



GREER  
COMMISSION OF  
PUBLIC WORKS  
*Greer, South Carolina*

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

*Years Ended December 31, 2021 and 2020*

*Issued by Finance Department*

**GREER COMMISSION OF PUBLIC WORKS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**GREER COMMISSION OF PUBLIC WORKS**  
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**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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## **INTRODUCTORY SECTION**



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**Commissioners**  
Perry J. Williams - Chairman  
Eugene G. Gibson  
Jeffery M. Howell

**Michael Richard, P.E.**  
General Manager

Date: April 12, 2022

The management and staff of Greer Commission of Public Works (the "Commission") are pleased to present the Annual Comprehensive Financial Report (ACFR) for year ended December 31, 2021.

## INTRODUCTION

This report was prepared by the Commission's financial staff and conforms to the guidelines of the Governmental Finance Officers Association ("GFOA") and Generally Accepted Accounting Principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). Responsibility for both accuracy of the data and the completeness and fairness of the presentation rests with the Commission. To provide a reasonable basis for making these representations, management of the Commission has established a comprehensive internal control framework that is designed both to protect the Commission's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Commission's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the Commission's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly, the financial position and results of operations of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Commission's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Commission are free of material misstatement. As part of their audit, the independent auditor examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used and significant estimates made by management; and evaluated the overall financial statement presentation. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Commission's MD&A can be found immediately following the report of the independent auditor.

## PROFILE OF THE COMMISSION

The Commission was formed in 1913 for the purposes of providing electricity, water distribution, and sewer collection and treatment to the residents of the City of Greer. In 1950, the City of Greer's ("City") City Council enacted an ordinance to combine the previously separate systems of the Commission. In 1957, the City Council enacted an ordinance which founded a natural gas unit to be added to what is now the present-day "System".

Designation of management, contractual and budgetary authority, funding of deficits, responsibility for debt, setting of rates, and fiscal management of the affairs of the Commission are the exclusive responsibility of the Commission. The Commission makes recommendations to the City Council for the issuance of bonds but is otherwise authorized under the laws of the state of South Carolina to have full control and management of the System. The laws of the state of South Carolina provide for three Commissioners to be elected by the public for six-year, staggered terms, with one seat up for election every two years. The members of the Commission, as of December 31, 2019, and the number of years of continuous services as Commissioners are as follows:

<b>Name</b>	<b>Years of Service</b>
Jeffery Howell (chairman)	23
Eugene Gibson	39
Perry Williams	12

## **Waterworks Unit**

The Waterworks Unit was established in 1914. The Commission owns and manages two raw water reservoirs, Lake Cunningham, and Lake Robinson. Lake Cunningham is the Commission's primary water supply and was constructed on the South Tyger River in 1957. It is approximately 200 surface acres in size. Lake Robinson was constructed in 1984 and includes approximately 800 surface acres. Lake Robinson is the secondary water supply and is located just north of Lake Cunningham.

The water treatment plant is located at Lake Cunningham and has a treatment capacity of 24 million gallons per day ("MGD") with an average daily flow of 9.02 MGD. The water distribution system operates on three gradient levels, a high-level system (1,272 ft. mean sea level ("MSL")), intermediate level system (1,130 ft. MSL), and a low-level system (1,104 ft. MSL). Each level has two elevated storage tanks for a total capacity of 5.75 million gallons. The Commission supplies potable water to 22,160 customers and serves all the population within the City limits and surrounding areas. Over the last year, the Commission experienced a customer growth rate of 4.9% in the Waterworks Unit.



## **Sewer Unit**

The Sewer Unit of the Commission was established in 1914 and provides wastewater collection, treatment, and disposal by means of its sole wastewater treatment facility. The Maple Creek treatment facility experiences an average daily processing flow of 2.58 MGD, with a current capacity of 5.0 MGD. The plant received its latest



upgrade in 2009 and is designed for future upgrades to 7.5 MGD and 10.0 MGD to provide for additional capacity growth. The upgrade included significant improvements to the headworks, influent pumping, sludge handling facilities, and provides for ultra-violet treatment of the wastewater at the Maple Creek plant. The upgrade also provided an energy generation plant that will not only provide the energy needed for this wastewater treatment facility but will provide additional energy that can be added to the electrical system and may generate significant load-side generation credits from our energy provider. Sewer collection and treatment for the Commission's 15,857 customers is accomplished through approximately 258 miles of gravity sewer lines and 25.6 miles of force sewer mains for a total

of 283.6 miles maintained by the Commission. Over the last year, the Commission experienced a customer growth rate of 6.7% in the Sewer Unit. The Commission also provides sewer collection services to the customers of Renewable Water Resources ("ReWa") that live in the City of Greer and transports this sewage to ReWa's treatment facilities.



### ***Electric Unit***

The Electric Unit was established in 1914 and provides for the generation and distribution of electricity to City residents. In 1927, the Commission ceased generating electricity and from that time initiated the purchase of power from outside electric utilities to provide its supply of electricity. Up until 1985, the Commission purchased most of its electric power from Duke Energy Company. During 1985, the Commission began purchasing its primary supply of electrical power from the Piedmont Municipal Power Agency ("PMPA"), a joint public agency consisting of ten municipal participants, of which the Commission is a charter member. The Commission also purchases a portion of its electrical supply from the United States Department of Energy's Southeastern Power Agency's ("SEPA") allocation of pooled hydroelectric power generated along the Savannah River. Over 90% of the purchased power is carbon free, generated by nuclear and hydro resources.



The Electric Unit consists of five substations operating 30 circuits. Distribution of 12,470 volts of electricity is managed with approximately 214 miles of overhead distribution facilities and approximately 270 miles of underground facilities. The service area served by this unit is approximately 33.75 square miles, including the City limits and surrounding areas, and serves 21,944 customers. Over the last year, the Commission experienced a customer growth rate of 5.4% in the Electric Unit.

### ***Natural Gas Unit***

The Natural Gas Unit was established during 1957 and provides for distribution of natural gas to residents of the City and surrounding areas. The transmission originates on the Transcontinental Gas Pipeline Corporation ("Transco") mainline in Crescent, South Carolina, from which point gas is transported to the City by means of an eight-inch high-pressure transmission line which is owned and maintained by the Commission. The Commission operates and maintains approximately 43 miles of high-pressure lines and approximately 793 miles of intermediate and distribution lines, along with 110 pressure-reducing and regulating stations. These distribution lines serve 26,832 customers located from the City of Landrum, north of the City of Greer on Highway 14, to south of the City of Greer along Highway 101 towards the City of Woodruff, encompassing approximately 460 square miles. Over the last year, the Commission experienced a customer growth



rate of 6.5% in the Gas Unit. The Commission operates one of the few compressed natural gas ("CNG") fueling stations in the area made available to the public.

## SERVING OUR CUSTOMERS

The primary mission of the Commission is to serve our community by providing safe, high quality, and reliable water, natural gas, electric and wastewater services in an environmentally and fiscally responsible manner consistent with sound business principles. The utility can set rates that are competitive with not only neighboring utilities, but with other providers throughout the region. These rates continue to benefit the growth and development in the community, while delivering a high value to all customers.

The Commission's reliability is among the very best nationally. Of the customers that experienced an electric outage, the occurrence averaged to only one time per customer, with an average duration was nearly .62 hours.

The Commission has a solid commitment to environmental stewardship. The utility is a member of PMPA, which owns a 25% stake in Unit 2 of the Catawba Nuclear Generating Station, operated by Duke Energy, in York, SC. In addition to clean burning nuclear power, hydro-electric power is purchased from SEPA. Overall, roughly 94% of the Commission's power is carbon free. To complement our clean power, the Commission's CNG fueling station celebrated eight years of service providing low emissions for fueling of vehicles, not only in the surrounding Community, but for use in approximately 11% of the Commission's service fleet.



### ***Capital Investment***

The Commission continued to invest in improving and expanding its infrastructure during 2021 by investing more than \$19 million into the System. Investment in new utility infrastructure to new subdivisions and industries totaled approximately \$14.4 million. This investment provided support for the 5.8% average growth rate.

The Commission continued its project to repair and replace its water and sewer aging infrastructure in downtown Greer while contributing to the City of Greer's Streetscape Project which has now been expanded. This project will continue to transform downtown Greer into a destination in the Upstate for years to come. The Commission invested approximately \$377 thousand during 2021 including the infrastructure for a new hotel and parking garage right in the heart of downtown.



### ***Growth in the Community, Growth in our Business***

The Greer community experienced continued economic growth in its residential, commercial, and industrial sectors. The Commission realized a growth rate of 5.8% during 2021, with a 5-year average growth rate of 4.4% across its service area.

In this pandemic era many businesses saw opportunity in our region and chose to expand or revamp the way they interact with their customers. CPW was no different. We took a closer look at our website and how our customers interact with us. A web portal was developed to assist new customers with setting up services and allow current customers to stop services at any time. Customers can also report outages and see in real time when they can expect their services to be restored. A new payment platform was also put into place to continue to keep the security of CPW customers information safe. In 2022 we will be introducing a new customer service software at CPW to enhance the customer experience even further. More on that coming very soon!



## **Awards**

Employee dedication is evident by the many awards and recognitions that all aspects of the Commission's operations have received:

- The South Carolina Department of Labor, Licensing and Regulation (LLR) awarded Greer CPW with the Palmetto Shining Star 2021 Safety Achievement Award. There were only 30 public and private businesses to receive this award. This award recognizes companies that take strides to reduce recordable occupational injuries and illnesses during the previous calendar year. Greer CPW logged more than 212,000 hours with no recordable injuries in 2020.
- The American Public Power Association (APPA) awarded the Greer CPW Electric Department with the Safety Award of Excellence for safe operating practices for 2020. They are one of 129 public power utilities recognized with this honor. The department received 1<sup>st</sup> place in the category of more than 25,096 hours logged without any major incident or illness when compared to other utilities of the same size.
- The American Public Gas Association (APGA) awarded Greer CPW with the Gold System Operational Achievement Recognition (SOAR) award in 2019. The Gas department of Greer CPW was one of six companies in the United States given this award. This award is based on system integrity, system improvement, workforce development and employee safety. The SOAR award recognition runs from 2019-2021.
- The American Public Power Association's ("APPA") Reliable Public Power Provider ("RP<sub>3</sub>") designation continues to recognize the Commission at the Platinum Level. The RP<sub>3</sub> designation recognizes public power utilities that demonstrate proficiency in four key disciplines including reliability, safety, workforce development and system improvements. The RP<sub>3</sub> designation is awarded for a three-year period.

## **Financial Stewardship, Financial Strength**

The Commission operates under established policies for financing, rate setting, and cash management. These policies serve as parameters for developing annual operating budgets, as well as the 5-year Capital Improvement Plan. The revenue bond ordinance provides that the rates shall be maintained at levels which yield net revenues equal to a minimum of 120% of the annual principal and interest requirement in each fiscal year. The management of the Commission strives to maintain an internal target equal to a minimum of 200% of the annual requirement.

The Commission continued to realize another strong financial performance during 2021. Net revenues exceeded projections through staff efforts to reduce expenditures and improve efficiencies, while minimizing the effects of weather patterns changing from the normal patterns of the region. Debt service coverage for 2021 outpaced the results of previous years with 486% coverage.

**Financial Award:** The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its ACFR for the fiscal year ended December 31, 2020. This was the seventeenth consecutive year that the Commission has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements and is valid for a period of one year only.

## Acknowledgements

This report could not have been prepared on a timely basis without the efficient and dedicated services of all the Commission's employees who assisted and contributed to its preparation. We are thankful for the leadership and support of the Board of Commissioners who enable the Commission to fulfill its role in providing our customers with the most reliable services at a reasonable price while protecting the environment and public health.

Sincerely,

A handwritten signature in blue ink that reads "Michael Richard". The script is cursive and fluid.

Michael Richard  
General Manager

A handwritten signature in blue ink that reads "Angela Karcher". The script is cursive and fluid.

Angela Karcher  
Finance Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Greer Commission of Public Works  
South Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

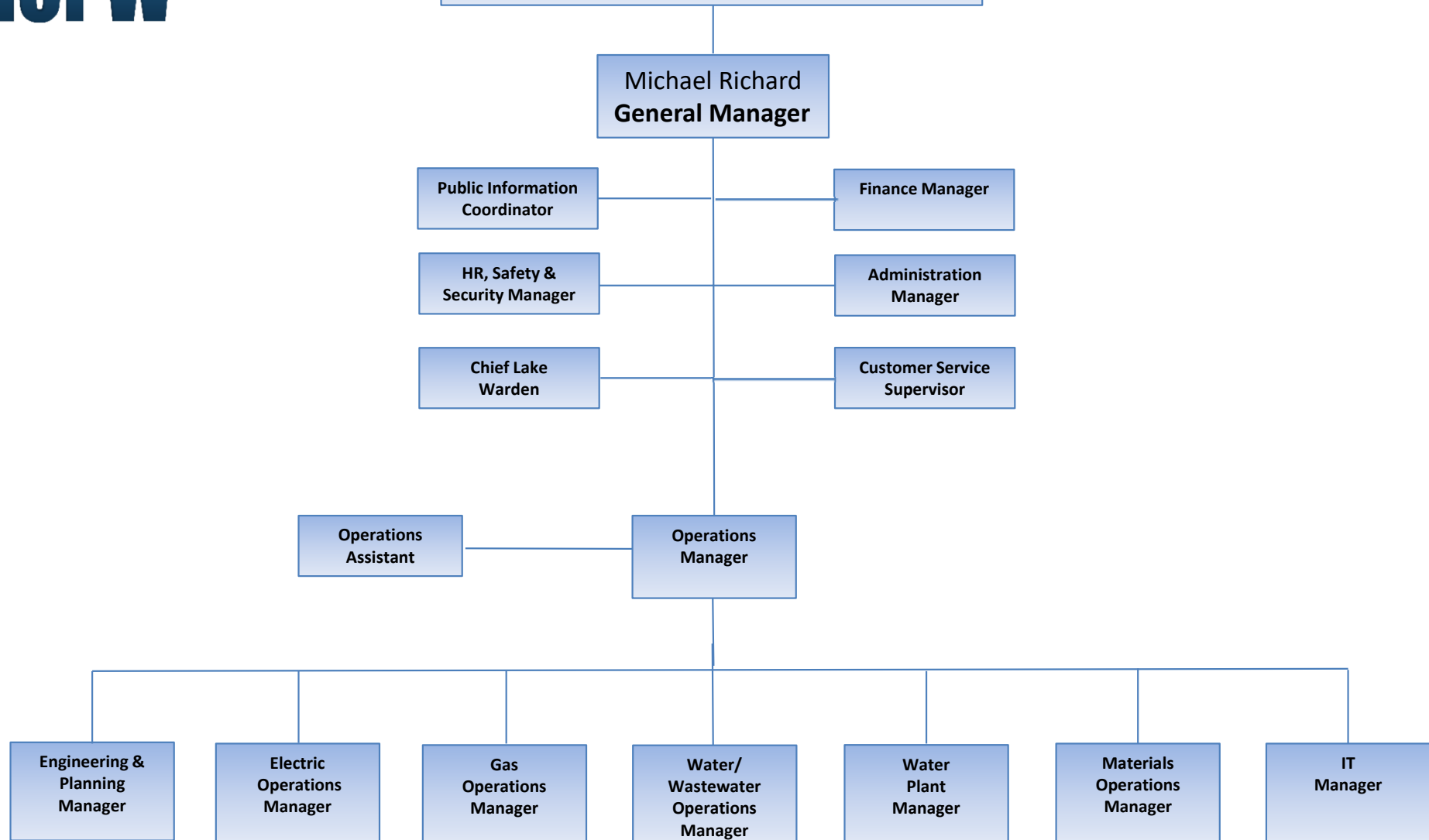
December 31, 2020

*Christopher P. Morill*

Executive Director/CEO



# Greer CPW Commissioners





# **GREER COMMISSION OF PUBLIC WORKS**

## **LIST OF PRINCIPAL OFFICIALS DECEMBER 31, 2021**

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From left to right: Gene Gibson (Commissioner), Mike Richard (General Manager), Perry Williams (Commissioner), and Jeffery Howell (Commissioner-Chairman)

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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To the Honorable Chairman and Members of the Commission  
Greer Commission of Public Works  
Greer, South Carolina

### Report on Financial Statements

#### *Opinion*

We have audited the financial statements of the **Greer Commission of Public Works** (the "Commission"), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position as of December 31, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

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***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Commission's proportionate share of the net pension liability, the schedule of Commission pension contributions, and the schedule of changes in the Commission's total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



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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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of budgeted and actual revenues and expenses and the schedule of divisional operating revenues and expenses (collectively, the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated April 12, 2022, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Commission's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
April 12, 2022

# GREER COMMISSION OF PUBLIC WORKS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("MD&A") of the Greer Commission of Public Works' (the "Commission") provides an overview of the financial activities for the fiscal years ended December 31, 2021, 2020 and 2019. This information serves as an introduction to the financial statements and should be read in conjunction with the audited financial statements.

### Financial Highlights

The Commission continued to show a solid financial position for fiscal year 2021. The Commission is well within its debt covenants and the more stringent financial policies and guidelines set by the Board and management. The following are financial highlights for 2021:

- The Commission's net position increased by \$20,508,927, or 9.49% for 2021 as compared to an increase of \$23,085,852, or 11.95% in 2020.
- During the year, the Commission's operating revenues increased to \$97,986,392, which represents a 9.30% increase from the prior year. Operating revenues decreased to \$89,651,830, or 3.32% in 2020.
- Total operating expenses increased to \$83,701,295, which represents an 8.62% increase from the prior year. Total expenses decreased to \$77,057,948, or 4.61% in 2020.
- Purchased power expenses increased to \$36,077,599, up from \$35,632,443 last year. This 1.25% increase is reflected in the total operating expenses shown above. Purchased power decreased from \$37,327,972, or by 4.54%, to \$35,632,443 in 2020.
- Purchased gas expenses increased to \$15,645,909 last year. This 67.67% increase is reflected in the total expenses shown above. Purchased gas decreased from \$12,366,038, or by 24.54%, to \$9,331,218 in 2020.
- Capital contributions to the Commission decreased by \$4,917,315, which represents a 50.58% decrease from the prior year. Capital contributions increased by \$4,371,036, or 81.7% in 2020.
- Transfers to the City of Greer remained at \$1,000,000 for 2021 and 2020.
- Debt service coverage for 2021 was 486% of the bond ordinance requirement, which is 120% debt service coverage. Debt service coverage for 2020 was 463%.
- The Commission's credit ratings continue to remain solid with credit ratings from Moody's, Standard & Poor's and Fitch Ratings with ratings of A1, AA-, and AA-, respectively which reflects the declining leverage and improved coverage of full obligations, competitive retail rates, diverse customer base, and robust area economics.

# GREER COMMISSION OF PUBLIC WORKS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Overview of the Financial Statements

The Commission's annual statement consists of the Management's Discussion and Analysis ("MD&A"), the basic financial statements, required supplementary information, other supplementary information, and the compliance section. The MD&A serves as an introduction to and should be read in conjunction with the basic audited financial statements. The basic financial statements include notes which explain in detail information included in the basic financial statements.

**Basic Financial Statements** - The basic financial statements of the Commission report information about the Commission using the full accrual basis of accounting in a manner like those used by private sector companies. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. These statements offer short-term and long-term financial information about its activities. The basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the financial statements. The Commission accounts for its activities using a single proprietary (enterprise) fund. Under this method, revenues are recorded when earning, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

**Statement of Net Position** - The *statement of net position* includes all the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Commission's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Commission, and assessing the liquidity and financial flexibility of the Commission.

**Statement of Revenues, Expenses, and Changes in Net Position** - All the current year's revenues and expenses are accounted for in the *statement of revenues, expenses, and changes in net position*. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

**Statement of Cash Flows** - The *statement of cash flows* provides information about the Commission's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides comparative information on the source and use of cash, and the change in the cash balance for each of the last two fiscal years.

**Notes to the Financial Statements** - The *notes to the financial statements* provide information about accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

**Required Supplementary Information** - In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning progress in funding its obligation to provide pension to its employees. The MD&A is also considered required supplementary information.

The basic financial statements were prepared by the Commission's staff from the detailed books and records of the Commission. The basic financial statements were audited and adjusted, if material, during the independent external audit process.



