



GreenvilleWater

Commissioners of Public Works
of the City of Greenville, South Carolina

Annual Comprehensive Financial Report

For Year Ended
December 31, 2022

**GREENVILLE WATER
GREENVILLE, SOUTH CAROLINA**

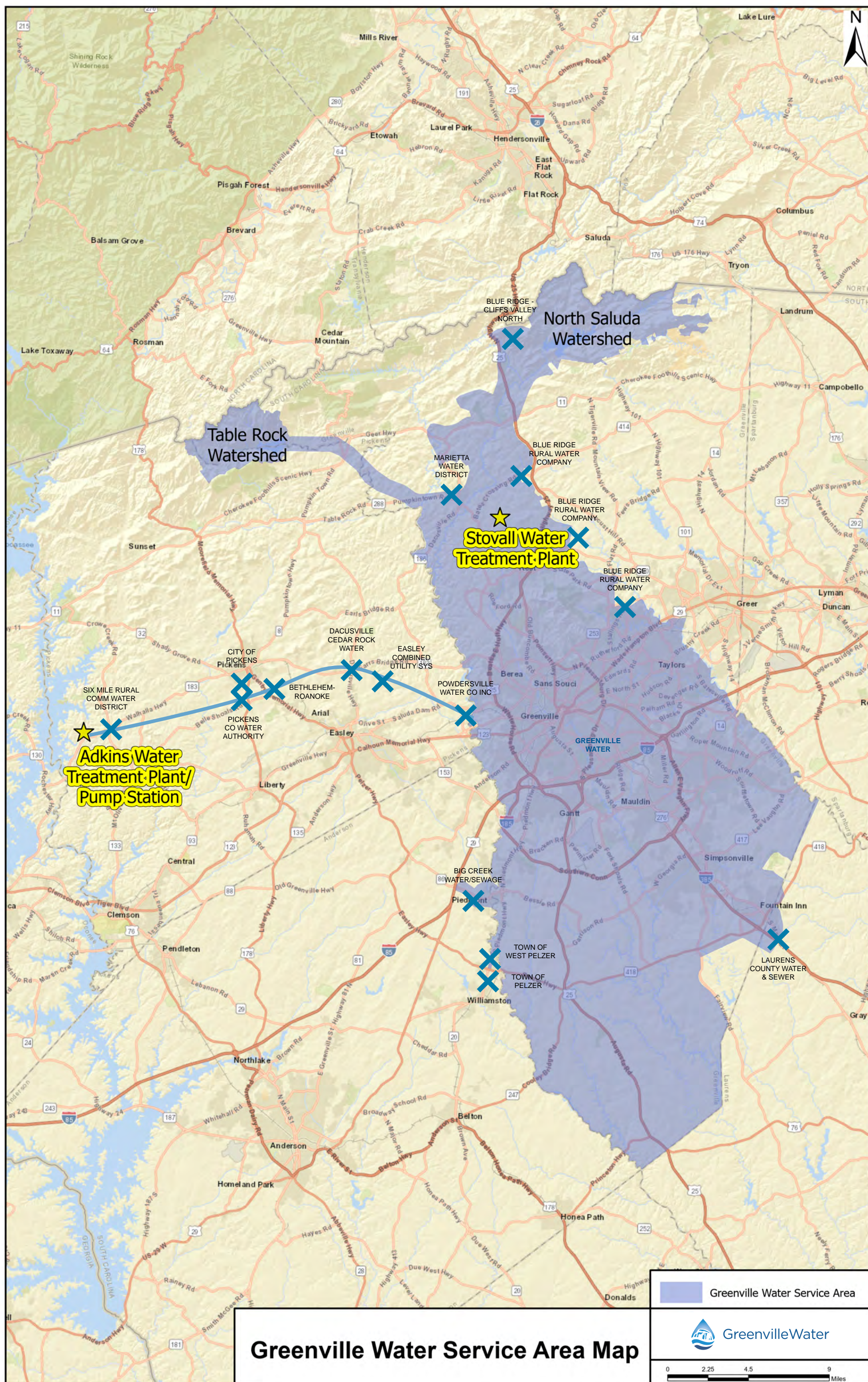
**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

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Introduction







GreenvilleWater

407 West Broad Street • P.O. Box 687 Greenville, SC 29602 • 864.241.6155 tel • 864.241.6077 fax • www.greenvillewater.com

June 6, 2023

To the Honorable Chairperson, Members of the Commission and Customers of Greenville Water:

We are pleased to present our Annual Comprehensive Financial Report for the year ended December 31, 2022. This report conforms to the reporting and accounting standards of the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the Government Finance Officers Association's (GFOA's) Governmental Accounting, Auditing and Financial Reporting document.

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

Our independent auditor, Mauldin & Jenkins, LLC has issued an unmodified ("clean") opinion on Greenville Water's financial statements for the year ended December 31, 2022. Their report is located at the front of the financial section of this report.

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

Profile of Greenville Water

Greenville Water was established in 1918 when the Citizens of the City of Greenville (City) purchased the nucleus of the present system from a private water company for the sum of \$800,000. The acquisition was authorized by a City referendum that approved the issuance of \$1,000,000 of general obligation bonds and the establishment of a "Board of Commissioners of Public Works" vested with the authority to acquire, operate, and control the system. From the beginning, the Commissioners have operated the system as a self-sustaining utility, and the original bonds, together with subsequent issues, have been retired solely from system earnings. To more accurately identify the Commissioners in the public mind with this responsibility and service, the Commissioners adopted the name Greenville Water for all purposes except legal transactions.

Greenville Water receives half its water from two forested watersheds, owned entirely by Greenville Water and comprised of 26,000 acres. The watersheds are located about 25 miles north and northwest of the City in the foothills of the Blue Ridge Mountains. Rainfall, averaging in excess of 60 inches per year, is gradually gathered into streams, which flow into either of two man-made reservoirs: one on the headwaters of the South Saluda River (Table Rock) and the other on the headwaters of the North Saluda River (Poinsett). These highly protected watersheds are preserved by a conservation easement held by The Nature Conservancy to help guarantee that residential, agricultural or industry never develops within the watershed.

The Table Rock Reservoir has two state permitted intakes of 32 Million Gallons per Day (MGD) and 35 MGD. The North Saluda Reservoir's one intake has a permitted capacity of 60 MGD. These two reservoirs supply the 75 MGD Stovall Water Treatment Plant which utilizes a state-of-the art Dissolved Air Flotation process prior to deep bed filtration to further purify the water. In 2013, Greenville Water was able to secure a State Surface Water Withdrawal Permit for all three intakes, ensuring firm capacities, as stated above, from the two reservoirs for the next 31 years.

Greenville Water also owns the Adkins Water Treatment Plant, a conventional water filtration plant currently rated at 90 MGD. This facility, located in the Savannah River Basin within Pickens County, draws from Lake Keowee as its raw water source and holds a State Surface Water Withdrawal Permitted capacity of 150 MGD, also secured for the next 31 years. In addition, Greenville Water has a long-term agreement with Duke Energy, the owner of Lake Keowee, which allows a maximum day usage of 150 million gallons, to meet projected long-range needs.

The system has been developed by the Commissioners into a modern water utility with an abundant supply of water, which currently serves most of Greenville County and portions of Anderson, Pickens and Laurens counties. There are currently 197,478 metered accounts and 13 wholesale water customers that obtain their water supply from the system.

The Commission is composed of three elected Commissioners, elected for staggered six-year terms, and two ex-officio Commissioners, consisting of the Mayor and one City Council member. All Commissioners serve without financial compensation. The Commissioners are vested with the power to manage the fiscal affairs of the system; however, it may not incur any indebtedness without the concurrence of the City.

They are the policy-making body which approves rates and charges, the Annual Operating Budget, the five-year Capital Improvement Program and makes recommendations to the City Council for the issuance of bonds. The Commissioners appoint the Chief Executive Officer. As a matter of policy, the Commissioners continually review recommendations of management relating to capital improvements, water usage trends, and projections, along with revenue requirements to meet these needs.

The Commission must approve an operating budget by January 1 prior to any expenditure being made in the new fiscal year. The biennium budget serves as the foundation for Greenville Water's financial planning and control. The Commission may amend or supplement the budget at any time after its approval by majority vote of its members. The CEO has the authority to make administrative adjustments to the budget as long as those changes will not have a significant policy impact nor affect reserve balances.

Local Economy

Greenville Water is headquartered in the City of Greenville and provides water service to most of Greenville County, which has an estimated population of 533,834. The County is the most populous county in the State and is located in the northwestern or Piedmont section of the State. It has an area of approximately 792 square miles and is bordered on the north by the State of North Carolina, on the east by Spartanburg County, on the west by Pickens and Anderson Counties and on the south and southeast by Laurens County. It is the center of the largest three-county area in the State and is the commercial center for nine counties in the Piedmont. The City is the county seat and the sixth largest city in the State.

Greenville County is the centerpiece of the region considered to be the "economic engine of South Carolina." Greenville County is part of one of the nation's fastest growing areas, "The I-85 Corridor."

Greenville is located between Atlanta, Georgia and Charlotte, North Carolina on I-85. The Atlantic Ocean and Port of Charleston are 200 miles to the Southeast down I-26, and the Blue Ridge Mountains are just 15 minutes away. The Greenville-Spartanburg International Airport is the busiest in the State and is served by most major airlines.

Greenville has what it takes to attract coveted new jobs and investment; skilled worker availability, exceptional quality of life, high quality technical colleges, highly rated K-12 schools, low cost of living, low cost of doing business, excellent interstate access and numerous colleges and universities. Considering these competitive advantages, it is easy to understand why the region is home to a collection of domestic and international businesses. From disaster recovery software to polymer technology, biomedical engineering to molecular diagnostics, Greenville is home to a burgeoning tech ecosystem. The following table sets forth the total announced capital investment for new and expanded industry over the past five years.

Year	Announced New Employment	Announced New Investments (000's)
2018	1,477	\$161,755
2019	2,178	\$401,883
2020	1,422	\$631,500
2021	1,835	\$142,300
2022	2,326	\$468,000

Greenville Water's metered customer base is 88.7% residential and is not subjected to economic downturns. No single customer accounts for more than 1.8% of Greenville Water's annual revenue.

Greenville Water's new metered accounts grew by 2.3% to 197,478 for the fiscal year ended December 31, 2022 as compared to a 1.9% increase the previous fiscal year.

The 2022 unemployment rate for both the Greenville County area and the state of South Carolina was 3.2%, compared to US unemployment rate of 3.6%.

New residential permits issued in the County decreased by 31.5 % to 2,646 in 2022 compared to 3,860 in 2021.

Median household income in the County was \$65,513, which was 12.5% higher than the State median household income of \$58,234, and 5.4% below U.S. median household income of \$69,021.

Retail sales in the County increased by 15.8% to \$24.8B in 2021.

Assessed value in the County increased 10.9% to \$2,930,945,972 from \$2,642,159,318 in 2022 compared to 2021. The estimated market value of taxable property increased 11.7% to \$56,914,320,653 from \$50,953,847,046 in 2022 compared to 2021.

Greenville Water maintained its Aaa bond rating from Moody's Investor Service, Standard and Poor's Corporation and Fitch. This bond rating is a clear indication of the sound financial condition of Greenville Water. Greenville Water is one of the few governmental water utilities in the country that maintains the highest financial rating from all three major rating agencies.

Sources: Greenville County Official Statement, the U.S. Census Bureau, and the 2022 Greenville County Annual Comprehensive Financial Report..

Long-Term Financial Planning and Major Initiatives

Greenville Water's Strategic Plan provides the focus for our strategic direction and priorities for our operations as well as our capital investments.

Highlights of the significant strategic initiatives and achievements in 2022 are discussed in the following paragraphs.

Asset Management

Greenville Water's Asset Management Program serves the interests of our community by optimizing our assets and promoting the continuous improvement of business processes. The initiative maximizes operational efficiency and changes the way we do business, balancing the expenses associated with maintaining \$500M in infrastructure with both acceptable risk and exemplary service levels. The EAM asset management software improves workforce management by increasing work efficiencies both in the field and in the office. The program supports long-term viability by capturing historical knowledge from an aging workforce and enhancing proactive, best management maintenance practices. The Facilities Maintenance team went live in EAM with the management of vertical assets in late 2019, followed by Field Operations with the horizontal assets in early 2020. The asset management initiative automated processes that were previously manual and paper-driven, resulting in improved transactional controls ensuring that data used to make inventory management decisions is accurate and current.

A major initiative in 2022 was the integration of the EAM asset management software with the Customer Information System automating the transfer of information between the two systems. This integration represented a significant improvement in workload efficiency for the Customer Service, Billing and Development Services team members. Additionally, both the Warehouse and Fleet departmental implementations went live in 2022. Implementation of Infor EAM has been estimated to potentially result in a future cost avoidance of more than \$900,000 through labor efficiency savings; operations inventory and purchasing improvements; unscheduled asset downtime reduction; warranty claims; and deferred capital.

Asset management further promotes corporate social responsibility through improved customer service with shorter response times, increased transparency, and more effective communication. Data is collected to support performance indicators integral to providing excellent customer service, such as service outage times, fire hydrant repair statistics, valve exercising and repair and leak detection tracking. The EAM software also houses the condition assessment of Greenville Water's many assets. The revised risk matrix, which defines Greenville Water's risk exposure and enhances the waterline deterioration model, were incorporated into Voda AI's artificial intelligence machine learning software for the prediction of leaks and breaks throughout the distribution system. The Voda artificial intelligence results were utilized in 2022 to guide waterline preventive maintenance activities such as leak detection and valve exercising and to aid in the prioritization of capital improvement projects.

Operational Resiliency

In 2021 Field Operations crews augmented the traditional lift and shift leak detection logger technology with Echologics hydrant caps for enhanced leak detection. In 2022 Voda artificial intelligence further maximized the potential of this sensitive leak detection technology by applying machine learning to assist Field Operations in the strategic deployment of sensors in the areas of the system wherein Greenville Water has the greatest business risk exposure.

During the second half of 2022, Voda assisted in the detection of ten leaks that would have otherwise gone undetected. These pipe segments were identified on average in the top 12% of all pipe segments in Likelihood of Failure and in the top 15% Business Risk Exposure. In addition, for the thirteen main breaks that occurred in the first quarter of 2023, Voda accurately classified each as being in the top 15% of highest risk for failure within all Greenville Water pipe segments.

In order to ensure the reliable operation and performance of the transmission and distribution system, in 2022 our Field Operations department performed a total of 5,793 valve inspections. Additionally, the Distribution Technicians inspected and flow tested 3,482 fire hydrants in 2022.

As part of Greenville Water's continuing effort to provide quality water at a reasonable value to our customers, Greenville Water began a number of initiatives in 2022. To validate the absence of Lead service lines in our system, we thoroughly reviewed documents from over 8,000 individual accounts that were created from inception through the late 1940's for which lead could have been used as a material. This review produced no services lines that were determined to be made out of lead. The next step of the review will be to physically inspect a statistical sample of those service lines that were determined to be of unknown material to confirm the absence of lead in them.

Greenville Water also undertook several initiatives in order to optimize performance and increase the life expectancy of our assets. This included a comprehensive valve exercise program at our two water treatment facilities. This program involved collecting and recording of information on each valve in our asset management system. Each of the over 500 valves at the plants is exercised to ensure that they operate properly. This ensures system reliability and allows us to minimize the duration of plant outages that may occur.

We also began a new pump rotation and pressure reducing valve (PRV) procedure that will allow us to better plan our investment in pump and PRV replacements. By changing the operational profile and rotation of the pumps in our system we can affect their life cycle to allow us to spread out our pump replacement costs instead of having them concentrated in one year. The implementation of a new biannual PRV inspection program will provide us with predictive maintenance data that will enable us to better plan for PRV replacement needs.

Cybersecurity

Greenville Water is continually looking for ways to be more proactive with its Information Technology investments. As part of an ongoing security and technology modernization program, work was completed in 2022 that included the implementation of network monitoring platforms to ensure the reliability and security of networks and related systems that transport sensitive data. This included the replacement of older hardware with newer infrastructure that is capable of modern encryption in compliance with industry and regulatory guidelines. Going forward, all related equipment will now be included in a lifecycle program to maintain current standards.

In addition, proactive systems for data governance and analysis were implemented to both detect and respond to data anomalies in order to maintain a secure operating environment. General data-flow information as well as specific event-related information are collected, correlated and analyzed within their context to provide insight into potential security threats. AI and machine learning methods are utilized to efficiently process the large volume of data collected for analysis. This

practice also ensures that related information is auditable in an effort to increase both reliability and trust within Greenville Water systems.

Environmental Stewardship

During 2022, 28,197 water quality parameters were measured throughout the reservoirs and at stream crossings in the Table Rock, North Saluda and Lake Keowee watersheds. In addition, instream macroinvertebrate community assessments of the North Saluda River and the South Saluda River above North Saluda Reservoir and Table Rock Reservoir were conducted. Data from the assessments indicated that both the North Saluda and South Saluda Rivers were high quality bodies of water. Both rivers had NCBI scores of "excellent" and SCDHEC bio-classification scores of "excellent". These measurements, along with in-house monitoring of the 3 lakes, compared favorably to previous years and indicated no degradation of water quality in any of the watersheds, validating our targeted efforts to maintain water quality for future generations.

