

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



# GreenvilleWater

Comprehensive Annual Financial Report  
For year ended December 31, 2020



# Greenville Water

Greenville, South Carolina  
December 31, 2020

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# Greenville Water

Greenville, South Carolina  
December 31, 2020

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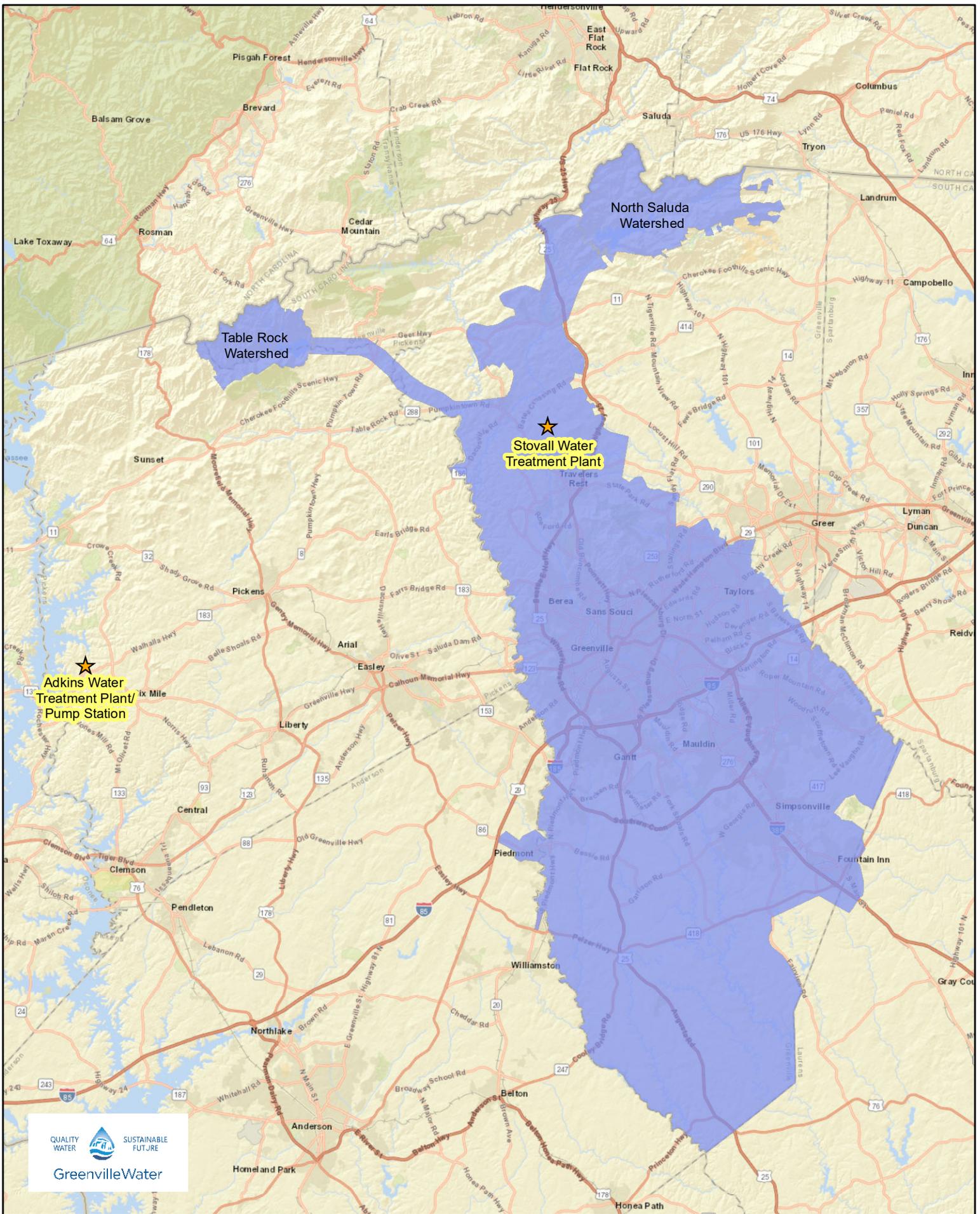
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GreenvilleWater

# Introduction





Greenville Water Service Area Map



April 5, 2021

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

We are pleased to present our Comprehensive Annual Financial Report for the year ended December 31, 2020. 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, Greene Finney, LLP has issued an unmodified ("clean") opinion on Greenville Water's financial statements for the year ended December 31, 2020. 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 33 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 33 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 189,402 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 529,307. 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.

<b>Year</b>	<b>Announced New Employment</b>	<b>Announced New Investments (000's)</b>
2016	2,639	\$425,906
2017	1,789	\$335,968
2018	1,477	\$161,755
2019	2,178	\$401,883
2020	1,422	\$631,500

Greenville Water’s metered customer base is 88.4% residential, and is not subjected to economic downturns. No single customer accounts for more than 1.65% of Greenville Water’s annual revenue.

Greenville Water’s new metered accounts grew by 1.8% to 189,402 for the fiscal year ended December 31, 2020 as compared to a 1.4% increase the previous fiscal year.

The unemployment rate for the Greenville County area at the end of the fiscal year was 8.4%, which was below the state unemployment rate of 8.6%.

New residential permits issued in the County increased 5.3 % from 8,825 to 9,296 in 2020 compared to 2019.

Retail sales in the County decreased by 0.21% to \$18,880,352,803 from 2019 to 2020.

Assessed value in the County increased 4.5% to \$2,539,093,472 from \$2,430,617,172 in 2020 compared to 2019. The estimated market value of taxable property increased 4.7% to \$48,986,262,974 from \$46,792,558,872 in 2020 compared to 2019.

Per capita personal income in the County was \$49,801 for 2019, which was 9.6% above the State per capita income of \$45,438, and 11.8% below U.S. per capita income of \$56,490.

Greenville Water maintained its Aaa bond rating from Moody’s Investor Service and its AAA rating from Standard and Poor’s Corporation and Fitch Ratings. 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.

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Source(s): South Carolina Department of Employment and Workforce, Greenville County, Greenville County Area Development Corporation, 2020 Greenville County Comprehensive Annual Financial Report, and the U.S. Bureau of Economic Analysis.

## **Long-Term Financial Planning and Major Initiatives**

Greenville Water's Strategic Plan continues to provide the focus for our strategic direction and priorities for our operations as well as our capital investments. The focus areas of the Strategic Plan are as follows:

- *Operational Excellence*
- *Long-Term Viability*
- *Corporate/Social Responsibility*

Highlights of the significant strategic initiatives and achievements in 2020 in each of the focus areas are discussed in the following paragraphs.

### ***Operational Excellence***

Like utilities across the nation, Greenville Water is faced with rising costs, aging infrastructure, stringent regulatory pressure, and a changing workforce. In order to maintain adequate levels of service, Greenville Water is turning to asset management to minimize the total lifecycle cost of infrastructure, while delivering required levels of service at acceptable risk, and supporting long-term financial planning.

#### **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 risk and service needs. In early 2016 Greenville Water's executive leadership, together with the Asset Management Team (AMT) consisting of representatives from departments throughout the organization, began creating a foundation for a phased, comprehensive program to ultimately provide Greenville Water with the knowledge and tools necessary to launch a focused and systematic approach to asset management. In 2019 the GW Employee Incentive Program embraced asset management initiatives in support of the strategic plan. In 2020 key metrics were established in every department to effectively balance customer service levels with fiscal responsibility and the minimization of risk.

New asset management software, Infor Enterprise Asset Management (EAM), was implemented in 2019 to afford full lifecycle cost accounting of our assets. Infor EAM also 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. With the Infor EAM software, the automation of processes that were previously manual and paper-driven improves transactional controls by ensuring that data used to make inventory management decisions is accurate and current. Software configuration and the GIS system integration were completed in 2019. The Facilities Maintenance team went live with the management of vertical assets in EAM in late 2019, followed by Field Operations with the horizontal assets in early 2020. 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. Infor EAM also houses the condition assessment of Greenville Water's many assets. In 2020, the risk matrix model was revamped to expand the consequence of failure parameters and develop a likelihood of failure component to better assess and define Greenville Water's risk exposure and to enhance the waterline deterioration model. The results of this assessment will also be used to guide waterline preventive maintenance activities such as Leak Detection and Valve Exercising and to aid in the prioritization of capital improvement projects.

In order to ensure the reliable operation and performance of the transmission and distribution system, in 2020 our Field Operations department performed a total of 7,321 inspections. Additionally, the Distribution Technicians inspected and flow tested 4,266 fire hydrants in 2020.

### ***Long-term Viability***

During 2016, Greenville Water developed a Water Resources Management Model that serves as a tool for staff to understand, forecast and manage the water resources from the Table Rock and North Saluda Reservoirs. The model is capable of estimating the quantity of water available for withdrawal from the two reservoirs and utilizes local climate data and flow data for the USGS gauging stations strategically placed throughout both watersheds. In 2017, staff worked with USGS to implement a stream flow and rainfall monitoring program to support the model in the Table Rock and North Saluda Watersheds. This effort supports the long-term goal of sustainable management of our water resources and will enable staff to predict the influence of climate on current and future water supplies that feed the Table Rock and North Saluda Reservoirs. In addition, the information developed and collected from the stream and rainfall monitoring program will be combined with ongoing water quality information to ensure excellent water quality within the two reservoirs.

During 2020, 32,428 parameters were measured at stream crossings in both watersheds after storm events. These measurements indicated no degradation of water quality from organic solids or turbidity from storm events. Additionally, 236 trees were removed from our reservoirs. This ongoing effort minimizes the release of organic compounds from the trees into the water as they decay.

### **Water Loss**

As 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 seven years.

Finished water production versus billed consumption is analyzed monthly. This enables us to assess meter testing and replacement, the calibration of automatic flushers and production meters, new account activation procedures, the 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 newest version of the AWWA Water Audit software, v6.0.

In the newest version of the AWWA Water Audit software the recommended Key Performance Indicators report the nonrevenue water consumption in both gallons and gallons per connection per day for benchmarking with other water utilities. Greenville Water's total nonrevenue water in 2020 is estimated at 2.2 billion gallons, consisting of 1.3 billion gallons of real water losses due to system leakage; 0.3 billion gallons of apparent losses due to metering inaccuracies and unauthorized consumption; 0.5 billion gallons corresponding to the water necessary to ensure water quality, to flush and sample new water mains prior to installation, and to provide fire protection for the public; and 72 million gallons (.072 billion gallons) supplied without cost to the City of Greenville's nonrevenue generating premises such as community parks in support of Greenville Water's corporate social responsibility pillar. Upon comparison with other reporting water utilities, GW's apparent losses of 4.4 gallons per connection per day are below the median, the real losses of 18.9 gallons per connection per day and the Infrastructure Leakage Index of 0.9 are below the 25<sup>th</sup> percentile, indicative of a highly efficient water utility.

Our Field Operations crews ensure reliable and sustainable water service by expediently locating and repairing all major breaks and minor leaks. Field Operations also minimized 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 200 miles of pipe have been inspected and over 200 leaks have been detected, confirmed and repaired. Over 300 fire hydrants were repaired or replaced in 2020.

### ***Corporate/Social Responsibility***

Greenville Water entered a partnership in 2018 with the Roper Mountain Science Center (RMSC) and the Greenville County school district for the development of its new Sustainability Center. This partnership provides a unique opportunity to help create an educational facility that will engage our future leaders while creating a lasting, positive impact in the areas of environmental awareness, sustainability, conservation, and water education. As part of Greenville Water's sponsorship of the RMSC Sustainability Center we collaborated on the design for the Center, which includes an immersive water cycle exhibit that will take visitors on a journey through the Table Rock Watershed and provide an illustrative model of the water treatment process and distribution system that serves the greater Greenville community. Our exhibit is designed to educate and inspire future generations to consider careers in the water utility industry by raising awareness of the importance of the long-term sustainability of our water resources. Additionally, this facility will provide a platform to educate local youth, out of town visitors, and the community about water resources and the environment, ultimately ensuring the preservation of our high-quality water, which is critical to the growth and prosperity of our community. During 2020, efforts were focused on the design and finalization of the construction of the Our Water Story exhibit. The RMSC exhibit will open in the early spring of 2021.

## 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 2021 CIP totals \$21.1 million and includes the use of rate revenue and reserves totaling \$11.9 million and capacity fees in the amount of \$9.2 million. Included in the \$21.1 million is \$6.6 million for intake replacements and improvements, \$6.2 million for water main replacements and improvements, \$5.6 million in water treatment plant improvements, \$1.2 million for service territory acquisition in Laurens County, \$1.0 million in administrative facilities and technology infrastructure, \$0.25 million for pumping stations, and \$.25 million for reservoirs.

Capital items included in the annual operating budget include \$5.9 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. \$3.3 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, \$1.0 million for equipment, and \$0.3 million for vehicles.