# GREER COMMISSION OF PUBLIC WORKS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis

The following comparative condensed financial statements and other selected information serve as the key financial data and indicators for management, monitoring and planning:

### Condensed Financial Statements

#### Condensed Statement of Net Position

	December 31,			2020 to 2021		2019 to 2020	
	FY 2019	FY 2020	FY 2021	Dollars	%	Dollars	%
				Increase (decrease)		Increase (decrease)	
Current and other assets	\$ 58,875,307	\$ 67,820,168	\$ 76,221,618	\$ 8,401,450	12.39%	\$ 8,944,861	15.19%
Capital assets	222,990,608	233,422,196	242,076,578	8,654,382	3.71%	10,431,588	4.68%
<b>Total assets</b>	<b>\$ 281,865,915</b>	<b>\$ 301,242,364</b>	<b>\$ 318,298,196</b>	<b>\$ 17,055,832</b>	<b>5.66%</b>	<b>\$ 19,376,449</b>	<b>6.87%</b>
Deferred outflows of resources	\$ 1,810,080	\$ 2,905,605	\$ 2,801,340	\$ (104,265)	-3.59%	\$ 1,095,525	60.52%
Long-term debt outstanding	\$ 56,388,730	\$ 52,034,451	\$ 47,579,469	\$ (4,454,982)	-8.56%	\$ (4,354,279)	-7.72%
Other liabilities	30,966,906	33,214,276	32,598,784	(615,492)	-1.85%	2,247,370	7.26%
<b>Total liabilities</b>	<b>\$ 87,355,636</b>	<b>\$ 85,248,727</b>	<b>\$ 80,178,253</b>	<b>\$ (5,070,474)</b>	<b>-5.95%</b>	<b>\$ (2,106,909)</b>	<b>-2.41%</b>
<b>Deferred inflows of resources</b>	<b>\$ 3,200,261</b>	<b>\$ 2,694,292</b>	<b>\$ 4,207,406</b>	<b>\$ 1,513,114</b>	<b>56.16%</b>	<b>\$ (505,969)</b>	<b>-15.81%</b>
Net investment in capital assets	\$ 162,621,982	\$ 177,260,352	\$ 190,225,958	\$ 12,965,606	7.31%	\$ 14,638,370	9.00%
Restricted	9,885,128	12,646,830	10,612,416	(2,034,414)	-16.09%	2,761,702	27.94%
Unrestricted	20,612,988	26,297,768	35,875,503	9,577,735	36.42%	5,684,780	27.58%
<b>Total net position</b>	<b>\$ 193,120,098</b>	<b>\$ 216,204,950</b>	<b>\$ 236,713,877</b>	<b>\$ 20,508,927</b>	<b>9.49%</b>	<b>\$ 23,084,852</b>	<b>11.95%</b>

#### Condensed Statement of Revenues, Expenses and Changes in Net Position

	FY 2019	FY 2020	FY 2021	2020 to 2021		2019 to 2020	
				Dollars	%	Dollars	%
				Increase (decrease)		Increase (decrease)	
Electric revenues	\$ 46,669,567	\$ 45,670,574	\$ 46,343,600	\$ 673,026	1.47%	\$ (998,993)	-2.14%
Gas revenues	26,981,127	24,276,620	30,959,073	6,682,453	27.53%	(2,704,507)	-10.02%
Water revenues	8,799,822	8,887,470	9,363,477	476,007	5.36%	87,648	1.00%
Sewer revenues	6,895,616	6,969,671	7,283,813	314,142	4.51%	74,055	1.07%
Other operating revenues	3,385,778	3,847,495	4,036,429	188,934	4.91%	461,717	13.64%
Non-operating revenues	7,184,063	4,324,365	3,947,712	(376,653)	-8.71%	(2,859,698)	-39.81%
<b>Total revenues</b>	<b>\$ 99,915,973</b>	<b>\$ 93,976,195</b>	<b>\$ 101,934,104</b>	<b>\$ 7,957,909</b>	<b>8.47%</b>	<b>\$ (5,939,778)</b>	<b>-5.94%</b>
Purchased power	\$ 37,327,972	\$ 35,632,443	\$ 36,077,599	\$ 445,156	1.25%	\$ (1,695,529)	-4.54%
Purchased gas	12,366,038	9,331,218	15,645,909	6,314,691	67.67%	(3,034,820)	-24.54%
Depreciation	8,988,814	10,185,745	10,305,264	119,519	1.17%	1,196,931	13.32%
Other operating expense	22,095,485	21,908,542	21,672,523	(236,019)	-1.08%	(186,943)	-0.85%
Non-operating expense	3,720,761	3,554,829	2,528,001	(1,026,828)	-28.89%	(165,932)	-4.46%
<b>Total expense</b>	<b>\$ 84,499,070</b>	<b>\$ 80,612,777</b>	<b>\$ 86,229,296</b>	<b>\$ 5,616,519</b>	<b>6.97%</b>	<b>\$ (3,886,293)</b>	<b>-4.60%</b>
<b>Change in net position before capital contributions and extraordinary items</b>	<b>\$ 15,416,903</b>	<b>\$ 13,363,418</b>	<b>\$ 15,704,808</b>	<b>\$ 2,341,390</b>	<b>17.52%</b>	<b>\$ (2,053,485)</b>	<b>-13.32%</b>
<b>Contributions</b>							
Capital contributions	\$ 5,350,398	\$ 9,721,434	\$ 4,804,119	\$ (4,917,315)	-50.58%	\$ 4,371,036	81.70%
<b>Change in net position after capital contributions</b>	<b>\$ 20,767,301</b>	<b>\$ 23,084,852</b>	<b>\$ 20,508,927</b>	<b>\$ (2,575,925)</b>	<b>-11.16%</b>	<b>\$ 2,317,551</b>	<b>11.16%</b>
<b>Beginning net position</b>	<b>\$ 172,352,797</b>	<b>\$ 193,120,098</b>	<b>\$ 216,204,950</b>	<b>\$ 23,084,852</b>	<b>11.95%</b>	<b>\$ 20,767,301</b>	<b>12.05%</b>
<b>Ending net position</b>	<b>\$ 193,120,098</b>	<b>\$ 216,204,950</b>	<b>\$ 236,713,877</b>	<b>\$ 20,508,927</b>	<b>9.49%</b>	<b>\$ 23,084,852</b>	<b>11.95%</b>

# GREER COMMISSION OF PUBLIC WORKS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### General Trends

During 2021, the Greater Greer area continued to realize the steady growth in the residential, commercial, and industrial base that it has experienced for the past 10 years. The Commission experienced growth in its customer base adding approximately 4,778 new customers, or 5.83%, continuing the growth trend that has averaged 3.3% over the past 10 years.

The Commission remains positioned to manage the growth that continues in our service area. We have a plentiful water supply and sufficient capacity to manage the demand of our Water and Sewer systems. The five strategically located Electric substations throughout the service area continue to provide reliable and competitive Electric services. Our Natural Gas service area is fed by our connections to the Transcontinental Pipeline, which provides our customers with an abundant supply of commodity.

### Financial Position

The Commission employs conservative management principles to maintain sustained and healthy debt service coverages. This management style lends itself to our continued financial strength and stability. Total assets of \$318,298,196 increased by \$17,055,833, or 5.66%, compared to the 2020 increase to \$301,242,364. Current and other assets increased by \$8,401,450, or 12.39% to \$76,221,618 from fiscal year 2020 results of \$67,820,168. As we continue to expand and improve our capital infrastructure, the capital assets for fiscal year 2021 increased by \$8,654,383, or 3.71%, to \$242,076,578 from fiscal year 2020 results of \$233,422,195. Total liabilities decreased by \$5,070,474, or 5.95%, to \$80,178,253 from fiscal year 2020 results of \$85,248,727. Total liabilities decreased partly due to the reduction in long-term debt from annual required debt service.

### Results of Operations

**Operating Revenues:** Operating revenues are primarily comprised of electric, natural gas, water and sewer sales that are supplemented by revenues from connection fees, service charges, collection fees, and some miscellaneous fees. Total revenues increased by \$7,957,909 to \$101,934,104 in fiscal year 2021 from \$93,976,195 in fiscal year 2020 due to the net effects of decreases to the electric, natural gas, water, and sewer revenues. The increases in the electric, natural gas, water and sewer revenues of 1.47%, 27.53%, 5.36% and 4.51% respectively can be attributed to several factors, but mostly due to weather, growth, and commodity prices. Once again in 2021, PMPA determined that certain conditions were met that enabled them to issue a base billing demand credit on the Commissions electric rates received from PMPA. During 2021, this amount received from PMPA as base billing demand credits were \$3,930,528. Weather is always a factor to be reviewed when evaluating revenues. The heating degree days ("HDD") during 2021 were 2,794 days, .5% higher than the 2,781 days experienced during 2020, and the cooling degree days ("CDD") during 2021 were 1,674 days a decrease from 2020 of 2.4%. In addition to the volatility of the temperatures, the weather patterns also brought to the area 49 inches of precipitation, a decrease of 33.5% from 2020 totals of 74 inches. The fluctuations in the price of the natural gas commodity resulted in weighted average costs of \$4.72 per dT, an increase from 2020 of \$2.98 per dT.

Operating revenues during 2020 were decreased by \$5,939,778 to \$93,976,195 over fiscal year 2019 due to the net effects of decreases to the electric, water, and sewer revenues. The decreases in the electric, and gas revenues of 2.14% and 10.02% respectively, and increase in water and sewer revenues of 1% and 1.07% respectively can be attributed to several factors, but mostly due to weather, growth, and commodity prices. The heating degree days ("HDD") during 2020 were 27,781 days, .5% higher than the 2,766 days experienced during 2019, and the cooling degree days ("CDD") during 2020 were 1,715 days a decreased from 2019 of 19%. In addition to the volatility of the temperatures, the weather patterns also brought to the area 51.86 inches of precipitation, a increase of 42.1% from 2019 totals of 51.86 inches. The fluctuations in the price of the natural gas commodity resulted in weighted average costs of \$2.98 per dT, a decrease from 2019 of 3.81 per dT.

Other operating revenues increased by \$188,934 and increased by \$461,717 during 2021 and 2020, respectively.

# GREER COMMISSION OF PUBLIC WORKS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The increases are attributable to several factors, including changes in the collection of reconnect fees, sales of gas, water, and sewer tap fees, sales of inventoried materials, and recovery of bad debts.

During 2021, non-operating revenues decreased by \$376,653. This decrease is attributable to the reduction of the electric demand credits issued by PMPA and a decrease in interest earnings from cash balances held at banking institutions. During 2020, non-operating revenues decreased by \$2,859,698. These decreases can be attributed to the reduction in electric demand credits issued by PMPA and decrease in earnings on investments.

**Operating Expenses:** Operating expenses are primarily comprised of the costs to procure electricity and natural gas for sales to our customers, to provide water treatment and distribution, and sewer collection and treatment. During 2021, expenses increased by \$5,616,519 to \$86,229,296, from \$80,612,777 in fiscal year 2020, due to the net effect of an increase in related purchased gas, purchased power and other operating expenses. Purchased gas costs increased by \$6,314,691, or 67.67%, because of increased commodity prices and colder weather experienced in the first and last quarters of 2021. Purchased power costs increased only slightly by \$445,156, or 1.25%, because of slightly elevated customer demand experienced during the warmer temperatures during the summer months. Other operating expenses decreased by \$236,019, with the decrease to water and wastewater treatment chemicals, and the operations and maintenance of equipment.

During 2020, expenses decreased by \$3,886,293 to \$80,612,777, from \$84,499,070 in fiscal year 2019, due to the net effect of an increase in related purchased gas, purchased power and other operating expenses. Purchased gas costs decreased by \$3,034,820, or 24.54%, because of decreased commodity prices and warmer weather experienced in the first and last quarters of 2020. Purchased power costs decreased by \$1,695,529, or 4.54%, because of decreased customer demand experienced during the cooler temperatures during the summer months. Other operating expenses decreased by \$186,943, with the decrease to water and wastewater treatment chemicals, and the operations and maintenance of equipment.

Non-operating expenses decreased by \$1,026,828, or 28.89%, to \$2,528,001 during 2021. The disposal of assets resulted in gain realized in the amount of \$495,337, an increase from loss of \$495,337 realized during 2020.

During 2020, non-operating expenses decreased by \$165,932, or 4.46%, to \$3,554,829. The loss realized on the disposal of assets decreased by \$741,833.

As a result of these factors, the Commission experienced net revenues over expenses of \$13,363,418 and \$15,416,903, respectively, in 2020 and 2019, before capital contributions.

**Capital Contributions and Grants:** Capital contributions include cash contributions, non-cash contributions and grants from various sources such as developers, customer assessments, and state and federal agencies. During 2021, the Commission received \$4,804,119 in capital contributions. This was a \$4,917,315 decrease from fiscal year 2020 capital contributions of \$9,721,434. Capital contributions for 2020 included the following receipts:

- \$45,210 received from various sources to offset capital costs related to lighting infrastructure
- \$2,096,121 received from various developer contributed properties that consists of water and sewer infrastructure
- \$229,217 received for various recreation and subdivision projects
- \$48,340 grant funds

During 2020, the Commission received \$9,721,434 in capital contributions. This was an increase of \$4,371,036 from \$5,350,398 received during fiscal year 2019.

During 2021, the Commission was awarded a \$2 million dollar grant from the Economic Development Administration (EDA) to replace the pump station at the BMW Manufacturing Plant in Greer. This grant is in addition to a \$500,000 grant from the S.C. Rural Infrastructure Authority (RIA) awarded in May 2020. This work is still under way at the end of fiscal year 2021.

# GREER COMMISSION OF PUBLIC WORKS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Transfers to the City:** During fiscal years 2021 and 2020, the Commission made transfers to the City of Greer's General Fund in the amount of \$1,000,000.

### Capital Assets and Long-Term Debt

**Capital Assets:** At the end of 2021, the Commission has invested \$410,381,184 in land and a broad range of infrastructure including electric distribution facilities; electric substations; fiber optic infrastructure and equipment; water and sewer plants; wastewater facilities; water and sewer lines; maintenance and administration facilities; vehicles and equipment; and office and computer equipment. Please refer to Note 3 to the financial statements for additional information on the Commission's capital assets.

In 2021 and 2020, the Commission's capital assets increased in the net amount of \$12,796,507 and \$19,270,632, respectively. Of this increase, \$12,227,128 and \$18,286,946, respectively, was for expansion and improvement to utility plant and the remainder for other operating assets during 2021 and 2020.

Capital Assets							
	FY 2019	FY 2020	FY 2021	2020 to 2021		2019 to 2020	
				Dollars	%	Dollars	%
				Increase (decrease)		Increase (decrease)	
Land	\$ 5,981,856	\$ 5,981,856	\$ 6,028,933	\$ 47,077	0.79%	\$ -	0.00%
Buildings	7,056,402	7,061,768	7,318,736	256,968	3.64%	5,366	0.08%
Machinery, equipment, and vehicles	10,678,173	11,441,429	11,656,940	215,511	1.88%	763,256	7.15%
Electric distribution system	65,324,176	70,800,436	72,367,564	1,567,128	2.21%	5,476,260	8.38%
Water distribution system	82,599,249	86,792,636	88,442,893	1,650,257	1.90%	4,193,387	5.08%
Water reservoirs and dams	11,637,402	11,637,846	11,637,846	-	0.00%	444	0.00%
Recreational facilities	777,755	816,778	816,778	-	0.00%	39,023	5.02%
Gas distribution system	76,699,125	77,374,506	79,195,483	1,820,977	2.35%	675,381	0.88%
Disposal plants and sanitary sewer	106,580,748	112,708,277	115,883,719	3,175,442	2.82%	6,127,529	5.75%
Office equipment and software	3,284,478	3,499,445	3,549,268	49,823	1.42%	214,967	6.54%
Fiber optic	550,200	550,297	550,297	-	0.00%	97	0.02%
Construction in progress	7,144,481	8,919,403	12,932,727	4,013,324	45.00%	1,774,922	24.84%
Subtotal	\$ 378,314,045	\$ 397,584,677	\$ 410,381,184	\$ 12,796,507	3.22%	\$ 19,270,632	5.09%
Less accumulated depreciation	155,323,437	164,162,481	168,304,606	4,142,125	2.52%	8,839,044	5.69%
Net property, plant, and equipment	\$ 222,990,608	\$ 233,422,196	\$ 242,076,578	\$ 8,654,382	3.71%	\$ 10,431,588	4.68%

The following is a summary of some of the major capital improvements completed and added to the system during fiscal year 2021.

Improvements and upgrades to the Sewer system	\$ 4,784,029
Improvements and upgrades to the Water system	2,931,006
Improvements and upgrades to the Gas system	2,779,778
Improvements and upgrades to the Electric system	2,739,164
Commercial utility infrastructure	1,188,936
Downtown streetscape project	377,382
Water Filter Plant infrastructure upgrades	144,765
Motor vehicles and heavy equipment replacements	1,345,326
Commission's Undergrounding Project	626,032
Operations Building and Property Improvements	371,227
Land Acquisitions	47,077
Software System Improvements	593,490
<b>Total major capital improvements</b>	<b>\$ 17,928,211</b>



# GREER COMMISSION OF PUBLIC WORKS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Long-term Debt:** At the end of 2021, the Commission had \$51,729,141 in aggregate long-term debt, down from \$56,047,868 at the end of fiscal year 2020, a decrease of \$4,318,727, or 7.71%. In 2020, the Commission had \$56,047,868 in aggregate long-term debt, decreased from \$60,262,111 at the end of fiscal year 2019, a decrease of \$4,214,243, or 6.99%. The changes resulted from scheduled principal payments made on the existing debt, along with one debt refunding. Please refer to Note 7 to the financial statements for additional information on the Commission's long-term debt.

	FY 2019		FY 2020		FY 2021						
	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate	Principal Outstanding	Weighted Average Coupon Rate	2020 to 2021		2019 to 2020		
								Dollars	%	Dollars	%
Series 2002 revenue bonds	\$ 22,405,000	5.48%	\$ 22,155,000	5.48%	\$ 21,890,000	5.48%	\$ (265,000)	-1.20%	\$ (250,000)	-1.12%	
2004 South Carolina SRF loan	5,493,700	2.25%	5,175,933	2.25%	4,850,955	2.25%	(324,978)	-6.28%	(317,767)	-5.78%	
2005 South Carolina SRF loan	4,557,069	2.25%	4,282,610	2.25%	4,001,924	2.25%	(280,686)	-6.55%	(274,459)	-6.02%	
Series 2007 revenue bonds	2,826,489	4.02%	2,519,955	4.02%	2,201,098	4.02%	(318,857)	-12.65%	(306,534)	-10.85%	
2007 South Carolina SRF loan	7,079,544	2.25%	6,383,081	2.25%	5,670,813	2.25%	(712,268)	-11.16%	(696,463)	-9.84%	
2009 South Carolina SRF loan	3,905,309	2.25%	3,756,289	2.25%	3,604,351	2.25%	(151,938)	-4.04%	(149,020)	-3.82%	
Series 2015 refunding bonds	2,865,000	2.10%	2,410,000	2.10%	1,945,000	2.10%	(465,000)	-19.29%	(455,000)	-15.88%	
Series 2017 refunding bonds	11,130,000	1.99%	9,365,000	1.99%	7,565,000	1.99%	(1,800,000)	-19.22%	(1,765,000)	-15.86%	
Total Long-term debt	\$ 60,262,111	3.48%	\$ 56,047,868	3.56%	\$ 51,729,141	3.65%	\$ (4,318,727)	-7.71%	\$ (4,214,243)	-6.99%	

**Bond Ratings** - All outstanding Combined Utility System Revenue Bonds ("Revenue Bonds") carry an A1, A+ and AA- ratings from Moody's, Standard & Poor's, and Fitch Ratings, respectively. During 2021, the Commission received affirmations of each of its ratings from Standard and Poor's and Fitch Rating.

**Limitations on Debt** - The Bond Ordinance provides that debt may be issued under the Bond Ordinance from time to time in such amounts as deemed necessary or advisable to the City, upon request of the Commission, for any purpose for which bonds may be issued for the benefit of the Commission under the Enabling Act. Prior to issuing any additional bonds, other than refunding bonds, the Commission is required to prove that the estimated future net revenues of the Commission are expected to be at least 120% of the actual highest combined debt service requirement (including debt service on the proposed additional bonds) for the current fiscal year and for the three fiscal years following the issuance of the additional bonds. The Commission currently reports a maximum debt service coverage ratio of 486%, 463%, and 468%, for the years 2021, 2020, and 2019, respectively.

	FY 2019 (Restated)	FY 2020	FY 2021	2020 to 2021		2019 to 2020	
				Dollars	%	Dollars	%
<b>Revenues</b>				<b>Increase (decrease)</b>		<b>Increase (decrease)</b>	
Revenues from operations	\$ 92,731,910	\$ 89,651,830	\$ 97,986,392	\$ 8,334,562	9.30%	\$ (3,080,080)	-3.32%
Non-operating revenue	7,184,063	4,324,365	3,947,712	(376,653)	-8.71%	(2,859,698)	-39.81%
Capacity fees*	1,630,000	2,299,500	2,385,230	85,730	3.73%	669,500	41.07%
<b>Total revenues</b>	<b>\$ 101,545,973</b>	<b>\$ 96,275,695</b>	<b>\$ 104,319,334</b>	<b>\$ 8,043,639</b>	<b>8.35%</b>	<b>\$ (5,270,278)</b>	<b>-5.19%</b>
<b>Expenses</b>							
Total expenses	\$ 83,509,070	\$ 79,612,777	\$ 85,229,296	\$ 5,616,519	7.05%	\$ (3,896,293)	-4.67%
Depreciation	(8,988,814)	(10,185,745)	(10,305,264)	(119,519)	1.17%	(1,196,931)	13.32%
Bond interest expense	(1,978,928)	(2,059,492)	(1,933,666)	125,826	-6.11%	(80,564)	4.07%
Gain (loss) on sale of assets	(741,833)	(495,337)	405,665	901,002	-181.90%	246,496	-33.23%
<b>Total expenses</b>	<b>\$ 71,799,495</b>	<b>\$ 66,872,203</b>	<b>\$ 73,396,031</b>	<b>\$ 6,523,828</b>	<b>9.76%</b>	<b>\$ (4,927,292)</b>	<b>-6.86%</b>
<b>Income available for debt service</b>	<b>\$ 29,746,478</b>	<b>\$ 29,403,492</b>	<b>\$ 30,923,303</b>	<b>\$ 1,519,811</b>	<b>5.17%</b>	<b>\$ (342,986)</b>	<b>-1.15%</b>
<b>Maximum annual debt service (ADS)</b>	<b>\$ 6,357,000</b>	<b>\$ 6,357,000</b>	<b>\$ 6,357,000</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>
<b>Maximum ADS coverage</b>	<b>468%</b>	<b>463%</b>	<b>486%</b>		<b>4.97%</b>		<b>-1.07%</b>

\*Although Capacity fees are allocated to Contributions of Capital, they are available for debt service under the Bond Ordinance

With this continued strong debt service coverage ratio, the Commission has the ability and capacity to issue additional bonds to fund future capital additions to the System. As a result of the increase in capital reserves and strategic planning, the Commission currently anticipates internally funding capital projects within the current long-range Capital Improvement Plan through fiscal year 2027.

# **GREER COMMISSION OF PUBLIC WORKS**

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

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### **Economic Outlook and Final Comments**

The economic outlook for the Greenville and Spartanburg Counties continues to show positive trends in several areas. With the continued increase in the receipt of capacity fees received by the Commission, both Greenville and Spartanburg Counties are showing continual developer activity, which coincides with economic growth. Unemployment rates for the Greenville and Spartanburg Counties were 2.9% at the end of 2021 and mean household income increased 3.3% from prior year. Population increases in both counties mirror the positive trend the Commission has seen in customer growth.

These positive economic indicators promote the financial health and sustainability of the Commission. The Commission is committed to fiscal responsibility, which is our assurance we will sensibly spend, earn, and generate funds without placing undue hardship on our ratepayers. The COVID-19 pandemic continues to plague our supply chain. The increase we are seeing on typical inventory prices are at never before seen levels. Gas prices also continue to show signs of increase affecting our purchase gas and price per dT.

The Commission considered a variety of factors in developing the fiscal year 2022 budget, including required rates by utility and customer class, user fees, and other charges. The Commission is required under the Ordinance to set rates and fees at levels which are at least sufficient to provide 100% of the amounts required to be deposited into the Operation and Maintenance Fund for the then current fiscal year, any amounts required to be deposited into any Debt Service Reserve Fund for the then current fiscal year, and any other amounts necessary to comply with the terms of the Bond Ordinance or any other contract or agreement with the Bondholders.

The fiscal year 2022 budget provided for no rate increases in any of the Commission's utility services. For 2022, requirements, such as increasing legislative environmental requirements mandated for our drinking water and wastewater treatment facilities, volatile natural gas, rising health care costs, and the general overall effects of inflation on our day-to-day operating requirements, must be dealt with effectively through the rates and fees charged for our services in order to achieve revenue sufficiency and appropriate levels of debt service coverage for each of the four operating utilities.

The Commission's customer base for each utility is evaluated in consideration of the City and County projected population growth, the impacts of annexations, the general economy, and other known factors affecting each individual utility.

