

COMBINED UTILITY SYSTEM OF EASLEY

Easley, South Carolina



ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEARS ENDED MARCH 31, 2025 AND 2024

Prepared by the Finance Department



This Page Intentionally Left Blank

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

TABLE OF CONTENTS

YEARS ENDED MARCH 31, 2025 AND 2024

	<u>Page</u>
Table of Contents	i
<u>INTRODUCTORY SECTION (UNAUDITED)</u>	
List of Principal Officials	1
Organization Chart	2
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting - GFOA	7
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT	11
Management's Discussion and Analysis	15
Basic Financial Statements:	
Statements of Net Position	32
Statements of Revenues, Expenses, and Changes in Net Position	33
Statements of Cash Flows	34
Notes to the Financial Statements	35
Required Supplementary Information:	
Other Postemployment Benefit ("OPEB") Plan Schedules:	
Schedule of Changes in the Utility's Net OPEB Liability and Related Ratios	66
Schedule of Employer Contributions	67
Pension Plan Schedules:	
Schedule of the Utility's Proportionate Share of the Net Pension Liability - South Carolina Retirement System	68
Schedule of Contributions - South Carolina Retirement System	69
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Statistical Section - Table of Contents	72
FINANCIAL TRENDS INFORMATION	
Net Position by Component	73
Changes in Net Position	74
Schedule of Revenues by Source	75
Schedule of Expenses by Unit by Activity	76

(Continued)

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

TABLE OF CONTENTS

YEARS ENDED MARCH 31, 2025 AND 2024

	<u>Page</u>
<u>STATISTICAL SECTION (UNAUDITED) (CONTINUED)</u>	
REVENUE CAPACITY INFORMATION	
Electric System (Current Rate Structure, Historical Connections and Demand, Ten Largest Customers, and Purchased Power History)	77
Water System (Current Rate Structure, Historical Connection and Consumption, and Ten Largest Customers)	81
Sewer System (Current Rate Structure, Historical Connection, and Ten Largest Customers)	85
DEBT CAPACITY INFORMATION	
Ratios of Bonded Debt Outstanding	88
Historical Statements of Revenues, Expenses, Debt Service and Debt Service Coverage	89
DEMOGRAPHIC AND ECONOMIC INFORMATION	
Pickens County Demographic Data	90
Principal Employers of Pickens County	91
OPERATING INFORMATION	
Number of Employees by Identifiable Activity	92
Operating and Capital Indicators	93
<u>COMPLIANCE SECTION</u>	
Schedule of Expenditures of Federal Awards	96
Notes to the Schedule of Expenditures of Federal Awards	97
Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	99
Independent Auditor's Report - Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	101
Summary Schedule of Prior Audit Findings	103
Schedule of Findings and Questioned Costs	104



INTRODUCTORY SECTION



This Page Intentionally Left Blank

COMBINED UTILITY SYSTEM OF EASLEY

LIST OF PRINCIPAL OFFICIALS

Commission of Public Works - Manager Form of Government

COMMISSION OF PUBLIC WORKS

MR. JEFF R. FOGLE
Commissioner



MR. ERIC D. GOODWIN
Commissioner - Chairman



MR. JAMES N. CALDWELL
Commissioner



UTILITY ADMINISTRATION

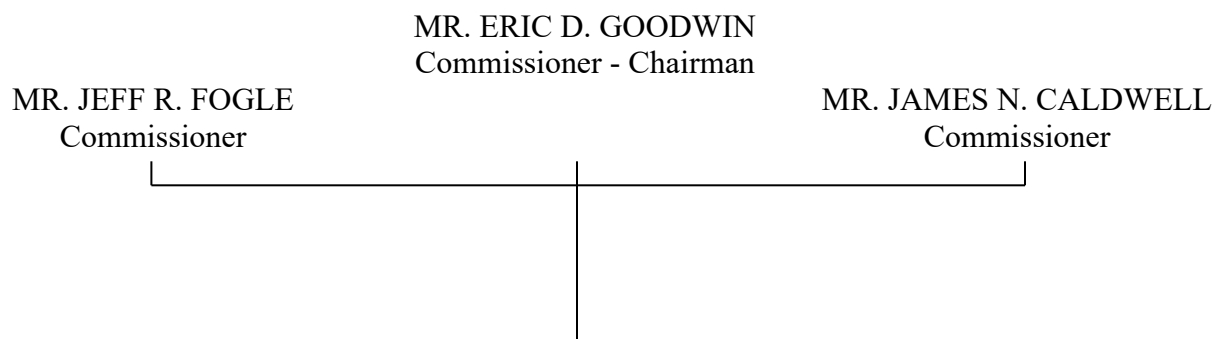
MR. JAMES A. SEVIC
General Manager



COMBINED UTILITY SYSTEM OF EASLEY

ORGANIZATION CHART

COMMISSION OF PUBLIC WORKS



MANAGEMENT

MR. JAMES A. SEVIC
General Manager



EASLEY COMBINED UTILITIES

A Community Tradition

Letter of Transmittal

August 13, 2025

To the Commissioners and Customers
of the Combined Utility System of Easley

We are pleased to present the Annual Comprehensive Financial Report (“ACFR”) for the Combined Utility System of Easley (the “Utility”) for the year ended March 31, 2025. The Utility is responsible for the accuracy and completeness of the presentation, including all necessary disclosures, of the ACFR. The ACFR is designed to provide the reader with a comprehensive understanding of the Utility’s financial activities. The enclosed information has been presented to the best of our knowledge and belief.

The Utility’s management has established a system of internal controls designed to provide reasonable, but not absolute, assurance for the safeguarding of assets and financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits.

The Utility is required by state law to publish an annual financial report audited by a certified public accountant. This ACFR fulfills that requirement. Greene Finney Cauley, LLP conducted the independent audit of the Utility’s financial statements. The objective of the audit was to obtain reasonable assurance that the financial statements are free of material misstatements. The audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in “*Government Auditing Standards*.” Greene Finney Cauley, LLP has issued an unmodified opinion that the Utility’s financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. The Independent Auditor’s Report is presented as the first component of the financial section of this report.

Following the Independent Auditor’s Report, in the financial section of this report, is the Management’s Discussion and Analysis (“MD&A”). The MD&A provides an overview and analysis of the Utility’s financial statements. This Letter of Transmittal is intended to complement the MD&A and should be read in conjunction with it.

Profile of the Utility

The Utility was originally established in 1911 to supply water and electricity to the City of Easley. In 1959, wastewater service was added. The Utility is operated and managed by the Commission of Public Works (the “Commission”). The Commission is comprised of three representatives that are elected to six-year staggered terms.

The electric system maintained by the Utility services approximately 51 square miles in, and around, the City of Easley. The power is supplied by Piedmont Municipal Power Agency (“PMPA”), a joint action agency, of which Easley and nine other upstate cities are members, and its allocation of hydro-power from the Southeastern Power Administration (“SEPA”). PMPA owns 25% of Unit Two at the Catawba Nuclear Plant in York, South Carolina. PMPA secures for the Utility supplemental power and energy, above its allocation from Catawba, from Santee Cooper. As of March 31, 2025, the Utility had 17,469 electric accounts.

The Utility has one water treatment plant (Don L. Moore Water Treatment Plant), located on the Saluda Lake. The Utility provides water on a wholesale basis to water districts including: Southside Water District, Easley Central Water District, Dacusville-Cedar Rock Water District, and Powdersville Water District. These water districts accounted for approximately 35% of total water sales (by volume) in 2025. The water system services approximately 40 square miles in Pickens County. As of March 31, 2025, the Utility had 15,662 water accounts.

The Utility maintains three wastewater treatment plants (Middle Branch, Georges Creek, and Golden Creek) and capacity entitlement in REWA Georges Creek treatment plant. The wastewater system serves approximately 40 square miles in and around Pickens County (Middle Branch is located in, and services some customers in, Anderson County). As of March 31, 2025, the Utility had 13,110 wastewater accounts.

Financial Profile of the Utility

The Utility adopts an annual operating budget for management and financial planning purposes. During adoption of the budget, the Commission reviews and assesses future financial plans (minimum of five years) including: capital improvement plans, rate-setting projections, and debt service needs. The Commission adopts the annual operating budget before the fiscal year begins (April 1) and sets the rates to meet operating and financial objectives. In long-range planning, the Commission utilizes numerous benchmarking tools to determine necessary steps in maintaining a reliable, efficient and affordable utility system. One financial benchmark that the Commission strives to maintain is a favorable debt service ratio. For fiscal year 2025, the debt coverage ratio, based on revenue bond covenant definition, was a strong 1.89. Also, the Utility reviews other local comparable rates, in the region, to determine if rates are reasonably set. Customer rates for the year compare favorably with those in the region.

For the year ending March 31, 2025, the Utility’s net position was approximately \$105,789,000, a 10.2% increase from the 2024 fiscal year. The positive change in net position for the current period can be attributed to a slight customer base increase, strong investment income, several large contributions in aid of construction developments (non-cash), capital grant revenue, and efficient spending in operations. The Utility incurred a great deal of capital expenditures in the fiscal year (discussed in more detail in our attached MD&A), as we have taken aggressive measures in assuring reliability in all three systems. We have positioned the Utility in a strong financial position to continue operating the Utility in an efficient manner, without sacrificing reliability.

Local Economy

The Utility operates in Pickens County, SC (in and around the Easley city limits). Population for the county has steadily increased throughout the past ten years. The unemployment rate has steadied itself as of March 31, 2025 at approximately 3.6%. The major employers of the county include Clemson University and the School District of Pickens County. Located between Greenville and Clemson, the Easley community has seen a surge in residential development, which is noted in the increase of capacity fees and contribution in aid collected the past several years. With an estimated sizeable population growth expected over the next ten years, the Utility is well positioned to handle the service needs of the county.

Long-Term Financial Planning

The Utility prepares a ten-year facility plan for each utility department. The long-range plans make recommendations on improvements in each department over the ten-year period for growth and reliability. The recommendations of the facility plans are incorporated into the Utility's capital plan, which is updated on an annual basis. The capital plan includes the projected cost of projects, the timing of the projects, and a projected source of funds. The Utility also prepares a five-year pro-forma financial forecast that incorporates information from the capital plan. These tools allow the Utility to formulate and maintain the Utility's financial stability.

Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Utility for its Annual Comprehensive Financial Report for the year ended March 31, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The successful completion of this Annual Comprehensive Financial Report would not have been possible without the commitment and hard work of many different people. The entire finance staff has continued to maintain an exemplary level of performance without which this report would not be able to be completed.

We appreciate the dedication and hard work displayed by the commissioners and employees of the Utility in continuing our mission in "providing reliable, high quality, and environmentally responsible utility services at the best possible value to the greater Easley, South Carolina community."



James A. Sevic
General Manager



This Page Intentionally Left Blank



Government Finance Officers Association

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

Presented to

**Combined Utility System of Easley
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

March 31, 2024

Christopher P. Morill

Executive Director/CEO



This Page Intentionally Left Blank



FINANCIAL SECTION



This Page Intentionally Left Blank



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Combined Utility System of Easley
Easley, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Combined Utility System of Easley, Easley, South Carolina (the "Utility"), as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Utility, as of March 31, 2025 and 2024, and the changes in financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the other postemployment benefits schedules of changes in the Utility's net other postemployment benefits liability and related ratios and employer contributions, and the pension plan schedules of the Utility's proportionate share of the net pension liability and contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Utility's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2025 on our consideration of the Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utility's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
August 13, 2025



This Page Intentionally Left Blank

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024



As management of the Combined Utility System of Easley (the “Utility” or “Easley Combined Utilities”), we offer readers of the Utility’s financial statements this narrative overview and analysis of the financial activities of the Utility for the years ended March 31, 2025 and 2024. Our analysis includes comparisons of fiscal years 2025 (“FY 2025” or “2025”), 2024 (“FY 2024” or “2024”), and 2023 (“FY 2023” or “2023”). The intent of this management’s discussion and analysis (“MD&A”) is to look at the Utility’s financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information provided in the transmittal letter, the financial statements, and notes to the financial statements to enhance their understanding of the Utility’s overall financial performance.

FINANCIAL HIGHLIGHTS

- Net position increased by \$9,835,000, or 10.2% in FY 2025 versus \$6,390,000, or 7.1% in FY 2024.
- Operating revenues of \$57,200,000 for FY 2025 increased \$1,982,000 or 3.6% over FY 2024.
- Operating expenses (including depreciation and amortization) of \$54,655,000 for FY 2025 increased \$2,142,000, or 4.1% over FY 2024.
- Operating income of \$2,545,000 for FY 2025 decreased \$160,000 over FY 2024, or a decrease of 5.9%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section*, the *Financial Section* (which includes management’s discussion and analysis, the financial statements, and the required supplementary information), the *Statistical Section*, and the *Compliance Section*.

The Utility operates as a utility enterprise and maintains accounting records in accordance with the U.S. generally accepted accounting principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”). The basic financial statements include: Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and the Notes to the Financial Statements.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The **Statements of Net Position** present the financial position of the Utility as of a specific date. These statements provide information about the nature and amount of resources (assets and deferred outflows of resources) and obligations (liabilities and deferred inflows of resources), with the difference reported as net position, some of which may be restricted in accordance with bond covenants and Board of Commissioners’ policy. Over time, increases and decreases in net position may serve as indicators of whether the financial position of the Utility is improving or deteriorating.

The **Statements of Revenues, Expenses, and Changes in Net Position** present the results of the business activities over the course of the fiscal year and information about how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The **Statements of Cash Flows** present changes in cash and cash equivalents, resulting from operating, capital and related financing, and investing activities. These statements present cash receipts and cash disbursement information without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The **Notes to the Financial Statements** provide required disclosures and other information essential to fully understand the data provided in the statements.

Required supplementary information contain additional financial data and though not a required part of the financial statements, this data enhances information provided to users.

SUMMARY OF THE ORGANIZATION AND BUSINESS

The Commission of Public Works (the "Commission") operates and manages the Utility which provides water, wastewater and electrical services in the City of Easley (“City”) and surrounding areas. The Commission is the policy-making body of the Utility and approves all major operating procedures, expenditures, capital improvements and rates and charges. All charges imposed upon customers for services rendered are set by the Commission and require no approval by any state or local agency.

The Commission makes recommendations to the City Council for the issuance of bonds to finance improvements to the Utility but is otherwise authorized under State law to have full control and management of the Utility. The Commission appoints the General Manager, the Utility’s chief executive officer. As a matter of policy, the Commission periodically reviews management’s recommendations relating to capital improvements, service obligations and projections along with revenue requirements to meet these needs. The Commission consists of three members elected by the electorate of the City to six-year staggered terms, with one seat up for election every two years. The members of the Commission, as of March 31, 2025, and the number of years of continuous service as Commission members are as follows:

<u>Name</u>	<u>Number of Years Served</u>
Eric D. Goodwin (Chairman)	11
James N. Caldwell	13
Jeff R. Fogle	14

The Utility was established in 1911 as the Easley Water and Light Plant and placed under the control of the Commission. In 1953, the water and electric systems were combined and the existing wastewater system of the City was added in 1959. The combined Utility is governed by the Commission.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Utility's net position as of March 31, 2025, 2024, and 2023:

Combined Utility System of Easley Condensed Statements of Net Position (Amounts In Thousands)					
	March 31,			Variance 2025 vs. 2024	
	2025	2024	2023	Dollars	Percent
Current and Other Assets	\$ 51,880	\$ 49,276	\$ 53,748	\$ 2,604	5.3%
Capital Assets, Net	116,904	108,096	97,676	8,808	8.1%
Total Assets	168,784	157,372	151,424	11,412	7.3%
Total Deferred Outflows of Resources	4,225	4,110	4,021	115	2.8%
Current Liabilities	12,430	9,274	8,814	3,156	34.0%
Non-Current Liabilities	53,481	55,143	55,488	(1,662)	-3.0%
Total Liabilities	65,911	64,417	64,302	1,494	2.3%
Total Deferred Inflows of Resources	1,309	1,111	1,579	198	17.8%
Net Investment in Capital Assets	73,987	64,328	54,463	9,659	15.0%
Restricted	1,265	1,203	1,137	62	5.2%
Unrestricted	30,537	30,423	33,964	114	0.4%
Total Net Position	\$ 105,789	\$ 95,954	\$ 89,564	\$ 9,835	10.2%

Total assets of \$168,784,000 increased \$11,412,000 in FY 2025, or an increase of 7.3%. Within total assets, current assets (including cash and investments) increased by a total of \$2,604,000, or an increase of 5.3%. This increase was primarily due to receiving cash related to an unspent grant award of \$2,200,000. Noncurrent assets (capital assets) increased by \$8,808,000, or an increase of 8.1%. The increase was primarily attributable to ongoing capital projects financed with capital grants, debt, and internal funds.