Greenville Water's overall financial position improved during 2020, with net position increasing by 11.7% to \$29.8 million from the prior year. The following table sets forth the increases in net position during each of the past five fiscal years.

<u>YEAR ENDED</u>	<u>TOTAL INCREASE</u>
2016	21,738,763
2017	21,116,306
2018	21,382,303
2019	26,719,070
2020	29,843,293

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 the 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

*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

## 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 Officer's Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Greenville Water for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018. This was the sixth year that Greenville Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, Greenville Water had to publish an easily readable and efficiently organized annual report that satisfies both generally accepted accounting principles and applicable program requirements. Greenville Water is awaiting this certificate for fiscal year ended December 31, 2019.

We believe our current Comprehensive Annual 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.



David H. Bereskin  
Chief Executive Officer



Phillip L. Robey  
Chief Financial Officer

**Greenville Water Officials**  
**List of Commissioners and Executive Staff**

**COMMISSIONERS OF PUBLIC WORKS**

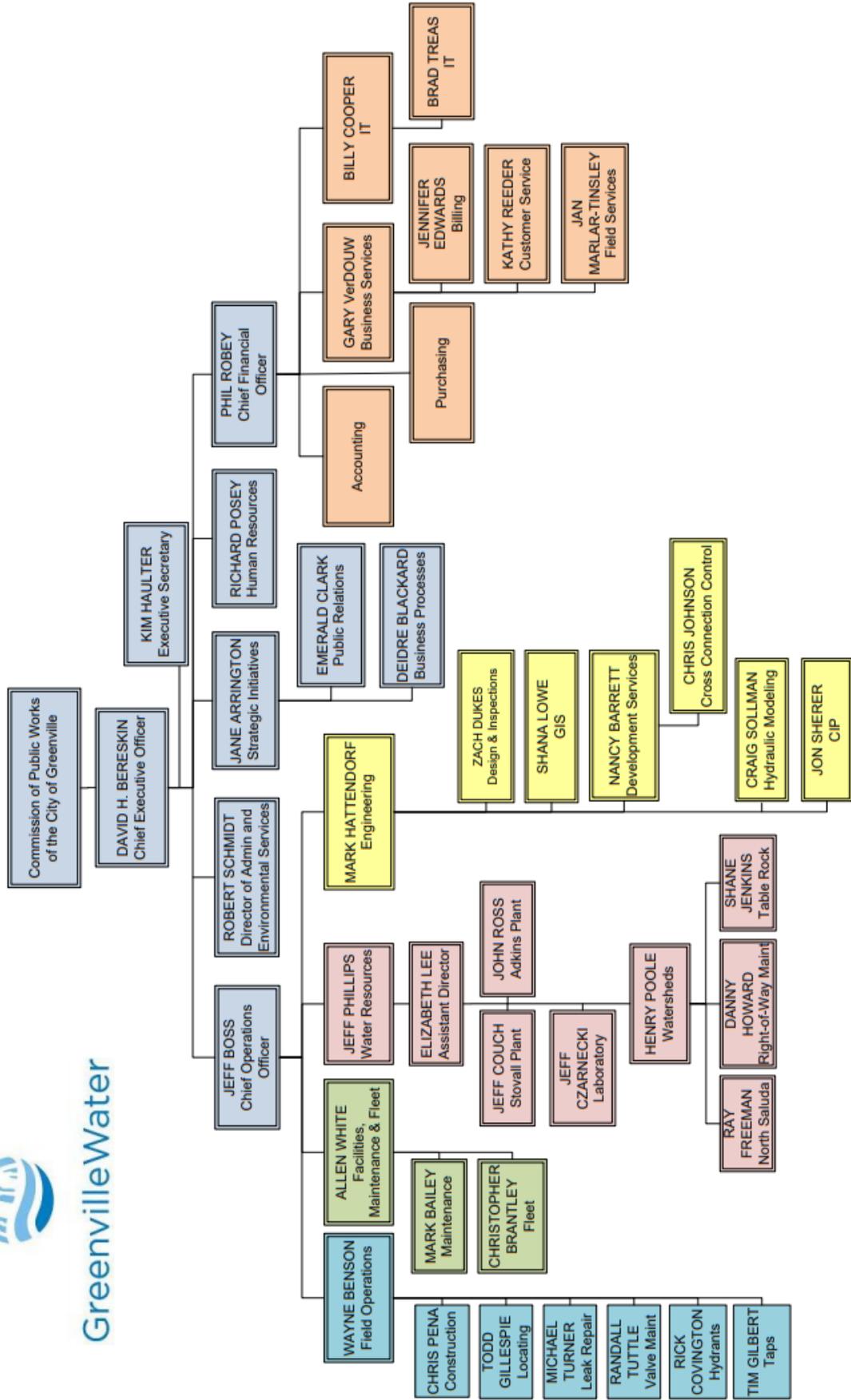
<b>Commissioner</b>	<b>Year Service Began</b>	<b>Current Term Expires</b>	<b>Position</b>
Phillip A. Kilgore	2003	2024	Chair
James W. Bannister	2012	2021	Vice-Chair
Debra M. Sofield	1999	2026	Commissioner
Knox H. White	1995	2024	Mayor/Ex-Officio
Wil Brasington	2019	2021	City Council Member/Ex-Officio

**OFFICERS OF COMMISSION OF PUBLIC WORKS**

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



# GreenvilleWater





GreenvilleWater

# Financial





# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## INDEPENDENT AUDITOR'S REPORT

To the Commissioners of Public Works  
Greenville Water  
Greenville, South Carolina

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

We have audited the accompanying financial statements of Greenville Water, Greenville, South Carolina, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Greenville Water's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenville Water as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan schedules, and other postemployment benefit plan schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greenville Water's basic financial statements. The introductory section and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2021 on our consideration of 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 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 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.



Greene Finney, LLP  
Mauldin, South Carolina  
April 21, 2021

## **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, 2020. 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 2020. 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 2020 by \$551.8 million (net position). Of this amount \$73.4 million (unrestricted net position) may be used to meet the system's ongoing obligations.
- ❖ Net position improved by \$29.8 million (compared to the prior year net position), or 5.7%, 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 \$78.3 million, which was \$5.2 million or (7.1%) more compared to \$73.1 million in 2019. This is primarily the result of an \$8.9 million increase in capacity fees due to Powdersville Water's purchase of a 3.25 million GPD allocation of capacity, partially offset by decreases in water sales and interest income.
- ❖ Total expenses were \$49.0 million, a \$0.8 million (1.7%) increase compared to \$48.2 million in 2019. This was the result of increases in salaries & benefits and repairs and maintenance costs partially offset by decreases in supplies, and general and administrative costs.
- ❖ Net capital assets were \$495.2 million at the close of the fiscal year, increasing by \$11.3 million or 2.3% compared to \$483.9 million in 2019. The increase is due to net additions of \$24.8 million offset by an \$13.5 million increase in accumulated depreciation.
- ❖ Long term debt decreased by \$11.3 million to \$30.1 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, 2020 and the year ended December 31, 2019 (in millions). Certain amounts may vary slightly due to differences caused by rounding.

#### Statement of Net Position

	<u>2020</u>	<u>2019</u>
Assets:		
Current unrestricted assets	\$ 121.3	\$ 112.4
Current restricted assets	15.6	16.2
Capital assets	495.2	483.9
Other noncurrent assets	0.3	0.9
Total assets	<u>632.4</u>	<u>613.4</u>
Deferred outflows of resources		
Deferred Pension Charges	3.9	2.4
Bond Deferred Refunding Charges	0.2	0.5
Deferred OPEB changes	0.01	0.02
Total deferred outflows of resources	<u>4.1</u>	<u>3.0</u>
Liabilities:		
Current liabilities	21.1	20.7
Long-term liabilities	60.4	69.5
Total liabilities	<u>81.5</u>	<u>90.3</u>
Deferred inflows of resources		
Deferred Pension Credits	0.9	1.6
Deferred OPEB Credits	2.3	2.5
Total deferred inflows of resources	<u>3.2</u>	<u>4.1</u>
Net position:		
Net Investment in Capital Assets	463.2	440.9
Restricted	15.2	15.7

Unrestricted	73.4	65.4
Net Position	551.8	522.0
Total liabilities and net position	\$ 636.5	\$ 616.4

Greenville Water's overall financial position improved during 2020. As a result of 2020 Operations and Capital Contributions, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$551.8 million, an increase of 5.7% or \$29.8 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 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 and buildings. Notable among these improvements in transmission mains include a new 1.25 million gallon-capacity prestressed concrete storage tank at Hillandale at a cost of \$3.3 million and the rehabilitation of the Adkins Water Treatment facility at a cost of \$3.0 million. The rehabilitation included new filter control panels and the replacement of chemical feed lines. Capacity at the Crestwood Pump Station was also increased to 5.5 million gallons per day at a cost of \$2.4 million and the installation of a 60-inch water main from the Adkins Water Treatment plant at a cost of \$1.5 million.

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, 2020 these other unrestricted resources totaled \$73.4 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 9.8% or \$8.8 million. Long-term liabilities decreased by 13.1% or \$9.1 million during the same period. This decrease is due primarily to principal payments.

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

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

	<u>2020</u>	<u>2019</u>
Revenues:		
Water supply and distribution	\$ 55.0	57.7
Sewer handling charges	3.1	2.8
Other operating revenues	19.0	10.0
Total operating revenues	77.1	70.5
Investment income	1.2	2.6
Total revenues	<u>78.3</u>	<u>73.1</u>
Expenses:		
Salaries and benefits	21.1	19.3
Utilities	2.6	2.6
Professional services	1.0	0.9
Chemicals	1.0	1.2
Supplies	2.8	3.6
Repair and maintenance	3.5	2.8
General and administrative	2.4	3.1
Depreciation and amortization	13.5	13.4
Interest expense, net of premium	1.0	1.2
(Gain)/Loss on disposal of capital assets	0.1	0.1
Total expenses	49.0	48.2
Income Before Contributions	<u>29.3</u>	<u>24.9</u>
Capital contributions	0.5	1.8
Change in net position	29.8	26.7
Net position – beginning	522.0	495.3
Prior Period Adjustment		
Net position – ending	<u>\$ 551.8</u>	<u>\$ 522.0</u>

The largest source of Greenville Water's operating revenue is 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 ratemaking methodology.

In 2020, total revenue increased by \$5.2 million or (7.1%) compared to 2019.

Water sales account for \$52.2 million and represent a \$2.6 million decrease compared to 2019 which was \$54.8 million. This decrease is the result of the Greenville Water service area receiving the second highest annual rainfall total since the National Weather Service started recording rainfall data. There were no rate adjustments in 2020. Greenville Water continued to see steady customer growth in 2020.

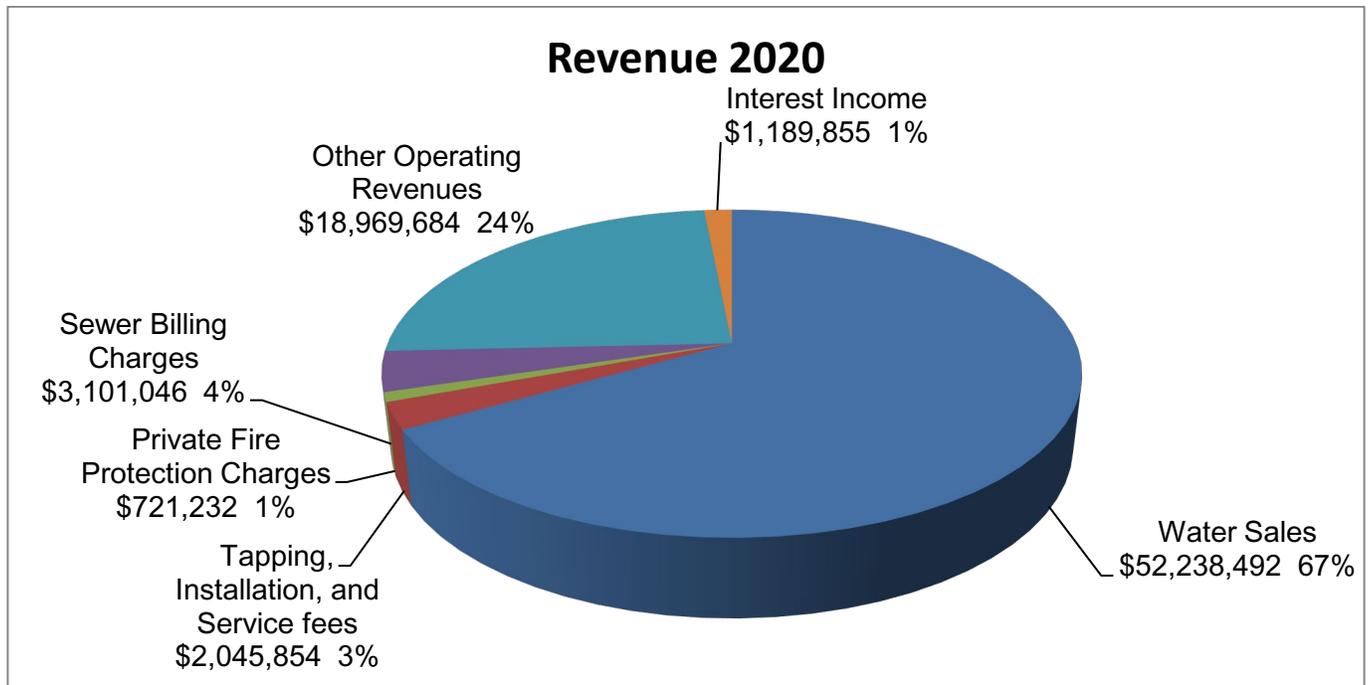
Revenues from Tapping, Installation, and Service Fees decreased by \$0.1 million in 2020. Despite this decrease from the prior year, growth was still strong in our service area. There were 3,314 new metered accounts in 2020.