The Table Rock watershed holds some of the only remaining Southern Appalachian brook trout in the state of South Carolina that are genetically pure. This trout is a species that is very sensitive to disturbance and any kind of development that changes water temperature and quality. A study on the distribution of populations that remain within the watershed have been ongoing since 2021. Habitat analysis data is also being collected to explore the viability of translocating individuals from robust populations to expand range and lessen the impact of genetic bottlenecks leading to inbreeding depression and impact to additional populations. In partnership with Western Carolina University, Greenville Water will work to preserve the undisturbed and protected nature of the watersheds, thus providing a viable, self-sustaining population of native brook trout.

As a response to the Pinnacle Mountain fire in 2016, Greenville Water began to explore using prescribed fire as a management tool in the watersheds. A controlled burn was first carried out on the North Saluda watershed property in 2019. Since that time, an additional 400 acres have been treated with fire on the property. Many additional burn units in strategic locations, totaling over 3,000 acres, have been identified as locations for burns in the near future. The greatest benefit of prescribed fire is fuel reduction to reduce potential damage from wildfires, but there are numerous other benefits for water as well, including: creating a forest composition that has less water uptake, promoting the growth of grasses and forbs that reduce runoff from erosion and facilitating the processes that lead to more resilient ecosystems necessary to combat an unstable climate future. Watershed staff undergo fire education and training each year both in the classroom and in the field with other partners. The Nature Conservancy, the South Carolina Forestry Commission, the North Carolina Forestry Service, and other members of the Southern Blue Ridge Fire Learning Network have been great partners in this initiative.

Watershed infrastructure such as roads, culverts, gauging stations, cultural sites and other similar items have historically only been recorded and passed down by memory. In 2021, the GIS department coordinated with watershed team members to create maps with relevant layers for both watersheds, which are continually updated as changes take place.

Greenville Watershed's combined 30,000 acres are comprised of large populations of South Carolina's two native hemlock species; the Eastern and Carolina hemlocks. Hemlock trees are rapidly declining due to the woolly adelgid beetle, an aphid like insect that sucks sap from the needles, creating a drought like condition for the tree. Hemlock trees are a keystone species to our ecosystems, as they provide shade to cool our streams for native trout species, filter water, and

support a diverse variety of plants and animals. The Greenville Water Hemlock Treatment Program has been actively treating affected trees throughout both watersheds since 2022. Approximately 1,800 trees have been treated and will continue to be monitored.

Greenville Water began working to enhance water quality conditions of the headwaters of the North Saluda River in 2021, after being awarded a grant from South Carolina's Department of Health and Environmental Control. Restoration efforts began by removing 4,500 cubic yards of sediment from the weir channel, regrading approximately 2,000 linear feet of streambanks, replanting native riparian buffers, and mitigating erosion runoff on local landowners' properties. Phase 2 of the North Saluda Headwater's Restoration project will continue in Fall of 2023 with efforts on the Callahan Branch, a tributary stream of the North Saluda River. Greenville Water has partnered with Clemson Extension to monitor stream conditions. Parameters such as turbidity, pH, dissolved oxygen, temperature, and depth are continuously measured to note water quality changes throughout the restoration project. Additionally, aquatic invertebrate collections are conducted to indicate water quality and the effectiveness of stream restoration activities. Greenville Water will continue restoration efforts that will enhance local rivers and improve ecological values.

Water Meter Testing and Replacement Program

Accurate water metering is essential for Greenville Water to ensure correct and fair billing for its customers and proper revenue collection. Many years of research by the AWWA, various water utilities, and other industry professionals suggest that as mechanical meters age, they under record water usage, and the utility will lose revenue. In 2021, GW began its first formal meter replacement program by following a modified AWWA guidance of replacing meters on an age basis and began replacing meters older than 35+ years. Initial GW test data showed most meters beyond 30 years of age still tested within AWWA acceptable limits of +/- 1.50% accuracy. GW further modified the AWWA guidance of -1.50% loss to -4.00% loss or less to be acceptable for 5/8-inch meters. As most test data was received, in 2022, GW continued to modify its meter replacement program to consider water throughput in addition to the age of the meter, whereas test data showed the recommended optimal lifetime use of a mechanical water meter to be 25+ years with 7.5 million gallons or more of throughput.

An analysis of over 1,300 5/8-inch meter bench tests showed that 35% failed, of which 80% failed at the low-flow, 0.25 GPM, test range. Compared to alternative age-based replacement programs, our test data analysis shows that replacing meters after 25+ years and 7.5M gallons of throughput, or 35 years of in-place use, will save Greenville Water over \$72M in unnecessary replacement costs.

The next step is that GW will take this targeted scientific approach to meter replacements further to include areas of its water system that have experienced higher than 0.3 Nephelometric Turbidity Units (NTU) as water quality has an impact on meter accuracy. In addition, the introduction of targeted water quality, events such as main breaks, and new service connections are continuing to be studied, and using the entirety of these variables are expected to be the best-in-class of any water meter replacement program as these further refinements are introduced and applied. As of May 2023, Greenville Water is current with all its small meter replacements to ensure optimal meter accuracy and revenue assurance.

Account Auditing and Validation Program

The Business Services Auditing and Validation of Metered Accounts Program was developed in alignment with the 2022 GW Strategic Plan to ensure accurate metering and billing of all customer accounts. The GW audit program was designed based on the framework of the International Organization of Standardization (ISO) 9001 principles, which is a world-recognized quality management system. Account audits consist of an 11-point audit, and field audits consist of a 13-point audit, which audits each key point of the customer meter-to-cash cycle.

The program began in January 2023 with the planned audit of over 2,300 multi-family accounts, of which, at the end of April, over 1,500 account and metering equipment audits had been completed. Of the 1,500 accounts audited to date, several non-conformances have been found, and corrective actions have been made to ensure optimal operational efficiency and revenue assurance going forward. The corrective actions have resulted in a \$28,808 positive monthly revenue gain and \$31,169 in back billing collections. Once the multi-family audits are complete, audits will resume with commercial, then residential accounts. This program will continue indefinitely and is embedded within GW's daily work.

Public Relations

Greenville Water recognizes that customer-facing technology should reflect our organizational priorities and exceed customer expectations for a leading service provider. In 2022 we launched our redesigned website located at www.greenvillewater.com. The new website is more modern, informative, and interactive – enabling customers and business partners to more efficiently locate information using their device of choice, as well as communicate more effectively with internal business units. As part of the update, collaborative educational resources were added to support Greenville Water's community engagement efforts to local educators and students.

Water Loss

As diligent stewards of the environment, Greenville Water ensures water resource sustainability by monitoring water losses starting at the water treatment plant and following the journey of the finished water all the way until it arrives at the customer's meter. Our Water Loss Control Team, established in 2015, has now conducted baseline AWWA water audits for the past eight years.

Finished water production versus billed consumption is analyzed monthly. This enables us to assess meter testing and replacement, the calibration of production meters and automatic flushers, new account activation procedures, the accurate coding of registers, the tracking of water loss due to main breaks and service leaks, and the analysis of billed consumption data. Greenville Water is a leader in Water Loss Control within the state of South Carolina, with staff serving on the SC AWWA Water Loss Control Committee, as well as being chosen as a beta testing utility for the latest version of the AWWA Water Audit software, v6.0.

In the newest release of the AWWA Water Audit software, the recommended Key Performance Indicators include the nonrevenue water in both gallons and gallons per connection per day for comparison with other water utilities. GW's real losses of 36.2 gallons per connection per day are at the industry median, while the apparent losses of 2.0 gallons per connection per day and the Infrastructure Leakage Index of 1.6 are both below the median value for the water industry. Greenville Water's total nonrevenue water in 2022 was estimated at 3.5 billion gallons, consisting of 2.6 billion

gallons of real water losses due to system leakage, 0.4 billion gallons for flushing to ensure water quality, 0.4 billion supplied without cost to the City of Greenville for community parks, and 0.1 billion gallons due to metering inaccuracies.

Our Field Operations crews ensure reliable and sustainable water service by expediently locating and repairing all major breaks and minor leaks. Field Operations also minimizes water losses through leak detection and fire hydrant maintenance. Leak detection equipment is used throughout the distribution system to minimize real losses and since implementation, over 250 miles of pipe have been inspected and over 230 leaks have been detected, confirmed and repaired. In 2022 over 350 fire hydrants were repaired or replaced.

Capital Improvement Program (CIP)

The CIP serves as a planning document to ensure that Greenville Water facilities, equipment, and infrastructure are well maintained and capable of providing the capacity to meet current and future demand. The CIP and five-year financial forecasting process provide the ability to plan for Greenville Water's capital needs and allocate short and long-term resources appropriately. Capital projects included in the CIP are non-recurring major projects that exceed \$100,000 in cost and have a useful life of at least five years. The significant cost of the projects included in the CIP may also require the use of debt or reserves to finance their cost. As part of the CIP process, operational costs associated with capital projects are identified and quantified and the appropriate resources are budgeted.

The 2023 CIP totals \$71.0 million, with projects funded by rate and rate and revenue reserves, debt financing, grants, and capacity fees of in the amounts of \$30.2 million, \$19.6 million, \$19.1 million, and \$2.1 million, respectively. Included in the \$71.0 million is \$38.8 million for water main replacements and improvements, \$19.0 million in water treatment plant improvements, \$4.9 million for pumping stations, \$3.5 million for Pelzer Water System improvements, \$3.0 million for reservoirs, \$1.7 million for general, electrical and network infrastructure upgrades, and \$0.1 million for pressure control and optimization.

Capital items included in the annual operating budget include \$6.0 million for recurring Normal System Improvements required to replace aging pipe, make upgrades & replacements due to road improvements, serve new customers and improve flows, stabilize pressures, etc. \$3.75 million has been included to replace water lines. The costs of these improvement projects are recovered through rates or capacity fees. Also included in the operating budget is capital outlay for \$3.0 million for meters, \$0.5 million for equipment, and \$0.5 million for vehicles.

Greenville Water's overall financial position improved \$24.3 million in 2022. The following table sets forth Greenville Water's net position during each of the past five fiscal years.

YEAR ENDED	TOTAL INCREASE
2018	\$ 21.832.303
2019	\$ 26.719070
2020	\$ 29.843.293
2021	\$ 28.125.780
2022	\$ 24.330.014

As part of its long-range financial planning efforts, the Commission evaluates the need for rate adjustments. The last rate adjustment approved by Commission became effective on March 1, 2016.

The tables below reflect retail rates since 2016.

Inside City

<u>EFFECTIVE DATE</u>	BASE <u>CHARGE</u>	<u>PER 1,000 GAL</u>
March 1, 2016	\$4.52	\$1.47
March 1, 2017	\$4.52	\$1.47
March 1, 2018	\$4.52	\$1.47
March 1, 2019	\$4.52	\$1.47
March 1, 2020	\$4.52	\$1.47
March 1, 2021	\$4.52	\$1.47
March 1, 2022	\$4.52	\$1.47

Outside City

<u>EFFECTIVE DATE</u>	BASE <u>CHARGE</u>	<u>PER 1,000 GAL</u>
March 1, 2016	\$6.78	\$2.22
March 1, 2017	\$6.78	\$2.22
March 1, 2018	\$6.78	\$2.22
March 1, 2019	\$6.78	\$2.22

March 1, 2020	\$6.78	\$2.22
March 1, 2021	\$6.78	\$2.22
March 1, 2022	\$6.78	\$2.22

Financial Policies

Greenville Water has the following financial policies in place:

- Reserve Policy
- Debt Management Policy
- Long-Term Financial Planning Policy
- Operating Budget Policy
- Capital Planning, Budgeting & Management Policy
- Investment Policy
- Procurement Policy
- Internal Control Policy
- Risk Management Policy
- Expense Policy
- Rates, Fees and Charges Policy
- Fixed Asset Policy
- Accounting, Auditing and Financial Reporting Policy

The adoption of these policies serves to formalize and institutionalize financial management best practices in our organization.

Awards and Acknowledgements

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Greenville Water for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. In order to be recognized with this prestigious award, Greenville Water published an easily readable and efficiently organized annual report that satisfies both generally accepted accounting principles and applicable program requirements.

We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility as well.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Accounting Division. We wish to thank all Greenville Water departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Chairperson and the Commission for their unfailing support for maintaining the highest standards of professionalism in management of Greenville Water's finances.



Jeff Boss
Chief Executive Officer - Interim



Phillip L. Roney
Chief Financial Officer

Greenville Water Officials

List of Commissioners and Executive Staff

COMMISSIONERS OF PUBLIC WORKS

Commissioner	Year Service Began	Current Term Expires	Position
Phillip A. Kilgore	2003	2024	Chair
James W. Bannister	2012	2027	Vice-Chair
Debra M. Sofield	1999	2026	Commissioner
Knox H. White	1995	2024	Mayor/Ex-Officio
Wil Brasington	2019	2025	City Council Member/Ex-Officio

OFFICERS OF COMMISSION OF PUBLIC WORKS

Officer	Year Service Began	Position
David H. Bereskin	2011	Chief Executive Officer
Phillip L. Robey	2012	Chief Financial Officer
Jeff Boss	2018	Chief Operations Officer

Commissioners & CEO 2023



PHILLIP KILGORE
Commission Chair



JAMES BANNISTER
Vice Chair



DEBRA SOFIELD
Commissioner



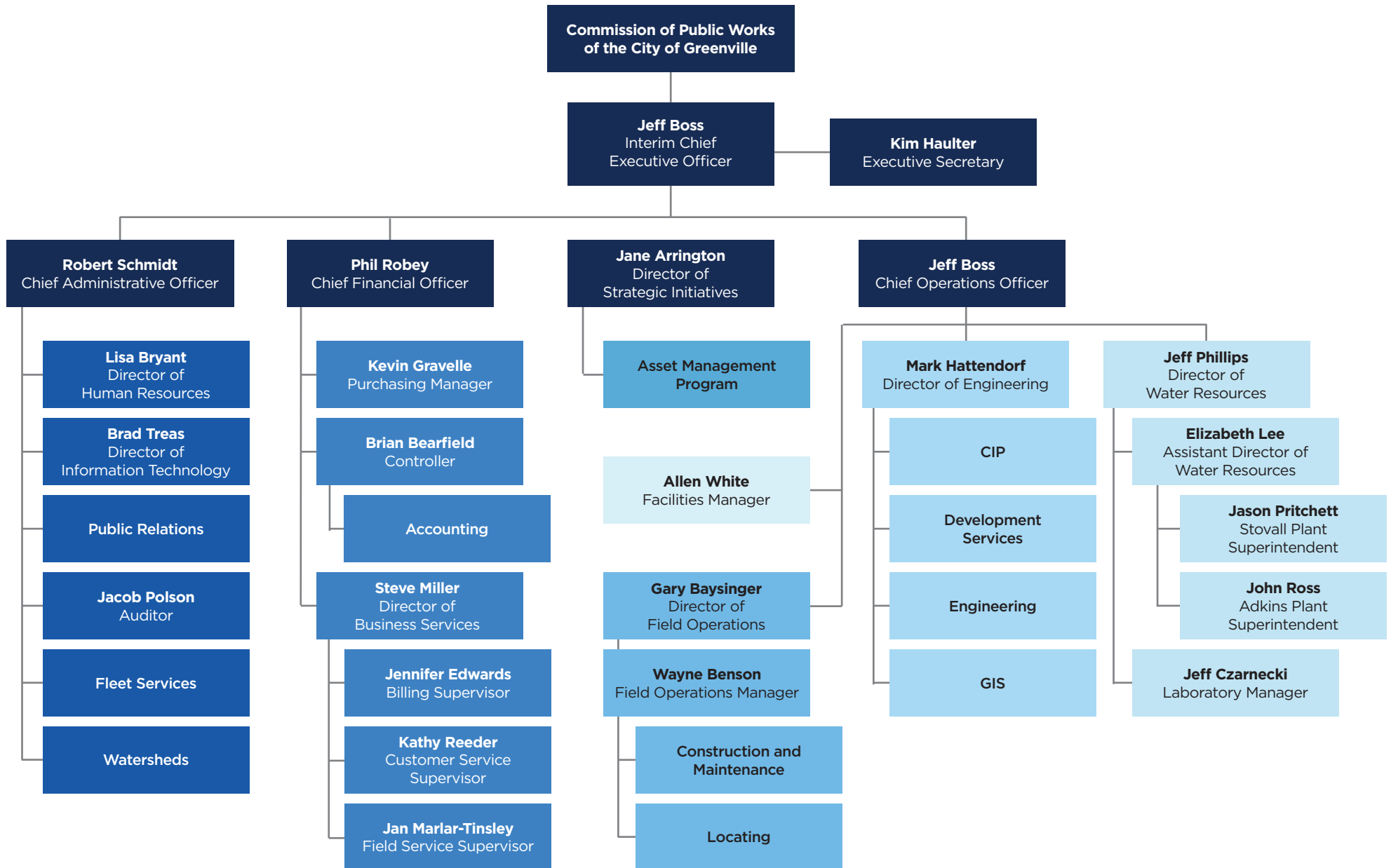
KNOX WHITE
Ex-Officio
Mayor



WIL BRASINGTON
Ex-Officio
Council Member



JEFFREY BOSS
Interim Chief Executive Officer



GreenvilleWater
QUALITY WATER. SUSTAINABLE FUTURE.

