



For Fiscal Years Ended September 30, 2022 and 2021

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



A component of the City of Greenville, Texas



# **Annual Comprehensive Financial Report**

## **Greenville Electric Utility System (GEUS)**

**(A component unit of the City of Greenville, Texas)**

**For Fiscal Years Ended  
September 30, 2022 and 2021**

**Prepared by  
Finance Department**



# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

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## **INTRODUCTORY SECTION**





March 23, 2023

Mr. Greg Chesney, Chairman and  
Members of GEUS Board of Trustees

Dear Board Members:

We are pleased to present the Annual Comprehensive Financial Report of the Greenville Electric Utility System (GEUS) for the fiscal years ended September 30, 2022, and 2021. The Annual Report includes audited financial statements as required by Board Policy P112.01 as well as Texas state law. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America and audited by a firm of licensed certified public accountants, Whitley Penn, LLP.

This report consists of management's representations regarding GEUS finances. Accordingly, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making the representations, management of GEUS has established a comprehensive internal control framework that is designed both to protect GEUS assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of GEUS financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America. Because the cost of internal controls should not outweigh their benefits, GEUS 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GEUS is required to have an annual audit of the financial statements related to the system and pledge revenues of the system. GEUS has complied with this requirement and the independent auditor's report by Whitley Penn, LLP is included in this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of GEUS for the fiscal years ended September 30, 2022, and 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that GEUS financial statements for the fiscal years ended September 30, 2022, and 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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The Management's Discussion and Analysis (MD&A) included in the financial section of this report is required by GAAP to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## **Profile of the Utility**

The history of the Greenville Electric Utility System (GEUS) began in 1888 when the City Council awarded a water and electric system franchise to Greenville Water and Electric Light Company. After the award, the Greenville Water and Electric Light Company building was constructed on the Sabine River where the diesel plant was formerly located. The river was dammed to provide water for the pumps, but generators were never installed. On November 3, 1890, the City of Greenville City Council passed a resolution authorizing the Mayor, R.L Porter, to let a contract with Wayne Electric Company to build a small power plant on Town Branch between Wesley and St John Street. It became the first municipally owned electric plant in Texas when it began producing power on March 4, 1891. The Power Plant began generating electricity for nighttime use with a steam engine and two dynamos. In 1908, the city power plant moved to the Sabine River. Two steam generators were added and began generating power 24 hours a day. From 1945-1960 the electrical load on the city increased more than eight-fold. Growth of more than 10% per year was the norm for the city. During the mid-1960's, the city built a new steam generation plant containing two steam turbines. In 1977, a third steam turbine was added to the plant. On May 7, 1988, voters approved the separation of the management of the electric utility from the City of Greenville administration. The public voted to amend the City Charter to include Article XI-A which created a separate, fully autonomous Electric Utility Board and define transfers of revenue from the electric utility to the City of Greenville and on this day, the first Electric Utility Board was named. With limited high-speed Internet available in rural areas, the GEUS Board of Trustees elected to bring fiber optic cable to the Greenville community. In June of 2000, GEUS Cable & Internet was formed. In 2010, GEUS added a new generation plant with three modern, quick start engine generators.

GEUS services an area of approximately 35 square miles inside the City of Greenville, Texas with a total service area of 97 square miles within Hunt County. Customer growth has increased 20% since 2013 and is up 10.2% over the past 5 years. As of September 30, 2022, the system supported 16,277 customers. The increase in customers from the end of fiscal year 2021 to the end of fiscal year 2022 totals 611, or 3.9%. In FY 2022, GEUS sold 527,184,644 kilowatt hours (kWh) of electricity, an increase of 8.2% over FY2021 kWh sales.

In 1975 the City of Greenville, along with three other cities, formed Texas Municipal Power Agency (TMPA) to build a 462MW coal fired steam generation plant. The energy generated from the TMPA Gibbons Creek plant was split among the member cities based on their pro rata share. The City of Greenville owns a 10% interest in TMPA assets, which currently remains with the Utility. As part of the TMPA arrangement, the member cities are obligated for payment of operating cost and retirement of debt.

Since GEUS operates autonomously from the City, all account, financial and statistical information relating to GEUS are included herein. GEUS, a component unit, is included in the City of Greenville's Annual Comprehensive Financial Report.

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## **Factors Affecting GEUS' Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which GEUS operates.

### **Local Economy**

GEUS is in Greenville, Texas and serves the City of Greenville, the unincorporated town of Floyd, a portion of Jacobia and Dixon, as well as Greenville Club Lake and other outlying regions in Hunt County. The economy in the GEUS service territory is diversified with major industry segments that include aerospace industry, robotics, retail and services, tourism, hospitality, and manufacturing.

Principal employers in the GEUS service area include industry leaders such as L3Harris Greenville, a leader in next the generation of LSR solutions; Solvay Composite Materials, a global provider of technologically advanced light weighting material solutions used in the aerospace and automotive industries; and Innovation First International, a leader in designing and supplying control systems to the largest educational robotics competitions worldwide. Located in Greenville, Hunt Regional Medical Center is a large regional hospital with an extensive list of outpatient and diagnostic services from surgery and cancer care, to open imaging. With an enrollment of more than 5,200 students, the Greenville Independent School District provides education for the youth of the community.

The City of Greenville is approximately 35 square miles in size and is the county seat for Hunt County. It is conveniently located just 45 miles northeast of Dallas and is intersected by three railroads, and numerous highways, including Interstate Highway 30, US highways 380, 69, and 67, and State Highways 224, 66, and 34. Hunt County is home to approximately 104,105 people with an estimated 29,578 living in the City of Greenville. Reported annual per capita income in 2021 for Hunt County was \$29,319 with the City of Greenville being slightly lower at \$26,049. The unemployment rate, not adjusted, was 5.9% in September 2022 and is up compared to the 5.1% unemployment rate in September 2021.

### **Long-term Financial Planning**

In 2008, GEUS Board of Trustees authorized the issuance of \$16,615,000 in revenue bonds to begin construction on a new generation plant. Revenue bonds totaling \$52,410,000 were issued in 2010 and included \$29,415,500 in TMPA related costs. Both the 2008 and 2010 series bonds became callable in September 2018 and were refunded in 2019. In the refunding, GEUS issued two separate bond series. The 2019A refunding bonds were issued in the amount of \$41,610,000 and will be callable on February 15, 2024. The 2019B refunding bonds had a \$12,500,000 bullet maturity for February 15, 2024, and became callable July 1, 2019. In September 2019 and September 2020, GEUS Trustees called a total of \$6,700,000 of the Series 2019B refunding bonds. In September 2022, an additional \$3,200,000 in bonds were called, leaving a balance of \$2,600,000 in outstanding bonds for the Series 2019B refunding issue as of September 30, 2022.

In 2021, following Winter Storm Uri, GEUS issued Series 2021, a \$20,000,000 Short-term Note callable April 1, 2022. In March 2022, a portion of the note was repaid in the amount of \$5,000,000 from cash reserves, and the GEUS Board of Trustees authorized the issuance of Revenue Refunding Bonds, Series 2022 in the amount of \$15,120,000 to refinance the remainder of the debt.

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GEUS Board of Trustees approved a change in direction for capital funding in September 2020, opting to debt fund capital for FY 2021 and FY 2022 instead of following the pay-as-you-go approach. On September 7, 2021, GEUS Trustees authorized the issuance of Series 2021 Bonds in the amount of \$13,885,000 for long-term capital improvements. In September 2022, GEUS Trustees authorized the issuance of Series 2022 Bonds in the amount of \$13,085,000. Delivery of those funds did not occur until October 2022, and is considered a subsequent event as of September 30, 2022.

As of September 30, 2022, total debt principal is \$69,235,000 for Series 2019A, Series 2019B, Series 2021 (CIP Bonds) and Series 2022 Refunding Bonds. Not included in the total are the Series 2022 Revenue (CIP) Bonds sold in September 2022 and received in October 2022.

GEUS maintains and updates a 10-year Capital Improvement Plan that is reviewed by the GEUS Board annually. Under the current operating environment, capital construction and improvement of infrastructure, equipment and existing generation plant detailed in the Capital Improvement Plan will be funded through a combination of cash and bond funding.

In September 2021, the GEUS Board approved the change in the Unrestricted Cash Reserve Policy increasing the minimum level from 150 days to 175 days. The target cash reserve on hand is a forward-looking calculation based on budgeted expenses that include capital less depreciation divided by 365 days then multiplied by 175 days. As of September 30, 2022, unrestricted targeted cash reserve was 178 days. Restricted cash includes cash to fund a portion of GEUS Employee Paid Time Off (PTO) liability as well as cash for debt-funded capital projects.

The GEUS Board authorized a cost of service and rate study in 2019 to review the current rate structures and the sufficiency of rates to fund reliable operations of the utility. On September 17, 2020, the GEUS Board approved revisions to lower the electric rate tariffs. The new rates were effective October 1, 2020. The new rates were designed to provide sufficient earnings necessary to meet cash reserve requirements, debt service coverage, maintain a capital program for reliability, and to preserve GEUS' sound financial condition.

### **Awards**

GEUS' established policies, practices and procedures were evaluated by the APPA's Reliable Public Power Provider (RP<sup>3</sup>) board in the areas of reliability, safety, workforce development and system improvement. The RP<sup>3</sup> board confirmed that GEUS met or exceeded industry-recognized best practices in all these areas. GEUS achieved APPA's Reliable Public Power Provider (RP<sup>3</sup>) Platinum designation in 2022.

GEUS received two Government Finance Officer Awards for the fiscal year ended September 30, 2021. The Certificate of Achievement was received for Excellence in Financial Reporting and reflects the highest form of recognition in governmental accounting and financial reporting. The Distinguished Budget Presentation Award was received and reflects the commitment of staff to meeting the highest principles of governmental budgeting.

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## Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of GEUS. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Chair and members of the Board of Trustees for their interest and support in planning and conducting the financial operations of GEUS in a responsible and progressive manner.

Respectively submitted,



Alicia Hooks  
General Manager



Cathy Rosson  
Business Services Director

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Presented to

**Greenville Electric Utility System  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO

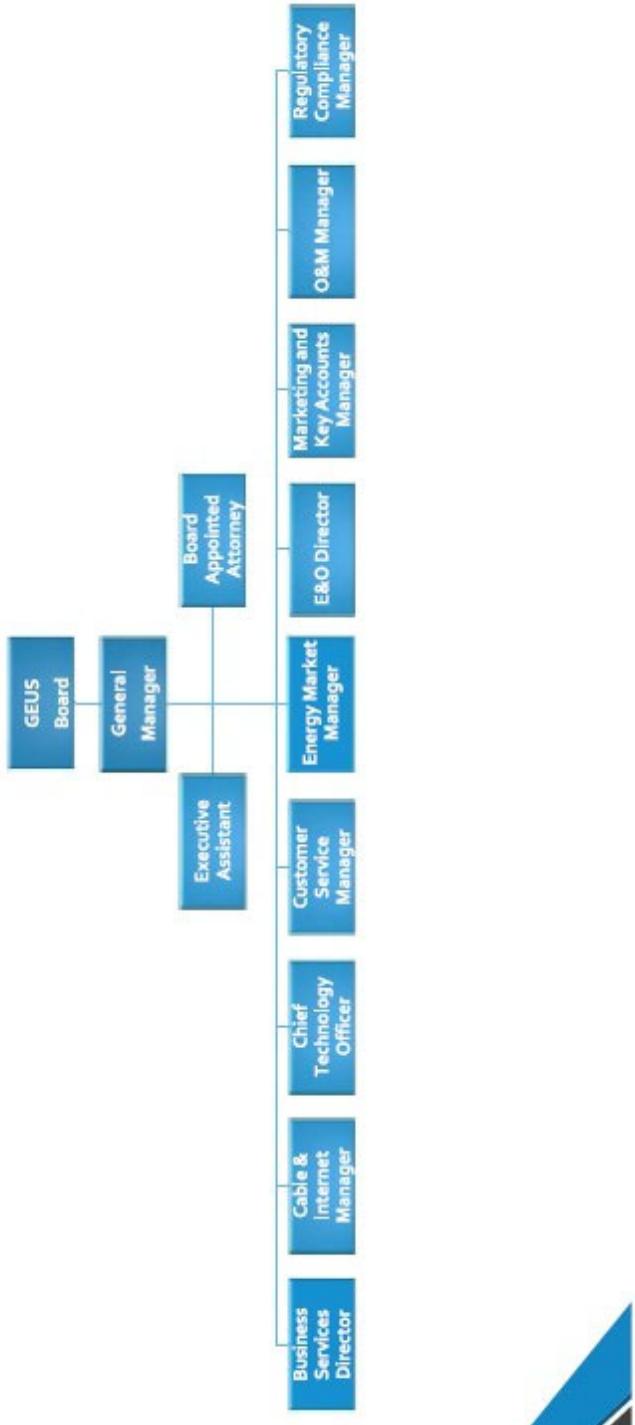
# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## ORGANIZATIONAL CHART



### Recommended FY 2023 Electric and C&I

The management of GEUS is performed by a General Manager under Policy Direction of the GEUS Board of Trustees with the aid of his or her staff including a Business Services Director, Cable & Internet Manager, Customer Service Manager, Energy Market Manager, Engineering and Operations Director, Marketing and Key Accounts Manager, O&M Manager, Regulatory Compliance Manager and Executive Assistant. In addition, GEUS' contracted services from the City include accounting (i.e. investments, check issuing, etc.) which is overseen by the Finance and Administrative Services Director and personnel services overseen by the Human Resources Director. The Board appointed Attorney also reports to the General Manager.



**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****PRINCIPAL OFFICIALS****Board of Trustees**

Greg Chesney.....	Chair – Place 2
Sue Ann Harting.....	Vice-Chair – Place 5
Karen Bates.....	Secretary/Treasurer – Place 4
Glover George.....	Board Member – Place 1
Victor Gore.....	Board Member – Place 3
Jerry Ransom.....	City of Greenville Mayor – Ex Officio Member

**Executive Staff and Department Heads**

Alicia Hooks.....	General Manager
Cathy Rosson.....	Business Services Director
Ashley Cotton.....	Regulatory Compliance Manager
Brenda Shelby.....	Customer Service Manager
Jimmy Dickey.....	Marketing and Key Accounts Manager
Mark Stapp.....	Engineering and Operations Director
Jesse Gatlin.....	Operations and Maintenance Manager
Brandon Kirby.....	Energy Market Manager
Adrian Lall.....	Chief Technology Officer

## **FINANCIAL SECTION**



## **Independent Auditor's Report**

To the Board of Trustees  
of Greenville Electric Utility System  
Greenville, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the Greenville Electric Utility System (“GEUS”) a component unit of the City of Greenville, Texas as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise GEUS’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of GEUS, as of September 30, 2022 and 2021, and the respective changes in financial position 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). We are required to be independent of the City, 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 GEUS’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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, 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 GEUS'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 GEUS'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 management's discussion and analysis, pension information and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

To the Board of Trustees  
of Greenville Electric Utility System

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GEUS's basic financial statements. The combining statements 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 combining and individual fund statements and schedules are 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.

*Whitley Penn LLP*

Dallas, Texas  
March 16, 2023



# **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

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

**September 30, 2022 and 2021**

The management of GEUS encourages the readers to consider the following discussion and analysis in combination with the financial statements included in the Financial Section.

The objective of this discussion and analysis is to provide the reader information relevant to assess the financial condition and the results of operations of GEUS as determined by an evaluation of reported financial statement amounts.

Please refer to the accompanying basic financial statements and their related footnotes for more detailed information concerning the financial condition of GEUS. The basic financial statements are comprised of the statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows and the related notes which are an integral part of the financial statements.

### ***Financial Highlights***

The assets and deferred outflows of resources of GEUS exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2022, by 64,032,596 (net position). Of this amount, there is a positive unrestricted net position of \$25,125,455. There was a decrease in current assets as funds were used to purchase capital assets and complete projects. Current liabilities decreased due to the payment of the \$20.0 million lien note with both cash and the issuance of long-term debt.

GEUS' total net position increased by \$14,624,414 from current year operations. This change in net position is mainly result of reduced costs to TMPA and income from GEUS' portion of a mine sale by TMPA. Operating expenses decreased overall due to the fact that Winter Storm Uri occurred in FY 2021 which caused significant expenses during and after. In addition, GEUS' proportionate share of the Net pension asset resulted in a negative expense (revenue) related to the change in pension related outflows, inflows and assets.