Revenue from Sewer Handling Charges increased by \$0.3 million in 2020. This increase was primarily due to 2020 being the first full year we collected Sewer Handling Charge revenue from Metro Connects. Effective July 1, 2019 Greenville Water began providing billing and collection services on behalf of Metro Connects.

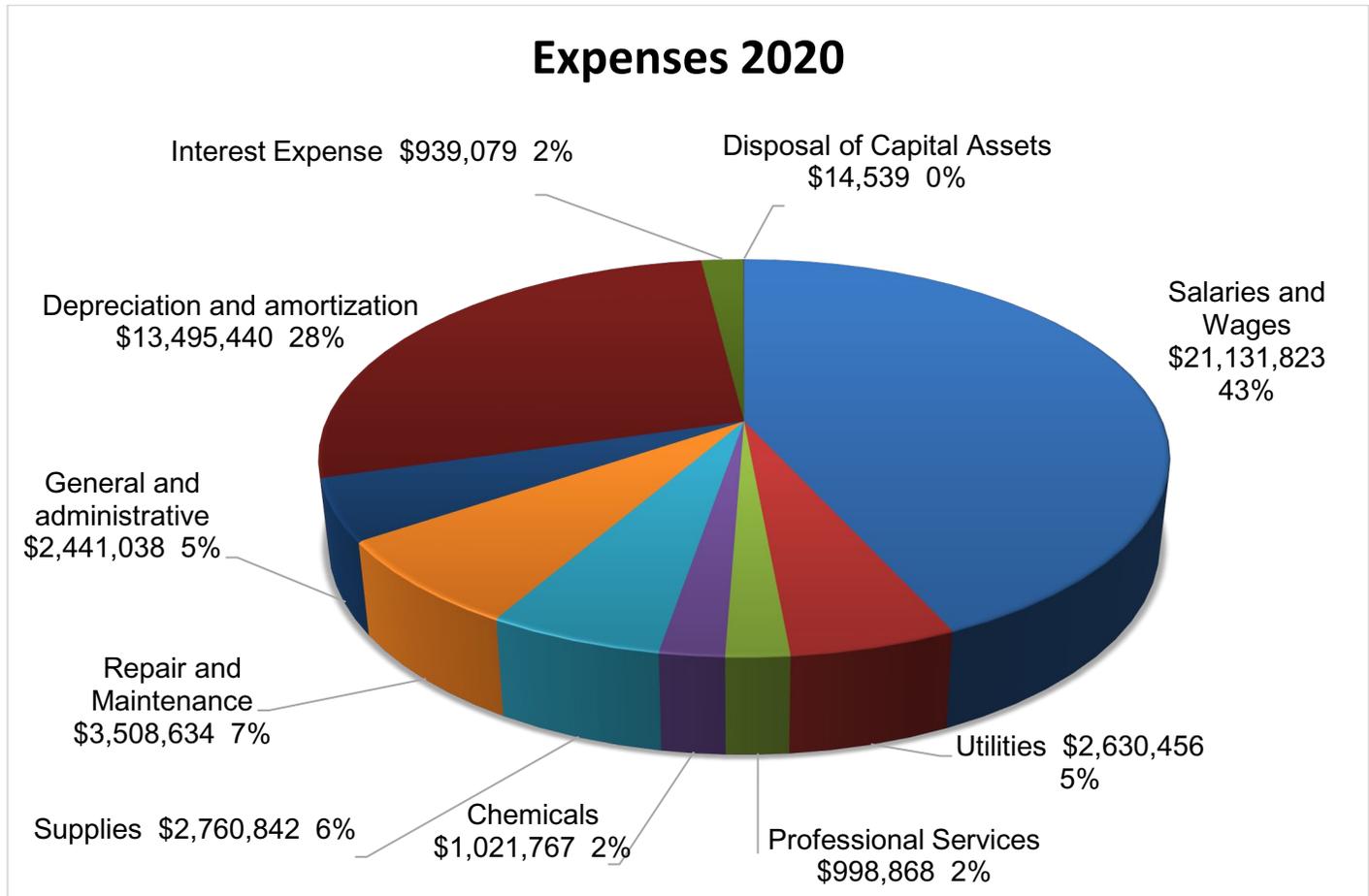
Other Operating Revenues include income received from Delinquent Charges, Capacity Fees, Miscellaneous Income and Other Service Charges. In 2020, Other Operating Revenues increased by \$9 million or 90%. This increase is attributable to Powdersville Water purchasing a 3.25 million GPD allocation of capacity at the price of \$2.73 per GPD. The total purchase price paid by Powdersville Water for their capacity allocation was \$8,866,000.

Interest Income decreased 55.1% from \$2.6 million to \$1.2 million in 2020 as a result of the significant drop in interest rates experienced in 2020. Cash and Investments increased by \$8.4 million. The overall yield for 2020 was 1% compared to 2.8% in 2019.

Revenues (excluding capital contributions) for the fiscal year ended December 31, 2020 were comprised of the following:



There was an increase in total expenses of \$0.8 million (1.7%). Total expenses in 2020 were \$49.0 million and \$48.2 million in 2019. 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. Other expenses include interest on bonds. Expenses for the year ended December 31, 2020 were comprised of the following:



Highlights of the 2020 – 2019 expense comparison are provided below:

- ❖ Salaries and Benefits increased \$1.8 million (9.7%). The changes to Salaries included the provision for an average 3% merit pay increase and a 1% employer contribution increase to the South Carolina Public Employee Benefit Authority effective July 1, 2019 from 14.56% to 15.56%. Additionally, Greenville Water awarded its employees a one-time year-end bonus totaling \$373,583. Greenville Water had a vacancy rate of 16.4 in 2020 compared to 17.3 in 2019.
- ❖ Supplies decreased by \$0.8 million (22.2%) primarily due to \$515,000 of costs incurred in 2019 associated with the repair of the Dacusville Road 30-inch water main break. This line break involved a section of pipe that crossed the Saluda River. As a consequence, the cost to restore the line to service was significant.

- ❖ Repair and Maintenance increased \$0.7 million (25%) largely due to costs incurred in the response and recovery from the January 2020 cyberattack on Greenville Water. These costs included contracted services to restore applications and data as well as the replacement cost of laptops, servers and other hardware components. Additionally, we purchased new applications and cloud-based services to strengthen and enhance the security posture of our systems and data. Costs incurred in the recovery and response to the cyberattack totaled \$1,275,711 (excluding Greenville Water employee time). Of that amount, \$412,215 has been recovered to date from our cyber insurance carrier. We continued to work with our carrier on the recovery of the remaining unreimbursed costs. Greenville Water experienced no data exfiltration as a result of the attack and paid no ransom to the attackers.
  
- ❖ General and Administration decreased by \$0.7 million (22.6%) as the result of a decrease in post-retirement benefit expenses. As a result of the competitive market for group Medicare Advantage plans, GW switch providers and was able to reduce its cost per covered participant by \$299 per month in its post-employment healthcare benefit plan. The switch resulted in a total savings of approximately \$169,000 in 2020. Additionally, there were no requests from the City of Greenville to use the \$500,000 Economic Development Grant that Greenville Water includes in its annual budget for qualifying economic development projects in the City. The unused 2020 grant funds will be carried forward into the 2021 annual budget.
  
- ❖ Greenville Water’s ability to meet operating expenses and adequately cover debt service remained positive.

Capital Contributions totaled \$0.5 million for the year, a \$1.3 million decrease from 2019. These are comprised of reimbursements for construction of developer dedicated facilities. Greenville Water receives contributions in the form of cash payments and donated lines. 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):

	<u>2020</u>	<u>2019</u>
Land and rights of way	\$ 11.4	\$ 11.4
Water supply and distribution	450.8	441.5
Buildings	247.6	241.9
Equipment and furnishings	29.8	28.3
Construction in progress	16.6	8.6
Total	<u>756.2</u>	<u>731.7</u>
Less accumulated depreciation	<u>261.1</u>	<u>247.9</u>
Total, net	<u><u>\$495.2</u></u>	<u><u>\$483.9</u></u>

The net increase in Greenville Water’s capital assets during 2020 was \$11.3 million or 2.3% There was a \$13.2 million (5.3%) increase in accumulated depreciation. Capital additions, net of removals, for 2020 were \$24.5 million, as follows:

❖ Transmission Mains	\$ 10.7 million
❖ Water Line Replacements	\$ 5.1 million
❖ Line Extensions	\$ 1.8 million
❖ City CIP	\$ 0.4 million
❖ Highway Improvements	\$ 0.1 million
❖ Meter costs	\$ 2.0 million
❖ Equipment and furnishings	\$ 1.5 million
❖ Administrative renovations	\$ 2.9 million

Notable among these improvements in transmission mains include a new 1.25 million gallon-capacity prestressed concrete storage tank at Hillandale at a cost of \$3.3 million and the rehabilitation of the Adkins Water Treatment facility at a cost of \$3.0 million. The rehabilitation included new filter control panels and the replacement of chemical feed lines. Capacity at the Crestwood Pump Station was also increased to 5.5 million gallons per day at a cost of \$2.4 million and the installation of a 60-inch water main from the Adkins Water Treatment plant at a cost of \$1.5 million was completed. The largest water line replacements were North Acres Drive and Old Fairview Road, totaling \$1.1 million and \$0.4 million, respectively.

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 II.C 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, 2020, the total outstanding debt of Greenville Water was \$30.1 million revenue bonds, compared to \$41.4 million for 2019. The decrease was due to regularly scheduled principal reductions on existing outstanding debt. The total outstanding long-term debt at December 31, 2020 was as follows (in millions):

<u>Issue date</u>	<b>2020</b>
2015	\$ 1.7
2014	8.4
2012	8.3
2010	<u>11.7</u>
Total long-term debt	\$ <u><u>30.1</u></u>

In January 2015, Greenville Water issued \$5,500,000 of Waterworks System Revenue Bonds, Series 2015, to pay for a portion of the costs to construct a new Operations building and for improvements to the central campus. The issuance consisted of serial bonds with stated rates of 1.58% and maturing from 2016 to 2022.

In November 2014, Greenville Water issued \$36,365,000 of Waterworks System Refunding Revenue Bonds, Series 2014, to pay the costs of refunding the outstanding Series 2013 Bonds. The issuance consisted of serial bonds with stated rates of 1.40% and maturing from 2015 to 2022.

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 II.D 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:

	2020	2019
Net earnings (Bond Ordinance)	\$43,772,735	\$39,602,511
Revenue Bond Debt Service <sup>(1)</sup>	\$12,452,354	\$12,409,681
Revenue Debt Service Coverage	3.52	3.19
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 and its AAA rating from Standard and Poor's Corporation and Fitch Ratings. 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 529,307 for 2020.<sup>(1)</sup> The number of new metered accounts grew by 1.8% to 189,402 for the fiscal year ended December 31, 2020 as compared to a 1.4% 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 more than 1.65% of Greenville Water's annual revenue from water sales.

In 2020, there were 1,422 new jobs announced in the County and \$631.5 million in new capital investment.<sup>(2)</sup>

The unemployment rate for the Greenville County area at the end of the fiscal year was 8.4 %, compared to the State unemployment rate of 8.6% and the US unemployment rate of 11.1%.<sup>(3)</sup>

Assessed value in the County increased 4.5% to \$2,539,093,472 from \$2,430,617,172 in 2020 compared to 2019. The estimated market value of taxable property increased 4.7% to \$48,986,262,974 from \$46,792,558,872 in 2020 compared to 2019.<sup>(1)</sup>

New residential permits issued in the County increased 5.3 % from 8,825 to 9,296 in 2020 compared to 2019.<sup>(4)</sup>

Retail sales in the County decreased by 0.21% to \$18,880,352,803 from 2019 to 2020.<sup>(2)</sup>

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

## **Fiscal Year 2021 Operating Budget**

The 2021 budget for Greenville Water was prepared as part of the biennium budget process. The budgeted revenues for 2021 are projected to increase by approximately 2.1% and expenses are projected to increase by 1%.