Last Revised:
June 2023



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Greenville Water System
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

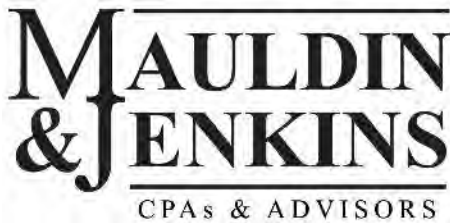
December 31, 2021

Christopher P. Morill

Executive Director/CEO

Financial





INDEPENDENT AUDITOR'S REPORT

**To the Commissioners of Public Works
of the City of Greenville
Greenville, South Carolina**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Commissioners of Public Works of the City of Greenville** ("Greenville Water") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Greenville Water's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Greenville Water, as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greenville Water and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenville Water's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Greenville Water's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenville Water's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of Greenville Water's proportionate share of the net pension liability, the schedule of pension contributions, and the schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements.

Such information is the responsibility of management and, 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 GAAS, 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2023 on our consideration of the Greenville Water's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Greenville Water's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greenville Water's internal control over financial reporting and compliance.



Columbia, South Carolina
June 6, 2023

Greenville Water

Management's Discussion and Analysis

As management of Greenville Water, we offer readers of the financial statements this narrative overview and analysis of the financial activities of Greenville Water for the twelve months ended December 31, 2022. Please consider this information in conjunction with the financial statements and related notes, which follow this section.

Financial Highlights

Greenville Water continued to show a solid financial position for 2022. Greenville Water is well within its debt covenants.

- ❖ The assets plus the deferred outflows of resources of Greenville Water exceeded its liabilities plus the deferred inflows of resources at the close of 2022 by \$604.3 million (net position). Of this amount \$72.3 million (unrestricted net position) may be used to meet the system's ongoing obligations.
- ❖ Net position improved by \$24.3 million compared to the prior year net position, due to the excess of revenues over expenses that is largely reinvested in the system and used to fund the capital improvement program.
- ❖ Total revenues were \$76.5 million, which was \$1.5 million (2.0%) more compared to \$75.0 million in 2021. This is primarily the result of increased water sales, as metered accounts grew 2.3%, as well as increased investment income that more than offset decreases in other operating revenues and tapping, installation, and service fees.
- ❖ Total expenses were \$53.9 million, a \$6.4 million (13.5%) increase compared to \$47.5 million in 2021, primarily the result of increases in salaries and benefits, repairs and maintenance, supplies, and chemicals.
- ❖ Net capital assets were \$515.3 million at the close of the fiscal year, increasing by \$13.1 million or 2.6% compared to \$502.2 million in 2021. The increase is due to net additions of \$25.8 million offset by a \$12.7 million increase in accumulated depreciation.
- ❖ Long-term debt decreased by \$9.4 million to \$9.1 million as a result of regularly scheduled principal reductions on existing outstanding debt.
- ❖ Greenville Water maintained its AAA bond rating with all three major rating agencies.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Greenville Water. The basic financial statements include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows; with the related notes to provide additional details. These statements are presented in a manner similar to a private-sector business. These statements report information about Greenville Water's activities and provide an indication of financial health.

The Statement of Net Position present Greenville Water's financial position and report the resources owned by Greenville Water (assets), obligations owed by Greenville Water (liabilities) and Greenville Water's net position (the difference between assets and liabilities). The Statement of Revenues, Expenses and Changes in Net Position present a summary of how Greenville Water's net position (revenues less expenses) changed during the year. Revenue is reported when it is earned, and expenses are reported when incurred. This statement serves as a basis for determining Greenville Water's actual Debt Service Ratio, as required by the revenue bond covenant.

The Statement of Cash Flows provide information about Greenville Water's cash receipts and disbursements during the year. They summarize net changes in cash resulting from operating, investing and financing activities.

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of Greenville Water

The following provides a summary of the activities of the year ended December 31, 2022, and the year ended December 31, 2021, (in millions). Certain amounts may vary slightly due to differences caused by rounding.

Statement of Net Position

	2022	2021
Assets:		
Current unrestricted assets	\$ 101.1	\$ 129.0
Current restricted assets	25.1	4.5
Capital assets	515.3	502.2
Other noncurrent assets	20.4	11.7
Total assets	661.9	647.4
Deferred outflows of resources		
Deferred Pension Charges	3.45	4.55
Deferred OPEB changes	0.05	0.05
Total deferred outflows of resources	3.5	4.6
Liabilities:		
Current liabilities	21.6	28.1
Long-term liabilities	37.0	37.4
Total liabilities	58.6	65.5
Deferred inflows of resources		
Deferred Pension Credits	0.5	4.4
Deferred OPEB Credits	2.0	2.1
Total deferred inflows of resources	2.5	6.5
Net position:		
Net Investment in Capital Assets	505.7	482.9
Restricted	26.3	5.8
Unrestricted	72.3	91.2
Net Position	604.3	579.9
Total liabilities and net position	\$ 665.4	\$ 651.9

Greenville Water's overall financial position improved during 2022. As a result of 2022 Operations and Capital Contributions, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$604.3 million, an increase of 4.2% or \$24.3 million from the prior year net position. This is primarily the result of excess revenue over expenses, regularly scheduled bond repayment, and a capital improvement program being funded largely through equity.

The largest portion of Greenville Water's net position is reflected in capital assets. The increase in capital assets is primarily due to improvements to the water supply and distribution system. Additions and replacements to the distribution system totaled \$9.8 million. Other capital improvements completed in 2022 included upgrades to the Adkins Water Treatment Plant totaling \$6.8 million, installation of new water mains to expand system capacity totaling \$5.1 million, \$3.3 million for upgrades to Greenville Water's administrative building, and \$1.3 million for improvements to mechanical plants.

These capital assets are essential in providing service to our customers and are not available for future spending. The resources needed to repay the related debt on these capital assets must be provided by other sources, since the assets themselves cannot be used to liquidate these liabilities. At December 31, 2022, these other unrestricted resources totaled \$72.3 million and may be used for any lawful purpose.

An analysis of total liabilities also demonstrates the benefit of cash financing and debt reduction. Total liabilities decreased 11.7% or \$6.9 million, due primarily to scheduled paydown of long-term debt.

Greenville Water anticipates continued increases in net position arising from its capital improvement program, a projected excess of revenues and contributions over expenses, and the continued low cost of debt due to its AAA bond rating.

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Statements of Revenue, Expenses, and Changes in Net Position
(\$ millions)

	2022	2021
Revenues:		
Water supply and distribution	\$ 60.9	\$ 58.3
Sewer handling charges	3.5	3.2
Other operating revenues	11.0	13.2
Total operating revenues	75.4	74.7
Investment income	1.1	0.3
Total revenues	76.5	75.0
Expenses:		
Salaries and benefits	23.0	20.7
Utilities	2.9	2.7
Professional services	1.1	0.8
Chemicals	2.1	1.2
Supplies	4.1	3.3
Repair and maintenance	4.3	3.3
General and administrative	3.6	2.9
Depreciation and amortization	12.7	12.5
(Gain)/Loss on disposal of capital assets	0.1	0.1
Total expenses	53.9	47.5
Income Before Contributions	22.6	27.5
Capital contributions and grants	1.8	0.6
Change in net position	24.4	28.1
Net position – beginning	579.9	551.8
Net position – ending	\$ 604.3	\$ 579.9

Water supply and distribution consists of water sales, tapping, installation, and service fees, and private fire protection charges, with the largest portion derived from water sales. Water rates are composed of two components; a fixed monthly service charge based on the size of the installed water meter and a monthly volume (commodity) usage charge per thousand gallons of water consumed. All rates, charges and fees are calculated under a cost-of-service based rate-making methodology.

In 2022, total revenue increased by \$1.5 million or (2.0%) compared to 2021.

Water sales account for \$57.9 million and represent a \$3.1 million increase over 2021 as 4,497 new metered accounts were added. Annual consumption was up approximately 5.3% compared to 2021. There were no rate adjustments in 2022. The Greenville Water service area experienced normal rainfall in 2022.

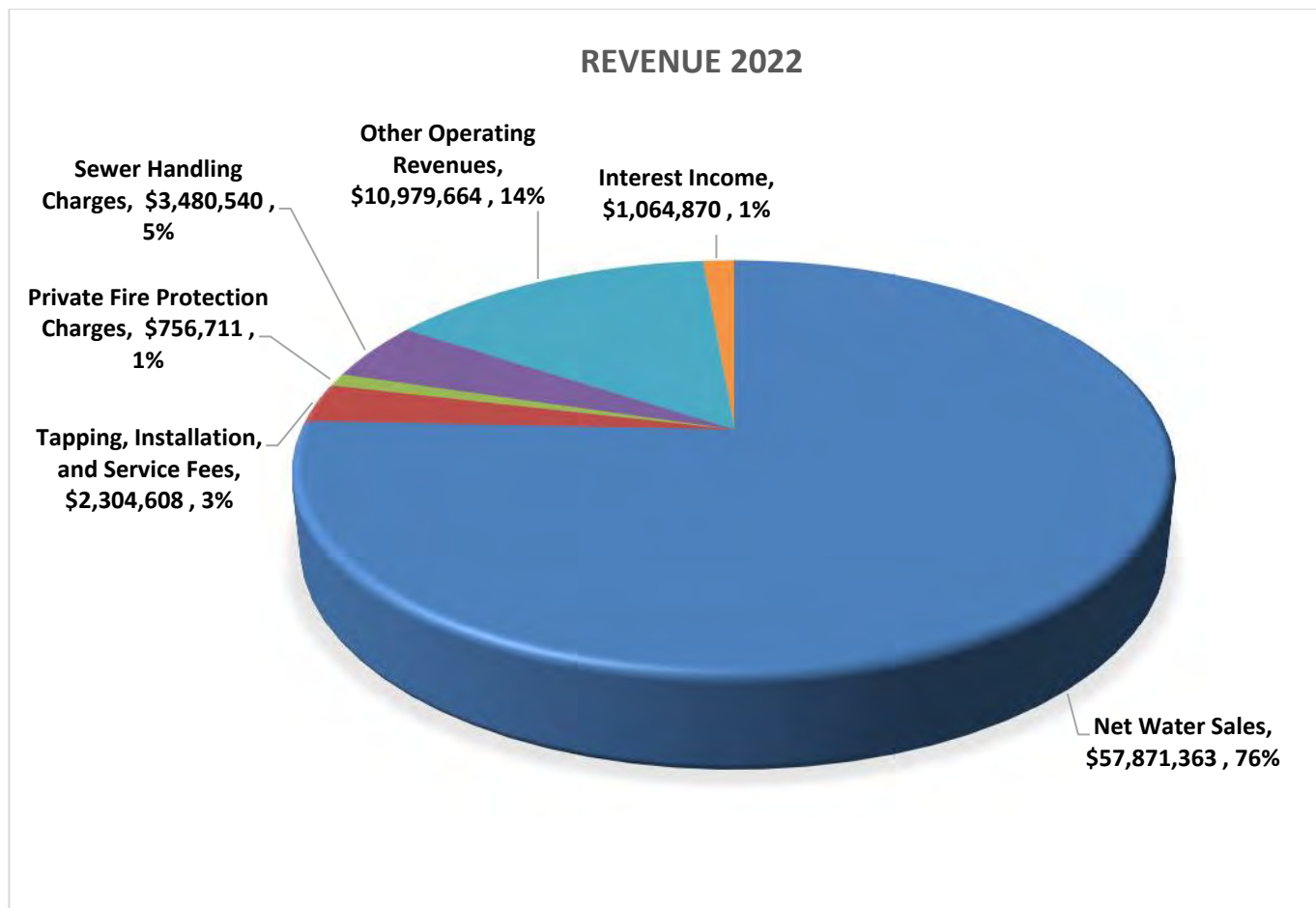
Tapping and Installation Fees decreased \$0.4 million year over year primarily due to 4,253 new connections being added in 2022, compared to 4,684 in 2021.

Revenue from Sewer Handling Charges increased by \$0.3 million in 2022 as new customers were added by MetroConnects (approximately 21,000 formerly with Taylors and Parker Sewer). Further, charges stemming from the 2021 consolidation of the Gantt, Berea, Marietta, and Wade Hampton sewer districts (approximately 18,000 customers) into the MetroConnects sewer district were effective for 5 months in 2021 and the full 12 months in 2022. Also contributing to the increase was a change in the billing rate for sewer districts (excluding ReWa) from \$1.02 to \$1.17 and a change in fee structure from bills collected to bills produced.

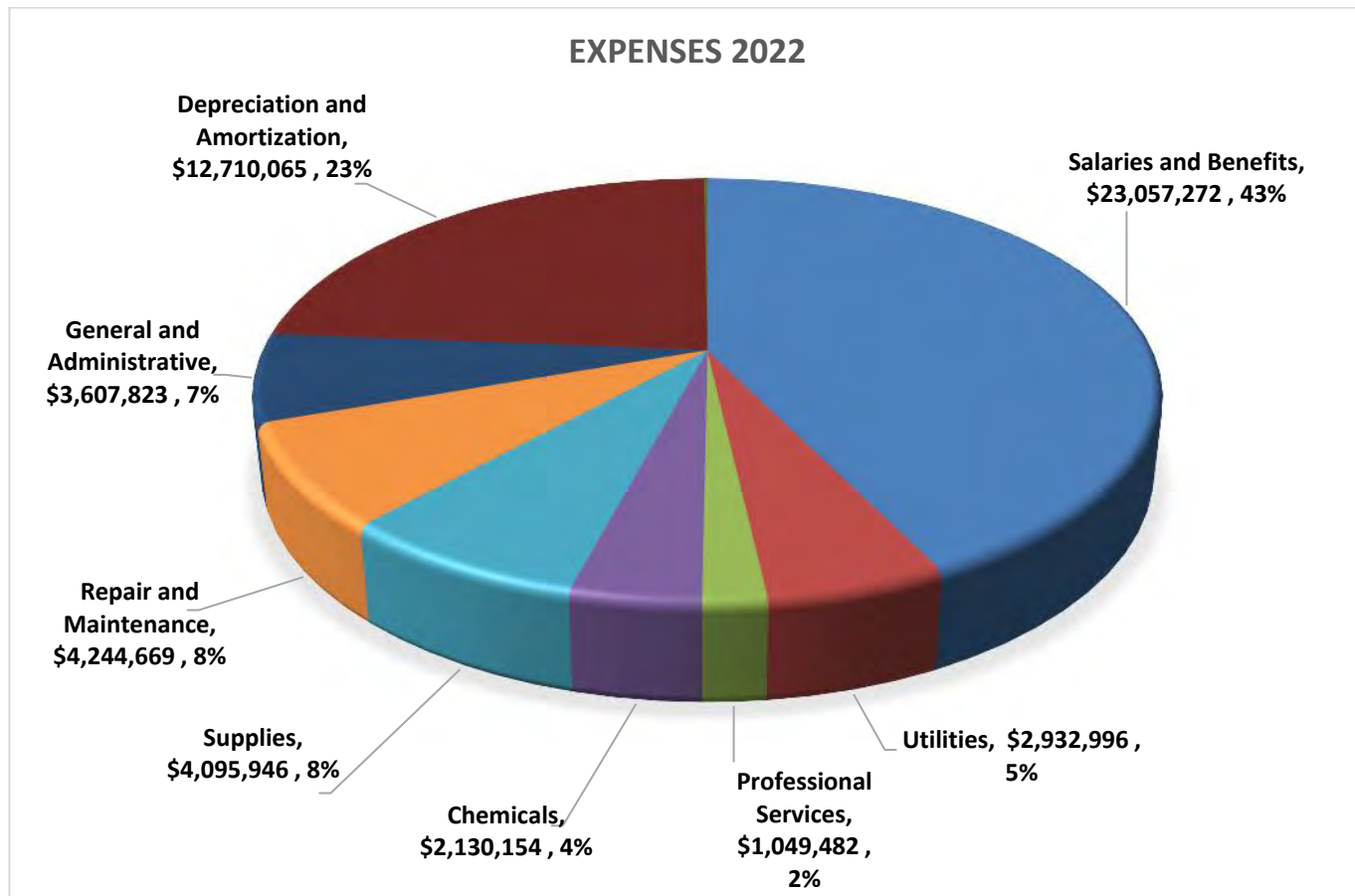
Other Operating Revenues include income received from Delinquent Charges, Capacity Fees, Miscellaneous Income and Other Service Charges. In 2022, Other Operating Revenues decreased by \$2.2 million or 16.8% primarily due to year over year reductions in Capacity Fees for 5/8" meter connections, the number of charges for which were down from 3,929 in 2021 to 3,267 in 2022 as well as 1 and 2 bedroom apartments, the number of charges for which were down from 1,689 in 2021 to 702 in 2022. Further, in 2022, the number delinquent charges were down to 195,170 from a pandemic era 202,186 in 2021 and turn off/on fees were down to 31,362 from a pandemic era 37,414 in 2021.

Investment Income increased to \$1.1 million in 2022 from \$0.3 million in 2021, due largely to higher interest rates. The average yield in 2022 was approximately 0.80%, compared to approximately .25% in 2021.

Revenues (excluding capital contributions) for the fiscal year ended December 31, 2022, were comprised of the following:



There was an increase in total expenses year over year of \$6.4 million (13.5%). Total expenses in 2022 were \$53.9 million and \$47.5 million in 2021. Operating expenses are the expenses necessary to perform the normal business operations and include (but are not limited to) salaries, benefits, costs of materials, supplies, insurance, power, chemicals, and depreciation. Expenses for the year ended December 31, 2022, were comprised of the following:



Highlights of the 2022-2021 expense comparison are provided below:

- ❖ Salaries and Benefits increased \$2.3 million (11.1%) primarily due to increases in employer provided health and retirement benefits to team members. These increases included, for participating employees, company contributions of \$3,200 and \$1,400, respectively, to Health Savings and 401(k) Retirement accounts. Also contributing to the increase were a 1% increase in employer contributions to the South Carolina Retirement System effective July 1, 2022, from 16.56% to 17.56%, merit increases, and a new performance program incentivizing Field Operations team members to complete jobs with internal resources that would otherwise require less cost-effective outsourcing. These factors were slightly offset by a higher vacancy rate, which was 21.9 in 2022, compared to 18.8 in 2021.
- ❖ Chemicals increased \$0.9 million (75%) due to a combination of significant price increases for chlorine, ammonia, and caustic, which more than doubled from 2021 pricing, as well as 3.4 MGD in increased water production over the previous year.
- ❖ Utilities increased \$0.2 million (7.4%) primarily due to increased water production in 2022 vs. 2021.