GEUS' revenue bonds increased by a net of \$9.8 million due to the issuance of \$15.1 million in bonds used to pay off the remaining balance of the subordinate lien note, offset by principal payments of \$5.5 million.

### ***Overview of the Financial Statements***

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of GEUS. The financial statements also include notes that explain in more detail some of the information in the financial statements.

### ***Required Financial Statements***

GEUS' financial statements utilize accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about their activities. The statements of net position include all of GEUS' assets, deferred outflows, liabilities, and deferred inflows and provide information about the nature and amounts of investments in resources and the obligations to creditors. It also provides the basis for evaluating the capital structure of GEUS and assessing the liquidity and financial flexibility of GEUS.

All of the current year's revenues and expenses are accounted for in the statements of revenues, expenses and changes in net position. These statements measure the success of GEUS' operations over the past year and can be used to determine whether GEUS has successfully recovered all of its costs through its rates and fees, profitability and credit-worthiness.

The final required financial statements are the statements of cash flows. The statements report cash receipts, cash payments, and net changes in cash resulting from operating, investing and financing activities as well as provide answers to such questions as where did cash come from, what was capital and related cash used for, and what was the change in the cash balance during the reporting period.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
*September 30, 2022 and 2021*

	<b>September 30,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>			
Current assets	\$ 54,222,949	\$ 58,616,783	\$ 41,776,591
Restricted assets	2,704,360	2,380,301	2,340,324
Electric plant, net	67,608,611	60,642,719	60,025,344
Cable and Internet equipment, net	6,011,352	5,902,277	6,198,044
Other noncurrent assets	<u>14,630,493</u>	<u>15,145,349</u>	-
<b>Total Assets</b>	<b><u>145,177,765</u></b>	<b><u>142,687,429</u></b>	<b><u>110,340,303</u></b>
<b>Deferred Outflow of Resources</b>	<b><u>1,075,627</u></b>	<b><u>1,362,638</u></b>	<b><u>12,984,665</u></b>
<b>Liabilities</b>			
Current liabilities	3,915,159	4,768,529	4,461,805
Current liabilities payable from restricted assets	6,678,975	25,061,871	6,420,608
Long-term liabilities, less current maturities	<u>69,101,624</u>	<u>63,003,300</u>	<u>61,186,654</u>
<b>Total Liabilities</b>	<b><u>79,695,758</u></b>	<b><u>92,833,700</u></b>	<b><u>72,069,067</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>3,583,699</u></b>	<b><u>1,808,185</u></b>	<b><u>1,950,170</u></b>
<b>Net Position</b>			
Net investment in capital assets	38,907,141	36,234,724	41,715,450
Unrestricted	<u>24,066,794</u>	<u>13,173,458</u>	<u>7,590,281</u>
<b>Total Net Position</b>	<b><u>\$ 62,973,935</u></b>	<b><u>\$ 49,408,182</u></b>	<b><u>\$ 49,305,731</u></b>

**Net Position**

Net position increased by \$13,565,753 , or 27.5% of beginning net position, for the year ended September 30, 2022. This increase was primarily due to a decrease of operating expenses related to Winter Storm Uri in FY 2021.

Net position increased by \$102,451 , or 0.2% of beginning net position, for the year ended September 30, 2021. This increase was primarily due to an increase in investments from operations and an increase in operating revenues offset by an increase in electric operating expenses.

**Current Assets**

The \$4,393,834 decrease in current assets as of September 30, 2022, was mainly attributable to the payment of debt principal payments and the payment for capital assets and projects in progress which increased . The \$16,840,192 increase in current assets as of September 30, 2021, was mainly attributable to an increase in investments from operations and accounts receivable.

**Property, Plant and Equipment**

Property, plant and equipment net of accumulated depreciation, which includes production, transmission, distribution, general, cable and Internet equipment and other items owned by GEUS, increased by \$7.1 million from \$66.5 million as of September 30, 2021, to 73.6 million as of September 30, 2022. Assets purchased totaled \$11,885,400 and depreciation expense equaled \$4,650,577.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**September 30, 2022 and 2021**

Property, plant and equipment net of accumulated depreciation, which includes production, transmission, distribution, general, cable and Internet equipment and other items owned by GEUS, increased by \$0.32 million from \$66.22 million as of September 30, 2020, to \$66.54 million as of September 30, 2021. The increase was related mostly to substation equipment. Asset purchases totaled \$5.0 million and depreciation expense of \$4.6 million was recorded.

Additional information on GEUS' capital assets can be found in Note 3 of this report.

***Regulatory Asset***

A winter storm during fiscal year ended September 30, 2021 resulted in a historic demand for energy. Due to factors beyond GEUS' control, extraordinary costs in procuring the necessary supply of energy were incurred. As a result, GEUS recorded a regulatory asset in fiscal year 2021 in the amount of \$15.1 million to defer the extraordinary costs incurred. The regulatory asset will be amortized over a period of 30 years.

***Current Liabilities***

Current liabilities decreased by \$18.7 million from September 30, 2021 to September 30, 2022, as a result of the \$20.0 million payment of the subordinate lien from cash and the issuance of new bonds.

Current liabilities increased by \$19 million from September 30, 2020 to September 30, 2021, primarily due to issuance of subordinate lien taxable floating rate notes series 2021 issued in the current year and maturing in fiscal year 2022 in the amount of \$20 million.

***Long-term Liabilities***

GEUS' long-term liabilities increased overall by \$4.5 million for the year ended September 30, 2022. This is a result of an increase in long-term debt due of \$9.0 million (new debt net of principal payments) offset by the net pension liability decrease of \$3.3 million resulting in a net pension asset.

GEUS' long-term liabilities increased by \$1,816,646 for the year ended September 30, 2021, primarily due to principal payments in the amount of \$2,045,000 and issuance of Revenue Bonds, Series 2021 in the amount of \$13,885,000 as well as net decrease of \$200,951 in pension and OPEB liabilities. There was also a decrease in asset retirement obligation in the amount of \$10,006,560. GEUS' underlying debt has an S&P rating of "A" as of September 30, 2021.

Additional information on GEUS' long-term debt can be found in Note 4 of this report.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**September 30, 2022 and 2021**

**Revenues and Expenses**

	For the Years Ended September 30,		
	2022	2021	2020
<b>Revenues</b>			
Operating revenues			
Electric	\$ 94,159,546	\$ 124,730,252	\$ 62,514,994
Cable and internet	6,315,466	6,105,300	6,015,096
Nonoperating revenues - other	114,713	15,087	412,290
<b>Total Revenues</b>	<b>100,589,725</b>	<b>130,850,639</b>	<b>68,942,380</b>
<b>Expenses</b>			
Other operating expenses	86,663,174	124,198,502	50,729,307
Depreciation/amortization expense	5,165,433	4,561,561	4,220,794
Nonoperating expenses	(4,804,635)	1,988,125	1,680,889
<b>Total Expenses</b>	<b>87,023,972</b>	<b>130,748,188</b>	<b>56,630,990</b>
Change in Net Position	13,565,753	102,451	12,311,390
<b>Net Position, Beginning of Year</b>	<b>49,408,182</b>	<b>49,305,731</b>	<b>36,994,341</b>
<b>Net Position, End of Year</b>	<b>\$ 62,973,935</b>	<b>\$ 49,408,182</b>	<b>\$ 49,305,731</b>

GEUS' operating revenues decreased approximately \$30.4 million for the year ended September 30, 2022, compared to September 30, 2021. The increase in FY 2021 was a result of increased market prices and rates in energy sales as a result of Winter Storm Uri. During FY 2022, sales returned a rate consistent with pre-storm rates. Cable and Internet (C/I) revenues were consistent with the prior year.

GEUS' operating revenues increased approximately \$62.3 million for the year ended September 30, 2021, compared to September 30, 2020. The increase was due to a significant increase of approximately \$60 million in energy sales. The increase was a result of market prices during Winter Storm Uri in February 2021. Cable and Internet (C/I) revenues were consistent with the prior year.

Operating expenses decreased by approximately \$38.6 million for the year ended September 30, 2022, compared to September 30, 2021. In operating revenues, this is a direct result of some costs returning to pre-storm levels.

Operating expenses increased by approximately \$73.6 million for the year ended September 30, 2021, compared to September 30, 2020. The increase was a result of market prices attributed to Winter Storm Uri in February 2021.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**September 30, 2022 and 2021**

***Economic Factors and Next Year's Budget***

The preparation for the fiscal year 2022-23 Operating Budget recognizes the need to continue improving system reliability. Reliability is maintained and improved through GEUS capital improvement program. The FY23 budget includes \$16.8million in capital projects. Significant projects in the capital plan to improve reliability are ongoing projects to replace substation equipment, construct a Backup Control Center, and upgrade the Transmission and Distribution systems. Total budgeted revenue in FY23 reflects an increase of 27.1% over the prior year, including a 4.7% decrease in metered sales, an increase in fuel pass through charges, a decrease in regulatory charges (Transmission Cost of Service recovery) and a decrease in market energy sales. Budgeted costs increased 13.3% and are related to administration, billing, cable and internet, customer service and transmission cost of service.

***Requests for Information***

This financial report is designed to provide a general overview of GEUS' finances for all those with an interest in the utility's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to GEUS, Finance Department, 6000 Joe Ramsey Boulevard, Greenville, Texas 75402.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**STATEMENTS OF NET POSITION**

**September 30, 2022 and 2021**

**Page 1 of 2**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Equity in pooled cash and cash equivalents	\$ 31,004,099	\$ 38,771,825
Investments	7,323,799	5,925,275
Accounts receivable, net of allowance for uncollectible amounts	8,550,000	9,967,677
Prepaid expense	2,647,842	74,512
Due from other funds	15,100	-
Inventories	4,682,109	3,877,494
<b>Total Current Assets</b>	<b><u>54,222,949</u></b>	<b><u>58,616,783</u></b>
<b>Restricted Assets:</b>		
Cash and cash equivalents	2,704,360	2,380,301
<b>Total Restricted Assets</b>	<b><u>2,704,360</u></b>	<b><u>2,380,301</u></b>
<b>Property, Plant and Equipment:</b>		
Production	54,866,526	53,993,532
Transmission	16,286,514	12,298,240
Distribution	37,375,133	31,356,059
General	11,772,362	11,454,834
Construction in progress	2,882,601	3,254,894
Plant	145,388	145,388
Cable and internet	17,612,459	17,494,188
<b>Total Property, Plan and Equipment</b>	<b><u>140,940,983</u></b>	<b><u>129,997,135</u></b>
Less accumulated depreciation	67,321,020	63,452,139
<b>Property, plant and equipment, net</b>	<b><u>73,619,963</u></b>	<b><u>66,544,996</u></b>
<b>Other Non-current Assets:</b>		
Regulatory asset	15,145,349	15,145,349
Less accumulated amortization	514,856	-
<b>Total Assets</b>	<b><u>145,177,765</u></b>	<b><u>142,687,429</u></b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows - pension	878,654	1,190,331
Deferred outflows - OPEB (SDBF)	113,213	121,232
Deferred outflows - OPEB (RHCP)	83,760	51,075
<b>Total Deferred Outflows of Resources</b>	<b><u>1,075,627</u></b>	<b><u>1,362,638</u></b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 146,253,392</u></b>	<b><u>\$ 144,050,067</u></b>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**STATEMENTS OF NET POSITION**

**September 30, 2022 and 2021**

**Page 2 of 2**

	<b>2022</b>	<b>2021</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 608,178	\$ 1,396,953
Accrued liabilities	2,360,418	2,838,805
Due to component units of the primary government	-	54,491
Due to primary government	946,563	-
Accrued compensated absences	-	478,280
<b>Total Current Liabilities</b>	<b>3,915,159</b>	<b>4,768,529</b>
 <b>Current Liabilities Payable from Restricted Assets:</b>		
Revenue bonds - current	3,590,000	2,380,000
Subordinate lien notes	20,000,000	
Customer deposits	2,704,360	2,380,301
Accrued interest	384,615	301,570
<b>Total Current LiabilitiesPayable from Restricted Assets</b>	<b>6,678,975</b>	<b>25,061,871</b>
<b>Total Current Liabilities</b>	<b>10,594,134</b>	<b>29,830,400</b>
 <b>Long-term Liabilities, Less Current</b>		
<b>Maturities:</b>		
Revenue bonds payable, net of bond premium (discount)	67,408,352	59,608,320
Accrued compensated absences	1,255,303	777,023
Net pension liability (asset)	(1,659,255)	1,621,181
Total OPEB liability	2,097,224	996,776
<b>Total Long-term Liabilities, Less Current</b>	<b>69,101,624</b>	<b>63,003,300</b>
<b>Maturities</b>		
<b>Total Liabilities</b>	<b>79,695,758</b>	<b>92,833,700</b>
 <b>Deferred Inflows of Resources</b>		
Deferred inflows - pension	3,168,411	1,348,072
Deferred inflows - OPEB (SDBF)	29,926	30,364
Deferred inflows - OPEB (RHCP)	121,911	119,899
Deferred gain on refunding	263,451	309,850
<b>Total Deferred Inflows of Resources</b>	<b>3,583,699</b>	<b>1,808,185</b>
 <b>Net Position</b>		
Net investment in capital assets	38,907,141	36,234,724
Unrestricted	24,066,794	13,173,458
<b>Total Net Position</b>	<b>\$ 62,973,935</b>	<b>\$ 49,408,182</b>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
*For the Years Ended September 30, 2022 and 2021*

	<b>2022</b>	<b>2021</b>
<b>Operating Revenues</b>		
Electric	\$ 94,159,546	\$ 124,730,252
Cable and internet	6,315,466	6,105,300
<b>Total Operating Revenues</b>	<b>100,475,012</b>	<b>130,835,552</b>
 <b>Operating Expenses</b>		
Electric	76,913,932	112,929,130
Cable and internet operations	4,819,862	5,091,059
Administrative	148,804	522,513
Insurance	418,216	335,581
City services	517,080	795,455
Pilot	380,787	384,105
General fund	2,887,078	3,323,580
Board of development	577,415	817,079
<b>Total Operating Expenses</b>	<b>86,663,174</b>	<b>124,198,502</b>
 <b>Operating Income Before Depreciation</b>	<b>13,811,838</b>	<b>6,637,050</b>
Less depreciation	4,650,577	4,561,561
Less amortization of regulatory asset	514,856	-
 <b>Operating Income</b>	<b>8,646,405</b>	<b>2,075,489</b>
 <b>Nonoperating Revenue (Expenses)</b>		
Investment earnings	114,713	15,087
Interest expense	(2,697,875)	(2,466,349)
Amortization	576,367	573,619
Other income (expense)	6,926,143	(95,395)
<b>Total Nonoperating Revenue (Expenses), Net</b>	<b>4,919,348</b>	<b>(1,973,038)</b>
 Change in Net Position	13,565,753	102,451
 <b>Net Position, Beginning of Year</b>	<b>49,408,182</b>	<b>49,305,731</b>
 <b>Net Position, End of Year</b>	<b>\$ 62,973,935</b>	<b>\$ 49,408,182</b>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended September 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating Activities</b>		
Receipts from customers and users	\$ 102,216,748	\$ 129,178,971
Cash paid to employees	(11,716,221)	(11,212,419)
Cash paid to suppliers	<u>(78,711,213)</u>	<u>(128,438,683)</u>
<b>Net Cash Provided By (Used) In Operating Activities</b>	<u><u>11,789,314</u></u>	<u><u>(10,472,131)</u></u>
<b>Investing Activities</b>		
Purchases of investments	(1,398,524)	-
Sale of investments	84,917	8,922,503
Interest on investments	<u>114,713</u>	<u>15,087</u>
<b>Net Cash Used In Investing Activities</b>	<u><u>(1,198,894)</u></u>	<u><u>8,937,590</u></u>
<b>Capital and Related Financing Activities</b>		
Proceeds from issuance of revenue bonds, net of premiums	15,120,000	14,791,761
Proceeds from issuance of subordinate lien notes	-	20,000,000
Purchase of capital assets	(11,885,400)	(5,395,649)
Proceeds from other sales	6,926,143	-
Principal payments	(25,580,000)	(2,045,000)
Interest and fiscal charges	<u>(2,614,830)</u>	<u>(2,133,925)</u>
<b>Net Cash Provided By (Used In) In Capital and Related Financing Activities</b>	<u><u>(18,034,087)</u></u>	<u><u>25,217,187</u></u>
Change in Cash and Cash Equivalents	(7,443,667)	23,682,646
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>41,152,126</u>	<u>17,469,480</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 33,708,459</u></u>	<u><u>\$ 41,152,126</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>		
Operating income	\$ 8,646,405	\$ 2,075,489
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,650,577	4,561,561
Amortization of regulatory asset	514,856	-
Provision for bad debts	74,939	122,717
Change in:		
Receivables	1,417,677	(1,696,558)
Prepaid assets	(2,573,330)	799
Inventories	(804,615)	(424,267)
Regulatory asset	-	(15,145,349)
Due to component units of the primary government	(69,591)	(178,994)
Due to primary government	946,563	(848,266)
Compensated absences	-	134,202
Deposits payable	324,059	39,977
Accounts payable and accrued liabilities	(1,249,377)	1,319,321
Accrued payroll	(17,785)	17,785
Net pension liability, net of changes in deferred resources	(1,148,420)	(508,173)
Total OPEB liability, net of changes in deferred resources	<u>1,077,356</u>	<u>57,625</u>
<b>Net Cash Provided by (Used In) Operating Activities</b>	<u><u>\$ 11,789,314</u></u>	<u><u>\$ (10,472,131)</u></u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>		
Equity in pooled cash and cash equivalents	\$ 31,004,099	\$ 38,771,825
Restricted cash	<u>2,704,360</u>	<u>2,380,301</u>
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 33,708,459</u></u>	<u><u>\$ 41,152,126</u></u>



## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS**

**September 30, 2022 and 2021**

#### **Note 1 - Nature of Operations and Summary of Significant Accounting Policies**

The accounting and reporting policies of GEUS, as reflected in the accompanying financial statements, conform to generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Boards. The following represents the more significant accounting and reporting policies and practices used by the utility.