Current liabilities increased by \$3,156,000, or an increase of 34.0% in the current year. This increase was primarily attributable to accrued construction payables and retainage on the ongoing capital projects, and due to an increase in unearned grant revenue of \$2,200,000. Non-current liabilities decreased by \$1,662,000 from FY 2024 primarily due to scheduled principal payments on outstanding debt, partially offset by (a) draw downs on the 2022 State Revolving Loan (see Note II.E in the notes to the financial statements) for ongoing capital projects and (b) changes in the net pension and net other postemployment benefit ("OPEB") liabilities (see Notes III.B and III.C in the notes to the financial statements).

Net position of \$105,789,000 increased \$9,835,000, or 10.2% in the current year. The net position increase was primarily attributable to an increase in net investment in capital assets of \$9,659,000 (due to ongoing capital projects).

The Utility's unrestricted net position was \$30,537,000 at March 31, 2025 (which was approximately 56% of total operating expenses) may be used to meet the government's ongoing obligations to citizens and creditors.

The Utility's financial condition remained strong at year-end. Reliable utility plant and equipment, adequate liquidity, and appropriate rate structures are in place to continue to provide reliable, quality utility services to the citizens of Easley and the surrounding community. The following financial statements and other information serve as key indicators and data for planning and managing the Utility.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the Utility's net position for FY 2025, FY 2024, and FY 2023:

**Combined Utility System of Easley
Condensed Statements of Revenues, Expenses, and Changes in Net Position
(Amounts in Thousands)**

	Year Ended March 31,			Variance 2025 vs. 2024	
	2025	2024	2023	Dollars	Percent
Operating Revenues:					
Electric Service Revenue	\$ 39,301	\$ 37,336	\$ 36,542	\$ 1,965	5.3%
Water Service Revenue	8,381	8,194	8,030	187	2.3%
Wastewater Service Revenue	7,244	6,664	6,194	580	8.7%
Capacity/Tap Fees	1,878	2,563	4,837	(685)	-26.7%
Other Revenues	396	461	354	(65)	-14.1%
Total Operating Revenues	<u>57,200</u>	<u>55,218</u>	<u>55,957</u>	<u>1,982</u>	<u>3.6%</u>
Operating Expenses:					
Electric Operations	34,453	32,804	31,017	1,649	5.0%
Water Operations	4,158	3,749	3,571	409	10.9%
Wastewater Operations	2,980	3,153	3,224	(173)	-5.5%
Customer Service & Administration	7,302	7,088	5,616	214	3.0%
Depreciation and Amortization	5,762	5,719	5,625	43	0.8%
Total Operating Expenses	<u>54,655</u>	<u>52,513</u>	<u>49,053</u>	<u>2,142</u>	<u>4.1%</u>
Operating Income	<u>2,545</u>	<u>2,705</u>	<u>6,904</u>	<u>(160)</u>	<u>-5.9%</u>
Non-Operating Revenues (Expenses)	<u>(1,356)</u>	<u>(781)</u>	<u>(1,871)</u>	<u>(575)</u>	<u>73.6%</u>
Income Before Capital Contributions	<u>1,189</u>	<u>1,924</u>	<u>5,033</u>	<u>(735)</u>	<u>-38.2%</u>
Capital Contributions	<u>8,646</u>	<u>4,466</u>	<u>1,805</u>	<u>4,180</u>	<u>93.6%</u>
Change in Net Position	<u>9,835</u>	<u>6,390</u>	<u>6,838</u>	<u>\$ 3,445</u>	<u>53.9%</u>
Net position, Beginning of Year	<u>95,954</u>	<u>89,564</u>	<u>82,726</u>		
Net position, End of Year	<u>\$ 105,789</u>	<u>\$ 95,954</u>	<u>\$ 89,564</u>		

Operating revenues of \$57,200,000 increased in 2025 by \$1,982,000 or 3.6% above 2024, and increased \$1,243,000 or 2.2% above 2023. Operating expenses of \$54,655,000 represents an increase of \$2,142,000 or 4.1%, from 2024 expenses and an increase of \$5,602,000 or 11.4% from 2023 expenses. Operating expenses for the electric department increased by \$1,649,000, or 5.0%, over 2024 expenses, which was primarily due to an increase in wholesale power costs. Operating expenses for the water department increased \$409,000 over 2024 expenses, or 10.9%, which was primarily due to higher salaries and benefits. Operating expenses for the wastewater department in 2025 decreased by \$173,000 or 5.5% over 2024, which was due to lower contractual collection services and sludge removal, partially offset by higher salaries and benefits. Operating expenses for the customer service and administration department increased \$214,000 or 3.0%, over 2024 expenses which was primarily due to an increase in bad debt expense and higher salaries and benefits. Net non-operating expenses of \$1,356,000 increased \$575,000, or 73.6%, primarily due to storm recovery expenses from Hurricane Helene, partially offset by an increase in investment income. Capital contributions of \$8,646,000 increased \$4,180,000, or 93.6%, primarily due to South Carolina Infrastructure Investment Program ("SCIIP") capital grants received of approximately \$4,428,000 for the Georges Creek Trunk Sewer Line and \$4,218,000 from donated capital assets.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024



RESULTS FROM OPERATIONS

Electric System

The Utility has operated the electric system since 1911. The electric system consists of six delivery points which serve 25 distribution feeder circuits of 7,200/12,470 volts. The electric system services over 51 square miles. The electric system operates primarily within the City limits, but also serves the community of Dacusville located approximately eight miles north of the City limits. Extension of the electrical system outside the City limits and into newly annexed areas of the City is regulated by the South Carolina Public Service Commission which must approve any reassignment of power suppliers. The Utility is a member of the American Public Power Association and the South Carolina Association of Municipal Power Systems, a mutual aid agreement with 19 other members which provides for mutual assistance in case of extreme emergencies such as ice storms, tornadoes and hurricanes.

The Utility signed an all-requirements power supply contract with the Piedmont Municipal Power Agency ("PMPA") in 1980 for PMPA to be the electric system's sole power supply provider. This contract is in effect until the outstanding debt owed by PMPA is retired, currently in the year 2034, but neither termination nor expiration of the Power Sales Agreement shall affect any accrued liability or obligation thereunder, including, without limitation, the cost of decommissioning the Catawba Project. During the fiscal year ending March 31, 2025, Easley Combined Utilities paid approximately \$29,259,000 to PMPA. Beginning January 1, 2014, PMPA began receiving its supplemental power and energy requirements from Santee Cooper. Should PMPA's peak resource demand be greater than the Catawba output of 277 Megawatts ("MW"), Santee Cooper must supply all supplemental demand requirements. The original contract was twelve years, with provisions for extensions beyond the original term. The Utility's supplemental contract will expire on December 31, 2029. Termination of the supplemental contract with Santee Cooper required a ten-year notice. Also beginning on January 1, 2014 is a contract between PMPA and Duke Energy whereby Duke Energy provides all backstand requirements for PMPA's share of Catawba. The Utility also purchases power from the Southeastern Power Administration ("SEPA"), an agency of the U.S. Department of Energy and paid approximately \$760,000 to SEPA during FY 2025 for power and energy.

In August 2025, the Utility renewed the existing Power Sales Agreement with the PMPA for up to another 50 years, beginning in August 2035 and ending in July 2085 (subject to the commissioned life of the plant), with similar terms and conditions. See Note III.D in the notes to the financial statements for additional information related to the original Power Sales Agreement.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

RESULTS FROM OPERATIONS (CONTINUED)

Electric System (Continued)

In 1993, the Utility constructed a peak shaving generation facility that allows the electric system to provide for a portion of its load during times of its peak. The capacity of the peak shaving facility is 6,400 kilowatts ("kW"). In 2008, the Utility added a 4.5 MW generator for emergency back-up and peak shaving. Beginning in January 2014, with the start of the Santee Cooper supplemental power contract with PMPA, the peak shaving generation is dispatched and operated based on the requirements of Santee Cooper. In return for this generation being available for dispatch, the Utility receives a monthly capacity credit. During FY 2025, the Utility received a reduction of approximately \$768,000 in power supply costs for having this generation available.

For FY 2025, electric system revenues increased \$2,067,000 above FY 2024 revenues, an increase of 5.4%. Purchased power increased in 2025 by \$1,198,000, or 4.2%, above 2024 power costs.

Operating revenues in excess of operating expenses were sufficient to support the electrical portion of debt service and capital reinvestment. Electric revenues account for approximately 70.3% of total operating revenues. Approximately 78.2% of the electric system operating expenses, excluding depreciation and interest, is wholesale power costs.



**Results from Operations - Electric System
(Amounts in Thousands)**

	Year Ended March 31,			Variance 2025 vs. 2024	
	2025	% of Revenues	2024	Dollars	Percent
Revenues:					
Electric System Sales	\$ 39,301	97.8%	\$ 37,336	\$ 1,965	5.3%
Other Electric Sales and Fees	255	0.6%	474	(219)	-46.2%
Investment Income (Expense)	631	1.6%	310	321	103.5%
Total Revenues	40,187	100.0%	38,120	2,067	5.4%
Expenses:					
Power Production	30,253	75.3%	28,895	1,358	4.7%
Distribution	5,682	14.1%	3,909	1,773	45.4%
Administrative	2,775	6.9%	2,693	82	3.0%
Depreciation	1,729	4.3%	1,660	69	4.2%
Interest	126	0.3%	133	(7)	-5.3%
Total Expenses	40,565	100.9%	37,290	3,275	8.8%
Total Electric System Income (Loss)	\$ (378)	-0.9%	\$ 830	\$ (1,208)	-145.5%

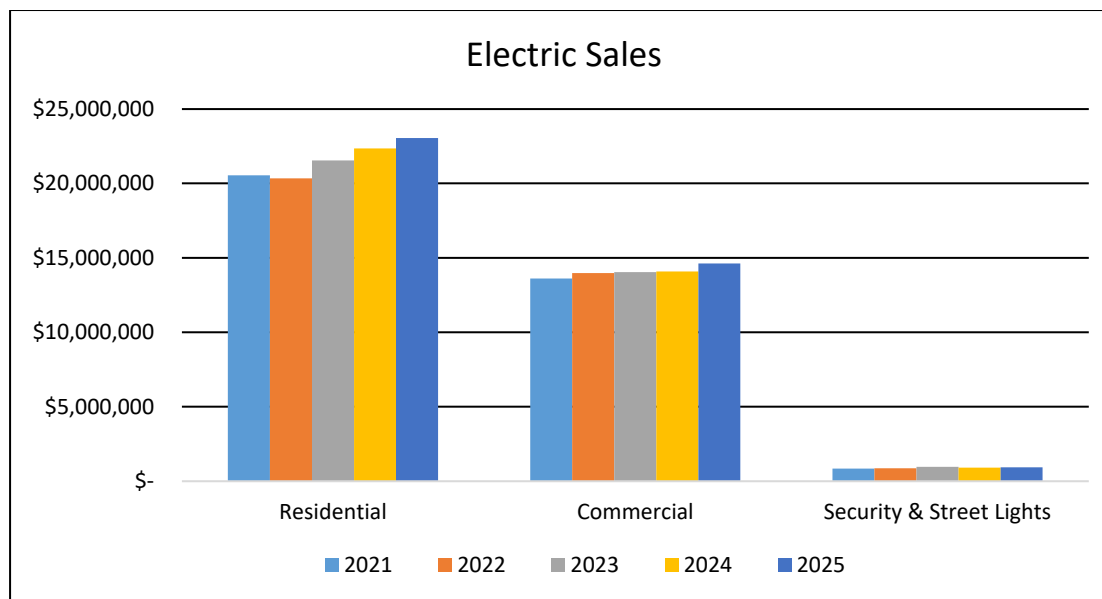
**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

RESULTS FROM OPERATIONS (CONTINUED)

Electric System (Continued)



Historical Electric System Statistics

Fiscal Year Ended March 31,	Total Average Customer Accounts	Annual Growth Percentage	Total Energy Sales (kWh)	Annual Growth Percentage
2021	15,147	1.30%	280,115,323	-6.18%
2022	15,586	2.90%	281,756,192	0.59%
2023	16,246	4.23%	288,612,084	2.43%
2024	16,851	3.72%	291,420,323	0.97%
2025	17,308	2.71%	308,614,196	5.90%

Water System

The Utility operates the Don L. Moore Water Treatment Plant located on Saluda Lake, which is approximately 8 miles east of the City. This plant is a state-of-the-art conventional water treatment facility that can treat a maximum of 18.0 million gallons per day (“MGD”). Included with the treatment facilities are: a 5 million gallon (“MG”) finished water clear well and a finished water pump station with a capacity to pump 24 MGD. The plant, storage tank, and pump station that provided 12 MGD of production capacity were completed in 2005. An expansion that included the addition of sludge handling facilities and plate settlers was completed in 2008. This expansion increased production capacity to the current 18 MGD level. A 30-inch water main connects the water treatment facilities with the water distribution system which includes 406 miles of water mains, 4.78 million gallons of elevated storage and 6.0 million gallons of ground storage. A parallel 36” secondary supply transmission water main was completed in 2014 that stretches from the Don L Moore Water Treatment Plant to the remote clear well and high service pump station located within the City.

To provide an emergency water supply, the Utility has an agreement with the Greenville Water System to supply water in emergency situations with the prior consent of Greenville Water System. The Commission has a 24-inch connection on the 72-inch water line running from the Greenville Water System's Lake Keowee water treatment plant through the Commission's service area to Greenville, South Carolina. No emergency water was purchased for FY 2025 or FY 2024. 2.9 million gallons of water was purchased for FY 2023.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

RESULTS FROM OPERATIONS (CONTINUED)

Water System (Continued)

The average daily water usage for the system was 6.0 MGD for FY 2025. The average daily water usage for the system for FY 2024 was 5.3 MGD. The peak daily usage for the System for FY 2025 was 9.4 MGD. The peak daily usage for the System for FY 2024 was 9.9 MGD.



The water system is under the jurisdiction of DHEC with regard to the quality of water sold to customers. The State requires that water systems of the Utility's size maintain a certified laboratory and perform system analysis checks throughout the month, with monthly reports forwarded to DHEC. The existing water treatment facilities have a State certified lab and have met all requirements for State reporting in the past.

The water system serves an area of approximately 40 square miles in Pickens County. Total area of the County is 511.87 square miles. For FY 2025, the water system served 15,662 metered customers, 1,200 fire hydrants, and 12 master meters serving four rural water districts with partial water requirements. For FY 2025, these water districts accounted for approximately 37% of total water sales by volume.

