



# Building a World Class Utility

For the Fiscal Years Ended September 30, 2020 and 2019  
Annual Comprehensive Financial Report  
Greenville Electric Utility System  
Greenville, Texas



RP3



# **Annual Comprehensive Financial Report**

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

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

**For Fiscal Years Ended  
September 30, 2020 and 2019**

**Prepared by  
Finance Department**



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







March 18, 2021

Ms. Sue Ann Harting, 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, 2020 and 2019. 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.

Pursuant to the 2019A Utility System Revenue Refunding Bonds Ordinance, 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 in September 30, 2020 and 2019, 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, 2020 and 2019, 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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**903-457-2800      [www.geus.org](http://www.geus.org)**

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*GEUS Operations Center  
Center  
6000 Joe Ramsey Blvd.  
Greenville, TX 75402*

*GEUS Consumer Services Center  
David McCalla Building 2810 Wesley St.  
Greenville, TX 75401*

*Steam Plant/Tom Darte Energy  
4201 Power Lane  
Greenville, Texas 75401*

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. They dammed the river to provide water for the pumps but never installed generators. 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 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 night time use with a steam engine and two dynamos. In 1908, the City power plant moved to the Sabine River, they added two steam generators and began generating power 24 hours a day. From 1945-1960 the electrical load on the City increased more than eight-fold. Growth in the excess of 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 96 square miles within Hunt County. Customer growth has increased 14.5% since 2011 and is up 11.3% over the past 5 years. As of September 30, 2020, the system supported 15,218 customers. The increase in customers from the end of fiscal year 2019 to the end of fiscal year 2020 total 345, or 2.32%. In FY 2020, GEUS sold 852,310,495 kilowatt hours (kWh) of electricity, a 27.4% increase compared to FY 2019 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 had a 10% interest in TMPA and that interest 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 of 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.

## **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 located in Greenville, Texas. GEUS 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 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 ISR solutions; Solvay Composite Materials is a global provider of technologically advanced lightweighting material solutions used in the aerospace and automotive industries; Innovation First International is 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 to cancer care to open imaging. With an enrollment of over 5,300 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. Conveniently located just 45 miles northeast of Dallas, 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 98,594 people with an estimated 28,827 living in the City of Greenville. Reported annual per capita income for Hunt County is \$25,926 with the City of Greenville being slightly lower at \$23,519. The City of Greenville's unemployment rate, not adjusted, was 4.1% in September 2020 and is the same compared to the 4.1% unemployment rate in September 2019.

### **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 have a \$12,500,000 bullet maturity of February 15, 2024 and became callable July 1, 2019. In September 2020, GEUS redeemed \$3,500,000 of the 2019B series bonds. As of September 30, 2020, total GEUS debt is \$45,475,000.

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 operations.

In May 2018, the GEUS Board approved the change in Unrestricted Cash Reserve Policy increasing the minimum level from 60 days to 150 days. The target cash reserves on hand is a forward looking calculation based on budgeted expenses that include capital less depreciation divided by 365 days then multiplied by 150 days. As of September 30, 2020, unrestricted cash reserve was 166 days. Restricted cash includes cash to fund a portion of GEUS' Employee Paid Time Off (PTO) liability.

Driven by the 2008 and 2010 debt issues in conjunction with increased TMPA fixed costs, GEUS performed a cost of service rate study in 2014 followed by a rate increase that same year. Since 2014, GEUS has been able to maintain the rates set in 2014 while lowering TMPA fixed costs. This has allowed the Utility to improve its financial health and resume a capital improvement program needed to sustain a reliable system. The GEUS Board authorized a new cost of service rate study in 2019 to review the current rate structure. On September 17, 2020, the GEUS Board approved revisions to lower the electric rate tariffs. The new rates were effective October 1, 2020.

#### **Awards**

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

#### **Acknowledgments**

The preparation of this report on a timely basis could not be 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 Chairman 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**



**Cliff Copeland**  
**Business Services Director**



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**Greenville Electric Utility System  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

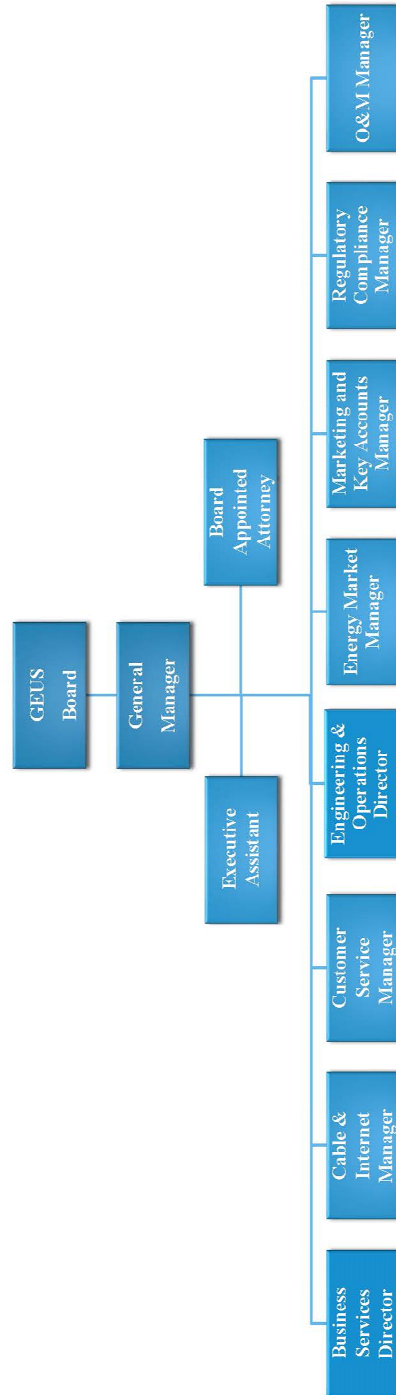
Executive Director/CEO

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS) ORGANIZATIONAL CHART



## 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 Cable & Internet Manager, Customer Service Manager, Business Services Director, Engineering and Operations Director, Energy Market Manager, O&M Manager, Regulatory Compliance Manager, Marketing and Key Accounts 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 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**

Sue Ann Harting.....Chairman – Place 5  
Glover George.....Vice-Chairman – Place 1  
Greg Chesney.....Secretary/Treasurer – Place 2  
Victor Gore.....Vice-Chairman – Place 3  
Barry Gluck..... Place 4  
David Dreiling.....City of Greenville Mayor – Ex Officio Member

**Executive Staff and Department Heads**

Alicia Hooks.....General Manager  
Cliff Copeland.....Business Services Director  
Ashley Cotton.....Compliance Manager  
Brenda Shelby.....Customer Service Manager  
Jimmy Dickey.....Marketing and Key Accounts Manager  
Jason Minter.....Cable and Internet Manager  
Mark Stapp.....Engineering and Operations Director  
Steve Glasscock.....Operation and Maintenance Manager  
Bo Zhao.....Energy Market Manager





## **FINANCIAL SECTION**



## **Report of Independent Auditors**

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

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

We have audited the accompanying financial statements of Greenville Electric Utility System (“GEUS”), a component unit of the City of Greenville, Texas, as of and for the year ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise GEUS’ basic financial statements as listed in the table of contents.

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

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

### **Auditor’s Responsibility**

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

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

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

To the Board of Trustees  
of Greenville Electric Utility System

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GEUS as of September 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise GEUS' basic financial statements. The introductory section, the combining statements, and the statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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



Dallas, Texas  
March 18, 2021

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

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

***September 30, 2020 and 2019***

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, 2020, by \$49,305,731 (net position). Of this amount, there is a positive unrestricted net position of \$7,590,281 due to the increase in cash and investments through operations. The increase in total current assets of \$4,591,477 was increased by the \$10,725,618 decrease in long term liabilities. The decrease in long term liabilities was in part due to the \$3,356,029 decrease in net pension liability (see Note 8).

GEUS' total net position increased by \$12,311,390 from current year operations. This change in net position is mainly the result of decreased energy sales into the Electric Reliability Council of Texas (ERCOT) market, decreased fuel adjustment collection, electric consumption, and a decrease in electric operating expenses.

GEUS' revenue bond liabilities decreased by \$5,435,000 during the current fiscal year due to early principal payment of \$3,500,000 of the 2019B Series Bond.

#### ***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.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***September 30, 2020 and 2019*

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.

	<b>September 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>			
Current assets	\$ 41,776,591	\$ 37,185,114	\$ 30,608,778
Restricted assets	2,340,324	2,362,459	7,105,292
Electric plant, net	60,025,344	56,971,264	54,865,844
Cable and Internet equipment, net	6,198,044	6,590,040	6,678,035
<b>Total assets</b>	<b>110,340,303</b>	<b>103,108,877</b>	<b>99,257,949</b>
<b>Deferred Outflow of Resources</b>	<b>12,984,665</b>	<b>15,931,498</b>	<b>878,877</b>
<b>Liabilities</b>			
Current liabilities	4,461,805	3,941,442	4,544,922
Current liabilities payable from restricted assets	6,420,608	5,474,229	5,227,982
Long-term liabilities, less current maturities	61,186,654	71,912,272	65,957,237
<b>Total liabilities</b>	<b>72,069,067</b>	<b>81,327,943</b>	<b>75,730,141</b>
<b>Deferred Inflows of Resources</b>	<b>1,950,170</b>	<b>718,091</b>	<b>2,175,983</b>
<b>Net Position</b>			
Net investment in capital assets	41,715,450	36,111,453	28,436,832
Restricted for revenue bond debt service	-	-	4,536,273
Unrestricted	7,590,281	882,888	(10,742,403)
<b>Total net position</b>	<b>\$ 49,305,731</b>	<b>\$ 36,994,341</b>	<b>\$ 22,230,702</b>

***Net Position***

Net position increased by \$12,311,390, or 33.3% of beginning net position, for the year ended September 30, 2020. This increase was primarily due to an increase in cash and investments from operations and a decrease in electric operating expenses. Electric operating expenses decreased due to decrease of fuel and purchased power.

Net position increased by \$14,763,639 or 66.4% of beginning net position, for the year ended September 30, 2019. This increase was primarily due to increase in electric revenues and decrease in electric operating expenses. Electric operating expenses decreased due to retirement of Gibbons Creek Steam Electric Station ("GCSSES"). TPA is now engaged in the decommissioning of GCSSES (see Note 11).

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

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***

***September 30, 2020 and 2019***

#### ***Current Assets***

The \$4,591,477 increase in current assets as of September 30, 2020, was mainly attributable to an increase in cash and investments from operations and accounts receivable.

The \$6,576,336 increase in current assets as of September 30, 2019, was mainly attributable to an increase in cash and investments.

#### ***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 \$2.7 million from \$63.6 million as of September 30, 2019, to \$66.2 million as of September 30, 2020. The increase was related mostly to substation equipment. Asset purchases totaled \$6.9 million and depreciation expense of \$4.2 million was recorded.

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 \$2.0 million from \$61.5 million as of September 30, 2018, to \$63.6 million as of September 30, 2019. The increase was related mostly to production and construction in progress. Asset purchases totaled \$5.9 million and depreciation expense of \$3.8 million was recorded.

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

#### ***Current Liabilities***

Current liabilities increased by \$1,466,752 from September 30, 2019 to September 30, 2020, primarily due to increase in amounts due to component units of the primary government and to the primary government.

Current liabilities decreased by \$603,480 from September 30, 2018 to September 30, 2019, primarily due to decrease in due to component units of the primary government and no amount due to primary government.

#### ***Long-term Liabilities***

GEUS' long-term liabilities decreased by \$10.7 million for the year ended September 30, 2020, primarily due to early principal payment on 2019B Series Bonds and a decrease in net pension liability. GEUS' underlying debt is rated "A2" and "A+" by Moody's and Standard and Poor's, respectively.

