69,345.000	70,748,000	57,409,000	67,918,558	67,918,558	61,006,111
	177,299,000	178,337,901	144,542,880	200,180,720	200,180,720
651,109.000	630,713,000	568,604,000	595,688,716	682,165,489	587,400,434
351,055.000	364,427,000	33,575,800	30,240,734	348,918,335	328,973,989
				161,930,282	161,930,282
467,060.000	485,072,000	443,210,000	451,164,298	426,032,469	426,032,469
225,700.000		224,880,845	229,690,000		
	266,442,000		191,986,260	194,261,115	179,341,477
155,410.000	158,754,000	143,202,000	141,369,813	141,091,968	118,679,979
8,331.000	8,757,000	7,876,000	8,223,625	8,032,212	8,100,759
20,125.000	20,105,000	19,151,000	20,051,000	20,569,825	19,418,000
115,786.000	123,779,000	122,033,000	130,030,032	122,771,300	128,022,607
33,870.000	34,137,000	35,616,000	32,593,101		
			67,018,073	64,049,441	63,929,946
23,108.000	24,375,000	26,700,000	28,000,000	31,018,075	24,546,070
	769,452,000	789,101,342	769,451,876	783,394,069	706,158,126
725,986.000	745,710,000	716,899,000	733,440,582	748,028,249	748,028,249
25,854.000	27,145,000	26,584,000	28,940,899	28,940,899	27,705,275
65,686.000	70,048,000	65,314,000	70,226,096	66,228,035	67,939,467
				22,011,729	22,011,729
196,035.000	199,131,000	185,291,000	194,541,539	193,017,022	184,425,052
166,205.000	170,475,000	163,527,000	159,446,725	182,473,888	165,242,947
53,824.000	54,802,000	50,067,000	51,081,091	49,602,758	49,260,956
21,516.000	21,712,000	21,157,000	20,679,331	20,856,000	20,856,000
434,033.000	444,631,000	443,440,000	489,779,611	489,779,611	472,258,240
232,616.000	240,688,000	229,890,000	233,782,590	243,794,843	236,859,861
	137,924,000	143,405,785	137,924,001	138,959,214	133,151,187
145,560.000	149,569,000	140,969,000	111,927,216	125,781,181	125,781,181
1,741.000	1,958,000				
288,147.000	296,535,000	274,493,000	285,735,716	286,452,156	286,452,156
				92,462,495	93,743,094
		37,097,180	35,888,071	34,847,112	34,521,598
	26,939,000				
1,230,141.000	1,261,358,000	1,202,530,000	1,237,711,000	1,222,062,761	1,222,062,761
48,735.000	50,348,000	47,492,000	48,367,735	44,310,466	44,310,466
50,406.000	50,446,000	46,856,000	46,856,298	43,589,232	43,589,232

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Management Services	97	98	100	101	99
Member Services	10	9	9	4	3
Safety & Training	<u>6</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>6</u>
Total	<u><u>113</u></u>	<u><u>113</u></u>	<u><u>115</u></u>	<u><u>110</u></u>	<u><u>108</u></u>

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Management Services	103	102	106	108	101
Member Services	3	3	4	3	3
Safety & Training	<u>4</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total	<u><u>110</u></u>	<u><u>110</u></u>	<u><u>114</u></u>	<u><u>115</u></u>	<u><u>108</u></u>

Source: ElectriCities payroll records.