##### ***Reporting Entity***

GEUS provides electric, cable and internet services to customers in an approximately 96-square- mile area, which includes the City of Greenville (City). Until 1989, the electric system was owned and operated by the City. Pursuant to Article XI-A of the *Charter of the City* (adopted at an election held on May 8, 1988) and Article 1115a, *Vernon's Texas Civil Statutes*, the City transferred management control and operation of the electric system to the newly created five- member Board of Trustees (Board) of GEUS. Among the powers delegated to the Board is the power to establish rates and charges for services supplied by the electric system, the power of condemnation for electrical use, as well as the power to issue revenue obligations. The Board has the primary responsibility for the payment of all obligations which are payable from the revenues of the electric system. In fiscal year 1989, obligations of the City relating to its electric system were transferred to GEUS. Although the City Council appoints all GEUS Board members, the Board members may only be removed by a vote of the citizens of the City. The City Charter was amended in May 2010, to include the Mayor as nonvoting, ex-officio sixth member of the Board of Trustees. GEUS' operating and capital expenditures, including debt service, are financed entirely through electric rates. Financial transactions between GEUS and the City, reported in GEUS' financial statements, reflect contractual agreements between the parties for the provision of special services by the City to GEUS and by GEUS to the City. GEUS is included as a discretely presented component unit in the City's basic financial statements.

##### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources 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.

##### ***Measurement Focus, Basis of Accounting and Basis of Presentation***

GEUS maintains an enterprise fund to account for its operations. An enterprise fund is a proprietary fund, which is accounted using the 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. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of management is to finance the costs of providing services to the public primarily through user charges.

##### ***Accounting and Financial Reporting***

GASB Statement No. 34 (GASB 34), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, establishes financial reporting standards for state and local governments, including public utilities. GASB 34 establishes the basic financial statements and required supplementary information for general and special purpose governments. The management's discussion and analysis is included as GEUS' required supplementary information and precedes the basic financial statements.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 1 - Nature of Operations and Summary of Significant Accounting Policies (continued)

##### ***Unbilled Revenues and Fuel Recovery***

Customers are billed monthly on a cycle basis, with revenues being recorded when billed. At the end of the accounting period, an accrual is made for unbilled revenues, which consists of electric utility services provided, but not billed. Unbilled revenues are included in accounts receivable.

GEUS is allowed to recover fuel and purchased energy costs through fuel charges. GEUS defers or accrues any over recognized or under recovered fuel and purchased power costs in excess of the fuel charges until such costs are reflected in billings to customers. This fuel recovery allows for the pass-through of fuel costs to the customers and has no impact on net position. This deferral is included in accounts receivable.

##### ***Property, Plant and Equipment***

Property, plant and equipment are stated at historical cost or acquisition value for assets contributed by developers. Expenditures for improvements and those that extend the lives of assets are capitalized. Maintenance and repairs are charged to expense. GEUS utilizes the straight-line depreciation method for all plant and equipment. The following is a summary of the useful lives assigned to the major classes of depreciable capital assets:

Buildings	30 - 50 years
Improvements other than buildings	5 - 50 years
Machinery and equipment	5 - 35 years
Motor vehicles	5 - 10 years

##### ***Services Provided by the City of Greenville***

GEUS contracts with the City of Greenville for certain administrative and operating services. GEUS' employees are on the payroll of the City and participate in City pension and employee benefit plans. Contributions were made by GEUS and its employees to the Texas Municipal Retirement System (TMRS), the deferred compensation plan, the medical self-insurance plan and the workers' compensation self-insurance plan of the City.

Specific expenses of GEUS are processed and paid by the City and charged to GEUS. In addition, GEUS made the following payments to the City:

	<b>2022</b>	<b>2021</b>
5% General fund transfer to City	\$ 2,887,078	\$ 3,323,580
1% Transfer to the City of BOD	577,415	817,079
Payment in lieu of property taxes	380,787	384,105
General and administrative	<u>517,080</u>	<u>795,455</u>
	<u><u>\$ 4,362,360</u></u>	<u><u>\$ 5,320,219</u></u>

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 1 - Nature of Operations and Summary of Significant Accounting Policies (continued)**

##### ***Cash and Cash Equivalents***

GEUS considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. The City maintains a cash and investment pool in which GEUS participates. GEUS' portion of this pool is displayed on the statement of net position as "Equity in pooled cash".

In accordance with GASB Statement No.31, GEUS general policy is to report short-term treasury securities, U.S. government backed securities which have a remaining term of one year or less at time of purchase, and money market mutual funds at amortized costs.

##### ***Investments***

Investments consist of local government investment pools, United States (U.S.) treasury obligations, and U.S. agency securities with original maturities greater than three months from the date of acquisition. GEUS reports all investments at fair value, except for investment pools. GEUS' investment pools are valued and reported at amortized cost, which approximates fair value.

GEUS categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

##### ***Inventories***

Inventories, which are expensed as they are consumed, are stated at weighted-average cost.

##### ***Bond Discounts (Premium)***

Bond discounts (premium) are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts (premium) are presented as a reduction of (addition to) the face amount of bonds payable.

##### ***Deferred Outflows of Resources***

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. GEUS reports deferred amounts related to its net pension liability, total OPEB liability, and unamortized expense on asset retirement obligation in the statement of net position.

##### ***Deferred Inflows of Resources***

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. GEUS reports deferred amounts related to its fuel adjustments, deferred gain on refunding, net pension liability and total OPEB liability in the statement of net position.

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 1 - Nature of Operations and Summary of Significant Accounting Policies (continued)**

##### ***Pension***

For purposes of measuring the net pension liability, deferred outflow/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71.

##### ***Other Post-employment Benefits (OPEB)***

The City provides postemployment medical care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. Employees separating employment with the City who have had at least five years of service with the City and who are eligible for Texas Municipal Retirement System retirement benefits at the date of separation may purchase retiree health insurance through the City. An employee must participate in Health Compare Exchange Market Place to receive OPEB subsidies for health care. All medical care benefits are provided through a selected health care provider in Exchange Market Place. Retirees may remain covered until age 65 or eligibility for Medicare. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

##### ***Net Position Flow Assumption***

Sometimes GEUS will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is GEUS' policy to consider restricted net position to have been depleted before unrestricted net position is applied.

##### ***Implementation of New Accounting Standards***

GASB No. 87, Leases, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GEUS has evaluated the effects of this standard and has determined that this Statement does not impact the financial statements.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 1 - Nature of Operations and Summary of Significant Accounting Policies (continued)

##### *Implementation of New Accounting Standards (continued)*

No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* was issued in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. GEUS has evaluated the effects of this standard and has determined that this Statement does not impact the financial statements.

#### Note 2 - Deposits and Investments

Cash and investments as of September 30, 2022 and 2021, are classified in the accompanying financial statements as follows:

	<b>2022</b>	<b>2021</b>
Equity in pooled cash and cash equivalents	\$ 31,004,099	\$ 38,771,825
Restricted cash	2,704,360	2,380,301
Investments	<u>7,323,799</u>	<u>5,925,275</u>
	<u><u>\$ 41,032,258</u></u>	<u><u>\$ 47,077,401</u></u>

Deposits and investments as of September 30, 2022 and 2021, consist of the following:

	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 2,614	\$ 2,614
Demand deposits	15,537,077	5,918,935
Local Government Investment Pools	18,168,768	35,230,577
Investments	<u>7,323,799</u>	<u>5,925,275</u>
<b>Total deposits and investments</b>	<b><u>\$ 41,032,258</u></b>	<b><u>\$ 47,077,401</u></b>

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 2 - Deposits and Investments (continued)

The table below identifies the investment types that are authorized for GEUS by the *Texas Public Funds Investment Act* (Act) (Government Code Chapter 2256). The table also identifies certain provisions of GEUS' investment policy that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Investment Policy		
	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligation	5 years	None	None
U.S. Agencies Securities	5 years	None	None
State of Texas Treasury Obligations	5 years	None	None
State of Texas Securities	5 years	None	None
Certificates of deposits	5 years	None	None
Money market	90 days	None	None
Repurchase agreements	90 days	30%	None
Mutual funds	2 years	None	None
Investment pools	90 days	None	None
Banker's acceptance	270 days	30%	None
Commercial paper	270 days	30%	None
Collateralized mortgage obligations	5 years	None	None

GEUS' investment policy limits the maximum maturity of investments and the weighted-average of the portfolio based on four major fund types which are general operating funds, debt service funds, reserve funds and capital improvement funds. The details relating to these limits may be obtained from the City of Greenville's Finance Department.

The Act also requires GEUS to have independent auditors perform test procedures related to investment practices as provided by the Act. GEUS is in substantial compliance with the requirements of the Act and with local policies.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NOTES TO FINANCIAL STATEMENTS (continued)****September 30, 2022 and 2021****Note 2 - Deposits and Investments (continued)****Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that GEUS manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter-term investments with an average maturity of less than 60 days thus reducing the interest rate risk. GEUS monitors the interest rate risk inherent in its portfolio by measuring the weighted- average maturity of its portfolio. GEUS has no specific limitations with respect to this metric.

As of September 30, 2022, GEUS had the following investments:

<b>Investment Type</b>	<b>Amount</b>	<b>Days to Maturity</b>
TexPool	\$ 1,765,617	37
Logic	621,815	55
Texas TERM	10,250,570	2
Texas CLASS	4,932,472	2
TexSTAR	598,294	2
U.S. Treasury Obligations	6,184,347	367
U.S. Agencies Securities	571,517	21
Commercial Paper	567,578	75
<b>Total</b>	<b><u>\$ 25,492,210</u></b>	
Portfolio weighted-average maturity		96

As of September 30, 2021, GEUS had the following investments:

<b>Investment Type</b>	<b>Amount</b>	<b>Days to Maturity</b>
TexPool	\$ 1,227,761	37
Logic	432,066	55
Texas Daily	503,850	2
Texas Term	33,066,900	2
U.S. Treasury Obligations	4,253,414	386
U.S. Agencies Securities	1,271,109	274
Commercial Paper	400,752	114
<b>Total</b>	<b><u>\$ 41,155,852</u></b>	
Portfolio weighted-average maturity		53

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

### Note 2 - Deposits and Investments (continued)

#### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the *Public Funds Investment Act*, GEUS' investment policy, or debt agreements and the actual rating as of year-end for each investment type.

September 30, 2022

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
TexPool	\$ 1,765,617	N/A	AAA
Logic	621,815	N/A	AAA
TexasTERM	10,250,570	N/A	AAAm
Texas CLASS	4,932,472	N/A	AAAm
TexSTAR	598,294	N/A	
U.S. Treasury Obligations	6,184,347	N/A	
U.S. Agencies Securities	571,517	N/A	
Commercial Paper	567,578	N/A	
<b>Total</b>	<b>\$ 25,492,210</b>		

September 30, 2021

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
TexPool	\$ 1,227,761	N/A	AAA
Logic	432,066	N/A	AAA
Texas Daily	503,850	N/A	AAAm
TexasTERM	33,066,900	N/A	AAAm
U.S. Treasury Obligations	4,253,414	N/A	
U.S. Agencies Securities	1,271,109	N/A	
Commercial Paper	400,752	N/A	AA+
<b>Total</b>	<b>\$ 41,155,852</b>		

Investments' fair value measurements are as follows as of September 30, 2022 and 2021:

September 30, 2022

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury Obligations	\$ 6,184,347	\$ 6,184,347	\$ -	\$ -
Government securities:				
FHLB	571,517	-	571,517	-
Commercial paper	567,578	567,578		
<b>Total</b>	<b>\$ 7,323,442</b>	<b>\$ 6,751,925</b>	<b>\$ 571,517</b>	<b>\$ -</b>

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 2 - Deposits and Investments (continued)

##### Disclosures Relating to Credit Risk (continued)

September 30, 2021

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury Obligations	\$ 4,253,414	\$ 4,253,414	\$ -	\$ -
Government securities:				
MUFG Bank	200,416		200,416	
Credit Agricole	200,336	-	200,336	-
FNMA	870,310	-	870,310	-
FHLMC	400,799	-	400,799	-
<b>Total</b>	<b>\$ 5,925,275</b>	<b>\$ 4,253,414</b>	<b>\$ 1,671,861</b>	<b>\$ -</b>

##### Concentration of Credit Risk

The investment policy of GEUS contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2022, other than external investment pools, investments that represent 5% or more of GEUS' total are as follows.

Investment	Investment Type	Amount
Treasury Notes	U.S. Treasury Obligations	\$ 6,184,347
<b>Total</b>		<b>\$ 6,184,347</b>

##### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Texas *Public Funds Investment Act* and GEUS' investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2022, GEUS' deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

GEUS is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the net asset value of TexPool shares.

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 2 - Deposits and Investments (continued)**

##### ***Custodial Credit Risk (continued)***

In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment carried at amortized cost have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pools' liquidity.

GEUS invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC investments are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City has not issued securities, but rather it owns an individual beneficial interest in the assets of the related investment pools. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

GEUS is invested in Texas Daily and TexasTERM, two portfolios within the TexasTERM Local Government Investment Pool (Pool) which was created by Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. The Pool is directed by an Advisory Board of experienced local government finance directors and treasurers. The Advisory Board contracts for services with professional service providers who are industry leaders in their field. TexasTERM portfolios seek to provide investors with safety, flexibility and competitive yields.

TexasDAILY is a money market portfolio with daily liquidity. TexasTERM is a fixed-rate, fixed- term portfolio, that enables investors to lock in a fixed rate for a term of 60 days to 365 days. Both portfolios pool the funds of investors to invest in money-market instruments of larger denominations than possible for a single local government entity, which may result in higher yields. The fair value of both pools is the same as the net asset value of their shares.

GEUS is invested in Texas CLASS. The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

### Note 2 - Deposits and Investments (continued)

#### Custodial Credit Risk (continued)

GEUS invests in TexSTAR. TexSTAR offers Texas cities, counties, school districts and other public entities with an investment option that provides security, liquidity and efficiency for this management of public funds.

TexSTAR is a conservatively managed fund operated in full compliance with the PFIA, rated AAA by Standard & Poors run by administrators with a proven track record. Our marketing and customer service staff is Texas-based with leading edge systems to handle the needs of our customers.