## **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.

- (1) Source: Greenville County FY2018-2019 and FY2019-2020 Comprehensive Annual Financial Reports.
- (2) Source: Greenville Area Development Corporation
- (3) Source: South Carolina Department of Employment & Workforce
- (4) Source: Greenville County – Building Safety

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

**DECEMBER 31, 2020**

<b>ASSETS</b>	<b>2020</b>
Current Assets:	
Unrestricted Cash	\$ 115,444,465
Restricted Cash	9,627,946
Unrestricted Investments	143,611
Restricted Investments	6,046,650
Accounts Receivable, Net of Allowance for Doubtful Accounts	4,357,987
Current Portion of Note Receivable	79,665
Inventory and Supplies	871,846
Prepaid Expenses	410,241
Total Current Assets	<u>136,982,411</u>
Noncurrent Assets:	
Capital Assets:	
Land and Rights of Way	11,353,019
Construction in Progress	16,681,962
Water Supply and Distribution Systems	450,788,213
Buildings	247,647,774
Equipment	29,811,522
Accumulated Depreciation	(261,087,878)
Total Capital Assets	<u>495,194,612</u>
Notes Receivable, Less Current Portion	263,914
Total Noncurrent Assets	<u>495,458,526</u>
<b>TOTAL ASSETS</b>	<b><u>632,440,937</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Refunding Charges	165,493
Deferred Pension Charges	3,868,212
Deferred Other Postemployment Benefit ("OPEB") Charges	14,894
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 4,048,599</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

(Continued)

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

**DECEMBER 31, 2020**

<b>LIABILITIES</b>	<b>2020</b>
Current Liabilities:	
Accounts Payable - Trade	\$ 7,276,576
Accounts Payable - Other	526,548
Accrued Expenses	898,135
Accrued Interest	439,038
Current Portion of Customer Deposits	193,495
Current Portion of Compensated Absences	230,739
Current Portion of Bonds Payable	11,570,000
Total Current Liabilities	<u>21,134,531</u>
Noncurrent Liabilities:	
Customer Deposits, Less Current Portion	5,673,850
Compensated Absences, Less Current Portion	2,076,653
Bonds Payable, Less Current Portion, including Premiums	20,022,399
Net Pension Liability	30,780,177
Total OPEB Liability	1,802,377
Total Noncurrent Liabilities	<u>60,355,456</u>
<b>TOTAL LIABILITIES</b>	<b><u>81,489,987</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Credits	872,047
Deferred OPEB Credits	2,292,338
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>3,164,385</u></b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	463,241,158
Restricted for Debt Service	15,235,558
Unrestricted	73,358,448
<b>TOTAL NET POSITION</b>	<b><u>\$ 551,835,164</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

**YEAR ENDED DECEMBER 31, 2020**

<b>OPERATING REVENUES</b>	<b>2020</b>
Water Supply and Distribution:	
Water Sales	\$ 52,238,492
Tapping, Installation, and Service Fees	2,045,854
Private Fire Protection Charges	721,232
Sewer Handling Charges	3,101,046
Other Operating Revenues	18,969,684
<b>TOTAL OPERATING REVENUES</b>	<b>77,076,308</b>
<b>OPERATING EXPENSES</b>	
Salaries and Wages	14,366,011
Personal Benefits	6,765,812
Utilities	2,630,456
Professional Services	998,868
Chemicals	1,021,767
Supplies	2,760,842
Repair and Maintenance	3,508,634
General and Administrative Expenses	2,441,038
Depreciation	13,495,440
<b>TOTAL OPERATING EXPENSES</b>	<b>47,988,868</b>
<b>OPERATING INCOME</b>	<b>29,087,440</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	1,189,855
Interest Expense on Revenue Bonds	(1,494,014)
Bond Premium Amortization	554,935
Loss on Disposal of Capital Assets	(14,539)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>236,237</b>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<b>29,323,677</b>
Capital Contributions	519,616
<b>CHANGE IN NET POSITION</b>	<b>29,843,293</b>
NET POSITION, Beginning of Year	521,991,871
<b>NET POSITION, End of Year</b>	<b>\$ 551,835,164</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2020**

	<u><b>2020</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 77,806,753
Cash Payments to Suppliers for Goods and Services	(13,210,364)
Cash Payments for Personal Services	(20,616,059)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>43,980,330</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and Construction of Capital Assets	(24,389,393)
Principal Payments on Bonds	(11,265,000)
Interest Paid on Bonds	(1,187,354)
Proceeds on Disposal of Capital Assets	79,513
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u><b>(36,762,234)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	1,189,855
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u><b>1,189,855</b></u>
<b>NET INCREASE IN CASH AND INVESTMENTS</b>	<b>8,407,951</b>
RESTRICTED AND UNRESTRICTED CASH AND INVESTMENTS, Beginning of Year	<u>122,854,721</u>
<b>RESTRICTED AND UNRESTRICTED CASH AND INVESTMENTS, End of Year</b>	<u><b>\$ 131,262,672</b></u>
<b>Reconciliation to the Statement of Net Position</b>	
Unrestricted Cash and Investments	\$ 115,588,076
Restricted Cash and Investments	15,674,596
Total Cash and Investments	<u><u>\$ 131,262,672</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$ 29,087,440
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities	
Depreciation Expense	13,495,440
Change in Accounts Representing Operating Activities:	
Accounts Receivables	34,202
Notes Receivable	722,290
Inventories	(57,086)
Prepaid Expenses	(5,579)
Deferred Pension Charges	(1,414,490)
Deferred OPEB Charges	1,795
Accounts Payable	(69,434)
Other Accrued Liabilities	283,340
Customer Deposits	(26,047)
Compensated Absences	108,040
Total OPEB Liability	(119,964)
Net Pension Liability	2,882,079
Deferred Pension Credits	(717,932)
Deferred OPEB Credits	(223,764)
<b>Net Cash Provided By Operating Activities</b>	<u><u>\$ 43,980,330</u></u>
<b>Non-Cash Capital and Related Financing Activities:</b>	
Amortization of Bond Premium	\$ 554,935
Amortization of Deferred Refunding Charges	418,047
Contributed / Donated Capital Assets	\$ 519,616

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The 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.

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 subject only to the City of Greenville's approval of Greenville Water's Revenue Bonded indebtedness issuance. The City of Greenville 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.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. 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.

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.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity**

**1. 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.

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.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Cash, Cash Equivalents, and Investments (Continued)**

- (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.
- (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 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 "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina 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.
- Guaranteed investment contracts ("GIC's") 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.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Cash, Cash Equivalents, and Investments (Continued)**

- 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.

**2. 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. These funds are shown as restricted cash and investments on the Statements of Net Position because their use is limited by the applicable bond or loan covenants.

**3. 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, or market.

**4. 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 \$5,867,000 at December 31, 2020, 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, 2020, accounts receivable was approximately \$4,358,000, which includes approximately \$2,759,000, 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 \$239,000 at December 31, 2020.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. 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.

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:

Description	Useful Life
Buildings	40-50 years
Water Supply and Distribution System	25-100 years
Equipment and Furninshing	5-20 years

**6. 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.

**7. Long-Term Obligations**

If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates 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.

**8. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Greenville Water currently has three types of deferred outflows of resources: (1) Greenville Water reports deferred refunding charges in its Statement of Net Position. If material, deferred refunding charges, which is the difference between the reacquisition price and the net carrying amount of the defeased debt, are deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortization of deferred refunding charges is included in interest expense. (2) Greenville Water reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (3) 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/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.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**8. *Deferred Outflows and Inflows of Resources (Continued)***

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 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.

**9. *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.

**10. *Pensions and Other Postemployment Benefits***

In government-wide financial statements, pensions and OPEB are required to be recognized and disclosed using the accrual basis of accounting (see Note III.A and Note III.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. Greenville Water recognizes net pension and total OPEB liabilities (assets) 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, measured as of Greenville Water's fiscal year-end. 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

YEAR ENDED DECEMBER 31, 2020

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. 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 – 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:

- 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 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- 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.

12. 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.

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

*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, 2020, none of Greenville Water's bank balances of approximately \$20,758,000 (with a carrying value of approximately \$21,497,000) were exposed to custodial credit risk.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**A. Deposits and Investments (Continued)**

***Investments***

As of December 31, 2020, Greenville Water had the following investments:

Investment Type	Fair Value Level <sup>(1)</sup>	Credit Rating <sup>^</sup>	Fair Value	Investment Maturities in Years			
				< 1 yr	1 - 3 yrs	3 - 5 yrs	> 5 yrs
Money Market Mutual Funds	Level 2	AAAm, Aaa-mf, AAAmmf	\$ 96,322	96,322	-	-	\$ -
SCLGIP	N/A	NR, NR, NR	103,575,304	103,575,304	-	-	-
Guaranteed Investment Contracts	N/A	See Below*	6,093,940	111,650	-	4,601,986	1,380,304
Total			\$ 109,765,566	103,783,276	-	4,601,986	\$ 1,380,304

<sup>^</sup> If available, credit ratings are for Standard & Poor's, Moody's Investors Service, and Fitch's.

<sup>(1)</sup> See Note I.C.11 for details of Greenville Water's fair value hierarchy.

\* Wells Fargo was rated at A+, Aa2, AA-; Mass Mutual (formerly Trinity Plus) was rated at AA+, Aa2, AA+; and Morgan Stanley was rated at BBB+, A3, A.

NR – Not rated.

N/A - Not Applicable.

**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, 2020, 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 investments pools and other pooled investments are exempt from concentration of credit risk disclosures.

**B. 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 has agreed to pay Greenville Water a fixed payment over the term of the agreement in exchange for the capacity rights. In total, Greenville Water receives monthly payments of \$7,535, which includes a fixed interest rate of 3.5%. The municipalities may pay off the notes before maturity.

During 2019, Greenville Water entered into a supply agreement with another water district ("District") whereby Greenville Water provides capacity rights to the District from June 2019 through June 2029. The District agreed to pay Greenville Water a fixed payment over the term of the agreement in exchange for the capacity rights. In August 2020, the District purchased an additional capacity allocation for \$8,866,000. In total, Greenville Water received monthly payments of \$90,778 (including interest) until November 2020 when the District paid off the outstanding balance of approximately \$8,671,000, which is included in Other Operating Revenues on the Statement of Revenues, Expenses, and Changes in Net Position.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**B. Notes Receivable (Continued)**

Greenville Water recognized revenue for 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, 2020, which is included in other operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position. Future maturities of notes receivable are as follows at December 31, 2020:

December 31,	Amount
2021	\$ 79,665
2022	82,498
2023	85,432
2024	88,471
2025	7,513
	<u>343,579</u>
Less: Current Portion	(79,665)
Notes Receivable, Net of Current Portion	<u>\$ 263,914</u>

**C. Capital Assets**

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land and Rights of Way	\$ 11,353,019	-	-	-	\$ 11,353,019
Construction In Progress	8,647,128	20,750,725	(19,014)	(12,696,877)	16,681,962
Total Capital Assets, Non-Depreciable	<u>20,000,147</u>	<u>20,750,725</u>	<u>(19,014)</u>	<u>(12,696,877)</u>	<u>28,034,981</u>
Capital Assets, Depreciable					
Water Supply and Distribution Systems	441,475,129	2,323,233	(80,100)	7,069,951	450,788,213
Buildings	241,933,260	239,488	-	5,475,026	247,647,774
Equipment and Furnishings	28,321,031	1,595,563	(256,972)	151,900	29,811,522
Total Capital Assets, Depreciable	<u>711,729,420</u>	<u>4,158,284</u>	<u>(337,072)</u>	<u>12,696,877</u>	<u>728,247,509</u>
Less: Accumulated Depreciation for:					
Water Supply and Distribution Systems	117,863,338	6,428,497	(33,700)	-	124,258,135
Buildings	109,239,622	5,764,393	-	-	115,004,015
Equipment and Furnishings	20,751,512	1,302,550	(228,334)	-	21,825,728
Total Accumulated Depreciation	<u>247,854,472</u>	<u>13,495,440</u>	<u>(262,034)</u>	<u>-</u>	<u>261,087,878</u>
Total Capital Assets, Depreciable, Net	<u>463,874,948</u>	<u>(9,337,156)</u>	<u>(75,038)</u>	<u>12,696,877</u>	<u>467,159,631</u>
Total Capital Assets, Net	<u>\$ 483,875,095</u>	<u>11,413,569</u>	<u>(94,052)</u>	<u>-</u>	<u>\$ 495,194,612</u>

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**D. 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 \$11,730,000 at December 31, 2020.

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 \$8,275,000 at December 31, 2020.

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 outstanding principal balance was \$8,435,000 at December 31, 2020.

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 outstanding principal balance was \$1,655,000 at December 31, 2020.