GEUS' long-term liabilities increased by \$6.0 million for the year ended September 30, 2019, primarily due to asset retirement obligation as a result of the cessation of the production of power and energy from the GCSES. GEUS' underlying debt is rated "A2" and "A+" by Moody's and Standard and Poor's, respectively.

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, 2020 and 2019***Revenues and Expenses**

	For the Years Ending September 30,		
	2020	2019	2018
<b>Revenues</b>			
Operating revenues	\$ 68,530,090	\$ 73,553,613	\$ 66,459,229
Nonoperating revenues - other	412,290	462,231	139,611
<b>Total revenues</b>	<u>68,942,380</u>	<u>74,015,844</u>	<u>66,598,840</u>
<b>Expenses</b>			
Other operating expenses	50,729,307	52,379,291	55,376,707
Depreciation expense	4,220,794	3,826,990	3,634,614
Nonoperating expenses	1,680,889	3,045,924	3,201,864
<b>Total expenses</b>	<u>56,630,990</u>	<u>59,252,205</u>	<u>62,213,185</u>
Change in Net Position	12,311,390	14,763,639	4,385,655
<b>Net Position, Beginning of Year restated</b>	36,994,341	22,230,702	18,649,501
<b>Prior period adjustment</b>	<u>-</u>	<u>-</u>	<u>(804,454)</u>
<b>Net Position, End of Year</b>	<u>\$ 49,305,731</u>	<u>\$ 36,994,341</u>	<u>\$ 22,230,702</u>

GEUS' operating revenues decreased approximately \$5.0 million for the year ended September 30, 2020, compared to September 30, 2019. The decrease was due to a \$4.2 million decrease in off-system sales, metered sales, and fuel adjustment. Cable and Internet (C/I) revenues were consistent with the prior year.

GEUS' operating revenues increased approximately \$7.1 million for the year ended September 30, 2019, compared to September 30, 2018. The increase was due to a \$6.9 million increase in residential metered sales, off-system sales, and a \$1.9 million increase in fuel adjustment. Cable and Internet (C/I) revenues were consistent with the prior year.

Operating expenses decreased by approximately \$1.6 million for the year ended September 30, 2020, compared to September 30, 2019. The decrease was primarily due to decreased purchased energy costs through the ERCOT market.

Operating expenses decreased by approximately \$3.0 million for the year ended September 30, 2019, compared to September 30, 2018. The decrease was primarily due to decreased fuel and purchased energy costs related to TMPA fixed cost as a result of cessation of GCSES' operations.

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

The preparation for the fiscal year 2020-21 Operating Budget recognizes the need to continue improving system reliability. This reliability is maintained and improved through GEUS' capital improvement program slated for \$8.2 million in capital projects. Some of the key items in the capital plan to improve reliability are the replacement of substation equipment and a Backup Control Center. The 2020-21 Operating Budget includes lower electric rates that are effective October 1, 2020. Base rate changes were last approved by the GEUS Board of Trustees on August 21, 2014, effective October 1, 2014.



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

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***

***September 30, 2020 and 2019***

The Budget reflects a 3.4% decrease in revenues and includes 3.4% decrease in metered sales, 2.7% decrease in fuel pass through charges, and regulatory charges (Transmission Cost of Service recovery). Budget costs also increased 1% due in part to decreased purchased power and information technology, increased transmission cost of service, and Engineering and Operations.

#### ***Requests for Information***

This financial report is designed to provide a general overview of the 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)***Page 1 of 2***STATEMENTS OF NET POSITION***September 30, 2020 and 2019*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current Assets</b>		
Equity in pooled cash	\$ 15,129,156	\$ 9,359,889
Investments	14,847,778	13,419,288
Accounts receivable, net of allowance for uncollectible amounts of \$1,086,236 and \$822,526, respectively	8,271,119	11,128,253
Prepaid expense	75,311	108,934
Inventories	3,453,227	3,168,750
<b>Total current assets</b>	<b>41,776,591</b>	<b>37,185,114</b>
<b>Noncurrent Assets</b>		
<b>Restricted Assets</b>		
Cash and cash equivalents	2,340,324	2,362,459
<b>Total restricted assets</b>	<b>2,340,324</b>	<b>2,362,459</b>
<b>Property, Plant and Equipment:</b>		
Production	53,510,468	51,920,021
Transmission	12,413,492	11,434,241
Distribution	30,854,765	27,241,702
General	11,197,191	10,885,878
Construction in progress	1,358,712	1,997,332
Cable and internet	17,603,561	17,667,282
<b>Total property, plant and equipment</b>	<b>126,938,189</b>	<b>121,146,456</b>
Less accumulated depreciation	60,714,801	57,585,152
<b>Property, plant and equipment, net</b>	<b>66,223,388</b>	<b>63,561,304</b>
<b>Total noncurrent assets</b>	<b>68,563,712</b>	<b>65,923,763</b>
<b>Total assets</b>	<b>110,340,303</b>	<b>103,108,877</b>
<b>Deferred Outflow of Resources</b>		
Deferred outflows - pension	1,089,945	3,203,670
Deferred outflows - OPEB	116,390	70,792
Unamortized expense on asset retirement obligation	11,778,330	12,657,036
<b>Total deferred outflows of resources</b>	<b>12,984,665</b>	<b>15,931,498</b>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)***Page 2 of 2***STATEMENTS OF NET POSITION***September 30, 2020 and 2019*

	<b>2020</b>	<b>2019</b>
<b>Liabilities</b>		
<b>Current Liabilities Payable from Unrestricted Assets</b>		
Accounts payable	\$ 806,116	\$ 2,716,851
Accrued liabilities	2,092,536	389,100
Due to component units of the primary government	233,485	75,975
Due to primary government	848,266	-
Accrued compensated absences	481,402	759,516
<b>Total current liabilities payable from unrestricted assets</b>	<b>4,461,805</b>	<b>3,941,442</b>
<b>Current Liabilities Payable from Restricted Assets</b>		
Revenue bonds - current	2,045,000	1,935,000
Customer deposits	2,340,324	2,362,459
Accrued interest	263,514	298,064
Asset retirement obligation - current	1,771,770	878,706
<b>Total current liabilities payable from restricted assets</b>	<b>6,420,608</b>	<b>5,474,229</b>
<b>Total current liabilities</b>	<b>10,882,413</b>	<b>9,415,671</b>
<b>Long-term Liabilities, Less Current Maturities</b>		
Revenue bonds payable, net of bond premium (discount)	47,721,487	53,789,801
Accrued compensated absences	639,699	259,385
Net pension liability	1,919,416	5,275,445
Total OPEB liability	899,492	809,311
Asset retirement obligation	10,006,560	11,778,330
<b>Total long-term liabilities, less current maturities</b>	<b>61,186,654</b>	<b>71,912,272</b>
<b>Total liabilities</b>	<b>72,069,067</b>	<b>81,327,943</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows - pension	1,457,624	140,293
Deferred inflows - OPEB	134,005	162,703
Deferred gain on refunding	358,541	415,095
<b>Total deferred inflows of resources</b>	<b>1,950,170</b>	<b>718,091</b>
<b>Net Position</b>		
Net investment in capital assets	41,715,450	36,111,453
Unrestricted	7,590,281	882,888
<b>Total net position</b>	<b>\$ 49,305,731</b>	<b>\$ 36,994,341</b>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
*For the Years Ended September 30, 2020 and 2019*

	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>		
Electric	\$ 62,514,994	\$ 67,767,885
Cable and internet	6,015,096	5,785,728
<b>Total operating revenues</b>	<b>68,530,090</b>	<b>73,553,613</b>
<b>Operating Expenses</b>		
Electric	40,238,959	41,871,642
Cable and internet operations	5,000,802	4,893,587
Administrative	628,632	613,523
Insurance	320,469	285,436
City services	709,267	625,495
Pilot	377,269	368,274
General fund	2,735,206	3,037,799
Board of development	718,703	683,535
<b>Total operating expenses</b>	<b>50,729,307</b>	<b>52,379,291</b>
<b>Operating Income Before Depreciation</b>	<b>17,800,783</b>	<b>21,174,322</b>
Less Depreciation	4,220,794	3,826,990
<b>Operating Income (Loss)</b>	<b>13,579,989</b>	<b>17,347,332</b>
<b>Nonoperating Revenue (Expenses)</b>		
Investment earnings	412,290	462,231
Interest expense	(2,264,020)	(3,129,832)
Amortization	579,868	65,388
Other income (expense)	3,263	18,520
<b>Total nonoperating revenue (expenses), net</b>	<b>(1,268,599)</b>	<b>(2,583,693)</b>
Change in Net Position	12,311,390	14,763,639
<b>Net Position, Beginning of Year</b>	<b>36,994,341</b>	<b>22,230,702</b>
<b>Net Position, End of Year</b>	<b>\$ 49,305,731</b>	<b>\$ 36,994,341</b>

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2020 and 2019

	2020	2019
<b>Operating Activities</b>		
Receipts from customers and users	\$ 71,365,089	\$ 72,659,186
Cash paid to employees	(11,036,840)	(10,601,616)
Cash paid to suppliers	(38,688,023)	(41,502,597)
<b>Net cash provided by (used) in operating activities</b>	<u>21,640,226</u>	<u>20,554,973</u>
<b>Investing Activities</b>		
Purchases of investments, net	(1,428,490)	(6,568,611)
Interest on investments	412,290	462,231
<b>Net cash provided by (used in) investing activities</b>	<u>(1,016,200)</u>	<u>(6,106,380)</u>
<b>Capital and Related Financing Activities</b>		
Purchase of capital assets	(6,882,877)	(5,851,325)
Proceeds from sale of capital assets	3,263	18,520
Principal payments	(5,435,000)	(10,172,334)
Interest and fiscal charges	(2,562,280)	(2,959,092)
<b>Net cash provided by (used in) in capital and related financing activities</b>	<u>(14,876,894)</u>	<u>(18,964,231)</u>
 Increase (Decrease) in Cash and Cash Equivalents	 5,747,132	 (4,515,638)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>11,722,348</u>	<u>16,237,986</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 17,469,480</u>	<u>\$ 11,722,348</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
Operating income (loss)	\$ 13,579,989	\$ 17,347,332
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,220,794	3,826,990
Provision for bad debts	263,709	12,686
Change in:		
Receivables	2,857,134	134,833
Prepaid assets	33,623	30,447
Inventories	(284,477)	54,190
Due to component units of the primary government	157,510	(104,046)
Due to primary government	848,266	(900,105)
Compensated absences	102,200	23,855
Deposits payable	(22,135)	(206,560)
Accounts payable and accrued liabilities	(207,299)	338,382
Deferred revenue - fuel adjustments	-	(822,700)
Net pension liability, net of changes in deferred resources	75,027	772,080
Total OPEB liability, net of changes in deferred resources	15,885	47,589
<b>Net Cash Provided by (Used In) Operating Activities</b>	<u>\$ 21,640,226</u>	<u>\$ 20,554,973</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>		
Equity in pooled cash	\$ 15,129,156	\$ 9,359,889
Restricted cash	2,340,324	2,362,459
<b>Total cash and cash equivalents</b>	<u>\$ 17,469,480</u>	<u>\$ 11,722,348</u>



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

### **NOTES TO FINANCIAL STATEMENTS**

*September 30, 2020 and 2019*

#### **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, 2020 and 2019

### 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:

	2020	2019
5% General fund transfer to City	\$ 2,735,206	\$ 3,037,799
1% Transfer to the City of BOD	718,703	683,535
Payment in lieu of property taxes	377,269	368,274
General and administrative	709,267	625,495
	<u>\$ 4,540,445</u>	<u>\$ 4,715,103</u>



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

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

***September 30, 2020 and 2019***

#### **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's portion of this pool is displayed on the statement of net position as "Equity in pooled cash".