TexSTAR has been tailored to provide investment solutions to any local government investment plan, whether as a liquidity component, a comprehensive investment strategy or as a method to diversify an investment program based upon traditional banking services. Regardless of the need or objective, TexSTAR offers unparalleled security in an investment scenario laden with risk.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

### Note 3 - Capital Assets

A summary of GEUS' capital assets at September 30, 2022, are as follows:

	Balance September 30,				
	2021	Increases	Decreases	Transfers	2022
<b>Capital Assets Not Being Depreciated</b>					
Production land	\$ 161,191	\$ -	\$ -	\$ -	\$ 161,191
Transmission land	53,501	-	-	-	53,501
Distribution land	218,418	-	-	-	218,418
General land	110,503	-	-	-	110,503
Construction in progress	3,254,895	406,658	-	(778,952)	2,882,601
<b>Total Capital Assets Not Being Depreciated</b>	<b>3,798,508</b>	<b>406,658</b>	<b>-</b>	<b>(778,952)</b>	<b>3,426,214</b>
<b>Capital Assets Being Depreciated</b>					
Production	53,832,341	845,993	-	27,001	54,705,335
Transmission	12,244,739	3,967,777	(291,361)	311,858	16,233,013
Distribution	31,137,641	5,651,705	-	367,369	37,156,715
General	11,344,330	265,194	(20,389)	72,724	11,661,859
Cable and internet	17,494,188	748,073	(629,802)	-	17,612,459
Plant	145,388	-	-	-	145,388
<b>Total Capital Assets Being Depreciated</b>	<b>126,198,627</b>	<b>11,478,742</b>	<b>(941,552)</b>	<b>778,952</b>	<b>137,514,769</b>
<b>Accumulated Depreciation</b>					
Production	24,887,508	1,988,524	-	-	26,876,032
Transmission	6,556,505	326,873	(133,920)	-	6,749,458
Distribution	13,908,022	1,149,178	-	-	15,057,200
General	6,481,539	520,342	(20,390)	-	6,981,491
Cable and internet	11,591,911	636,582	(627,386)	-	11,601,107
Plant	26,654	29,078	-	-	55,732
<b>Total Accumulated Depreciation</b>	<b>63,452,139</b>	<b>4,650,577</b>	<b>(781,696)</b>	<b>-</b>	<b>67,321,020</b>
<b>Total Activities Capital Assets, Net</b>	<b>\$ 66,544,996</b>	<b>\$ 7,234,823</b>	<b>\$ (159,856)</b>	<b>\$ -</b>	<b>\$ 73,619,963</b>

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

### Note 3 - Capital Assets (continued)

Construction in progress and remaining commitments for construction projects at September 30, 2022, are as follows:

Project Description	Authorized Contract	Total in Progress	Remaining Commitment
DIGITAL METERING (AMI19001)	\$3,438,091	\$2,320,617	\$ 1,117,474
OMS & IVR SYSTEMS (IT20004)	240,500	182,173	58,327
BACKUP CONTROL CENTER (GP21001)	2,647,173	140,800	2,506,373
SABERT OH RECLOSE (DL20001)	25,000	26,177	(1,177)
EROSION CONTROL STEAM PLANT INTAKES	25,000	5,650	19,350
RUPTURE DISK SPARE	24,930	24,930	-
DELANO PHASE 2 TRANSMISSION RELOCATION (TRANS2)	50,000	5,973	44,027
SCR BRICK REPLACEMENT	375,000	130,208	244,792
CONFIDENTIAL PROJECT		36,363	(36,363)
BLEACH SYSTEM	20,000	9,710	10,290
	<u>\$ 6,845,694</u>	<u>\$ 2,882,601</u>	<u>\$ 3,963,093</u>

A summary of GEUS' capital assets at September 30, 2021, are as follows:

	Balance				Balance September 30, 2021
	September 30, 2020	Increases	Decreases	Transfers	
<b>Capital Assets Not Being Depreciated</b>					
Production land	\$ 161,191	\$ -	\$ -	\$ -	\$ 161,191
Transmission land	53,501	-	-	-	53,501
Distribution land	218,418	-	-	-	218,418
General land	110,503	-	-	-	110,503
Construction in progress	1,358,712	2,275,632	-	(379,449)	3,254,895
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,902,325</b>	<b>2,275,632</b>	<b>-</b>	<b>(379,449)</b>	<b>3,798,508</b>
<b>Capital Assets Being Depreciated</b>					
Production	53,349,277	483,064	-	-	53,832,341
Transmission	12,359,991	106,346	(221,598)	-	12,244,739
Distribution	30,636,347	1,591,682	(1,090,388)	-	31,137,641
General	11,086,688	456,023	(198,381)	-	11,344,330
Cable and internet	17,603,561	337,514	(446,887)	-	17,494,188
Plant	-	145,388	-	-	145,388
<b>Total Capital Assets Being Depreciated</b>	<b>125,035,864</b>	<b>3,120,017</b>	<b>(1,957,254)</b>	<b>-</b>	<b>126,198,627</b>
<b>Accumulated Depreciation</b>					
Production	22,924,851	1,962,657	-	-	24,887,508
Transmission	6,375,598	323,008	(142,101)	-	6,556,505
Distribution	13,842,550	1,102,330	(1,036,858)	-	13,908,022
General	6,166,285	513,633	(198,379)	-	6,481,539
Cable and internet	11,405,517	633,279	(446,885)	-	11,591,911
Plant	-	26,654	-	-	26,654
<b>Total Accumulated Depreciation</b>	<b>60,714,801</b>	<b>4,561,561</b>	<b>(1,824,223)</b>	<b>-</b>	<b>63,452,139</b>
<b>Total Activities Capital Assets, Net</b>	<b>\$ 66,223,388</b>	<b>\$ 834,088</b>	<b>\$ (133,031)</b>	<b>\$ (379,449)</b>	<b>\$ 66,544,996</b>

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 3 - Capital Assets (continued)

Construction in progress and remaining commitments for construction projects at September 30, 2021, are as follows:

Project Description	Authorized Contract	Total in Progress	Remaining Commitment
DIGITAL METERING (AMI19001)	\$3,438,091	\$2,113,246	\$ 1,324,845
RTU UPGRADE (SS20002)	156,000	90,873	65,127
CAMERA PROJECT (IT20002)	72,724	72,724	-
OMS & IVR SYSTEMS (IT20004)	240,500	182,173	58,327
TERRELL RD SUBSTATION UPGRADE (SS21001)	2,902,000	588,352	2,313,648
BACKUP CONTROL CENTER (GP21001)	550,000	140,800	409,200
SABERT OH RECLOSE (DL20001)	25,000	9,144	15,856
CEM HARDWARE UPGRADE	90,000	27,003	62,997
EROSION CONTROL STEAM PLANT INTAKES	25,000	5,650	19,350
RUPTURE DISK SPARE	24,930	24,930	-
	<u>\$ 7,524,245</u>	<u>\$ 3,254,895</u>	<u>\$ 4,269,350</u>

#### Note 4 - Long-term Liabilities

A summary of changes in general long-term liabilities for GEUS for the year ended September 30, 2022:

	September 30, 2021				September 30, 2022	Within One Year
		Additions	Deletions			
Bonds payable						
Revenue refunding bonds	\$ 43,430,000	\$ 15,120,000	\$ (5,340,000)	\$ 53,210,000	\$ 2,920,000	
Revenue bonds	13,885,000		(240,000)	13,645,000		670,000
Less:						
Issuance premiums	4,741,832	-	(557,374)	4,184,458		-
Issuance discounts	(68,512)	-	27,406	(41,106)		-
Total bonds payable	<u>61,988,320</u>	<u>15,120,000</u>	<u>(6,109,968)</u>	<u>70,998,352</u>		<u>3,590,000</u>
Subordinate lien notes	20,000,000	-	(20,000,000)	-		-
Net pension liability (asset)	1,621,181	-	(3,280,436)	(1,659,255)		-
Total OPEB liability	996,776	1,100,448	-	2,097,224		-
Compensated absences	<u>1,255,303</u>	<u>-</u>	<u>-</u>	<u>1,255,303</u>		<u>-</u>
Total	<u>\$ 85,861,580</u>	<u>\$ 16,220,448</u>	<u>\$ (29,390,404)</u>	<u>\$ 72,691,624</u>		<u>\$ 3,590,000</u>

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 4 - Long-term Liabilities (continued)

A summary of changes in general long-term liabilities for GEUS for the year ended September 30, 2021:

	Balance			Balance September 30, 2021	Within One Year
	September 30, 2020	Additions	Deletions		
Bonds payable					
Revenue refunding bonds	\$ 45,475,000	\$ -	\$ (2,045,000)	\$ 43,430,000	\$ 2,140,000
Revenue bonds	-	13,885,000	-	13,885,000	240,000
Less:					
Issuance premiums	4,387,404	906,761	(552,333)	4,741,832	-
Issuance discounts	(95,917)	-	27,405	(68,512)	-
Total bonds payable	<u>49,766,487</u>	<u>14,791,761</u>	<u>(2,569,928)</u>	<u>61,988,320</u>	<u>2,380,000</u>
Subordinate lien notes	-	20,000,000		20,000,000	20,000,000
Net pension liability	1,919,416	-	(298,235)	1,621,181	-
Total OPEB liability	899,492	97,284	-	996,776	-
Compensated absences	<u>1,121,101</u>	<u>509,943</u>	<u>(375,741)</u>	<u>1,255,303</u>	<u>478,280</u>
Total	<u><u>\$ 53,706,496</u></u>	<u><u>\$ 35,398,988</u></u>	<u><u>\$ (3,243,904)</u></u>	<u><u>\$ 85,861,580</u></u>	<u><u>\$ 22,858,280</u></u>

A summary of GEUS' long-term debt is as follows:

	2022	2021
Electric system revenue refunding bonds, Series 2019A, \$41,610,000 originally issued with interest rate of 5% matures in February 2035	\$ 35,490,000	\$ 37,630,000
Electric system revenue refunding bonds, Series 2019B \$12,500,000 originally issued with interest rate of 5% matures in February 2024	2,600,000	5,800,000
Electric System Revenue Bonds, Series 2021, \$13,885,000 originally issued with interest rate of 2.99%, matures in February 2051	13,645,000	13,885,000
Electric System Revenue Refunding Bonds, Series 2022, \$15,120,000 originally issued with interest rate of 2.85%, matures in February 2037	15,120,000	-
Electric System Revenue Subordinate Lien Taxable Floating Rate Notes, Series 2021, \$20,000,000 originally issued in fiscal year 2021, callable in whole or in part after 9-months at par plus accrued interest	-	20,000,000
Current maturities	66,855,000	77,315,000
	(3,590,000)	(22,380,000)
Total long-term debt	<u><u>\$ 63,265,000</u></u>	<u><u>\$ 54,935,000</u></u>

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 4 - Long-term Liabilities (continued)

The City ordinances authorizing the electric revenue refunding bonds and subsequent ordinances assigning the bonds to GEUS stipulate that in addition to principal and interest requirements, GEUS will deposit the lesser of 10% of the outstanding principal or the average annual requirements for the payment of principal and interest or a surety bond with coverage sufficient to meet debt requirements.

On March 30, 2022, GEUS issued \$15,120,000 in Electric System Revenue Refunding Bonds, Series 2022 (the Bonds). Proceeds were used to refund the Series 2021 Taxable Note. The Bonds were issued as serial bonds maturing February 15 in the years 2022 through 2037. The Bonds carry an interest rate of 2.80% and interest payments are due on February 15 and August 15 until maturity.

The debt service requirements on the aforementioned debt as of September 30, 2022, are as follows:

Fiscal Year	Bonds	
	Principal	Interest
2023	\$ 3,590,000	\$ 1,575,614
2024	6,075,000	2,505,456
2025	3,635,000	2,266,500
2026	3,795,000	2,099,832
2027	3,975,000	1,925,254
2028-2032	22,805,000	6,700,004
2033-2037	14,960,000	1,860,701
2038-2042	2,550,000	850,031
2043-2047	2,890,000	500,703
2048-2051	2,580,000	131,125
	<u>\$ 66,855,000</u>	<u>\$ 20,415,220</u>

#### Note 5 - Commitments and Contingencies

##### *Agreement with TMPA*

TMPA was created through concurrent ordinances of the Cities and is governed by a Board of Directors consisting of eight members, two appointed by the governing body of each city. Under the terms of the agreement, TMPA agreed to construct or acquire electric generating plants to supply energy and power to the Cities. In 1975, the City, along with the cities of Bryan, Denton and Garland, Texas (Cities), entered a Power Sales Contract with the TMPA. GEUS was entitled to a portion of the energy produced by the Gibbons Creek Steam Electric Station (GCSES).

The Cities are obligated to cover operating costs and retirement of debt for TMPA assets. If TMPA revenues are insufficient to cover all costs and retire the outstanding debt, each of the Cities has guaranteed a portion of the unpaid debt, based generally upon its pro-rata share of interest in TMPA assets. Should TMPA be dissolved, the TMPA Board of Directors would be responsible for the disposal of assets.

Under the Power Sales Contract, as amended, each City had the right to terminate the Power Sales Contract beyond September 1, 2018, if notice was sent to TMPA by September 30, 2016. GEUS provided such notice to TMPA in September 2016 and, as a result, GEUS discontinued purchasing power from TMPA effective September 1, 2018.

For the years ended September 30, 2022 and 2021, payments to TMPA totaled \$284,608 and \$3,372,642, respectively.

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 5 - Commitments and Contingencies (continued)**

##### ***Agreement with TMPA (continued)***

As of September 30, 2022 and 2021, total TMPA outstanding debt was approximately \$212,538,000 and \$206,713,000 respectively, and GEUS' guaranteed percentage is approximately 10%.

In the opinion of management, the possibility of a material payment under this guarantee is remote, in that TMPA's Transmission Revenues produce enough income to cover operating expenses and debt service obligations.

On June 6, 2019, the TMPA Board of Directors voted to retire the GCSES. On October 30, 2019, GCSES transitioned into decommissioning status in the ERCOT system. Under GASB Statement No. 83 (GASB 83), TMPA was required to record a decommissioning liability and a corresponding discount receivable from the Cities, who are ultimately responsible for funding this TMPA liability. As of September 30, 2020, GEUS recognized its allocation of \$11,778,330, as a deferred outflow of resources.

On February 10, 2021, TMPA sold GCSES, and all decommissioning/environmental remediation liability was transferred to the new owner. The transaction resulted in the removal of GEUS' GASB Statement No. 62 Regulatory Asset as of September 30, 2021.

On December 21, 2021, approximately 11,000 acres of TMPA mine property were sold. GEUS received a distribution of proceeds from the sale in December 2022 for \$7,081,242 which represented a 10% share of proceeds from that sale. TMPA entered into an Escrow Holdback Agreement which permitted TMPA to request the release of escrow funds when acreage is released from reclamation bonding by the Railroad Commission of Texas. On September 20, 2022, the Railroad Commission adopted an order approving bond release on 17.04 acres that were included in the sale, the result of which generated an additional payment due to GEUS in the amount of \$11,602 that was subsequently received in December 2022

##### ***Board of Development Payment***

Under GEUS' charter, 6% of adjusted revenues are to be transferred annually to the City of which 1% of adjusted revenues is for the benefit of the Board of Development. GEUS reflected expenses totaling \$577,415 and \$817,079 related to the Board of Development portion during the years ended September 30, 2022 and 2021, respectively.

#### **Note 6 - Environmental Regulation**

Electric utilities are subject to numerous environmental statutes, regulations, and other rules administered at the federal, state, and local level. These environmental rules are subject to change and tend to increase and become more stringent over time. These changes may arise from continuing legislative, regulatory and judicial action regarding the promulgation and implementation of such standards and procedures. Consequently, there is no assurance that GEUS Steam Plant and Engine Plant electric generating units will remain subject to the regulations currently in effect, will always be compliant with present or future regulations, or will always be able to obtain all required operating permits. In addition, more stringent environmental requirements may require significant upgrades in environmental controls, reduced operating levels or where the necessary upgrades are not economical, the complete shutdown of individual electric generating units.

The *Clean Air Act* (CAA), originating in 1967 with the *Air Quality Act*, has imposed increasingly stringent controls on air emissions from industrial facilities, including electric power generation facilities like GEUS plants.

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 6 - Environmental Regulation (continued)**

In February 2012, new standards were issued under the new name of Mercury and Air Toxics Standards (MATS), with a compliance deadline of April 16, 2015. TMPA requested and obtained the extension to April 15, 2016, to obtain sufficient time to adequately investigate and test mercury control technologies under different operating scenarios. Testing was successfully completed and TMPA is compliant with the MATS rule.