### **Contacting the Commission's Finance Manager**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the office of Angela M. Karcher, Finance Manager, Greer Commission of Public Works, P.O. Box 216, Greer, South Carolina 29652-0216.

# GREER COMMISSION OF PUBLIC WORKS

## STATEMENTS OF NET POSITION DECEMBER 31, 2021 AND 2020

	December 31,	
	2021	2020
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 31,130,308	\$ 39,426,041
Accounts receivable - customer (less allowance for doubtful accounts of \$239,207 and \$232,344 for 2021 and 2020, respectively)	9,444,374	10,957,856
Inventories	5,518,246	3,965,305
Prepaid expenses	97,836	89,902
Restricted assets, cash and cash equivalents	30,030,854	13,381,064
Total Current Assets	<u>76,221,618</u>	<u>67,820,168</u>
Noncurrent Assets		
Capital Assets:		
Utility plant	410,381,184	397,584,677
Less: accumulated depreciation	(168,304,606)	(164,162,481)
Net utility plant	<u>242,076,578</u>	<u>233,422,196</u>
Total Noncurrent Assets	<u>242,076,578</u>	<u>233,422,196</u>
Total Assets	<u>318,298,196</u>	<u>301,242,364</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized charge on refunding	148,322	191,334
Deferred outflows-other postemployment benefits	446,493	486,017
Deferred outflows-pension	2,206,525	2,228,254
Total Deferred Outflows of Resources	<u>2,801,340</u>	<u>2,905,605</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	6,604,503	5,501,575
Construction contract retainage payable	115,831	135,302
Accrued interest	537,948	584,111
Other accrued liabilities	3,028,381	2,678,189
Customers' deposits	903,589	734,234
Compensated absences	572,143	563,755
Current portion of landfill post-closure liability	11,850	11,400
Current portion of long-term debt	4,419,473	4,318,727
Total Current Liabilities	<u>16,193,718</u>	<u>14,527,293</u>
Long-term Liabilities		
Landfill post-closure liability, net of current portion	182,950	194,800
Total other postemployment benefit liability	900,222	900,900
Net pension liability	15,321,894	17,591,283
Long-term debt, net of unamortized premium and current portion of long-term debt	<u>47,579,469</u>	<u>52,034,451</u>
Total Long-term Liabilities	<u>63,984,535</u>	<u>70,721,434</u>
Total Liabilities	<u>80,178,253</u>	<u>85,248,727</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows-pension	2,669,098	960,066
Deferred inflows-other postemployment benefits	1,538,308	1,734,226
Total Deferred Inflows of Resources	<u>4,207,406</u>	<u>2,694,292</u>
<b>NET POSITION</b>		
Net investment in capital assets	190,225,958	177,260,352
Restricted for:		
Debt service	728,263	1,002,227
Capital projects	9,884,153	11,644,603
Unrestricted	<u>35,875,503</u>	<u>26,297,768</u>
Total Net Position	<u>\$ 236,713,877</u>	<u>\$ 216,204,950</u>

See accompanying notes to the financial statements.

## GREER COMMISSION OF PUBLIC WORKS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	December 31,	
	2021	2020
<b>Operating Revenues</b>		
Electric revenues	\$ 46,343,600	\$ 45,670,574
Gas revenues	30,959,073	24,276,620
Water revenues	9,363,477	8,887,470
Sewer revenues	7,283,813	6,969,671
Other operating revenues	4,036,429	3,847,495
<b>Total Operating Revenues</b>	<b>97,986,392</b>	<b>89,651,830</b>
<b>Operating Expenses</b>		
Purchased power	36,077,599	35,632,443
Purchased gas	15,645,909	9,331,218
Depreciation	10,305,264	10,185,745
Other operating expenses	21,672,523	21,908,542
<b>Total Operating Expenses</b>	<b>83,701,295</b>	<b>77,057,948</b>
<b>Operating Income</b>	<b>14,285,097</b>	<b>12,593,882</b>
<b>Non-operating Revenues (Expenses)</b>		
Investment income	17,184	113,085
Gain (loss) on sale of capital assets	405,665	(495,337)
Interest expense	(1,933,666)	(2,059,492)
Revenues from electric demand credits	3,930,528	4,211,280
Intergovernmental expense to the City of Greer	(1,000,000)	(1,000,000)
<b>Total Non-operating Revenues, Net</b>	<b>1,419,711</b>	<b>769,536</b>
Income before Contributions	15,704,808	13,363,418
<b>Capital Contributions</b>	<b>4,804,119</b>	<b>9,721,434</b>
Change in Net Position	20,508,927	23,084,852
<b>Net Postion, Beginning of Year</b>	<b>216,204,950</b>	<b>193,120,098</b>
<b>Net Position, End of Year</b>	<b>\$ 236,713,877</b>	<b>\$ 216,204,950</b>

See accompanying notes to the financial statements.

# GREER COMMISSION OF PUBLIC WORKS

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	December 31,	
	2021	2020
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$ 95,632,800	\$ 84,996,802
Cash Paid to Employees	(9,429,907)	(8,825,256)
Cash Paid to Suppliers	(64,772,591)	(57,855,162)
Other receipts	7,966,957	8,058,775
<b>Net Cash Provided by Operating Activities</b>	<b>29,397,259</b>	<b>26,375,159</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Intergovernmental Payments to the City of Greer	(1,000,000)	(1,000,000)
<b>Net Cash Used in Noncapital Financing Activities</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Capital Grants and Contributions	2,707,998	3,731,485
Construction and Improvement of Utility Plant	(16,991,142)	(15,507,174)
Debt Principal Payments	(4,318,727)	(4,214,243)
Proceeds from Sales of Capital Assets	513,811	503,039
Interest Paid	(1,972,326)	(2,074,484)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(20,060,386)</b>	<b>(17,561,377)</b>
<b>Cash Flows from Investing Activities</b>		
Interest Received	17,184	113,085
<b>Net Cash Provided by Investing Activities</b>	<b>17,184</b>	<b>113,085</b>
Net Increase in Cash and Cash Equivalents	8,354,057	7,926,867
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>52,807,105</b>	<b>44,880,238</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 61,161,162</b>	<b>\$ 52,807,105</b>
Per Statement of Net Position:		
Cash and Cash Equivalents	\$ 31,130,308	\$ 39,426,041
Cash and Cash Equivalents - Restricted	30,030,854	13,381,064
	<b>\$ 61,161,162</b>	<b>\$ 52,807,105</b>

(Continued)

See accompanying notes to the financial statements.

# GREER COMMISSION OF PUBLIC WORKS

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	December 31,	
	2021	2020
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 14,285,097	\$ 12,593,882
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	10,305,264	10,185,745
Other receipts	3,930,528	4,211,280
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	1,513,482	(881,511)
Increase in Inventory	(1,552,941)	(173,441)
(Increase) Decrease in Prepaid Expenses	(7,934)	36,958
(Increase) Decrease in Deferred Outflows of Resources	61,253	(1,138,537)
Increase in Accounts Payable	1,089,842	56,067
Increase in Other Accrued Liabilities	371,666	321,249
Increase in Customer Deposits	169,355	73,978
Decrease in Total Other Postemployment Benefit Liability	(678)	(40,933)
Increase (Decrease) in Net Pension Liability	(2,269,389)	1,647,291
Decrease in Landfill Post-closure Liability	(11,400)	(10,900)
Increase (Decrease) in Deferred Inflows of Resources	1,513,114	(505,969)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 29,397,259</b>	<b>\$ 26,375,159</b>
<b>Non-cash Investing, Capital and Financing Activities:</b>		
Non-cash Capital Contributions	\$ 2,096,121	\$ 5,989,949

# GREER COMMISSION OF PUBLIC WORKS

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Greer Commission of Public Works (the “Commission”) is a municipal utility system established in 1913 to furnish electricity, natural gas, water, and sanitary sewer service to the City of Greer (the “City”) and the surrounding area. The Commission is governed by three elected Commissioners and managed by an appointed General Manager.

For its electric service needs, under an all requirements contract, the Commission is a member of Piedmont Municipal Power Agency (PMPA) which owns a 25% undivided ownership interest in Duke Energy’s Catawba Nuclear Station Unit 2 and its initial nuclear core. This jointly owned reactor furnishes approximately 96% of the Commission’s electrical needs. The Commission also purchases power from the U.S. Department of Energy – Southeastern Power Administration and from the Laurens Electric Cooperative.

In addition to the incorporated City service area, natural gas is provided to five other municipalities. Natural gas supplies are purchased from a variety of sources including Conoco Phillips, BP Energy, Direct Energy, NJR Energy, SW Virginia Gas Company, and other providers and delivered to the Commission’s marketing areas via transmission lines owned by Transcontinental Gas Pipeline Corporation. In June 2013, the Commission began participating as a cooperative buyer from Municipal Gas Acquisition and Supply Corporation (MuniGas).

Raw water supply is provided from two reservoirs located approximately 5 miles north of the City. This water undergoes treatment in compliance with the South Carolina Department of Health and Environmental Control and Federal Environmental Protection Agency regulations and is partially softened during the process.

The sanitary sewer system consists of a series of collection mains, as well as a primary sewage treatment plant.

The Commission’s significant accounting policies are as follows:

#### REPORTING ENTITY

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

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

There are no component units.

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The Commission’s accounting records are maintained on the full accrual basis in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities and substantially in conformity with the Federal Energy Regulatory Commission’s Uniform System of Accounts.

The Commission accounts for its activities similar to those found in private business enterprises. The Financial Accounting Standards Board (FASB) and its predecessor organizations have issued accounting and reporting standards for activities in the private sector, however, the Commission has applied all applicable pronouncements issued by the Governmental Accounting Standards Board (GASB).

The Commission reports its activities in a single proprietary fund. Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. The accounting objective of this measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (CONTINUED)

Enterprise funds are a type of proprietary fund used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Proprietary funds distinguish operating revenue 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. The principal operating revenues of the Commission are charges to customers for services. The Commission also recognizes origination fees, which are intended to recover the cost of connecting new customers to the system, as operating revenue. Operating expenses for proprietary funds include the cost to provide services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On the full accrual basis, revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

#### BUDGETS

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

#### CASH AND CASH EQUIVALENTS

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

#### INVESTMENTS

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

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

All investments are stated at their fair values.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ACCOUNTS RECEIVABLE

Customer receivables represent fees for utility services earned but not yet collected. The Commission recognizes revenue as earned on a monthly basis, based on rates established by the Commission's Board of Commissioners. Due to the fact that the customer meters are read and billed at various times during each month, the Commission estimates unbilled revenues for each of its services delivered to customers between their last respective cycle billing date and December 31, and records that amount as unbilled revenues for the current year. Estimated unbilled revenues as of December 31, 2021 and 2020 were \$4,191,913 and \$5,003,712, respectively. Receivables are reported net of applicable allowances for uncollectible accounts. Management reviews account receivables on a regular basis to determine if any receivables will potentially be uncollectible. The allowance for uncollectible accounts includes amounts estimated through an evaluation of specific accounts, based on the best available facts and circumstances, of customers that may be unable to meet their financial obligations, and a reserve based on historical experience. Management believes that the allowance for uncollectible accounts as of year-end was adequate.

#### INVENTORIES AND PREPAID EXPENSES

Materials and supplies inventories are valued at average cost, and consists of materials, supplies, and fuel. Prepaid expenses consist of items such as general liability insurance premiums that have been paid during 2021 and 2020 but are recognized over the appropriate accounting periods.

#### RESTRICTED ASSETS

Restricted assets consist of cash that will be used for future additions to utility plant or to meet debt service obligations on debt issued to fund additions to utility plant, as prescribed by the underlying bond ordinance.

#### UTILITY PLANTS

Utility plant is stated at cost and contributed capital assets are recorded at their acquisition fair value at the date of contribution. Minimum capitalization costs are \$5,000. The Commission implemented GASB Statement No. 89, *Accounting for Costs Incurred Before the End of a Construction Period*, effective January 1, 2020. This new standard eliminated the requirement and ability to capitalize construction period interest costs as a part of the cost of a capital asset and is applied prospectively in these financial statements.

Capital assets of the Commission are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>		<u>Years</u>
Electric distribution system	25	Finance building	50
Gas distribution system	33	Operations center	50
Water system	50	Vehicle maintenance facility	33
Compressed natural gas station	15	Buildings	10
Recreational facilities	25	Fiber optic	10
Disposal plants and sanitary sewer	50	Vehicles and other work equipment	7
Lift stations	20	Office equipment and furniture	6

Depreciation expense for the years ended December 31, 2021 and 2020 was \$10,305,264 and \$10,185,745, respectively.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### UTILITY PLANTS (CONTINUED)

Costs of labor, materials, supervision, and other expenses incurred in making repairs and minor replacements and in maintaining the plant are charged to expense. Plant accounts are charged with the costs of permanent betterments and replacements of plant, including capitalized labor, as appropriate. Donated assets are valued at acquisition value at the date of donation.

#### PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and Police Officers Retirement System (PORS) and additions to/deductions from SCRS'/PORS' fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with the benefit terms.

#### DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position reports a separate section for deferred outflow of resources and deferred inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Unamortized charge on refunding reported on the Statement of Net Position and employer pension and OPEB contributions subsequent to the measurement date of the net pension liability and total OPEB liability not included in pension/OPEB expenses are reported as deferred outflows of resources or deferred inflows of resources. Additional pension and OPEB related deferred outflows/inflows of resources reported on the Statement of Net Positions include: (1) differences between expected and actual experience, (2) differences between projected and actual earnings on pension plan investments, (3) changes in actuarial assumptions, and (4) changes in proportion and differences between Commission contributions and proportionate share of pension contributions.

#### COMPENSATED ABSENCES

In prior years it has been the Commission's policy to permit employees to accrue earned but unused paid vacation time and general leave. In 2019, the Commission implemented a policy combining paid vacation time and general leave into one category of paid leave that has been earned but unused referred to as personal time off (PTO). PTO vests when earned. Under the new policy, employees with existing leave balances are permitted to accumulate and carry over up to 80 hours of earned but unused PTO. Amounts in excess of 80 hours at year end will be paid out to employees in January of the following year. PTO within the annual carryover limit and the amount earned in excess of 80 hours to be paid to employees in January of the following year is reported as a liability on the Statement of Net Position.

#### AMORTIZATION

Bond premiums and discounts are recorded and amortized over the life of the respective bonds using a method that approximates the effective interest method.

#### CAPITAL CONTRIBUTIONS

The Commission receives contributions in aid of construction from customers in the form of capacity fees for water and sewer expansions, from developer contributions, as well as from federal, state, and local grants principally for utility plant.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 those estimates.

#### RECLASSIFICATIONS

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

#### DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Commission has developed a hedging policy, which provides guidelines for the use of natural gas and financial futures, options, and other contracts. The purpose of the hedging policy is to mitigate the risks associated with fluctuations in interest rates and/or natural gas prices.

By using derivative financial instruments to hedge exposures to changes in natural gas prices, the Commission exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract.

When the fair value of a derivative contract is positive, the counterparty owes the Commission, which creates credit risk for the Commission. When the fair value of a derivative contract is negative, the Commission owes the counterparty and, therefore, it does not possess credit risk.

The Commission minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates or commodity prices. The market risk associated with commodity-price contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Cumulative changes in the fair value of hedge contracts are recorded at the time the contracts are closed. At December 31, 2021 and 2020, the Commission had a total of 0 contracts outstanding, respectively. The Commission discontinued the use of liquid natural gas (LNG) hedges in March 2020.

#### NET POSITION

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. PROJECT POWER SALES AGREEMENT

The Commission, as a member of the PMPA, is party to the Catawba Project Power Sales Agreements (the “Sales Agreements”). These Sales Agreements oblige PMPA to provide each member a share of the Catawba Nuclear Station (the “Project”) power output and, in turn, each member must pay its share of Project costs.

Members make their payments on a “take-or-pay” basis whether or not the Project is operable or operating. Such payments are not subject to reduction or offset and are not conditioned upon performance by PMPA or any given member. The Sales Agreements are in effect until the earlier of August 1, 2035, or the completion of payments of PMPA’s bonds and satisfaction of obligations under the Project agreements. The Commission’s share of PMPA’s total energy usage was approximately 9.34% and 9.34% in 2021 and 2020, respectively.

The Commission, as a member of PMPA, is also party to the Supplemental Power Sales Agreements (the “Supplemental Agreements”) under which each member has agreed to pay, in exchange for supplemental bulk power supply costs, its share of supplemental bulk power supply costs. A member may terminate its Supplemental Agreement with ten years advance notice. Accordingly, the Commission provided PMPA advance written notice to terminate the Supplemental Power Sales Agreement on December 31, 2018. The termination will be effective on December 31, 2028. During 2021 and 2020, the Commission purchased \$31,373,021 and \$30,567,710, respectively, from PMPA under the two agreements discussed above. On December 31, 2021 and 2020, amounts due to PMPA of \$2,457,818 and \$2,373,344, respectively, were included in accounts payable.

### NOTE 3. CASH AND CASH EQUIVALENTS

At December 31, 2021, the carrying value of deposits included in cash and cash equivalents was \$54,871,200 and the bank balance was \$54,951,385. Additionally at December 31, 2021, the Commission’s cash and cash equivalents include petty cash of \$8,000 and deposits with the South Carolina Local Government Investment Pool (LGIP) of \$6,281,962. At December 31, 2020, the carrying value of deposits included in cash and cash equivalents was \$49,523,469 and the bank balance was \$49,803,911. Additionally at December 31, 2020, the Commission’s cash and cash equivalents include petty cash of \$8,000 and deposits with the LGIP of \$3,275,636. The bank deposits were covered by federal depository insurance up to \$250,000 and/or fully collateralized with eligible securities held by an agent of the Commission in the Commission’s name. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts.

### INTEREST RATE RISK

Interest rate risk is the risk that rising interest rates will adversely affect the fair value of the Commission’s deposits. As outlined in the Commission’s investment policy, investment maturities shall be less than two years and maturities shall be staggered in a way that avoids undue concentration in a specific maturity sector. A competitive bidding process is utilized, only allowing a select list of qualified commercial banks to participate.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

#### CREDIT RISK

The deposits of the Commission are invested pursuant to statutes established by the state of South Carolina. The statutes allow for the investment of money in the following investments:

- a) Obligations of the United States and its agencies.
- b) General obligations of the state of South Carolina or any of its political units. Savings and loan association deposits to the extent they are insured by the FDIC.
- c) Certificates of deposit which are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, at a fair value not less than the amount of 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.
- d) Collateralized repurchase agreements which are collateralized by securities as set forth in (a) and (b) above.

In addition, the South Carolina state statutes authorize the Commission to invest in the LGIP. The LGIP is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Department does not disclose investment in the LGIP within the fair value hierarchy. As of December 31, 2021 and 2020, the underlying security ratings of the Commission's investment in the LGIP may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the State Treasurer's Office, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211.

#### CUSTODIAL CREDIT RISK

For a deposit, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. The Commission's deposits are subject to insurance provided by the FDIC and are fully collateralized with U.S. Treasury, "AAA" rated Federal Agency securities, or general obligations of the state of South Carolina or any of its political units.

#### CONCENTRATION OF CREDIT RISK

The investment policy of the Commission places no limit on the amount that the Commission may invest in any one issuer. During 2021 and 2020, the Commission had no investments.

### NOTE 4. INVENTORIES

Inventories at December 31, 2021 and 2020, consist of the following:

	2021	2020
Electric	\$ 2,613,223	\$ 1,892,954
Gas	2,085,364	1,508,855
Water and sewer	765,980	526,466
Other	15,183	12,972
Gasoline	38,496	24,058
<b>Total Inventories</b>	<b>\$ 5,518,246</b>	<b>\$ 3,965,305</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. UTILITY PLANT

The following is a summary of changes in utility plant as of December 31, 2021:

	December 31, 2020	Additions	Classification Transfers	Disposals	December 31, 2021
<b>Utility plant not being depreciated:</b>					
Land	\$ 5,981,856	\$ 47,077	\$ -	\$ -	\$ 6,028,933
Construction in progress	8,919,403	12,117,082	(8,103,758)	-	12,932,727
<b>Total utility plant not being depreciated</b>	<b>14,901,259</b>	<b>12,164,159</b>	<b>(8,103,758)</b>	<b>-</b>	<b>18,961,660</b>
<b>Utility plant being depreciated:</b>					
Electric distribution system	70,800,436	1,902,420	838,453	(1,173,745)	72,367,564
Gas distribution system	77,374,506	945,399	1,834,380	(958,801)	79,195,484
Water distribution system	86,792,636	1,645,802	1,285,204	(1,280,749)	88,442,893
Water reservoirs and dams	11,637,846	-	-	-	11,637,846
Recreational facilities	816,778	-	-	-	816,778
Disposal plants and sanitary sewer	112,708,277	745,060	4,038,969	(1,608,587)	115,883,719
Buildings	7,061,768	170,117	86,851	-	7,318,736
Vehicles and other work equipment	11,441,429	1,428,599	-	(1,213,088)	11,656,940
Office equipment and furniture	3,499,445	66,236	19,901	(36,315)	3,549,267
Fiber optic	550,297	-	-	-	550,297
<b>Total utility plant being depreciated</b>	<b>382,683,418</b>	<b>6,903,633</b>	<b>8,103,758</b>	<b>(6,271,285)</b>	<b>391,419,524</b>
<b>Less accumulated depreciation for:</b>					
Electric distribution system	(35,766,348)	(2,376,708)	19,023	957,208	(37,166,825)
Gas distribution system	(37,106,309)	(2,318,937)	(12,070)	1,442,669	(37,994,647)
Water distribution system	(30,002,742)	(1,739,515)	11,673	1,147,205	(30,583,379)
Water reservoirs and dams	(7,603,195)	(222,197)	(2)	-	(7,825,394)
Recreational facilities	(386,422)	(20,943)	-	-	(407,365)
Disposal plants and sanitary sewer	(37,278,182)	(2,225,659)	(1,565)	1,472,900	(38,032,506)
Buildings	(4,418,973)	(161,298)	(2)	-	(4,580,273)
Vehicles and other work equipment	(8,657,144)	(938,295)	(28,425)	1,143,126	(8,480,738)
Office equipment and furniture	(2,559,507)	(281,647)	11,368	31	(2,829,755)
Fiber optic	(383,659)	(20,065)	-	-	(403,724)
<b>Total accumulated depreciation</b>	<b>(164,162,481)</b>	<b>(10,305,264)</b>	<b>-</b>	<b>6,163,139</b>	<b>(168,304,606)</b>
<b>Utility plant, net</b>	<b>\$ 233,422,196</b>				<b>\$ 242,076,578</b>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. UTILITY PLANT

The following is a summary of changes in utility plant as of December 31, 2020:

	(As restated) December 31, 2019	Additions	Classification Transfers	Disposals	December 31, 2020
<b>Utility plant not being depreciated:</b>					
Land	\$ 5,981,856	\$ -	\$ -	\$ -	\$ 5,981,856
Construction in progress	7,144,481	6,222,078	(4,401,732)	(45,424)	8,919,403
<b>Total utility plant not being depreciated</b>	<b>13,126,337</b>	<b>6,222,078</b>	<b>(4,401,732)</b>	<b>(45,424)</b>	<b>14,901,259</b>
<b>Utility plant being depreciated:</b>					
Electric distribution system	65,324,176	4,593,495	882,765	-	70,800,436
Gas distribution system	76,699,125	2,210,739	(691,536)	(843,822)	77,374,506
Water distribution system	82,599,249	2,752,242	1,441,145	-	86,792,636
Water reservoirs and dams	11,637,402	-	444	-	11,637,846
Recreational facilities	777,755	15,144	23,879	-	816,778
Disposal plants and sanitary sewer	106,580,748	4,429,527	1,698,342	(340)	112,708,277
Buildings	7,056,402	5,365	1	-	7,061,768
Vehicles and other work equipment	10,678,173	1,387,117	(593,254)	(30,607)	11,441,429
Office equipment and furniture	3,284,478	-	214,967	-	3,499,445
Fiber optic	550,200	-	97	-	550,297
<b>Total utility plant being depreciated</b>	<b>365,187,708</b>	<b>15,393,629</b>	<b>2,976,850</b>	<b>(874,769)</b>	<b>382,683,418</b>
<b>Less accumulated depreciation for:</b>					
Electric distribution system	(33,402,100)	(2,364,248)	-	-	(35,766,348)
Gas distribution system	(35,776,664)	(2,245,210)	860,383	55,182	(37,106,309)
Water distribution system	(28,287,100)	(1,714,111)	(1,531)	-	(30,002,742)
Water reservoirs and dams	(7,380,958)	(222,197)	(40)	-	(7,603,195)
Recreational facilities	(365,440)	(21,021)	39	-	(386,422)
Disposal plants and sanitary sewer	(35,112,587)	(2,172,465)	6,864	6	(37,278,182)
Buildings	(4,260,770)	(158,202)	(1)	-	(4,418,973)
Vehicles and other work equipment	(7,894,794)	(1,203,704)	432,490	8,864	(8,657,144)
Office equipment and furniture	(2,480,058)	(63,989)	(15,460)	-	(2,559,507)
Fiber optic	(362,966)	(20,598)	(95)	-	(383,659)
<b>Total accumulated depreciation</b>	<b>(155,323,437)</b>	<b>(10,185,745)</b>	<b>1,282,649</b>	<b>64,052</b>	<b>(164,162,481)</b>
<b>Utility plant, net</b>	<b>\$ 222,990,608</b>				<b>\$ 233,422,196</b>

Transfers of construction in progress are shown as additions to utility plant being depreciated.