- ❖ Professional Services increased \$0.3 million (37.5%) due primarily to increases in temporary labor in Customer Service, Field Operations, and Accounting.
- ❖ Supplies increased \$0.8 million (24.2%) in 2022 primarily due to three main breaks and a significant repair to another main during 2022 as well as inflationary economic conditions that resulted in increased costs for fuel, pipe, meter setters, and hydrants.
- ❖ Repair and Maintenance increased \$1.0 million (30.3%) largely due to repairs and preventative maintenance at the Adkins plant, contracted repair services, and solid waste disposal fees and materials resulting from re-activation of centrifuge filtration at the Stovall plant, as well as inflationary economic conditions.
- ❖ General and Administration increased by \$0.7 million (24.1%) primarily as the result of a \$0.5 million contribution to the City of Greenville's Unity Park project as well as increases in merchant processing fees associated with the new customers added by Metro Connects and fees to Duke Energy for water withdrawals from Lake Keowee.

Greenville Water's outlook to meet operating expenses and adequately cover debt service requirements remained positive.

Capital Contributions and Intergovernmental State Grants totaled approximately \$1.8 million in 2022, a \$1.2 million increase from 2021. Capital Contributions are comprised of reimbursements for construction of developer dedicated facilities in the form of cash payments and donated lines, the largest of which in 2022 was \$0.6 million in funding for the construction of the Adams Hill pump station. Greenville Water also received \$0.3 million in State 319 Grant funding for the North Saluda canal project.

U.S. Generally Accepted Accounting Principles require that these contributions be reflected as a revenue source on the Statements of Revenue, Expense and Net Position.

Capital Assets

Greenville Water's capital assets include land and rights of way, water supply and distribution systems, buildings and equipment and furnishings. Such amounts are detailed as follows (in millions):

	2022	2021
Land and rights of way	\$ 11.9	\$ 11.9
Water supply and distribution	479.8	462.6
Buildings	263.4	251.6
Equipment and furnishings	31.8	30.1
Construction in progress	14.4	19.3
Total	801.3	775.5
Less accumulated depreciation	286.0	273.3
Total, net	<u>\$515.3</u>	<u>\$502.2</u>

The net increase in Greenville Water's capital assets during 2022 was \$13.1 million or 2.6%. There was a \$12.7 million increase in accumulated depreciation. Capital additions, net of removals, for 2022 were \$25.8 million, as follows:

❖ Transmission Mains	\$ 14.7 million
❖ Water Line Replacements	\$ 6.2 million
❖ Line Extensions	\$ 1.1 million
❖ City CIP	\$ 0.3 million
❖ Highway Improvements	\$ 0.3 million
❖ Meter costs	\$ 1.5 million
❖ Equipment and furnishings	\$ 1.7 million

Notable additions to transmission mains include \$6.8 million for the Adkins Water Treatment Plant raw water transmission lines that will maximize the design capacity of that system to 150 million gallons daily. Additionally, \$3.1 million in Augusta Rd main extensions increased capacity by 8,250 feet and \$2.0 million in improvements to the Hillandale Area Main added 6,900 feet of transmission capacity.

Significant line replacement projects included the replacement of 2" galvanized pipe with 6" ductile iron pipe at City View of \$2.3 million, the Sulphur Springs main of \$2.0 million, the Dorchester main of \$0.7 million, and the Crowndale Cavenash main of \$0.5 million. Also, inlet service replacements at Gray Fox Square and Wade Hampton Gardens were performed at a cost of \$0.7 million.

System capacity is expected to be sufficient to meet the community's needs well into the future. Additional information on Greenville Water's capital assets can be found in Note 4 in the Notes to the Financial Statements.

Debt Administration

Outstanding Debt at Year End

Greenville Water uses a combination of debt and pay as you go financing to fund capital improvements. At December 31, 2022, the total outstanding debt of Greenville Water was \$7.4 million revenue bonds, compared to \$18.5 million for 2021. The decrease was due to regularly scheduled principal reductions on existing outstanding debt. The total outstanding long-term debt at December 31, 2022, by issue date, follows (in millions):

<u>Issue date</u>	<u>2022</u>
2012	5.2
2010	2.2
Total long-term debt	<u><u>\$ 7.4</u></u>

In 2022, the System paid in full Waterworks System Revenue Bonds issued in 2015 representing outstanding debt of \$835,000 at December 31, 2021, and Waterworks System Refunding Revenue Bonds issued in 2014 representing outstanding debt of \$3,735,000 at December 31, 2021.

In April 2012, the System issued \$15,500,000 of Waterworks System Refunding Revenue Bonds, Series 2012, to pay the costs of advance refunding a portion of the outstanding Series 2005 Bonds. The issuance consisted of serial bonds with stated rates ranging between 3.0% and 5.0% and maturing from 2013 to 2025.

In July 2010, the System issued \$40,485,000 of Waterworks System Refunding Revenue Bonds, Series 2010, to pay the costs of advance refunding a portion of the outstanding Series 2002 and 2003 Bonds. The issuance consisted of serial bonds with stated rates ranging between 2.0% and 5.0% and maturing from 2011 to 2023.

Additional information on Greenville Water's long-term obligations can be found in Note 5 in the Notes to the Financial Statements.

Debt Service Coverage

Bond covenants require a debt service coverage ratio of 1.25x. In May 2013, Greenville Water adopted a Debt Management Policy that establishes a target debt service coverage ratio of 1.75x. Greenville Water's debt service coverage is summarized by the table below:

	2022	2021
Net earnings (Bond Ordinance)	\$35,594,473	\$40,498,733
Revenue Bond Debt Service	\$11,645,797	\$12,446,493
Revenue Debt Service Coverage	3.06	3.25
Greenville Water Policy	1.75	1.75
Required (Bond Ordinance)	1.25	1.25

Bond Ratings

As mentioned in the financial highlights of this document, Greenville Water maintained its AAA bond rating from Moody's Investor Service, Standard and Poor's Corporation, and Fitch. This bond rating is a clear indication of sound financial condition. Greenville Water is one of the few governmental water utilities in the country that maintains the highest financial rating from all three major rating agencies. This achievement is a primary factor in keeping interest rates low on outstanding debt.

Economic Factors and Rates

Greenville County's (County) estimated population is 533,834 (1). The number of new metered accounts grew by 2.3% to 197,478 for the fiscal year ended December 31, 2022, as compared to a 1.9% increase the previous fiscal year.

Greenville Water's customer base is primarily residential and is not overly concentrated in one or two customers or one business sector. No single customer accounts for more than 1.8% of Greenville Water's annual revenue from water sales.

In 2022, there were 2,326 new jobs announced in the County and \$468.0 million in new capital investment (3).

The 2022 unemployment rate for both the Greenville County area as well as the state of South Carolina was 3.2%, compared to the US unemployment rate of 3.6%. (1).

Assessed value in the County increased 10.9% to \$2,930,945,972 from \$2,642,159,318 in 2022 compared to 2021. The estimated market value of taxable property increased 11.7% to \$56,914,320,653 from \$50,953,847,046 in 2022 compared to 2021 (1).

New residential permits issued in the County decreased by 31.5% from 3,860 to 2,646 in 2022 compared to 2021 (2).

Retail sales in the County increased by 15.8% to \$24.8B in 2022 (2).

Current economic conditions, including but not limited to the ones listed above are taken into consideration during planning and budgeting.

Fiscal Year 2023 Operating Budget

The 2023 budget for Greenville Water was prepared as part of the biennium budget process. The budgeted revenues for 2023 are projected to increase by approximately 1.1% and operating expenses are projected to increase by 7.5%.

Request for Information

This financial report is provided as an overview of Greenville Water's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Greenville Water, Finance Department, 407 West Broad Street, Greenville, South Carolina 29601.

Sources:

- 1) 2022 Greenville County Annual Comprehensive Financial Report
- 2) Greenville County Official Statement

**GREENVILLE WATER
GREENVILLE, SOUTH CAROLINA**

**STATEMENT OF NET POSITION
DECEMBER 31, 2022**

ASSETS	
Current Assets:	
Unrestricted Cash	\$ 84,567,287
Unrestricted Investments	9,306,903
Restricted Cash	20,857,841
Restricted Investments	4,176,018
Accounts Receivable, Net of Allowance for Doubtful Accounts	5,027,674
Current Portion of Note Receivable	42,716
Inventory and Supplies	2,068,466
Prepaid Expenses	38,399
Total Current Assets	<u>126,085,304</u>
Noncurrent Assets:	
Capital Assets:	
Land and Rights of Way	11,895,038
Construction in Progress	14,393,870
Water Supply and Distribution Systems	479,841,373
Buildings	263,397,636
Equipment	31,796,980
Accumulated Depreciation	<u>(285,993,557)</u>
Total Capital Assets, net	515,331,340
Long-term Unrestricted Investments	19,001,253
Long-term Restricted Investments	1,380,306
Notes Receivable, Less Current Portion	48,013
Total Noncurrent Assets	<u>535,760,912</u>
TOTAL ASSETS	<u>661,846,216</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	3,450,843
Deferred Other Postemployment Benefit (OPEB) Charges	<u>45,393</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,496,236</u>

The notes to the financial statements are an integral part of this statement.

LIABILITIES	
Current Liabilities:	
Accounts Payable - Trade	\$ 8,070,950
Accounts Payable - Other	471,343
Accrued Expenses	719,609
Accrued Interest	150,959
Customer Deposits	5,934,653
Compensated Absences	2,034,006
Current Portion of Bonds Payable	3,895,000
Current Portion of State Revolving Fund Loans Payable	339,660
Total Current Liabilities	<u>21,616,180</u>
Noncurrent Liabilities:	
Bonds Payable, Less Current Portion, including Premiums	3,794,763
State Revolving Fund Loans Payable, Less Current Portion	1,102,478
Net Pension Liability	30,645,887
Total OPEB Liability	1,400,411
Total Noncurrent Liabilities	<u>36,943,539</u>
TOTAL LIABILITIES	<u>58,559,719</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	469,283
Deferred OPEB Credits	<u>2,022,491</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,491,774</u>
NET POSITION	
Net Investment in Capital Assets	505,728,096
Restricted for Debt Service	5,405,365
Restricted for Capacity Fees	20,857,841
Unrestricted	<u>72,299,657</u>
TOTAL NET POSITION	<u>\$ 604,290,959</u>

**GREENVILLE WATER
GREENVILLE, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022**

OPERATING REVENUES

Water Supply and Distribution:	
Water Sales	\$ 57,871,363
Tapping, Installation, and Service Fees	2,304,608
Private Fire Protection Charges	756,711
Sewer Handling Charges	3,480,540
Other Operating Revenues	10,979,664
Total Operating Revenues	<u>75,392,886</u>

OPERATING EXPENSES

Salaries and Wages	14,906,621
Personal Benefits	8,150,651
Utilities	2,932,996
Professional Services	1,049,482
Chemicals	2,130,154
Supplies	4,095,946
Repair and Maintenance	4,244,669
General and Administrative Expenses	3,607,823
Depreciation	12,710,065
Total Operating Expenses	<u>53,828,407</u>

OPERATING INCOME	<u>21,564,479</u>
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NON-OPERATING REVENUES (EXPENSES)

Interest Income	1,064,870
Interest Expense on Revenue Bonds	(390,384)
Bond Premium Amortization	309,700
Intergovernmental Grants - State	255,060
Loss on Disposal of Capital Assets	(11,034)
Total Non-operating Revenues, Net	<u>1,228,212</u>

INCOME BEFORE CONTRIBUTIONS	22,792,691
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Capital Contributions	<u>1,537,324</u>
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CHANGE IN NET POSITION	24,330,015
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NET POSITION, Beginning of Year	<u>579,960,944</u>
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NET POSITION, End of Year	<u><u>\$ 604,290,959</u></u>
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The notes to the financial statements are an integral part of this statement.

**GREENVILLE WATER
GREENVILLE, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 75,319,500
Cash Payments to Suppliers for Goods and Services	(18,720,265)
Cash Payments for Personal Services	(23,197,261)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>33,401,974</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and Construction of Capital Assets	(24,282,043)
Principal Payments on Bonds	(11,115,000)
Interest Paid on Bonds	(530,798)
Intergovernmental Grants Received	255,060
State Revolving Fund Loan Proceeds	1,442,138
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(34,230,643)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(18,626,107)
Investment Income	1,968,841
NET CASH USED IN INVESTING ACTIVITIES	<u>(16,657,266)</u>

NET DECREASE IN CASH AND INVESTMENTS	(17,485,935)
---	--------------

CASH AND CASH EQUIVALENTS, Beginning of Year	<u>122,911,063</u>
---	--------------------

CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 105,425,128</u></u>
---	------------------------------

CLASSIFIED AS:

Unrestricted Cash	\$ 84,567,287
Restricted Cash	20,857,841
	<u><u>\$ 105,425,128</u></u>

The notes to the financial statements are an integral part of this statement.

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	\$ 21,564,479
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	12,710,065
Change in Accounts Representing Operating Activities:	
Accounts Receivable	(301,052)
Notes Receivable	173,195
Inventories	(1,202,172)
Prepaid Expenses	202,762
Deferred Pension Charges	1,085,061
Deferred OPEB Charges	5,853
Accounts Payable	340,215
Other Accrued Liabilities	218,719
Customer Deposits	52,585
Compensated Absences	(95,932)
Total OPEB Liability	(331,157)
Net Pension Liability	2,989,765
Deferred Pension Credits	(3,969,089)
Deferred OPEB Credits	(41,323)
Net Cash Provided by Operating Activities	<u>\$ 33,401,974</u>

Non-cash Investing, Capital and Related Financing Activities:

Amortization of Bond Premium	\$ 309,700
Contributed/Donated Capital Assets	1,537,324
Decrease in Fair Value of Investments	903,971
Net Non-cash Investing, Capital and Financing Activities	<u>\$ 2,750,995</u>

**GREENVILLE WATER
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Greenville Water was established in 1918 when the original nucleus of the present system was purchased from the Paris Mountain Water Company. The acquisition was authorized by a City of Greenville Referendum that also approved the issuance of general obligation bonds and the establishment of a Board of Commissioners of Public Works (the "Commission"). Greenville Water is governed by the Commission, which is composed of five members, three elected for staggered six-year terms and two ex-officio Commissioners, consisting of the Mayor and one City Council Member.

Greenville Water is a water utility that serves customers in the upstate region of South Carolina. Substantially all of Greenville Water's accounts receivable are unsecured and are due from residential and commercial customers in that area. Credit losses have consistently been within management's expectations.

Greenville Water's financial statements have been 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 more significant of the Greenville Water's accounting policies are described below.

As required by GAAP, the financial statements must present Greenville Water's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if Greenville Water both appoints a voting majority of the entity's governing body, and either 1) Greenville Water is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to or impose specific financial burdens on Greenville Water. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on Greenville Water and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on Greenville Water.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without Greenville Water having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by Greenville Water; and (c) issue bonded debt without approval by Greenville Water. An entity has a financial benefit or burden relationship with Greenville Water if, for example, any one of the following conditions exists: (a) Greenville Water is legally entitled to or can otherwise access the entity's resources, (b) Greenville Water is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) Greenville Water is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause Greenville Water's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize they are legally separate from Greenville Water. Based on the criteria above, Greenville Water does not have any component units.

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

Measurement Focus, Basis of Accounting, and Basis of Presentation

All activities of Greenville Water are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The accounting and financial reporting treatment applied to Greenville Water is determined by its measurement focus. The transactions of Greenville Water are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position is segregated into net investment in capital assets; restricted for debt service, capital activity and other purposes, and unrestricted components.

Proprietary fund types are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. Greenville Water has one enterprise fund; it does not have any internal service funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is Greenville Water's practice to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

Cash, Cash Equivalents, and Investments

Greenville Water considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. For purposes of reporting changes in cash flows, Greenville Water also considers all liquid non-equity investments with an original maturity of three months or less to be cash and cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Cash, Cash Equivalents, and Investments (Continued)

Greenville Water's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types, and component units within the State of South Carolina) that authorize Greenville Water to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Cash, Cash Equivalents, and Investments (Continued)

- (g) No-load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Greenville Water's cash and investment objectives are preservation of capital, liquidity, and yield. Greenville Water's guaranteed investment contract is reported at contract value. All of the rest of Greenville Water's cash and investments are reported at fair value, which is generally determined by quoted market prices.

Greenville Water currently or in the past year has primarily used the following investments in its operating activities:

- South Carolina Local Government Investment Pool (LGIP or the "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Cash, Cash Equivalents, and Investments (Continued)

- Guaranteed investment contracts (GIC) are investments, secured by a contract with a financial institution, that guarantees a fixed rate of return in exchange for keeping a deposit for a fixed period of time.
- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.
- U.S. Government Agency Bonds are securities that are generally backed by mortgage loans, and due to their creation from particular corporations that are sponsored by the U.S. government, they enjoy credit protection based on either an implicit or explicit guarantee from the U.S. government.