On September 7, 2016, the EPA finalized an update to the Cross-State Air Pollution Rule (CSAPR) for the 2008 ozone National Ambient Air Quality Standards (NAAQS) by issuing the final CSAPR Update. Starting in May 2017, this rule will reduce summertime (May - September) nitrogen oxides (NO<sub>x</sub>) emissions from power plants in 22 states in the eastern U.S. The rule will reduce air quality impacts of ozone pollution that crosses state lines and will help downwind areas meet and maintain the 2008 ozone air quality standard. GEUS is compliant with the new CSAPR cap and trade.

#### **Note 7 - Electric Restructuring**

The Texas Legislature enacted *Senate Bill 7* in 1999, which was a comprehensive electric deregulation and restructuring bill. This bill applies to GEUS and other municipal utilities in the state. Financial control of GEUS remains with the governing body, GEUS Board of Trustees. Under the legislation, the Board will determine if, and when, the electric system will be open to retail competition.

If GEUS is open to competition, then provisions are included for GEUS to collect its stranded costs through non-by passable wire charges. GEUS Board will retain authority to set electric rates that are sufficient to meet the financial obligations of the utility as specified in the Electric Utility Bond Ordinance.

The wholesale market, which is under the control of an independent system operator, the Electric Reliability Council of Texas (ERCOT), transitioned from a Zonal Market to a Nodal Market in December 2010. GEUS qualifies to receive PCRRs for GEUS local generation, which was operational in 1999 (and excludes the Engine Plant) which adequately mitigates GEUS congestion charge risk in the Nodal Market

#### **Note 8 - Employee Retirement Systems and Pension Plans**

##### ***Texas Municipal Retirement System***

###### **Plan Description**

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of GEUS are required to participate in TMRS.

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 8 - Employee Retirement Systems and Pension Plans (continued)**

##### **Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	20 years at any age, 5 years at age 60 and above
Updated service credit:	100% repeating transfers
Annuity increase to retirees:	0% of CPI repeating
Supplemental death benefit – active employees and retirees	Yes

At the December 31, 2021 valuation and measurement date (the most current available), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	334
Inactive employees entitled to but not receiving benefits	185
Active employees	<u>336</u>
	<u>855</u>

There are seven retirees for GEUS.

##### **Contributions**

Employees for GEUS were required to contribute 7% of their annual gross earnings during 2022 and 2021. Employer contributions are actuarially determined. For the fiscal years ended September 30, 2022 and 2021, GEUS contributed \$981,162 and \$958,670, respectively, which equaled its required contributions.

##### **Net Pension Liability**

The City's net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GEUS proportion is approximately 40% based on retirement contributions.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 8 - Employee Retirement Systems and Pension Plans (continued)

##### Actuarial Assumptions

The total pension liability (asset) of the City and Components Units in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Minimum		Maximum	
	%	Target %	%	
Core fixed income	5.0%	10.00%	15.00%	
Non-core fixed income	15.0%	20.00%	25.00%	
Global public equity	20.0%	30.00%	40.00%	
Real estate	5.0%	10.00%	15.00%	
Real return	5.0%	10.00%	15.00%	
Absolute return	5.0%	10.00%	15.00%	
Private equity	5.0%	10.00%	15.00%	
Cash equivalents	0.0%	0.00%	10.00%	

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 8 - Employee Retirement Systems and Pension Plans (continued)

##### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive 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 (Asset).

##### Changes in the Net Pension Liability

	Increase (Decrease)			Net Pension Liability (Asset) (A) - (B)
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)		
Changes for the plan year:				
Service cost	\$ 1,180,328	\$ -	\$ 1,180,328	
Interest (on the Total Pension Liability)	3,320,653	-	3,320,653	
Difference between expected and actual experience	(6,553)	-	(6,553)	
Changes of assumptions	-	-	-	
Contributions - employer	-	920,201	(920,201)	
Contributions - employee	-	569,029	(569,029)	
Net investment income	-	6,314,683	(6,314,683)	
Benefit payments, including refunds of employee contributions	(2,929,485)	(2,929,485)	-	
Administrative expense	-	(29,250)	29,250	
Other changes	-	200	(200)	
<b>Net Changes</b>	<b>1,564,942</b>	<b>4,845,378</b>	<b>(3,280,436)</b>	
<b>Balance at December 31, 2020</b>	<b>51,127,877</b>	<b>49,506,696</b>	<b>1,621,181</b>	
<b>Balance at December 31, 2021</b>	<b>\$ 52,692,819</b>	<b>\$ 54,352,074</b>	<b>\$ (1,659,255)</b>	

##### Sensitivity of GEUS' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability (asset) of GEUS as of September 30, 2022, calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	Current Single Discount Rate		
	1% Decrease (5.75%)	Assumption (6.75%)	1% Increase (7.75%)
GEUS' proportionate share of the net pension liability	\$ 4,575,806	\$ (1,659,255)	\$ (6,859,842)

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 8 - Employee Retirement Systems and Pension Plans (continued)

##### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued TMRS final report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

##### **Pension Liabilities, Pension Expense and Deferred Outflows of Recourses Related to Pensions**

At September 30, 2022 and 2021, GEUS reported an asset and liability of \$1,659,255 and \$1,621,181, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GEUS' proportion of the net pension liability was based on GEUS' actual contributions relative to the City's actual contributions for the respective fiscal years. At December 31, 2021 and 2020, GEUS' proportion was 38% and 40%, respectively.

For the years ended September 30, 2022 and 2021, GEUS recognized negative pension expense and pension expense of (\$206,599) and \$338,216, respectively.

At September 30, 2022 and 2021, GEUS reported deferred outflow/inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 131,030	\$ 4,492	\$ 324,038	\$ -
Changes of assumptions	12,004	-	42,077	-
Net differences between projected and actual investment earnings	-	3,163,919	-	1,348,072
Contributions subsequent to the measurement date through year-end	735,620	-	824,216	-
Total	<u>\$ 878,654</u>	<u>\$ 3,168,411</u>	<u>\$ 1,190,331</u>	<u>\$ 1,348,072</u>

Deferred outflows of resources at September 30, 2022, related to pensions resulting from contributions subsequent to the measurement date of \$735,620 will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year September 30,	Net deferred outflows (inflows) of resources
2022	\$ (427,365)
2023	(1,336,578)
2024	(668,557)
2025	(592,877)
Total	<u>\$ (3,025,377)</u>

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 9 - Postemployment Benefits Other Than Pensions (OPEB)**

##### ***TMRS Supplemental Death Benefits Fund***

The City and Component Units contribute to a single employer defined benefit group term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a separate trust administered by the TMRS Board of Trustees and is a voluntary program in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage and discontinue participation in the SDBF by adopting an ordinance before November 1, of any year to be effective the following January 1.

Contributions are made monthly based on the covered payroll of employee members of the City. The contractually required contribution rate is determined annually, and the rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the pension trust fund described above. The TMRS Act requires the pension trust fund to allocate investment income to the SDBF on an annual basis.

The funding policy of the plan is to assure adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you go basis; any excess contributions and investment income over payments then become net position available for postemployment benefits other than pension benefits (OPEB). GEUS' contributions to SDBF for the fiscal years ended September 30, 2021, 2020, and 2019, were \$23,216, \$19,828 and \$22,698, respectively, which equaled the required contributions each year.

Payments from this fund are similar to group term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary. The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF.

Membership for the City and Component Units in the plan as of the measurement date of December 31, 2020 was as follows:

Inactive employees currently receiving benefits	226
Inactive employees entitled to but not yet receiving benefits	41
Active employees	<u>336</u>
Total plan members	<u>603</u>

GEUS' total OPEB liability of \$666,431 was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2021. GEUS' proportion was 38%.

GEUS' total OPEB liability of \$652,830 was measured as of December 31, 2020, and was determined by an actuarial valuation as of December 31, 2019. GEUS' proportion was 40%.

##### **Discount Rate**

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.75% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2020.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

##### *TMRS Supplemental Death Benefits Fund (continued)*

###### **Plan Assets**

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

###### **Actuarial Assumptions**

The City's Total OPEB Liability was measured at December 31, 2021 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

*Valuation Date:* December 31, 2021

###### *Methods and Assumptions:*

Inflation:	2.50%
Salary Increases:	3.50% to 11.50%, including inflation
Discount rate:	1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.
Retirees' share of benefit related costs:	\$0
Administrative expenses:	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees:	2019 Municipal Retirees of Texas Mortality Tables. The rates are Projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees:	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

###### *Other Information:*

Notes: The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

###### **Changes in the Total OPEB Liability**

Service cost	\$ 8,284
Interest on the total OPEB liability	3,752
Difference between expected and actual experience of the total OPEB liability	(192)
Changes of assumptions	5,780
Benefit payments	(4,023)
Net change in Total OPEB liability	13,601
<b>Total OPEB Liability - Beginning</b>	<b>652,830</b>
 <b>Total OPEB Liability - Ending</b>	 <b>\$ 666,431</b>
 <b>Covered Payroll</b>	 <b>\$ 7,922,884</b>
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 <b>8.41%</b>

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

##### Sensitivity Analysis

The following presents proportionate share of GEUS for the Total OPEB Liability of the employer, calculated using the discount rate of 1.84%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

Current Discount		
1% Decrease to	Rate	1% Increase to
0.84%	1.84%	2.84%
\$ 805,945	\$ 666,431	\$ 557,057

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the years ended September 30, 2022 and 2021, GEUS recognized OPEB expense of \$69,882 and \$66,002, respectively, relating to the SDBF plan and OPEB expense of \$988,363 and \$21,085, respectively, relating to the retiree healthcare plan for a total OPEB expense of \$1,058,245 and \$87,087, respectively.

As of September 30, 2022 and 2021, GEUS reported deferred outflows of resources related to OPEBs from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,429	\$ 23,915	\$ -	\$ 102,510
Changes assumptions	92,904	6,011	40,384	17,389
Contributions subsequent to the measurement date	17,880	-	10,691	-
<b>Total</b>	<b>\$ 113,213</b>	<b>\$ 29,926</b>	<b>\$ 51,075</b>	<b>\$ 119,899</b>

GEUS contributions made subsequent to the measurement date of the total OPEB liability (December 31, 2021) and prior to year-end (September 30, 2022) will be recognized in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred outflows (inflows) of resources
2023	\$ 23,163
2024	25,066
2025	14,061
2026	3,117
<b>Total</b>	<b>\$ 65,407</b>

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)**

##### ***Retiree Health Care Plan (RHCP)***

The City's and Component Units' defined benefit OPEB plan, Retiree Health Care Plan (RHCP), provides OPEB through an implicit healthcare premium for retirees for all permanent full-time employees of the City. RHCP is a single employer defined benefit OPEB plan administered by the City. At this time, no assets are accumulated in a trust to fund the future requirements of the RHCP.

##### **Benefits provided**

RHCP provides access to post retirement employees by offering a "blended premium" structure, that is, the overall health care premiums for active employees and non-Medicare retirees, are stated in terms of a single "blended premium". The difference between the underlying retiree claims and the blended overall health care premium is referred to as an "implicit" subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees.

Employees covered by benefit terms. At December 31, 2021, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	12
Inactive, Nonretired Members	0
Active Members	<u>370</u>
<b>Total</b>	<u><b>382</b></u>

##### **Total OPEB Liability**

The proportionate share of GEUS for the total OPEB liability of \$1,430,793 was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2020. GEUS proportion is 38.04% based on health insurance contribution.

The proportionate share of GEUS for the total OPEB liability of \$343,946 was measured as of December 31, 2020, and was determined by an actuarial valuation as of December 31, 2020. GEUS proportion is 31.00% based on health insurance contribution.

##### **Actuarial assumptions and methods**

The total OPEB liability at the December 31, 2021 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

*Valuation Date:* December 31, 2020

##### *Methods and Assumptions:*

Actuarial Cost Method:	Individual Entry-Age
Discount Rate:	1.84% as of December 31, 2021
Inflation:	2.50%
Salary Increases:	3.50% to 11.50%, including inflation and 2.10% to 7.50% for Firefighters, Including inflation.

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)**

##### ***Retiree Health Care Plan (RHCP) (continued)***

###### **Actuarial assumptions and methods (continued)**

###### **Demographic Assumptions:**

TMRS: Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). Firefighters: The demographic assumptions are based on the assumptions used to value the Greenville Firemen's Relief and Retirement Fund.

###### **Mortality:**

TMRS: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.

Firefighters: For healthy retirees, the gender distinct RP2000 Combined Healthy Mortality Tables projected to the year 2024 using scale AA are used.

###### **Health Care Trend Rates:**

Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years. Increases to the City's retiree medical contributions are assumed to be in-line with general inflation.

###### **Participation Rates:**

It was assumed that 30% of retirees would receive a retiree healthcare subsidy from the City.

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

###### **Notes:**

The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

###### **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 this valuation, the municipal bond rate is 1.84% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 2.00% as of the prior measurement date.

###### **Plan Assets**

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

#### Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

##### Retiree Health Care Plan (RHCP) (continued)

###### Changes in the Total OPEB Liability

Service cost	\$ 35,988
Interest on the total OPEB liability	9,267
Changes of benefit terms	1,035,446
Difference between expected and actual experience of the total OPEB liability	68
Changes of assumptions	24,996
Benefit payments	(18,918)
<b>Net change in Total OPEB liability</b>	<b>1,086,847</b>
<b>Total OPEB Liability - Beginning</b>	<b>343,946</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 1,430,793</b>
 <b>Covered payroll</b>	 \$ 9,930,859
 <b>Total OPEB liability as a percentage of covered payroll</b>	 14.41%

The ending balance of the Total OPEB Liability was \$1,430,793 as of December 31, 2021. Changes of assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

###### Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the plan's total OPEB liability, calculated using a discount rate of 1.84%, 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:

Current Discount Rate		
1% Decrease to 0.84%	Assumption 1.84%	1% Increase to 2.84%
\$ 1,705,129	\$ 1,430,793	\$ 1,391,735

###### Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

Current Healthcare Cost		
1% Decrease	Trend Rate Assumption	1% Increase
\$ 1,315,703	\$ 1,430,793	\$ 1,816,838

The City's retiree medical benefit is a set dollar amount that is not impacted by future medical trend.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NOTES TO FINANCIAL STATEMENTS (continued)****September 30, 2022 and 2021****Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)****Retiree Health Care Plan (RHCP) (continued)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the years ended September 30, 2022 and 2021, GEUS recognized proportionate share in OPEB expense of \$988,363 and \$21,085, respectively, relating to the retiree healthcare plan and OPEB expense of \$69,882 and \$66,002, respectively, relating to the SDBF plan, for a total OPEB expense of \$1,058,245 and \$87,087, respectively. On September 30, 2022 and 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56	\$ 104,446	\$ -	\$ 102,510
Changes assumptions	62,157	17,465	40,384	17,389
Contributions subsequent to the measurement date	21,547	-	10,691	-
<b>Total</b>	<b>\$ 83,760</b>	<b>\$ 121,911</b>	<b>\$ 51,075</b>	<b>\$ 119,899</b>

GEUS contributions made subsequent to the measurement date of the total OPEB liability (December 31, 2021) and prior to year-end (September 30, 2022) will be recognized in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net deferred outflows (inflows) of resources
2023	\$ (14,626)
2024	(14,626)
2025	(14,626)
2026	(15,383)
2027	(6,236)
2028	5,800
<b>Total</b>	<b>\$ (59,698)</b>

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2022 and 2021

### Note 10 - Disclosures about fair value of assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

### ***Recurring Measurements***

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Federal agency securities	\$ 571,517	\$ -	\$ 571,517	\$ -
U.S. Treasury obligations	6,184,347	6,184,347	-	-
Commercial paper	567,578	-	567,578	-
<b>Total Investments by Fair Value Level</b>	<b>7,323,442</b>	<b>\$ 6,184,347</b>	<b>\$ 1,139,095</b>	<b>\$ -</b>
Investments measured at net asset value				
TexPool	1,765,617			
Logic	621,815			
TexasTERM	10,250,570			
Texas CLASS	4,932,472			
TexSTAR	598,294			
	<b>18,168,768</b>			
<b>Total Investments</b>	<b>\$ 25,492,210</b>			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market- based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2022, no investments held by GEUS met the Level 3 hierarchy classification.