The Utility currently has contracts to supply water to four wholesale customers. In 2020, Powdersville Water Company and Southside Water Company each signed a wholesale water contract for a term of 20 years (expiring in 2040). The Dacusville-Cedar Rock Water District signed a wholesale water contract for a term of 10 years (expiring in August 2030). Easley-Central Water District does not currently have a wholesale water contract.

For FY 2025, water system revenues (excluding capital grants and contributions) increased 4.6% or \$420,000 from FY 2024. This increase was primarily attributed to higher commercial water sales (predominantly inside city limits). For FY 2025, water system's operating expenses were \$483,000 higher than FY 2024 expenses. Operating revenues exceeded operating expenses (excluding depreciation) by \$2,224,000 and were sufficient to support its portion of debt service and capital reinvestment. In FY 2025, the water treatment plant produced 2,031,719 gallons and in FY 2024 the water treatment plant produced 1,889,136 gallons.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

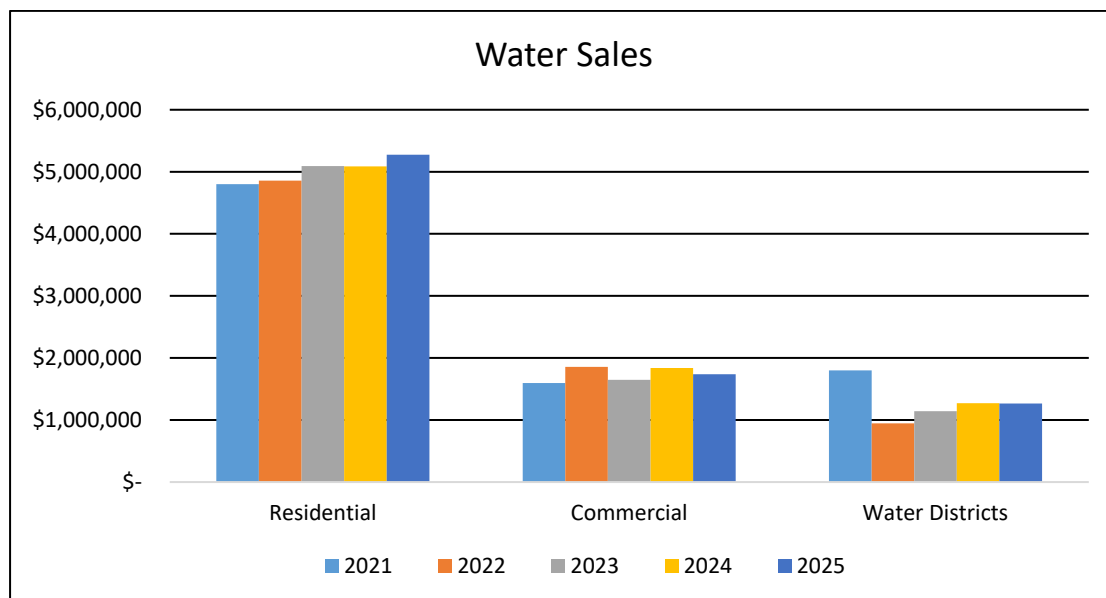
YEARS ENDED MARCH 31, 2025 AND 2024

RESULTS FROM OPERATIONS (CONTINUED)

Water System (Continued)

**Results from Operations - Water System
(Amounts in Thousands)**

	Year Ended March 31,			Variance 2025 vs. 2024	
	2025	% of Revenues	2024	Dollars	Percent
Revenues:					
Water System Sales	\$ 8,381	76.3%	\$ 8,194	\$ 187	2.3%
Other Water Sales and Fees	578	5.3%	641	(63)	-9.8%
Investment Income (Expense)	581	5.3%	285	296	103.9%
Contributions in Aid/Capital Grants	1,449	13.2%	38	1,411	3713.2%
Total Revenues	10,989	100.0%	9,158	1,831	20.0%
Expenses:					
Water Treatment	2,052	18.7%	1,861	191	10.3%
Transmission & Distribution	2,105	19.2%	1,888	217	11.5%
Administrative	2,556	23.3%	2,481	75	3.0%
Depreciation	2,113	19.2%	2,261	(148)	-6.5%
Interest	987	9.0%	1,051	(64)	-6.1%
Total Expenses	9,813	89.3%	9,542	271	2.8%
Total Water System Income (Loss)	\$ 1,176	10.7%	\$ (384)	\$ 1,560	-406.3%



Historical Water System Statistics

Fiscal Year Ended March 31,	Total Average Customer Accounts	Annual Growth Percentage	Total Cubic Feet Sold	Annual Growth Percentage
2021	13,996	1.24%	254,866,660	-29.13%
2022	14,325	2.35%	201,316,759	-21.01%
2023	14,840	3.60%	221,806,035	10.18%
2024	15,266	2.87%	219,472,191	-1.05%
2025	15,521	1.67%	226,146,667	3.04%

COMBINED UTILITY SYSTEM OF EASLEY EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

RESULTS FROM OPERATIONS (CONTINUED)

Wastewater System

The Utility is responsible for collection and treatment of wastewater from the City and the neighboring community of Aial. The sewer system consists of three wastewater treatment plants and capacity allocation into the Renewable Water ("REWA")/Georges Creek treatment plant with a total available capacity of 5.6 MGD of treatment. The sewer system also includes 26 lift stations, 217 miles of gravity sewer lines, and 21 miles of force main.

The Utility assumed control of the sanitary sewer system from the City in 1959. In 1959, the Utility constructed six oxidation ponds in order to improve the ability to treat sanitary waste within the City. These oxidation ponds continued in operation until 1987, when three new wastewater treatment plants were constructed, and the oxidation ponds ceased operation.

The largest of the Utility's wastewater treatment plants is the Middle Branch Wastewater Treatment Plant. This plant is located in Anderson County, south of the City. Middle Branch has a capacity of 3.5 MGD, with an average loading of 2,309 MGD. Located to the east of the City is the Georges Creek Wastewater Treatment Plant, with a capacity of 820,000 gallons per day ("GPD"). Georges Creek



Wastewater Treatment Plant has an average loading of 436,300 GPD. The Golden Creek Wastewater Treatment Plant is located to the west of the City and has a capacity of 580,000 GPD and an average loading of 78,300 GPD. In 2019, the Utility purchased 500,000 GPD capacity into the REWA/Georges Creek Wastewater Treatment Plant (located to the east of the City). In 2024, the Utility purchased an additional 261,600 GPD capacity into the REWA/Georges Creek Wastewater Plant. The current average loading of this capacity is approximately 175,000 GPD.

Both the Middle Branch and the Golden Creek plants have industrial customers discharging into their waste stream, and the Utility therefore has a pre-treatment program for each plant. The pre-treatment programs are administered by the chief wastewater operator, who has authority over all three plants.

A laboratory technician is responsible for the operation of the laboratory located at the Middle Branch plant. This laboratory performs the majority of all tests which are required by DHEC and the Environmental Protection Agency. Tests which cannot be performed in house are contracted to private laboratories. Currently all plants are operating within the limits placed upon them by DHEC.

The sewer system serves an area of approximately 40 square miles. Of all of the sewer systems, 86 percent are residential and 87 percent live or operate a business within the City limits. For the fiscal year ending March 31, 2025, the sewer system served an average of 12,785 customers.

Operating revenues exceeded operating expenses before depreciation, sufficiently to support its portion of debt service and capital reinvestment. The Utility continues to make efforts to ensure that each utility revenue stream is adequate to support its operations, debt service and capital reinvestment.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

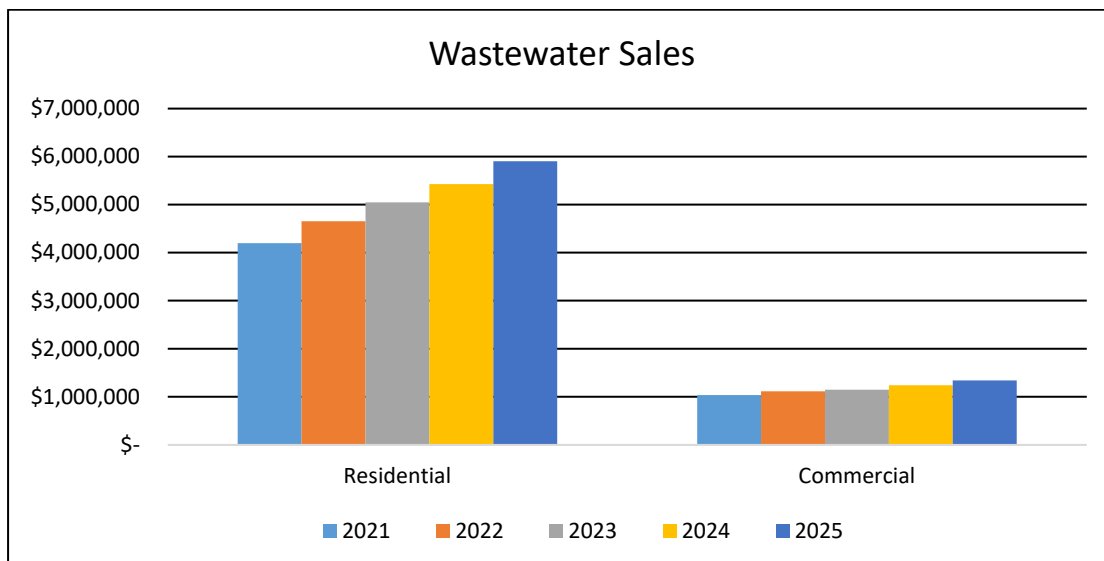
YEARS ENDED MARCH 31, 2025 AND 2024

RESULTS FROM OPERATIONS (CONTINUED)

Wastewater System (Continued)

**Results from Operations - Wastewater System
(Amounts in Thousands)**

	Year Ended March 31,			Variance 2025 vs. 2024	
	2025	% of Revenues	2024	Dollars	Percent
Revenues:					
Wastewater System Sales	\$ 7,244	44.2%	\$ 6,664	\$ 580	8.7%
Other Wastewater Sales and Fees	1,502	9.2%	1,975	(473)	-23.9%
Investment Income (Expense)	448	2.7%	220	228	103.6%
Contributions in Aid/Capital Grants	7,197	43.9%	4,428	2,769	62.5%
Total Revenues	16,391	100.0%	13,287	3,104	23.4%
Expenses:					
Collection	747	4.6%	820	(73)	-8.9%
Pumping	256	1.6%	272	(16)	-5.9%
Wastewater Treatment	1,977	12.1%	2,061	(84)	-4.1%
Administrative	1,971	12.0%	1,913	58	3.0%
Depreciation	1,920	11.7%	1,799	121	6.7%
Interest	483	2.9%	478	5	1.0%
Total Expenses	7,354	44.9%	7,343	11	0.1%
Total Wastewater System Income (Loss)	\$ 9,037	55.1%	\$ 5,944	\$ 3,093	52.0%



Historical Wastewater System Statistics

Fiscal Year Ended March 31,	Total Average Customer Accounts	Annual Growth Percentage	Total Treated Volumes Billed (cf)	Annual Growth Percentage
2021	11,238	2.79%	88,852,566	-5.75%
2022	11,587	3.11%	91,594,913	3.09%
2023	12,079	4.25%	97,182,492	6.10%
2024	12,334	2.11%	96,263,209	-0.95%
2025	12,785	3.66%	101,496,255	5.44%

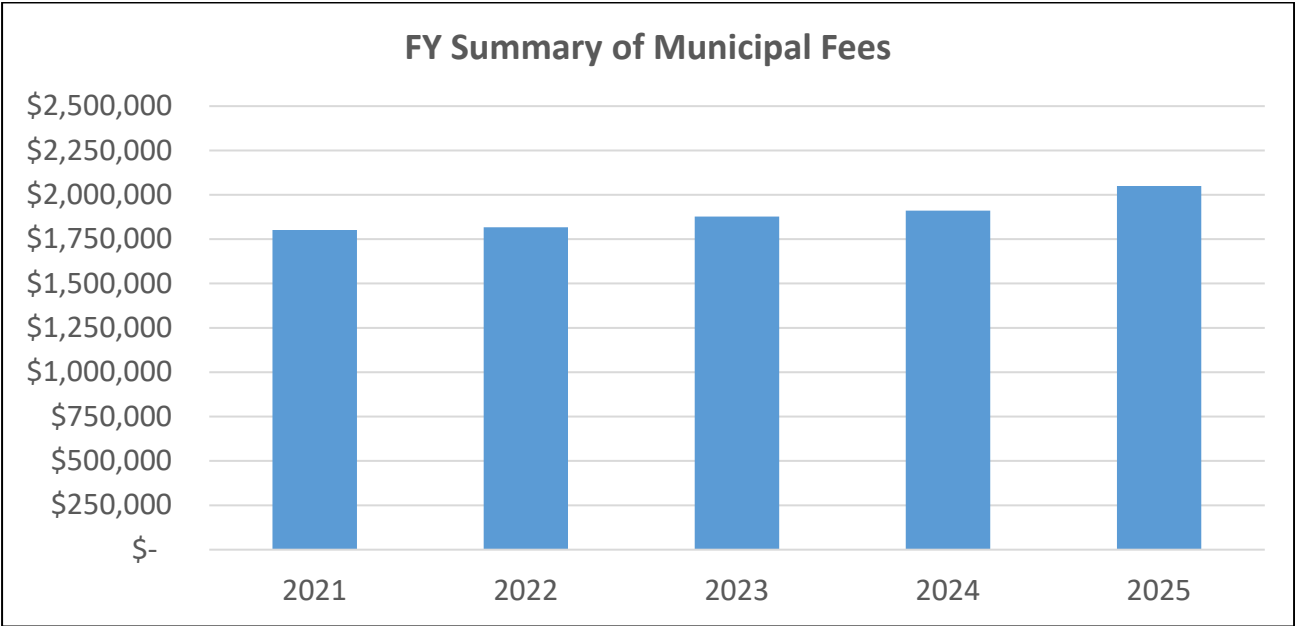
COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

MUNICIPAL FEE

On April 1, 2013 Easley Combined Utilities and the City entered into a new inter-government agreement that supersedes the agreement signed in October 1998. The new agreement increased the fee the City receives to 5% of all inside City revenues collected. The new agreement dictates that the fee is to be placed as a line item on the customer’s utility bill. Under the previous agreement the fee was an expense item in the Utility’s budget and was not presented on the customer’s utility bill. Since inception, the Utility has paid the City approximately \$34,223,000 in Municipal fees. Fees paid to the City increased slightly from approximately \$1,911,000 in 2024 to \$2,049,000 in 2025.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, 2024, and 2023, the Utility had \$116,904,000, \$108,096,000, and \$97,676,000 in net capital assets, respectively. The following table shows capital asset balances as of March 31, 2025, 2024, and 2023:

	Capital Assets, Net (In Thousands)		
	March 31, 2025	March 31, 2024	March 31, 2023
Land	\$ 2,624	\$ 2,624	\$ 2,624
Right of Way	1,421	1,421	1,418
Construction in Progress	17,153	11,134	3,099
Buildings	5,240	4,177	4,122
Equipment	3,129	3,040	2,788
Utility Systems	197,045	190,877	183,219
Less: Accumulated Depreciation	(109,708)	(105,177)	(99,594)
Total	\$ 116,904	\$ 108,096	\$ 97,676

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The Utility upgrades its utility infrastructure and supporting facilities on an ongoing basis. Total capital assets at March 31, 2025 were \$116,904,000, an increase of \$8,808,000 from March 31, 2024. Capital asset additions for FY 2025 were approximately \$15,237,000 and consisted of various improvements as noted in the Recent Capital Improvements section below. The Utility also had depreciation expense and net disposals in FY 2025 of approximately \$6,429,000.