At December 31, 2021 and 2020, the Commission had outstanding contractual commitments of \$152,329 and \$6,464,665, respectively, related to additions to the utility plant. Such construction will be financed from cash flows from operations, and available cash and investments. The Commission is reevaluating the useful life of building assets and anticipates the effect to be immaterial to 2021 and 2020, respectively.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the years ended December 31, 2021 and 2020, is as follows:

Description	Rate	December 31, 2019	Additions	Deductions	December 31, 2020	Additions	Deductions	December 31, 2021	Current
<b>Revenue Bonds:</b>									
Series 2002	3.00% to 5.50%	\$ 22,405,000	\$ -	\$ (250,000)	\$ 22,155,000	\$ -	\$ (265,000)	\$ 21,890,000	\$ 270,000
Series 2007	4.02%	2,826,489	-	(306,534)	2,519,955	-	(318,857)	2,201,098	331,675
Series 2015	2.10%	2,865,000	-	(455,000)	2,410,000	-	(465,000)	1,945,000	475,000
Series 2017	1.99%	11,130,000	-	(1,765,000)	9,365,000	-	(1,800,000)	7,565,000	1,840,000
		39,226,489	-	(2,776,534)	36,449,955	-	(2,848,857)	33,601,098	2,916,675
Add: Bond Premiums		340,861	-	(35,551)	305,310	-	(35,509)	269,801	-
<b>Total Revenue Bonds</b>		<b>39,567,350</b>	<b>-</b>	<b>(2,812,085)</b>	<b>36,755,265</b>	<b>-</b>	<b>(2,884,366)</b>	<b>33,870,899</b>	<b>2,916,675</b>
<b>State Revolving Fund Loans:</b>									
Series 2004	2.25%	5,493,700	-	(317,768)	5,175,932	-	(324,978)	4,850,954	332,352
Series 2005	2.25%	4,557,069	-	(274,458)	4,282,611	-	(280,686)	4,001,925	287,055
Series 2007	2.25%	7,079,544	-	(696,463)	6,383,081	-	(712,267)	5,670,814	728,428
Series 2009	2.25%	3,905,309	-	(149,020)	3,756,289	-	(151,939)	3,604,350	154,963
<b>Total State Revolving Fund Loans</b>		<b>21,035,622</b>	<b>-</b>	<b>(1,437,709)</b>	<b>19,597,913</b>	<b>-</b>	<b>(1,469,870)</b>	<b>18,128,043</b>	<b>1,502,798</b>
<b>Other Long-term Liabilities</b>									
Landfill post-closure costs	n/a	217,100	-	(10,900)	206,200	-	(11,400)	194,800	11,850
Compensated absences	n/a	713,501	686,039	(835,785)	563,755	398,137	(389,749)	572,143	572,143
Net pension liabilities	n/a	15,943,992	3,171,940	(1,524,649)	17,591,283	2,538,985	(4,808,374)	15,321,894	-
Total other postemployment benefits liability	n/a	941,833	179,994	(220,927)	900,900	137,574	(138,252)	900,222	-
<b>Total Other Long-term Liabilities</b>		<b>17,816,426</b>	<b>4,037,973</b>	<b>(2,592,261)</b>	<b>19,262,138</b>	<b>3,074,696</b>	<b>(5,347,775)</b>	<b>16,989,059</b>	<b>583,993</b>
<b>Total Long-term Liabilities</b>		<b>78,419,398</b>	<b>4,037,973</b>	<b>(6,842,055)</b>	<b>75,615,316</b>	<b>3,074,696</b>	<b>(9,702,011)</b>	<b>68,988,001</b>	<b>5,003,466</b>
Less current portion		(4,944,443)			(4,893,882)			(5,003,466)	
<b>Total Long-term Liabilities</b>		<b>\$ 73,474,955</b>			<b>\$ 70,721,434</b>			<b>\$ 63,984,535</b>	

### REVENUE BONDS AND STATE REVOLVING FUND LOANS PAYABLE

Revenues bonds payable consist of bonded indebtedness secured by statutory liens on the pledged revenues. The revenue bonds, together with the interest thereon, are payable from revenues derived by the Commission from the operation of its systems and monies on deposit in any fund or account established pursuant to the bond ordinance. The Commission is required to comply with various limitations, restrictions and covenants contained in the various bond indentures and ordinances. In the event of default by the Commission, the lender may declare the outstanding principal and all unpaid interest accrued to be due and payable immediately.

State Revolving Fund loans payable were entered into by the Commission and the South Carolina State Revolving Fund Program to finance the acquisition and construction water and wastewater facilities and infrastructure. The loans, together with the interest thereon, are payable from revenues derived by the Commission from the operation of its systems and monies on deposit in any fund or account established pursuant to the loan agreements. The Commission is required to comply with various limitations, restrictions and covenants contained in the various loan agreements and ordinances. In the event of default by the Commission, the lender may declare the outstanding principal and all unpaid interest accrued to be due and payable immediately.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Long-term debt payable as of December 31, 2021 and 2020 are as follows:

	2021	2020
<b>Revenue Bonds:</b>		
\$25,060,000 Series 2002 Combined Utility System Revenue Bond used to fund construction and acquisition of certain improvements of utility plants; interest at 3.00% to 5.50%; principal payable annually starting September 1, 2005 and interest payable semi-annually through September 1, 2032.	\$ 21,890,000	\$ 22,155,000
\$5,700,000 Series 2007 Combined Utility System Revenue Bond used to fund construction and acquisition of certain improvements of utility plants; interest at 4.02%; principal payable annually starting September 1, 2008 and interest payable annually through September 2027.	2,201,098	2,519,955
\$4,590,000 Series 2015 Combined Utility System Refunding Bond used to refund Series 2010 Combined Utility System Revenue Bonds; interest at 2.10%; principal payable annually starting September 1, 2016 and interest payable annually through September 1, 2025.	1,945,000	2,410,000
\$14,740,000 Series 2017 Combined Utility System Refunding Bond used to refund Series 2009 Combined Utility System Revenue Bonds; interest at 1.99%; principal payable annually starting September 1, 2017 and interest payable annually through September 1, 2025.	7,565,000	9,365,000
<b>State Revolving Fund Loans:</b>		
South Carolina Water Quality Revolving Fund loan to finance the Water Treatment Plant Upgrade Project; interest at 2.25%; quarterly installments through August 1, 2034.	4,850,954	5,175,932
South Carolina Water Quality Revolving Fund loan to finance the Water Transmission and Distribution System Improvements Project, interest at 2.25%; quarterly installments through February 1, 2034.	4,001,925	4,282,611
South Carolina Water Quality Revolving Fund loan to finance the upgrading and expanding of the Maple Creek Waste Water Treatment Plant Project; interest at 2.25%; quarterly installments through March 1, 2029.	5,670,813	6,383,081
South Carolina Water Quality Revolving Fund loan to finance the construction of a 1.5 million gallon Elevated Water Tank and Transmission Main, interest at 2.25%; quarterly installments through January 1, 2041; partially funded by American Recovery and Reinvestment Act ("ARRA") in the amount of \$2,000,000, interest at 0.0%.	3,604,351	3,756,289
<b>Total long-term debt</b>	<b>\$ 51,729,141</b>	<b>\$ 56,047,868</b>

(continued)

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Current portion of long-term debt	\$ (4,419,473)	\$ (4,318,727)
Bond premium, net of accumulated amortization of \$741,611 in 2021 and \$706,100 in 2020.	269,801	305,310
<b>Long-term debt, net of unamortized premium, and current portion of long-term debt</b>	<b>\$ 47,579,469</b>	<b>\$ 52,034,451</b>

As of December 31, 2021, future maturities of long-term debt are as follows:

	Revenue Bonds		State Revolving Fund Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
<b>2022</b>	\$ 2,916,675	\$ 1,482,742	\$ 1,502,798	\$ 376,255	\$ 4,419,473	\$ 1,858,997
<b>2023</b>	2,990,008	1,409,048	1,575,543	382,296	4,565,551	1,791,344
<b>2024</b>	3,063,878	1,331,836	1,571,032	327,899	4,634,910	1,659,735
<b>2025</b>	3,143,304	1,252,160	1,606,376	292,555	4,749,680	1,544,715
<b>2026</b>	2,893,312	1,170,072	1,642,565	256,366	4,535,877	1,426,438
<b>2027-2031</b>	15,143,921	3,484,263	6,382,610	774,807	21,526,531	4,259,070
<b>2032-2036</b>	3,450,000	189,750	2,991,358	236,292	6,441,358	426,042
<b>2037-2040</b>	-	-	855,761	86,764	855,761	86,764
	<b>\$ 33,601,098</b>	<b>\$ 10,319,871</b>	<b>\$ 18,128,043</b>	<b>\$ 2,733,234</b>	<b>\$ 51,729,141</b>	<b>\$ 13,053,105</b>

### DEFEASED BONDS

In prior years, the Commission defeased outstanding debt issues by issuing new debt and depositing the proceeds in an irrevocable trust to provide for all future debt service payments of the old debt. Thus, the defeased debt and the irrevocable trust are not a part of the financial statements. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt which is included in the accompanying financial statements as bond defeasance loss and is being amortized as interest expense over the term of the new debt.

In June 2017, the Commission issued \$14,740,000 of refunding bonds at an interest rate of 1.99% to defease the remaining outstanding bonds, net of all cost of debt, of the Series 2009 Combined Utility System Revenue bonds in the amount of \$14,535,000. The Commission completed the refunding to reduce its total debt service payments over a period of 9 years by \$1,433,773 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,033,197.

At December 31, 2021 and 2020, the amount of defeased bonds principal outstanding and unpaid by the Trustee was \$17,450,000 and \$21,370,000, respectively.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### POST-CLOSURE CARE COSTS - SOLID WASTE LANDFILLS

On October 9, 1991, Federal regulations issued by the Environmental Protection Agency (EPA) placed specific requirements pertaining to the closing of municipal solid waste landfills as well as post-closure maintenance for a period of 30 years after closure. During 2003, the Commission recorded a \$435,000 landfill post-closure liability for its South Tyger Monofill landfill. Under the EPA rulings, this amount is to be amortized over the remaining life of the post-closure period, which is 15 years. During a review by independent engineers in September 2017, the landfill post-closure liability was reduced to \$245,300, a decrease of \$42,700, and will be amortized over the remaining post-closure period. For the years ended December 31, 2021 and 2020, amortization in the amount of \$11,400 and \$10,900, respectively, was recorded against related expenses. Actual cost for post-closure care may vary due to inflation, developments in technology, or changes in laws and regulations.

### NOTE 7. EMPLOYEE RETIREMENT PLANS

#### PENSION PLANS

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

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

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

#### Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits for teachers and employees of the state and its 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. EMPLOYEE RETIREMENT PLANS (CONTINUED)

#### PENSION PLANS (CONTINUED)

##### Plan Descriptions (Continued)

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

##### Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements 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.

**PORS** - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. 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.

##### 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. 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 years earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members 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 \$500 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. EMPLOYEE RETIREMENT PLANS (CONTINUED)

#### PENSION PLANS (CONTINUED)

##### Benefits (Continued)

**PORS** - 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 55 or with 25 years of service regardless of age. 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 at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

##### Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. 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 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 and PORS 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 Board is prohibited from decreasing the SCRS and PORS 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 Board, effective on the following July 1, 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 1, and annually thereafter as necessary, the 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.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. EMPLOYEE RETIREMENT PLANS (CONTINUED)

#### PENSION PLANS (CONTINUED)

##### Contributions (Continued)

The Commission contributed \$1,296,524 to the SCRS Plan and \$24,800 to the PORS Plan for the year ended December 31, 2021, and contributed \$1,243,505 to the SCRS Plan and \$23,878 to the PORS Plan for the year ended December 31, 2020.

Required employee contribution rates during the year ended December 31, 2021 and 2020, are as follows:

- SCRS - 9.00% of earnable compensation from January 1<sup>st</sup> through December 31<sup>st</sup>
- PORS - 9.75% of earnable compensation from January 1<sup>st</sup> through December 31<sup>st</sup>

Required employer contribution rates during the year ended December 31, 2021, are as follows:

##### **SCRS**

- 15.41% of earnable compensation from January 1<sup>st</sup> through June 30<sup>th</sup>
- 16.41% of earnable compensation from July 1<sup>st</sup> through December 31<sup>st</sup>
- Employer incidental death benefit: 0.15% of earnable compensation.

##### **PORS**

- 17.84% of earnable compensation from January 1<sup>st</sup> through June 30<sup>th</sup>
- 18.84% of earnable compensation from July 1<sup>st</sup> through December 31<sup>st</sup>
- Employer incidental death benefit: 0.20% of earnable compensation.
- Employer accidental death benefit: 0.20% of earnable compensation.

Required employer contribution rates during the year ended December 31, 2020, are as follows:

##### **SCRS**

- 15.41% of earnable compensation from January 1<sup>st</sup> through June 30<sup>th</sup>
- 15.41% of earnable compensation from July 1<sup>st</sup> through December 31<sup>st</sup>
- Employer incidental death benefit: 0.15% of earnable compensation

##### **PORS**

- 17.84% of earnable compensation from January 1<sup>st</sup> through June 30<sup>th</sup>
- 17.84% of earnable compensation from July 1<sup>st</sup> through December 31<sup>st</sup>
- Employer incidental death benefit: 0.20% of earnable compensation.
- Employer accidental death benefit: 0.20% of earnable compensation.

##### Net Pension Liability

At December 31, 2021 and 2020, the Commission reported liabilities of \$15,101,931 and \$17,317,203, respectively, for its proportionate share of the SCRS net pension liability and \$219,963 and \$274,080, respectively, for its proportionate share of the PORS net pension liability. The net pension liabilities as of December 31, 2021 and 2020 were measured as of June 30, 2021 and June 30, 2020, respectively, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2020, and July 1, 2019, respectively, rolled-forward to the respective measurement dates using generally accepted actuarial principles.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. EMPLOYEE RETIREMENT PLANS (CONTINUED)

#### PENSION PLANS (CONTINUED)

##### Net Pension Liability (Continued)

The Commission's proportionate share of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021 (measurement date for reporting at December 31, 2021), the Commission's proportionate shares of the SCRS plan was 0.069783%, which was 0.002010% higher than its proportionate share of the net pension liability measured as of June 30, 2020 (measurement date for reporting at December 31, 2020). At June 30, 2021 (measurement date for reporting at December 31, 2021), the Commission's proportionate shares of the PORS plan was 0.008549%, which was 0.000284% higher than its proportionate share of the net pension liability measured as of June 30, 2020 (measurement date for reporting at December 31, 2020).

##### Pension Expense

For the years ended December 31, 2021 and 2020, the Commission recognized pension expense for the SCRS plan of \$737,970 and \$1,499,558, respectively. For the years ended December 31, 2021 and 2020, the Commission recognized pension expense for the PORS plan of \$44,729 and \$64,743, respectively.

##### Deferred Inflows of Resources and Deferred Outflows of Resources

At December 31, 2021 and 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the SCRS and PORS plans:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>				
Difference between expected and actual experience	\$ 257,244	\$ 20,382	\$ 199,818	\$ 65,484
Changes of assumptions	826,630	-	21,216	-
Net difference between projected and actual earnings on pension plan investments	-	2,193,755	1,273,825	-
Changes in proportionate share differences between employer contributions and proportionate share of total plan employer contributions	349,072	401,936	1,180	887,865
Commission contributions subsequent to the measurement date to the measurement date	723,193	-	654,092	-
<b>Total SCRS</b>	<b>\$ 2,156,139</b>	<b>\$ 2,616,073</b>	<b>\$ 2,150,131</b>	<b>\$ 953,349</b>
<b>PORS</b>				
Difference between expected and actual experience	\$ 7,483	\$ 685	\$ 5,825	\$ 1,206
Changes of assumptions	15,689	-	3,345	-
Net difference between projected and actual earnings on pension plan investments	-	49,315	28,065	-
Changes in proportionate share differences between employer contributions and proportionate share of total plan employer contributions	13,313	3,025	28,340	5,511
Commission contributions subsequent to the measurement date to the measurement date	13,901	-	12,548	-
<b>Total PORS</b>	<b>\$ 50,386</b>	<b>\$ 53,025</b>	<b>\$ 78,123</b>	<b>\$ 6,717</b>
<b>Total SCRS and PORS</b>	<b>\$ 2,206,525</b>	<b>\$ 2,669,098</b>	<b>\$ 2,228,254</b>	<b>\$ 960,066</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. EMPLOYEE RETIREMENT PLANS (CONTINUED)

#### PENSION PLANS (CONTINUED)

##### Deferred Inflows of Resources and Deferred Outflows of Resources (Continued)

The \$723,193 and \$13,901 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date for the SCRS and PORS plans, respectively during the year ended December 31, 2021, will be recognized as a reduction of the net pension liabilities in the year ending December 31, 2022. The \$654,092 and \$12,548 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date for the SCRS and PORS plans, respectively during the year ended December 31, 2020, was recognized as a reduction of the net pension liabilities in the year ending December 31, 2021.

As of December 31, 2021, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ending June 30:	SCRS	PORS	Total
2022	\$ (299,355)	\$ 3,702	\$ (295,653)
2023	17,817	(749)	17,068
2024	(80,714)	(2,303)	(83,017)
2025	(820,875)	(17,190)	(838,065)
<b>Total</b>	<b>\$ (1,183,127)</b>	<b>\$ (16,540)</b>	<b>\$ (1,199,667)</b>

##### Actuarial Assumptions and Methods

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

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2020 valuation to calculate the Total Pension Liability as of the June 30, 2021 measurement date.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Inflation	2.25%	2.25%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
(Includes inflation at)	2.25%	2.25%
Benefits adjustments	Lessor of 1% or \$500 annually	Lessor of 1% or \$500 annually

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. EMPLOYEE RETIREMENT PLANS (CONTINUED)

#### PENSION PLANS (CONTINUED)

##### Actuarial Assumptions and Methods (Continued)

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

Former Job Class	Males	Females
General Employees and Members of the General Assembly (SCRS)	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters (PORS)	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
<b>Total Expected Return</b>	<b>100.0%</b>		<b>5.18%</b>
Inflation for Actuarial Purposes			2.25%
			<b>7.43%</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. EMPLOYEE RETIREMENT PLANS (CONTINUED)

#### PENSION PLANS (CONTINUED)

##### Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

##### Sensitivity Analysis

The following table presents the Commission's proportionate share of the net pension liabilities as of December 31, 2021 (June 30, 2021 measurement date) of the respective plans calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate.

<b>Commission's Proportionate Share of Net Pension Liability</b>	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
SCRS	\$ 19,781,650	\$ 15,101,931	\$ 11,212,117
PORS	319,138	219,963	138,723
	<b>\$ 20,100,788</b>	<b>\$ 15,321,894</b>	<b>\$ 11,350,840</b>

The following table presents the Commission's proportionate share of the net pension liabilities as of December 31, 2020 (June 30, 2020 measurement date) of the respective plans calculated using the discount rate of 7.25%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate.

<b>Commission's Proportionate Share of Net Pension Liability</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
SCRS	\$ 21,462,549	\$ 17,317,203	\$ 13,855,788
PORS	362,836	274,080	202,815
	<b>\$ 21,825,385</b>	<b>\$ 17,591,283</b>	<b>\$ 14,058,603</b>

##### Pension Plan Fiduciary Net Position

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. As of June 30, 2021 (measurement date for the Commission's year ended December 31, 2021), net pension liability amounts for SCRS and PORS are as follows:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	8,684,586,488	6,111,672,064	2,572,914,424	70.4%

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. EMPLOYEE RETIREMENT PLANS (CONTINUED)

#### PENSION PLANS (CONTINUED)

##### *Pension Plan Fiduciary Net Position (Continued)*

As of June 30, 2020 (measurement date for the Commission's year ended December 31, 2020), net pension liability amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	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%
PORS	8,046,386,629	4,730,174,642	3,316,211,987	58.8%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS which can be accessed via the contact information provided above.