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 11 - Asset Retirement Obligation - Decommissioning/Environmental Remediation Liability**

GASB Statement No. 83 ("GASB 83"), *Certain Asset Retirement Obligations*, establishes uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs). An ARO is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. An ARO is recognized when the liability is incurred, which is manifested by the occurrence of both an external obligating event and an internal obligating event. A government also recognizes a deferred outflow of resources when it recognizes an ARO liability. The ARO is measured at the best estimate of the current value of outlays expected to be incurred.

On June 6, 2019, the Board of Directors of TMPA approved the cessation of the production of power and energy from the Gibbons Creek Steam Electric Station ("GCSES"). On June 28, 2019, a notification to Electric Reliability Council of Texas ("ERCOT") was made to remove GCSES from the ERCOT system, effective October 23, 2019. The unit was removed from the ERCOT system on October 30, 2019. These actions triggered TMPA to record a decommissioning/environmental remediation liability and a corresponding discount receivable from the Member Cities, as they are obligated to pay all associated costs. As of September 30, 2020, the asset retirement obligation was \$11,778,330 based on 10.01% allocated to the City of Greenville. During fiscal year 2021, TMPA sold GCSES and all decommissioning/environmental remediation liability was transferred to the new owner. The transaction resulted in the removal of the liability as of September 30, 2021.

#### **Note 12 - Net Investment in Capital Assets**

In 1975, GEUS, along with the cities of Bryan, Denton and Garland, Texas (Cities), entered into a Power Sales Contract with the TMPA. GEUS provides electric services for the City under this contract. Under the Power Sales Contract, as amended, each City had the right to terminate the Power Sales Contract beyond September 1, 2018, if notice was sent to TMPA by September 30, 2016. GEUS provided such notice to TMPA in September 2016 and, as a result, GEUS discontinued purchasing power from TMPA effective September 1, 2018. Due to the significant decline in the service utility of the prepaid electric cost asset, such assets were deemed impaired during 2017 and GEUS recognized a \$34,093,046 impairment loss in the accompanying statement of revenues, expenses and changes in net position. The impaired assets were debt funded through GEUS in fiscal year 2010 and fiscal year 2015. Because of the impairment loss, GEUS' does not include these in the net investment in capital assets calculation.

#### **Note 13 - Litigation and Contingencies**

Various claims and lawsuits are pending in which GEUS is involved. Included among the various actions are those for which the discovery process is currently underway, or which have yet to proceed to trial. In the opinion of GEUS legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of GEUS.

#### **Note 14 - Regulatory Asset for Winter Storm Uri Liability**

GASB Statement 62, Codification of Accounting and Financial Reporting Guidance governs the recording of regulatory assets. A regulatory asset is a specific cost of service recovery that a regulatory agency permits a public utility to defer to its balance sheet. Regulatory assets are created when certain expenses are recognized as deferrals instead of period expenses. Amounts allowed as regulatory assets must be amortized over an expected period. On September 16, 2021, GEUS Board approved a regulatory asset of \$15,445,681 for Winter Storm Uri costs that would otherwise have been expensed in that period. As of September 30, 2022, amortization expense for the first year was recognized in the amount of \$514,856, leaving a balance of \$14,930,825 to be amortized over the remaining period of 29 years.

## **GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

**September 30, 2022 and 2021**

#### **Note 15 - Subsequent Event**

In preparing the accompanying financial statements, management has reviewed all known events that have occurred after September 30, 2022, and through March 23, 2023, the date on which the financial statements were available to be issued, for inclusion in the financial statements and footnotes. On September 27, 2022, GEUS sold \$13,085,000 City of Greenville, Texas Electric System Revenue Bonds, Series 2022, for the purpose of funding capital improvement projects. The funds were delivered to GEUS on October 27, 2022.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**
**TEXAS MUNICIPAL RETIREMENT SYSTEM**
**SCHEDULE OF GEUS' PROPORTIONATE SHARE OF THE CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**
**LAST EIGHT MEASUREMENT YEARS**
**(UNAUDITED)**
**Page 1 of 2**

	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018
<b>Total Pension Liability:</b>				
Service cost	\$ 1,180,328	\$ 1,158,971	\$ 1,082,829	\$ 1,098,257
Interest (on the Total Pension Liability)	3,320,653	3,338,651	2,799,639	3,112,844
Difference between expected and actual experience	(6,553)	235,239	307,542	164,743
Change in assumptions	-	-	98,155	-
Benefit payments, including refunds of employee contributions	(2,929,485)	(2,638,069)	(2,501,376)	(2,454,460)
Net change in total pension liability	1,564,942	2,094,792	1,786,789	1,921,384
<b>Total Pension Liability - Beginning</b>	<b>51,127,877</b>	<b>49,033,085</b>	<b>47,246,296</b>	<b>45,324,912</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 52,692,819</b>	<b>\$ 51,127,877</b>	<b>\$ 49,033,085</b>	<b>\$ 47,246,296</b>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 920,201	\$ 891,316	\$ 819,519	\$ 866,123
Contributions - employee	569,029	567,672	531,170	533,116
Net investment income	6,314,683	3,596,310	6,330,378	(1,363,109)
Benefit payments, including refunds of employee contributions	(2,929,485)	(2,638,069)	(2,501,376)	(2,454,460)
Administrative expense	(29,250)	(23,293)	(35,798)	(26,357)
Other	200	(909)	(1,075)	(1,378)
Net change in plan fiduciary net position	4,845,378	2,393,027	5,142,818	(2,446,065)
<b>Plan Fiduciary Net Position - Beginning</b>	<b>49,506,696</b>	<b>47,113,669</b>	<b>41,970,851</b>	<b>44,416,916</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 54,352,074</b>	<b>\$ 49,506,696</b>	<b>\$ 47,113,669</b>	<b>\$ 41,970,851</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ (1,659,255)</b>	<b>\$ 1,621,181</b>	<b>\$ 1,919,416</b>	<b>\$ 5,275,445</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	103.15%	96.83%	96.09%	88.83%
<b>Covered Payroll</b>	<b>\$ 7,922,890</b>	<b>\$ 8,082,087</b>	<b>\$ 7,588,140</b>	<b>\$ 7,610,929</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>-20.94%</b>	<b>20.06%</b>	<b>25.29%</b>	<b>69.31%</b>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, GEUS will present information for only years which information is available. Information has been determined as of GEUS' measurement date (December 31).

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

Page 2 of 2

**TEXAS MUNICIPAL RETIREMENT SYSTEM**
**SCHEDULE OF GEUS' PROPORTIONATE SHARE OF THE CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST EIGHT MEASUREMENT YEARS  
(UNAUDITED)**

	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
<b>Total Pension Liability:</b>				
Service cost	\$ 1,037,143	\$ 1,007,771	\$ 955,582	\$ 871,454
Interest (on the Total Pension Liability)	2,916,644	2,821,116	2,748,004	2,643,356
Difference between expected and actual experience	(182,255)	(287,976)	62,453	6,172
Change in assumptions	-	-	873,886	-
Benefit payments, including refunds of employee contributions	(2,275,181)	(2,005,553)	(2,252,263)	(1,883,874)
Net change in total pension liability	1,496,351	1,535,358	2,387,661	1,637,107
<b>Total Pension Liability - Beginning</b>	<b>43,828,561</b>	<b>42,293,203</b>	<b>39,905,541</b>	<b>38,268,434</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 45,324,912</b>	<b>\$ 43,828,561</b>	<b>\$ 42,293,203</b>	<b>\$ 39,905,541</b>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 782,680	\$ 711,450	\$ 719,233	\$ 766,358
Contributions - employee	500,345	483,509	475,414	487,314
Net investment income	5,529,771	2,579,004	57,852	2,156,762
Benefit payments, including refunds of employee contributions	(2,275,181)	(2,005,553)	(2,252,263)	(1,883,874)
Administrative expense	(28,666)	(29,135)	(35,239)	(22,520)
Other	(1,452)	(1,570)	(1,740)	(1,852)
Net change in plan fiduciary net position	4,507,497	1,737,705	(1,036,744)	1,502,188
<b>Plan Fiduciary Net Position - Beginning</b>	<b>39,909,420</b>	<b>38,171,715</b>	<b>39,208,459</b>	<b>37,706,272</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 44,416,917</b>	<b>\$ 39,909,420</b>	<b>\$ 38,171,715</b>	<b>\$ 39,208,460</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 907,995</b>	<b>\$ 3,919,141</b>	<b>\$ 4,121,488</b>	<b>\$ 697,082</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	98.00%	91.06%	90.25%	98.25%
<b>Covered Payroll</b>	<b>\$ 7,147,780</b>	<b>\$ 6,907,272</b>	<b>\$ 6,875,419</b>	<b>\$ 6,929,197</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	12.70%	56.74%	59.95%	10.06%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, GEUS will present information for only years which information is available. Information has been determined as of GEUS' measurement date (December 31).

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**TEXAS MUNICIPAL RETIREMENT SYSTEM**

**SCHEDULE OF GEUS' CONTRIBUTIONS**

**LAST EIGHT FISCAL YEARS**

**(UNAUDITED)**

	<b>Fiscal Year</b>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Actuarially determined contributions	\$ 981,162	\$ 958,670	\$ 878,341	\$ 995,591
Contribution in relation to the actuarially determined contribution	<u>981,162</u>	<u>958,670</u>	<u>878,341</u>	<u>995,591</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GEUS' covered payroll	\$ 7,922,890	\$ 8,531,762	\$ 7,844,143	\$ 8,893,885
Contributions as a percentage of covered payroll	12.38%	11.24%	11.20%	11.19%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contributions	\$ 848,263	\$ 775,827	\$ 761,630	\$ 739,684
Contribution in relation to the actuarially determined contribution	<u>848,263</u>	<u>775,827</u>	<u>761,630</u>	<u>739,684</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GEUS' covered payroll	\$ 7,376,983	\$ 6,935,676	\$ 7,187,526	\$ 7,187,526
Contributions as a percentage of covered payroll	11.50%	11.19%	10.60%	10.29%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, GEUS will present information for only years which information is available. Information has been determined as of GEUS' most recent fiscal year-end (September 30).

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**

**Valuation Date:**

Actuarial determined contribution rates are calculated as of December 31<sup>st</sup> each year and become effective in January 13 months later.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.  Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

There were no benefit changes during the year.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

**GEUS PROPORTIONATE SHARE**

**TMRS SUPPLEMENTAL DEATH BENEFITS FUND**

**For the Last Five Measurement Years**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>					
Service cost	\$ 8,284	\$ 23,379	\$ 5,323	\$ 20,550	\$ 16,440
Interest on the total OPEB liability	3,752	29,566	5,844	27,302	15,209
Difference between expected and actual experience of the total OPEB liability	(192)	(21,560)	(30,273)	12,886	-
Changes of assumptions	5,780	81,944	84,341	(31,883)	34,615
Benefit payments	(4,023)	(4,837)	(4,553)	(3,806)	(3,574)
Net change in total OPEB liability	13,601	108,492	60,682	25,049	62,690
<b>Total OPEB Liability - Beginning</b>	<b>652,830</b>	<b>544,338</b>	<b>483,656</b>	<b>458,607</b>	<b>395,917</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 666,431</b>	<b>\$ 652,830</b>	<b>\$ 544,338</b>	<b>\$ 483,656</b>	<b>\$ 458,607</b>
<b>Covered-Employee Payroll</b>	<b>\$ 7,922,884</b>	<b>\$ 8,061,728</b>	<b>\$ 7,588,149</b>	<b>\$ 7,610,929</b>	<b>\$ 7,147,780</b>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>8.41%</b>	<b>8.10%</b>	<b>7.17%</b>	<b>6.35%</b>	<b>6.42%</b>

**Notes to the Required Supplementary Information**

Amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end.

Total OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

Ten years of data should be presented in this schedule but data was unavailable.

There are no assets accumulated in trust to pay related benefits for the OPEB Plan.

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

### GEUS PROPORTIONATE SHARE

#### RETIREE HEALTH CARE PLAN

For the Last Five Measurement Years

	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service cost	\$ 35,988	\$ 24,630	\$ 21,347	\$ 24,207	\$ 20,142
Interest on the total OPEB liability	9,267	(12,196)	2,328	17,502	16,099
Changes of benefit terms	1,035,446	-	-	-	-
Difference between expected and actual experience of the total OPEB liability	68	(30,246)	(2,280)	(122,241)	(4,294)
Changes of assumptions	24,996	20,091	19,781	(29,484)	17,317
Benefit payments	(18,918)	(13,487)	(11,677)	(16,942)	(20,929)
Net change in total OPEB liability	1,086,847	(11,208)	29,499	(126,958)	28,335
<b>Total OPEB Liability - Beginning</b>	<u>343,946</u>	<u>355,154</u>	<u>325,655</u>	<u>452,613</u>	<u>424,278</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 1,430,793</u></u>	<u><u>\$ 343,946</u></u>	<u><u>\$ 355,154</u></u>	<u><u>\$ 325,655</u></u>	<u><u>\$ 452,613</u></u>
<b>Covered-employee payroll</b>	\$ 9,930,859	\$ 7,915,136	\$ 6,253,917	\$ 6,075,613	\$ 6,197,147
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	14.41%	4.35%	5.68%	5.36%	7.30%

#### Notes to the Required Supplementary Information

Amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end.

Total OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

Ten years of data should be presented in this schedule but data was unavailable.

There are no assets accumulated in trust to pay related benefits for the OPEB Plan.



## Statistical Section (Unaudited)

This part of Greenville Electric Utility System'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 utility's overall financial health. The tables herein, are unaudited.

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<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the utility's financial activities take place.	68
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the utility's financial report relates to the services the utility provides and the activities it performs.	80

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****SCHEDULE OF FUND NET POSITION BY COMPONENT****Last Ten Fiscal Years****Page 1 of 2**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net Investment in capital assets	\$ 38,907,141	\$ 36,234,724	\$ 41,715,450	\$ 36,111,453	\$ 28,436,832
Restricted	-	-	-	-	4,536,273
Unrestricted	24,066,794	13,173,458	7,590,281	882,888	(10,742,403)
<b>Total Fund Net Position</b>	<b>\$ 62,973,935</b>	<b>\$ 49,408,182</b>	<b>\$ 49,305,731</b>	<b>\$ 36,994,341</b>	<b>\$ 22,230,702</b>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****SCHEDULE OF FUND NET POSITION BY COMPONENT****Last Ten Fiscal Years****Page 2 of 2**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net Investment in capital assets	\$ 26,814,332	\$ 28,004,217	\$ 29,311,545	\$ 30,438,242	\$ 29,718,020
Restricted	5,152,752	5,173,144	5,162,133	4,966,778	4,959,453
Unrestricted	(13,317,583)	23,693,043	24,711,704	20,911,033	20,226,789
<b>Total Fund Net Position</b>	<b>\$ 18,649,501</b>	<b>\$ 56,870,404</b>	<b>\$ 59,185,382</b>	<b>\$ 56,316,053</b>	<b>\$ 54,904,262</b>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**
**Page 1 of 2**
**SCHEDULE OF CHANGES IN NET POSITION**
**Last Ten Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Operating Revenues</b>					
Electric	\$ 94,159,546	\$ 124,730,252	\$ 62,514,994	\$ 67,767,885	\$ 60,348,437
Cable & Internet	6,315,466	6,105,300	6,015,096	5,785,728	6,110,792
<b>Total Operating Revenues</b>	<b>100,475,012</b>	<b>130,835,552</b>	<b>68,530,090</b>	<b>73,553,613</b>	<b>66,459,229</b>
<b>Operating Expenses</b>					
Electric	76,913,932	112,929,130	40,238,959	41,871,642	45,144,618
Cable & Internet	4,819,862	5,091,059	5,000,802	4,893,587	5,147,590
Administrative	148,804	522,513	628,632	613,523	493,963
Insurance	418,216	335,581	320,469	285,436	238,625
City Services	517,080	795,455	709,267	625,495	572,225
Pilot	380,787	384,105	377,269	368,274	360,593
General Fund	2,887,078	3,323,580	2,735,206	3,037,799	2,849,244
Board of Development	577,415	817,079	718,703	683,535	569,849
<b>Total Operating Expenses</b>	<b>86,663,174</b>	<b>124,198,502</b>	<b>50,729,307</b>	<b>52,379,291</b>	<b>55,376,707</b>
Net (Expense) Revenue	13,811,838	6,637,050	17,800,783	21,174,322	11,082,522
<b>Non-operating Revenues and Expenses</b>					
<b>Non-operating Revenues:</b>					
Investment earnings	114,713	15,087	412,290	462,231	139,611
Amortization	576,367	573,619	579,868	65,388	42,051
Insurance recoveries	-	-	-	-	-
Other income	6,926,143	-	3,263	18,520	27,991
<b>Non-operating Expenses:</b>					
Depreciation/amortization	5,165,433	4,561,561	4,220,794	3,826,990	3,634,614
Interest expense	2,697,875	2,466,349	2,264,020	3,129,832	3,271,906
Bond issuance costs	-	-	-	-	-
Other expense	-	95,395	-	-	-
<b>Income Before Impairment</b>	<b>13,565,753</b>	<b>102,451</b>	<b>12,311,390</b>	<b>14,763,639</b>	<b>4,385,655</b>
Impairment of Prepaid Electric Costs <sup>1</sup>	-	-	-	-	-
Change in Net Position	13,565,753	102,451	12,311,390	14,763,639	4,385,655
<b>Net Position, Beginning of Year</b>	<b>49,408,182</b>	<b>49,305,731</b>	<b>36,994,341</b>	<b>22,230,702</b>	<b>18,649,501</b>
Change in Accounting Principle <sup>2</sup>	-	-	-	-	(804,454)
<b>Net Position, End of Year</b>	<b>\$ 62,973,935</b>	<b>\$ 49,408,182</b>	<b>\$ 49,305,731</b>	<b>\$ 36,994,341</b>	<b>\$ 22,230,702</b>

<sup>1</sup> In 1975, GEUS, along with the cities of Bryan, Denton and Garland, Texas (Cities), entered into a Power Sales Contract with the TMPA. GEUS provides electric services for the City under this contract. Under the Power Sales Contract, as amended, each City had the right to terminate the Power Sales Contract beyond September 1, 2018, if notice was sent to TMPA by September 30, 2016. GEUS provided such notice to TMPA in September 2016 and, as a result, GEUS discontinued purchasing power from TMPA effective September 1, 2018. Due to the significant decline in the service utility of the prepaid electric cost asset, such assets were deemed impaired during 2017 and GEUS recognized a \$34,093,046 impairment loss in the accompanying statement of revenues, expenses and changes in net position.