In accordance with GASB Statement No. 31, the 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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue/increase of net pension liability) 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, 2020 and 2019***

#### **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.

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

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

#### Implementation of New Accounting Standards

The following standards have been issued but have not been implemented as not yet effective.

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities.

GASB Statement No. 87, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

GASB Statement No. 92, *Omnibus 2020*. This statement establishes comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. This statement improves financial reporting related to PPPs and APAs by establishing the definitions of these arrangements and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITA)*. This statement establishes accounting and financial reporting requirements for SBITAs.

GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment to GASB Statement No. 14 and 84, and a Supersession of GASB Statement No. 32*. This statement establishes accounting and financial reporting requirements for fiduciary component units.

### Note 2 - Deposits and Investments

Cash and investments as of September 30, 2020 and 2019, are classified in the accompanying financial statements as follows:

	<u>2020</u>	<u>2019</u>
Equity in pooled cash	\$ 15,129,156	\$ 9,359,889
Restricted cash	2,340,324	2,362,459
Investments	14,847,778	13,419,288
	<u>\$ 32,317,258</u>	<u>\$ 25,141,636</u>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NOTES TO FINANCIAL STATEMENTS (continued)***September 30, 2020 and 2019***Note 2 - Deposits and Investments (continued)**

Deposits and investments as of September 30, 2020 and 2019, consist of the following:

	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 2,771	\$ 2,822
Demand deposits	9,531,137	6,495,491
Investments***	22,783,350	18,643,323
Total deposits and investments	<u>\$ 32,317,258</u>	<u>\$ 25,141,636</u>

\*\*\* *Cash equivalents are included.*

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.

<b>Authorized Investment Type</b>	<b>Investment Policy</b>		
	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
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, 2020 and 2019***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, 2020, GEUS had the following investments:

<b>Investment Type</b>	<b>Amount</b>	<b>Weighted Average Maturity</b>
TexPool	\$ 1,791,839	38
Logic	1,800,385	54
Texas Daily	1,595,749	57
Texas Term	7,966,526	21
U.S. Treasury Obligations	6,483,582	400
U.S. Agencies Securities	3,145,269	328
Total	<u>\$ 22,783,350</u>	
Portfolio weighted-average maturity		178

As of September 30, 2019, GEUS had the following investments:

<b>Investment Type</b>	<b>Amount</b>	<b>Days to Maturity</b>
TexPool	\$ 25,797	34
Logic	30,177	49
Texas Daily	1,251,036	32
Texas Term	9,057,988	32
U.S. Treasury Obligations	3,735,821	369
U.S. Agencies Securities	4,542,504	168
Total	<u>\$ 18,643,323</u>	
Portfolio weighted-average maturity		133

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

### 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, 2020			
Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
TexPool	\$ 1,791,839	N/A	AAA
Logic	1,800,385	N/A	AAA
Texas Daily	1,595,749	N/A	AAAm
Texas Term	7,966,526	N/A	AAAm
U.S. Treasury Obligations	6,483,582	N/A	
U.S. Agencies Securities	3,145,269	N/A	
Total	<u>\$ 22,783,350</u>		

September 30, 2019			
Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
TexPool	\$ 25,797	N/A	AAA
Logic	30,177	N/A	AAA
Texas Daily	1,251,036	N/A	AAAm
Texas Term	9,057,988	N/A	AAAm
U.S. Treasury Obligations	3,735,821	N/A	
U.S. Agencies Securities	4,542,504	N/A	
Total	<u>\$ 18,643,323</u>		

Investments' fair value measurements are as follows as of September 30, 2020 and 2019:

September 30, 2020				
Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Treasury Obligations	\$ 6,483,582	\$ 6,483,582	\$ -	\$ -
Government securities:				
MUFG Bank	292,615	-	292,615	-
Credit Agricole	292,615	-	292,615	-
FNMA	1,289,080	-	1,289,080	-
FHLMC	1,270,959	-	1,270,959	-
Total	<u>\$ 9,628,851</u>	<u>\$ 6,483,582</u>	<u>\$ 3,145,269</u>	<u>\$ -</u>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NOTES TO FINANCIAL STATEMENTS (continued)**

September 30, 2020 and 2019

**Note 2 - Deposits and Investments (continued)****Disclosures Relating to Credit Risk (continued)**

<b>September 30, 2019</b>				
<b>Investments</b>	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Level 1 Inputs</b>	<b>Level 2 Inputs</b>	<b>Level 3 Inputs</b>
U.S. Treasury Obligations	\$ 3,735,821	\$ 3,735,821	\$ -	\$ -
Government securities:				
Toyota Motor Credit	403,033	-	403,033	-
MUFG Bank	251,850	-	251,850	-
Credit Agricole	252,089	-	252,089	-
FNMA	2,877,761	-	2,877,761	-
FHLMC	757,771	-	757,771	-
<b>Total</b>	<b>\$ 8,278,325</b>	<b>\$ 3,735,821</b>	<b>\$ 4,542,504</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, 2020, other than external investment pools, investments that represent 5% or more of GEUS' total are as follows.

<b>Investment</b>	<b>Investment Type</b>	<b>Amount</b>
Treasury Notes	U.S. Treasury Obligations	\$ 6,483,582
MUFG Bank	U.S. Agency Securities	292,615
Credit Agricole	U.S. Agency Securities	292,615
FNMA	U.S. Agency Securities	1,289,080
FHLMC	U.S. Agency Securities	1,270,959
Total		<b>\$ 9,628,851</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, 2020, GEUS' deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

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

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

***September 30, 2020 and 2019***

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

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

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.

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.

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.



# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

### Note 3 - Capital Assets

A summary of GEUS' capital assets at September 30, 2020, are as follows:

	Balance September 30, 2019	Increases	Decreases	Transfers	Balance September 30, 2020
<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	1,997,332	1,255,117	-	(1,893,737)	1,358,712
<b>Total capital assets not being depreciated</b>	<b>2,540,945</b>	<b>1,255,117</b>	<b>-</b>	<b>(1,893,737)</b>	<b>1,902,325</b>
<b>Capital assets being depreciated</b>					
Production	51,758,830	1,590,447	-	-	53,349,277
Transmission	11,380,740	693,785	(91,258)	376,724	12,359,991
Distribution	27,023,284	2,690,558	(594,508)	1,517,013	30,636,347
General	10,775,375	387,534	(76,221)	-	11,086,688
Cable and internet	17,667,282	265,436	(329,157)	-	17,603,561
<b>Total capital assets being depreciated</b>	<b>118,605,511</b>	<b>5,627,760</b>	<b>(1,091,144)</b>	<b>1,893,737</b>	<b>125,035,864</b>
<b>Accumulated depreciation</b>					
Production	21,167,210	1,757,641	-	-	22,924,851
Transmission	6,165,553	301,303	(91,258)	-	6,375,598
Distribution	13,412,475	1,024,583	(594,508)	-	13,842,550
General	5,762,671	479,834	(76,220)	-	6,166,285
Cable and internet	11,077,242	657,433	(329,158)	-	11,405,517
<b>Total accumulated depreciation</b>	<b>57,585,151</b>	<b>4,220,794</b>	<b>(1,091,144)</b>	<b>-</b>	<b>60,714,801</b>
<b>Total activities capital assets, net</b>	<b>\$ 63,561,305</b>	<b>\$ 2,662,083</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,223,388</b>

Construction in progress and remaining commitments for construction projects at September 30, 2020, are as follows:

Project Description	Authorized Contract	Total in Progress	Remaining Commitment
Digital Metering (AMI19001)	\$ 2,034,442	\$ 706,623	\$ 1,327,819
OPS Center Renovation	190,000	77,241	112,759
Sabert OH Recloser (DL20001)	25,000	9,144	15,856
Fiber Optic Network Multiplexer System	156,820	156,820	-
RTU Upgrade (SS20002)	60,000	46,471	13,529
Camera Project (IT20002)	63,435	63,435	-
OMS & IVR Systems (IT20004)	205,500	153,590	51,910
IRP	150,000	145,388	4,612
	<b>\$ 2,885,197</b>	<b>\$ 1,358,712</b>	<b>\$ 1,526,485</b>

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

### Note 3 - Capital Assets (continued)

A summary of GEUS' capital assets at September 30, 2019, are as follows:

	Balance September 30, 2018	Increases	Decreases	Transfers	Balance September 30, 2019
<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	679,190	1,318,142	-	-	1,997,332
<b>Total capital assets not being depreciated</b>	<b>1,222,803</b>	<b>1,318,142</b>	<b>-</b>	<b>-</b>	<b>2,540,945</b>
<b>Capital assets being depreciated</b>					
Production	50,177,744	1,597,826	(16,740)	-	51,758,830
Transmission	11,112,187	369,821	(101,268)	-	11,380,740
Distribution	26,662,183	1,049,964	(688,863)	-	27,023,284
General	10,075,179	912,174	(211,978)	-	10,775,375
Cable and internet	17,491,945	603,398	(428,061)	-	17,667,282
<b>Total capital assets being depreciated</b>	<b>115,519,238</b>	<b>4,533,183</b>	<b>(1,446,910)</b>	<b>-</b>	<b>118,605,511</b>
<b>Accumulated depreciation</b>					
Production	19,732,353	1,451,597	(16,740)	-	21,167,210
Transmission	5,973,633	286,280	(94,360)	-	6,165,553
Distribution	13,124,160	977,178	(688,863)	-	13,412,475
General	5,554,106	420,541	(211,976)	-	5,762,671
Cable and internet	10,813,910	691,394	(428,062)	-	11,077,242
<b>Total accumulated depreciation</b>	<b>55,198,162</b>	<b>3,826,990</b>	<b>(1,440,001)</b>	<b>-</b>	<b>57,585,151</b>
<b>Total activities capital assets, net</b>	<b>\$ 61,543,879</b>	<b>\$ 2,024,335</b>	<b>\$ (6,909)</b>	<b>\$ -</b>	<b>\$ 63,561,305</b>

Construction in progress and remaining commitments for construction projects at September 30, 2019, are as follows:

Project Description	Authorized Contract	Total in Progress	Remaining Commitment
LTV Substation Upgrade (SS1701)	\$ 2,260,800	\$ 1,693,713	\$ 567,087
LTV LTC Emergency Repair (SS19002)	96,559	96,845	(286)
DENT RD Tie (SS19001)	180,950	103,178	77,772
Digital Metering (AMI19001)	759,547	100,295	659,252
OPS Center Renovation	115,000	3,301	111,699
	<b>\$ 3,412,856</b>	<b>\$ 1,997,332</b>	<b>\$ 1,415,524</b>

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

### Note 4 - Long-term Liabilities

A summary of changes in general long-term liabilities for GEUS for the year ended September 30, 2020:

	Balance September 30, 2019	Additions	Deletions	Balance September 30, 2020	Within One Year
Bonds payable					
Revenue refunding bonds	\$ 50,910,000	\$ -	\$ (5,435,000)	\$ 45,475,000	\$ 2,045,000
Less:					
Issuance premiums	4,968,173	-	(580,769)	4,387,404	-
Issuance discounts	(153,373)	-	57,456	(95,917)	-
Total bonds payable	<u>55,724,800</u>	<u>-</u>	<u>(5,958,313)</u>	<u>49,766,487</u>	<u>2,045,000</u>
Net pension liability	5,275,445	-	(3,356,029)	1,919,416	-
Total OPEB liability	809,311	-	90,181	899,492	-
Compensated absences	<u>1,018,901</u>	<u>509,655</u>	<u>(407,455)</u>	<u>1,121,101</u>	<u>481,402</u>
Total	<u>\$ 62,828,457</u>	<u>\$ 509,655</u>	<u>\$ (9,631,616)</u>	<u>\$ 53,706,496</u>	<u>\$ 2,526,402</u>