Restricted Assets

Greenville Water is required to maintain debt service funds under the terms of its bonds payable. The debt service funds are used to segregate resources accumulated for debt service payments coming due over the next twelve months. Greenville Water also established an account for capacity fees that is intended to be used for construction purposes. The debt service funds are shown as restricted investments on the Statements of Net Position because their use is limited by the applicable bond or loan covenants.

Inventories and Prepaid Items

Greenville Water accounts for inventories and prepaid items under the consumption method as they are expensed when consumed. Inventories are stated at the lower of cost, determined on the first-in, first-out basis, market, or average cost.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Accounts Receivable and Credit Risk

Greenville Water renders bills to residential, commercial, and industrial customers on billing cycles that end on various days throughout the month. Greenville Water grants credit to its customers, and accounts receivable are financial instruments that potentially subject Greenville Water to credit risk. If accounts have not been collected within the designated time, the service is disconnected and a penalty is required to be paid before the service is reconnected. Accounts which are not considered collectible are written off as bad debts at various times during the year. Greenville Water requires customer deposits, approximately \$5,935,000 at December 31, 2022, based on the type of customer, type of service, and other factors. Deposits from residential customers may be returned after one year of timely payments. Greenville Water also participates in the State of South Carolina debt collection program, whereby delinquent customer balances may be withheld from customers' state income tax refunds.

At December 31, 2022, accounts receivable was approximately \$5,028,000, which includes approximately \$2,581,000 of unbilled revenue. Unbilled revenue represents the portion of bills rendered to customers during the month of January for services that were provided in December.

An allowance for doubtful accounts is recorded and reduces the carrying value of receivables to its estimated net realizable value. The amount of the allowance is based upon management's estimates of currently uncollectible accounts, historical trends, current economic trends and other factors. Changes to the allowance are charged to operations. Accounts receivable is reported net of an allowance for doubtful accounts of approximately \$215,000 at December 31, 2022.

Capital Assets

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated acquisition value (as estimated by Greenville Water) at the date of donation. Greenville Water maintains a capitalization threshold of \$2,500 with an estimated useful life of at least five years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Capital Assets (Continued)

All reported capital assets, except land and construction in progress, are depreciated. Construction projects begin being depreciated once they are completed and are placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. Depreciation is recognized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Useful Life</u>
Buildings	40 - 50 years
Water Supply and Distribution System	25 - 100 years
Equipment and Furnishings	5 - 20 years

Compensated Absences

Greenville Water has a general leave program which provides employees with annual paid general leave days that can be used for vacation, holidays, illness of employee, or employee's family personal business. The number of days that an employee is entitled to each year is determined by the employee's length of service. General leave days are earned each month (the number of days depends on the length of service) beginning on the first day of the month following their employment date. Employees can carry a maximum of ninety days. A liability for compensated absences is reported on the Statement of Net Position.

Long-term Obligations

If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on debt refundings are deferred and amortized over the life of the new debt or the remaining life of the refunded debt, whichever is shorter, using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Gains or losses on debt refundings are treated as deferred inflows of resources and deferred outflows of resources, respectively. Issuance costs are expensed when incurred.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Greenville Water currently has two (2) types of deferred outflows of resources: (1) Greenville Water reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) Greenville Water reports deferred other postemployment benefit (OPEB) charges in its Statement of Net Position in connection with the postemployment healthcare benefit plan. The deferred pension and OPEB charges are either (a) recognized in the subsequent period as a reduction of the net pension/total OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Greenville Water currently has two (2) types of deferred inflows of resources: (1) Greenville Water reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) Greenville Water also reports deferred OPEB credits in its Statement of Net Position in connection with the postemployment healthcare benefit plan. The deferred pension and OPEB credits are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Pensions and Other Postemployment Benefits

Greenville Water recognizes net pension and total OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or Greenville Water's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension and total OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and total OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Greenville Water can access at the measurement date. |
| Level 2 | <p>Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:</p> <ul style="list-style-type: none">• Quoted prices for similar assets and liabilities in active markets.• Quoted prices for identical or similar assets or liabilities in inactive markets.• Inputs other than quoted market prices that are observable for the asset or liability.• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | <p>Inputs to the valuation methodology that are unobservable for an asset or liability and include:</p> <ul style="list-style-type: none">• Fair value is often based on developed models in which there are few, if any, observable inputs. |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. Greenville Water believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires Greenville Water's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits and Investments

As of December 31, 2022, Greenville Water had the following deposits and investments:

As reported in the *Statements of Net Position*:

Cash and cash equivalents:

Deposits with financial institutions	\$ 33,556,150
Deposits with the State Treasurer (LGIP)	71,863,828
Petty cash	5,150

Investments:

Less than one year	13,482,921
One to five years	20,381,559
	<u>\$ 139,289,608</u>

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, Greenville Water's deposits might not be recovered. Greenville Water does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of December 31, 2022, none of Greenville Water's bank balances of approximately \$40,946,000 (with a carrying value of approximately \$39,556,000) were exposed to custodial credit risk.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

As of December 31, 2022, Greenville Water had the following investments subject to credit risk:

Investment	Fair Value	Percentage of Portfolio	Credit Rating
Federal Home Loan Bank	\$ 21,491,169	15.43%	Aaa/AA+
Money Market Mutual Funds	3,360,490	2.41%	AAA-mf/AAAm
Guaranteed Investment Contract	1,632,515	1.17%	A1/A+
Guaranteed Investment Contract	1,380,306	0.99%	Baa1/BBB+
Certificates of Deposit	6,000,000	4.31%	N/A
Total investments	33,864,480		
Cash and Cash Equivalents	105,425,128	75.69%	
	<u>\$ 139,289,608</u>		

Interest Rate Risk: Greenville Water does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Greenville Water does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of December 31, 2022, none of Greenville Water's investments were exposed to custodial credit risk.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Greenville Water does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: Greenville Water places no limit on the amount Greenville Water may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Greenville Water has the following recurring fair value measurements as of December 31, 2022:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Agencies:				
Federal Home Loan Banks	\$ -	\$ 21,491,169	\$ -	\$ 21,491,169
Total investments				
measured at fair value	\$ -	\$ 21,491,169	\$ -	21,491,169
Investments not subject				
to level disclosure				
Money Market Mutual Funds				3,360,490
Guaranteed Investment Contracts				3,012,821
Certificates of Deposit				6,000,000
Total investments				\$ 33,864,480

The U.S. Agencies investments classified in Level 2 of the fair value hierarchy are valued using pricing matrix technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Greenville Water has no investments classified in Level 1 or Level 3 of the fair value hierarchy. Greenville Water's investments in money market mutual funds and guaranteed investment contracts are reported at amortized cost which approximates fair value.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. NOTES RECEIVABLE

During 2015, Greenville Water entered into supply agreements with two municipalities whereby Greenville Water provides capacity rights to these municipalities from February 2015 through February 2025. Each municipality agreed to pay Greenville Water a fixed monthly payment of \$7,535 which included a 3.5% interest rate over the term of the agreement in exchange for capacity rights. During 2022 one agreement was paid in full. The remaining agreement, in which the remaining municipality pays a fixed monthly payment of \$3,767, may be paid in full before maturity.

Greenville Water recognized revenue in the amount of the principal portion of the payments to be received through maturity, as well as interest revenue on the payments received during the year ended December 31, 2022, which is included in non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Future maturities of notes receivable are as follows at December 31, 2022:

<u>December 31,</u>	<u>Fair Value</u>
2023	\$ 42,716
2024	44,235
2025	<u>3,778</u>
	90,729
Less: Current Portion	<u>(42,716)</u>
Notes Receivable, Net of Current Portion	<u>\$ 48,013</u>

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land and rights of way	\$ 11,895,038	\$ -	\$ -	\$ -	\$ 11,895,038
Construction in progress	19,264,291	21,820,794	-	(26,691,215)	14,393,870
Total	31,159,329	21,820,794	-	(26,691,215)	26,288,908
Capital assets, being depreciated:					
Water supply and distribution systems	462,631,262	2,255,910	(17,460)	14,971,661	479,841,373
Buildings	251,654,632	23,450	-	11,719,554	263,397,636
Equipment and furnishings	30,077,767	1,719,213	-	-	31,796,980
Total	744,363,661	3,998,573	(17,460)	26,691,215	775,035,989
Less accumulated depreciation for:					
Water supply and distribution systems	(130,776,448)	(6,751,398)	6,426	-	(137,521,420)
Buildings	(119,619,064)	(4,626,253)	-	-	(124,245,317)
Equipment and furnishings	(22,894,406)	(1,332,414)	-	-	(24,226,820)
Total	(273,289,918)	(12,710,065)	6,426	-	(285,993,557)
Total capital assets, being depreciated, net	471,073,743	(8,711,492)	(11,034)	26,691,215	489,042,432
Total capital assets, net	\$ 502,233,072	\$ 13,109,302	\$ (11,034)	\$ -	\$ 515,331,340

NOTE 5. LONG-TERM OBLIGATIONS

Revenue Bonds

In July 2010, Greenville Water issued Refunding Revenue Bonds, Series 2010 (publicly traded debt), in the principal amount of \$40,485,000 to currently refund the outstanding Revenue Bonds, Series 2002 and Series 2003 in the amounts of \$22,725,000 and \$19,280,000, respectively. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$1,558,000 and \$1,986,000, respectively. This is reflected as a deferred outflow of resources and is being amortized over the life of the new debt, which has the same life as the old debt. The Series 2010 Bonds are due in annual installments ranging from \$50,000 to \$4,960,000 through February 1, 2023, with interest between 2.00% and 5.00%. The outstanding principal balance was \$2,255,000 at December 31, 2022.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds (Continued)

In April 2012, Greenville Water issued Refunding Revenue Bonds, Series 2012 (publicly traded debt), in the principal amount of \$15,500,000 to currently refund the outstanding Revenue Bonds, Series 2005 in the amounts of \$15,275,000. The Series 2012 Bonds are due in annual installments ranging from \$60,000 to \$1,800,000 through February 1, 2025, with interest between 3.00% and 5.00%. The outstanding principal balance was \$5,155,000 at December 31, 2022.

In November 2014, Greenville Water issued Refunding Revenue Bonds, Series 2014 (direct placement debt), in the principal amount of \$36,365,000 to currently refund the outstanding Revenue Bonds, Series 2013 in the amounts of \$36,365,000. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$867,000. This is reflected as a deferred outflow of resources and is being amortized over the life of the new debt, which has the same life as the old debt. The Series 2014 Bonds are due in annual installments ranging from \$3,735,000 to \$5,645,000 through February 1, 2022, with interest at 1.40%. The balance was paid in full during 2022.

In January 2015, Greenville Water issued Revenue Bonds, Series 2015 (direct placement debt), in the principal amount of \$5,500,000 to provide resources for system upgrades. The Series 2015 Bonds are due in annual installments ranging from \$740,000 to \$835,000 through February 1, 2022, with interest at 1.58%. The balance was paid in full during December 31, 2022.

Greenville Water's obligations through direct placements are generally secured by the underlying capital assets and are subject to acceleration clauses in case of an event of default (i.e. nonpayment, etc.). There are numerous limitations, restrictions, and covenants contained in the revenue bonds and the bond ordinance. As of December 31, 2022, Greenville Water is in compliance with all significant restrictions and covenants, including its debt service coverage ratios.

State Revolving Fund Loans

Greenville Water entered into a loan agreement with the South Carolina State Revolving Fund (SRF) during 2022 in the amount of \$7,573,781 for construction of approximately 4,050 feet of 54-inch steel and ductile iron raw water main from the intake pump station on Lake Keowee to the end of Wheelhouse Crossing Road, along Greenville Water's permanent easement. The loan is secured by Greenville Water's revenues and will be paid back in quarterly installments of \$141,198 through March 1, 2038, including interest at 1.50%. The debt maturity table on the following page shows all payments due in the future for the SRF loan. The amount of SRF loan in the long-term obligation table on the following page is less than the amounts in the maturity table because not all of the loan proceeds have been drawn from the SRF program. As of December 31, 2022, \$1,442,138 of the total amount of the loan had been drawn.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of changes in long-term obligations for the year ended December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Revenue Bonds Payable:					
Publicly Traded Debt:					
Series 2010	\$ 7,215,000	\$ -	\$ (4,960,000)	\$ 2,255,000	\$ 2,255,000
Series 2012	6,740,000	-	(1,585,000)	5,155,000	1,640,000
Total Publicly Traded Debt:	13,955,000	-	(6,545,000)	7,410,000	3,895,000
Direct Placement Debt:					
Series 2014	3,735,000	-	(3,735,000)	-	-
Series 2015	835,000	-	(835,000)	-	-
Total Direct Placement Debt:	4,570,000	-	(4,570,000)	-	-
Plus Deferred Amounts for Issuance Premiums	589,463	-	(309,700)	279,763	-
Total Revenue Bonds, net	19,114,463	-	(11,424,700)	7,689,763	3,895,000
State Revolving Fund Loans	-	1,442,138	-	1,442,138	339,660
Net pension liability	27,656,122	6,705,194	(3,715,429)	30,645,887	-
Total OPEB liability	1,731,568	51,148	(382,305)	1,400,411	-
Compensated absences	2,129,938	101,690	(197,622)	2,034,006	2,034,006
Total long-term liabilities	\$ 50,632,091	\$ 8,300,170	\$ (15,720,056)	\$ 43,212,205	\$ 6,268,666

Annual debt service requirements to maturity for all long-term debt as of December 31, 2022, are as follows:

Year ending December 31,	Publicly Traded Debt		State Revolving Fund Loans		Total
	Principal	Interest	Principal	Interest	
2023	\$ 3,895,000	\$ 269,025	\$ 339,660	\$ 83,934	\$ 4,587,619
2024	1,715,000	132,875	458,854	105,939	2,412,668
2025	1,800,000	45,000	465,776	99,017	2,409,793
2026	-	-	472,801	91,991	564,792
2027	-	-	479,933	84,859	564,792
2028-2032	-	-	2,510,470	313,493	2,823,963
2033-2037	-	-	2,705,616	118,347	2,823,963
2038	-	-	140,671	528	141,199
Plus deferred amounts for issuance premium	279,763	-	-	-	279,763
Total	\$ 7,689,763	\$ 446,900	\$ 7,573,781	\$ 898,108	\$ 16,608,552

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. RETIREMENT PLAN

Greenville Water participates in the State of South Carolina's retirement plans. The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. RETIREMENT PLAN (CONTINUED)

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

Plan Membership

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

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

Plan Benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. RETIREMENT PLAN (CONTINUED)

Plan Benefits (Continued)

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The Board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Pension reform legislation modified statutes such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period for 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. RETIREMENT PLAN (CONTINUED)

Plan Contributions (Continued)

As noted earlier, both employees and Greenville Water are required to contribute to the Plan at rates established and as amended by the PEBA. Greenville Water's contributions are actuarially determined but are communicated to and paid by Greenville Water as a percentage of the employees' annual eligible compensation.

Required employer and employee contribution rates for the past three years are as follows:

		SCRS					
		2020		2021		2022	
		1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31
Employer Rate:							
Retirement		15.41%	15.41%	15.41%	16.41%	16.41%	17.41%
Incidental Death		0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
		<u>15.56%</u>	<u>15.56%</u>	<u>15.56%</u>	<u>16.56%</u>	<u>16.56%</u>	<u>17.56%</u>
Employee Rate		<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>

Greenville Water's employer contributions to the SCRS plan during 2022 amounted to \$2,534,774.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2022, the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021, to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

Actuarial cost method	SCRS
	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)
Includes inflation at	2.25%
Benefit adjustments	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. RETIREMENT PLAN (CONTINUED)

Long-term Expected Rate of Return (Continued)

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
	100.0%		
Total expected return			4.79%
Inflation for actuarial purposes			2.25%
			7.04%

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2022 measurement date, for the SCRS, are presented in the following table:

Total pension liability	\$ 56,454,779,872
Plan fiduciary net position	32,212,626,932
Employers' net pension liability	\$ 24,242,152,940
Plan fiduciary net position as a percentage of the total pension liability	57.1%
Greenville Water's proportionate share of the collective net pension liability	0.126416%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The TPL is calculated by the Systems' actuary, and the Plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plan's funding requirements.

At December 31, 2022, Greenville Water reported a liability of approximately \$30,646,000 for its proportionate share of the NPL for the SCRS. The NPL was measured as of June 30, 2022, and the TPL for the Plan used to calculate the NPL was determined based on the most recent actuarial valuation report of July 1, 2021, that was projected forward to the measurement date. Greenville Water's proportion of the NPL was based on a projection of Greenville Water's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2022 measurement date, Greenville Water's SCRS proportion was 0.126416 percent, which was a decrease of 0.001377 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, Greenville Water recognized pension expense of approximately \$2,641,000 for the SCRS plan. At December 31, 2022, Greenville Water reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 266,256	\$ 133,554
Changes of assumptions	982,886	-
Net difference between projected and actual earnings on pension plan investments	47,263	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	837,617	335,729
Employer contributions subsequent to the measurement date	1,316,821	-
Total	<u>\$ 3,450,843</u>	<u>\$ 469,283</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

\$1,316,821 is reported as deferred outflows of resources related to Greenville Water's contributions subsequent to the measurement date to the SCRS plan and will be recognized as a reduction of the NPL in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year ended December 31:

2023	\$ 934,693
2024	720,953
2025	(790,135)
2026	799,228
	<u>\$ 1,664,739</u>

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents Greenville Water's proportionate share of the NPL calculated using the discount rate of 7 percent, as well as what the employer's NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate		
	Current	
1% Decrease	Discount Rate	1% Increase
(6.00%)	(7.00%)	(8.00%)
\$ 39,291,809	\$ 30,645,887	\$ 23,457,926

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. RETIREMENT PLAN (CONTINUED)

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS. The ACFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

Greenville Water administers a defined benefit postemployment healthcare benefit plan (the "OPEB Plan"). This plan, a single employer defined benefit plan, provides healthcare insurance for eligible retirees and their spouses under the Medicare eligible age through Greenville Water's group health insurance plan which covers both active and retired members. The OPEB Plan is approved by Greenville Water's Board (the "Board"). The benefit and contribution requirements of Greenville Water and plan members are established and amended by the Board. These contributions are neither guaranteed nor mandatory. The Board has retained the right to unilaterally modify its payments toward retiree health care benefits at any time. No assets are accumulated in a trust as defined by GAAP. The OPEB Plan does not issue a stand-alone financial report.