<sup>2</sup> 2018 – GASB 75, 2015 – GASB 68, 2013 – GASB 63

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**
**SCHEDULE OF CHANGES IN NET POSITION**
*Last Ten Fiscal Years*
**Page 2 of 2**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Operating Revenues</b>					
Electric	\$ 56,332,151	\$ 52,993,461	\$ 58,167,459	\$ 59,813,332	\$ 54,576,496
Cable & Internet	6,039,392	6,050,648	6,021,775	5,620,376	5,239,826
<b>Total Operating Revenues</b>	<b>62,371,543</b>	<b>59,044,109</b>	<b>64,189,234</b>	<b>65,433,708</b>	<b>59,816,322</b>
<b>Operating Expenses</b>					
Electric	48,954,429	43,884,348	45,250,943	50,177,109	44,802,901
Cable & Internet	4,983,896	4,832,073	4,722,986	4,549,820	4,175,756
Administrative	1,174,141	1,155,099	234,909	311,705	139,203
Insurance	229,442	230,415	234,816	245,118	621,871
City Services	695,621	685,369	647,480	773,273	231,883
Pilot	356,100	355,678	350,000	350,000	350,000
General Fund	2,446,730	2,627,770	2,698,026	2,448,772	2,419,687
Board of Development	489,346	525,554	539,605	489,755	483,936
<b>Total Operating Expenses</b>	<b>59,329,705</b>	<b>54,296,306</b>	<b>54,678,765</b>	<b>59,345,552</b>	<b>53,225,237</b>
Net (Expense) Revenue	3,041,838	4,747,803	9,510,469	6,088,156	6,591,085
<b>Non-operating Revenues and Expenses</b>					
<b>Non-operating Revenues:</b>					
Investment earnings	29,683	74,877	78,011	35,176	39,342
Amortization	41,662	41,285	40,925	40,580	42,319
Insurance recoveries	-	-	506,550	2,500,000	-
Other income	-	33,255	20,876	-	-
<b>Non-operating Expenses:</b>					
Depreciation	3,977,782	3,863,263	3,911,061	3,797,529	3,811,878
Interest expense	3,263,258	3,348,935	3,310,403	3,325,365	3,303,682
Bond issuance costs	-	-	62,530	-	-
Other expense	-	-	-	129,227	6,017
<b>Income Before Impairment</b>	<b>(4,127,857)</b>	<b>(2,314,978)</b>	<b>2,872,837</b>	<b>1,411,791</b>	<b>(448,831)</b>
Impairment of Prepaid Electric Costs <sup>1</sup>	(34,093,046)	-	-	-	-
Change in Net Position	(38,220,903)	(2,314,978)	2,872,837	1,411,791	(448,831)
<b>Net Position, Beginning of Year</b>	<b>56,870,404</b>	<b>59,185,382</b>	<b>56,316,053</b>	<b>54,904,262</b>	<b>56,274,673</b>
Change in Accounting Principle <sup>2</sup>	-	-	(3,508)	-	(921,580)
<b>Net Position, End of Year</b>	<b>\$ 18,649,501</b>	<b>\$ 56,870,404</b>	<b>\$ 59,185,382</b>	<b>\$ 56,316,053</b>	<b>\$ 54,904,262</b>

<sup>1</sup> In 1975, GEUS, along with the cities of Bryan, Denton and Garland, Texas (Cities), entered into a Power Sales Contract with the TMPA. GEUS provides electric services for the City under this contract. Under the Power Sales Contract, as amended, each City had the right to terminate the Power Sales Contract beyond September 1, 2018, if notice was sent to TMPA by September 30, 2016. GEUS provided such notice to TMPA in September 2016 and, as a result, GEUS discontinued purchasing power from TMPA effective September 1, 2018. Due to the significant decline in the service utility of the prepaid electric cost asset, such assets were deemed impaired during 2017 and GEUS recognized a \$34,093,046 impairment loss in the accompanying statement of revenues, expenses and changes in net position.

<sup>2</sup> 2018 – GASB 75, 2015 – GASB 68, 2013 – GASB 63

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**
**Page 1 of 2**
**HISTORICAL STATEMENTS OF REVENUES, EXPENSES, DEBT SERVICE, AND DEBT**
**SERVICE COVERAGE**
**Last Ten Fiscal Years**

	2022	2021	2020	2019	2018
<b>Operating Revenues</b>					
Charges for services	\$ 100,475,012	\$ 130,835,552	\$ 68,530,090	\$ 73,553,613	\$ 66,459,229
Interest Revenue	114,713	15,087	412,290	462,231	139,611
<b>Total Operating Revenues</b>	<b>100,589,725</b>	<b>130,850,639</b>	<b>68,942,380</b>	<b>74,015,844</b>	<b>66,598,840</b>
<b>Operating Expenses (1):</b>					
Fuel and Purchased Power,					
Operations and maintenance (2)	81,733,794	118,020,189	45,218,233	46,765,229	50,292,208
Administrative expenses	(491,641)	858,094	970,629	898,959	732,588
Intergovernmental	4,362,360	5,320,219	4,540,445	4,715,103	4,351,911
<b>Total Operating Expenses</b>	<b>85,604,513</b>	<b>124,198,502</b>	<b>50,729,307</b>	<b>52,379,291</b>	<b>55,376,707</b>
Net Available for Debt Services	14,985,212	6,652,137	18,213,073	21,636,553	11,222,133
Debt Service Requirements	5,165,614	6,370,632	4,548,338	4,528,613	5,450,334
Coverage of Debt Service Requirements by Net Revenues Available for Debt Service	2.90	1.04	4.00	4.78	2.06
<b>Total Revenue Bond Debt Outstanding</b>	<b>66,855,000</b>	<b>57,315,000</b>	<b>45,475,000</b>	<b>50,910,000</b>	<b>66,100,203</b>
Unamortized Premium & Discount	4,143,352	4,673,320	4,291,486	4,814,800	510,203
<b>Total Outstanding Revenue Debt</b>	<b>\$ 70,998,352</b>	<b>\$ 61,988,320</b>	<b>\$ 49,766,486</b>	<b>\$ 55,724,800</b>	<b>\$ 66,610,406</b>
Debt Per Capita	2,400	5,176	3,270	3,848	4,476
Rate Covenant per Bond Ordinance	1.25	1.25	1.25	1.25	1.25

(1) Excludes Depreciation.

(2) Includes Amortization of Prepaid Electric Costs (PEC)

FY 2018 Amortized PEC - \$1,549,897      FY 2015 Amortized PEC - \$1,434,549

FY 2017 Amortized PEC - \$1,549,897      FY 2014 Amortized PEC - \$1,333,742

FY 2016 Amortized PEC - \$1,549,896      FY 2013 Amortized PEC - \$1,137,816

(3) GEUS made additional payments to TMPA in the approximate amount of \$3,043,000 from operating income during FY 2017 for debt associated with electric generation instead of making the payment in FY 2016. If the payment had been made by GEUS from unrestricted cash in FY 2016 as intended, the cost of Fuel and Purchased Power, Operations in FY 2017 would have been reduced by approximately \$3,043,000 and the Coverage of Debt Service Requirements by Net Revenues Available for Debt Service would have been approximately 1.61x instead of .81x in FY 2017.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**
**HISTORICAL STATEMENTS OF REVENUES, EXPENSES, DEBT SERVICE, AND DEBT**
**SERVICE COVERAGE**
**Last Ten Fiscal Years**
**Page 2 of 2**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Operating Revenues</b>					
Charges for services	\$ 62,371,543	\$ 59,044,109	\$ 64,189,234	\$ 65,433,708	\$ 59,816,322
Interest Revenue	29,683	74,877	78,011	35,176	39,342
<b>Total Operating Revenues</b>	<b>62,401,226</b>	<b>59,118,986</b>	<b>64,267,245</b>	<b>65,468,884</b>	<b>59,855,664</b>
<b>Operating Expenses (1):</b>					
Fuel and Purchased Power,					
Operations and maintenance (2)	53,938,325	48,716,421	49,973,929	54,726,929	49,293,957
Administrative expenses	1,403,583	1,385,514	469,725	311,705	371,086
Intergovernmental	3,987,797	4,194,371	4,235,111	4,306,918	3,560,194
<b>Total Operating Expenses</b>	<b>59,329,705</b>	<b>54,296,306</b>	<b>54,678,765</b>	<b>59,345,552</b>	<b>53,225,237</b>
Net Available for Debt Services	3,071,521	4,822,680	9,588,480	6,123,332	6,630,427
Debt Service Requirements	3,807,879	3,812,179	3,803,935	3,747,503	3,749,003
Coverage of Debt Service Requirements by Net Revenues Available for Debt Service	0.81(3)	1.27	2.52	1.63	1.77
<b>Total Revenue Bond Debt Outstanding</b>	<b>69,875,255</b>	<b>70,391,916</b>	<b>70,888,202</b>	<b>68,121,127</b>	<b>68,581,707</b>
Unamortized Premium & Discount	552,255	593,916	635,202	676,127	716,707
<b>Total Outstanding Revenue Debt</b>	<b>\$ 70,427,510</b>	<b>\$ 70,985,832</b>	<b>\$ 71,523,404</b>	<b>\$ 68,797,254</b>	<b>\$ 69,298,414</b>
Debt Per Capita	4,887	5,018	5,186	4,995	5,060
Rate Covenant per Bond Ordinance	1.25	1.25	1.25	1.25	1.25

(1) Excludes Depreciation.

(2) Includes Amortization of Prepaid Electric Costs (PEC)

FY 2018 Amortized PEC - \$1,549,897

FY 2015 Amortized PEC - \$1,434,549

FY 2017 Amortized PEC - \$1,549,897

FY 2014 Amortized PEC - \$1,333,742

FY 2016 Amortized PEC - \$1,549,896

FY 2013 Amortized PEC - \$1,137,816

(3) GEUS made additional payments to TMPA in the approximate amount of \$3,043,000 from operating income during FY 2017 for debt associated with electric generation instead of making the payment in FY 2016. If the payment had been made by GEUS from unrestricted cash in FY 2016 as intended, the cost of Fuel and Purchased Power, Operations in FY 2017 would have been reduced by approximately \$3,043,000 and the Coverage of Debt Service Requirements by Net Revenues Available for Debt Service would have been approximately 1.61x instead of .81x in FY 2017.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**ELECTRIC SYSTEM REVENUE BONDS**

**For the Fiscal Year Ended September 30, 2022**

**Page 1 of 4**

<b>Year Ending</b>	<b>The Series 2019A Bonds</b>		
	<b>9/30</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 2,250,000	\$ 1,718,250	\$ 3,968,250
2024	2,370,000	1,602,750	3,972,750
2025	2,490,000	1,481,250	3,971,250
2026	2,615,000	1,353,625	3,968,625
2027	2,750,000	1,219,500	3,969,500
2028	2,890,000	1,078,500	3,968,500
2029	3,040,000	930,250	3,970,250
2030	3,200,000	774,250	3,974,250
2031	3,360,000	610,250	3,970,250
2032	3,535,000	437,875	3,972,875
2033	3,710,000	256,750	3,966,750
2034	2,365,000	104,875	2,469,875
2035	915,000	22,875	937,875
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
2050	-	-	-
2051	-	-	-
	<b>\$ 35,490,000</b>	<b>\$ 11,591,000</b>	<b>\$ 47,081,000</b>

<sup>(1)</sup> On September 25, 2020, the City prepaid \$3,500,000 in principal and \$10,694 of accrued interest on the Series 2019B Bonds.

<sup>(2)</sup> On September 23, 2022, the City prepaid \$3,200,000 in principal and \$10,267 of accrued interest on the Series 2019B Bonds.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**Page 2 of 4**

**ELECTRIC SYSTEM REVENUE BONDS**

**For the Fiscal Year Ended September 30, 2022**

<b>Year Ending 9/30</b>	<b>The Series 2019B Bonds<sup>(1)(2)</sup></b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ -	\$ 159,500	\$ 159,500
2024	2,600,000	79,750	2,679,750
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
2050	-	-	-
2051	<u>\$ 2,600,000</u>	<u>\$ 239,250</u>	<u>\$ 2,839,250</u>

<sup>(1)</sup> On September 25, 2020, the City prepaid \$3,500,000 in principal and \$10,694 of accrued interest on the Series 2019B Bonds.

<sup>(2)</sup> On September 23, 2022, the City prepaid \$3,200,000 in principal and \$10,267 of accrued interest on the Series 2019B Bonds.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**ELECTRIC SYSTEM REVENUE BONDS**

**For the Fiscal Year Ended September 30, 2022**

**Page 3 of 4**

<b>Year Ending 9/30</b>	<b>The Series 2021 Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 670,000	\$ 446,369	\$ 1,116,369
2024	255,000	423,244	678,244
2025	270,000	410,119	680,119
2026	280,000	396,369	676,369
2027	295,000	381,994	676,994
2028	310,000	366,869	676,869
2029	325,000	350,994	675,994
2030	345,000	334,244	679,244
2031	360,000	316,619	676,619
2032	380,000	300,019	680,019
2033	395,000	284,519	679,519
2034	410,000	268,419	678,419
2035	425,000	251,719	676,719
2036	445,000	234,319	679,319
2037	460,000	216,219	676,219
2038	480,000	199,819	679,819
2039	495,000	185,194	680,194
2040	510,000	170,119	680,119
2041	525,000	154,594	679,594
2042	540,000	140,306	680,306
2043	550,000	127,363	677,363
2044	565,000	114,122	679,122
2045	580,000	100,525	680,525
2046	590,000	86,631	676,631
2047	605,000	72,063	677,063
2048	620,000	56,750	676,750
2049	635,000	41,063	676,063
2050	655,000	24,938	679,938
2051	670,000	8,375	678,375
	<b>\$ 13,645,000</b>	<b>\$ 6,463,891</b>	<b>\$ 20,108,891</b>

<sup>(1)</sup> On September 25, 2020, the City prepaid \$3,500,000 in principal and \$10,694 of accrued interest on the Series 2019B Bonds.