A summary of changes in general long-term liabilities for GEUS for the year ended September 30, 2019:

	Balance September 30, 2018	Additions	Deletions	Balance September 30, 2019	Within One Year
Bonds payable					
Revenue bonds	\$ 13,180,000	\$ -	\$ (13,180,000)	\$ -	\$ -
Revenue refunding bonds	52,410,000	54,110,000	(55,610,000)	50,910,000	1,935,000
Less:					
Issuance premiums	613,300	4,968,173	(613,300)	4,968,173	-
Issuance discounts	(103,097)	(183,092)	132,816	(153,373)	-
Total bonds payable	<u>66,100,203</u>	<u>58,895,081</u>	<u>(69,270,484)</u>	<u>55,724,800</u>	<u>1,935,000</u>
Net pension liability	907,995	4,367,450	-	5,275,445	-
Total OPEB liability	911,220	-	(101,909)	809,311	-
Compensated absences	<u>995,046</u>	<u>506,936</u>	<u>(483,081)</u>	<u>1,018,901</u>	<u>759,516</u>
Total	<u>\$ 68,914,464</u>	<u>\$ 63,769,467</u>	<u>\$ (69,855,474)</u>	<u>\$ 62,828,457</u>	<u>\$ 2,694,516</u>

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NOTES TO FINANCIAL STATEMENTS (continued)***September 30, 2020 and 2019***Note 4 - Long-term Liabilities (continued)**

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

	<u>2020</u>	<u>2019</u>
Electric system revenue refunding bonds, Series 2019A, \$41,610,000 originally issued with interest rate of 5% matures in February 2035.	\$ 39,675,000	\$ 41,610,000
Electric system revenue refunding bonds, Series 2019B \$12,500,000 originally issued with interest rate of 5% matures in February 2024.	<u>5,800,000</u>	<u>9,300,000</u>
	45,475,000	50,910,000
Current maturities	<u>(2,045,000)</u>	<u>(1,935,000)</u>
Total long-term debt	<u>\$ 43,430,000</u>	<u>\$ 48,975,000</u>

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 April 16, 2019, GEUS issued \$41,610,000 of Electric System Revenue Refunding Bonds, Series 2019A. GEUS used the proceeds to refund the following two bonds: (1) \$12.7 million Electric System Revenue Bonds Series 2008, (2) \$38.2 million Electric System Revenue Refunding Bonds Series 2010. Interest is payable on each February 15 and August 15 thereafter until the earlier of redemption or maturity. Interest rate is 5%. GEUS also issued \$12,500,000 Electric System Revenue Refunding Bonds Series 2019B to refund the remaining \$12.4 million Electric System Revenue Refunding Bonds Series 2010. Interest is also payable on each February 15 and August 15 thereafter until the earlier of redemption or maturity. Interest rate is 5%. The total \$54,110,000 Electric System Revenue Refunding Bonds, Series 2019AB generated a gross savings of \$13.9 million and a net present value savings of \$8.4 million. Annual savings of approximately \$0.4 million is seen over 22 years.

The revenue bonds are payable as to both principal and interest solely from, and are secured by a first lien on and pledge of, the revenues of GEUS, after deduction of reasonable operations and maintenance expenses.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

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

The debt service requirements on the aforementioned bonded debt as of September 30, 2020, are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal and Interest</b>
2021	\$ 2,045,000	\$ 2,092,125	\$ 4,137,125
2022	2,140,000	1,987,500	4,127,500
2023	2,250,000	1,877,750	4,127,750
2024	8,170,000	1,682,500	9,852,500
2025	2,490,000	1,481,250	3,971,250
2026-2030	14,495,000	5,356,125	19,851,125
2031-2035	13,885,000	1,432,625	15,317,625
	<u>\$ 45,475,000</u>	<u>\$ 15,909,875</u>	<u>\$ 61,384,875</u>

#### Note 5 - Commitments and Contingencies

##### *Agreement with TMPA*

In 1975, the City, along with the cities of Bryan, Denton and Garland, Texas (Cities), entered into a Power Sales Contract with the TMPA. GEUS provided a portion of the electric services for the City under this contract. 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.

The Cities are obligated to cover operating cost and retirement of debt. In the event that 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, 2020 and 2019, payments to TMPA totaled \$1,617,437 and \$724,981, respectively.

As of September 30, 2020 and 2019, total TMPA outstanding debt was approximately \$220,348,000 and \$217,658,000 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 Gibbons Creek Steam Electric Station (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 discounted receivable from the Cities, who are ultimately responsible for funding this TMPA liability. As of September 30, 2020 and 2019, GEUS recognized its allocation of \$11,778,330 and \$12,657,036 respectively, as a GASB Statement No. 62 Regulatory Asset.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

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

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

Selected financial statement information of TMPA at September 30, is as follows (in thousands):

	2020	2019
Operating revenues	\$ 54,237	\$ 53,306
Operating expenses	19,102	152,062
Operating income (loss)	35,135	(98,756)
Interest charges	8,978	9,139
Current assets	65,776	57,220
Noncurrent assets	302,388	308,983
Total assets	368,164	366,203
Current liabilities	62,809	48,006
Noncurrent liabilities	317,553	333,670
Total liabilities	380,362	381,676
Total net position (deficit)	(12,198)	(15,473)

##### *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 \$718,703 and \$683,535 related to the Board of Development portion during the years ended September 30, 2020 and 2019, 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 or TMPA's Gibbons Creek Steam Electric Station will remain subject to the regulations currently in effect, will always be in compliance 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.

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, in order to obtain sufficient time to adequately investigate and test mercury control technologies under different operating scenarios. Testing was successfully completed and TMPA is in compliance 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.

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

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

***September 30, 2020 and 2019***

#### **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, which for Greenville is the Board. Under the legislation, the Board will determine if and when the electric system will be open to competition at retail.

If GEUS is open to competition, then provisions are included for GEUS to collect its stranded costs through non-bypassable wire charges. The 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 and Provisions**

The City participates as one of 888 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.

##### **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.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

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

##### Benefits Provided (continued)

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:	70% of CPI repeating
Supplemental death benefit – active employees and retirees	Yes

At the December 31, 2019 valuation and measurement date (the most current available), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	304
Inactive employees entitled to but not receiving benefits	169
Active employees	<u>332</u>
	<u>805</u>

There are seven retirees for GEUS.

##### Contributions

Employees for GEUS were required to contribute 7% of their annual gross earnings during 2020 and 2019. Employer contributions are actuarially determined. For the fiscal years ended September 30, 2020 and 2019, GEUS contributed \$878,341 and \$971,308, respectively, which equaled its required contributions.

##### Net Pension Liability

The City's net pension liability was measured as of December 31, 2019, 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 39% based on retirement contributions.

##### Actuarial Assumptions

The total pension liability of the City and Components Units in the December 31, 2019 and 2018 actuarial valuations was determined using the following actuarial assumptions:

Inflation:	2.5%
Overall payroll growth	3.50% to 11.50% including inflation
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.



## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

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

##### Actuarial Assumptions (continued)

These 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 healthy annuitants and Annuity Purchase Rate (APRs) are 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 table below:

The target allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. equities	17.5%	4.55%
International equities	17.5%	6.35%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	4.15%
Real estate	10.0%	4.15%
Real return	10.0%	4.75%
Absolute return	10.0%	4.00%
Private equity	5.0%	7.75%
Total	100.0%	

##### 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 employee contributions will remain at the current 7% 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NOTES TO FINANCIAL STATEMENTS (continued)**

September 30, 2020 and 2019

**Note 8 - Employee Retirement Systems and Pension Plans (continued)****Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the plan year:			
Service cost	\$ 1,082,829	\$ -	\$ 1,082,829
Interest (on the Total Pension Liability)	2,799,639	-	2,799,639
Difference between expected and actual experience	307,542	-	307,542
Changes of assumptions	98,155	-	98,155
Contributions - employer	-	819,519	(819,519)
Contributions - employee	-	531,170	(531,170)
Net investment income	-	6,330,378	(6,330,378)
Benefit payments, including refunds of employee contributions	(2,501,376)	(2,501,376)	-
Administrative expense	-	(35,798)	35,798
Other changes	-	(1,075)	1,075
<b>Net Changes</b>	<b>1,786,789</b>	<b>5,142,818</b>	<b>(3,356,029)</b>
Balance at December 31, 2018	47,246,296	41,970,851	5,275,445
<b>Balance at December 31, 2019</b>	<b>\$ 49,033,085</b>	<b>\$ 47,113,669</b>	<b>\$ 1,919,416</b>

**Sensitivity of GEUS' Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the proportionate share of the net pension liability (asset) of GEUS as of September 30, 2020, 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:

	1% Decrease (5.75%)	Current Single Discount Rate Assumption (6.75%)	1% Increase (7.75%)
GEUS' proportionate share of the net pension liability	\$ 7,875,729	\$ 1,919,416	\$ (3,052,597)

**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).

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NOTES TO FINANCIAL STATEMENTS (continued)***September 30, 2020 and 2019***Note 8 - Employee Retirement Systems and Pension Plans (continued)*****Pension Liabilities, Pension Expense and Deferred Outflows of Resources Related to Pensions***

At September 30, 2020 and 2019, GEUS reported a liability of \$1,919,416 and \$5,275,445, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and 2018, 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, 2019 and 2018, GEUS' proportion was 39% and 41%, respectively.

For the years ended September 30, 2020 and 2019, GEUS recognized pension expense of \$1,041,429 and \$1,696,152, respectively.

At September 30, 2020 and 2019, GEUS reported deferred outflow/inflows of resources related to pensions from the following sources:

	<b>2020</b>		<b>2019</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ 286,549	\$ 31,645	\$ 118,467	\$ 140,293
Changes of assumptions	69,539	-	-	-
Net differences between projected and actual investment earnings	-	1,425,979	2,354,689	-
Contributions subsequent to the measurement date through year-end	733,857	-	730,514	-
Total	<u>\$ 1,089,945</u>	<u>\$ 1,457,624</u>	<u>\$ 3,203,670</u>	<u>\$ 140,293</u>

Deferred outflows of resources at September 30, 2020, related to pensions resulting from contributions subsequent to the measurement date of \$733,857 will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year September 30,</b>	<b>Net deferred outflows (inflows) of resources</b>
2021	\$ (291,703)
2022	(278,956)
2023	181,972
2024	(712,849)
Total	<u>\$ (1,101,536)</u>

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

#### 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, 2020, 2019, and 2018, were \$19,828, \$22,698 and \$17,502, 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, 2019 was as follows:

Inactive employees currently receiving benefits	207
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>332</u>
Total plan members	<u>570</u>

The GEUS' total OPEB liability of \$544,338 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2019. GEUS' proportion was 39%.

The GEUS' total OPEB liability of \$483,656 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2017. GEUS' proportion was 41%.