Plan Membership

As of December 31, 2021, the date of the last actuarial valuation, the following employees were covered by the OPEB Plan's benefit terms:

Active participants	232
Retirees and beneficiaries currently receiving benefits	49
Total	<u>281</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Plan Benefits and Contributions

Benefit terms are established and amended by the Commission and are based on years of service. To qualify, the retiree must have had at least 30 years of continuous service with Greenville Water, or the retiree is a minimum of sixty years of age and has a minimum of twenty years of continuous service with Greenville Water at the time of retirement. If the retiree wishes to participate in the plan but is not eligible for Medicare, Greenville Water will subsidize a portion of the premium. The subsidized contribution is determined each year by Greenville Water during the plan year renewal. The retiree will pay the difference in the cost of the plan the retiree has elected and the subsidized contribution until the time he/she meets Medicare eligibility. The retiree is allowed to continue dependent coverage at the retiree's sole cost, at the group rate for dependents covered at the time of retirement. When the retiree's dependents meet Medicare qualifications they will no longer remain in the Plan. When a retiree reaches age 65 or becomes eligible for Medicare, they will have the option to immediately transition to Greenville Water's Medicare Advantage Plan. In doing so, the retiree will pay the difference in the cost of the plan and the subsidized contribution. Greenville Water reserves the right to amend, change, or discontinue the benefit at any time.

Actuarial Assumptions and Methods

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the significant actuarial assumptions and methods used in the December 31, 2021 actuarial valuation for the OPEB Plan.

Discount rate	4.05% (December 31, 2022 measurement date)
Healthcare cost trend rate:	6.00% - 4.00%, Ultimate Trend in 2037 (Pre-Medicare) 5.00% - 4.00%, Ultimate Trend in 2031 (Medicare)
Inflation rate	2.25%
Salary increase:	3.00%
Participation rate:	5.00% for eligible retirees 2.50% for spouses

Mortality rates were determined for pre-retirement members, the RP-2014 Mortality Table for Employees with a 95% multiplier for both males and females was assumed. For post-retirement members, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females, projected using the AA projection table from the year 2016 and with a 100% multiplier for males and a 111% multiplier for females was assumed. These are the same rates used for the June 30, 2021 State of South Carolina PEBA Retiree Health Care Plan Actuarial Valuation.

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

Greenville Water's total OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2021.

	Total OPEB Liability
Balances, beginning of year	<u>\$ 1,731,568</u>
Changes for the year:	
Service cost	16,673
Interest	34,475
Assumption changes	(266,280)
Benefit payments	(116,025)
Net changes	<u>(331,157)</u>
Balances, end of year	<u><u>\$ 1,400,411</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

For the year ended December 31, 2022, Greenville Water recognized OPEB expense of approximately (\$251,000). At December 31, 2022, Greenville Water reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,690,565
Changes of assumptions	45,393	331,926
Total	<u>\$ 45,393</u>	<u>\$ 2,022,491</u>

Amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

Year ended December 31:

2023	\$ (301,750)
2024	(301,750)
2025	(301,750)
2026	(301,750)
2027	(301,750)
Thereafter	(468,348)
	<u>\$ (1,977,098)</u>

Discount Rate

Pursuant to GASB 75, for unfunded plans the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer 20-Bond GO index is often cited as an appropriate benchmark. That index was 4.05% on December 31, 2022, and was used to measure the total OPEB liability as of the December 31, 2022 measurement date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of Greenville Water's total OPEB liability to changes in the discount rate, calculated using the discount rate of 4.05%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (3.05%) or 1% point higher (5.05%) than the current rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate		
1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
\$ 1,544,117	\$ 1,400,411	\$ 1,277,166

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

The following table presents the sensitivity of Greenville Water's total OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current rate:

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 1,303,645	\$ 1,400,411	\$ 1,511,839

NOTE 8. RISK MANAGEMENT

Greenville Water is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. For all of these risks, Greenville Water continues to carry commercial insurance for the risk of loss, including employee health and accidental insurance. Greenville Water has not significantly reduced insurance coverage from the previous year and settled claims have not exceeded insurance coverage for the past three years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RELATED PARTY TRANSACTIONS

Two Commissioners of Greenville Water are members of law firms that provided certain professional services to Greenville Water. Greenville Water paid approximately \$29,000 during the year ended December 31, 2022, for these services.

NOTE 10. COMMITMENTS

As of December 31, 2022, Greenville Water is obligated under contract for approximately \$12,540,000 in construction projects.

NOTE 11. NET INVESTMENT IN CAPITAL ASSETS

As of December 31, 2022, the components of Greenville Water's *Net Investment in Capital Assets* as shown on the Statement of Net Position are as follows:

	<u>December 31, 2022</u>
Capital Assets, Net of	
Accumulated Depreciation	\$ 515,331,340
Less:	
State Revolving Fund Loans Outstanding	(1,442,138)
Revenue Bonds Outstanding	(7,410,000)
Original Issue Premiums	
Net of Accumulated Amortization	(279,763)
Construction Contracts Payable	(471,343)
Net investment in capital assets	<u><u>\$ 505,728,096</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE WATER

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN GREENVILLE WATER'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED DECEMBER 31,

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 16,673	\$ 10,802	\$ 18,063	\$ 14,890	\$ 26,563
Interest	34,475	37,072	50,812	170,203	193,132
Difference Between Expected and Actual Experience	-	(53,475)	-	(2,693,326)	-
Changes of Assumptions and Other Inputs	(266,280)	42,205	(53,093)	18,484	(104,692)
Benefit Payments	(97,658)	(78,240)	(106,297)	(322,163)	(312,268)
Implicit Rate Subsidy Fullfillment	(18,367)	(29,173)	(29,449)	(29,034)	(47,757)
Net change in total OPEB liability	(331,157)	(70,809)	(119,964)	(2,840,946)	(245,022)
Total OPEB liability - beginning	1,731,568	1,802,377	1,922,341	4,763,287	5,008,309
Total OPEB liability - ending	\$ 1,400,411	\$ 1,731,568	\$ 1,802,377	\$ 1,922,341	\$ 4,763,287
Covered employee payroll	\$ 11,666,636	\$ 11,666,636	\$ 12,461,060	\$ 12,461,060	\$ 10,473,686
Total OPEB liability as a percentage of covered employee payroll	12.00%	14.84%	14.46%	15.43%	45.48%
Discount Rate	4.05%	2.06%	2.12%	2.74%	3.71%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

Greenville Water is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

GREENVILLE WATER

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

SOUTH CAROLINA RETIREMENT SYSTEM

FOR THE YEARS ENDED DECEMBER 31,

South Carolina Retirement System					
Plan Year Ended June 30,	Greenville Water's proportion of the net pension liability	Greenville Water's proportionate share of the net pension liability	Greenville Water's covered payroll	Greenville Water's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.126416%	\$ 30,645,887	\$ 15,053,151	203.6%	57.1%
2021	0.127793%	27,656,122	14,443,290	191.5%	60.7%
2020	0.124620%	30,780,177	13,434,366	229.1%	50.7%
2019	0.122177%	27,898,098	12,901,570	216.2%	54.4%
2018	0.125585%	28,139,561	13,014,079	216.2%	54.1%
2017	0.127483%	28,698,474	12,862,603	223.1%	53.3%
2016	0.127488%	27,231,249	12,345,488	220.6%	52.9%
2015	0.130714%	24,790,540	12,333,222	201.0%	57.0%
2014	0.131556%	22,649,582	11,941,876	189.7%	59.9%

The above schedule will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedule are disclosed in Note 6 to the financial statements.

GREENVILLE WATER

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS SOUTH CAROLINA RETIREMENT SYSTEM FOR THE YEARS ENDED DECEMBER 31,

South Carolina Retirement System					
Year Ended December 31,	Actuarially required contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Greenville Water's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 2,534,774	\$ 2,534,774	\$ -	\$ 14,883,776	17.03%
2021	2,311,026	2,311,026	-	14,357,597	16.10%
2020	2,303,706	2,303,706	-	14,805,309	15.56%
2019	1,937,650	1,937,650	-	12,867,574	15.06%
2018	1,812,496	1,812,496	-	12,891,037	14.06%
2017	1,636,559	1,636,559	-	13,020,380	12.57%
2016	1,432,544	1,432,544	-	12,662,588	11.31%
2015	1,354,000	1,354,000	-	12,333,222	10.98%
2014*	545,000	545,000	-	5,071,551	10.75%

The above schedules will present 10 years of information once it is accumulated. The assumptions used in the preparation of the above schedule are as follows:

System	SCRS
Calculation date	July 1, 2020
Actuarial cost method	Entry Age Normal
Asset valuation method	5-year Smoothed
Amortization method	Level % of pay
Amortization period	27 years maximum, closed period
Investment return	7.25%
Inflation	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.
Mortality	2016 Public Retirees of South Carolina Mortality Tables for Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.
*	Effective August 1, 2014, Greenville Water changed year-ends from July 31 to December 31. Therefore, fiscal year-end 2014 only reflects five months of data.

Statistical



STATISTICAL SECTION

This part of Greenville Water's annual comprehensive financial report presents detailed information as a context for understanding what the information provided in the financial statements, note disclosures, and required supplementary information say about Greenville Water's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how Greenville Water's financial performance and well-being have changed over time.

Revenue Capacity

This schedule contains information to help the reader assess Greenville Water's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of Greenville Water's current levels of outstanding debt and the ability to manage debt in the future.

Demographic and Economic Information

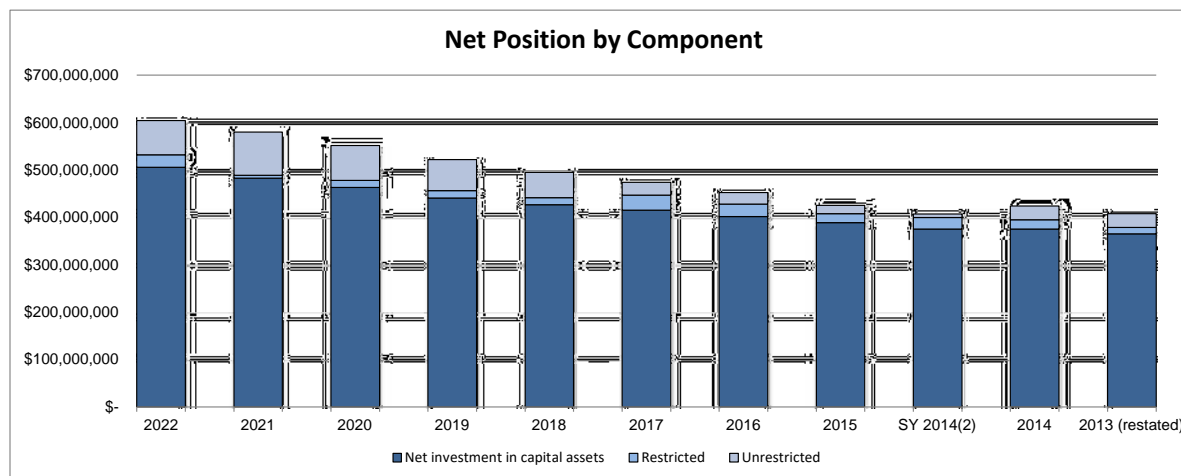
These schedules offer demographic and economic indicators to help the reader understand the environment in which Greenville Water operates.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the financial report relates to the services Greenville Water provides.

Greenville Water
Schedule of Net Position
Last Ten Fiscal Years⁽¹⁾

	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013 (restated)
Net investment in capital assets	\$ 505,728,096	\$ 482,964,650	\$ 463,241,158	\$ 440,937,556	\$ 426,659,292	\$ 415,264,161	\$ 401,753,828	\$ 389,153,715	\$ 375,851,166	\$ 375,759,837	\$ 365,807,704
Restricted	26,263,206	5,811,821	15,235,558	15,692,322	15,172,795	31,747,420	26,750,038	18,574,814	23,894,707	19,281,647	12,947,615
Unrestricted	72,299,657	91,184,473	73,358,448	65,361,993	53,440,714	26,878,917	24,270,326	18,012,114	7,927,859	29,504,517	29,353,140
Total net position	<u>\$ 604,290,959</u>	<u>\$ 579,960,944</u>	<u>\$ 551,835,164</u>	<u>\$ 521,991,871</u>	<u>\$ 495,272,801</u>	<u>\$ 473,890,498</u>	<u>\$ 452,774,192</u>	<u>\$ 425,740,643</u>	<u>\$ 407,673,732</u>	<u>\$ 424,546,001</u>	<u>\$ 408,108,459</u>



(1) 2012 - 2014 Fiscal year ended July 31
 Short-year ("SY 2014") - current ended December 31

(2) SY 2014 is a 5 month period

Greenville Water
Schedule of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years⁽¹⁾

	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013 (restated)
Revenues											
Operating Revenues											
Net Water Sales ⁽³⁾	\$ 57,871,363	\$ 54,825,808	\$ 52,238,492	\$ 54,759,303	\$ 50,934,174	\$ 51,387,114	\$ 54,447,129	\$ 48,042,029	\$ 19,255,276	\$ 44,325,790	\$ 41,834,426
Tapping, Installation, and Service Fees	2,304,608	2,738,535	2,045,854	2,188,980	2,054,640	1,906,921	1,882,489	1,367,661	480,622	962,340	718,104
Private Fire Protection Charges	756,711	714,355	721,232	723,521	638,523	583,569	540,408	504,432	205,840	454,114	428,363
Sewer Handling Charges	3,480,540	3,235,320	3,101,046	2,757,520	2,485,259	2,391,963	2,376,390	2,321,968	913,850	2,145,004	1,979,588
Other Operating Revenues	10,979,664	13,139,310	18,969,684	10,056,982	8,036,950	6,886,000	6,785,526	6,899,226	2,201,781	9,454,262	5,520,186
	<u>75,392,886</u>	<u>74,653,328</u>	<u>77,076,308</u>	<u>70,486,306</u>	<u>64,149,546</u>	<u>63,155,567</u>	<u>66,031,942</u>	<u>59,135,316</u>	<u>23,057,369</u>	<u>57,341,510</u>	<u>50,480,667</u>
Non-Operating Revenues											
Interest Income	1,064,870	342,146	1,189,855	2,647,403	1,666,194	938,740	880,942	552,635	217,035	591,234	798,165
Other Non-Operating Revenues	163,342	489,182	(953,618)	(1,320,155)	(1,941,338)	(2,281,924)	(2,784,905)	(2,830,001)	(735,312)	(3,741,984)	(3,717,214)
	<u>1,228,212</u>	<u>831,328</u>	<u>236,237</u>	<u>1,327,248</u>	<u>(275,144)</u>	<u>(1,343,184)</u>	<u>(1,903,963)</u>	<u>(2,277,366)</u>	<u>(518,277)</u>	<u>(3,150,750)</u>	<u>(2,919,049)</u>
Total Revenues	<u>76,621,098</u>	<u>75,484,656</u>	<u>77,312,545</u>	<u>71,813,554</u>	<u>63,874,402</u>	<u>61,812,383</u>	<u>64,127,979</u>	<u>56,857,950</u>	<u>22,539,092</u>	<u>54,190,760</u>	<u>47,561,618</u>
Expenses											
Operating Expenses, Excluding Depreciation	41,118,342	34,996,741	34,493,428	33,531,198	31,992,121	31,771,175	31,622,932	28,859,730	12,236,864	28,645,804	25,603,961
Depreciation Expense	12,710,065	12,555,414	13,495,440	13,378,276	13,316,165	12,791,092	12,351,718	11,599,573	5,504,538	11,679,858	11,619,480
Total Expenses	<u>53,828,407</u>	<u>47,552,155</u>	<u>47,988,868</u>	<u>46,909,474</u>	<u>45,308,286</u>	<u>44,562,267</u>	<u>43,974,650</u>	<u>40,459,303</u>	<u>17,741,402</u>	<u>40,325,662</u>	<u>37,223,441</u>
Excess Before Capital Contributions	22,792,691	27,932,501	29,323,677	24,904,080	18,566,116	17,250,116	20,153,329	16,398,647	4,797,690	13,865,098	10,338,177
Capital Contributions	<u>1,537,324</u>	<u>193,279</u>	<u>519,616</u>	<u>1,814,990</u>	<u>1,929,963</u>	<u>3,866,190</u>	<u>1,225,434</u>	<u>1,668,264</u>	<u>1,483,012</u>	<u>2,572,444</u>	<u>1,063,855</u>
Change in Net Position	24,330,015	28,125,780	29,843,293	26,719,070	20,496,079	21,116,306	21,378,763	18,066,911	6,280,702	16,437,542	11,402,032
Net Position, Beginning of Year	579,960,944	551,835,164	521,991,871	495,272,801	473,890,498	452,774,192	425,740,643	407,673,732	424,546,001	408,108,459	397,319,785
Change in accounting principle	-	-	-	-	886,224	-	-	-	(23,152,971)	-	(613,358)
Prior Period Adjustment	-	-	-	-	-	-	5,654,786	-	-	-	-
Net Position, End of Year	<u>\$ 604,290,959</u>	<u>\$ 579,960,944</u>	<u>\$ 551,835,164</u>	<u>\$ 521,991,871</u>	<u>\$ 495,272,801</u>	<u>\$ 473,890,498</u>	<u>\$ 452,774,192</u>	<u>\$ 425,740,643</u>	<u>\$ 407,673,732</u>	<u>\$ 424,546,001</u>	<u>\$ 408,108,459</u>