<sup>(2)</sup> On September 23, 2022, the City prepaid \$3,200,000 in principal and \$10,267 of accrued interest on the Series 2019B Bonds.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**ELECTRIC SYSTEM REVENUE BONDS**

**For the Fiscal Year Ended September 30, 2022**

**Page 4 of 4**

<b>Year Ending 9/30</b>	<b>The Series 2022 Bonds</b>			<b>Grand Total Requirements</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2023	\$ 670,000	\$ 582,968	\$ 1,252,968	\$ 6,497,086
2024	850,000	399,713	1,249,713	8,580,456
2025	875,000	375,131	1,250,131	5,901,500
2026	900,000	349,838	1,249,838	5,894,831
2027	930,000	323,760	1,253,760	5,900,254
2028	955,000	296,899	1,251,899	5,897,268
2029	985,000	269,254	1,254,254	5,900,498
2030	1,010,000	240,825	1,250,825	5,904,319
2031	1,040,000	211,613	1,251,613	5,898,481
2032	1,070,000	181,545	1,251,545	5,904,439
2033	1,100,000	150,623	1,250,623	5,896,891
2034	1,135,000	118,774	1,253,774	4,402,068
2035	1,165,000	85,999	1,250,999	2,865,593
2036	1,200,000	52,298	1,252,298	1,931,616
2037	1,235,000	17,599	1,252,599	1,928,818
2038	-	-	-	679,819
2039	-	-	-	680,194
2040	-	-	-	680,119
2041	-	-	-	679,594
2042	-	-	-	680,306
2043	-	-	-	677,363
2044	-	-	-	679,122
2045	-	-	-	680,525
2046	-	-	-	676,631
2047	-	-	-	677,063
2048	-	-	-	676,750
2049	-	-	-	676,063
2050	-	-	-	679,938
2051	-	-	-	678,375
	<b><u>\$ 15,120,000</u></b>	<b><u>\$ 3,656,835</u></b>	<b><u>\$ 18,776,835</u></b>	<b><u>\$ 88,812,135</u></b>

<sup>(1)</sup> On September 25, 2020, the City prepaid \$3,500,000 in principal and \$10,694 of accrued interest on the Series 2019B Bonds.

<sup>(2)</sup> On September 23, 2022, the City prepaid \$3,200,000 in principal and \$10,267 of accrued interest on the Series 2019B Bonds.

**GREENVILLE ELECTRIC UTILITY SYSTEM*****Schedule of Revenue by Sources******Last Ten Fiscal Years***

Description	2022	2021	2020	2019	2018
Residential	\$ 21,970,831	\$ 17,724,449	\$ 19,295,474	\$ 19,113,503	\$ 19,035,430
Commercial	33,102,668	26,570,212	30,339,952	32,591,568	31,684,764
Cable & Internet	6,315,466	6,105,300	6,015,095	6,315,466	6,110,792
Interest revenue	114,713	15,087	412,290	1	139,611
Miscellaneous	46,012,190	80,435,591	12,879,569	16,062,814	9,628,243
<b>Total Revenue</b>	<b>\$ 107,515,867</b>	<b>\$ 130,850,639</b>	<b>\$ 68,942,380</b>	<b>\$ 74,083,352</b>	<b>\$ 66,598,840</b>

Source: Greenville Electric Utility System, Audited Financial Statements.

**GREENVILLE ELECTRIC UTILITY SYSTEM*****Schedule of Revenue by Sources******Last Ten Fiscal Years***

Description	2017	2016	2015	2014	2013
Residential	\$ 16,497,193	\$ 16,366,985	\$ 17,375,894	\$ 15,340,932	\$ 15,169,517
Commercial	30,624,462	29,839,218	31,920,738	28,438,844	28,721,858
Cable & Internet	6,039,392	6,050,648	6,021,775	5,620,376	5,239,826
Interest revenue	29,683	74,877	78,011	35,176	39,342
Miscellaneous	9,210,496	6,787,258	8,870,827	16,033,556	10,685,121
<b>Total Revenue</b>	<b>\$ 62,401,226</b>	<b>\$ 59,118,986</b>	<b>\$ 64,267,245</b>	<b>\$ 65,468,884</b>	<b>\$ 59,855,664</b>

Source: Greenville Electric Utility System, Audited Financial Statements.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Estimated Population	Median Household Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2013	25,834	n/a	19,999	5,711	6.3%
2014	25,834	n/a	18,022	5,711	6.3%
2015	25,917	n/a	18,439	5,824	6.2%
2016	26,800	n/a	19,201	5,408	5.5%
2017	26,180	n/a	19,779	5,628	4.7%
2018	27,443	37,304	21,188	5,354	4.5%
2019	28,263	41,978	22,249	5,360	4.1%
2020	28,827	40,950	23,519	5,359	4.1%
2021	29,980	44,622	21,188	5,400	5.1%
2022	29,578	48,979	26,049	5,390	5.9%

Sources: Provided by The City of Greenville, Texas  
<https://worldpopulationreview.com/us-cities/greenville-tx-population>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

**NUMBER OF CUSTOMER ACCOUNTS AT YEAR-END**

*Last Ten Fiscal Years*

**Page 1 of 2**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Electric</b>					
Number	16,277	15,666	15,218	14,873	14,769
% Change	3.90%	2.94%	2.32%	0.70%	3.30%
<b>Cable Only</b>					
Number	722	823	925	1,155	3,270
% Change	-12.27%	-11.03%	-19.91%	-64.68%	-9.27%
<b>Internet Only</b>					
Number	3,155	2,868	2,619	2,247	2,160
% Change	10.01%	9.51%	16.56%	4.03%	9.81%
<b>Cable and Internet</b>					
Number	1,432	1,620	1,691	1,802	4,185
% Change	-11.60%	-4.20%	-6.16%	-56.94%	2.00%

Source: Greenville Electric Utility System, Retail Sales Report and Cable and Internet Monthly Report

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NUMBER OF CUSTOMER ACCOUNTS AT YEAR-END***Last Ten Fiscal Years***Page 2 of 2**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Electric</b>					
Number	14,297	14,028	13,669	13,637	13,553
% Change	1.92%	2.87%	0.23%	0.62%	1.76%
<b>Cable Only</b>					
Number	3,604	3,765	3,887	4,111	4,475
% Change	-4.28%	-8.42%	-5.45%	-8.13%	-1.50%
<b>Internet Only</b>					
Number	1,967	1,801	1,657	1,503	1,218
% Change	9.22%	19.83%	10.25%	23.40%	10.93%
<b>Cable and Internet</b>					
Number	4,103	3,928	3,686	3,610	3,415
% Change	4.46%	8.81%	2.11%	5.71%	5.66%

Source: Greenville Electric Utility System, Retail Sales Report and Cable and Internet Monthly Report

**GREENVILLE ELECTRIC UTILITY SYSTEM**  
**Ten Year Rate Analysis**  
**Last Ten Fiscal Years**

<b>Electric</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Residential</b>					
Consumer Charge	\$ 11.25	\$ 11.25	\$ 10.79	\$ 10.79	\$ 10.79
Energy Charge: June - October billing months (Per kWh)	0.0653	0.0653	0.0745	0.0745	0.0745
Energy Charge: November - May billing months (First 1200 kWh)	0.0653	0.0653	0.0664	0.0664	0.0664
Energy Charge: November - May billing months (Over 1200 kWh)	0.048	0.048	0.0475	0.0475	0.0475
Energy Charge: November - May billing months (First 600 kWh)	N/A	N/A	N/A	N/A	N/A
Energy Charge: November - May billing months (Next 600 kWh)	N/A	N/A	N/A	N/A	N/A
Energy Charge: November - May billing months (Remainder kWh)	N/A	N/A	N/A	N/A	N/A
Fuel Adjustment Factor (Per kWh)*	0.0450	0.029	0.0300	0.0327	0.0310
Regulatory Charge (Per kWh)*	0.002	0.002	\$ 0.0020	\$ 0.0020	\$ 0.0020
Greenville General Fund Transfer Fee	5%	5%	5%	5%	5%
Greenville Board of Development Transfer Fee	1%	1%	1%	1%	1%

**Cable & Internet\*\***

<b>Cable</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Economy	\$ 39.95	\$ 39.95	\$ 36.95	\$ 29.95	\$ 29.95
Economy Plus	104.95	104.95	89.95	72.95	72.95
Digital	121.95	121.95	106.95	87.95	87.95
<b>Residential Internet</b>					
GEUS 10	29.95	\$ 29.95	\$ 29.95	N/A	N/A
GEUS 250	52.95	52.95	52.95	N/A	N/A
GEUS 450	89.95	89.95	89.95	N/A	N/A
Copper-R 5 Mbps	N/A	N/A	N/A	\$ 14.95	\$ 14.95
Bronze-R 10 Mbps	N/A	N/A	N/A	24.95	24.95
Silver-R 20 Mbps	N/A	N/A	N/A	41.95	41.95
Residential - 30 Mbps	N/A	N/A	N/A	N/A	N/A
Gold -R 50 Mbps	N/A	N/A	N/A	61.95	61.95
Residential - 60 Mbps	N/A	N/A	N/A	N/A	N/A
Platinum-R 100 Mbps	N/A	N/A	N/A	95.95	95.95
<b>Commercial Internet</b>					
GEUS 250	69.95	\$ 69.95	\$ 59.95	N/A	N/A
GEUS 450	114.95	114.95	109.95	N/A	N/A
Swift-C 10 Mbps	N/A	N/A	N/A	N/A	N/A
Quick-C 20 Mbps	N/A	N/A	N/A	N/A	N/A
Rapid-C 30 Mbps	N/A	N/A	N/A	\$ 69.95	\$ 69.95
Express-C 60 Mbps	N/A	N/A	N/A	89.95	89.95
Top Fuel-C 100 Mbps	N/A	N/A	N/A	149.95	149.95
<b>Streaming Internet</b>					
Gold Streaming Package	N/A	N/A	N/A	\$ 102.95	\$ 102.95
Silver Streaming	N/A	N/A	N/A	79.95	79.95

\* Rate at end of fiscal year

\*\* Cable & Internet rates based on per month fee

GREENVILLE ELECTRIC UTILITY SYSTEM  
 Ten Year Rate Analysis  
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013
<b>Electric</b>					
<b>Residential</b>					
Consumer Charge	\$ 10.79	\$ 10.79	\$ 10.79	\$ 10.79	\$ 7.50
Energy Charge: June - October billing months (Per kWh)	0.0745	0.0745	0.0745	0.0745	0.0630
Energy Charge: November - May billing months (First 1200 kWh)	0.0664	0.0664	0.0664	0.0664	N/A
Energy Charge: November - May billing months (Over 1200 kWh)	0.0475	0.0475	0.0475	0.0475	N/A
Energy Charge: November - May billing months (First 600 kWh)	N/A	N/A	N/A	N/A	0.0580
Energy Charge: November - May billing months (Next 600 kWh)	N/A	N/A	N/A	N/A	0.0430
Energy Charge: November - May billing months (Remainder kWh)	N/A	N/A	N/A	N/A	0.0320
Fuel Adjustment Factor (Per kWh)*	0.0270	0.0230	0.0300	0.3400	0.0280
Regulatory Charge (Per kWh)*	\$ 0.0010	\$ 0.0008	\$ 0.0006	N/A	N/A
Greenville General Fund Transfer Fee	5%	5%	5%	5%	5%
Greenville Board of Development Transfer Fee	1%	1%	1%	1%	1%
<b>Cable &amp; Internet**</b>					
<b>Cable</b>					
Economy	\$ 21.95	\$ 21.95	\$ 21.95	\$ 21.95	\$ 15.95
Economy Plus	67.95	57.95	57.95	57.95	45.95
Digital	75.95	67.95	67.95	67.95	55.95
<b>Residential Internet</b>					
GEUS 10	N/A	N/A	N/A	N/A	N/A
GEUS 250	N/A	N/A	N/A	N/A	N/A
GEUS 450	N/A	N/A	N/A	N/A	N/A
Copper-R 5 Mbps	\$ 14.95	\$ 14.95	\$ 14.95	N/A	N/A
Bronze-R 10 Mbps	24.95	24.95	24.95	N/A	N/A
Silver-R 20 Mbps	41.95	41.95	41.95	41.95	41.95
Residential - 30 Mbps	N/A	N/A	N/A	61.95	61.95
Gold -R 50 Mbps	61.95	61.95	61.95	N/A	N/A
Residential - 60 Mbps	N/A	N/A	N/A	99.95	99.95
Platinum-R 100 Mbps	95.95	95.95	95.95	N/A	N/A
<b>Commercial Internet</b>					
GEUS 250	N/A	N/A	N/A	N/A	N/A
GEUS 450	N/A	N/A	N/A	N/A	N/A
Swift-C 10 Mbps	N/A	\$ 75.95	\$ 75.95	\$ 75.95	\$ 75.95
Quick-C 20 Mbps	N/A	129.95	129.95	N/A	N/A
Rapid-C 30 Mbps	\$ 69.95	171.95	171.95	171.95	171.95
Express-C 60 Mbps	89.95	225.95	225.95	275.95	275.95
Top Fuel-C 100 Mbps	149.95	325.95	325.95	N/A	N/A
<b>Streaming Internet</b>					
Gold Streaming Package	\$ 102.95	\$ 102.95	N/A		
Silver Streaming	79.95	N/A	N/A		

\* Rate at end of fiscal year

\*\* Cable & Internet rates based on per month fee



GREENVILLE ELECTRIC UTILITY

PRINCIPAL EMPLOYERS

For the Current Year and Nine Years Ago

Name of Employer	2022			2013			
	No. of Employees	Rank	Percentage of Total City Employment	Name of Employer	No. of Employees	Rank	Percentage of Total City Employment
L-3 Harris*	6,500	1	47.03%	L-3 Communications	5,700	1	42.72%
Greenville ISD**	800	2	3.62%	Greenville ISD	702	2	7.69%
McKesson*	500	3	2.53%	Hunt Regional Medical Center	600	3	7.05%
Solvay*	350	4	1.81%	McKesson	500	4	5.55%
Weatherford International*	225	5	1.63%	Hunt County	400	5	4.27%
Raytheon*	200	6	1.63%	Cytec	350	6	3.44%
Masonite Int'l Corp*	250	7	1.45%	Wal-Mart Supercenter	300	7	3.12%
WestRock*	130	8	0.94%	Weatherford Artificial Lift	225	8	2.99%
Innovation First*	225	9	0.83%	Raytheon	200	9	2.47%
OmniSys*	115	10	0.65%	Masonite	195	10	1.92%
<b>Total</b>	<b>9,295</b>		<b>62.12%</b>	<b>Total</b>	<b>9,172</b>		<b>81.23%</b>
<b>Total employment within the City</b>	<b>14,682</b>				<b>11,703</b>		

\*Source: Greenville Economic Development Corporation

\*\*Source: Texas Education Agency

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**SCHEDULE OF FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

**Page 1 of 2**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Administrative & General	48	44	47	43	40
Engineering & Operations	46	40	40	38	41
Production	20	19	19	28	28
Cable & Internet	8	13	15	17	17
<b>Total</b>	<b>122</b>	<b>116</b>	<b>121</b>	<b>126</b>	<b>126</b>

Source: Greenville Electric Utility System, Personnel Department Records.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**SCHEDULE OF FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

**Page 2 of 2**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Administrative & General	40	36	36	39	36
Engineering & Operations	40	42	42	42	39
Production	28	28	28	30	31
Cable & Internet	17	17	17	17	15
<b>Total</b>	<b>125</b>	<b>123</b>	<b>123</b>	<b>128</b>	<b>121</b>

Source: Greenville Electric Utility System, Personnel Department Records.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM***Last Ten Fiscal Years**Page 1 of 2*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Electric Distribution:</b>					
Number of Substations	9	9	9	9	9
Miles of Distribution Lines	755	743	726	703	703
System Capacity	300.5	303.2	303.2	247.2	247.2

Source: Greenville Electric Utility System, Engineering Records.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM***Last Ten Fiscal Years**Page 2 of 2*

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Electric Distribution:</b>					
Number of Substations	9	9	9	9	9
Miles of Distribution Lines	703	703	703	703	703
System Capacity	247.2	247.2	247.2	247.2	247.2

Source: Greenville Electric Utility System, Engineering Records.