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, 2020, Greenville Water is in compliance with all significant restrictions and covenants, including its debt service coverage ratios.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**D. Long Term Obligations (Continued)**

The following is a summary of changes in long-term obligations for the year ended December 31, 2020:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds Payable:					
Publicly Traded Debt:					
Series 2010	\$ 16,095,000	-	4,365,000	11,730,000	\$ 4,515,000
Series 2012	9,765,000	-	1,490,000	8,275,000	1,535,000
Total Publicly Traded Debt	25,860,000	-	5,855,000	20,005,000	6,050,000
Direct Placement Debt:					
Series 2014	13,045,000	-	4,610,000	8,435,000	4,700,000
Series 2015	2,455,000	-	800,000	1,655,000	820,000
Total Direct Placement Debt	15,500,000	-	5,410,000	10,090,000	5,520,000
Total Revenue Bonds Payable	41,360,000	-	11,265,000	30,095,000	11,570,000
Bond Premiums	2,052,334	-	554,935	1,497,399	-
Compensated Absences	2,199,352	1,337,030	1,228,990	2,307,392	230,739
Total Long-Term Obligations	\$ 45,611,686	1,337,030	13,048,925	33,899,791	\$ 11,800,739

Annual debt service requirements to maturity for all long-term debt as of December 31, 2020 are as follows:

Year Ending	Publicly Traded Debt		Direct Placement Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 6,050,000	771,631	5,520,000	104,861	\$ 12,446,492
2022	6,545,000	444,056	4,570,000	32,742	11,591,798
2023	3,895,000	269,025	-	-	4,164,025
2024	1,715,000	132,875	-	-	1,847,875
2025	1,800,000	45,000	-	-	1,845,000
Totals	\$ 20,005,000	1,662,587	10,090,000	137,603	\$ 31,895,190

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**III. OTHER INFORMATION**

**A. 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’ (“Systems”) five defined benefit plans. PEBA has an 11-member Board of Directors (“PEBA Board”), 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 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.

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

*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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*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 benefit terms for the 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.

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 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. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for the SCRS 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. However, 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. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the PEBA Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**III. OTHER INFORMATION (CONTINUED)**

**A. 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 Rates					
	2018		2019		2020	
	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: <sup>^</sup>						
Retirement	13.41%	14.41%	14.41%	15.41%	15.41%	15.41%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>13.56%</u>	<u>14.56%</u>	<u>14.56%</u>	<u>15.56%</u>	<u>15.56%</u>	<u>15.56%</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>

<sup>^</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required contributions and percentages of amounts contributed to the Plan for the past three years were as follows:

Year Ended December 31,	SCRS Contributions	
	Required	% Contributed
2020	\$ 2,090,387	100%
2019	1,878,469	100%
2018	\$ 1,812,496	100%

Eligible payrolls of Greenville Water covered under the Plan for the past three years were as follows:

Year Ended December 31,	SCRS Payroll
2020	\$ 14,805,309
2019	12,867,574
2018	\$ 12,891,037

*Actuarial Assumptions and Methods*

Actuarial valuations of the 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 for first use in the July 1, 2021 actuarial valuation.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Actuarial Assumptions and Methods (Continued)*

The June 30, 2020 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2019. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020 for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

\* Includes inflation at 2.25%.

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

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

*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 rate of returns 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.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Long-term Expected Rate of Return (Continued)*

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 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 following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			8.05%

*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, 2020 measurement date, for the SCRS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 51,844,187,763	26,292,418,682	\$ 25,551,769,081	50.7%

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GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**III. OTHER INFORMATION (CONTINUED)**

**A. 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, 2020, Greenville Water reported a liability of approximately \$30,780,000 for its proportionate share of the NPL for the SCRS. The NPL was measured as of June 30, 2020, and the TPL for the Plan used to calculate the NPL was determined based on the most recent actuarial valuation report of July 1, 2019 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, 2020 measurement date, Greenville Water's SCRS proportion was 0.120462 percent, which was a decrease of 0.001715 from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, Greenville Water recognized pension expense of approximately \$3,054,000 for the SCRS. At December 31, 2020, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 355,162	\$ 116,393
Change in Assumptions	37,711	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,264,140	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	-	755,654
Employer Contributions Subsequent to the Measurement Date	1,211,199	-
Total SCRS	\$ 3,868,212	\$ 872,047

Approximately \$1,211,000 that were reported as deferred outflows of resources related to Greenville Water's contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the NPL in the year ended December 31, 2021. 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 June 30,	SCRS
2021	\$ 87,267
2022	431,387
2023	688,553
2024	577,759
Total	\$ 1,784,966

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**III. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plan (Continued)**

*Discount Rate*

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

*Sensitivity Analysis*

The following table presents the sensitivity of Greenville Water’s proportionate share of the NPL of the Plan to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Greenville Water’s proportionate share of the net pension liability of the SCRS	\$ 38,148,255	30,780,177	\$ 24,627,743

*Plan Fiduciary Net Position*

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

*Payable to Plan*

Greenville Water reported a payable of approximately \$413,000 to the PEBA as of December 31, 2020, representing required employer and employee contributions for the month of December 2020 for the SCRS. This amount is included in Accounts Payable - Trade on the financial statements and was paid in January 2021.

**B. Other Postemployment Benefit Plan**

*Plan Description*

Greenville Water administers a defined benefit postemployment healthcare benefit plan (“OPEB Plan”). This 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 (“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.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

*Plan Membership*

As of December 31, 2019, the last actuarial valuation, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	55
Active Members	<u>234</u>
Total Membership	<u><u>289</u></u>

*Plan Benefits and Contributions*

Benefit terms are established and amended by the Board and are based on years of service. If an employee retires with less than twenty years of continuous employment, and prior to becoming eligible for Medicare benefits, health care insurance is available at the employee's expense under the group health insurance plan until such time as the employee becomes eligible for Medicare benefits. If the employee retires with more than twenty years of continuous employment, and elects to remain under Greenville Water's group health insurance plan, Greenville Water will pay a portion of the premiums for health and dental coverage under that plan for a maximum of five years beginning at the time of retirement, or until the employee is eligible for Medicare benefits, whichever occurs first. The portion of the premium which Greenville Water will pay is based on the number of continuous years of employment. The retiree contributes the difference. The health and dental plans pay a percentage of allowed charges after the plan's deductible. Retirees pay 100% of premiums for spousal coverage.

*Actuarial Assumptions and Method*

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.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

*Actuarial Assumptions and Method (Continued)*

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

Actuarial Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.25%
Discount Rate	2.74%
Healthcare Cost Trend Rate	Pre 65 Medical - 7.0% graded to 4.0% from 2020 through 2031 and beyond; Post 65 Medical - 5% graded to 4% from 2020 through 2031 and beyond; Dental and Vision - 2.5% for 2020 and beyond
Retirement Rates	10% for ages 60-61; 25% for age 62; 15% for ages 63-64; 100% for age 65 and over
Election Percentage	10% of active participants and 5% of spouses will elect to receive coverage upon retirement
Marriage Percentage	100% of active participants are assumed to be married at retirement with male spouses assumed to be 3 years older than female spouses
Mortality Rates	RP-2014 Blue Collar Mortality Table (fully generational) projected with mortality improvement scale MP-2019

Effective for the December 31, 2020 measurement date, there was an assumption change outflow. The assumption changes are as follows: (a) the discount rate was changed from 2.74% to 2.12%; (b) the assumed participation rate for active participants was changed from 10% for active participants and 5% for their spouses to 5% and 2.5%, respectively.

*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, 2020 and was determined by an actuarial valuation as of December 31, 2019.

	<u>Total OPEB Liability</u>
Balances as of December 31, 2019	\$ 1,922,341
Changes for the year:	
Service Cost	18,063
Interest	50,812
Changes in Assumptions	(53,093)
Benefit Payments	(106,297)
Implicit Rate Subsidy Fulfillment	(29,449)
Net Changes	<u>(119,964)</u>
Balances as of December 31, 2020	<u>\$ 1,802,377</u>

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

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

For the year ended December 31, 2020, Greenville Water recognized OPEB expense of approximately \$206,000. At December 31, 2020, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 2,170,350
Changes of Assumptions	14,894	121,988
Total	<u>\$ 14,894</u>	<u>\$ 2,292,338</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,	Total
2021	\$ (275,062)
2022	(275,062)
2023	(275,062)
2024	(275,062)
2025	(275,062)
Thereafter	(902,134)
Total	<u>\$ (2,277,444)</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 2.12% on December 31, 2020 and was used to measure the total OPEB liability as of the December 31, 2020 measurement date.

*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 2.12%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (1.12%) or 1% point higher (3.12%) than the current rate:

	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB Liability	\$ 1,995,803	1,802,377	\$ 1,638,563

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2020**

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**III. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plan (Continued)**

*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:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 1,682,939	1,802,377	\$ 1,941,326

**C. 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 these 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.

**D. 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 \$9,000 during the year ended December 31, 2020 for these services.

**E. Commitments**

As of December 31, 2020, Greenville Water is obligated under contract for approximately \$1,691,000 in construction projects. In addition to this amount, through Greenville Water’s Capital improvement program, Greenville Water allocated approximately \$15,995,000 for future capital expenditures to be paid from reserves.

**F. Unrestricted Net Position**

Greenville Water’s unrestricted net position is approximately \$73,358,000 as of December 31, 2020. However, approximately \$35,190,000 has been set aside by the Commission for future capital needs leaving approximately \$38,168,000 to meet the ongoing obligations of Greenville Water.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE**

**SCHEDULE OF GREENVILLE WATER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST SEVEN FISCAL YEARS**

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Greenville Water's Proportion of the Net Pension Liability	0.120462%	0.122177%	0.125585%	0.127483%	0.127488%	0.130714%	0.131556%
Greenville Water's Proportionate Share of the Net Pension Liability	\$30,780,177	27,898,098	28,139,561	28,698,474	27,231,249	24,790,540	\$22,649,582
Greenville Water's Covered Payroll	\$13,434,366	12,901,570	13,014,079	12,862,603	12,345,488	12,333,222	\$11,941,876
Greenville Water's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	229.12%	216.24%	216.22%	223.12%	220.58%	201.01%	189.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

Only seven years of data were available; thus, only seven years were presented.

The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE**

**SCHEDULE OF CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST SEVEN FISCAL YEARS**

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014 *
Contractually Required Contribution	\$ 2,303,706	1,937,650	1,812,496	1,636,559	1,432,544	1,354,000	\$ 545,000
Contributions in Relation to the Contractually Required Contribution:							
Contributions from Greenville Water	2,303,706	1,937,650	1,812,496	1,510,630	1,432,544	1,354,000	545,000
Contributions from the State	-	-	-	125,929	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	\$ -
Greenville Water's Covered Payroll	\$ 14,805,309	12,867,574	12,891,037	13,020,380	12,662,588	12,333,222	\$ 5,071,551
Contributions as a Percentage of Covered Payroll	15.56%	15.06%	14.06%	12.57%	11.31%	10.98%	10.75%

**Notes to Schedule:**

Only seven years of data were available; thus, only seven years were presented.

\* 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.

**GREENVILLE WATER  
GREENVILLE, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULE**

**SCHEDULE OF CHANGES IN GREENVILLE WATER'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

**LAST THREE FISCAL YEARS**

	<b>Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total OPEB Liability:			
Service Cost	\$ 18,063	14,890	\$ 26,563
Interest	50,812	170,203	193,132
Differences Between Expected and Actual Experience	-	(2,693,326)	-
Changes of Assumptions	(53,093)	18,484	(104,692)
Benefit Payments, Including Refunds of Member Contributions	(106,297)	(322,163)	(312,268)
Implicit Rate Subsidy Fulfillment	(29,449)	(29,034)	(47,757)
Net Change in Total OPEB Liability	(119,964)	(2,840,946)	(245,022)
Total OPEB Liability - Beginning of Year	1,922,341	4,763,287	5,008,309
Total OPEB Liability - End of Year	<u>\$ 1,802,377</u>	<u>1,922,341</u>	<u>\$ 4,763,287</u>
Covered-Employee Payroll	\$ 12,461,060	12,461,060	\$ 10,473,686
Total OPEB Liability as a Percentage of Covered-Employee Payroll	14.46%	15.43%	45.48%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of December 31st of the current year (measurement date). Greenville Water adopted GASB #75 during the year ended December 31, 2018. Information is not available for prior years.

Valuation Date: December 31, 2019

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Discount Rate	2.12%
Inflation	2.25%
Healthcare Cost Trend	Pre 65 Medical - 7.0% graded to 4.0% from 2020 through 2031 and beyond; Post 65 Medical - 5.0% graded to 4.0% from 2020 through 2031 and beyond; Dental and Vision - 2.5% for 2020 and beyond
Retirement Rates	10% for ages 60-61; 25% for age 62; 15% for ages 63-64; 100% for age 65 and over
Election Percentage	5% of active participants and 2.5% of spouses will elect to receive coverage upon retirement
Marriage Percentage	100% of active participants are assumed to be married at retirement with male spouses assumed to be 3 years older than female spouses
Mortality Rates	RP-2014 Blue Collar Mortality Table (fully generational) projected with mortality improvement scale MP-2019

**Other Information:**

For the December 31, 2020 measurement date, there was an assumption change inflow. The assumption changes are as follows: (a) the discount rate was changed from 2.74% to 2.12%; (b) the assumed participation rate for active participants was changed from 10% for active participants and 5% for their spouses to 5% and 2.5%, respectively.