(1) 2012 - 2014 Fiscal year ended July 31

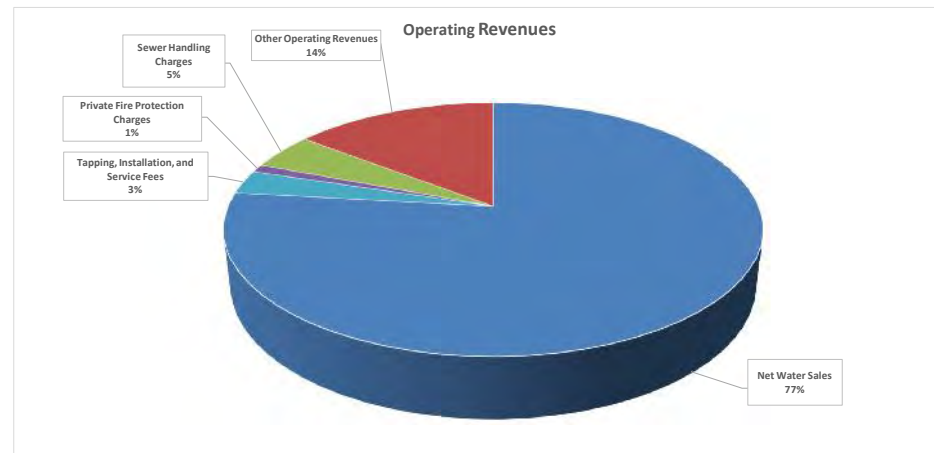
SY 2014 - current ended December 31

(2) SY 2014 is a 5 month period

(3) 2016 change water sales presentation to reflect uncollectible amounts offset

Greenville Water
Schedule of Operating Revenues
Last Ten Fiscal Years⁽¹⁾

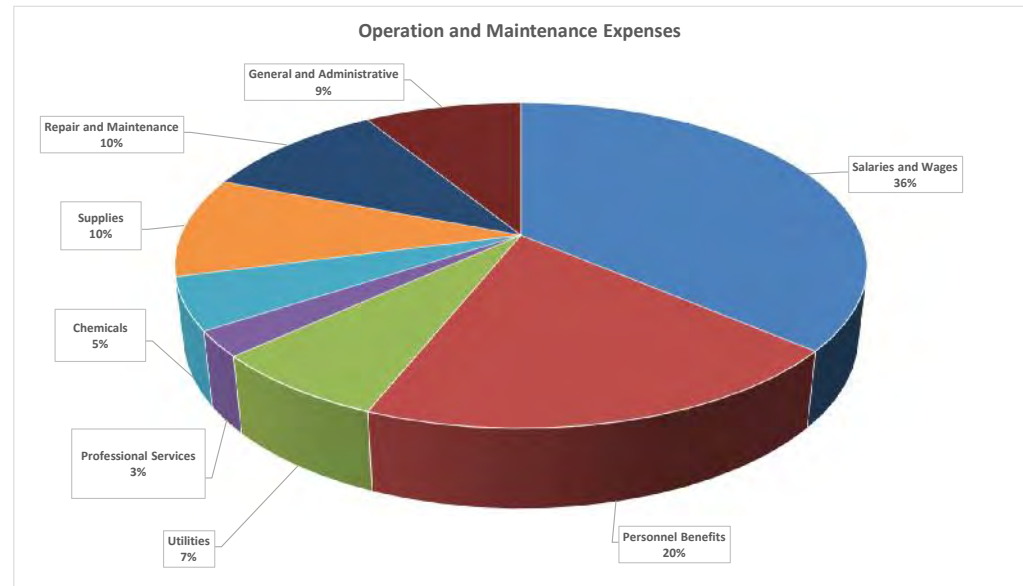
	2022	% of Total	2021	% of Total	2020	% of Total	2019	% of Total	2018	% of Total	2017	% of Total	2016	% of Total	2015	% of Total	SY 2014 ⁽²⁾	% of Total	2014	% of Total	2013 (Restated)	% of Total
Operating Revenues																						
Net Water Sales	\$ 57,871,363	76.8%	\$ 54,825,808	73.4%	\$ 52,238,492	67.8%	\$ 54,759,303	71.0%	\$ 50,934,174	79.4%	\$ 51,387,114	77.8%	\$ 54,447,129	82.5%	\$ 48,042,029	81.4%	\$ 19,255,276	83.6%	\$ 44,325,790	77.3%	\$ 41,834,426	82.9%
Tapping, Installation, and Service Fees	2,304,608	3.1%	2,738,535	3.7%	2,045,854	2.7%	2,188,980	2.8%	2,054,640	3.2%	1,906,921	2.9%	1,882,489	2.9%	1,367,661	2.3%	480,622	2.1%	962,340	1.7%	718,104	1.4%
Private Fire Protection Charges	756,711	1.0%	714,355	1.0%	721,232	0.9%	723,521	0.9%	638,523	1.0%	583,569	0.9%	540,408	0.8%	504,432	0.9%	205,840	0.9%	454,114	0.8%	428,363	0.8%
Sewer Handling Charges	3,480,540	4.6%	3,235,320	4.3%	3,101,046	4.0%	2,757,520	3.6%	2,485,259	3.9%	2,391,963	3.6%	2,376,390	3.6%	2,321,968	3.9%	913,850	4.0%	2,145,004	3.7%	1,979,588	3.9%
Other Operating Revenues	10,979,664	14.6%	13,139,310	17.6%	18,969,684	24.6%	10,056,982	13.0%	8,036,950	12.5%	6,886,000	10.4%	6,785,526	10.3%	6,899,226	11.7%	2,201,781	9.5%	9,454,262	16.5%	5,520,186	10.9%
Total Operating Revenues	<u>\$ 75,392,886</u>		<u>\$ 74,653,328</u>		<u>\$ 77,076,308</u>		<u>\$ 70,486,306</u>		<u>\$ 64,149,546</u>		<u>\$ 63,155,567</u>		<u>\$ 66,031,942</u>		<u>\$ 59,135,316</u>		<u>\$ 23,057,369</u>		<u>\$ 57,341,510</u>		<u>\$ 50,480,667</u>	



- (1) 2012 - 2014 Fiscal year ended July 31
 SY 2014 - current ended December 31
 (2) SY 2014 is a 5 month period
 (3) 2016 change water sales presentation to reflect uncollectible amounts offset

Greenville Water
Schedule of Operation and Maintenance Expenses
Last Ten Fiscal Years⁽¹⁾

	2022	2021	2020	2019	2018	2017	2016 ⁽³⁾	2015 ⁽⁴⁾	SY 2014 ⁽²⁾	2014	2013 (Restated)
Salaries and Wages	\$ 14,906,621	\$ 14,068,418	\$ 14,366,011	\$ 12,793,220	\$ 12,698,306	\$ 12,664,428	\$ 12,120,412	\$ 11,608,759	\$ 5,063,630	\$ 12,326,214	\$ 10,471,493
Personnel Benefits	8,150,651	6,671,567	6,765,812	6,474,801	6,023,821	6,323,399	5,757,269	4,885,188	1,991,793	4,440,193	3,983,100
Utilities	2,932,996	2,744,649	2,630,456	2,639,315	2,348,633	2,669,950	2,770,468	2,497,940	924,162	2,263,601	2,262,006
Professional Services	1,049,482	800,241	998,868	871,200	630,800	544,326	272,610	452,482	190,482	496,210	1,148,936
Chemicals	2,130,154	1,219,221	1,021,767	1,248,126	1,200,576	997,956	1,178,421	1,061,919	489,965	1,143,700	1,218,474
Supplies	4,095,946	3,317,869	2,760,842	3,631,330	3,234,654	2,804,825	2,904,006	990,613	439,935	1,006,660	916,194
Repair and Maintenance	4,244,669	3,315,351	3,508,634	2,754,087	2,528,208	2,730,359	3,013,223	4,238,337	1,700,025	3,434,317	3,216,933
General and Administrative	3,607,823	2,859,426	2,441,038	3,119,119	3,327,123	3,035,932	3,606,523	3,124,492	1,436,872	3,534,909	2,386,825
Total Operating expenses	<u>\$ 41,118,342</u>	<u>\$ 34,996,742</u>	<u>\$ 34,493,428</u>	<u>\$ 33,531,198</u>	<u>\$ 31,992,121</u>	<u>\$ 31,771,175</u>	<u>\$ 31,622,932</u>	<u>\$ 28,859,730</u>	<u>\$ 12,236,864</u>	<u>\$ 28,645,804</u>	<u>\$ 25,603,961</u>
Percentage increase (decrease) over prior year	17.5%	1.5%	2.9%	4.8%	0.7%	0.5%	9.6%	135.8%	-57.3%	11.9%	3.3%



n/a - not available

(1) 2012 - 2014 Fiscal year ended July 31

SY 2014 - current ended December 31

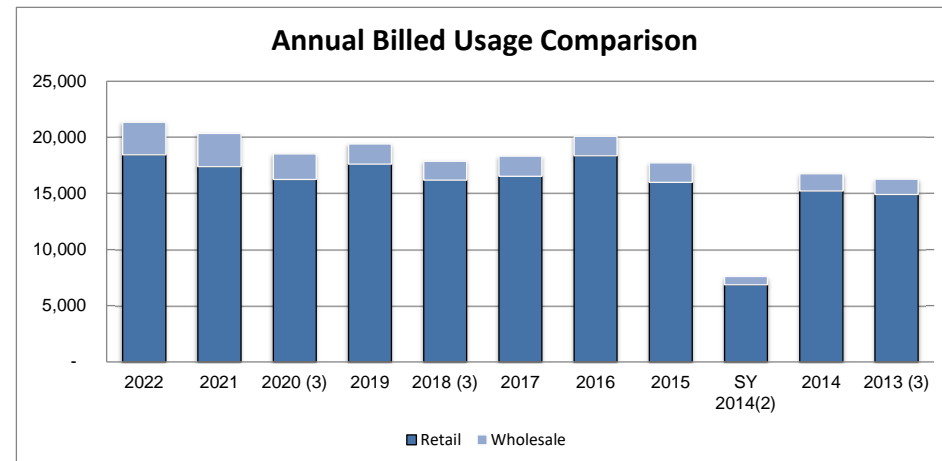
(2) SY 2014 is a 5 month period

(3) Change in classification of operating expenses

Greenville Water
Annual Billed Usage
Current Year and Last Ten Fiscal Years ⁽¹⁾

Million Gallons

	2022	2021	2020 ⁽³⁾	2019	2018 ⁽³⁾	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013 ⁽³⁾
Retail	18,418	17,377	16,236	17,610	16,169	16,503	18,325	15,976	6,856	15,208	14,889
Wholesale	2,918	2,945	2,267	1,794	1,693	1,795	1,761	1,744	746	1,539	1,381
Total	21,336	20,321	18,503	19,404	17,862	18,298	20,086	17,720	7,602	16,747	16,270



(1) 2012 - 2014 Fiscal year ended July 31
 SY 2014 - current ended December 31

(2) SY 2014 is a 5 month period

(3) Below average rainfall

Greenville Water
Historical Water Rate Information
Last Ten Fiscal Years⁽¹⁾

Effective March 1, unless noted ⁽²⁾

	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽³⁾	2014	2013 ⁽⁴⁾
Schedule 1- Inside the City of Greenville											
Base	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.39	4.26	4.26	4.13
Monthly Volume charge per \$/thousand gallons	1.47	1.47	1.47	1.47	1.47	1.47	1.47	1.43	1.39	1.39	1.35
First 500,000 gallons											
Over 500,000 gallons											
Schedule 2- Outside the City of Greenville											
Base	6.78	6.78	6.78	6.78	6.78	6.78	6.78	6.58	6.39	6.39	6.20
Monthly Volume charge per \$/thousand gallons											
First 500,000 gallons	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.16	2.10	2.10	2.03
Over 500,000 gallons	2.22	2.22	2.22	2.22	2.22	2.22	2.22	2.16	2.10	2.10	2.03

(1) 2012 - 2014 Fiscal year ended July 31
 SY 2014 - current ended December 31

(2) Years prior to 2014, effective February 1

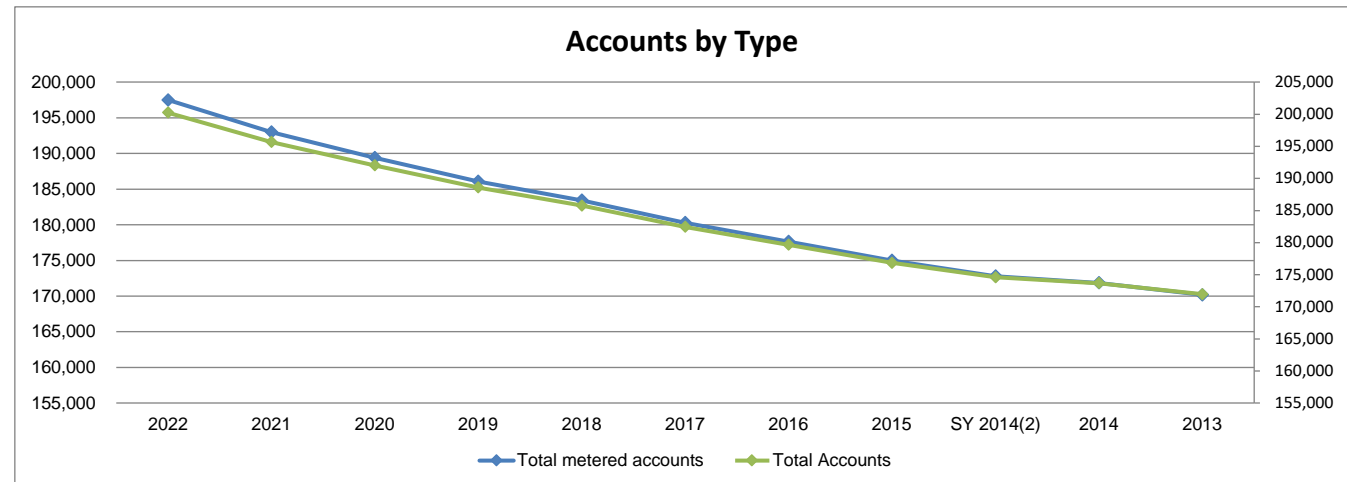
(3) SY 2014 is a 5 month period

(4) Eliminate second rate block February 1, 2013

(5) Changed from quarterly to monthly billing January 1, 2012

Greenville Water
Number of Accounts by Type
Last Ten Fiscal Years⁽¹⁾

	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013
Residential	175,180	171,005	167,439	164,473	162,167	159,370	157,039	154,782	152,817	151,992	150,500
Commercial	21,796	21,510	21,497	21,158	20,793	20,443	20,139	19,776	19,527	19,404	19,213
Industrial	151	148	148	139	136	137	138	138	138	138	138
City-owned facilities	331	298	298	298	313	314	296	288	288	296	292
Wholesale	20	20	20	20	19	19	19	18	17	16	16
Total metered accounts	197,478	192,981	189,402	186,088	183,428	180,283	177,631	175,002	172,787	171,846	170,159
Private fire protection	2,770	2,690	2,609	2,484	2,330	2,161	2,034	1,841	1,818	1,815	1,798
Total Accounts	200,248	195,671	192,011	188,572	185,758	182,444	179,665	176,843	174,605	173,661	171,957



(1) 2012 - 2014 Fiscal year ended July 31
 SY 2014 - current ended December 31

(2) SY 2014 is a 5 month period

**Greenville Water
Ten Largest Retail Customers
Current Year and Ten Years Ago**

CUSTOMER	2022			2013		
	TOTAL ANNUAL REVENUE	PERCENT OF WATER SALES REVENUE	RANKING	TOTAL ANNUAL REVENUE	PERCENT OF WATER SALES REVENUE	RANKING
Greenville County School District	\$ 526,325	0.91%	1	\$ 370,122	0.88%	2
Columbia Farms Inc	516,818	0.89%	2	476,008	1.14%	1
Milliken Service Corp.	370,598	0.64%	3	190,115	0.45%	5
Sage Automotive Interiors	320,530	0.55%	4	343,519	0.82%	3
Greenville Memorial Hospital	247,028	0.43%	5	219,033	0.52%	4
Furman University	196,431	0.34%	6	167,588	0.40%	7
Cytec Carbon Fibers LLC	192,565	0.33%	7	173,854	0.42%	6
Cryovac Sealed Air Corp	191,674	0.33%	8	153,682	0.37%	8
Greenville Country Club	185,062	0.32%	9			
Kemet Electronics Corp	160,078	0.28%	10			
Michelin Tire Corp						
Three M Co				119,479	0.29%	9
Safety Components Fabris				116,089	0.28%	10
Totals	<u>\$ 2,907,109</u>	<u>5.02%</u>		<u>\$ 2,329,489</u>	<u>5.01%</u>	