Employees of the Commission are eligible to participate into two additional programs that allow for income tax deferral through the South Carolina Deferred Compensation Program, specifically in either a 401(k) or 457 plan. Participation in these programs allows an employee to defer up to the maximum amount permissible by the Internal Revenue Service for the respective deferral period. These programs are fully funded by the employee only, thus no matching funds are provided by the Commission.

### NOTE 8. OTHER POSTEMPLOYMENT BENEFITS

#### PLAN DESCRIPTION

Other postemployment benefits (OPEB) are part of the total compensation offered to attract and retain the services of qualified employees. The Commission provides other postemployment benefits under a single-employer benefit plan that provides medical and dental insurance for retired employees and their spouses based on the years of service at the time of retirements. There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. A retiring employee from the Commission who has served at least 30 years in a full time, regular position, is eligible to elect post-retirement insurance coverage, for a maximum of 3 years, or Medicare eligibility, whichever comes first.

In addition to the requirements shown on the following page, retirees must also meet the class rules. Class One employees are those that qualified for retirement with the Commission prior to July 1, 2010. Class Two employees are those employees that qualify for retirement with the Commission on or after July 1, 2010. Spouses of eligible participants are eligible for a maximum of three (3) years of post-retirement insurance coverage.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### PLAN DESCRIPTION (CONTINUED)

Employees qualifying for retirement prior to July 1, 2010 (Class 2):

- At age 60 and with 10 years of earned service and 15 years of service qualification with the South Carolina Retirement System (SCRS) or Police Officer's Retirement System (PORS). The participant will pay 100% of the funded premium rates for participant and qualifying spouse.
- At age 60 and with 20 years of earned service and 25 years of service qualification with the SCRS, or PORS. The Commission will pay 100% of the funded premium rate for the participant and qualifying spouse.
- At any age and with 15 years of earned service and 30 years of service qualification with the SCRS or PORS. The Commission will pay 100% of the funded premium rate for the participant and qualifying spouse.
- At any age and with 15 years of earned service and 28 years of service qualification with the SCRS or PORS.

Employees qualifying for retirement on or after July 1, 2010 (Class 3):

- At age 62 and with 30 years of earned service and 30 years of service qualification with the South Carolina Retirement System (SCRS) or Police Officer's Retirement System (PORS). The Commission will pay 100% of the funded premium rate for the participant and qualifying spouse for a maximum of 3 years, or Medicare eligibility, whichever comes first.

The following table provides a summary of the number of participants in the plan as of December 31:

	2021	2020
Inactive plan members or beneficiaries currently receiving benefits	13	8
Active plan members	117	110
<b>Total plan members</b>	<b>130</b>	<b>118</b>

The health plan is financed on a pay-as-you-go basis. As of December 31, 2021, and 2020, retirees in postemployment status that were eligible for benefits under the Plan included eight members, respectively.

#### TOTAL OPEB LIABILITY

The Commission's total OPEB liability as of December 31, 2021 and 2020 was measured as of December 31, 2020 and December 31, 2019, respectively. The total OPEB liability at the December 30, 2020 measurement date was determined by an actuarial valuation as December 31, 2020, while the total OPEB liability at the December 30, 2019 measurement date was determined by an actuarial valuation as December 31, 2018. Actuarial values are performed biannually. As of December 31, 2021 (December 31, 2020 measurement date) the Commission's total OPEB liability amounted to \$900,222. As of December 31, 2020 (December 31, 2019 measurement date) the Commission's total OPEB liability was \$900,900.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs:

<b>Valuation Date</b>	December 31, 2020
<b>Methods and assumptions</b>	
Actuarial cost method	Entry age normal
Discount rate	2.74% as of the December 31, 2019 measurement date 2.12% as of the December 31, 2020 measurement date
Salary increases	3.00% to 9.50%
Mortality	Based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect the anticipated experience and provide margin for future improvements
Health care trend rates	7.00% for 2020, declining to an ultimate rate of 4.50% by 2031
Participation rates	100% of active participants are assumed to elect coverage into retirement; 50% of active participants are assumed to cover a spouse into retirement
<b>Other information</b>	
Notes	There were no benefit changes during the year

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2020 (measurement date) and the current sharing pattern of costs between employer and inactive employees.

#### DISCOUNT RATE

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the Commission's valuation for the December 31, 2020 measurement date, the municipal bond index rate is 2.12% (based on the daily rate equal to the Fidelity Index's "20-year Municipal GO AA Index") which was a decrease from the December 31, 2019 measurement date rate of 2.74%.

#### CHANGES IN TOTAL OPEB LIABILITY

The below schedule shows the changes in the total OPEB liability for the years ending December 31, 2021 and 2020:

	2021	2020
<b>Beginning balance at January 1,</b>	\$ 900,900	\$ 941,833
<b>Changes for the year:</b>		
Service cost	29,629	21,277
Interest	22,803	34,132
Differences between expected and actual experience	46,231	42,165
Changes in assumptions	38,911	82,420
Benefit payments	(138,252)	(220,927)
<b>Net changes</b>	(678)	(40,933)
<b>Ending balance at December 31,</b>	\$ 900,222	\$ 900,900



## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE

The following table presents the plan's total OPEB liability at December 31, 2021 (December 31, 2020 measurement date); calculated using a discount rate of 2.12%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<b>1% Decrease (1.12%)</b>	<b>Discount Rate (2.12%)</b>	<b>1% Increase (3.12%)</b>
<b>Total OPEB Liability</b>	\$967,882	\$900,222	\$838,622

The following table presents the plan's total OPEB liability at December 31, 2020 (December 31, 2019 measurement date); calculated using a discount rate of 2.74%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<b>1% Decrease (1.74%)</b>	<b>Discount Rate (2.74%)</b>	<b>1% Increase (3.74%)</b>
<b>Total OPEB Liability</b>	\$968,780	\$900,900	\$839,208

#### SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN HEALTHCARE COST TREND RATES

The following table presents the plan's total OPEB liability as of December 31, 2021 (December 31, 2020 measurement date); calculated using the assumed healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or one percent higher:

	<b>1% Decrease (6.00% - 3.50%)</b>	<b>Current Trend Rate (7.00% - 4.50%)</b>	<b>1% Increase (8.00% - 5.50%)</b>
<b>Total OPEB Liability</b>	\$819,432	\$900,222	\$998,914

The following table presents the plan's total OPEB liability as of December 31, 2020 (December 31, 2019 measurement date); calculated using the assumed healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percent lower or one percent higher:

	<b>1% Decrease (6.25% - 3.75%)</b>	<b>Current Trend Rate (7.25% - 4.75%)</b>	<b>1% Increase (8.25% - 5.75%)</b>
<b>Total OPEB Liability</b>	\$814,942	\$900,900	\$1,004,697

#### OPEB EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO OPEB

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period of equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the average of the expected remaining service lives of all active employees for the purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period was approximately 11.44 years.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### OPEB EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

Deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2021 and 2020 were as follows:

	December 31, 2021		December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 76,525	\$ 562,421	\$ 38,250	\$ 632,742
Change in assumptions	239,968	975,887	227,767	1,101,484
Employer contributions after measurement date but prior to fiscal year end	130,000	-	220,000	-
<b>Total</b>	<b>\$ 446,493</b>	<b>\$ 1,538,308</b>	<b>\$ 486,017</b>	<b>\$ 1,734,226</b>

As of December 31, 2021, deferred outflows of resources of \$130,000 related to OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. As of December 31, 2020, deferred outflows of resources of \$220,000 related to OPEB resulting from the Commission's contributions subsequent to the measurement date were recognized as a reduction of the OPEB liability in the year ended December 31, 2021. As of December 31, 2021, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:

2022	\$ (162,452)
2023	(162,452)
2024	(162,452)
2025	(162,452)
2026	(162,452)
Thereafter	(409,555)
	<u>\$ (1,221,815)</u>

For the years ended December 31, 2021 and 2020, the Commission recognized OPEB expense of (\$110,020) and (\$114,831), respectively, as follows:

<b>OPEB Expense</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Service cost	\$ 29,629	\$ 21,277
Interest on the total OPEB liability	22,803	34,132
Expensed portion of current-period differences between expected and actual experience	4,041	3,915
Expensed portion of current-period changes in assumptions	3,401	7,653
Amortization of Deferred Outflow and Inflow of Resources:		
Beginning deferred outflows of resources	27,482	16,000
Beginning deferred inflows of resources	(197,376)	(197,808)
<b>Total OPEB Expense</b>	<u><u>\$ (110,020)</u></u>	<u><u>\$ (114,831)</u></u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission is insured under policies through the South Carolina Budget and Control Board, Office of the Insurance Reserve Fund (the "Fund") that is a public entity risk pool. The Commission pays premiums to the Fund for its general liability, property, and accidental insurance. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event. The Commission carries general liability insurance with coverage of up to \$1,000,000 per occurrence; automobile insurance with coverage of up to \$1,000,000 per occurrence for bodily injury; and a public official's and employee liability with coverage of up to \$1,000,000 per occurrence.

The Commission participates in a self-funded insurance plan (the "Plan") whereby the Commission is responsible for the payment of health care claims, administrative costs, and other liabilities incurred by covered active and post-retirement employees. The Plan administrator provides the Commission with an expected claims liability for each fiscal year. These estimates are based upon the Commission's claims history, claims processed following the close of the Plan's year end, and other industry factors. The Commission subsequently purchased a stop-loss insurance plan to ensure the Commission does not pay in excess of 125% of expected claims. Changes in reported liabilities are as follows:

<b>Year Ended December 31,</b>	<b>Beginning Balance</b>	<b>Claims and Changes in Estimates</b>	<b>Claims/ Payments</b>	<b>Ending Balance</b>
2021	\$ 1,620,466	\$ 2,331,367	\$ 2,068,765	\$ 1,883,068
2020	1,147,628	1,868,746	1,395,908	1,620,466

It is the policy of the Commission to provide group health insurance for all its full-time employees and Commissioners. These health insurance policies are administered by a third party.

The Commission also participates in the South Carolina Municipal Insurance Trust (SCMIT) for workers' compensation insurance coverage up to the statutory limits. This is a public entity risk pool operating as a common risk management and insurance program. The Commission pays premiums to SCMIT for this coverage. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past fiscal years.

### NOTE 10. RELATED PARTY TRANSACTIONS

In 2021 and 2020, the Commission and the City of Greer verbally agreed to addendums to the existing 10-year agreement whereby the Commission makes a fixed payment to the City each year. The Commission recognized expenses of \$1,000,000 in each of 2021 and 2020, respectively.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. CONTRIBUTIONS AND CAPITAL IMPROVEMENT GRANTS

The Commission receives capital improvement grants from federal, state, and local government agencies to finance the planning and construction of various water projects. Upon completion of the projects, the Commission is required to have independent audits of grant funds. Such audits could lead to a request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the agreement.

The Commission receives developer contributed assets from various developers during the year of which become property of the Commission for future maintenance. The Commission's policy has been to require residential and commercial developers in need of sewer and water services to develop the needed infrastructure at their costs and then to donate the assets to the Commission at the donated assets acquisition value.

Beginning in September 2000, the Commission initiated a policy of charging developers and consumers capacity fees related to the direct capitalization cost of installing new services in previously undeveloped parts of its service area, with respect to the waterworks and sanitary sewer systems. These fees serve to recover a portion of the economic impact to the Commission directly relating to these system expansions and may be used to pay a portion of the debt service on debt issued to fund such improvements. Capacity fees are recorded as contributions by the Commission.

Contributions for the years ended December 31, 2021 and 2020 are reported in the Statements of Revenues, Expenses, and Changes in Net Position as revenues, rather than as directed additions to contributed capital. Developer and consumer capacity fees of \$2,385,230 and \$2,299,500 and capital contributions of \$2,418,889 and \$7,421,934, respectively, are included in contributions.

### NOTE 12. PURCHASED GAS ADJUSTMENT

The Commission has a purchased gas adjustment (PGA) mechanism in place to absorb fluctuations in the cost of natural gas. The Commission amended the PGA to provide the ability to spread the collection of accumulated price spikes over longer periods of time to minimize the impacts on its customers.

The PGA calculation records the actual value paid for the commodity during any month and provides the ability to charge the customer with a price per therm of consumption that would cover a portion of accumulated unbilled amounts, while remaining competitive with other providers in the existing market environment. This future recovery of the cost of natural gas not yet billed is expected to be completed over the course of future billing periods. As of December 31, 2021 and 2020, the Commission had no accumulated unbilled PGA costs.

### NOTE 13. PURCHASED POWER ADJUSTMENT

The Commission has a purchased power adjustment (PPA) mechanism in place to absorb fluctuations in the cost of electricity. The Commission approved in 2015 the PPA to provide the ability to spread the collection of accumulated price spikes in the second succeeding billing month to minimize the impacts on its customers.

Annually, estimates of the power sales and costs are developed for budgetary purposes and rate setting. The PPA calculation is designed to recover the difference between the Commission's actual cost of purchased power and the estimated purchased power costs and provides the ability to charge the customer with a price per kilowatt hour. As of December 31, 2021 and 2020, the Commission had no accumulated unbilled PPA costs.

### NOTE 14. CONTINGENCIES

The Commission is occasionally involved in claims arising out of its operations in the normal course of business, none of which are expected, individually or in the aggregate, to have a material adverse effect on the Commission.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 15. NET INVESTMENT IN CAPITAL ASSETS

The calculation of the net investment in capital assets component of net position is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Net investment in capital assets:		
Capital assets, net of accumulated depreciation	\$ 242,076,578	\$ 233,422,196
Add:		
Deferred loss on refunding	148,322	191,334
Less:		
Outstanding bonds and notes payable, net of original issue premiums	<u>(51,998,942)</u>	<u>(56,353,178)</u>
	<u>\$ 190,225,958</u>	<u>\$ 177,260,352</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

# GREER COMMISSION OF PUBLIC WORKS

## SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY DECEMBER 31,

As of June 30,	Commission's Proportion of Net Pension Liability	Commission's Proportionate Share of the Net Pension Liability	Commission's Total Payroll	Commission's Proportionate Share of the Net Pension Liability as a Percentage of Total Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
<b>South Carolina Retirement System</b>					
2021	0.069783%	\$ 15,101,931	\$ 7,888,327	191.4%	60.7%
2020	0.067773%	17,317,203	7,561,001	229.0%	50.7%
2019	0.068794%	15,708,423	7,264,413	216.2%	54.4%
2018	0.073875%	16,553,103	7,666,617	215.9%	54.1%
2017	0.077065%	17,348,571	7,775,554	223.1%	53.3%
2016	0.076715%	16,386,211	7,428,797	220.6%	52.9%
2015	0.070640%	13,397,217	6,795,936	197.1%	57.0%
2014	0.073261%	12,613,115	6,655,473	189.5%	59.9%
2013	0.073261%	13,140,410	6,564,177	200.2%	56.4%
<b>Police Officers Retirement System</b>					
2021	0.008549%	\$ 219,963	\$ 128,554	171.1%	70.4%
2020	0.008265%	274,080	124,853	219.5%	58.8%
2019	0.008220%	235,569	119,222	197.6%	62.7%
2018	0.008658%	244,753	119,559	204.7%	61.7%
2017	0.005180%	141,854	69,727	203.4%	60.9%
2016	0.004380%	111,123	55,850	199.0%	60.4%
2015	0.002770%	60,481	34,372	176.0%	64.6%
2014	0.000360%	6,930	-	0.0%	67.5%
2013	0.000360%	7,504	-	0.0%	63.0%

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

# GREER COMMISSION OF PUBLIC WORKS

## SCHEDULE OF COMMISSION PENSION CONTRIBUTIONS FOR THE YEARS ENDED DECEMBER 31,

As of December 31,	Actuarial Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	Commission's Total Payroll	Contributions as a Percentage of Total Payroll
<b>South Carolina Retirement System</b>					
2021	\$ 1,296,524	\$ 1,296,524	\$ -	\$ 8,051,754	16.1%
2020	1,243,505	1,243,505	-	7,991,682	15.6%
2019	1,112,726	1,112,726	-	7,460,067	14.9%
2018	1,027,657	1,027,657	-	7,331,749	14.0%
2017	986,834	986,834	-	7,859,783	12.6%
2016	852,012	852,012	-	7,530,495	11.3%
2015	780,337	780,337	-	7,104,370	11.0%
2014	701,210	701,210	-	6,666,273	10.5%
2013	678,056	678,056	-	6,587,631	10.3%
<b>Police Officers Retirement System</b>					
2021	\$ 24,800	\$ 24,800	\$ -	\$ 132,002	18.8%
2020	23,878	23,878	-	130,921	18.2%
2019	21,292	21,292	-	122,714	17.4%
2018	19,232	19,232	-	115,144	16.7%
2017	15,230	15,230	-	99,914	15.2%
2016	8,580	8,580	-	62,141	13.8%
2015	6,383	6,383	-	47,648	13.4%
2014	1,837	1,837	-	13,905	13.2%
2013	-	-	-	-	0.0%

### NOTES TO SCHEDULE:

(1) Actuarial assumptions used to determine the contractually required contribution are as follows:

	South Carolina Retirement System	Police Officers Retirement System
System	South Carolina Retirement System	Police Officers Retirement System
Calculation date	July 1, 2019	July 1, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	28 years maximum, closed period	28 years maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.	3.50% plus step-rate increases for members with less than 15 years of service.
Mortality	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and female rates are multiplied by 111%.

(2) The above schedule will present ten years of information once it is accumulated.



# GREER COMMISSION OF PUBLIC WORKS

## SCHEDULE OF CHANGES IN THE COMMISSION'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service Cost	\$ 29,629	\$ 21,277	\$ 83,297	\$ 79,000	\$ 66,000
Interest on Total OPEB Liability	22,803	34,132	95,581	100,000	105,000
Changes on Assumptions and Other Inputs	38,911	82,420	(1,352,678)	201,000	-
Difference between Expected and Actual Experience	46,231	42,165	(616,164)	(85,000)	(99,000)
Benefit payments	(138,252)	(220,927)	(309,203)	(56,000)	(36,000)
<b>Net Change in Total OPEB Liability</b>	(678)	(40,933)	(2,099,167)	239,000	36,000
<b>Total OPEB Liability-Beginning</b>	900,900	941,833	3,041,000	2,802,000	2,766,000
<b>Total OPEB Liability-Ending</b>	<u>\$ 900,222</u>	<u>\$ 900,900</u>	<u>\$ 941,833</u>	<u>\$ 3,041,000</u>	<u>\$ 2,802,000</u>
<b>Covered-employee Payroll</b>	\$ 8,091,213	\$ 6,878,621	\$ 6,878,621	\$ 6,531,000	\$ 7,787,224
<b>Discount Rate</b>	2.12%	2.74%	4.10%	3.31%	3.81%
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	11.13%	13.10%	13.69%	46.56%	35.98%

### NOTES TO SCHEDULE:

- (1) This schedule will present 10 years of information once it is accumulated.
- (2) The assumptions used in the preparation of the above schedule are disclosed in Note 8 to the Financial Statements.
- (3) The Commission is not accumulating assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

## **OTHER SUPPLEMENTARY INFORMATION**

**GREER COMMISSION OF PUBLIC WORKS**

**SCHEDULE OF ACTUAL AND BUDGETED REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating revenues:</b>			
Electric revenues	\$ 46,105,038	\$ 46,343,600	\$ 238,562
Gas revenues	26,997,519	30,959,073	3,961,554
Water and sewer service	16,459,347	16,647,290	187,943
Other operating revenues	2,727,609	4,036,429	1,308,820
<b>Total operating revenues</b>	<b>92,289,513</b>	<b>97,986,392</b>	<b>5,696,879</b>
<b>Operating expenses:</b>			
Purchased power	35,520,696	36,077,599	(556,903)
Purchased gas	12,721,531	15,645,909	(2,924,378)
Depreciation	9,955,172	10,305,264	(350,092)
Other operating expenses	31,417,085	21,672,523	9,744,562
<b>Total operating expenses</b>	<b>89,614,484</b>	<b>83,701,295</b>	<b>5,913,189</b>
<b>Net operating revenue</b>	<b>2,675,029</b>	<b>14,285,097</b>	<b>11,610,068</b>
<b>Non-operating revenues (expenses):</b>			
Interest expense	(1,977,683)	(1,933,666)	44,017
Investment income	92,500	17,184	(75,316)
Transfers to the City of Greer	(1,000,000)	(1,000,000)	-
Revenues from electric demand credits	-	3,930,528	3,930,528
Loss on disposal of utility plant	-	405,665	405,665
<b>Total other expenses, net</b>	<b>(2,885,183)</b>	<b>1,419,711</b>	<b>4,304,894</b>
<b>Change in net position before contributions</b>	<b>(210,154)</b>	<b>15,704,808</b>	<b>15,914,962</b>
<b>Contributions</b>			
Contributions	-	4,804,119	4,804,119
<b>Change in net position</b>	<b>\$ (210,154)</b>	<b>\$ 20,508,927</b>	<b>\$ 20,719,081</b>

**GREER COMMISSION OF PUBLIC WORKS**

**SCHEDULE OF DIVISIONAL OPERATING REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Operating revenues:</b>					
Electric and gas sales:					
Residential	\$ 26,528,989	\$ 13,996,468	\$ -	\$ -	\$ 40,525,457
Commercial	6,157,271	7,051,968	-	-	13,209,239
Industrial and power	13,657,340	9,910,637	-	-	23,567,977
Water and sewer service	-	-	9,363,477	7,283,813	16,647,290
Collection penalties	113,862	180,825	149,852	149,852	594,391
Other operating revenues	567,536	746,810	738,499	1,389,193	3,442,038
<b>Total operating revenues</b>	<b>47,024,998</b>	<b>31,886,708</b>	<b>10,251,828</b>	<b>8,822,858</b>	<b>97,986,392</b>
<b>Operating expenses:</b>					
Purchased power	36,077,599	-	-	-	36,077,599
Purchased gas	-	15,645,909	-	-	15,645,909
Depreciation	2,763,830	2,678,130	2,287,617	2,575,687	10,305,264
Other operating expenses	4,624,740	6,630,510	6,060,476	4,356,797	21,672,523
<b>Total operating expenses</b>	<b>43,466,169</b>	<b>24,954,549</b>	<b>8,348,093</b>	<b>6,932,484</b>	<b>83,701,295</b>
<b>Net operating divisional revenue</b>	<b>\$ 3,558,829</b>	<b>\$ 6,932,159</b>	<b>\$ 1,903,735</b>	<b>\$ 1,890,374</b>	<b>\$ 14,285,097</b>

**STATISTICAL SECTION  
(UNAUDITED)**

## STATISTICAL SECTION (Unaudited)

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

### Index

### Page

#### **Financial Trends ..... 50 - 52**

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

#### **Revenue Capacity ..... 53 - 60**

These schedules contain information to help the reader assess the Commission's most significant local revenue sources, including water, gas and electric revenues.