Benefit payments for the years ending December 31, 2018, 2019, and 2020 are attributable to medical, dental, and vision premiums that were paid by Greenville Water.



GreenvilleWater

# Statistical



## **Statistical Section**

### **(Unaudited)**

This part of Greenville Water’s comprehensive annual 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

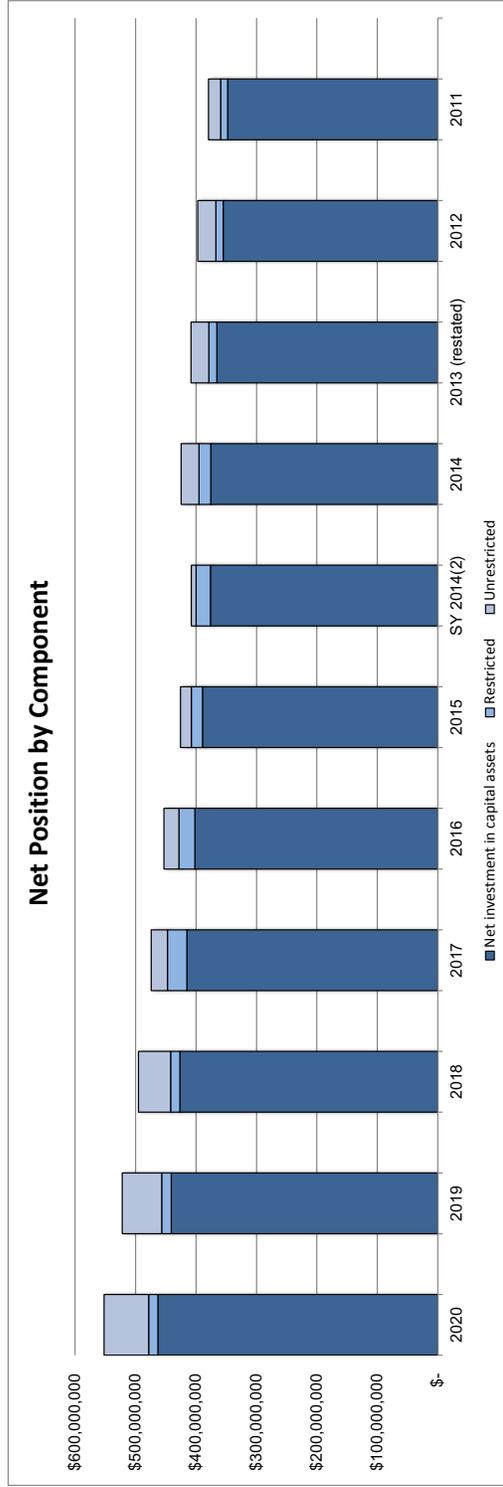
These schedules offer demographic and economic indicators to help the reader understand the environment in which Greenville Water operates.

#### 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<sup>(1)</sup>**

	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(2)</sup>	2014	2013 (restated)	2012	2011
Net investment in capital assets	\$ 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	\$ 355,170,511	\$ 347,620,973
Restricted	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	12,122,673	11,857,971
Unrestricted	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	30,026,601	19,609,173
<b>Total net position</b>	<b>\$ 551,835,164</b>	<b>\$ 521,991,871</b>	<b>\$ 495,272,801</b>	<b>\$ 473,890,498</b>	<b>\$ 452,774,192</b>	<b>\$ 425,740,643</b>	<b>\$ 407,673,732</b>	<b>\$ 424,546,001</b>	<b>\$ 408,108,459</b>	<b>\$ 397,319,785</b>	<b>\$ 379,088,117</b>



(1) 2011 - 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<sup>(1)</sup>**

	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(2)</sup>	2014	2013 (restated)	2012	2011
<b>Revenues</b>											
Operating Revenues											
Net Water Sales <sup>(3)</sup>	\$ 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	\$ 50,481,244	\$ 46,176,700
Tapping, Installation, and Service Fees	2,045,654	2,188,980	2,054,640	1,906,921	1,882,489	1,367,661	480,622	962,340	718,104	610,069	586,097
Private Fire Protection Charges	721,232	723,521	638,523	583,569	540,408	504,432	205,840	454,114	428,363	379,989	419,332
Sewer Handling Charges	3,101,046	2,757,520	2,465,259	2,391,963	2,376,390	2,321,968	913,860	2,145,004	1,979,588	2,126,860	1,531,149
Other Operating Revenues	18,969,684	10,066,982	8,036,950	6,866,000	6,765,526	6,899,226	2,201,781	9,454,262	5,520,186	4,472,626	3,334,044
	<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>57,341,150</u>	<u>50,480,667</u>	<u>58,070,818</u>	<u>52,047,322</u>
Non-Operating Revenues											
Interest Income	1,189,855	2,647,403	1,666,194	938,740	880,942	552,635	217,035	591,234	798,165	776,116	849,805
Other Non-Operating Revenues	(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)	(4,382,466)	(4,664,719)
	<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>	<u>(3,606,350)</u>	<u>(3,814,914)</u>
<b>Total Revenues</b>	<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>	<u>54,464,488</u>	<u>48,232,408</u>
<b>Expenses</b>											
Operating Expenses, Excluding Depreciation	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	24,791,361	27,302,580
Depreciation Expense	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	11,289,644
Total Expenses	<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>	<u>36,423,379</u>	<u>38,592,224</u>
Excess (Deficiency), Before Capital Contributions	29,323,677	24,904,080	18,566,116	17,250,116	20,163,329	16,398,647	4,797,690	13,865,098	10,338,177	18,041,089	9,640,184
Capital Contributions	519,616	1,814,990	1,929,963	3,866,190	1,225,434	1,688,264	1,483,012	2,572,444	1,063,855	190,579	140,710
Change in Net Position	29,843,293	26,719,070	20,496,079	21,116,306	21,378,763	18,086,911	6,280,702	16,437,542	11,402,032	18,231,668	9,780,894
Net Position, Beginning of Year	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	379,088,117	369,307,223
Change in accounting principle	-	-	886,224	-	-	-	(23,152,971)	-	(613,358)	-	-
Prior-Period Adjustment	-	-	-	-	5,654,786	-	-	-	-	-	-
<b>Net Position, End of Year</b>	<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>	<u>\$ 397,319,785</u>	<u>\$ 379,088,117</u>

(1) 2011 - 2014 Fiscal year ended July 31

SY 2014 - current ended December 31

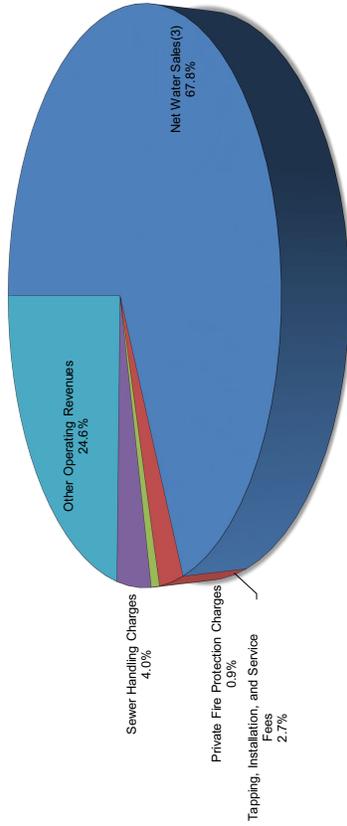
(2) SY 2014 is a 5 month period

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

**Greenville Water  
Schedule of Operating Revenues  
Last Ten Fiscal Years<sup>(1)</sup>**

	2020	% of Total	2019	% of Total	2018	% of Total	2017	% of Total	2016	% of Total	2015	% of Total	SY 2014 <sup>(2)</sup>	% of Total	2014	% of Total	2013 (Restated)	% of Total	2012	% of Total	2011	% of Total				
<b>Operating Revenues</b>																										
Net Water Sales <sup>(3)</sup>	\$ 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%	\$ 50,481,244	86.9%	\$ 46,176,700	88.7%				
Tapping, Installation, and Service Fees	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%	610,069	1.1%	586,097	1.1%				
Private Fire Protection Charges	721,232	0.9%	723,521	0.9%	638,523	1.0%	583,589	0.9%	540,408	0.8%	504,432	0.9%	205,840	0.9%	454,114	0.8%	428,363	0.8%	379,989	0.7%	419,332	0.8%				
Sewer Handling Charges	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%	2,126,880	3.7%	1,531,149	2.9%				
Other Operating Revenues	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%	4,472,626	7.7%	3,334,044	6.4%				
<b>Total Operating Revenues</b>	<b>\$ 77,076,308</b>		<b>\$ 70,486,306</b>		<b>\$ 64,149,546</b>		<b>\$ 63,155,567</b>		<b>\$ 66,031,942</b>		<b>\$ 59,135,316</b>		<b>\$ 23,057,369</b>		<b>\$ 57,341,510</b>		<b>\$ 50,480,667</b>		<b>\$ 58,070,818</b>		<b>\$ 52,047,322</b>					

**Operating Revenues 2020**



(1) 2011 - 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<sup>(1)</sup>**

	2020	2019	2018	2017	2016 <sup>(2)</sup>	2015 <sup>(4)</sup>	SY 2014 <sup>(2)</sup>	2014	2013 (Restated)	2012 <sup>(3)</sup>	2011
Salaries and Wages	\$ 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	\$ 13,311,334	n/a
Personnel Benefits	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	14,881	n/a
Utilities	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	2,548,617	n/a
Professional Services	998,868	871,200	630,800	544,326	272,610	452,482	190,482	496,210	1,148,936	1,362,135	n/a
Chemicals	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	1,315,835	n/a
Supplies	2,760,842	3,631,330	3,234,654	2,804,825	2,904,006	990,613	439,935	1,006,660	916,194	833,641	n/a
Repair and Maintenance	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	3,198,424	10,102,736
General and Administrative	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	2,206,494	8,569,316
Operation and Distribution System	-	-	-	-	-	-	-	-	-	-	8,630,528
<b>Total Operating expenses</b>	<b>\$ 34,493,428</b>	<b>\$ 33,531,198</b>	<b>\$ 31,992,121</b>	<b>\$ 31,771,175</b>	<b>\$ 31,622,932</b>	<b>\$ 28,859,730</b>	<b>\$ 12,236,864</b>	<b>\$ 28,645,804</b>	<b>\$ 25,603,961</b>	<b>\$ 24,791,361</b>	<b>\$ 27,302,580</b>

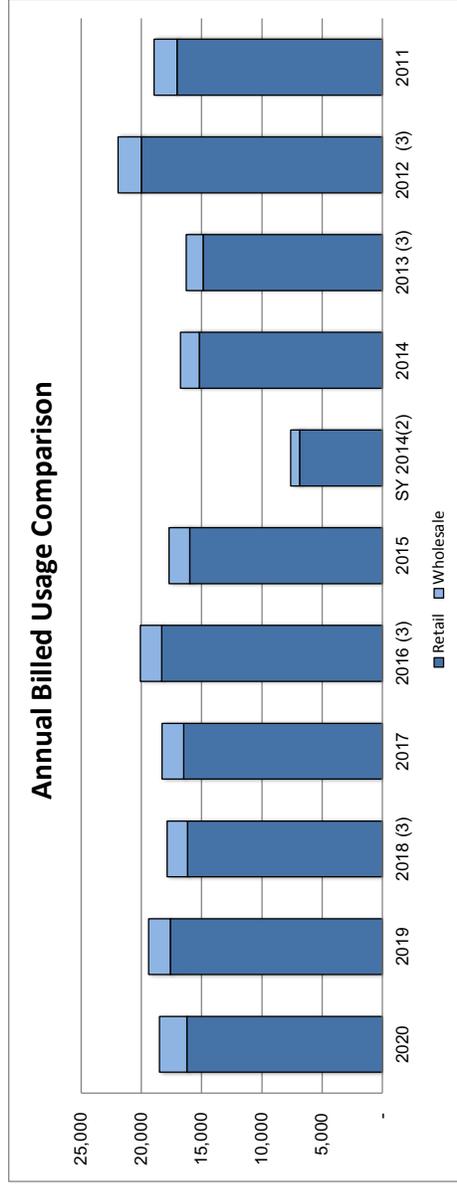
Percentage increase (decrease) over prior year 2.9% 4.8% 0.7% 0.5% 9.6% 135.8% -57.3% 11.9% 3.3% -9.2% 2.5%

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) Change in classification of operating expenses