Total capital assets at March 31, 2024 were \$108,096,000, an increase of \$10,420,000 from March 31, 2023. Capital asset additions for FY 2024 were approximately \$16,229,000 and consisted of various improvements as noted in the Recent Capital Improvements section below. The Utility also had depreciation expense and net disposals in FY 2024 of approximately \$5,809,000.

Recent Capital Improvements

The Utility upgrades and expands capital assets on an ongoing basis. The following table indicates the use of proceeds from long-term debt incurred to leverage the cost of these improvements and the amounts of moneys from its operations which were used for capital improvement purposes over the past five fiscal years. Consistent with its past practice, the Utility generally expects to use earnings to pay for approximately \$2,400,000 of the total capital expenditures to be undertaken in each future fiscal year.

Funding of Capital Improvements
(In Thousands)

Fiscal Year Ended March 31,	Financed by Long-Term Debt	Provided by Operations, Grants, and Reserves	Total Construction Expenses
2021	\$ 283	\$ 5,500	\$ 5,783
2022	1,197	6,374	7,571
2023	1,109	6,156	7,265
2024	2,436	13,793	16,229
2025	\$ 1,451	\$ 13,786	\$ 15,237

The following are some of the items included in the capital expenditures for Fiscal Year 2025:

- Construction of Georges Creek Trunk Sewer Project.
- Engineering and construction on the Headworks Improvement Project and Sludge Thickener at Middle Branch.
- Golden Creek Grit Systems Renovations.
- Sheffield Road Water Line Replacement.
- Engineering Building Completion.

The following are some of the items included in the capital expenditures for Fiscal Year 2024:

- Construction of electric services at Ridge at Rolling Hills Phase II, Lenhardt Grove Phase IV, and Stillwood Farms Subdivision.
- Replacement of waterlines on Sheffield Rd, Couch Lane, and Crestview Road.
- Construction of Crayton Creek sewer line and capacity for discharge into ReWa Sewer Treatment System.
- Engineering and construction on the Headworks Improvement Project and Sludge Thickener at Middle Branch.
- Construction on an Engineer Building.

See Note II.C in the accompanying notes to the financial statements for additional discussion of capital asset activity.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

The Utility had the following outstanding debt as of March 31, 2025, 2024, and 2023:

Debt Issue	Debt (In Thousands)		
	March 31, 2025	March 31, 2024	March 31, 2023
Revenue Bonds, Series 2015	\$ 260	\$ 345	\$ 785
Revenue Bonds, Series 2017	9,225	9,500	9,500
Revenue Bonds, Series 2018	7,995	8,585	9,165
Revenue Bonds, Series 2019	16,940	18,140	19,285
State Revolving Fund Loan - 2017	2,539	2,631	2,721
State Revolving Fund Loan - 2022	3,055	2,145	552
Total Debt	<u>\$ 40,014</u>	<u>\$ 41,346</u>	<u>\$ 42,008</u>

The Utility had total outstanding debt of approximately \$40,014,000 at March 31, 2025, a decrease of \$1,332,000 from 2024. The decrease was primarily due to principal payments of approximately \$2,418,000, partially offset by the Utility drawing down approximately \$1,086,000 on the State Revolving Fund Loan – 2022 which was being used for construction on Middle Branch Wastewater Treatment Plant (“WWTP”) improvement project. The Utility had total outstanding debt of approximately \$41,346,000 at March 31, 2024, a decrease of \$662,000 from 2023. The decrease was primarily due to principal payments of approximately \$2,342,000, partially offset by the Utility drawing down approximately \$1,680,000 on the State Revolving Fund Loan – 2022 which was being used for construction on Middle Branch WWTP improvement project.

The Utility utilizes independent engineering firms from time to time to develop capital improvement master plans for each system of the Utility. The most recently prepared studies (the "System Studies") each evaluated the applicable system condition and capacity and anticipated demand growth over a 20-year planning period and set forth recommendations of capital proceeds to address system needs and growth. The Utility utilizes the System Studies in its long-term planning and budgetary efforts.

See II.E in the accompanying notes to the financial statements for additional discussion of long-term debt activity.

BUDGETARY PROCESS – RATE SETTING

A budget for each fiscal year, April to March, is prepared during the last quarter of each calendar year by the General Manager, the Finance Manager and staff. The proposed budget is presented to the Commission at a workshop each February. The budgeting process begins with revenue projections. Usage by customer class is estimated in order to arrive at a monthly revenue budget. Estimated consumption is based on normal temperatures and precipitation. The Utility periodically monitors whether revenue levels in each of the units of the System are adequate to cover necessary operating expenses, debt service, and capital replacements. If estimated revenue levels are insufficient, the General Manager will determine, with concurrence by the Commission, whether a rate increase or a budget adjustment is warranted, and commission a rate evaluation by either staff or outside consultants. Purchased power and water, salaries, materials, chemicals and other operating expenses are then budgeted. Capital expenditures and debt service are then budgeted with the remaining funds. The General Manager, Finance Manager and superintendents all provide input to determine the total budget. After the evaluation is completed, it is presented to the Commission for consideration and possible action. The length of time from the determination of a need for a rate increase to implementation can be from three to six months. Along with the budget preparation, a five-year pro-forma projection is prepared annually for planning purposes.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED MARCH 31, 2025 AND 2024

FINAL COMMENTS

The Utility remains committed to providing the best possible water, wastewater and electric service to the residents of Easley, South Carolina and surrounding areas. The Utility continues to strive to conserve costs without sacrificing service, reliability, or quality. Strategic efforts are being made to ensure future electric and water supplies are available for coming generations. Continued capital investments are being made to meet and exceed customer expectations. Growth will continue to challenge us to meet the wastewater treatment needs of the area. As is evident by strong bond ratings, the Utility continues to remain financially sound and is committed to meeting the challenges and needs of the coming years.



CONTACTING THE UTILITY'S GENERAL MANAGER

These financial statements are designed to provide our customers, creditors and bondholders with a general overview of the financial status of Easley Combined Utilities. If you have any further questions about this report, or need further information, please contact the General Manager, Easley Combined Utilities, PO Box 619, Easley, SC 29641 or by e-mail at gm@easleyutilities.com.



This Page Intentionally Left Blank

Basic Financial Statements

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

STATEMENTS OF NET POSITION

YEARS ENDED MARCH 31, 2025 AND 2024

	ENTERPRISE FUND	
	2025	2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 7,098,546	\$ 8,472,384
Restricted Cash and Cash Equivalents	2,200,000	-
Investments	31,383,997	29,848,111
Restricted Investments	1,264,534	1,202,693
Accounts Receivable, Net	4,975,664	5,336,482
Grant Receivables	153,994	331,467
Other Receivables	377,773	235,331
Inventory	4,217,296	3,646,915
Prepaid Expenses	207,581	202,347
Total Current Assets	<u>51,879,385</u>	<u>49,275,730</u>
Noncurrent Assets:		
Non-Depreciable	21,198,062	15,179,334
Depreciable, Net	95,706,296	92,916,728
Total Noncurrent Assets	<u>116,904,358</u>	<u>108,096,062</u>
TOTAL ASSETS	<u>168,783,743</u>	<u>157,371,792</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Debt Refundings, Net	1,580,078	1,779,910
Deferred Pension Charges	1,747,211	1,670,585
Deferred Other Postemployment Benefits	897,856	660,239
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,225,145</u>	<u>4,110,734</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,109,249	887,230
Accrued Salaries and Benefits	546,217	487,114
Accrued Expenses	2,694,807	2,731,751
Customer Deposits	1,695,306	1,694,498
Retainage Payable	1,213,836	611,309
Accrued Interest	490,011	519,773
Current Portion of Long-Term Debt	2,480,552	2,342,670
Unearned Revenue	2,200,000	-
Total Current Liabilities	<u>12,429,978</u>	<u>9,274,345</u>
Non-Current Liabilities:		
Net Pension Liability	10,662,139	11,085,535
Net Other Postemployment Benefit Liability	2,326,450	1,807,127
Long-Term Debt, Less Current Portion	40,492,055	42,250,517
Total Non-Current Liabilities	<u>53,480,644</u>	<u>55,143,179</u>
TOTAL LIABILITIES	<u>65,910,622</u>	<u>64,417,524</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Credits	552,002	189,340
Deferred Other Postemployment Benefits	757,397	921,584
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,309,399</u>	<u>1,110,924</u>
NET POSITION		
Net Investment in Capital Assets	73,987,006	64,328,331
Restricted for Capital Asset Projects	1,212,946	1,149,668
Restricted for Debt Service	51,588	53,025
Unrestricted	30,537,327	30,423,054
TOTAL NET POSITION	<u>\$ 105,788,867</u>	<u>\$ 95,954,078</u>

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

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED MARCH 31, 2025 AND 2024

	ENTERPRISE FUND	
	2025	2024
OPERATING REVENUES		
Electric	\$ 39,300,829	\$ 37,336,244
Water	8,380,741	8,193,589
Wastewater	7,243,856	6,664,445
Capacity/Tap Fees	1,877,812	2,562,694
Finance Charges	323,549	321,147
Other Non-Utility Income	72,999	140,083
TOTAL OPERATING REVENUES	57,199,786	55,218,202
OPERATING EXPENSES		
Electric	34,453,307	32,804,088
Water	4,158,354	3,749,103
Wastewater	2,979,884	3,152,503
Customer Service and Administration	7,301,683	7,087,621
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	48,893,228	46,793,315
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	8,306,558	8,424,887
Depreciation and Amortization	5,761,851	5,719,884
OPERATING INCOME	2,544,707	2,705,003
NON-OPERATING REVENUES (EXPENSES)		
Gain (Loss) on Disposal of Assets	61,338	64,500
Investment Income (Expense)	1,660,415	815,671
Storm Recovery Expenses	(1,482,689)	-
Interest Expense	(1,595,001)	(1,661,384)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,355,937)	(781,213)
INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	1,188,770	1,923,790
Capital Grants	4,428,346	3,392,839
Contributions in Aid of Construction	4,217,673	1,073,020
CHANGES IN NET POSITION	9,834,789	6,389,649
NET POSITION, BEGINNING OF YEAR	95,954,078	89,564,429
NET POSITION, END OF YEAR	\$ 105,788,867	\$ 95,954,078

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

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2025 AND 2024

	ENTERPRISE FUND	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Charges for Fees and Services	\$ 57,561,412	\$ 55,129,641
Payments for Goods and Services	(39,909,256)	(39,152,933)
Payments to Employees for Personal Services	(9,303,091)	(8,770,555)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,349,065	7,206,153
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(10,448,991)	(14,228,116)
Proceeds from the Disposal of Capital Assets	639,011	64,500
Capital Grant Proceeds	6,805,819	3,061,372
Proceeds from State Revolving Fund Loan	943,751	1,996,504
Principal Paid on Revenue Bonds and Notes Payable	(2,417,730)	(2,342,242)
Interest Paid on Revenue Bonds and Notes Payable	(1,624,763)	(1,678,308)
Storm Recovery Costs	(1,482,689)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(7,585,592)	(13,126,290)
INVESTING ACTIVITIES		
Interest and Dividends Received on Investments	720,441	800,467
Proceeds from the Sale of Investments	26,593,461	30,291,110
Purchase of Investments	(27,251,213)	(25,054,512)
NET CASH PROVIDED BY INVESTING ACTIVITIES	62,689	6,037,065
NET INCREASE IN CASH AND CASH AND CASH EQUIVALENTS	826,162	116,928
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,472,384	8,355,456
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,298,546	\$ 8,472,384
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 2,544,707	\$ 2,705,003
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation and Amortization	5,761,851	5,719,884
(Increase) Decrease in Assets and Deferred Outflows of Resources Related to Operating Activities:		
Accounts Receivable	360,818	(150,839)
Inventories	(570,381)	(426,326)
Prepaid Expenses	(5,234)	(40,193)
Deferred Pension Charges	(76,626)	(270,733)
Deferred Other Postemployment Benefit Charges	(237,617)	(18,866)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources Related to Operating Activities:		
Accounts Payable	254,178	(682,483)
Accrued Salaries and Benefits	59,103	80,317
Accrued Expenses	(36,944)	10,742
Customer Deposits	808	62,278
Net Pension Liability	(423,396)	440,760
Net Other Postemployment Benefit Liability	519,323	244,567
Deferred Pension Credits	362,662	(303,771)
Deferred Other Postemployment Benefit Credits	(164,187)	(164,187)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 8,349,065	\$ 7,206,153
CASH AND CASH EQUIVALENTS:		
Cash and Cash Equivalents	\$ 7,098,546	\$ 8,472,384
Restricted Cash and Cash Equivalents	2,200,000	-
	\$ 9,298,546	\$ 8,472,384
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Change in Acquisitions of Capital Assets Not Yet Paid For	\$ 570,368	\$ 928,210
Contributions in Aid of Construction	4,217,673	1,073,020
Unrealized Gain (Loss) on Investments	939,974	15,204
Change in Loan Proceeds Not Received as of Year End	\$ 142,442	\$ (316,769)

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

COMBINED UTILITY SYSTEM OF EASLEY EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

The Combined Utility System of Easley ("Utility" or "Easley Combined Utilities") is a municipally-owned and operated utility established in 1911 to supply the City of Easley ("City") with water and electricity. Wastewater service was added in 1959. The Commission of Public Works (the "Commission") operates and manages the Utility. The Commission makes recommendations to City Council for the issuance of bonds to finance improvements to the Utility but is otherwise authorized under State law to have full control and management of the Utility. The Commission appoints the General Manager, the Utility's chief executive officer. The Commission consists of three members elected by the electorate of the City to six-year staggered terms, with one seat up for election every two years.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the Utility have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Utility's accounting policies are described below.

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

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

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

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

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

Proprietary fund types are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items.

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are generally reported as non-operating revenues and expenses. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The Utility does not have any internal service funds and has one enterprise fund.

The *Enterprise Fund, a major fund*, is used to account for the electric, water, and wastewater operations of the Utility. The principal operating revenues of the Enterprise Fund are charges to customers for electric, water, and wastewater services. Operating expenses for the Enterprise Fund include the cost of purchased utilities, salaries and benefits, administrative expenses, and depreciation of capital assets. The Enterprise Fund is a budgeted fund.

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

1. Cash, Cash Equivalents, and Investments

The Utility considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

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

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

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Utility's cash and investment objectives are preservation of capital, liquidity, and yield. The Utility reports its cash and investments at fair value which is normally determined by quoted market prices. The Utility currently or in the past year has primarily used the following investments in its operating activities:

- Certificates of Deposit ("CD") are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is generally subject to a penalty.
- Money market mutual funds ("MMMF") are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.
- U.S. securities are generally treasury notes, treasury bonds, treasury bills, and related securities which are debt obligations of the U.S. government (lending money to the federal government for a specified period of time). These debt obligations are backed by the "full faith and credit" of the government, and thus by its ability to raise tax revenues and print currency, U.S. Treasury securities are considered the safest of all investments.
- Agency securities are created from particular corporations that are sponsored by the U.S. government that enjoy credit protection based on either an implicit or explicit guarantee from the U.S. Government. These securities are either issued either as bonds (which are debt obligations of these particular corporations) or mortgage backed securities (which are secured by a pool of mortgage loans).

2. Prepaids and Inventories

Prepaid expenses primarily consist of insurance premiums, postage, annual professional dues, and regulatory charges paid in advance. Inventories primarily consist of materials and supplies and is recorded at average invoice price.