#### **Debt Capacity ..... 61 - 63**

These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.

#### **Demographic, Economic and Operating Information ..... 64 - 68**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place. These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's annual comprehensive financial report relates to the services the Commission provides and the activities it performs.

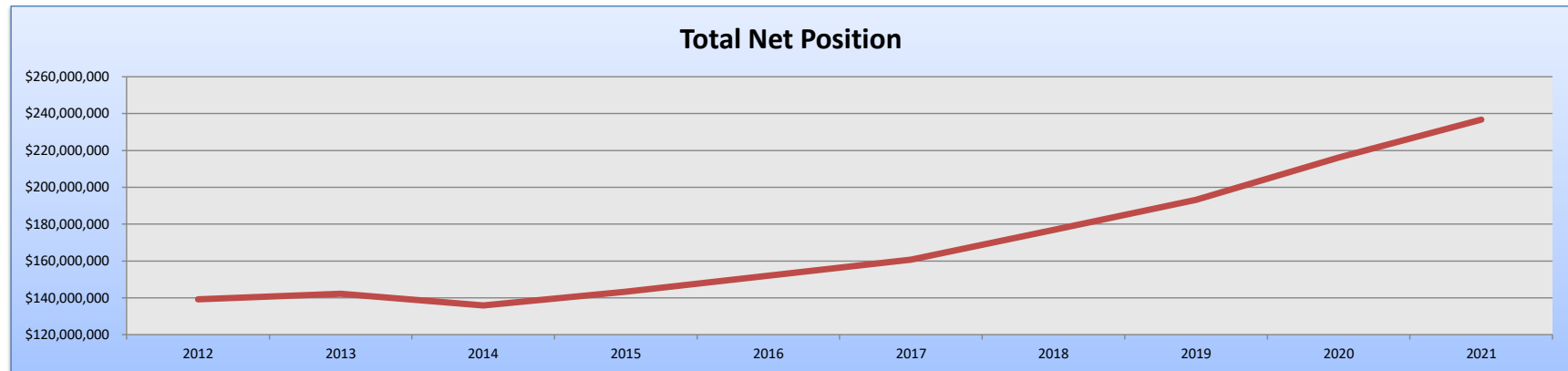
**GREER COMMISSION OF PUBLIC WORKS**  
**Combined System**  
**Schedule of Net Position By Component For The Last 10 Years**

	2012	2013	2014 (Restated)	2015	2016	2017 (Restated)	2018	2019 (Restated)	2020	2021
<b>Net investment in capital assets</b>	\$ 108,761,825	\$ 108,778,273	\$ 114,376,942	\$ 125,357,319	\$ 131,737,021	\$ 143,103,152	\$ 153,598,034	\$ 162,621,982	\$ 177,260,352	\$ 190,225,958
<b>Restricted for:</b>										
<b>Debt service</b>	3,565,121	2,505,422	2,871,675	2,390,345	2,194,446	429,032	435,807	472,525	1,002,227	728,263
<b>Capital projects</b>	5,606,320	5,944,339	7,408,021	8,025,105	9,176,820	6,744,278	7,842,003	9,412,603	11,644,603	9,884,153
<b>Total restricted</b>	9,171,441	8,449,761	10,279,696	10,415,450	11,371,266	7,173,310	8,277,810	9,885,128	12,646,830	10,612,416
<b>Unrestricted</b>	21,233,711	24,904,878	24,217,176	7,456,275	8,853,337	12,119,357	15,025,227	20,612,988	26,297,768	35,875,503
<b>Change In accounting principles <sup>(1) (2) (3)</sup></b>	-	-	(12,957,409)	-	-	(1,696,000)	-	-	-	-
<b>Unrestricted, restated</b>	21,233,711	24,904,878	11,259,767	7,456,275	8,853,337	10,423,357	15,025,227	20,612,988	26,297,768	35,875,503
<b>Total net position</b>	\$ 139,166,977	\$ 142,132,912	\$ 135,916,405	\$ 143,229,044	\$ 151,961,624	\$ 160,699,819	\$ 176,901,071	\$ 193,120,098	\$ 216,204,950	\$ 236,713,877

(1) The Commission adopted GASB 65 in fiscal year 2011, which changed the treatment of the costs of debt issuance

(2) The Commission adopted GASB 68 in fiscal year 2014, which recorded net pension liability

(3) The Commission adopted GASB 75 in fiscal year 2017, which recorded changes to other post-employment liability



# GREER COMMISSION OF PUBLIC WORKS

## Combined System Schedule of Revenues, Expenses and Changes in Net Position - Last Ten Fiscal Years <sup>(1)</sup>

<i>(in thousands)</i>	2012	2013	2014 (Restated)	2015	2016	2017 (Restated)	2018	2019 (Restated)	2020	2021
<b>OPERATING REVENUES:</b>										
Electric revenues	\$ 32,224	\$ 34,812	\$ 38,539	\$ 40,756	\$ 42,731	\$ 41,945	\$ 45,295	\$ 46,670	\$ 45,671	\$ 46,344
Gas revenues	21,932	26,536	30,594	26,201	24,346	26,147	33,642	26,981	24,277	30,959
Water revenues	6,113	5,795	6,862	7,495	8,455	8,401	8,497	8,800	8,887	9,363
Sewer revenues	4,569	4,824	5,061	5,246	5,844	6,269	6,572	6,895	6,970	7,284
Other operating revenues	2,661	2,683	2,729	2,738	3,021	2,911	2,944	3,386	3,847	4,036
<b>Total operating revenues</b>	<b>67,499</b>	<b>74,650</b>	<b>83,785</b>	<b>82,436</b>	<b>84,397</b>	<b>85,673</b>	<b>96,950</b>	<b>92,732</b>	<b>89,652</b>	<b>97,986</b>
<b>OPERATING EXPENSES:</b>										
Purchased power	28,426	30,329	32,895	34,595	36,000	35,502	36,822	37,328	35,632	36,077
Purchased gas	12,988	15,140	18,743	15,856	12,686	13,986	20,498	12,366	9,331	15,646
Depreciation	7,720	7,804	8,026	8,280	8,454	8,735	8,887	8,989	10,186	10,305
Depreciation - change in accounting estimate	817	-	-	-	-	-	-	-	-	-
Other operating expenses	15,099	15,451	16,673	16,884	18,448	18,897	21,177	22,096	21,909	21,673
<b>Total operating expenses</b>	<b>65,050</b>	<b>68,724</b>	<b>76,337</b>	<b>75,615</b>	<b>75,588</b>	<b>77,120</b>	<b>87,384</b>	<b>80,779</b>	<b>77,058</b>	<b>83,701</b>
<b>Net operating revenue</b>	<b>\$ 2,449</b>	<b>\$ 5,926</b>	<b>\$ 7,448</b>	<b>\$ 6,821</b>	<b>\$ 8,809</b>	<b>\$ 8,553</b>	<b>\$ 9,566</b>	<b>\$ 11,953</b>	<b>\$ 12,594</b>	<b>\$ 14,285</b>
<b>OTHER REVENUES (EXPENSES)</b>										
Interest expense	\$ (3,193)	\$ (2,910)	\$ (2,848)	\$ (2,583)	\$ (2,541)	\$ (2,324)	\$ (2,060)	\$ (1,979)	\$ (2,059)	\$ (1,934)
Interest revenue	64	51	30	29	46	66	93	164	113	17
Transfers to the City of Greer	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Revenues from electric demand credits	-	-	-	-	-	-	-	7,020	4,211	3,930
Gain/(loss) on disposal of utility plant	(93)	(140)	(34)	(26)	44	88	(283)	(742)	(495)	406
<b>Total other expenses, net</b>	<b>(4,222)</b>	<b>(3,999)</b>	<b>(3,852)</b>	<b>(3,580)</b>	<b>(3,451)</b>	<b>(3,170)</b>	<b>(3,250)</b>	<b>3,463</b>	<b>770</b>	<b>1,419</b>
<b>Change in net position before contributions and extraordinary items</b>	<b>(1,773)</b>	<b>1,927</b>	<b>3,596</b>	<b>3,241</b>	<b>5,358</b>	<b>5,383</b>	<b>6,316</b>	<b>15,416</b>	<b>13,364</b>	<b>15,704</b>
Capital contributions	1,035	1,039	2,629	4,072	3,375	5,051	6,911	5,351	9,721	4,804
Extraordinary revenues	-	-	-	-	-	-	2,974	-	-	-
	1,035	1,039	2,629	4,072	3,375	5,051	9,885	5,351	9,721	4,804
<b>Change in net position after contributions and extraordinary items</b>	<b>(738)</b>	<b>2,966</b>	<b>6,225</b>	<b>7,313</b>	<b>8,733</b>	<b>10,434</b>	<b>16,201</b>	<b>20,767</b>	<b>23,085</b>	<b>20,508</b>
<b>Beginning net position <sup>(2) (3) (4)</sup></b>	<b>139,905</b>	<b>139,167</b>	<b>142,133</b>	<b>135,916</b>	<b>143,229</b>	<b>151,962</b>	<b>160,700</b>	<b>176,901</b>	<b>193,120</b>	<b>216,205</b>
Change in accounting principle	-	-	(12,442)	-	-	(1,696)	-	(4,548)	-	-
<b>Beginning net position, restated</b>	<b>139,905</b>	<b>139,167</b>	<b>129,691</b>	<b>135,916</b>	<b>143,229</b>	<b>150,266</b>	<b>160,700</b>	<b>172,353</b>	<b>193,120</b>	<b>216,205</b>
<b>Ending net position</b>	<b>\$ 139,167</b>	<b>\$ 142,133</b>	<b>\$ 135,916</b>	<b>\$ 143,229</b>	<b>\$ 151,962</b>	<b>\$ 160,700</b>	<b>\$ 176,901</b>	<b>\$ 193,120</b>	<b>\$ 216,205</b>	<b>\$ 236,713</b>

(1) Information is summarized from the audited financial statements for the years indicated

(2) The Commission adopted GASB 65 in fiscal year 2011, which changed the treatment of the costs of debt issuance

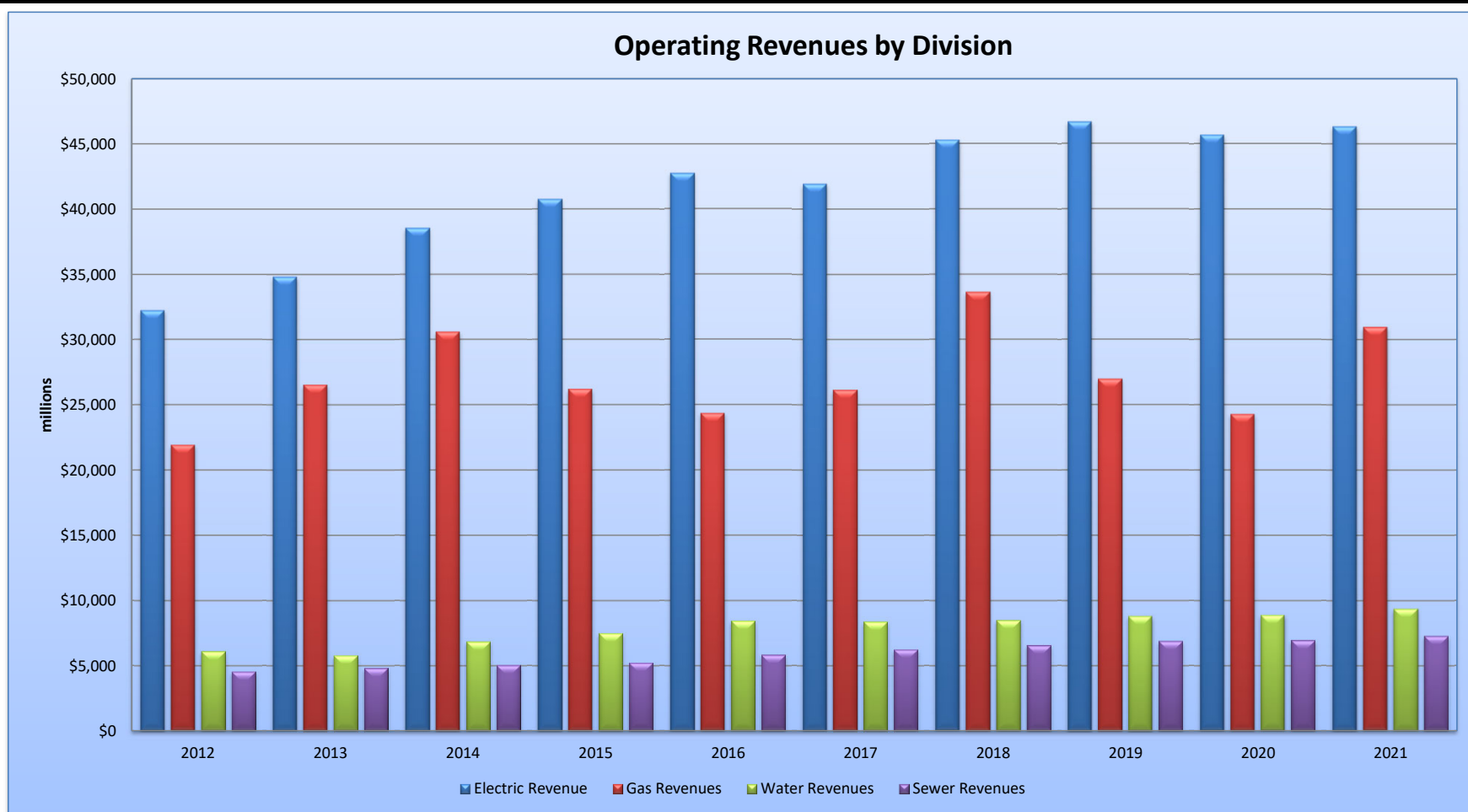
(3) The Commission adopted GASB 68 in fiscal year 2014, which recorded net pension liability

(4) The Commission adopted GASB 75 in fiscal year 2017, which changed the treatment of other post-employment benefits



## GREER COMMISSION OF PUBLIC WORKS

Combined System  
Schedule of Revenues, Expenses and Changes in Net Position - Last Ten Fiscal Years (Continued)



**GREER COMMISSION OF PUBLIC WORKS**

**Electric System**  
**Schedule of Revenue, Expenses and Operating Indicators - Last Ten Fiscal Years <sup>(1)</sup>**

<i>(in thousands)</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>OPERATING REVENUES:</b>										
Residential	\$ 17,067	\$ 18,657	\$ 20,681	\$ 21,679	\$ 23,192	\$ 22,524	\$ 25,209	\$ 25,688	\$ 25,733	\$ 26,529
Small commercial	4,338	4,079	4,322	4,455	4,242	4,425	4,621	4,911	4,732	4,767
Time of use	208	217	234	623	368	236	218	96	129	167
Large commercial	10,022	10,696	12,005	12,624	13,501	13,454	13,802	14,444	13,500	13,615
Rental and street lighting	589	1,163	1,298	1,375	1,429	1,306	1,445	1,752	1,577	1,266
Collection penalties	94	96	99	105	94	91	121	113	63	114
Other	513	501	495	488	622	534	535	358	1,103	567
<b>Total operating revenues</b>	<b>32,831</b>	<b>35,409</b>	<b>39,134</b>	<b>41,349</b>	<b>43,448</b>	<b>42,570</b>	<b>45,951</b>	<b>47,362</b>	<b>46,837</b>	<b>47,025</b>
<b>OPERATING EXPENSES:</b>										
Purchased power	28,426	30,329	32,895	34,595	36,000	35,502	36,822	37,328	35,632	36,077
Depreciation	1,836	1,865	1,902	1,982	2,043	2,133	2,197	2,222	2,572	2,764
Other operating expenses	2,938	3,051	3,072	3,160	3,544	3,951	5,017	5,662	4,561	4,625
<b>Total operating expenses</b>	<b>33,200</b>	<b>35,245</b>	<b>37,869</b>	<b>39,737</b>	<b>41,587</b>	<b>41,586</b>	<b>44,036</b>	<b>45,212</b>	<b>42,765</b>	<b>43,466</b>
<b>Net operating departmental revenue</b>	<b>\$ (369)</b>	<b>\$ 164</b>	<b>\$ 1,265</b>	<b>\$ 1,612</b>	<b>\$ 1,861</b>	<b>\$ 984</b>	<b>\$ 1,915</b>	<b>\$ 2,150</b>	<b>\$ 4,072</b>	<b>\$ 3,559</b>
<b>PURCHASED POWER - (Megawatt Hours)</b>										
Purchased from PMPA <sup>(2)</sup>	345,028	342,297	357,985	361,126	378,360	368,656	394,346	392,886	378,289	402,415
Purchased from SEPA <sup>(3)</sup>	12,796	18,769	15,267	15,606	16,254	13,072	16,917	22,341	25,980	19,485
<b>Total purchased</b>	<b>357,824</b>	<b>361,066</b>	<b>373,252</b>	<b>376,732</b>	<b>394,614</b>	<b>381,728</b>	<b>411,263</b>	<b>415,227</b>	<b>404,269</b>	<b>421,900</b>
<b>CONSUMPTION - (Megawatt Hours)</b>										
Residential	167,257	168,471	176,752	180,179	187,783	178,757	200,421	202,236	204,120	213,273
Small commercial	12,917	13,171	13,612	13,502	13,566	13,091	13,815	21,465	32,396	34,894
Time of use	2,778	2,678	2,793	6,295	2,876	2,571	2,395	1,130	901	1,067
Large commercial	147,079	147,618	152,595	152,925	157,777	152,547	161,881	157,070	133,238	152,441
Rental and street lighting	6,082	6,088	6,112	6,327	6,360	5,405	5,370	6,623	1,012	1,207
Other	11,555	11,513	11,987	12,225	12,672	12,150	12,304	12,925	13,067	211
<b>Total consumption</b>	<b>347,668</b>	<b>349,539</b>	<b>363,851</b>	<b>371,453</b>	<b>381,034</b>	<b>364,521</b>	<b>396,186</b>	<b>401,449</b>	<b>384,734</b>	<b>403,093</b>
Line losses and megawatt hours unaccounted for	10,156	11,527	9,401	5,279	13,580	17,207	15,077	13,271	19,535	18,807
Percentage of line losses and megawatt hours unaccounted for to purchased power	2.8%	3.2%	2.5%	1.4%	3.4%	4.5%	3.7%	3.2%	4.8%	4.5%
<b>ACTIVE SERVICES (Number of Meters)</b>										
Residential	14,003	14,226	14,526	14,819	15,338	15,797	16,693	17,534	18,444	19,362
Small commercial	1,215	1,235	1,229	1,244	1,263	1,313	1,196	2,006	2,005	2,098
Time of use	3	3	3	4	4	4	4	4	6	6
Large commercial	757	759	782	773	829	906	971	325	320	354
Rental and street lighting	6,817	6,920	6,952	6,963	6,934	7,005	7,112	8,107	13,200	10,759
Other	46	49	49	49	48	48	50	236	356	468
<b>Total active services</b>	<b>22,841</b>	<b>23,192</b>	<b>23,541</b>	<b>23,852</b>	<b>24,416</b>	<b>25,073</b>	<b>26,026</b>	<b>28,212</b>	<b>34,331</b>	<b>33,047</b>

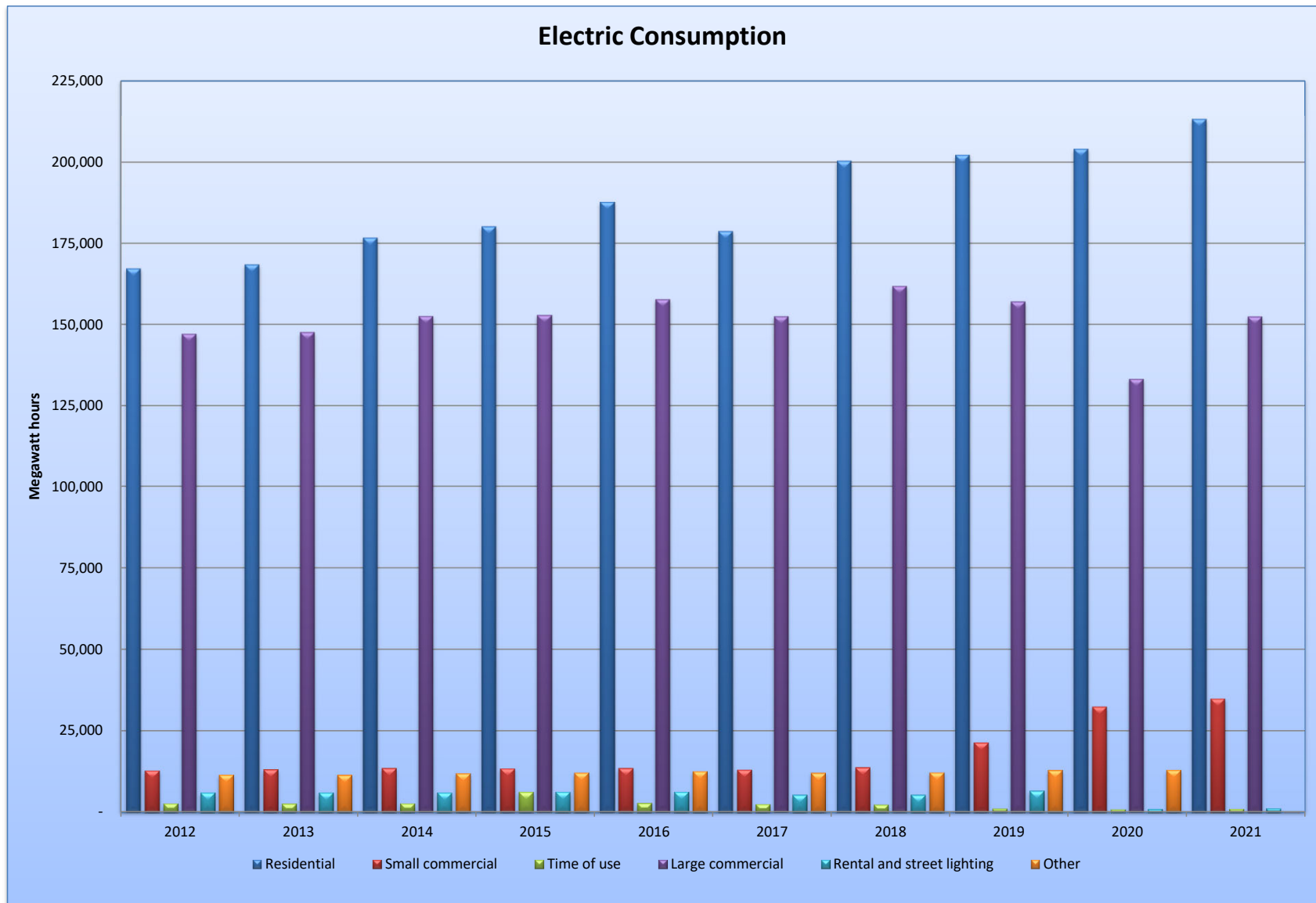
(1) Information is compiled from internally generated statistical reports