Greenville Water
Ten Largest Wholesale Customers
Current Year and Ten Years Ago

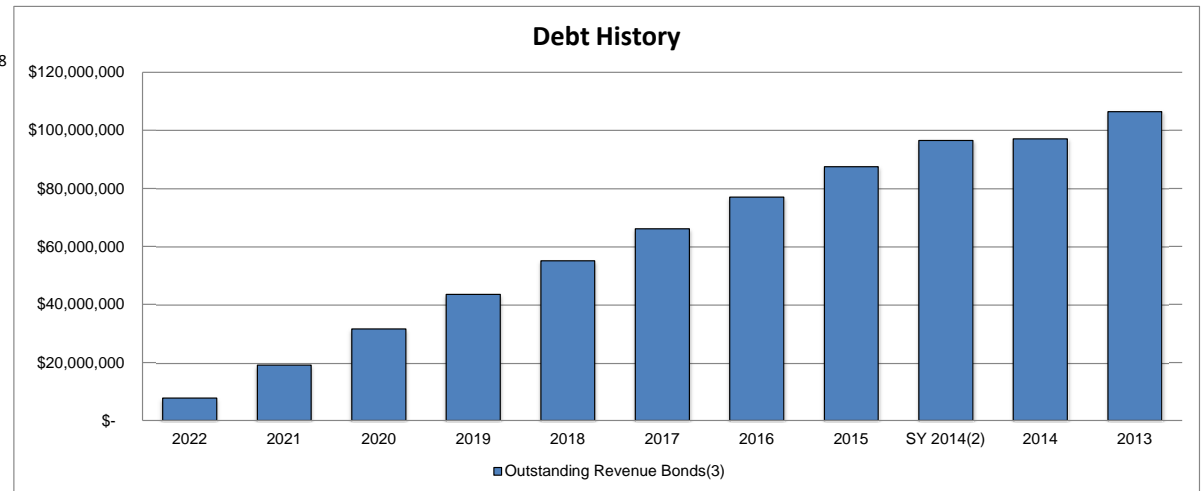
	2022			2013		
CUSTOMER	PERCENT OF		RANKING	PERCENT OF		RANKING
	TOTAL ANNUAL	WATER SALES		TOTAL ANNUAL	WATER SALES	
	REVENUE	REVENUE		REVENUE	REVENUE	
Powdersville Water Co Inc	\$ 1,041,362	1.80%	1	\$ 289,760	0.69%	4
Six Mile Rural Community Water Dist	922,774.26	1.59%	2	248,745.79	0.59%	5
Laurens County Water & Sewer	698,801.52	1.21%	3	636,380.56	1.52%	1
Blue Ridge Water Co	471,471.75	0.81%	4	291,823.70	0.70%	3
Bethlehem Roanoke Rural Community Water Dist	271,289.58	0.47%	6	68,463.82	0.16%	10
Pickens County Water Authority	231,283.86	0.40%	5	302,412.74	0.72%	2
Dacusville Cedar Rock Water	178,510.56	0.31%	8	108,133.77	0.26%	8
Marietta Water Dist	177,907.79	0.31%	7	129,978.45	0.31%	6
Town of Pelzer SC	100,954.40	0.17%	9	109,159.39	0.26%	7
Town of West Pelzer SC	66,449.22	0.11%	10	93,518.52	0.22%	9
City of Pickens						
Totals	<u>\$ 4,160,805</u>	<u>7.19%</u>		<u>\$ 2,278,377</u>	<u>5.45%</u>	

Greenville Water
Debt History
Last Ten Fiscal Years⁽¹⁾

	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013
Outstanding Revenue Bonds ⁽³⁾	\$ 7,689,763	\$ 19,114,463	\$ 31,592,399	\$ 43,412,334	\$ 55,013,914	\$ 66,076,057	\$ 76,937,139	\$ 87,483,221	\$ 96,474,303	\$ 97,045,385	\$ 106,376,008
Percentage change in debt	-59.8%	-39.5%	-27.2%	-21.1%	-16.7%	-14.1%	-12.1%	-9.3%	-0.6%	-8.8%	-4.1%
Debt to revenue	10%	25%	41%	60%	86%	103%	120%	154%	428%	179%	224%
Debt per metered account, excluding private fire protection accounts	\$ 39	\$ 99	\$ 167	\$ 233	\$ 305	\$ 367	\$ 433	\$ 500	\$ 558	\$ 565	\$ 625
Debt as a % of personal income	0.72%	0.28%	0.16%	0.11%	0.23%	0.28%	0.37%	0.43%	0.49%	0.49%	0.56%
Debt per customer ⁽⁴⁾	\$ 42	\$ 107	\$ 181	\$ 230	\$ 330	\$ 400	\$ 475	\$ 555	\$ 619	\$ 614	\$ 679

\$ 0.0072 \$

0.0028



(1) 2012 - 2014 Fiscal year ended July 31
SY 2014 -current ended December 31

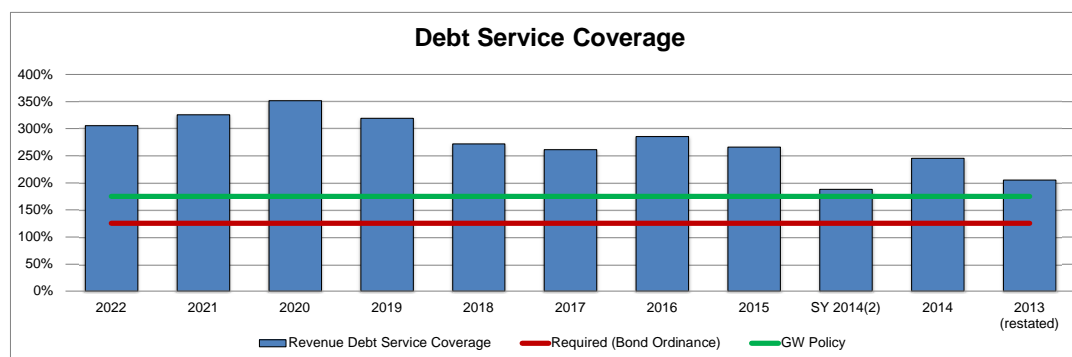
(2) SY 2014 is a 5 month period

(3) Revenue Bonds Payable plus Bond Premiums

(4) Customer population includes metered accounts excluding irrigation.

Greenville Water
Debt Service Coverage
Last Ten Fiscal Years⁽¹⁾

	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013 (restated)	2012
Change in net position	\$ 24,330,015	\$ 28,125,780	\$ 29,843,293	\$ 26,719,070	\$ 20,496,079	\$ 21,116,306	\$ 21,378,763	\$ 18,066,911	\$ 18,005,158	\$ 16,437,542	\$ 11,402,032	\$ 18,231,668
Less:												
Capital Contributions	1,537,324	193,279	519,616	1,814,990	1,929,963	3,866,190	1,225,434	1,668,264	1,483,012	2,572,444	1,063,855	190,579
Amortization of bond premium	309,700	907,936	554,935	554,935	538,788	571,082	571,082	571,082	571,082	575,623	720,890	1,130,181
Gain (Loss) on disposal of capital assets	(11,034)	(24,433)	(14,539)	(108,747)	(390,645)	(483,039)	392,541	120,197	(220,719)	(52,526)	(115,400)	17,277
Add:												
Depreciation expense	12,710,065	12,555,414	13,495,440	13,378,276	13,316,165	12,791,092	12,351,718	11,599,573	5,504,538	11,679,858	11,619,480	11,632,018
Interest expense, net of capitalized	390,384	894,321	1,494,014	1,766,343	2,089,481	2,369,967	3,748,528	3,521,280	1,085,675	4,265,082	3,998,314	5,430,189
Amortization of bond expense												99,735
Debt Service Coverage												
Net earnings (Bond Ordinance)	\$ 35,594,474	\$ 40,498,733	\$ 43,772,735	\$ 39,602,511	\$ 33,823,619	\$ 32,323,132	\$ 35,289,952	\$ 30,828,221	\$ 22,761,996	\$ 29,286,941	\$ 25,350,481	\$ 34,055,573
Revenue Bond Debt Service	\$ 11,645,797	\$ 12,446,493	\$ 12,452,354	\$ 12,409,681	\$ 12,431,895	\$ 12,374,283	\$ 12,370,849	\$ 11,592,054	\$ 12,103,452	\$ 11,952,628	\$ 12,351,095	\$ 12,769,925
Revenue Debt Service Coverage	3.06	3.25	3.52	3.19	2.72	2.61	2.85	2.66	1.88	2.45	2.05	2.67
GW Policy	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Required (Bond Ordinance)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25



(1) 2012- 2014 Fiscal year ended July 31
 SY 2014 - current ended December 31

(2) SY 2014 is a 5 month period

**Greenville Water
Principal Employers
Current Year and Ten Years Ago**

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Prisma Health/Greenville Health System	15,941	1	6.31 %	10,925	1	4.85 %
School District of Greenville County	10,095	2	4.00 %	10,850	2	4.82 %
Michelin North America	7,120	3	2.82 %	4,000	4	1.78 %
BI-LO LLC	4,600	4	1.82 %	2,089	8	0.93
Bon Secours St. Francis Health System	4,355	5	1.72 %	4,500	3	2.00
GE Engineering	3,400	6	1.35 %	3,200	5	1.42 %
Duke Energy Corporation	3,300	7	1.31 %			
Greenville County Government	2,685	8	1.06 %	1,944	9	0.86 %
SC State Government	2,552	9	1.01 %	3,036	6	1.35
Fluor Corporation	2,400	10	0.95 %	2,500	7	1.11 %
US Government				1,835	10	0.82 %
	<u>56,448</u>		<u>22.35 %</u>	<u>44,879</u>		<u>19.94 %</u>

Source: Greenville Area Development Corporation

Greenville Water
Summary of Demographic and Economic Statistics
Last Ten Fiscal Years⁽¹⁾

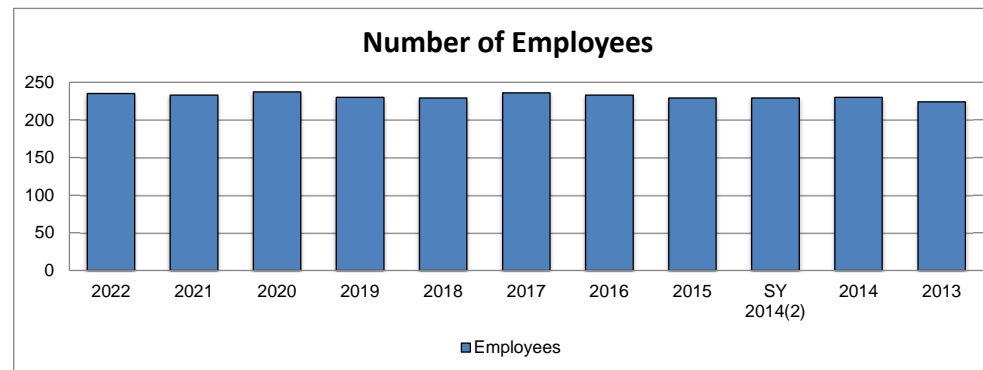
	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013	2012
Population ⁽¹⁾	533,834	525,534	529,307	522,611	512,572	509,600	495,777	481,317	485,319	485,319	480,288	470,794
Personal income (in 1000's) ⁽¹⁾	\$ 29,536,501	\$ 27,633,103	\$ 26,888,795	\$ 25,003,800	\$ 23,901,232	\$ 23,678,564	\$ 21,058,128	\$ 20,126,270	\$ 19,810,721	\$ 19,810,721	\$ 18,835,934	\$ 18,103,442
Per capita personal income ⁽¹⁾	\$ 55,329	\$ 52,581	\$ 50,800	\$ 47,844	\$ 46,630	\$ 46,465	\$ 42,475	\$ 41,815	\$ 40,820	\$ 40,820	\$ 39,218	\$ 38,453
Median Household Income ⁽²⁾	\$ 65,513	\$ 62,422	\$ 62,475	\$ 56,227	\$ 53,739	\$ 51,595	\$ 50,540	\$ 48,180	\$ 44,835	\$ 44,835	\$ 45,640	\$ 45,137
Median age ⁽¹⁾	38.3	38.2	38.4	38.2	37.9	37.8	38.1	37.9	34.6	34.6	34.6	37.0
School enrollment ⁽¹⁾	74,094	73,448	76,629	75,577	74,991	76,951	72,855	72,712	71,639	71,639	71,249	70,023
Unemployment Rate ⁽¹⁾	3.2	3.9	8.4	3.3	3.3	3.7	4.6	5.6	4.8	4.8	7.1	8.2

(1) Greenville County Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2022

(2) Source: Greenville Area Development Corporation
2022 Data is Unavailable, 5-Year Estimate from U.S. Census Bureau 2017-2021 American Community Survey was used.

**Greenville Water
Number of Employees
Last Ten Fiscal Years⁽¹⁾**

	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013
Employees	235	233	237	230	229	236	233	229	229	230	224



(1) 2011 - 2014 Fiscal year ended July 31
SY 2014 - current ended December 31

(2) SY 2014 is a 5 month period

**Greenville Water
Supply and Usage Data
Last Ten Fiscal Years⁽¹⁾**

Million Gallons per Day

	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013 ⁽³⁾
State Permitted Capacity											
Table Rock	67	67	67	67	67	67	67	67	67	67	67
North Saluda	60	60	60	60	60	60	60	60	60	60	60
Keowee	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>
Total Permitted Capacity	217	217	217	217	217	217	217	217	217	217	217
Combined Transmission Capacity, Gravity	49	49	49	49	49	49	49	49	49	49	46
Combined Transmission Capacity, Pumping	135	135	135	135	135	135	135	135	135	135	135
Average Water Treatment:											
Table Rock/North Saluda Plant	43	40	41	42	40	33	39	37	39	36	29
Keowee	<u>25</u>	<u>24</u>	<u>20</u>	<u>21</u>	<u>18</u>	<u>25</u>	<u>24</u>	<u>22</u>	<u>17</u>	<u>19</u>	<u>25</u>
Total System, Average Daily Produced	68	64	61	63	58	58	63	59	56	55	54

n/a - not available

(1) 2011 - 2014 Fiscal year ended July 31
SY 2014 - current ended December 31

(2) SY 2014 is a 5 month period

(3) Permits were secured in 2013, prior year information is not available

Greenville Water
Miscellaneous General Statistics
Last Ten Fiscal Years⁽¹⁾

	2022	2021	2020	2019	2018	2017	2016	2015	SY 2014 ⁽²⁾	2014	2013
Miles of Pipe (2" - 72")	3,091	3,028	2,996	2,808	2,784	2,765	2,735	2,694	2,670	2,666	2,645
No. of Public Hydrants	12,268	12,040	11,977	11,795	11,661	11,493	11,210	11,028	10,833	10,583	10,192
Total Annual Sales (Million Gallons)	21,336	20,321	18,503	19,404	17,862	18,298	20,086	17,720	7,602	16,747	16,270
Total Water Sales (Thousand Dollars)	57,871	54,825	52,238	54,759	50,934	51,387	54,447	48,274	19,467	44,669	42,375
Other Operating Revenues	17,522	19,828	24,838	15,727	13,215	11,768	11,585	11,093	3,802	13,016	8,646
Total Annual Billing (Thousand Dollars)	75,393	74,653	77,076	70,486	64,150	63,156	66,032	59,367	23,269	57,685	51,021
Average # of Accounts Billed:											
Residential	164,232	159,175	155,995	153,048	150,173	147,267	144,731	142,297	141,239	139,551	137,678
Others	21,716	18,746	18,413	18,152	17,900	17,614	17,247	16,918	18,525	18,331	18,174
	185,948	177,921	174,408	171,200	168,073	164,881	161,978	159,215	159,764	157,882	155,852
Avg. Gallons per Account	9,562	9,518	8,841	9,445	8,856	9,253	10,334	9,275	9,517	8,839	8,700
Average Bills per Account (\$)											
Residential	17.55	17.24	17.16	17.99	16.84	17.34	19.10	16.86	16.63	15.76	15.43
All	26.37	26.33	25.55	26.85	25.57	26.27	28.33	25.35	25.13	23.55	22.94
Residential Bill as a Percent of MHI ⁽⁴⁾	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.03%	0.04%	0.04%	0.03%
Average Daily Water Finished combined quantities (MGD)	67.63	64.20	60.87	62.92	58.53	57.65	62.68	56.40	54.51	53.00	52.54

(1) 2012 - 2014 Fiscal year ended July 31

SY 2014 - current ended December 31

(2) SY 2014 is a 5 month period

(3) 2012 - current represent monthly billing information, prior years represent quarterly billing.

(4) Based on 2020 Median Household Income 5-Year Estimate. 2021 not available

COMPLIANCE SECTION



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

**To the Commissioners of Public Works
of the City of Greenville
Greenville, South Carolina**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **Commissioners of Public Works of the City of Greenville** ("Greenville Water") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Greenville Water's basic financial statements, and have issued our report thereon dated June 6, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greenville Water's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the ampersand clearly visible.

Columbia, South Carolina
June 6, 2023

GREENVILLE WATER

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEARS ENDED DECEMBER 31, 2022

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

____ Yes X None Reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards

There was not an audit of major federal award programs as of December 31, 2022, due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.