##### **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, 2019.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

#### 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, 2019 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

*Valuation Date:* December 31, 2019

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

Inflation:	2.50%
Salary Increases:	3.50% to 11.50%, including inflation
Discount rate:	2.75%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.
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, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NOTES TO FINANCIAL STATEMENTS (continued)***September 30, 2020 and 2019***Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)****TMRS Supplemental Death Benefits Fund (continued)****Changes in the Total OPEB Liability**

Service cost	\$	5,323
Interest on the total OPEB liability		5,844
Difference between expected and actual experience of the total OPEB liability		(30,273)
Changes of assumptions		84,341
Benefit payments		(4,553)
Net change in total OPEB liability		60,682
Total OPEB liability - beginning		483,656
Total OPEB liability - ending	\$	544,338
Covered payroll	\$	7,588,149
Total OPEB liability as a percentage of covered payroll		7.17%

**Sensitivity Analysis**

The following presents proportionate share of GEUS for the Total OPEB Liability of the employer, calculated using the discount rate of 2.75%, 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 (1.75%) or 1 percentage point higher (3.75%) 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.

<b>1% Decrease to 1.75%</b>	<b>Current Discount Rate 2.75%</b>	<b>1% Increase to 3.75%</b>
\$ 653,336	\$ 544,338	\$ 458,839

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****NOTES TO FINANCIAL STATEMENTS (continued)***September 30, 2020 and 2019***Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)****TMRS Supplemental Death Benefits Fund (continued)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity**

For the years ended September 30, 2020 and 2019, the GEUS recognized OPEB expense of \$48,986 and \$39,670, respectively, relating to the SDBF plan and OPEB expense of \$19,461 and \$23,053, respectively, relating to the retiree healthcare plan for a total OPEB expense of \$68,447 and \$62,723, respectively.

As of September 30, 2020 and 2019, the GEUS reported deferred outflows of resources related to OPEBs from the following sources:

	<b>2020</b>		<b>2019</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 16,683	\$ 10,319	\$ -
Changes assumptions	62,347	-	21,345	25,532
Contributions subsequent to the measurement date	14,182	-	17,586	-
Total	<u>\$ 76,529</u>	<u>\$ 16,683</u>	<u>\$ 49,250</u>	<u>\$ 25,532</u>

GEUS contributions made subsequent to the measurement date of the total OPEB liability (December 31, 2019) and prior to year-end (September 30, 2020) 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:

<b>Fiscal Year</b>	<b>Net deferred outflows (inflows) of resources</b>
2021	\$ 14,226
2022	14,226
2023	7,636
2024	9,577
Total	<u>\$ 45,664</u>

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

#### 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, 2019, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	12
Inactive, Nonretired Members	0
Active Members	<u>379</u>
Total	<u>391</u>

##### Total OPEB Liability

The proportionate share of GEUS for the total OPEB liability of \$355,154 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2018. GEUS proportion is 33.00% based on health insurance contribution. The proportionate share of GEUS for the total OPEB liability of \$325,656 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2017. GEUS proportion is 34.00% based on health insurance contribution.

##### Actuarial assumptions and methods

The total OPEB liability at the December 31, 2019 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, 2018

*Methods and Assumptions:*

Actuarial Cost Method:	Individual Entry-Age
Discount Rate:	2.75% as of December 31, 2019
Inflation:	2.50%
Salary Increases:	3.50% to 11.50%, including inflation



## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

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

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

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

Demographic Assumptions:	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). For the OPEB valuation, the standard TMRS retirement rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality:	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 to account for future mortality improvements.
Health Care Trend Rates:	Increases to the City's retiree medical subsidy 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 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the demographic and salary increase assumptions for TMRS participants were updated to reflect the 2019 TMRS Experience Study.
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##### 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 2.75% (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 3.71% 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, 2020 and 2019

**Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)****Retiree Health Care Plan (RHCP) (continued)****Changes in the Total OPEB Liability**

Service cost	\$	21,347
Interest on the total OPEB liability		2,328
Difference between expected and actual experience of the total OPEB liability		(2,280)
Changes of assumptions		19,781
Benefit payments		(11,677)
Net change in total OPEB liability		29,499
Total OPEB liability - beginning		325,655
Total OPEB liability - ending	\$	355,154
Covered payroll	\$	6,253,917
Total OPEB liability as a percentage of covered payroll		5.68%

The ending balance of the Total OPEB Liability was \$355,154 as of December 31, 2019. Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019.

**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 2.75%, 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 1.75%	Assumption 2.75%	1% Increase to 3.75%
\$ 385,030	\$ 355,154	\$ 327,313

**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 Trend Rate		
1% Decrease	Assumption	1% Increase
\$ 355,154	\$ 355,154	\$ 355,154

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, 2020 and 2019***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, 2020 and 2019, GEUS recognized proportionate share in OPEB expense of \$19,461 and \$23,053, respectively, relating to the retiree healthcare plan and OPEB expense of \$48,986 and \$39,670, respectively, relating to the SDBF plan, for a total OPEB expense of \$68,447 and \$62,723, respectively. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of	Deferred Inflows of Resources	Deferred Outflows of	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 95,443	\$ -	\$ 111,158
Changes assumptions	28,423	21,879	13,337	26,013
Contributions subsequent to the measurement date	11,438	-	8,206	-
Total	<u>\$ 39,861</u>	<u>\$ 117,322</u>	<u>\$ 21,543</u>	<u>\$ 137,171</u>

GEUS contributions made subsequent to the measurement date of the total OPEB liability (December 31, 2019) and prior to year-end (September 30, 2020) 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
2021	\$ (13,791)
2022	(13,791)
2023	(13,791)
2024	(13,791)
2025	(13,791)
Thereafter	(19,944)
Total	<u>\$ (88,899)</u>

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

### 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, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Federal agency securities	\$ 3,145,269	\$ -	\$ 3,145,269	\$ -
U.S. Treasury obligations	6,483,582	-	6,483,582	-
Total investments by fair value level	9,628,851	\$ -	\$ 9,628,851	\$ -
Investments measured at net asset value				
LOGIC	1,800,385			
Texas DAILY	1,595,749			
Texas TERM	7,966,526			
Total investments measured at net asset value	11,362,660			
Investment measured at amortized cost	1,791,839			
Total investments	\$ 22,783,350			

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, 2020, no investments held by GEUS met the Level 3 hierarchy classification.

## GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

### NOTES TO FINANCIAL STATEMENTS (continued)

September 30, 2020 and 2019

#### 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 actually removed from the ERCOT system on October 30, 2019. These actions triggered TMPA to record a decommissioning/environmental remediation liability and a corresponding discounted receivable from the Member Cities, as they are obligated to pay all associated costs. As of September 30, 2020 and 2019, the liability due from GEUS is \$11,778,330 and \$12,657,036 based on 10.01% allocated to the City of Greenville.

	2020	2019
Due within one year	\$ 1,771,770	\$ 878,706
Due in one to five years	6,362,920	8,004,560
Due in more than five years	3,643,640	3,773,770
	11,778,330	12,657,036
Less unamortized discount	(1,830,776)	(2,006,153)
	<u>\$ 9,947,555</u>	<u>\$ 10,650,883</u>

#### 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 the 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 the GEUS legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of GEUS.

#### Note 14 - Subsequent Event

In preparing the accompanying financial statements, management has reviewed all known events that have occurred after September 30, 2020, and through March 18, 2021, the date on which the financial statements were available to be issued, for inclusion in the financial statements and footnotes.



## **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 SIX MEASUREMENT YEARS**  
**(UNAUDITED)**

	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
<b>Total Pension Liability:</b>						
Service cost	\$ 1,082,829	\$ 1,098,257	\$ 1,037,143	\$ 1,007,771	\$ 955,582	\$ 871,454
Interest (on the Total Pension Liability)	2,799,639	3,112,844	2,916,644	2,821,116	2,748,004	2,643,356
Difference between expected and actual experience	307,542	164,743	(182,255)	(287,976)	62,453	6,172
Change in assumptions	98,155	-	-	-	873,886	-
Benefit payments, including refunds of employee contributions	(2,501,376)	(2,454,460)	(2,275,181)	(2,005,553)	(2,252,263)	(1,883,874)
Net change in total pension liability	1,786,789	1,921,384	1,496,351	1,535,358	2,387,661	1,637,107
Total pension liability - beginning	47,246,296	45,324,912	43,828,561	42,293,203	39,905,541	38,268,434
<b>Total pension liability - ending (a)</b>	<b>\$ 49,033,085</b>	<b>\$ 47,246,296</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	\$ 819,519	\$ 866,123	\$ 782,680	\$ 711,450	\$ 719,233	\$ 766,358
Contributions - employee	531,170	533,116	500,345	483,509	475,414	487,314
Net investment income	6,330,378	(1,363,109)	5,529,771	2,579,004	57,852	2,156,762
Benefit payments, including refunds of employee contributions	(2,501,376)	(2,454,460)	(2,275,181)	(2,005,553)	(2,252,263)	(1,883,874)
Administrative expense	(35,798)	(26,357)	(28,666)	(29,135)	(35,239)	(22,520)
Other	(1,075)	(1,378)	(1,452)	(1,570)	(1,740)	(1,852)
Net change in plan fiduciary net position	5,142,818	(2,446,065)	4,507,497	1,737,705	(1,036,744)	1,502,188
Plan fiduciary net position - beginning	41,970,851	44,416,916	39,909,420	38,171,715	39,208,459	37,706,272
<b>Plan fiduciary net position - ending (b)</b>	<b>47,113,669</b>	<b>41,970,851</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>\$ 1,919,416</b>	<b>\$ 5,275,445</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>	96.09%	88.83%	98.00%	91.06%	90.25%	98.25%
<b>Covered Payroll</b>	<b>\$ 7,588,140</b>	<b>\$ 7,610,929</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 Employee Payroll</b>	25.29%	69.31%	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'S CONTRIBUTIONS**  
**LAST SIX FISCAL YEARS**  
**(UNAUDITED)**

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

**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	26 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.

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)****REQUIRED OTHER POST-EMPLOYMENT BENEFITS SUPPLEMENTAL INFORMATION***September 30, 2020**(UNAUDITED)***SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS****GEUS PROPORTIONATE SHARE****TMRS SUPPLEMENTAL DEATH BENEFITS FUND***For the Last Three Measurement Years*

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 5,323	\$ 20,550	\$ 16,440
Interest on the total OPEB liability	5,844	27,302	15,209
Difference between expected and actual experience of the total OPEB liability	(30,273)	12,886	-
Changes of assumptions	84,341	(31,883)	34,615
Benefit payments	(4,553)	(3,806)	(3,574)
Net change in total OPEB liability	60,682	25,049	62,690
Total OPEB liability - beginning	483,656	458,607	395,917
Total OPEB liability - ending	<u>\$ 544,338</u>	<u>\$ 483,656</u>	<u>\$ 458,607</u>
 Covered payroll	 \$ 7,588,149	 \$ 7,610,929	 \$ 7,147,780
 Total OPEB liability as a percentage of covered payroll	 7.17%	 6.35%	 6.42%

**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.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**GEUS PROPORTIONATE SHARE**  
**RETIREE HEALTH CARE PLAN**  
**For the Last Three Measurement Years**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 21,347	\$ 24,207	\$ 20,142
Interest on the total OPEB liability	2,328	17,502	16,099
Difference between expected and actual experience of the total OPEB liability	(2,280)	(122,241)	(4,294)
Changes of assumptions	19,781	(29,484)	17,317
Benefit payments	(11,677)	(16,942)	(20,929)
Net change in total OPEB liability	29,499	(126,958)	28,335
Total OPEB liability - beginning	325,655	452,613	424,278
Total OPEB liability - ending	<u>\$ 355,154</u>	<u>\$ 325,655</u>	<u>\$ 452,613</u>
 Covered payroll	 \$ 6,253,917	 \$ 6,075,613	 \$ 6,197,147
 Total OPEB liability as a percentage of covered payroll	 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.

## Statistical Section

### (Unaudited)

This part of Greenville Electric Utility System's comprehensive annual 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.