3. Accounts Receivable

Accounts receivable consist of amounts owed from customers for services provided including amounts owed for which billings have not been prepared. The allowance for doubtful accounts is based upon prior years' experience and management's analysis of the outstanding accounts receivable balances.

Amounts due from federal grants represent reimbursable costs, which have been incurred by the Utility but have not been reimbursed by the grantor agency. Costs under grant programs are recognized as capital expenditures in the period in which they are incurred by the Utility.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets

Equipment purchased is capitalized at invoice cost. Extensions and improvements to the Utility system are capitalized at invoice or contract cost if such extensions are not undertaken by the Utility's personnel. Costs of extensions and improvements undertaken by the Utility's personnel including materials and labor are capitalized.

Contributions in aid of construction (donated capital assets) are recorded at estimated acquisition value (as estimated by the Utility) and consists primarily of water and wastewater lines in new subdivisions contributed to the Utility.

All reported capital assets, except land, right of ways, and construction in progress, are depreciated. Depreciation of buildings, equipment, and utility systems has been provided over the assets' estimated useful lives using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or extend the asset's life are expensed as incurred. The Utility maintains an individual capitalization of \$5,000 and a group purchase capitalization threshold of \$100,000.

The estimated useful lives of each class of capital assets, which are significant estimates, are as follows:

Description	Useful Life
Buildings	40-50 years
Equipment	5-20 years
Wastewater System	3-40 years
Water System	3-60 years
Electric System	5-35 years

The Utility assesses the impairment of intangible and other long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Utility recognizes an impairment loss on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of these assets. Management determined that there were no significant impaired assets for the years ending March 31, 2025 or 2024.

5. Customer Deposits

The Utility requires the majority of its residential and commercial customers to provide a deposit against future default on the customer's account balance. Such deposits are recorded as a liability upon receipt. Residential deposits are refunded to customers after two years of good credit history. Commercial deposits are held until the customer's account is closed.

6. Compensated Absences

The Utility's personnel policy allows employees to earn personal time off ("PTO") in varying amounts each year. The Utility does not carryover PTO leave into the next calendar year. The Utility will purchase up to 40 hours of unused PTO at the end of the calendar year. The Utility reports compensated absences in accordance with the provisions of GASB Statement No. 101 "Compensated Absences." The entire compensated absences liability is reported on the Statement of Net Position.

7. Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the Utility's financial statements. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable premiums and discounts.

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. *Long-Term Obligations (Continued)*

If material, gains or losses on debt refundings are deferred and amortized over the life of the new debt or the remaining life of the refunded debt, whichever is shorter, using the straight-line method, which approximates the effective interest method. Gains or losses on debt refundings are treated as deferred inflows of resources and deferred outflows of resources, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Utility currently has three types of deferred outflows of resources: (1) The Utility reports *deferred charges on debt refunding*. (2) The Utility reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System. (3) The Utility reports *deferred OPEB charges* in its Statements of Net Position in connection with the Agent Multiple-Employer Defined Benefit OPEB Plan of the Utility. The *deferred charges on debt refundings* will be amortized over the life of the debt and the *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

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

9. *Net Position*

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

Sometimes the Utility will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Utility's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied, except when capacity fees are being held in reserve for specific projects.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits (“OPEB”) are required to be recognized and disclosed using the accrual basis of accounting (see Note III.B and Note III.C and the required supplementary information immediately following the notes to the financial statements for more information). The Utility recognizes net pension and net OPEB liabilities (assets) for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the Utility’s proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Utility’s fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

11. Fair Value

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Utility can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Utility believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Utility's deposits might not be recovered. The Utility has a formal deposit policy for custodial credit risk and which follows the investment policy statutes of the State of South Carolina. As of March 31, 2025, none of the Utility's bank balances of approximately \$10,362,000 (with a carrying value of approximately \$10,271,000) were exposed to custodial credit risk. As of March 31, 2024, none of the Utility's bank balances of approximately \$8,405,000 (with a carrying value of approximately \$8,472,000) were exposed to custodial credit risk.

Investments

As of March 31, 2025, the Utility had the following investments (all are listed at fair value):

Investment Type	Fair Value Level (1)	Credit Rating ^	Fair Value	Investment Maturities In Years		
				< 1	1 - 5	5 - 10
U.S. Securities	Level 1	*	\$ 30,352,711	\$ 7,052,812	\$ 18,711,005	\$ 4,588,894
Agency Securities	Level 1	AA+, AAA	1,165,526	195,474	744,252	225,800
MMMF	Level 1	AAAm, Aaa-mf	158,078	158,078	-	-
			<u>\$ 31,676,315</u>	<u>\$ 7,406,364</u>	<u>\$ 19,455,257</u>	<u>\$ 4,814,694</u>

* U.S. securities are not considered to have credit risk. Credit ratings for these investments have not been disclosed.

^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.

(1) See Note 1.C.11 for details on the Utility's fair value hierarchy.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

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

A. Deposits and Investments (Continued)

Investments (Continued)

As of March 31, 2024, the Utility had the following investments (all are listed at fair value):

Investment Type	Fair Value Level (1)	Credit Rating ^	Fair Value	Investment Maturities In Years		
				< 1	1 - 5	5 - 10
U.S. Securities	Level 1	*	\$ 25,005,108	\$ 5,992,306	\$ 14,240,078	\$ 4,772,724
Agency Securities	Level 1	AA+, AAA	2,511,823	243,420	2,053,036	215,367
CD	Level 1	~	972,215	-	972,215	-
MMMF	Level 1	AAAm, Aaa-mf	2,561,658	2,561,658	-	-
			<u>\$ 31,050,804</u>	<u>\$ 8,797,384</u>	<u>\$ 17,265,329</u>	<u>\$ 4,988,091</u>

* U.S. securities are not considered to have credit risk. Credit ratings for these investments have not been disclosed.

^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.

~ Certificates of deposit are covered by FDIC insurance and thus no credit ratings are required.

(1) See Note I.C.11 for details on the Utility's fair value hierarchy.

Interest Rate Risk: The Utility does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates but they do follow the investment policy statutes of the state of South Carolina.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Utility does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

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

Concentration of Credit Risk for Investments: The Utility places no limit on the amount the Utility may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures. As of March 31, 2025, the Utility held approximately \$1,029,000 (3%) in debt securities with the Federal National Mortgage Association (Fannie Mae). As of March 31, 2024, the Utility held approximately \$1,802,000 (6%) in debt securities with the Federal National Mortgage Association (Fannie Mae).

Restricted Cash and Cash Equivalents and Investments

Certain provisions of the revenue bond agreements require the Utility to establish funds and restrict the use of certain cash and cash equivalents. A brief description of these funds follows:

- *Construction Funds* - restricts the use of revenue bond proceeds, interest earnings on such proceeds, and capital contributions to the construction of capital projects.
- *Current Principal and Interest Payments* - reports resources accumulated for the next bond principal and interest payments.
- *Depreciation and Contingency Fund* - reports resources set aside to build up a reserve for depreciation of the utility system, restoration or replacement of depreciated or obsolete items, and improvements, betterments and extensions to the utility system, other than those necessary to maintain the utility system in good repair and working order.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

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

A. Deposits and Investments (Continued)

Restricted Cash and Cash Equivalents and Investments (Continued)

Certain cash, cash equivalents, and investments are restricted as of March 31, 2025 and 2024 for the following uses:

Description	2025	2024
Capital Grant	\$ 2,200,000	\$ -
Current Principal and Interest Payments	51,588	53,025
Depreciation and Contingency Fund	1,212,946	1,149,668
	<u>\$ 3,464,534</u>	<u>\$ 1,202,693</u>

During fiscal year 2025, the Utility received a \$2,200,000 state capital grant for streambank restoration projects. This grant has been recorded as an expenditure-driven grant (unearned revenue) and the revenue will not be recognized until expenditures have been incurred.

Reconciliation to the Financial Statements

A reconciliation of cash and cash equivalents as shown in the Statements of Net Position for all activities as of March 31, 2025 and 2024 are as follows:

Description	2025	2024
Carrying Amount of Deposits	\$ 10,270,762	\$ 8,472,384
Fair Value of Investments	31,676,315	31,050,804
Total Deposits and Investments	<u>\$ 41,947,077</u>	<u>\$ 39,523,188</u>
Statements of Net Position:		
Cash and Cash Equivalents	\$ 7,098,546	\$ 8,472,384
Restricted Cash and Cash Equivalents	2,200,000	-
Investments	31,383,997	29,848,111
Restricted Investments	1,264,534	1,202,693
Total Cash and Cash Equivalents and Investments	<u>\$ 41,947,077</u>	<u>\$ 39,523,188</u>

B. Receivables

Accounts receivable at March 31, 2025 and 2024 were composed of the following:

	2025	2024
Customer Accounts Receivable	\$ 2,065,480	\$ 2,077,385
Unbilled Customer Accounts Receivables	2,791,558	2,604,095
Miscellaneous Accounts Receivable	268,626	805,002
Accounts Receivable, Gross	<u>5,125,664</u>	<u>5,486,482</u>
Less: Allowance for Doubtful Accounts	(150,000)	(150,000)
Accounts Receivable, Net	<u>\$ 4,975,664</u>	<u>\$ 5,336,482</u>

The Utility evaluates the collectability of accounts receivable on a periodic basis. As of March 31, 2025 and 2024, an allowance for doubtful accounts of \$150,000 was deemed necessary.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

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

C. Capital Assets

The following is a summary of changes in capital assets for the year ended March 31, 2025:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 2,624,215	\$ -	\$ -	\$ -	\$ 2,624,215
Right of Ways	1,420,993	-	-	-	1,420,993
Construction Work in Progress	11,134,126	9,815,518	577,673	(3,219,117)	17,152,854
Total Capital Assets, Non-Depreciable	<u>15,179,334</u>	<u>9,815,518</u>	<u>577,673</u>	<u>(3,219,117)</u>	<u>21,198,062</u>
Capital Assets, Depreciable					
Buildings	4,176,951	-	-	1,062,622	5,239,573
Equipment	3,039,521	169,286	99,941	20,537	3,129,403
Utility Systems:					
Wastewater System	65,774,668	3,334,087	257,739	7,330	68,858,346
Water System	71,530,480	1,670,961	277,589	1,269,021	74,192,873
Electric System	53,571,960	247,180	684,439	859,607	53,994,308
Total Capital Assets, Depreciable	<u>198,093,580</u>	<u>5,421,514</u>	<u>1,319,708</u>	<u>3,219,117</u>	<u>205,414,503</u>
Less: Accumulated Depreciation for:					
Buildings	2,021,742	109,769	-	-	2,131,511
Equipment	2,394,272	201,514	99,941	-	2,495,845
Utility Systems:					
Wastewater System	28,861,294	1,860,046	257,739	-	30,463,601
Water System	41,047,104	2,035,447	277,589	-	42,804,962
Electric System	30,852,440	1,644,287	684,439	-	31,812,288
Total Accumulated Depreciation	<u>105,176,852</u>	<u>5,851,063</u>	<u>1,319,708</u>	<u>-</u>	<u>109,708,207</u>
Total Capital Assets, Depreciable, Net	<u>92,916,728</u>	<u>(429,549)</u>	<u>-</u>	<u>3,219,117</u>	<u>95,706,296</u>
Total Capital Assets, Net	<u>\$ 108,096,062</u>	<u>\$ 9,385,969</u>	<u>\$ 577,673</u>	<u>\$ -</u>	<u>\$ 116,904,358</u>

The Utility had depreciation expense of approximately \$5,851,000 for the year ended March 31, 2025.

The Utility received donated utility system capital assets of approximately \$4,218,000 for the year ended March 31, 2025.

Construction work in progress may consist of expansions and upgrades to the electric, water, and sewer systems. As of March 31, 2025, the balance primarily consists of several utility projects, including, the installation of the Georges Creek Sewer Line and installation of a headworks improvement system and sludge thickener system. The Utility had outstanding construction commitments for ongoing projects of approximately \$1,617,000 at March 31, 2025.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

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

C. Capital Assets (Continued)

The following is a summary of changes in capital assets for the year ended March 31, 2024:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 2,624,215	\$ -	\$ -	\$ -	\$ 2,624,215
Right of Ways	1,417,993	3,000	-	-	1,420,993
Construction Work in Progress	3,098,718	11,939,528	-	(3,904,120)	11,134,126
Total Capital Assets, Non-Depreciable	<u>7,140,926</u>	<u>11,942,528</u>	<u>-</u>	<u>(3,904,120)</u>	<u>15,179,334</u>
Capital Assets, Depreciable					
Buildings	4,121,711	55,240	-	-	4,176,951
Equipment	2,787,919	47,475	-	204,127	3,039,521
Utility system					
Wastewater system	61,337,951	3,409,660	-	1,027,057	65,774,668
Water system	70,165,612	179,211	20,586	1,206,243	71,530,480
Electric system	51,715,802	595,232	205,767	1,466,693	53,571,960
Total Capital Assets, Depreciable	<u>190,128,995</u>	<u>4,286,818</u>	<u>226,353</u>	<u>3,904,120</u>	<u>198,093,580</u>
Less: Accumulated Depreciation for:					
Buildings	1,930,049	91,693	-	-	2,021,742
Equipment	2,216,105	178,167	-	-	2,394,272
Utility Systems:					
Wastewater System	27,111,490	1,749,804	-	-	28,861,294
Water System	38,869,853	2,197,837	20,586	-	41,047,104
Electric System	29,466,613	1,591,594	205,767	-	30,852,440
Total Accumulated Depreciation	<u>99,594,110</u>	<u>5,809,095</u>	<u>226,353</u>	<u>-</u>	<u>105,176,852</u>
Total Capital Assets, Depreciable, Net	<u>90,534,885</u>	<u>(1,522,277)</u>	<u>-</u>	<u>3,904,120</u>	<u>92,916,728</u>
Total Capital Assets, Net	<u>\$ 97,675,811</u>	<u>\$ 10,420,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,096,062</u>

The Utility had depreciation expense of approximately \$5,809,000 for the year ended March 31, 2024.

The Utility received donated utility system capital assets of approximately \$1,073,000 for the year ended March 31, 2024.

Construction work in progress may consist of expansions and upgrades to the electric, water, and sewer systems. As of March 31, 2024, the balance primarily consists of several utility projects, including, the installation of the Georges Creek Sewer Line, installation of a headworks improvement system and sludge thickener system, and construction on the engineering building. The Utility had outstanding construction commitments for ongoing projects of approximately \$7,877,000 at March 31, 2024.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

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

D. Accrued Expenses

Accrued expenses at March 31, 2025 and 2024 were composed of the following:

	2025	2024
Power Purchased	\$ 2,301,221	\$ 2,227,849
Municipal Fee	257,334	234,693
Sales Tax and Other	136,252	269,209
	<u>\$ 2,694,807</u>	<u>\$ 2,731,751</u>

E. Long-Term Obligations

The Utility is obligated on various series of revenue bonds and state revolving fund loans issued for purposes of constructing facilities, lines, pumps, equipment, and other capital assets. Debt issues can either be publicly traded ("PT") or direct borrowings/placements ("DBP"). The Utility's DBP debt issuances are generally secured/collateralized by the underlying property and contain acceleration clauses in an event of default (as defined). The debt also requires various restricted accounts (i.e. debt service, debt service reserve, depreciation and contingent, etc.) to be established and maintained by the Utility.