**Greenville Water  
Annual Billed Usage  
Current Year and Last Ten Fiscal Years <sup>(1)</sup>**

Million Gallons

	2020	2019	2018 <sup>(3)</sup>	2017	2016 <sup>(3)</sup>	2015	SY 2014 <sup>(2)</sup>	2014	2013 <sup>(3)</sup>	2012 <sup>(3)</sup>	2011
Retail	16,236	17,610	16,169	16,503	18,325	15,976	6,856	15,208	14,889	20,001	17,056
Wholesale	2,267	1,794	1,693	1,795	1,761	1,744	746	1,539	1,381	1,933	1,905
Total	18,503	19,404	17,862	18,298	20,086	17,720	7,602	16,747	16,270	21,934	18,961



(1) 2011 - 2014 Fiscal year ended July 31

SY 2014 - current ended December 31

(2) SY 2014 is a 5 month period

(3) 2012 - Below average rainfall

**Greenville Water  
Historical Water Rate Information  
Last Ten Fiscal Years<sup>(1)</sup>**

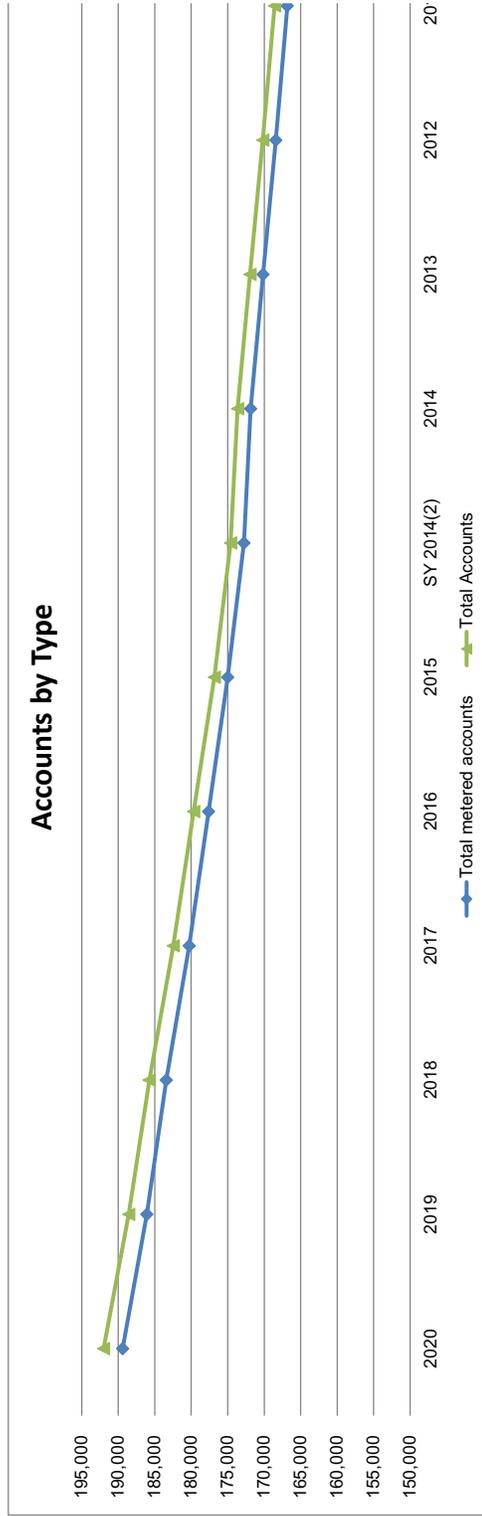
Effective March 1, unless noted<sup>(2)</sup>

	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(3)</sup>	2014	2013 <sup>(4)</sup>	2012 <sup>(5)</sup>	2011
<b>Schedule 1 - Inside the City of Greenville</b>											
Base	4.52	4.52	4.52	4.52	4.52	4.39	4.26	4.26	4.13	4.13	
Monthly Volume charge per \$/thousand gallons	1.47	1.47	1.47	1.47	1.47	1.43	1.39	1.39	1.35	1.35	
First 500,000 gallons											1.35
Over 500,000 gallons											1.18
<b>Schedule 2 - Outside the City of Greenville</b>											
Base	6.78	6.78	6.78	6.78	6.78	6.58	6.39	6.39	6.20	6.20	
Monthly Volume charge per \$/thousand gallons	2.22	2.22	2.22	2.22	2.22	2.16	2.10	2.10	2.03	2.03	
First 500,000 gallons	2.22	2.22	2.22	2.22	2.22	2.16	2.10	2.10	2.03	2.03	
Over 500,000 gallons											1.77
<b>Schedule 1 - Inside the City of Greenville</b>											
Base											12.39
Quarterly Volume charge per \$/thousand gallons											1.35
First 150,000 gallons											1.35
Next 1,350,000 gallons											1.18
Over 1,500,000 gallons											
<b>Schedule 2 - Outside the City of Greenville</b>											
Base											18.60
Quarterly Volume charge per \$/thousand gallons											2.03
First 150,000 gallons											2.03
Next 1,350,000 gallons											1.77
Over 1,500,000 gallons											

(1) 2011 - 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<sup>(1)</sup>**

	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(2)</sup>	2014	2013	2012	2011
Residential	167,439	164,473	162,167	159,370	157,039	154,782	152,817	151,992	150,500	150,321	148,919
Commercial	21,497	21,158	20,793	20,443	20,139	19,776	19,527	19,404	19,213	17,696	17,514
Industrial	148	139	136	137	138	138	138	138	138	126	137
City-owned facilities	298	298	313	314	296	288	288	296	292	267	234
Wholesale	20	20	19	19	19	18	17	16	16	15	16
<b>Total metered accounts</b>	<b>189,402</b>	<b>186,088</b>	<b>183,428</b>	<b>180,283</b>	<b>177,631</b>	<b>175,002</b>	<b>172,787</b>	<b>171,846</b>	<b>170,159</b>	<b>168,425</b>	<b>166,820</b>
Private fire protection	2,609	2,484	2,330	2,161	2,034	1,841	1,818	1,815	1,798	1,778	1,758
<b>Total Accounts</b>	<b>192,011</b>	<b>188,572</b>	<b>185,758</b>	<b>182,444</b>	<b>179,665</b>	<b>176,843</b>	<b>174,605</b>	<b>173,661</b>	<b>171,957</b>	<b>170,203</b>	<b>168,578</b>



(1) 2011 - 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	2020			2010 <sup>(1)</sup>		
	TOTAL ANNUAL REVENUE	PERCENT OF WATER SALES REVENUE	RANKING	TOTAL ANNUAL REVENUE	PERCENT OF WATER SALES REVENUE	RANKING
Columbia Farms Inc	\$ 454,301	0.87%	1	\$ 407,912	0.96%	2
Greenville County School District	\$ 358,465	0.69%	2	\$ 418,220	0.99%	1
Sage Automotive Interiors	\$ 332,766	0.64%	3	\$ 173,355	0.41%	5
Miliken Service Corp.	\$ 332,534	0.64%	4	\$ 254,815	0.60%	3
Cytec Carbon Fibers LLC	\$ 218,119	0.42%	5	\$ 109,379	0.26%	10
Greenville Memorial Hospital	\$ 214,187	0.41%	6	\$ 228,579	0.54%	4
Cryovac Sealed Air Corp	\$ 191,597	0.37%	7	\$ 121,060	0.29%	8
Kemet Electronics Corp	\$ 168,115	0.32%	8	\$ 147,347	0.35%	6
Furman University	\$ 129,928	0.25%	9	\$ 124,565	0.29%	7
Michelin Tire Corp	\$ 129,814	0.25%	10	\$ 111,826	0.26%	9
Three M Co						
<b>Totals</b>	<b>\$ 2,529,827</b>	<b>4.84%</b>		<b>\$ 2,097,058</b>	<b>4.94%</b>	

(1) 2011 Data Not Available

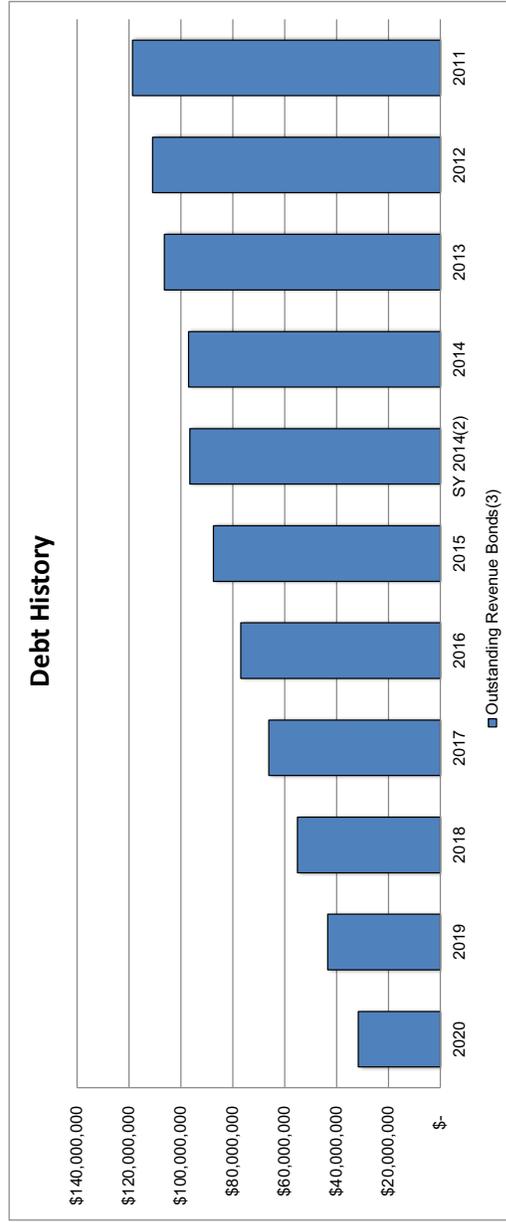
**Greenville Water  
Ten Largest Wholesale Customers  
Current Year and Ten Years Ago**

CUSTOMER	2020			2010 <sup>(1)</sup>		
	TOTAL ANNUAL REVENUE	PERCENT OF WATER SALES REVENUE	RANKING	TOTAL ANNUAL REVENUE	PERCENT OF WATER SALES REVENUE	RANKING
Six Mile Rural Community Water Dist	\$ 863,202	1.65%	1	\$ 366,453	0.86%	2
Powersville Water Co Inc	\$ 854,154	1.64%	2	\$ 361,421	0.85%	3
Laurens County Water & Sewer	\$ 673,818	1.29%	3	\$ 864,484	2.04%	1
Blue Ridge Water Co	\$ 507,612	0.97%	4	\$ 297,568	0.70%	5
Pickens County Water Authority	\$ 291,399	0.56%	5	\$ 322,125	0.76%	4
Bethlehem Roanoke Rural Community Water Dist	\$ 261,490	0.50%	6			
Marietta Water Dist	\$ 183,308	0.35%	7	\$ 121,946	0.29%	7
Dacusville Cedar Rock Water	\$ 182,119	0.35%	8	\$ 125,477	0.30%	6
Town of Pelzer SC	\$ 102,162	0.20%	9	\$ 113,842	0.27%	8
Town of West Pelzer SC	\$ 100,046	0.19%	10	\$ 72,743	0.17%	10
City of Pickens				\$ 91,404	0.22%	9
<b>Totals</b>	<b>\$ 4,019,311</b>	<b>7.69%</b>		<b>\$ 2,737,463</b>	<b>6.45%</b>	

(1) 2011 Data Not Available

**Greenville Water  
Debt History  
Last Ten Fiscal Years<sup>(1)</sup>**

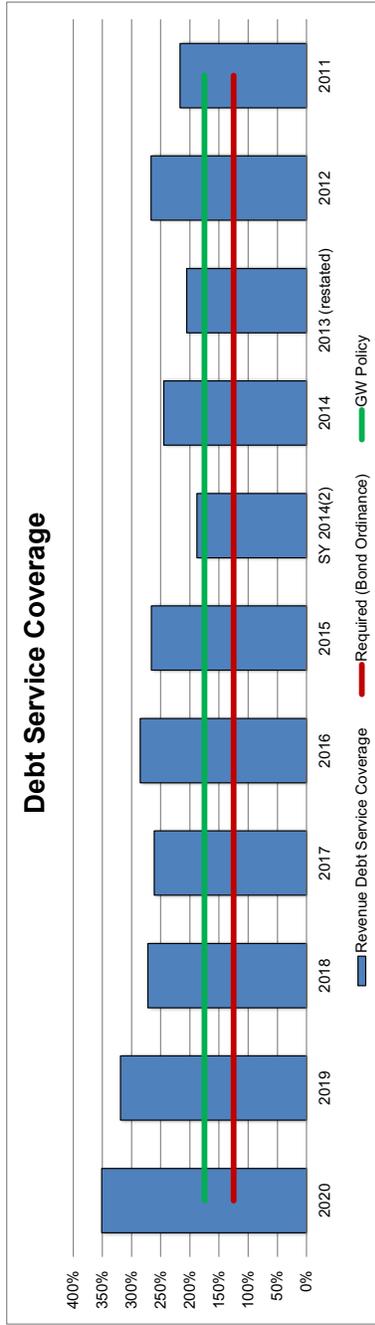
	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(3)</sup>	2014	2013	2012	2011
Outstanding Revenue Bonds <sup>(3)</sup>	\$ 31,592,399	\$ 43,412,334	\$ 55,013,914	\$ 66,076,057	\$ 76,937,139	\$ 87,483,221	\$ 96,474,303	\$ 97,045,385	\$ 106,376,008	\$ 110,937,635	\$ 118,674,302
Percentage change in debt	-27.2%	-21.1%	-16.7%	-14.1%	-12.1%	-9.3%	-0.6%	-8.8%	-4.1%	-6.5%	-6.1%
Debt to revenue	41%	60%	86%	103%	120%	154%	428%	179%	224%	204%	246%
Debt per metered account, excluding private fire protection accounts	\$ 167	\$ 233	\$ 305	\$ 367	\$ 433	\$ 500	\$ 558	\$ 565	\$ 625	\$ 659	\$ 711
Debt as a % of personal income	0.16%	0.11%	0.23%	0.28%	0.37%	0.43%	0.49%	0.49%	0.56%	0.61%	0.68%
Debt per customer <sup>(4)</sup>	\$ 181	\$ 230	\$ 330	\$ 400	\$ 475	\$ 555	\$ 619	\$ 614	\$ 679	\$ 711	\$ 774