(2) Piedmont Municipal Power Association

(3) United States Department of Energy, Southeastern Power Association

GREER COMMISSION OF PUBLIC WORKS

Electric System  
Schedule of Revenue, Expenses and Operating Indicators - Last Ten Fiscal Years (Continued)



**GREER COMMISSION OF PUBLIC WORKS**

**Gas System**

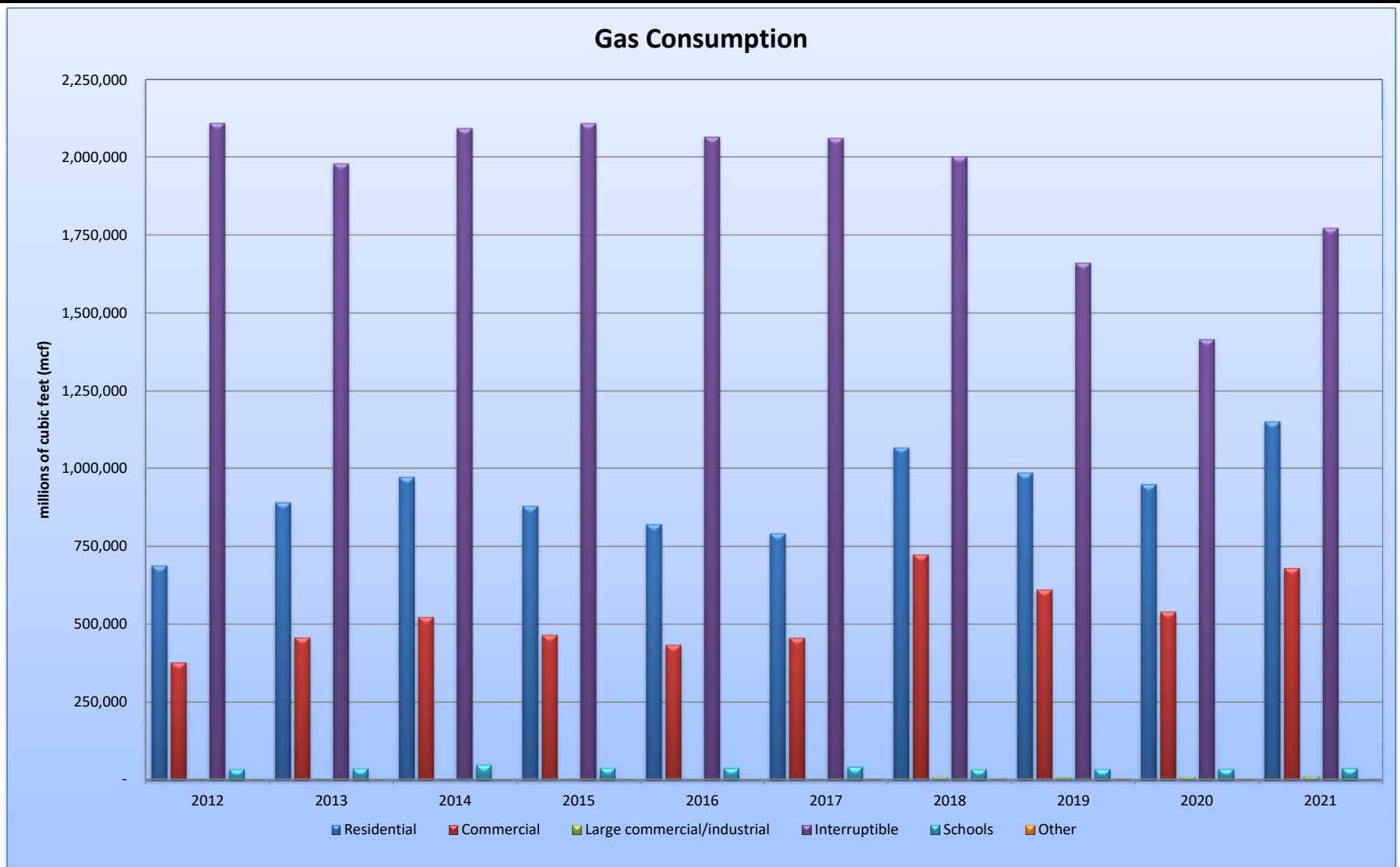
**Schedule of Revenue, Expenses and Operating Indicators - Last Ten Fiscal Years <sup>(1)</sup>**

<i>(in thousands)</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>OPERATING REVENUES:</b>										
Residential	\$ 8,670	\$ 10,808	\$ 11,593	\$ 10,716	\$ 10,341	\$ 10,290	\$ 14,644	\$ 12,330	\$ 12,134	\$ 13,996
Commercial	4,317	4,803	5,488	4,863	4,621	4,785	8,093	6,507	6,089	7,520
Large commercial/industrial	43	41	41	61	38	35	113	85	83	88
Interruptible	8,529	10,517	13,026	10,167	8,962	10,557	10,305	7,241	5,898	9,045
Schools	374	367	446	393	384	480	487	360	76	311
Collection penalties	146	148	153	161	144	139	185	172	189	181
Other	301	333	345	398	411	377	401	925	453	746
<b>Total operating revenues</b>	<b>22,380</b>	<b>27,017</b>	<b>31,092</b>	<b>26,759</b>	<b>24,901</b>	<b>26,663</b>	<b>34,228</b>	<b>27,620</b>	<b>24,922</b>	<b>31,887</b>
<b>OPERATING EXPENSES:</b>										
Purchased gas	12,988	15,140	18,743	15,856	12,686	13,986	20,498	12,366	9,331	15,646
Depreciation	2,760	2,010	2,066	2,137	2,189	2,276	2,338	2,296	2,676	2,678
Other operating expenses	4,500	4,424	4,886	4,934	5,675	5,653	6,467	6,055	6,929	6,631
<b>Total operating expenses</b>	<b>20,248</b>	<b>21,574</b>	<b>25,695</b>	<b>22,927</b>	<b>20,550</b>	<b>21,915</b>	<b>29,303</b>	<b>20,717</b>	<b>18,936</b>	<b>24,955</b>
<b>Net operating departmental revenue</b>	<b>\$ 2,132</b>	<b>\$ 5,443</b>	<b>\$ 5,397</b>	<b>\$ 3,832</b>	<b>\$ 4,351</b>	<b>\$ 4,748</b>	<b>\$ 4,925</b>	<b>\$ 6,903</b>	<b>\$ 5,986</b>	<b>\$ 6,932</b>
<b>PURCHASED GAS (MCF)</b>	<b>3,340,740</b>	<b>3,639,638</b>	<b>3,873,682</b>	<b>3,629,763</b>	<b>3,724,402</b>	<b>3,644,014</b>	<b>3,973,806</b>	<b>3,410,054</b>	<b>3,286,291</b>	<b>4,173,544</b>
<b>CONSUMPTION - (MCF)</b>										
Residential	686,981	889,965	971,507	878,428	820,245	790,957	1,068,994	985,167	948,220	1,151,975
Commercial	377,058	456,793	523,005	465,234	432,763	455,132	723,160	610,568	539,287	679,954
Large commercial/industrial	3,899	4,003	4,022	3,967	3,786	3,856	9,493	8,616	9,741	10,561
Interruptible	2,110,089	1,980,468	2,093,179	2,109,492	2,064,880	2,062,071	2,002,507	1,661,069	1,415,986	1,773,605
Schools	34,303	37,424	48,706	39,630	38,402	34,884	42,370	35,026	35,806	37,651
Other	1,725	2,078	2,372	2,531	2,242	4,384	4,494	4,551	3,995	3,502
<b>Total consumption</b>	<b>3,214,055</b>	<b>3,370,731</b>	<b>3,642,791</b>	<b>3,499,282</b>	<b>3,362,318</b>	<b>3,351,284</b>	<b>3,851,018</b>	<b>3,304,997</b>	<b>2,953,035</b>	<b>3,657,248</b>
Line-loss and unaccounted for gas	126,685	268,907	230,891	130,481	362,084	292,730	122,788	105,057	333,256	516,296
Percentage of line losses and MCF unaccounted for to purchased gas.	3.8%	7.4%	6.0%	3.6%	9.7%	8.0%	3.1%	3.1%	10.1%	12.4%
<b>ACTIVE SERVICES (Number of Meters)</b>										
Residential	17,649	18,004	18,575	18,947	19,671	20,529	21,395	22,300	23,468	25,052
Commercial	1,472	1,489	1,509	1,526	1,546	1,600	1,622	1,603	1,843	1,876
Large commercial/industrial	6	5	5	5	5	5	6	4	4	4
Interruptible	10	10	10	10	8	8	5	8	7	7
Schools	24	24	24	24	27	27	27	27	28	28
Other	16	19	20	21	21	22	23	137	40	33
<b>Total active services</b>	<b>19,177</b>	<b>19,551</b>	<b>20,143</b>	<b>20,533</b>	<b>21,278</b>	<b>22,191</b>	<b>23,078</b>	<b>24,079</b>	<b>25,390</b>	<b>27,000</b>

(1) Information is compiled from internally generated statistical reports

GREER COMMISSION OF PUBLIC WORKS

Gas System  
Schedule of Revenue, Expenses and Operating Indicators - Last Ten Fiscal Years (Continued)



**GREER COMMISSION OF PUBLIC WORKS**

**Water System**  
**Schedule of Revenue, Expenses and Operating Indicators - Last Ten Fiscal Years <sup>(1)</sup>**

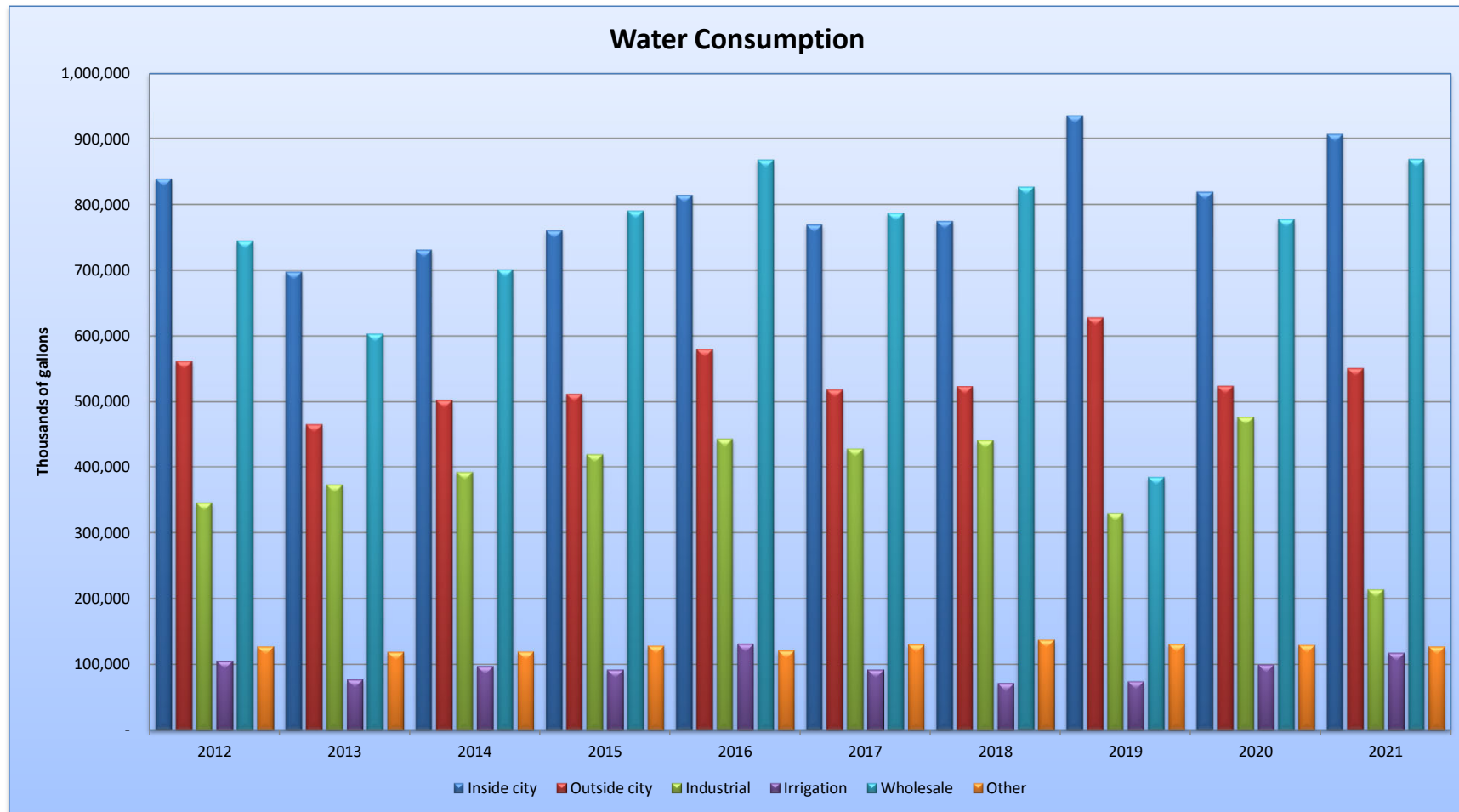
<i>(in thousands)</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>OPERATING REVENUES:</b>										
Inside city	\$ 2,284	\$ 1,921	\$ 2,269	\$ 2,414	\$ 2,706	\$ 2,775	\$ 2,785	\$ 3,187	\$ 3,007	\$ 3,842
Outside city	2,100	1,915	2,244	2,404	2,689	2,651	2,672	3,006	2,696	2,901
Industrial	306	796	908	967	1,042	1,069	1,131	581	1,254	1,473
Fire protection <sup>(2)</sup>	14	14	15	15	15	16	16	16	16	16
Irrigation	220	182	219	259	357	308	270	380	338	326
Wholesale	1,189	967	1,207	1,436	1,646	1,582	1,622	772	1,561	806
Collection penalties	121	123	127	133	120	116	154	143	132	150
Other	454	479	439	488	561	541	504	1,591	785	738
<b>Total operating revenues</b>	<b>6,688</b>	<b>6,397</b>	<b>7,428</b>	<b>8,116</b>	<b>9,136</b>	<b>9,058</b>	<b>9,154</b>	<b>9,676</b>	<b>9,789</b>	<b>10,252</b>
<b>OPERATING EXPENSES:</b>										
Depreciation	1,872	1,866	1,879	1,920	1,952	2,024	2,052	2,006	2,305	2,288
Other operating expenses	4,105	4,280	4,319	4,802	5,212	5,480	5,715	6,090	5,921	6,060
<b>Total operating expenses</b>	<b>5,977</b>	<b>6,146</b>	<b>6,198</b>	<b>6,722</b>	<b>7,164</b>	<b>7,504</b>	<b>7,767</b>	<b>8,096</b>	<b>8,226</b>	<b>8,348</b>
<b>Net operating departmental revenue</b>	<b>\$ 711</b>	<b>\$ 251</b>	<b>\$ 1,230</b>	<b>\$ 1,394</b>	<b>\$ 1,972</b>	<b>\$ 1,554</b>	<b>\$ 1,387</b>	<b>\$ 1,580</b>	<b>\$ 1,563</b>	<b>\$ 1,904</b>
<b>WATER USAGE (thousands of gallons)</b>										
Total water pumped	2,853,470	2,579,333	2,724,470	2,888,633	3,177,011	2,986,255	3,122,728	3,646,000	3,168,290	3,290,700
<b>Consumption</b>										
Inside city	839,571	697,776	731,028	760,646	814,636	769,526	774,757	935,219	818,962	906,942
Outside city	562,175	464,470	502,717	512,389	580,358	519,096	523,816	628,187	524,500	551,318
Industrial	345,685	373,152	391,915	418,976	442,654	427,889	440,721	329,680	477,119	213,881
Irrigation	105,455	77,170	97,219	91,731	131,294	91,895	71,355	74,531	99,823	117,375
Wholesale	744,748	603,358	701,249	790,598	867,833	787,335	827,023	384,645	777,554	868,693
Other	127,180	118,784	119,519	128,461	121,177	130,459	137,369	130,989	129,582	127,264
<b>Total consumption</b>	<b>2,724,814</b>	<b>2,334,710</b>	<b>2,543,647</b>	<b>2,702,801</b>	<b>2,957,952</b>	<b>2,726,200</b>	<b>2,775,041</b>	<b>2,483,251</b>	<b>2,827,540</b>	<b>2,785,473</b>
Non-account water	128,656	244,623	180,823	185,832	219,059	260,055	347,687	1,162,749	340,750	505,227
Non-account water as a percentage of total water	4.51%	9.48%	6.64%	6.43%	6.90%	8.71%	11.13%	31.89%	10.76%	15.35%
<b>ACTIVE SERVICES (Number of Meters)</b>										
Inside city	10,328	10,534	10,706	10,775	11,143	11,438	11,802	12,576	13,591	14,000
Outside city	6,612	6,668	6,717	6,932	7,026	7,131	7,215	7,056	7,157	7,173
Industrial	4	4	4	4	4	4	3	3	3	4
Fire protection	40	41	40	41	40	42	40	41	41	41
Irrigation	445	454	464	468	490	518	537	575	551	713
Wholesale	1	1	1	1	1	1	1	1	1	1
Other	13	15	15	17	17	17	17	17	21	21
<b>Total active services</b>	<b>17,443</b>	<b>17,717</b>	<b>17,947</b>	<b>18,238</b>	<b>18,721</b>	<b>19,151</b>	<b>19,615</b>	<b>20,269</b>	<b>21,365</b>	<b>21,953</b>

(1) Information is compiled from internally generated statistical reports

(2) Fire protection customers are charged based on the physical number of sprinkler heads, and consumption is metered

GREER COMMISSION OF PUBLIC WORKS

Water System  
Schedule of Revenue, Expenses and Operating Indicators - Last Ten Fiscal Years (Continued)



**GREER COMMISSION OF PUBLIC WORKS**

**Sewer System  
Schedule of Revenue, Expenses and Operating Indicators - Last Ten Fiscal Years <sup>(1)</sup>**

<i>(in thousands)</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>OPERATING REVENUES:</b>										
Inside city	\$ 2,898	\$ 3,150	\$ 3,274	\$ 3,375	\$ 3,690	\$ 4,096	\$ 4,387	\$ 4,122	\$ 4,206	\$ 5,041
Outside city	1,117	1,138	1,217	1,298	1,423	1,438	1,410	1,394	1,391	1,561
Sewer services, no water	1	1	1	1	2	2	2	1	1	1
Enoree Basin, inside city	411	407	427	402	553	570	579	404	445	447
Enoree Basin industrial	142	128	142	170	176	162	194	186	180	234
Collection penalties	121	123	127	134	120	116	154	143	261	150
Other	909	879	943	831	947	997	890	1,824	1,807	1,389
<b>Total operating revenues</b>	<b>5,599</b>	<b>5,826</b>	<b>6,131</b>	<b>6,211</b>	<b>6,911</b>	<b>7,381</b>	<b>7,616</b>	<b>8,074</b>	<b>8,291</b>	<b>8,823</b>
<b>OPERATING EXPENSES:</b>										
Depreciation	1,252	2,063	2,179	2,241	2,271	2,301	2,299	2,256	2,632	2,576
Depreciation - change in accounting estimate	817	-	-	-	-	-	-	-	-	-
Other operating expenses	3,555	3,695	3,878	3,987	4,017	3,847	3,978	4,287	4,499	4,357
<b>Total operating expenses</b>	<b>5,624</b>	<b>5,758</b>	<b>6,057</b>	<b>6,228</b>	<b>6,288</b>	<b>6,148</b>	<b>6,277</b>	<b>6,543</b>	<b>7,131</b>	<b>6,933</b>
<b>Net operating departmental revenue</b>	<b>\$ (25)</b>	<b>\$ 68</b>	<b>\$ 74</b>	<b>\$ (17)</b>	<b>\$ 623</b>	<b>\$ 1,233</b>	<b>\$ 1,339</b>	<b>\$ 1,531</b>	<b>\$ 1,160</b>	<b>\$ 1,890</b>
<b>WASTEWATER TREATMENT</b>										
<b>Wastewater plant flows (thousands of gallons)</b>										
Maple Creek wastewater treatment facility	691,079	844,324	735,856	782,402	748,339	764,596	935,800	998,400	1,130,775	943,290
<b>Wastewater treated - (Thousands of Gallons)</b>										
Inside city customers	481,235	439,950	457,026	460,042	481,285	475,059	489,230	565,979	646,344	556,351
Outside city customers	198,105	193,121	202,524	186,511	207,800	201,340	211,038	201,619	386,749	236,591
Customers with sewer services, no water	1	1	1	1	2	2	2	3	3	3
Other	290	290	272	291	280	259	221	209	233	168
<b>Retail</b>	<b>679,631</b>	<b>633,362</b>	<b>659,823</b>	<b>646,845</b>	<b>689,367</b>	<b>676,660</b>	<b>700,491</b>	<b>767,810</b>	<b>1,033,329</b>	<b>793,113</b>
Unaccounted for wastewater	11,448	210,962	76,033	135,557	58,972	87,936	235,309	230,590	97,446	150,177
Percentage of unaccounted for wastewater to total wastewater treated	1.7%	25.0%	10.3%	17.3%	7.9%	11.5%	25.1%	23.1%	8.6%	15.9%
<b>ANNUAL RAINFALL (inches) <sup>(2)</sup></b>	<b>38.86</b>	<b>69.56</b>	<b>50.20</b>	<b>59.75</b>	<b>34.43</b>	<b>53.11</b>	<b>80.60</b>	<b>52.09</b>	<b>73.71</b>	<b>49.14</b>
<b>ACTIVE SERVICES (Number of Meters)</b>										
Inside city	6,358	6,441	6,497	6,555	6,718	6,963	7,289	7,684	8,098	8,587
Outside city	1,140	1,138	1,141	1,143	1,144	1,160	1,172	1,178	1,190	1,186
Sewer services, no water	3	4	4	4	4	4	3	3	3	3
Enoree Basin, inside city	3,684	3,813	4,003	4,157	4,397	4,558	4,721	4,988	5,343	5,813
Enoree Basin industrial	162	162	162	162	163	163	163	175	185	197
Other <sup>(3)</sup>	1	1	1	1	1	1	1	1	3	3
<b>Total active services</b>	<b>11,348</b>	<b>11,559</b>	<b>11,808</b>	<b>12,022</b>	<b>12,427</b>	<b>12,849</b>	<b>13,349</b>	<b>14,029</b>	<b>14,822</b>	<b>15,789</b>