Debt outstanding are as follows as of March 31, 2025 and 2024:

Debt Issue	2025	2024
Revenue Bonds		
Combined Utility System Revenue Bonds, Series 2017 ("RB - Series 2017 PT"), with annual principal payments beginning in December 2024, ranging from \$275,000 to \$600,000 plus coupon interest at 3.0 percent to 4.0 percent and effective interest at 2.04 percent to 3.6 percent payable semi-annually. Bonds mature December 2046.	\$ 9,225,000	\$ 9,500,000
Combined Utility System Revenue Bonds, Series 2018 ("RB - Series 2018 PT"), with annual principal payments beginning in December 2018, ranging from \$75,000 to \$960,000 plus coupon interest at 2.5 percent to 5.0 percent and effective interest at 1.54 percent to 3.49 percent payable semi-annually. Bonds mature December 2034.	7,995,000	8,585,000
Combined Utility System Revenue Bonds, Series 2019 ("RB - Series 2019 PT"), with annual principal payments beginning in December 2019, ranging from \$105,000 to \$2,090,000 plus coupon interest at 3.0 percent to 5.0 percent and effective interest at 1.44 percent to 2.47 percent payable semi-annually. Bonds mature December 2034.	16,940,000	18,140,000
Combined Utility System Revenue Bonds, Series 2015 ("RB - Series 2015 DBP"), with annual principal payments beginning in December 2016, ranging from \$85,000 to \$2,005,000 plus coupon interest at 1.86 percent payable semi-annually. Bonds mature December 2027.	260,000	345,000
Total Revenue Bonds	<u>\$ 34,420,000</u>	<u>\$ 36,570,000</u>

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

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

E. Long-Term Obligations (Continued)

Debt Issue	2025	2024
State Revolving Fund Loans		
Arial Mill Sewer Improvements State Revolving Fund Loan dated December 6, 2017 ("SRFL - 2017 DBP"). Payable in quarterly installments of \$35,377 beginning in March 2020, which includes interest at 1.90 percent for first 20 years, and then 2.4 percent for the final 10 years. The loan matures June 1, 2048.	\$ 2,538,693	\$ 2,630,870
Middle Branch Wastewater Treatment Plant Headworks Improvements State Revolving Fund Loan dated November 17, 2022 ("SRFL - 2022 DBP"). Payable in estimated quarterly installments of \$58,439, which includes interest at 1.50 percent. This loan has been approved for \$4,032,516; and the amounts reflected are the amounts drawn down as of respective dates. The loan is expected to mature on August 1, 2043.	3,055,679	2,145,039
Total State Revolving Fund Loans	<u>\$ 5,594,372</u>	<u>\$ 4,775,909</u>

The revenue bonds and state revolving fund loans are payable solely from and secured by a pledge of the gross revenues of the Utility. The Utility is required to comply with various limitations, restrictions, and covenants contained in the various bond indentures, ordinances and notes payable agreements.

Presented below is a summary of changes in long-term obligations for the Utility for the year ended March 31, 2025:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Gross Debt:					
Revenue Bonds:					
RB - Series 2015 DBP	\$ 345,000	\$ -	\$ 85,000	\$ 260,000	\$ 85,000
RB - Series 2017 PT	9,500,000	-	275,000	9,225,000	280,000
RB - Series 2018 PT	8,585,000	-	590,000	7,995,000	605,000
RB - Series 2019 PT	18,140,000	-	1,200,000	16,940,000	1,265,000
Total Revenue Bonds	<u>36,570,000</u>	<u>-</u>	<u>2,150,000</u>	<u>34,420,000</u>	<u>2,235,000</u>
State Revolving Fund Loans					
SRFL - 2017 DBP	2,630,870	-	92,177	2,538,693	93,940
SRFL - 2022 DBP	2,145,039	1,086,193	175,553	3,055,679	151,612
Total State Revolving Fund Loans	<u>4,775,909</u>	<u>1,086,193</u>	<u>267,730</u>	<u>5,594,372</u>	<u>245,552</u>
Total Gross Debt	41,345,909	1,086,193	2,417,730	40,014,372	2,480,552
Premiums on Debt:					
RB - Series 2017 PT	309,046	-	13,584	295,462	-
RB - Series 2018 PT	462,085	-	43,321	418,764	-
RB - Series 2019 PT	2,476,147	-	232,138	2,244,009	-
Total Premiums on Debt	<u>3,247,278</u>	<u>-</u>	<u>289,043</u>	<u>2,958,235</u>	<u>-</u>
Total Net Debt	<u>\$ 44,593,187</u>	<u>\$ 1,086,193</u>	<u>\$ 2,706,773</u>	<u>\$ 42,972,607</u>	<u>\$ 2,480,552</u>

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

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

E. Long-Term Obligations (Continued)

Presented below is a summary of changes in long-term obligations for the Utility for the year ended March 31, 2024:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Gross Debt:					
Revenue Bonds:					
RB - Series 2015 DBP	\$ 785,000	\$ -	\$ 440,000	\$ 345,000	\$ 85,000
RB - Series 2017 PT	9,500,000	-	-	9,500,000	275,000
RB - Series 2018 PT	9,165,000	-	580,000	8,585,000	590,000
RB - Series 2019 PT	19,285,000	-	1,145,000	18,140,000	1,200,000
Total Revenue Bonds	<u>38,735,000</u>	<u>-</u>	<u>2,165,000</u>	<u>36,570,000</u>	<u>2,150,000</u>
State Revolving Fund Loans					
SRFL - 2017 DBP	2,721,316	-	90,446	2,630,870	92,177
SRFL - 2022 DBP	552,100	1,679,735	86,796	2,145,039	100,493
Total State Revolving Fund Loans	<u>3,273,416</u>	<u>1,679,735</u>	<u>177,242</u>	<u>4,775,909</u>	<u>192,670</u>
Total Gross Debt	42,008,416	1,679,735	2,342,242	41,345,909	2,342,670
Premiums on Debt:					
RB - Series 2017 PT	322,630	-	13,584	309,046	-
RB - Series 2018 PT	505,406	-	43,321	462,085	-
RB - Series 2019 PT	2,708,285	-	232,138	2,476,147	-
Total Premiums on Debt	<u>3,536,321</u>	<u>-</u>	<u>289,043</u>	<u>3,247,278</u>	<u>-</u>
Total Net Debt	<u>\$ 45,544,737</u>	<u>\$ 1,679,735</u>	<u>\$ 2,631,285</u>	<u>\$ 44,593,187</u>	<u>\$ 2,342,670</u>

Interest expense on the revenue bonds and state revolving fund loans totaled approximately \$1,595,000 and \$1,661,000 for the years ended March 31, 2025 and 2024, respectively. Net amortization of costs (gains) on advance refunding of debt, bond premiums and discounts totaled approximately (\$89,000) for both of the years ended March 31, 2025 and 2024.

Presented below is a summary of the debt service requirements to maturity by year for the Utility as of March 31, 2025:

Year Ending March 31,	Direct Placement Debt		Publicly Traded Debt		Total
	Principal	Interest	Principal	Interest	
2026	\$ 330,552	\$ 89,782	\$ 2,150,000	\$ 1,424,863	\$ 3,995,197
2027	326,985	91,767	2,255,000	1,322,963	3,996,715
2028	336,023	86,148	2,340,000	1,228,913	3,991,084
2029	250,130	80,367	2,690,000	1,117,913	4,138,410
2030	254,306	76,191	2,825,000	988,750	4,144,247
2031-2035	1,336,684	315,801	15,945,000	3,081,425	20,678,910
2036-2040	1,419,247	210,015	2,160,000	954,675	4,743,937
2041-2045	1,200,661	101,994	2,615,000	495,025	4,412,680
2046-2049	399,784	16,993	1,180,000	62,295	1,659,072
Total	<u>\$ 5,854,372</u>	<u>\$ 1,069,058</u>	<u>\$ 34,160,000</u>	<u>\$ 10,676,822</u>	<u>\$ 51,760,252</u>

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION

A. Risk Management

Participation in Public Entity Risk Pools and Commercial Insurance

The Utility is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Utility maintains insurance coverage through the State of South Carolina Insurance Reserve Fund and with commercial insurance. The Utility has also effectively managed risk through various employee education and prevention programs. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in the past three fiscal years. The Utility believes that the amount of actual or potential claims outstanding as of March 31, 2025 and 2024 were not material to the financial condition of the Utility.

Health Insurance

The Utility provides a health insurance program through the State for its eligible employees. The Utility pays a monthly premium to the State for its health coverage (insured plan) with the insurer being responsible for claims.

B. Retirement Plan

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

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

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

Plan Description

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

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

Plan Membership

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

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

Plan Benefits

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

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

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

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, the SCRS ("Plan") contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for the SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for the SCRS until reaching 18.56 percent for the SCRS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

Plan Contributions (Continued)

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

As noted earlier, both employees and the Utility are required to contribute to the Plan at rates established and as amended by the PEBA. The Utility's contributions are actuarially determined but are communicated to and paid by the Utility as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past two years are as follows:

	SCRS Rates			
	2024		2025	
	4/1 - 6/30	7/1 - 3/31	4/1 - 6/30	7/1 - 3/31
Employer Contribution Rate: ^				
Retirement	17.41%	18.41%	18.41%	18.41%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.00%
	17.56%	18.56%	18.56%	18.56%
Employee Rate ^	9.00%	9.00%	9.00%	9.00%

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

The actual and required contributions to the SCRS were approximately \$1,267,000 for the year ended March 31, 2025. The actual and required contributions to the SCRS were approximately \$1,141,000 for the year ended March 31, 2024.

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024 and 2023 total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2023 and July 1, 2022. The TPL was rolled-forward from the valuation date to the Plan's fiscal year end, June 30th, using generally accepted actuarial principles. There was no legislation enacted during the 2024 and 2023 legislative sessions that had a material change in the benefit provisions for any of the systems.

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024 and 2023 (measurement dates) for the SCRS.

Actuarial Cost Method	June 30, 2024	June 30, 2023
	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)	3.0% to 11.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

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

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 and 2023 fiscal years. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For the June 30, 2024 and 2023 measurement dates, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

Long-Term Expected Rate of Return (Continued)

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.90%	0.48%
Real Assets	12.0%		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Real Rate of Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.74%

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

The NPL is calculated separately for each System and represents that particular System's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2024 measurement date and the June 30, 2023 measurement date, for the SCRS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	\$ 61,369,806,968	37,919,492,371	\$ 23,450,314,597	61.8%
June 30, 2023	\$ 58,464,402,454	34,286,961,942	\$ 24,177,440,512	58.6%

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

At March 31, 2025 and 2024, the Utility reported a liability of approximately \$10,662,000 and \$11,086,000, respectively, for its proportionate share of the NPL for the SCRS. The NPL were measured as of June 30, 2024 and 2023, and the TPL for the Plan used to calculate the NPL were determined based on the most recent actuarial valuation reports as of July 1st of the preceding year that was projected forward to the measurement date. The Utility's proportion of the NPL were based on a projection of the Utility's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2024 measurement date, the Utility's SCRS proportion was 0.045467 percent, which was a decrease of 0.000384 from its proportion measured as of June 30, 2023. At the June 30, 2023 measurement date, the Utility's SCRS portion was 0.045851 percent, which was an increase of 0.001941 from its proportion measured as of June 30, 2022.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

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

For the year ended March 31, 2025, the Utility recognized pension expense of approximately \$1,129,000 for the SCRS. At March 31, 2025, the Utility reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 350,396	\$ 13,232
Change in Assumptions	187,972	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	410,815
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	206,041	127,955
Employer Contributions Subsequent to the Measurement Date	1,002,802	-
Total SCRS	<u>\$ 1,747,211</u>	<u>\$ 552,002</u>

For the year ended March 31, 2024, the Utility recognized pension expense of approximately \$1,007,000 for the SCRS. At March 31, 2024, the Utility reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 192,464	\$ 30,742
Change in Assumptions	169,846	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	15,174
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	412,450	143,424
Employer Contributions Subsequent to the Measurement Date	895,825	-
Total SCRS	<u>\$ 1,670,585</u>	<u>\$ 189,340</u>

For the year ended March 31, 2025, approximately \$1,003,000 that were reported as a deferred outflows of resources related to the Utility's contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the NPL in the year ended March 31, 2026. For the year ended March 31, 2024, approximately \$896,000 that were reported of deferred outflows of resources related to the Utility's contributions subsequent to the measurement date to the SCRS were recognized as a reduction of the NPL in the year ended March 31, 2025.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

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

Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year Ended March 31,	2025	2024
2025	\$ -	\$ 329,056
2026	(111,479)	(146,197)
2027	439,324	409,064
2028	(27,555)	(6,503)
2029	(107,883)	-
Total	<u>\$ 192,407</u>	<u>\$ 585,420</u>

Discount Rate

For the years ended March 31, 2025 and 2024, the discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the sensitivity of the Utility's proportionate share of the NPL of the Plan to changes in the discount rate for the year ended March 31, 2025 (measurement date of June 30, 2024), calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Utility's proportionate share of the net pension liability of the SCRS	\$ 13,816,928	10,662,139	\$ 7,756,829

The following table presents the sensitivity of the Utility's proportionate share of the NPL of the Plan to changes in the discount rate for the year ended March 31, 2024 (measurement date of June 30, 2023), calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Utility's proportionate share of the net pension liability of the SCRS	\$ 14,323,568	11,085,535	\$ 8,394,193

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

Plan Fiduciary Net Position

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

Payable to Plan

The Utility did not report a payable to the PEBA as of March 31, 2025, as the required employer and employee contributions for the month of March 2025 for the SCRS were paid at the end of March 2025. The Utility did not report a payable to the PEBA as of March 31, 2024, as the required employer and employee contributions for the month of March 2024 for the SCRS were paid at the end of March 2024.

C. Other Postemployment Benefit Plan

Plan Description

The Utility sponsors a single-employer defined benefit healthcare plan (the “OPEB Plan”) that provides medical and dental insurance benefits to eligible retirees and their spouses. Employees that retire with at least twenty-five years of continuous service with the Utility, and are at least age sixty at retirement, are eligible to participate in the OPEB Plan. The OPEB Plan is approved each year by the Commissioners.

The OPEB Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (“SC ORBET”), and thus is considered an agent multiple-employer plan, whose OPEB Plan assets are administered by the Municipal Association of South Carolina (“MASC”). SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the OPEB Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

Plan Membership

As of the latest actuarial valuation on December 31, 2022, the following employees were covered by the OPEB Plan’s benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	17
Active Members	73
Total Membership	<u>90</u>

Plan Benefits and Contributions

The Utility currently participates in State Health Plan, which is administered by the PEBA. The PEBA is responsible for establishing and amending the provisions, benefits, and contribution requirements of those entities that participate in the State Health Plan. The primary benefits of the OPEB Plan include medical, prescription, and dental coverages for retirees and their eligible dependents. Retiree contributions requirements for the Utility are established and amended by the Utility Council and are based on years of service.

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Plan Benefits and Contributions (Continued)

Currently, retirees must pay \$125 monthly and retirees and dependents must pay approximately \$682 monthly. The Utility pays for the remainder of the cost of coverage. During the year ended March 31, 2025, the Utility made contributions of approximately \$116,000, or an average of 1.71% of covered-employee payroll. During the year ended March 31, 2024, the Utility made contributions of approximately \$126,000, or an average of 2.03% of covered-employee payroll.