(1) 2011 - 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<sup>(1)</sup>**

	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(2)</sup>	2014	2013 (restated)	2012	2011
Change in net position	\$ 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	\$ 9,780,894
Less:											
Capital Contributions	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	140,710
Amortization of bond premium	554,935	554,935	538,788	571,082	571,082	571,082	571,082	575,623	720,890	1,130,181	1,227,371
Gain (Loss) on disposal of capital assets	(14,539)	(108,747)	(390,645)	(483,039)	392,541	120,197	(220,719)	(52,526)	(115,400)	17,277	(208,708)
Add:											
Depreciation expense	13,495,440	13,378,276	13,316,165	12,791,092	12,351,718	11,599,573	5,504,538	11,679,658	11,619,480	11,632,018	11,289,644
Interest expense, net of capitalized	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	5,580,804
Amortization of bond expense										99,735	102,577
<b>Debt Service Coverage</b>											
Net earnings (Bond Ordinance)	\$ 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	\$ 25,594,546
Revenue Bond Debt Service	\$ 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	\$ 11,802,538
<b>Revenue Debt Service Coverage</b>	<b>3.52</b>	<b>3.19</b>	<b>2.72</b>	<b>2.61</b>	<b>2.85</b>	<b>2.66</b>	<b>1.88</b>	<b>2.45</b>	<b>2.05</b>	<b>2.67</b>	<b>2.17</b>
GW Policy	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) 20011-2014 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	2020				2011			
	Employees	Rank	Percentage of		Employees	Rank	Percentage of	
			Total County	Employment			Total County	Employment
Prisma Health/Greenville Health System	15,941	1	5.99 %		9,778	1	4.36 %	
School District of Greenville County	10,095	2	3.80 %		8,700	2	3.88 %	
Michelin North America	7,120	3	2.68 %		4,000	3	1.78 %	
Bi-Lo Supermarkets	4,600	4	1.73					
Bon Secours St. Francis Health System	4,355	5	1.64 %		3,500	4	1.56	
GE Engineering	3,400	6	1.28 %		3,200	6	1.43 %	
Duke Energy Corporation	3,300	7	1.24					
Greenville County Government	2,685	8	1.01 %		1,672	9	0.74 %	
SC State Government	2,552	9	0.96 %		3,238	5	1.44	
Fluor Corporation	2,400	10	0.90 %		2,100	7	0.94 %	
US Government					1,857	8	0.83 %	
Bob Jones University					1,650	10	0.74 %	
	<u>56,448</u>		<u>21.23 %</u>		<u>39,695</u>		<u>17.70 %</u>	

Source: Greenville County

**Greenville Water  
Summary of Demographic and Economic Statistics  
Last Ten Fiscal Years<sup>(1)</sup>**

	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(2)</sup>	2014	2013	2012	2011
Population <sup>(3)</sup>	529,307	522,611	512,572	509,600	495,777	481,317	485,319	485,319	480,288	470,794	461,299
Personal income (in 1000's) <sup>(3)</sup>	\$ 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	\$ 17,385,834
Per capita personal income <sup>(3)</sup>	\$ 50,800	\$ 47,844	\$ 46,630	\$ 46,465	\$ 42,475	\$ 41,815	\$ 40,820	\$ 40,820	\$ 39,218	\$ 38,453	\$ 37,689
Median Household Income	Not available	\$ 56,227	\$ 53,739	\$ 51,595	\$ 50,540	\$ 48,180	\$ 44,835	\$ 44,835	\$ 45,640	\$ 45,137	\$ 46,936
Median age <sup>(3)</sup>	38.4	38.2	37.9	37.8	38.1	37.9	34.6	34.6	34.6	37.0	37.0
School enrollment <sup>(3)</sup>	76,629	75,577	74,991	76,951	72,855	72,712	71,639	71,639	71,249	70,023	69,812
Unemployment Rate <sup>(4)</sup>	8.4	3.3	3.3	3.7	4.6	5.6	4.8	4.8	7.1	8.2	9.4

(1) 2011 - 2014 Fiscal year ended July 31

SY 2014 - current ended December 31

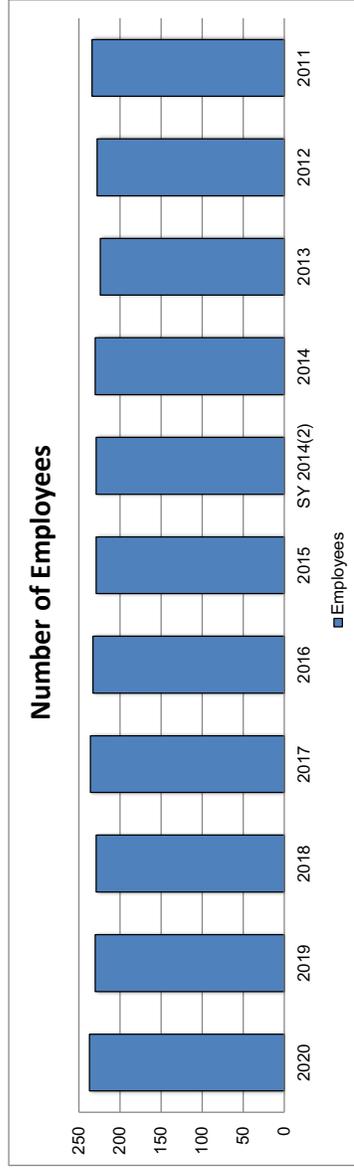
(2) SY 2014 is a 5 month period

(3) Source: Greenville County. Note that Per Capita personal income for the two most recent fiscal years are estimates based on historical data. All remaining years are revised estimates provided by the U.S. Department of Commerce, Bureau of Economic Analysis.

(4) Source: South Carolina Department of Employment and Workforce

**Greenville Water  
Number of Employees  
Last Ten Fiscal Years<sup>(1)</sup>**

	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(2)</sup>	2014	2013	2012	2011
Employees	237	230	229	236	233	229	229	230	224	228	234



(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<sup>(1)</sup>**

Million Gallons per Day

	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(2)</sup>	2014	2013 <sup>(3)</sup>	2012	2011
State Permitted Capacity											
Table Rock	67	67	67	67	67	67	67	67	67	n/a	n/a
North Saluda	60	60	60	60	60	60	60	60	60	n/a	n/a
Keowee	90	90	90	90	90	90	90	90	90	n/a	n/a
Total Permitted Capacity	217	217	217	217	217	217	217	217	217	n/a	n/a
Combined Transmission Capacity, Gravity	49	49	49	49	49	49	49	49	46	46	46
Combined Transmission Capacity, Pumping	135	135	135	135	135	135	135	135	135	135	135
Average Water Treatment:											
Table Rock/North Saluda Plant	41	42	40	33	39	37	39	36	29	31	28
Keowee	20	21	18	25	24	22	17	19	25	27	29
Total System, Average Daily Produced	61	63	58	58	63	59	56	55	54	58	57

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<sup>(1)</sup>**

	2020	2019	2018	2017	2016	2015	SY 2014 <sup>(2)</sup>	2014	2013	2012 <sup>(3)</sup>	2011
Miles of Pipe (2" - 72")	2,996	2,808	2,784	2,765	2,735	2,694	2,670	2,666	2,645	2,626	2,623
No. of Public Hydrants	11,977	11,795	11,661	11,493	11,210	11,028	10,833	10,583	10,192	10,107	10,064
Total Annual Sales (Million Gallons)	18,503	19,404	17,862	18,298	20,086	17,720	7,602	16,747	16,270	21,934	18,961
Total Water Sales (Thousand Dollars)	52,238	54,759	50,934	51,387	54,447	48,274	19,467	44,669	42,375	50,783	46,835
Other Operating Revenues	24,838	15,727	13,215	11,768	11,585	11,093	3,802	13,016	8,646	7,590	5,870
Total Annual Billing (Thousand Dollars)	77,076	70,486	64,150	63,156	66,032	59,367	23,269	57,685	51,021	58,373	52,705
Average # of Accounts Billed:											
Residential	155,995	153,048	150,173	147,267	144,731	142,297	141,239	139,551	137,678	136,438	138,070
Others	18,413	18,152	17,900	17,614	17,247	16,918	18,525	18,331	18,174	18,105	17,781
	174,408	171,200	168,073	164,881	161,978	159,215	159,764	157,882	155,852	154,543	155,851
Avg. Gallons per Account	8,841	9,445	8,856	9,253	10,334	9,275	9,517	8,839	8,700	9,120	30,416
Average Bills per Account (\$)											
Residential	17.16	17.99	16.84	17.34	19.10	16.86	16.63	15.76	15.43	15.89	50.70
All	25.55	26.85	25.57	26.27	28.33	25.35	25.13	23.55	22.94	23.74	74.76
Residential Bill as a Percent of MHI <sup>(4)</sup>	0.03%	0.03%	0.03%	0.03%	0.04%	0.03%	0.04%	0.04%	0.03%	0.04%	0.11%
Average Daily Water Finished combined quantities (MGD)	60.87	62.92	58.53	57.65	62.68	56.40	54.51	53.00	52.54	56.42	57.36

(1) 2011 - 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 2019 Median Household Income. 2020 not available

## MONTHLY CONSUMPTION CHARGES – EFFECTIVE MARCH 1, 2016

Monthly water rates consist of a base charge, which is based upon meter size, plus a volume consumption charge.

METER SIZE	SCHEDULE 1	SCHEDULE 2
<b>BASE</b>		
5/8 inch	\$4.52	\$6.78
3/4 inch	\$6.78	\$10.17
1 inch	\$11.29	\$16.94
1 1/2 inch	\$22.57	\$33.86
2 inch	\$36.11	\$54.16
3 inch	\$72.21	\$108.31
4 inch	\$112.83	\$169.25
6 inch	\$225.65	\$338.48
8 inch	\$361.05	\$541.55
10 inch	\$519.00	\$778.49
<b>VOLUME - \$/THOUSAND GALLONS</b>		
	\$1.47	\$2.22

## MONTHLY PRIVATE FIRE PROTECTION CHARGES

Application for private fire protection systems require that three sets of plans be submitted to the Greenville Water Engineering Department for approval. It is recommended that the Engineering Department be contacted concerning specific requirements prior to the preparation of plans. The supplying tap will not be made until plans are approved and specific pit construction and valving requirements are met. Bills for private fire services are rendered in advance.

SIZE OF SERVICE PIPE	SCHEDULE 1	SCHEDULE 2
6" and under	\$9.11	\$18.22
8" each	\$16.39	\$32.78
10" each	\$27.32	\$54.64
12" each	\$45.54	\$91.05

## SERVICE CHARGES

Delinquent Charge	5% of bill with a minimum of \$7.50
Non-Pay Service Charge	\$40
Locked Meter Charge	\$40
Unauthorized Water-Use Charge (Minimum Plus Costs)	\$100
Returned Payment Charge	\$30
Special Turn-On Charge	\$40
Meter Testing Charge	\$60

## SERVICE INSPECTION FEE

This fee is applicable when Greenville Water is notified by the plumber that the job is ready for tapping and/or meter installation but does not meet Greenville Water's specifications, thereby requiring extra trips. Each such additional trip is subject to the following Inspection Fee, payable in advance:

Inspection Fee – \$40



# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## 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*

### INDEPENDENT AUDITOR'S REPORT

To the Commissioners of Public Works  
Greenville Water  
Greenville, South Carolina

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greenville Water, Greenville, South Carolina, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Greenville Water's basic financial statements, and have issued our report thereon dated April 21, 2021.

#### 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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Greene Finney, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
April 21, 2021