Table of Contents	Page
<b>Financial Trends</b>	52
These schedules contain trend information to help the reader understand how GEUS' financial performance and well-being have changed over time.	
<b>Debt Capacity</b>	56
These schedules contain trend information to help the reader assess the affordability of GEUS' current levels of outstanding debt and GEUS' ability to issue additional debt in the future.	
<b>Revenue Capacity</b>	60
These schedules contains information to help the reader assess GEUS' revenue sources, the sale of electricity and cable and internet.	
<b>Demographic and Economic Information</b>	62
These schedules offer demographic and economic indicators to help the reader understand the environment within which the utility's financial activities take place.	
<b>Operating Information</b>	74
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.	

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

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net Investment in capital assets	\$41,715,450	\$36,111,453	\$ 28,436,832	\$26,814,332	\$28,004,217
Restricted	-	-	4,536,273	5,152,752	5,173,144
Unrestricted	7,590,281	882,888	(10,742,403)	(13,317,583)	23,693,043
Total fund net position	<u>\$49,305,731</u>	<u>\$36,994,341</u>	<u>\$ 22,230,702</u>	<u>\$18,649,501</u>	<u>\$56,870,404</u>

Source: Greenville Electric Utility System, Audited Financial Statements.

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net Investment in capital assets	\$29,311,545	\$30,438,242	\$29,718,020	\$30,475,340	\$25,388,821
Restricted	5,162,133	4,966,778	4,959,453	987,483	947,750
Unrestricted	24,711,704	20,911,033	20,226,789	24,811,850	27,204,379
Total fund net position	\$59,185,382	\$56,316,053	\$54,904,262	\$56,274,673	\$53,540,950

Source: Greenville Electric Utility System, Audited Financial Statements.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

Page 1 of 2

**SCHEDULE OF CHANGES IN NET POSITION**

Last Ten Fiscal Years

	2020	2019	2018	2017	2016
<b>Operating Revenues</b>					
Electric	\$ 62,514,994	\$ 67,767,885	\$ 60,348,437	\$ 56,332,151	\$ 52,993,461
Cable & Internet	6,015,096	5,785,728	6,110,792	6,039,392	6,050,648
<b>Total operating revenues</b>	<b>68,530,090</b>	<b>73,553,613</b>	<b>66,459,229</b>	<b>62,371,543</b>	<b>59,044,109</b>
<b>Operating Expenses</b>					
Electric	40,238,959	41,871,642	45,144,618	48,954,429	43,884,348
Cable & Internet	5,000,802	4,893,587	5,147,590	4,983,896	4,832,073
Administrative	628,632	613,523	493,963	1,174,141	1,155,099
Insurance	320,469	285,436	238,625	229,442	230,415
City Services	709,267	625,495	572,225	695,621	685,369
Pilot	377,269	368,274	360,593	356,100	355,678
General Fund	2,735,206	3,037,799	2,849,244	2,446,730	2,627,770
Board of Development	718,703	683,535	569,849	489,346	525,554
<b>Total operating expenses</b>	<b>50,729,307</b>	<b>52,379,291</b>	<b>55,376,707</b>	<b>59,329,705</b>	<b>54,296,306</b>
Net (Expense) Revenue	17,800,783	21,174,322	11,082,522	3,041,838	4,747,803
<b>Non-operating Revenues and Expenses</b>					
<b>Non-operating revenues:</b>					
Investment earnings	412,290	462,231	139,611	29,683	74,877
Amortization	579,868	65,388	42,051	41,662	41,285
Insurance recoveries	-	-	-	-	-
Intergovernmental grants	-	-	-	-	-
Other income	3,263	18,520	27,991	-	33,255
<b>Non-operating expenses:</b>					
Depreciation	4,220,794	3,826,990	3,634,614	3,977,782	3,863,263
Interest expense	2,264,020	3,129,832	3,271,906	3,263,258	3,348,935
Bond issuance costs	-	-	-	-	-
Amortization	-	-	-	-	-
Market value adjustment	-	-	-	-	-
Other expense	-	-	-	-	-
<b>Income Before Impairment</b>	<b>12,311,390</b>	<b>14,763,639</b>	<b>4,385,655</b>	<b>(4,127,857)</b>	<b>(2,314,978)</b>
Impairment of Prepaid Electric Costs <sup>1</sup>	-	-	-	(34,093,046)	-
Change in Net Position	12,311,390	14,763,639	4,385,655	(38,220,903)	(2,314,978)
<b>Net Position, Beginning of Year</b>	<b>36,994,341</b>	<b>22,230,702</b>	<b>18,649,501</b>	<b>56,870,404</b>	<b>59,185,382</b>
Change in Accounting Principle <sup>2</sup>	-	-	(804,454)	-	-
<b>Net Position, End of Year</b>	<b>\$ 49,305,731</b>	<b>\$ 36,994,341</b>	<b>\$ 22,230,702</b>	<b>\$ 18,649,501</b>	<b>\$ 56,870,404</b>

(1) 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.

(2) 2018 – GASB 75, 2015 – GASB 68, 2013 – GASB 63



**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**

Page 2 of 2

**SCHEDULE OF CHANGES IN NET POSITION**

Last Ten Fiscal Years

	2015	2014	2013	2012	2011
<b>Operating Revenues</b>					
Electric	\$ 58,167,459	\$ 59,813,332	\$ 54,576,496	\$ 49,655,678	\$ 69,171,343
Cable & Internet	6,021,775	5,620,376	5,239,826	5,143,745	4,953,237
<b>Total operating revenues</b>	<u>64,189,234</u>	<u>65,433,708</u>	<u>59,816,322</u>	<u>54,799,423</u>	<u>74,124,580</u>
<b>Operating Expenses</b>					
Electric	45,250,943	50,177,109	44,802,901	35,973,563	49,205,811
Cable & Internet	4,722,986	4,549,820	4,175,756	3,965,543	3,705,186
Administrative	234,909	311,705	139,203	436,887	262,050
Insurance	234,816	245,118	621,871	541,756	-
City Services	647,480	773,273	231,883	698,272	725,181
Pilot	350,000	350,000	350,000	350,000	319,600
General Fund	2,698,026	2,448,772	2,419,687	2,442,075	2,793,511
Board of Development	539,605	489,755	483,936	492,559	562,223
<b>Total operating expenses</b>	<u>54,678,765</u>	<u>59,345,552</u>	<u>53,225,237</u>	<u>44,900,655</u>	<u>57,573,562</u>
Net (Expense) Revenue	9,510,469	6,088,156	6,591,085	9,898,768	16,551,018
<b>Non-operating Revenues and Expenses</b>					
<b>Non-operating revenues:</b>					
Investment earnings	78,011	35,176	39,342	75,101	59,774
Amortization	40,925	40,580	42,319	-	15,563
Insurance recoveries	506,550	2,500,000	-	-	-
Intergovernmental grants	-	-	-	-	75,212
Other income	20,876	-	-	-	10,987
<b>Non-operating expenses:</b>					
Depreciation	3,911,061	3,797,529	3,811,878	3,529,617	3,499,636
Interest expense	3,310,403	3,325,365	3,303,682	3,401,754	3,661,168
Bond issuance costs	62,530	-	-	-	-
Amortization	-	-	-	152,470	-
Market value adjustment	-	-	-	-	13,639
Other expense	-	129,227	6,017	156,305	-
<b>Income Before Impairment</b>	<u>2,872,837</u>	<u>1,411,791</u>	<u>(448,831)</u>	<u>2,733,723</u>	<u>9,538,111</u>
Impairment of Prepaid Electric Costs <sup>1</sup>	-	-	-	-	-
Change in Net Position	<u>2,872,837</u>	<u>1,411,791</u>	<u>(448,831)</u>	<u>2,733,723</u>	<u>9,538,111</u>
<b>Net Position, Beginning of Year</b>	56,316,053	54,904,262	56,274,673	53,540,950	44,002,839
Change in Accounting Principle <sup>2</sup>	(3,508)	-	(921,580)	-	-
<b>Net Position, End of Year</b>	<u>\$ 59,185,382</u>	<u>\$ 56,316,053</u>	<u>\$ 54,904,262</u>	<u>\$ 56,274,673</u>	<u>\$ 53,540,950</u>

(1) 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.

(2) 2018 – GASB 75, 2015 – GASB 68, 2013 – GASB 63

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

Page 1 of 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Operating Revenues</b>					
Charges for services	\$ 68,530,090	\$ 73,553,613	\$ 66,459,229	\$ 62,371,543	\$ 59,044,109
Interest Revenue	412,290	462,231	139,611	29,683	74,877
<b>Total Operating Revenues</b>	<u>68,942,380</u>	<u>74,015,844</u>	<u>66,598,840</u>	<u>62,401,226</u>	<u>59,118,986</u>
<b>Operating Expenses (1):</b>					
Fuel and Purchased Power,					
Operations and maintenance (2)	45,218,233	46,765,229	50,292,208	53,938,325	48,716,421
Administrative expenses	970,629	898,959	732,588	1,403,583	1,385,514
Intergovernmental	4,540,445	4,715,103	4,351,911	3,987,797	4,194,371
<b>Total Operating Expenses</b>	<u>50,729,307</u>	<u>52,379,291</u>	<u>55,376,707</u>	<u>59,329,705</u>	<u>54,296,306</u>
Net Available for Debt Services	18,213,073	21,636,553	11,222,133	3,071,521	4,822,680
Debt Service Requirements	4,310,875	8,256,251	5,450,334	3,807,879	3,812,179
Coverage of Debt Service Requirements					
by Net Revenues Available for Debt Service	4.22	3.00	2.06	0.81 <sup>(3)</sup>	1.27
Total Revenue Bond Debt Outstanding	<u>45,475,000</u>	<u>50,910,000</u>	<u>66,100,203</u>	<u>69,875,255</u>	<u>70,391,916</u>
Unamortized Premium & Discount	<u>4,291,486</u>	<u>4,814,800</u>	<u>510,203</u>	<u>552,255</u>	<u>593,916</u>
Total Outstanding Revenue Debt	<u>\$ 49,766,486</u>	<u>\$ 55,724,800</u>	<u>\$ 66,610,406</u>	<u>\$ 70,427,510</u>	<u>\$ 70,985,832</u>
Debt Per Capita	3,270	3,848	4,476	4,887	5,018
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 2012 Amortized PEC - \$948,887

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

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

FY 2011 Amortized PEC - \$948,887

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

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

FY 2010 Amortized PEC - \$948,887

(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

	2015	2014	2013	2012	2011
<b>Operating Revenues</b>					
Charges for services	\$ 64,189,234	\$ 65,433,708	\$ 59,816,322	\$ 54,799,423	\$ 74,124,580
Interest Revenue	78,011	35,176	39,342	75,101	59,774
<b>Total Operating Revenues</b>	<u>64,267,245</u>	<u>65,468,884</u>	<u>59,855,664</u>	<u>54,874,524</u>	<u>74,184,354</u>
<b>Operating Expenses (1):</b>					
Fuel and Purchased Power,					
Operations and maintenance (2)	49,973,929	54,726,929	49,293,957	39,939,106	52,910,997
Administrative expenses	469,725	311,705	371,086	1,135,159	262,050
Intergovernmental	4,235,111	4,306,918	3,560,194	3,826,390	4,400,515
<b>Total Operating Expenses</b>	<u>54,678,765</u>	<u>59,345,552</u>	<u>53,225,237</u>	<u>44,900,655</u>	<u>57,573,562</u>
Net Available for Debt Services	9,588,480	6,123,332	6,630,427	9,973,869	16,610,792
Debt Service Requirements	3,803,935	3,747,503	3,749,003	3,744,803	4,666,955
Coverage of Debt Service Requirements					
by Net Revenues Available for Debt Service	2.52	1.63	1.77	2.66	3.56
Total Revenue Bond Debt Outstanding	<u>70,888,202</u>	<u>68,121,127</u>	<u>68,581,707</u>	<u>69,029,026</u>	<u>75,271,880</u>
Unamortized Premium & Discount	<u>635,202</u>	<u>676,127</u>	<u>716,707</u>	<u>759,026</u>	<u>796,880</u>
Total Outstanding Revenue Debt	<u>\$ 71,523,404</u>	<u>\$ 68,797,254</u>	<u>\$ 69,298,414</u>	<u>\$ 69,788,052</u>	<u>\$ 76,068,760</u>
Debt Per Capita	5,186	4,995	5,060	5,183	5,661
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 2012 Amortized PEC - \$948,887
FY 2017 Amortized PEC - \$1,549,897	FY 2014 Amortized PEC - \$1,333,742	FY 2011 Amortized PEC - \$948,887
FY 2016 Amortized PEC - \$1,549,896	FY 2013 Amortized PEC - \$1,137,816	FY 2010 Amortized PEC - \$948,887