Actuarial Assumptions and Method

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

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

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

Actuarial Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.25%
Investment Rate of Return	4.75% (which includes inflation)
Discount Rate	4.75%
Healthcare Cost Trend Rate	Pre-Medicare - 7.00% for 2023 decreasing to an ultimate rate of 4.50% for 2033; Medicare - 5.25% for 2023 decreasing to an ultimate rate of 4.50% by 2029
Payroll Growth	SCRS - 3.00% - 9.65% (which includes inflation)
Coverage Elections	100% of eligible retirees will elect coverage and 30% of those will elect to cover the spouse
Active Participation/Marriage	100% of all active employees are assumed to be married with female spouses assumed to be 3 years younger than males.
Mortality Table	PUB-2010 Below Median Mortality Table for General Employees with a 100% multiplier for both males and females
Notes	The decremental and salary increase assumptions have been updated based on the most recent SCRS experience analysis

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions and Method (Continued)

The actuarial assumptions used for the December 31, 2022 actuarial valuation were based on the results of the 2024 Experience Study adopted for the SCRS pension plan.

Long-Term Expected Rate of Return

Several factors should be considered in evaluating the long-term rate or return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class.

These ranges should be 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 then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. As of the most recent adoption of the current long-term rate of return by the OPEB Plan, the target asset allocation for each major asset class, as provided by the OPEB Plan, are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
US Government Agency	58.00%	2.15%	1.25%
US Government MBS/CMO/CMBS	40.00%	2.65%	1.06%
Cash and Short Duration (Net)	2.00%	1.60%	0.03%
Total Expected Real Rate of Return	100.00%		2.34%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			4.59%

The annual money-weighted rate of return net of expenses for the OPEB Plan for the year ended December 31, 2024 (measurement date) was approximately 2.26%. The annual money-weighted rate of return net of expenses for the OPEB Plan for the year ended December 31, 2023 (measurement date) was approximately 1.90%.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

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

The Utility's net OPEB liability ("NOL") was measured as of December 31, 2024 and the total OPEB liability ("TOL") used to calculate the NOL was determined by an actuarial valuation as of December 31, 2022 that was rolled forward to the measurement date.

	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2023	\$ 4,015,500	2,208,373	\$ 1,807,127
Changes for the year:			
Service Cost	79,000	-	79,000
Interest	188,003	-	188,003
Difference Between Expected/Actual Experience	22,341	-	22,341
Changes of Assumptions or Other Inputs	389,807	-	389,807
Contributions - Employer	-	116,428	(116,428)
Net Investment Income	-	44,400	(44,400)
Benefit Payments	(116,428)	(116,428)	-
Administrative Expense	-	(1,000)	1,000
Net Changes	562,723	43,400	519,323
Balances as of December 31, 2024	\$ 4,578,223	2,251,773	\$ 2,326,450

The Utility's net OPEB liability ("NOL") was measured as of December 31, 2023 and the total OPEB liability ("TOL") used to calculate the NOL was determined by an actuarial valuation as of December 31, 2022 that was rolled forward to the measurement date.

	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2022	\$ 3,679,691	2,117,131	\$ 1,562,560
Changes for the year:			
Service Cost	82,319	-	82,319
Interest	172,227	-	172,227
Difference Between Expected/Actual Experience	48,322	-	48,322
Changes of Assumptions or Other Inputs	141,924	-	141,924
Contributions - Employer	-	126,483	(126,483)
Net Investment Income	-	78,582	(78,582)
Benefit Payments	(108,983)	(108,983)	-
Administrative Expense	-	(4,840)	4,840
Net Changes	335,809	91,242	244,567
Balances as of December 31, 2023	\$ 4,015,500	2,208,373	\$ 1,807,127

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

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

For the year ended March 31, 2025, the Utility recognized OPEB expense of approximately \$234,000. At March 31, 2025, the Utility reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 166,322	\$ 681,973
Change in Assumptions	454,939	75,424
Net Difference Between Projected/Actual Earnings on OPEB Plan Investments	276,595	-
Total	<u>\$ 897,856</u>	<u>\$ 757,397</u>

For the year ended March 31, 2024, the Utility recognized OPEB expense of approximately \$170,000. At March 31, 2024, the Utility reported deferred out outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 182,193	\$ 826,618
Change in Assumptions	125,088	94,966
Net Difference Between Projected/Actual Earnings on OPEB Plan Investments	352,958	-
Total	<u>\$ 660,239</u>	<u>\$ 921,584</u>

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

Year Ended March 31,	2025	2024
2025	\$ -	\$ 13,133
2026	74,178	16,492
2027	41,734	(15,952)
2028	(47,716)	(105,402)
2029	(57,444)	(169,616)
2030	(43,665)	-
Thereafter	173,372	-
Total	<u>\$ 140,459</u>	<u>\$ (261,345)</u>

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Discount Rate

The discount rate used to measure the TOL was 4.75% for both years. The projection of cash flows used to determine the discount rate assumed that the Utility's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the OPEB liability.

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

The following table presents the sensitivity of the Utility's NOL to changes in the discount rate, calculated using the discount rate of 4.75%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (3.75%) or 1% point higher (5.75%) than the current rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability - March 31, 2025	\$ 3,202,694	2,326,450	\$ 1,637,017
Net OPEB Liability - March 31, 2024	\$ 2,535,420	1,807,127	\$ 1,230,110

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability - March 31, 2025	\$ 1,515,119	2,326,450	\$ 3,397,738
Net OPEB Liability - March 31, 2024	\$ 1,161,994	1,807,127	\$ 2,643,531

D. Commitments and Contingencies

Litigation

The Utility is periodically the subject of litigation by a variety of plaintiffs. The Utility's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

Grants

The Utility receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability in the financial statements. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the Utility at March 31, 2025 and 2024.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

D. Commitments and Contingencies (Continued)

Piedmont Municipal Power Agency ("PMPA")

The Utility, along with nine other cities, has entered into a contract with the Piedmont Municipal Power Agency ("PMPA") to purchase significantly all electrical power needs from the Agency. PMPA sold bonds of \$1,359,242,000 in order to purchase 25 percent of Duke Energy's Catawba Unit #2 nuclear reactor located on Lake Wylie in York County, South Carolina. The purpose of the contract is (1) to purchase a reliable source of future energy, (2) to give PMPA an opportunity to expand its electrical generating capacity and (3) to purchase power from PMPA at rates lower than Duke Power would charge if such an agreement was not in effect.

The Commission signed an all-requirements power supply contract with the PMPA in 1980 for PMPA to be the System's sole power supply provider. This contract is in effect until the outstanding debt owed by PMPA is retired, currently in the year 2034, but neither termination nor expiration of the Power Sales Agreement shall affect any accrued liability or obligation thereunder, including, without limitation, the cost of decommissioning the Catawba Project. During the fiscal year ending March 31, 2025 and 2024, the Utility paid PMPA approximately \$29,259,000 and \$28,061,000, respectively. Beginning January 1, 2014, the Commission entered into an agreement with the South Carolina Public Service Authority ("Santee Cooper") to provide power and energy above what is supplied by Catawba. Should PMPA's peak resource demand be greater than the Catawba output of 277 Megawatts ("MW"), Santee Cooper must supply all supplemental demand requirements. The Utility also purchases power from the Southeastern Power Administration ("SEPA"), an agency of the U.S. Department of Energy and paid approximately \$760,000 and \$760,000 to SEPA during 2025 and 2024, respectively, for power and energy.

The Utility has also entered into an inter-governmental agreement with the City such that all utility services provided to the City will be billed monthly at the prevailing commercial rates. The agreement also states that the Utility will pay the City a municipal fee equal to 5 percent of all inside-city revenues collected. The agreement expires on March 31, 2033. The Utility paid approximately \$2,049,000 and \$1,911,000 to the City for municipal fees during the years ended March 31, 2025 and 2024, respectively.

PMPA Settlement

In 2019, the Utility, along with three other municipalities, filed a formal complaint against PMPA and four municipalities alleging improper actions in regards to modifying electric rates. Also the City of Rock Hill ("Rock Hill") and the Greer Commission of Public Works ("Greer") have asserted that PMPA had improperly charged Rock Hill and Greer and that PMPA is in default of its responsibilities and obligations under PMPA's respective Agreements with Rock Hill and Greer. PMPA asserted that all charges to Rock Hill and Greer were calculated correctly pursuant to the All-Requirements Rate Schedules of PMPA that were duly adopted by PMPA's Board of Directors in accordance with the Bylaws and the terms of PMPA's respective Agreements with Rock Hill and Greer.

Eight of the Parties ("the PMPA-8") have offered and Rock Hill and Greer have accepted a proposal to settle the Lawsuit whereby certain payments will be made to Rock Hill and Greer to compensate them for what they claim to be the excess payments collected, and to be collected, from them under the All-Requirements Rate Schedules of PMPA. In November 2023, the PMPA Board discussed the proposed terms of settlement of the Lawsuit and unanimously authorized the General Manager to execute an agreement containing the proposed settlement terms.

PMPA has agreed to pay a total sum of \$55,000,000 to Greer and Rock Hill. PMPA made an initial payment of \$10,000,000 from cash on hand from its working capital funds. Rock Hill received \$5,000,000 and Greer received \$5,000,000. In April 2024, PMPA issued the 2024A Electric Revenue Bond (the "Bond"), which funded a second payment of \$45,000,000 to Rock Hill and Greer and related costs and expenses of the Loan. Rock Hill received \$22,500,000 and Greer received \$22,500,000. The PMPA-8 are reimbursing the PMPA each month for the current interest costs of the Bond as part of their monthly power invoices. The principal on the Bond is due on April 30, 2035.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

D. Commitments and Contingencies (Continued)

Storm Recovery Costs

In September 2024, the Utility suffered significant storm damage from Hurricane Helene (“Helene”). The Utility has calculated that the costs related to Helene are approximately \$1,483,000 and hopes to receive reimbursement from FEMA for a significant portion of this damage.

E. Subsequent Events

In May 2025, the Utility entered into a contract with Greenstone Construction LLC for approximately \$2,505,000 for improvements to the Brushy Creek Pump Station.

In July and August 2025, the Utility purchased two plots of land totaling approximately 120 acres for approximately \$1,408,000. This Utility plans to sale this land to a nature conservation non-profit within two years.

In August 2025, the Utility renewed the existing Power Sales Agreement with the PMPA for up to another 50 years, beginning in August 2035 and ending in July 2085 (subject to the commissioned life of the plant), with similar terms and conditions. See Note III.D. in the notes to the financial statements for additional information related to the original agreement.



This Page Intentionally Left Blank

Required Supplementary Information

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF CHANGES IN THE UTILITY'S NET OPEB LIABILITY AND RELATED RATIOS

LAST EIGHT FISCAL YEARS

	Year Ended March 31,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 79,000	\$ 82,319	\$ 79,920	\$ 112,900	\$ 109,611	\$ 116,596	\$ 113,200	\$ 109,903
Interest	188,003	172,227	164,600	215,915	208,233	193,728	186,608	177,097
Differences Between Expected and Actual Experience	22,341	48,322	27,796	(1,215,220)	(15,577)	252,366	(45,627)	(19,322)
Changes of Assumptions	389,807	141,924	-	(56,790)	-	(122,964)	-	-
Benefit Payments, Including Refunds of Member Contributions	(116,428)	(108,983)	(114,458)	(159,248)	(122,280)	(146,136)	(63,394)	(72,226)
Net Change in Total OPEB Liability	562,723	335,809	157,858	(1,102,443)	179,987	293,590	190,787	195,452
Total OPEB Liability - Beginning of Year	4,015,500	3,679,691	3,521,833	4,624,276	4,444,289	4,150,699	3,959,912	3,764,460
Total OPEB Liability - End of Year	\$ 4,578,223	\$ 4,015,500	\$ 3,679,691	\$ 3,521,833	\$ 4,624,276	\$ 4,444,289	\$ 4,150,699	\$ 3,959,912
Plan Fiduciary Net Position:								
Employer Contribution	116,428	126,483	271,958	359,748	294,280	318,136	236,439	297,666
Net Investment Income	44,400	78,582	(342,897)	(54,830)	110,265	87,068	26,202	34,071
Benefit Payments, Including Refunds of Member Contributions	(116,428)	(108,983)	(114,458)	(159,248)	(122,280)	(146,136)	(63,394)	(72,226)
Administrative Expenses	(1,000)	(4,840)	(2,250)	(5,145)	(1,000)	(3,917)	-	(14,795)
Net Change in Plan Fiduciary Net Position	43,400	91,242	(187,647)	140,525	281,265	255,151	199,247	244,716
Plan Fiduciary Net Position - Beginning of Year	2,208,373	2,117,131	2,304,778	2,164,253	1,882,988	1,627,837	1,428,590	1,183,874
Plan Fiduciary Net Position - End of Year	\$ 2,251,773	\$ 2,208,373	\$ 2,117,131	\$ 2,304,778	\$ 2,164,253	\$ 1,882,988	\$ 1,627,837	\$ 1,428,590
Net OPEB Liability (Asset) - End of Year	\$ 2,326,450	\$ 1,807,127	\$ 1,562,560	\$ 1,217,055	\$ 2,460,023	\$ 2,561,301	\$ 2,522,862	\$ 2,531,322
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.18%	55.00%	57.54%	65.44%	46.80%	42.37%	39.22%	36.08%
Covered - Employee Payroll	\$ 5,044,354	\$ 5,044,354	\$ 4,610,906	\$ 4,610,906	\$ 4,358,276	\$ 4,358,276	\$ 4,049,892	\$ 4,049,892
Total OPEB Liability as a Percentage of Covered - Employee Payroll	46.12%	35.82%	33.89%	26.40%	56.44%	58.77%	62.29%	62.50%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of December 31st of the current year (measurement date).
The Utility adopted GASB #75 during the year ended March 31, 2019. Information is not available for years prior to fiscal year 2018.

Significant Assumptions or Changes in Assumptions

Discount Rate

The decremental and salary increase assumptions have been updated based on the most recent SCRS experience analysis.

4.75%

4.75%

4.75%

4.75%

4.75%

4.75%

4.75%

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST EIGHT FISCAL YEARS

	Year Ended March 31,							
	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 191,082	\$ 186,240	\$ 174,912	\$ 206,780	\$ 298,515	\$ 293,949	\$ 284,972	\$ 267,125
Contributions in Relation to the Actuarially Determined Contribution	116,428	126,483	271,958	359,748	294,280	318,136	236,439	297,666
Contribution Deficiency (Excess)	\$ 74,654	\$ 59,757	\$ (97,046)	\$ (152,968)	\$ 4,235	\$ (24,187)	\$ 48,533	\$ (30,541)
Covered-Employee Payroll	\$ 6,824,337	\$ 6,221,458	\$ 5,811,046	\$ 5,187,697	\$ 4,358,276	\$ 4,358,276	\$ 4,049,892	\$ 4,049,892
Contributions as a Percentage of Covered-Employee Payroll	1.71%	2.03%	4.68%	6.93%	6.75%	7.30%	5.84%	7.35%

Notes to Schedule:

The Utility adopted GASB #75 during the year ended March 31, 2019. Information is not available for years prior to fiscal year 2018.

Valuation Date: December 31, 2022

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	4.75%
Healthcare Cost Trend Rates	Pre-Medicare - 7.0% for 2023 decreasing to an ultimate rate of 4.5% by 2033; Medicare - 5.25% for 2023 decreasing to an ultimate rate of 4.5% by 2029
Salary Increases	SCRS - 3.0% - 9.65% (including inflation)
Investment Rate of Return	4.75%, Net of OPEB Plan Investment Expenses, Including Inflation
Marriage Assumptions	100% of all active employees are assumed to be married with female spouses being three years younger than males
Mortality Rates	PUB-2010 Below Median Mortality Table for General Employees with a 100% multiplier for both males and females

Other Information:

See the notes on the "Schedule of Changes in the Utility's Net OPEB Liability and Related Ratios" for changes in assumptions.