(1) Information is compiled from internally generated statistical reports

(2) Source: National Weather Service Forecast Office in Greenville for rainfall recorded in inches at Greenville-Spartanburg International Airport

(3) Other customers count does not include ReWa, Metro or surcharges



GREER COMMISSION OF PUBLIC WORKS

Sewer System  
Schedule of Revenue, Expenses and Operating Indicators - Last Ten Fiscal Years (Continued)



**GREER COMMISSION OF PUBLIC WORKS**

**Debt Service Coverage  
Last Ten Fiscal Years**

<i>(in thousands)</i>	2012	2013	2014 (Restated)	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Revenues from operations	\$ 67,499	\$ 74,650	\$ 83,785	\$ 82,436	\$ 84,397	\$ 85,673	\$ 96,950	\$ 92,732	\$ 89,652	\$ 97,986
Non-operating revenues	64	51	30	29	46	66	93	7,184	4,324	3,948
Capacity fees <sup>(1)</sup>	371	332	527	675	1,133	1,066	1,153	1,630	2,300	2,385
<b>Total revenues</b>	<b>67,934</b>	<b>75,033</b>	<b>84,342</b>	<b>83,140</b>	<b>85,576</b>	<b>86,805</b>	<b>98,196</b>	<b>101,546</b>	<b>96,276</b>	<b>104,319</b>
<b>Expenses</b>										
Total expenses	68,336	71,774	79,219	78,224	78,085	79,356	89,727	83,290	79,613	85,229
Depreciation and amortization expense	(7,720)	(7,804)	(8,026)	(8,280)	(8,454)	(8,735)	(8,887)	(8,779)	(10,186)	(10,312)
Depreciation - change in accounting estimate	(817)	-	-	-	-	-	-	-	-	-
Bond interest expense	(3,193)	(2,910)	(2,848)	(2,583)	(2,541)	(2,324)	(2,060)	(1,979)	(2,060)	(1,926)
Gain/loss on sale of assets	(93)	(140)	(34)	(26)	44	88	(283)	(742)	(495)	406
<b>Total expenses</b>	<b>56,513</b>	<b>60,920</b>	<b>68,311</b>	<b>67,335</b>	<b>67,134</b>	<b>68,385</b>	<b>78,497</b>	<b>71,790</b>	<b>66,872</b>	<b>73,397</b>
<b>Net revenues available for debt service</b>	<b>\$ 11,421</b>	<b>\$ 14,113</b>	<b>\$ 16,031</b>	<b>\$ 15,805</b>	<b>\$ 18,442</b>	<b>\$ 18,420</b>	<b>\$ 19,699</b>	<b>\$ 29,756</b>	<b>\$ 29,404</b>	<b>\$ 30,922</b>
Maximum annual debt service <sup>(2)</sup>	\$ 6,486	\$ 7,186	\$ 7,239	\$ 7,229	\$ 7,229	\$ 7,057	\$ 7,057	\$ 6,357	\$ 6,357	\$ 6,357
<b>Maximum annual debt service coverage</b>	<b>176%</b>	<b>196%</b>	<b>221%</b>	<b>219%</b>	<b>255%</b>	<b>261%</b>	<b>279%</b>	<b>468%</b>	<b>463%</b>	<b>486%</b>

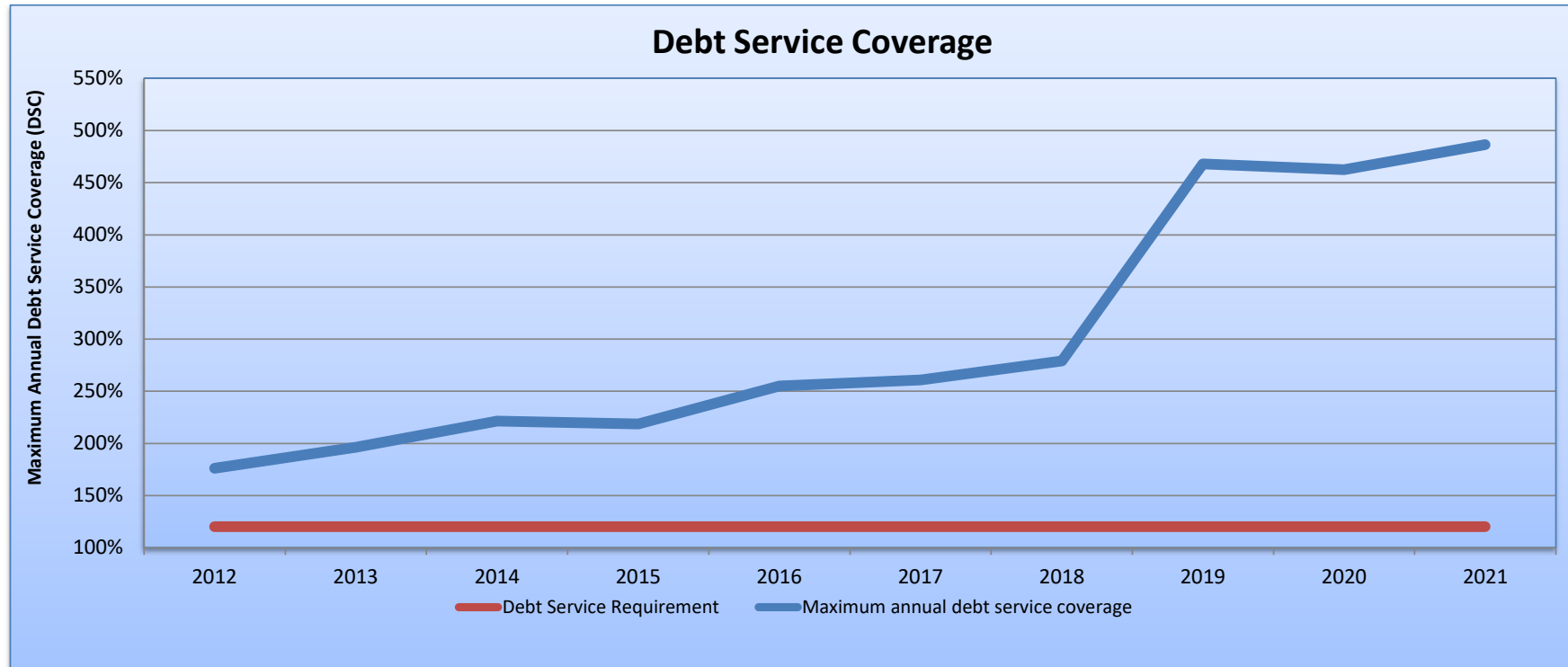
(1) During 2000, the Commission initiated a policy of charging developers and consumers capacity fees to recover a portion of the economic impact directly related to these system expansions.

These fees may be used to pay a portion of the debt service on debt issued to fund such improvements, and therefore are considered available for debt service under the Bond Ordinance

(2) Maximum principal and interest requirements on outstanding debt for such fiscal year

GREER COMMISSION OF PUBLIC WORKS

Debt Service Coverage  
Last Ten Fiscal Years (Continued)



**GREER COMMISSION OF PUBLIC WORKS**

**Ratios of Outstanding Long-term Debt**  
***Last Ten Fiscal Years***

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<b>Fiscal Year</b>	<b>Revenue Bonds</b>	<b>Per Capita</b>	<b>As Share of Personal Income</b>
2012	\$ 85,882,182	\$ 3,291	0.47%
2013	86,059,528	3,230	0.45%
2014	82,657,693	3,042	0.41%
2015	79,303,204	2,863	0.36%
2016	75,645,005	2,617	0.38%
2017	71,887,006	2,467	0.34%
2018	67,873,093	2,316	0.29%
2019	60,262,111	1,934	0.21%
2020	56,047,868	1,740	0.18%
2021	51,729,141	1,465	0.16%

**GREER COMMISSION OF PUBLIC WORKS**

**Customer Statistics**  
**Largest System Customers - Current Year and Nine Years Ago (Continued)**

Name	2021					2012				
	Rank	Consumption	Percentage Volume	Revenues	Percentage Revenues	Rank	Consumption	Percentage Volume	Revenues	Percentage Revenues
<i>Water System (thousands of gallons)</i>										
Blue Ridge Water Company (Wholesale)	1	868,693	31.19%	\$ 1,742,861	18.61%	1	744,748	27.33%	\$ 1,189,099	19.45%
BMW of North America, LLC	2	309,665	11.12%	634,434	6.78%	2	270,133	9.91%	429,791	7.03%
Greer Commission of Public Works	3	126,132	4.53%	230,850	2.47%	3	127,382	4.67%	182,170	2.98%
Mitsubishi Polyester Film, LLC	4	104,543	3.75%	212,688	2.27%	4	117,906	4.33%	191,299	3.13%
Cliffstar Corporation	5	76,715	2.75%	153,282	1.64%	5	46,611	1.71%	66,418	1.09%
Greenville - Spartanburg International Airport	6	48,137	1.73%	193,931	2.07%	7	28,259	1.04%	74,125	1.21%
Upstate Affiliate Organization	7	18,339	0.66%	35,676	0.38%	6	35,954	1.32%	70,284	1.15%
Plastic Omnium	8	13,382	0.48%	25,117	0.27%	-	-	-	-	-
Spartanburg Regional Hospital System	9	10,720	0.38%	22,044	0.24%	9	8,815	0.32%	12,963	0.21%
Greer Community Healthcare LLC	10	8,850	0.32%	17,393	0.19%	-	-	-	-	-
Honeywell	-	-	-	-	-	8	22,388	0.82%	52,399	0.86%
Aiken Chemical Company	-	-	-	-	-	10	7,020	0.26%	16,635	0.27%
<i>Sewer System (thousands of gallons)</i>										
BMW of North America, LLC	1	170,428	21.49%	613,691	8.43%	2	120,645	17.75%	516,550	11.31%
Mitsubishi Polyester Film, LLC	2	144,141	18.17%	300,955	4.13%	1	134,013	19.72%	258,801	5.66%
Greenville - Spartanburg International Airport	3	46,260	5.83%	134,002	1.84%	4	40,168	5.91%	110,489	2.42%
Upstate Affiliate Organization	4	40,229	5.07%	81,920	1.12%	3	66,162	9.73%	133,218	2.92%
Cliffstar Corporation	5	38,908	4.91%	65,640	0.90%	7	20,289	2.99%	41,616	0.91%
Greenville County School District	6	27,524	3.47%	79,036	1.09%	5	33,100	4.87%	65,514	1.43%
Village Hospital	7	26,879	3.39%	91,129	1.25%	8	20,248	2.98%	41,616	0.91%
Textron Inc	8	26,259	3.31%	90,976	1.25%	-	-	-	-	-
Plastic Omnium	9	25,113	3.17%	69,655	0.96%	-	-	-	-	-
Legacy Crescent Apartments	10	22,871	2.88%	52,956	0.73%	-	-	-	-	-
Honeywell International Inc	-	-	-	-	-	6	20,672	3.04%	54,741	1.20%
Exide Battery Corp	-	-	-	-	-	9	17,752	2.61%	47,107	1.03%
Greer Housing Authority	-	-	-	-	-	10	12,868	1.89%	49,243	1.08%

**GREER COMMISSION OF PUBLIC WORKS**

**Customer Statistics**  
**Largest System Customers - Current Year and Nine Years Ago (Continued)**

Name	2021					2012				
	Rank	Consumption	Percentage Volume	Revenues	Percentage Revenues	Rank	Consumption	Percentage Volume	Revenues	Percentage Revenues
<i>Electric System (megawatt hours)</i>										
Greer Commission of Public Works	1	12,750	3.16%	\$ 1,200,571	2.59%	1	16,072	4.62%	\$ 904,382	2.81%
Village Hospital	2	11,369	2.82%	1,016,701	2.19%	4	7,735	2.22%	598,726	1.86%
Greenville County School District	3	10,343	2.57%	1,135,031	2.45%	2	12,086	3.48%	1,138,213	3.53%
Upstate Affiliate Organization	4	9,397	2.33%	826,785	1.78%	3	10,065	2.90%	732,074	2.27%
Cliffstar Corporation	5	7,183	1.78%	630,784	1.36%	9	2,866	0.82%	205,598	-
Wal-Mart Stores, Inc.	6	5,264	1.31%	463,456	1.00%	5	4,232	1.22%	316,319	0.98%
BMW of North America, LLC	7	4,701	1.17%	473,544	1.02%	-	-	-	-	-
Huntingdon Foam LLC	8	4,264	1.06%	386,486	0.83%	7	3,223	0.93%	244,333	0.76%
Ingles	9	3,438	0.85%	292,034	0.63%	6	3,518	1.01%	250,323	0.78%
City of Greer	10	3,337	0.83%	423,547	0.91%	8	2,966	0.85%	284,842	-
Lowe's Home Improvement	-	-	-	-	-	10	2,815	0.81%	213,726	0.66%
<i>Natural Gas System (mcf)</i>										
BMW of North America, LLC	1	176,778	4.83%	4,476,104	14.46%	1	123,198	3.83%	2,520,979	11.49%
Mitsubishi Polyester Film, LLC	2	63,734	1.74%	3,258,629	10.53%	2	73,129	2.28%	2,660,161	12.13%
Cliffstar Corporation	3	7,914	0.22%	713,979	2.31%	5	4,093	0.13%	353,706	1.61%
Rogers Group Inc	4	3,919	0.11%	205,481	0.66%	8	2,503	0.08%	124,334	0.57%
Minghua USA, Inc.	5	3,772	0.10%	364,460	1.18%	-	-	-	-	-
Sloan Construction	6	3,491	0.10%	172,031	0.56%	6	3,553	0.11%	137,917	0.63%
Village Hospital	7	3,179	0.09%	307,770	0.99%	10	2,156	0.07%	229,293	1.05%
Greenville County School District	8	3,000	0.08%	294,045	0.95%	7	2,756	0.09%	296,064	1.35%
Greenville Spartanburg Airport	9	2,748	0.08%	270,975	0.88%	-	-	-	-	-
SEW Eurodrive Inc	10	2,610	0.07%	254,626	0.82%	9	2,232	0.07%	237,581	1.08%
Carrotell Paper Board Corp	-	-	-	-	-	3	36,945	1.15%	1,488,380	6.79%
Springfield LLC	-	-	-	-	-	4	12,761	0.40%	554,688	2.53%

**GREER COMMISSION OF PUBLIC WORKS**

**Capital Assets Statistics by Utility  
Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Electric</b>										
Substations	4	4	4	5	5	5	6	6	5	5
Winter peak (megawatts)	61	64	77	76	70	65	76	71	69	69
Summer peak (megawatts)	84	81	84	88	91	92	92	98	98	101
Overhead distribution (miles)	196	199	200	204	206	212	212	216	214	214
Underground distribution (miles)	184	188	200	204	216	227	241	251	263	270
Poles	12,045	12,152	12,302	12,443	12,557	13,012	13,266	15,733	13,744	13,846
Transformers	4,653	4,714	4,819	4,867	4,983	5,121	5,290	5,501	5,604	5,655
Meters	16,510	16,683	16,962	17,318	17,864	18,464	19,326	20,089	21,156	21,758
Vehicles	17	18	17	18	16	16	16	17	18	19
<b>Natural Gas</b>										
Transco pipeline connections	2	2	2	2	2	2	2	2	2	2
High-pressure transmission lines (miles)	42	42	42	43	43	43	47	43	43	43
Intermediate and distribution lines (miles)	717	721	729	739	749	764	776	789	793	811
Pressure reducing regulator stations	131	131	131	131	131	110	106	115	110	119
Meters	20,569	20,891	21,255	21,883	22,615	23,361	24,228	25,151	26,273	26,832
Vehicles	20	21	20	20	21	18	16	16	16	16
<b>Water</b>										
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Water treatment plant capacity (million gallons per day)	24	24	24	24	24	24	24	24	24	24
Average daily flow (million gallons per day)	10	9	8	9	8	8	9	10	10	9
Peak flow (million gallons per day)	19	13	12	15	13	13	13	18	18	17
Ground storage capacity (million gallons)	8	8	8	8	8	8	8	8	8	8
Elevated tank storage capacity (million gallons)	6	6	6	6	6	6	8	6	6	6
Transmission lines (miles)	32	32	33	32	32	32	31	31	31	31
Distribution lines (miles)	368	371	370	368	382	404	385	385	395	395
Fire hydrants	1,438	1,455	1,484	1,506	1,539	1,622	1,654	1,654	1,740	1,763
Meters	18,126	18,302	18,522	18,816	19,267	19,643	20,017	20,668	21,514	21,981
Vehicles	9	12	12	13	13	12	10	13	9	10
<b>Sewer</b>										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment plant capacity (million gallons per day)	5	5	5	5	5	5	5	5	5	5
Average daily flow (million gallons per day)	2	2	2	2	2	2	3	3	3	3
Maximum daily flow	4	7	6	7	4	4	7	7	7	5
Gravity collection lines (miles)	216	216	222	223	232	236	243	248	257	258.00
Force main collection lines (miles)	20	20	22	21	23	24	23	25	25	25.60
Lift stations	17	17	19	17	21	21	21	22	22	26
Sewer valves	52	52	58	65	75	78	83	89	89	107
Manholes	5,615	5,590	5,798	5,891	6,089	6,283	6,402	6,591	6,854	6,912
Vehicles	14	15	15	11	16	16	16	14	10	9

# GREER COMMISSION OF PUBLIC WORKS

## Number of Employees by Identifiable Activity Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Water system</b>										
Water production	9	8	7	8	9	8	8	8	9	8
Water distribution	7	7	8	8	8	8	8	7	7	7
Lake wardens	3	3	3	3	2	3	3	3	3	3
<b>Total water system</b>	<b>19</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>18</b>	<b>19</b>	<b>18</b>
<b>Electric distribution system</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>16</b>	<b>18</b>	<b>17</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>13</b>
<b>Natural gas distribution system</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>21</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>13</b>
<b>Sewer system</b>										
Collection	6	5	6	7	7	8	5	5	6	4
Treatment	9	9	9	8	8	9	9	9	9	10
<b>Total sewer system</b>	<b>15</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>17</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>14</b>
<b>Shared support</b>										
General administration	3	3	3	3	2	3	5	7	7	7
Customer service	12	11	10	11	12	11	8	10	9	6
Billing	2	2	2	3	3	3	4	3	3	3
Finance and accounting	4	3	4	4	4	4	3	3	3	3
Meter Technicians	3	3	3	3	3	5	2	2	2	5
Engineering	4	4	5	7	7	7	8	8	8	8
Warehouse and facilities maintenance	4	5	4	5	4	5	6	6	6	7
Human resources	4	4	4	4	4	4	3	3	3	3
Operations	4	4	4	3	4	2	-	-	-	-
Information systems	7	4	6	5	4	3	2	3	3	3
Locators	2	3	3	4	5	5	5	5	5	4
Measurement	-	2	2	2	2	-	-	-	-	-
Communications	-	-	-	1	1	1	1	1	1	1
Vehicle maintenance	2	2	2	2	2	2	-	-	-	-
<b>Total shared support</b>	<b>51</b>	<b>50</b>	<b>52</b>	<b>57</b>	<b>57</b>	<b>55</b>	<b>47</b>	<b>51</b>	<b>50</b>	<b>50</b>
<b>Total employees</b>	<b>125</b>	<b>122</b>	<b>125</b>	<b>130</b>	<b>132</b>	<b>129</b>	<b>108</b>	<b>111</b>	<b>110</b>	<b>108</b>



# GREER COMMISSION OF PUBLIC WORKS

## Demographics and Economic Statistics Last 10 Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Population <sup>1, 2</sup>	26,098	26,645	27,169	27,697	28,905	29,145	29,307	31,154	32,211	35,308
Mean household income <sup>1</sup>	\$ 66,940	\$ 68,687	\$ 68,518	\$ 53,692	\$ 62,300	\$ 69,017	\$ 70,296	\$ 71,251	\$ 64,368	\$ 66,493
Personal income (000's) <sup>1</sup>	\$ 706,917	\$ 723,518	\$ 735,519	\$ 804,958	\$ 696,293	\$ 732,326	\$ 798,762	\$ 905,647	\$ 985,463	\$ 928,641
Per capita personal income <sup>1</sup>	\$ 27,087	\$ 27,154	\$ 27,072	\$ 29,063	\$ 24,089	\$ 25,127	\$ 27,255	\$ 29,070	\$ 30,594	\$ 31,969
Median age <sup>1</sup>	34.1	35.3	37.2	35.9	36.3	36.5	36.7	37.1	37.3	37.5
*Unemployment rates <sup>3</sup>	7.0%	7.0%	5.8%	5.1%	4.4%	3.4%	3.4%	1.8%	3.6%	2.9%

Source:

(1) ESRI Business Analyst Online

(2) US Census Bureau

(3) South Carolina Department Employment and Workforce

\* Unemployment rate data was not available specifically for the City of Greer. This number represents a weighted average of unemployment rates in Greenville and Spartanburg Counties.

## **COMPLIANCE SECTION**

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

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**To the Honorable Chairman and Members of the Commission  
Greer Commission of Public Works  
Greer, South Carolina**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **Greer Commission of Public Works** (the "Commission"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 12, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the company name written in a professional, yet personal, style.

Columbia, South Carolina  
April 12, 2022

**GREER COMMISSION OF PUBLIC WORKS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_ Yes      X   No

Significant deficiencies identified not considered  
to be material weaknesses?

\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted?

\_\_\_\_ Yes      X   No

**Federal Awards**

There was not an audit of major federal award programs as of December 31, 2021, due to the total amount expended being less than \$750,000.

**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None.

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND RESPONSES**

Not applicable.

**GREER COMMISSION OF PUBLIC WORKS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**SECTION IV**  
**PRIOR YEAR FINDINGS**

**2020-001 Maintenance of Capital Asset Activity**

**Criteria:** Generally Accepted Accounting Principles (GAAP) requires capital assets with finite useful lives be depreciated over such assets' useful lives. An asset's useful life begins when it is placed in service.

**Condition:** The Commission previously placed certain assets in service but failed to record certain assets' estimated useful lives as appropriate, and thus depreciation, in accordance with Commission policies and estimates. Additionally, the Commission's former capital asset module in its financial reporting software erroneously failed to depreciate certain assets using the straight-line method over such assets' useful lives.

**Effect:** The Commission has determined that restatements to the beginning net position at January 1, 2019 and January 1, 2020 were required to properly report depreciation expense on certain assets previously placed in service as required by GAAP. As such, the Commission determined restatements to decrease beginning net position in the amount of \$4,548,274 as of January 1, 2019 and \$209,338 as of January 1, 2020, was required to be reported to report the accumulated depreciation that had not been previously recorded.

**Cause:** There was a lack of appropriate controls implemented at the Commission during prior fiscal years to ensure that all capital assets with finite useful lives and were placed in service were being depreciated in accordance with GAAP and the Commission's estimates of useful lives.

**Status:** Resolved.