(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, 2020*

<b>Year Ending 9/30</b>	<b>The Series 2019A Bonds</b>			<b>The Series 2019B Bonds <sup>(1) (2) (3)</sup></b>			<b>Grand Total Requirements</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2021	\$ 2,045,000	\$ 1,932,625	\$ 3,977,625	\$ -	\$ 159,500	\$ 159,500	\$ 4,137,125
2022	2,140,000	1,828,000	3,968,000	-	159,500	159,500	4,127,500
2023	2,250,000	1,718,250	3,968,250	-	159,500	159,500	4,127,750
2024	2,370,000	1,602,750	3,972,750	5,800,000	79,750	5,879,750	9,852,500
2025	2,490,000	1,481,250	3,971,250	-	-	-	3,971,250
2026	2,615,000	1,353,625	3,968,625	-	-	-	3,968,625
2027	2,750,000	1,219,500	3,969,500	-	-	-	3,969,500
2028	2,890,000	1,078,500	3,968,500	-	-	-	3,968,500
2029	3,040,000	930,250	3,970,250	-	-	-	3,970,250
2030	3,200,000	774,250	3,974,250	-	-	-	3,974,250
2031	3,360,000	610,250	3,970,250	-	-	-	3,970,250
2032	3,535,000	437,875	3,972,875	-	-	-	3,972,875
2033	3,710,000	256,750	3,966,750	-	-	-	3,966,750
2034	2,365,000	104,875	2,469,875	-	-	-	2,469,875
2035	915,000	22,875	937,875	-	-	-	937,875
	<u>\$ 39,675,000</u>	<u>\$ 15,351,625</u>	<u>\$ 55,026,625</u>	<u>\$ 5,800,000</u>	<u>\$ 558,250</u>	<u>\$ 6,358,250</u>	<u>\$ 61,384,875</u>

<sup>(1)</sup> Represents actual final maturity.<sup>(2)</sup> On September 25, 2019, the District prepaid \$3,200,000 in principal and \$9,778 of accrued interest on the Series 2019B Bonds.<sup>(3)</sup> On September 25, 2020, the City prepaid \$3,500,000 in principal and \$10,694 of accrued interest on the Series 2019B Bonds.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)***Page 1 of 2***SCHEDULE OF REVENUE BY SOURCES***Last Ten Fiscal Years*

<b>Description</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Residential	\$19,295,474	\$19,113,503	\$19,035,430	\$16,497,193	\$16,366,985
Commercial	30,339,952	32,591,568	31,684,764	30,624,462	29,839,218
Wholesale	11,138,654	13,970,011	6,692,021	7,438,673	4,766,015
Cable & Internet	6,015,095	6,015,096	6,110,792	6,039,392	6,050,648
Interest revenue	412,290	412,290	139,611	29,683	74,877
Miscellaneous	1,740,915	2,092,803	2,936,222	1,771,823	2,021,243
Total Revenue	<u>\$68,942,380</u>	<u>\$74,195,271</u>	<u>\$ 66,598,840</u>	<u>\$62,401,226</u>	<u>\$59,118,986</u>

Source: Greenville Electric Utility System, Audited Financial Statements.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)***Page 2 of 2***SCHEDULE OF REVENUE BY SOURCES***Last Ten Fiscal Years*

<b>Description</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Residential	\$17,375,894	\$15,340,932	\$15,169,517	\$13,561,174	\$15,886,740
Commercial	31,920,738	28,438,844	28,721,858	27,198,986	32,145,829
Wholesale	6,627,222	14,011,634	8,535,041	6,820,025	18,786,663
Cable & Internet	6,021,775	5,620,376	5,239,826	5,143,745	4,953,237
Interest revenue	78,011	35,176	39,342	75,101	59,774
Miscellaneous	2,243,605	2,021,922	2,150,080	2,075,493	2,352,111
Total Revenue	<u>\$64,267,245</u>	<u>\$65,468,884</u>	<u>\$59,855,664</u>	<u>\$54,874,524</u>	<u>\$74,184,354</u>

Source: Greenville Electric Utility System, Audited Financial Statements.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)****DEMOGRAPHIC AND ECONOMIC STATISTICS***Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>Estimated Population<sup>a</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income<sup>b</sup></b>	<b>School Enrollment<sup>c</sup></b>	<b>Unemployment Rate<sup>d</sup></b>
2011	26,030	509,094,740	19,558	5,002	8.3%
2012	25,624	484,677,960	18,915	5,068	7.6%
2013	25,834	516,654,166	19,999	5,711	6.3%
2014	25,834	465,580,348	18,022	5,711	6.3%
2015	25,917	477,883,563	18,439	5,824	6.2%
2016	26,800	502,682,180	19,201	5,408	5.5%
2017	26,180	551,209,943	19,779	5,628	4.7%
2018	27,443	581,462,284	21,188	5,354	4.5%
2019	28,263	628,823,487	22,249	5,360	4.1%
2020	28,827	677,982,213	23,519	5,359	4.1%

Sources: <sup>a</sup>Estimated population <http://www.city-data.com/city/Greenville-Texas.html>  
<http://worldpopulationreview.com/us-cities/greenville-tx-population/>

<sup>b</sup>Per Capita Income <http://www.city-data.com/city/Greenville-Texas.html>  
<https://www.census.gov/quickfacts/fact/table/greenvillecitytexas/PST045217>

<sup>c</sup>School Enrollment <http://www.city-data.com/city/Greenville-Texas.html>  
<https://schools.texastribune.org/districts/greenville-isd/>

<sup>d</sup>Unemployment Rate [http://reports.dfwjobs.com/monthly\\_report](http://reports.dfwjobs.com/monthly_report)  
<https://www.bestplaces.net/economy/city/texas/greenville>



# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## PRINCIPAL CUSTOMERS

Current Year and Nine Years Ago

2020			2011		
Customer	Rank	% of Revenue Base	Customer	Rank	% of Revenue Base
L3 Harris Technologies	1	11.84%	L3 Harris Technologies	1	10.92%
CYTEC Industries Inc.	2	2.76%	Rubbermaid	2	7.34%
FSTI Inc.	3	2.33%	Solvay Composite Materi	3	1.85%
Hunt RegionalMedical Center	4	1.63%	Hunt Regional Medical C	4	1.44%
Rock Tenn Corp	5	1.03%	FSTI Inc.	5	1.45%
International Grains & Cereal LLC	6	1.01%	Rock Tenn Corp	6	0.65%
Fritz Industries Inc.	7	0.85%	Wal-Mart	7	0.59%
Weatherford ArtificialLift#224	8	1.30%	Brookshires	8	0.54%
Wal-Mart	9	0.66%	Lift #224	9	0.69%
City Sewer Disposal Plant	10	0.58%	Masonite	10	0.47%
<b>Totals</b>		<b>23.98%</b>			<b>25.95%</b>

Source: Greenville Electric Utility System, Billing Register

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)***Page 1 of 2***NUMBER OF CUSTOMER ACCOUNTS AT YEAR-END***Last Ten Fiscal Years*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Electric</b>					
Number	15,218	14,873	14,769	14,297	14,028
% Change	2.32%	0.70%	3.30%	1.92%	2.63%
<b>Cable Only</b>					
Number	925	1,155	3,270	3,604	3,765
% Change	-19.91%	-64.68%	-9.27%	-4.28%	-3.14%
<b>Internet Only</b>					
Number	2,619	2,247	2,160	1,967	1,801
% Change	16.56%	4.03%	9.81%	9.22%	8.69%
<b>Cable and Internet</b>					
Number	1,691	1,802	4,185	4,103	3,928
% Change	-6.16%	-56.94%	2.00%	4.46%	6.57%

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

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Electric</b>					
Number	13,669	13,637	13,553	13,319	13,296
% Change	0.23%	0.62%	1.76%	0.17%	0.08%
<b>Cable Only</b>					
Number	3,887	4,111	4,475	4,543	4,511
% Change	-5.45%	-8.13%	-1.50%	0.71%	-1.81%
<b>Internet Only</b>					
Number	1,657	1,503	1,218	1,098	949
% Change	10.25%	23.40%	10.93%	15.70%	-68.19%
<b>Cable and Internet</b>					
Number	3,686	3,610	3,415	3,232	3,020
% Change	2.11%	5.71%	5.66%	7.02%	n/a

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

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

Page 1 of 4

## TEN YEAR RATE ANALYSIS

Last Ten Fiscal Years

Electric	2020	2019	2018	2017	2016
<b>Residential</b>					
Consumer Charge	\$ 10.79	\$ 10.79	\$ 10.79	\$ 10.79	\$ 10.79
Energy Charge: June - October billing months (Per kWh)	0.0745	0.0745	0.0745	0.0745	0.0745
Energy Charge: November - May billing months (First 1200 kWh)	0.0664	0.0664	0.0664	0.0664	0.0664
Energy Charge: November - May billing months (Over 1200 kWh)	0.0475	0.0475	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)*	0.0300	0.0327	0.0310	0.0270	0.0230
Regulatory Charge (Per kWh)*	\$ 0.0020	\$ 0.0020	\$ 0.0020	\$ 0.0010	\$ 0.0008
Greenville General Fund Transfer Fee	5%	5%	5%	5%	5%
Greenville Board of Development Transfer Fee	1%	1%	1%	1%	1%
<b>General Service - Non-Demand</b>					
Consumer Charge	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93
Energy Charge:	0.0691	0.0691	0.0691	0.0691	0.0691
Fuel Adjustment Factor (Per kWh)*	0.0300	0.0327	0.0310	0.0270	0.0230
Regulatory Charge (Per kWh)*	\$ 0.0020	\$ 0.0020	\$ 0.0020	\$ 0.0010	\$ 0.0008
Greenville General Fund Transfer Fee	5%	5%	5%	5%	5%
Greenville Board of Development Transfer Fee	1%	1%	1%	1%	1%
<b>General Service - Demand</b>					
Consumer Charge	\$ 20.55	\$ 20.55	\$ 20.55	\$ 20.55	\$ 20.55
Demand Charge: (per kWh of billing demand)	12.33	12.33	12.33	12.33	12.33
Energy Charge: (First 600 kWh)	0.0323	0.0323	0.0323	0.0323	0.0323
Energy Charge: (Per kWh over 6000 kWh)	0.0104	0.0104	0.0104	0.0104	0.0104
Fuel Adjustment Factor (Per kWh)*	0.0300	0.0327	0.0310	0.0270	0.0230
Regulatory Charge (Per kw)*	\$ 0.5000	\$ 0.5000	\$ 0.5000	\$ 0.3500	\$ 0.2000
Greenville General Fund Transfer Fee	5%	5%	5%	5%	5%
Greenville Board of Development Transfer Fee	1%	1%	1%	1%	1%

\* Rate at end of fiscal year

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

# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

Page 2 of 4

## TEN YEAR RATE ANALYSIS

Last Ten Fiscal Years

Electric	2015	2014	2013	2012	2011
<b>Residential</b>					
Consumer Charge	\$ 10.79	\$ 10.79	\$ 7.50	\$ 7.50	\$ 7.50
Energy Charge: June - October billing months (Per kWh)	0.0745	0.0745	0.0630	0.0630	0.0630
Energy Charge: November - May billing months (First 1200 kWh)	0.0664	0.0664	N/A	N/A	N/A
Energy Charge: November - May billing months (Over 1200 kWh)	0.0475	0.0475	N/A	N/A	N/A
Energy Charge: November - May billing months (First 600 kWh)	N/A	N/A	0.0580	0.0580	0.0580
Energy Charge: November - May billing months (Next 600 kWh)	N/A	N/A	0.0430	0.0430	0.0430
Energy Charge: November - May billing months (Remainder kWh)	N/A	N/A	0.0320	0.0320	0.0320
Fuel Adjustment Factor (Per kWh)*	0.0300	0.3400	0.0280	0.0280	0.0330
Regulatory Charge (Per kWh)*	\$ 0.0006	N/A	N/A	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>General Service - Non-Demand</b>					
Consumer Charge	\$ 17.93	\$ 17.93	\$ 14.25	\$ 14.25	\$ 14.25
Energy Charge:	0.0691	0.0691	0.0620	0.0620	0.0620
Fuel Adjustment Factor (Per kWh)*	0.0300	0.3400	0.0280	0.0280	0.0330
Regulatory Charge (Per kWh)*	\$ 0.0006	N/A	N/A	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>General Service - Demand</b>					
Consumer Charge	\$ 20.55	\$ 20.55	\$ 16.00	\$ 16.00	\$ 16.00
Demand Charge: (per kWh of billing demand)	12.33	12.33	8.00	8.00	8.00
Energy Charge: (First 600 kWh)	0.0323	0.0323	0.0310	0.0310	0.0310
Energy Charge: (Per kWh over 6000 kWh)	0.0104	0.0104	0.0100	0.0100	0.0100
Fuel Adjustment Factor (Per kWh)*	0.0300	0.3400	0.0280	0.0280	0.0330
Regulatory Charge (Per kw)*	\$ 0.1500	N/A	N/A	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%

\* Rate at end of fiscal year

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

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)***Page 3 of 4***TEN YEAR RATE ANALYSIS***Last Ten Fiscal Years*

<b>Cable &amp; Internet**</b>	<b>2020</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Cable</b>					
Economy	\$ 36.95	\$ 29.95	\$ 21.95	\$ 21.95	\$ 21.95
Economy Plus	89.95	72.95	67.95	57.95	57.95
Digital	106.95	87.95	75.95	67.95	67.95
<b>Residential Internet</b>					
Copper-R 5 Mbps	29.95	14.95	14.95	14.95	-
Bronze-R 10 Mbps	52.95	24.95	24.95	24.95	-
Silver-R 20 Mbps	89.95	41.95	41.95	41.95	41.95
Residential - 30 Mbps	-	-	-	-	61.95
Gold -R 50 Mbps	-	61.95	61.95	61.95	-
Residential - 60 Mbps	-	-	-	-	99.95
Platinum-R 100 Mbps	-	95.95	95.95	95.95	-
<b>Commercial Internet</b>					
Swift-C 10 Mbps	59.95	-	75.95	75.95	75.95
Quick-C 20 Mbps	109.95	-	129.95	129.95	-
Rapid-C 30 Mbps	-	69.95	171.95	171.95	171.95
Express-C 60 Mbps	-	89.95	225.95	225.95	275.95
Top Fuel-C 100 Mbps	-	149.95	325.95	325.95	-
<b>Streaming Internet</b>					
Gold Streaming Package	-	102.95	102.95	-	-
Silver Streaming	-	79.95	-	-	-

\* Rate at end of fiscal year

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

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)***Page 4 of 4***TEN YEAR RATE ANALYSIS***Last Ten Fiscal Years*

<b>Cable &amp; Internet**</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Cable</b>					
Economy	\$ 21.95	\$ 15.95	\$ 15.95	\$ 15.95	\$ 15.95
Economy Plus	57.95	45.95	46.95	45.95	45.95
Digital	67.95	55.95	60.95	57.95	55.95
<b>Residential Internet</b>					
Copper-R 5 Mbps	-	-	-	-	-
Bronze-R 10 Mbps	-	-	-	-	-
Silver-R 20 Mbps	41.95	41.95	41.95	41.95	41.95
Residential - 30 Mbps	61.95	61.95	61.95	-	-
Gold -R 50 Mbps	-	-	-	-	-
Residential - 60 Mbps	99.95	99.95	99.95	-	-
Platinum-R 100 Mbps	-	-	-	-	-
<b>Commercial Internet</b>					
Swift-C 10 Mbps	75.95	75.95	75.95	75.95	75.95
Quick-C 20 Mbps	-	-	-	-	-
Rapid-C 30 Mbps	171.95	171.95	171.95	171.95	171.95
Express-C 60 Mbps	275.95	275.95	275.95	275.95	275.95
Top Fuel-C 100 Mbps	-	-	-	-	-
<b>Streaming Internet</b>					
Gold Streaming Package	-	-	-	-	-
Silver Streaming	-	-	-	-	-

\* Rate at end of fiscal year

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





# GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)

## PRINCIPAL EMPLOYERS

For the Current Year and Nine Years Ago

Name of Employer	2020			2011		
	No. of Employees	Rank	Percentage of Total City Employment	No. of Employees	Rank	Percentage of Total City Employment
L-3 Communications Integrated Systems	6,500	1	57.65%	5,000	1	42.68%
Hunt Regional Medical Center	1,100	2	9.76%	900	2	7.68%
Greenville ISD	800	3	7.10%	825	3	7.04%
McKesson	500	4	4.43%	500	5	4.27%
Hunt County	350	5	3.10%	402	6	3.43%
Solvay	350	6	3.10%	289	8	2.47%
Wal-Mart Supercenter	300	7	2.66%	365	7	3.12%
Masonite Corp	250	8	2.22%	0	-	-
Weatherford International	225	9	2.00%	225	10	1.92%
Innovation First	225	10	2.00%	0	-	-
Rubbermaid				650	4	5.55%
City of Greenville				289	9	2.47%
Total	10,600		94.01%	9,445		80.63%
Total employment within the City	11,275			11,714		

Source: Greenville Economic Development Corporation

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

*Page 1 of 2*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Administrative &	47	43	40	40	36
Engineering &	40	38	41	40	42
Production	19	28	28	28	28
Cable & Internet	15	17	17	17	17
Total	<u>121</u>	<u>126</u>	<u>126</u>	<u>125</u>	<u>123</u>

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>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Administrative &	36	39	36	37	37
Engineering &	42	42	39	42	41
Production	28	30	31	31	30
Cable & Internet	17	17	15	15	15
Total	<u>123</u>	<u>128</u>	<u>121</u>	<u>125</u>	<u>123</u>

Source: Greenville Electric Utility System, Personnel Department Records.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**SCHEDULE OF OPERATING INDICATORS BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

*Page 1 of 2*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Wholesale electric energy:</b>					
Wholesale (kWh)	343,698,123	154,257,596	108,572,851	197,420,131	129,565,699
Wholesale Power Cost per kWh	0.03240825	0.09056287	0.06163623	0.03767940	0.03678454
<b>Energy sales:</b>					
Residential					
kWh sales	166,972,901	160,135,849	164,173,285	143,973,588	148,211,427
Average kWh/customer	12,790	12,607	13,048	11,737	12,376
Average energy revenue per kWh	0.11556051	0.11935805	0.11594718	0.11458486	0.11042998
Average annual billing/customer	1,478.01	1,504.76	1,512.91	1,344.84	1,366.65
Customers, end of year	13,055	12,702	12,582	12,267	11,976
Customer increase (decrease) net	353	120	315	291	211
Commercial					
kWh sales	341,639,471	354,495,931	359,476,351	361,656,032	368,205,022
Average kWh/customer	157,947	163,287	164,370	178,156	179,437
Average energy revenue per kWh	0.08880693	0.09193778	0.08814144	0.08467842	0.08103968
Customers, end of year	2,163	2,171	2,187	2,030	2,052
Customer increase (decrease) net	(8)	(16)	157	(22)	148
<b>Totals</b>					
Retail Sales kWh	508,612,372	514,631,780	523,649,636	505,629,620	516,416,449
Average energy revenue per	0.09758989	0.10047003	0.09685903	0.09319402	0.08947469
Customers, end of year	15,218	14,873	14,769	14,297	14,028
<b>Annual load factor</b>	<b>52.8%</b>	<b>52.5%</b>	<b>52.0%</b>	<b>52.5%</b>	<b>51.3%</b>
<b>Peak demand (MW)</b>	<b>110</b>	<b>112</b>	<b>115</b>	<b>110</b>	<b>115</b>

Source: Greenville Electric Utility System, Audited Financial Statements.

**GREENVILLE ELECTRIC UTILITY SYSTEM (GEUS)**  
**SCHEDULE OF OPERATING INDICATORS BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

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	2015	2014	2013	2012	2011
<b>Wholesale electric energy:</b>					
Wholesale (kWh)	141,099,209	308,375,907	207,592,597	118,298,663	255,830,160
Wholesale Power Cost per kWh	0.04696853	0.04543686	0.04111438	0.05765091	0.07343412
<b>Energy sales:</b>					
Residential					
kWh sales	147,741,108	152,308,394	147,662,193	142,920,827	154,608,614
Average kWh/customer	12,558	13,137	12,914	12,502	13,738
Average energy revenue per kWh	0.11761042	0.10072283	0.10273122	0.09488592	0.10275456
Average annual billing/customer	1,476.91	1,323.18	1,326.70	1,186.25	1,411.65
Customers, end of year	11,765	11,594	11,434	11,432	11,254
Customer increase (decrease) net	171	160	2	178	11,254
Commercial					
kWh sales	359,904,781	351,652,747	359,011,355	369,246,607	404,921,880
Average kWh/customer	189,026	172,126	169,425	195,679	198,297
Average energy revenue per kWh	0.08869218	0.08087195	0.08000265	0.07366076	0.07938773
Customers, end of year	1,904	2,043	2,119	1,887	2,042
Customer increase (decrease) net	(139)	(76)	232	(155)	2,042
Totals					
Retail Sales kWh	507,645,889	503,961,141	506,673,548	512,167,434	559,530,494
Average energy revenue per kWh	0.09710831	0.08687133	0.08662654	0.07958366	0.08584442
Customers, end of year	13,669	13,637	13,553	13,319	13,296
<b>Annual load factor</b>	<b>50.8%</b>	<b>54.8%</b>	<b>52.6%</b>	<b>53.6%</b>	<b>52.8%</b>
<b>Peak demand (MW)</b>	<b>114</b>	<b>105</b>	<b>110</b>	<b>109</b>	<b>121</b>

Source: Greenville Electric Utility System, Audited Financial Statements.

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

*Page 1 of 2*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Electric Distribution:</b>					
Number of	9	9	9	9	9
Miles of Distribution	726	703	703	703	703
System Capacity	303.2	247.2	247.2	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***

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Electric Distribution:</b>					
Number of	9	9	9	9	9
Miles of Distribution	703	703	703	703	703
System Capacity	247.2	247.2	247.2	247.2	247.2

Source: Greenville Electric Utility System, Engineering Records.