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SOUTH CAROLINA RETIREMENT SYSTEM
SCHEDULE OF THE UTILITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LAST TEN FISCAL YEARS

	Year Ended March 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's Proportion of the Net Pension Liability (Asset)	0.04547%	0.04585%	0.04391%	0.04522%	0.04368%	0.04771%	0.04698%	0.04700%	0.04497%	4.54490%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$10,662,139	\$11,085,535	\$10,644,775	\$ 9,786,783	\$ 11,162,068	\$ 10,894,718	\$10,525,717	\$10,580,906	\$ 9,604,458	\$ 8,619,622
Employer's Covered Payroll	\$ 6,247,949	\$ 5,797,045	\$ 5,228,674	\$ 5,112,017	\$ 4,873,558	\$ 5,038,298	\$ 4,867,969	\$ 4,742,341	\$ 4,354,277	\$ 4,261,408
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	170.65%	191.23%	203.58%	191.45%	229.03%	216.24%	216.22%	223.12%	220.58%	202.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.79%	58.65%	57.06%	60.70%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%

Notes to Schedule:

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

The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SOUTH CAROLINA RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS

LAST TEN FISCAL YEARS

	Year Ended March 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,266,597	\$ 1,140,754	\$ 1,006,332	\$ 845,404	\$ 795,156	\$ 733,135	\$ 725,265	\$ 622,602	\$ 517,750	\$ 475,563
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the Employer	1,266,597	1,140,754	1,006,332	845,404	795,156	733,135	725,265	622,602	517,750	475,563
Contributions from the State	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 6,824,337	\$ 6,221,458	\$ 5,811,046	\$ 5,187,697	\$ 5,110,258	\$ 4,794,370	\$ 5,071,913	\$ 4,772,084	\$ 4,522,257	\$ 4,313,795
Contributions as a Percentage of Covered Payroll	18.56%	18.34%	17.32%	16.30%	15.56%	15.29%	14.30%	13.05%	11.45%	11.02%



This Page Intentionally Left Blank



STATISTICAL SECTION

STATISTICAL SECTION

TABLE OF CONTENTS

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

Contents	<u>Page(s)</u>
Financial Trends Information <i>These schedules contain trend information to help the reader understand how the Utility's financial performance and operations have changed over time.</i>	73-76
Revenue Capacity Information <i>These schedules give the reader more information concerning financial performance of the Utility's contributing departments, and thus, create a better understanding of operations.</i>	77-87
Debt Capacity Information <i>These schedules provide information regarding the historical debt and current outstanding debt of the Utility. This provides the reader with a better understanding of the affordability of the Utility's current debt and its ability to issue additional debt in the future.</i>	88-89
Demographic and Economic Information <i>These schedules provide the reader with information regarding the demographic and economic conditions of the area in which the Utility operates.</i>	90-91
Operating Information <i>These schedules give the reader details on both the service and capital asset information which provide a better understanding of how the Utility's financial report correlates with services provided by and activities performed by the Utility.</i>	92-93

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

	Year Ended March 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Components of Net Position										
Net Investment in Capital Assets	\$ 44,355,135	\$ 45,591,037	\$ 47,587,805	\$ 51,556,729	\$ 51,769,073	\$ 48,527,638	\$ 51,841,771	\$ 54,462,878	\$ 64,328,331	\$ 73,987,006
Prior Period Adjustment/Restatement	(7,724,108)	-	-	(2,487,277)	-	-	-	-	-	-
Restricted	1,185,563	1,177,966	1,177,413	1,110,254	1,177,243	1,178,054	1,138,346	1,137,393	1,202,693	1,264,534
Unrestricted	19,617,073	11,777,304	12,527,428	14,295,032	19,538,689	25,356,419	29,745,420	33,964,158	30,423,054	30,537,327
Total net position	\$ 57,433,663	\$ 58,546,307	\$ 61,292,646	\$ 64,474,738	\$ 72,485,005	\$ 75,062,111	\$ 82,725,537	\$ 89,564,429	\$ 95,954,078	\$ 105,788,867

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

	Year Ended March 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue										
Operating revenue										
Electric	\$ 36,244,580	\$ 37,112,126	\$ 36,731,789	\$ 37,428,959	\$ 36,984,818	\$ 35,342,652	\$ 35,945,804	\$ 36,541,920	\$ 37,336,244	\$ 39,300,829
Water	8,485,420	9,081,772	8,726,836	8,800,161	9,458,365	8,263,179	7,656,096	8,029,653	8,193,589	8,380,741
Wastewater	4,816,060	5,032,820	5,169,143	5,285,598	5,454,701	5,536,118	5,764,569	6,193,857	6,664,445	7,243,856
Capacity/tap fees	279,973	332,351	1,080,225	979,938	1,212,668	1,472,344	3,109,142	4,837,068	2,562,694	1,877,812
Finance charges	316,988	316,986	310,831	304,789	286,946	228,726	274,897	296,095	321,147	323,549
Other non-utility income (expense)	107,178	118,179	40,141	79,047	101,237	78,162	76,024	58,562	140,083	72,999
Total operating revenue	50,250,199	51,994,234	52,058,965	52,878,492	53,498,735	50,921,181	52,826,532	55,957,155	55,218,202	57,199,786
Non-operating revenue (expense)	1,077,860	412,195	785,454	1,621,123	922,258	1,248,400	(1,061,828)	(132,674)	880,171	1,721,753
Total revenue	51,328,059	52,406,429	52,844,419	54,499,615	54,420,993	52,169,581	51,764,704	55,824,481	56,098,373	58,921,539
Expenses										
Operating expenses										
Electric	32,629,777	33,167,861	31,967,480	29,233,986	26,998,738	26,090,684	27,814,609	31,016,826	32,804,088	34,453,307
Water	2,776,867	2,775,287	2,651,587	3,066,767	3,137,885	2,830,423	3,100,123	3,571,495	3,749,103	4,158,354
Wastewater	2,338,487	2,290,243	2,330,768	2,500,419	2,438,520	2,563,575	2,607,538	3,224,229	3,152,503	2,979,884
Customer service and administration	4,769,644	5,899,677	6,125,140	6,189,647	6,509,033	6,404,812	5,848,659	5,615,516	7,087,621	7,301,683
Total operating expenses	42,514,775	44,133,068	43,074,975	40,990,819	39,084,176	37,889,494	39,370,929	43,428,066	46,793,315	48,893,228
Depreciation and amortization	5,242,978	5,316,397	5,506,496	5,893,090	5,558,017	5,660,210	5,462,870	5,625,018	5,719,884	5,761,851
Non-operating expenses	2,322,144	1,844,320	2,781,043	2,426,417	2,325,332	1,770,516	1,722,824	1,737,660	1,661,384	3,077,690
Total expenses	50,079,897	51,293,785	51,362,514	49,310,326	46,967,525	45,320,220	46,556,623	50,790,744	54,174,583	57,732,769
Excess, before capital contributions and special items	1,248,162	1,112,644	1,481,905	5,189,289	7,453,468	6,849,361	5,208,081	5,033,737	1,923,790	1,188,770
Capital grants and contributions	-	-	1,264,434	480,080	556,799	751,728	2,455,345	1,805,155	4,465,859	8,646,019
Special item: loss on impairment of Saluda Lake dredging	-	-	-	-	-	(5,023,983)	-	-	-	-
Increase in net position	1,248,162	1,112,644	2,746,339	5,669,369	8,010,267	2,577,106	7,663,426	6,838,892	6,389,649	9,834,789
Net position, beginning of year	63,909,609	57,433,663	58,546,307	61,292,646	64,474,738	72,485,005	75,062,111	82,725,537	89,564,429	95,954,078
Prior period adjustment/Restatement	(7,724,108)	-	-	(2,487,277)	-	-	-	-	-	-
Net position, end of year	\$ 57,433,663	\$ 58,546,307	\$ 61,292,646	\$ 64,474,738	\$ 72,485,005	\$ 75,062,111	\$ 82,725,537	\$ 89,564,429	\$ 95,954,078	\$ 105,788,867

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

SCHEDULE OF REVENUES BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Operating Revenue					Non-Operating Revenue and Capital Grants			
	Electric	Water	Wastewater	Tap/Capacity Fees	Other	Investment Income (Expense)	Capital Grants	Miscellaneous Income (Expense)	Total Revenue ⁽¹⁾
2016	\$ 36,244,580	8,485,420	4,816,060	279,973	424,166	121,008	956,852	-	\$ 51,328,059
2017	37,112,126	9,081,772	5,032,820	332,351	435,165	(428)	412,623	-	52,406,429
2018	36,731,789	8,726,836	5,169,143	1,080,225	350,972	11,025	774,429	-	52,844,419
2019	37,428,959	8,800,161	5,285,598	979,938	383,836	306,492	1,250,000	64,631	54,499,615
2020	36,984,818	9,458,365	5,454,701	1,212,668	388,183	902,155	10,000	10,103	54,420,993
2021	35,342,652	8,263,179	5,536,118	1,472,344	306,888	119,518	1,093,483	35,399	52,169,581
2022	35,945,804	7,656,096	5,764,569	3,109,142	350,921	(1,238,945)	156,517	20,600	51,764,704
2023	36,541,920	8,029,653	6,193,857	4,837,068	354,657	(125,797)	-	(6,877)	55,824,481
2024	37,336,244	8,193,589	6,664,445	2,562,694	461,230	815,671	3,392,839	64,500	59,491,212
2025	\$ 39,300,829	8,380,741	7,243,856	1,877,812	396,548	1,660,415	4,428,346	61,338	\$ 63,349,885

(1) Excludes Contributions in Aid of Construction.

COMBINED UTILITY SYSTEM
EASLEY, SOUTH CAROLINA

SCHEDULE OF EXPENSES BY UNIT BY ACTIVITY

LAST TEN FISCAL YEARS

UNAUDITED

	Year Ended March 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Electric										
Operating	\$ 32,629,777	\$ 33,167,861	\$ 31,967,480	\$ 29,233,986	\$ 26,998,738	\$ 26,090,684	\$ 27,814,609	\$ 31,016,826	\$ 32,804,088	\$ 34,453,307
Depreciation	1,160,167	1,196,451	1,339,674	1,452,408	1,534,430	1,577,398	1,541,473	1,542,494	1,591,595	1,644,287
Interest	164,952	129,069	134,155	139,199	122,240	116,532	112,053	107,491	102,503	96,733
Other	-	-	-	-	-	-	-	-	-	1,482,689
	<u>33,954,896</u>	<u>34,493,381</u>	<u>33,441,309</u>	<u>30,825,593</u>	<u>28,655,408</u>	<u>27,784,614</u>	<u>29,468,135</u>	<u>32,666,811</u>	<u>34,498,186</u>	<u>37,677,016</u>
Water										
Operating	2,776,867	2,775,287	2,651,587	3,066,767	3,137,885	2,830,423	3,100,123	3,571,495	3,749,103	4,158,354
Depreciation	2,656,299	2,633,481	2,637,396	2,634,489	2,508,211	2,444,357	2,194,851	2,250,671	2,197,837	2,035,447
Interest	1,676,702	1,427,871	1,418,021	1,398,092	1,189,585	1,136,266	1,099,658	1,066,674	1,023,343	959,836
Other	-	-	-	-	-	5,023,983	-	-	-	-
	<u>7,109,868</u>	<u>6,836,639</u>	<u>6,707,004</u>	<u>7,099,348</u>	<u>6,835,681</u>	<u>11,435,029</u>	<u>6,394,632</u>	<u>6,888,840</u>	<u>6,970,283</u>	<u>7,153,637</u>
Wastewater										
Operating	2,338,487	2,290,243	2,330,768	2,500,419	2,438,520	2,563,575	2,607,538	3,224,229	3,152,503	2,979,884
Depreciation	908,145	963,180	1,002,095	1,056,530	1,239,174	1,491,359	1,561,519	1,657,284	1,749,804	1,860,046
Interest	204,257	181,942	287,508	467,308	451,152	432,799	428,057	423,222	456,524	462,294
	<u>3,450,889</u>	<u>3,435,365</u>	<u>3,620,371</u>	<u>4,024,257</u>	<u>4,128,846</u>	<u>4,487,733</u>	<u>4,597,114</u>	<u>5,304,735</u>	<u>5,358,831</u>	<u>5,302,224</u>
Administration										
Operating	4,769,644	5,899,677	6,125,140	6,189,647	6,509,033	6,404,812	5,848,659	5,615,516	7,087,621	7,301,683
Depreciation	243,250	255,999	266,418	287,613	252,238	236,307	254,238	263,780	269,859	311,283
Interest	73,867	58,070	75,555	94,686	87,181	84,919	83,056	81,159	79,014	76,138
Other	477,483	314,654	1,126,717	789,182	499,138	(89,211)	(89,211)	(30,097)	(89,211)	(89,212)
	<u>5,564,244</u>	<u>6,528,400</u>	<u>7,593,830</u>	<u>7,361,128</u>	<u>7,347,590</u>	<u>6,636,827</u>	<u>6,096,742</u>	<u>5,930,358</u>	<u>7,347,283</u>	<u>7,599,892</u>
Total Expenses	\$ 50,079,897	\$ 51,293,785	\$ 51,362,514	\$ 49,310,326	\$ 46,967,525	\$ 50,344,203	\$ 46,556,623	\$ 50,790,744	\$ 54,174,583	\$ 57,732,769

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 5

ELECTRIC SYSTEM

UNAUDITED

Electric Service Rates

The Utility provides electrical power to two types of customers, residential and general service. Residential electrical service is available to all single-family dwelling units and individual dwelling units in apartment structures or other multi-family residential structures. All other customers pay the general service rate. The following sets forth the Utility's electric rates for residential and general service, which became effective April 1, 2024:

Residential Service Table

Basic Facilities Charge	\$9.56
All Energy (kWh)	\$.1177/kWh

General Service

Small General Service

Fixed Charge	\$17.00
--------------	---------

Energy Charge

First 3,000 kWh	\$0.1531/kWh
Next 6,000 kWh	\$0.1139/kWh
Next 21,000 kWh	\$0.0762/kWh
Next 30,000 kWh	\$0.0700/kWh
Over 60,000 kWh	\$0.0542/kWh

Large General Service

Fixed Charge	\$17.00
--------------	---------

Demand Charge

First 30 kW	\$0.00
All over 30 kW	\$8.59/kWh

Energy Charge

First 400 kWh/kW	
First 3,000 kWh	\$0.1531/kWh
Next 6,000 kWh	\$0.1139/kWh
Next 21,000 kWh	\$0.0762/kWh
All over 30,000 kWh	\$0.0700/kWh
Over 400 kWh/kW	\$0.0542/kWh

(Continued)

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 5

ELECTRIC SYSTEM

UNAUDITED

Number of Meters

The following table shows the number of meters in the electric system as of the last day of each of the last ten fiscal years.

Fiscal Year Ended March 31,	Residential	General Service	Total
2016	12,352	1,618	13,970
2017	12,557	1,626	14,183
2018	12,943	1,637	14,580
2019	13,093	1,652	14,745
2020	13,296	1,656	14,952
2021	13,630	1,675	15,305
2022	14,026	1,681	15,707
2023	14,934	1,680	16,614
2024	15,468	1,678	17,146
2025	15,778	1,691	17,469

Kilowatt-hour Sales and Peak Demand

The table below sets forth the kilowatt-hour sales and peak demand as of the last day of the last ten fiscal years:

Fiscal Year Ended March 31,	Residential	General Service	Lighting	Peak Demand (kW)
2016	153,935,279	141,756,764	3,683,892	73,301
2017	153,096,605	142,296,410	3,688,505	74,169
2018	152,018,557	138,163,504	3,673,085	71,959
2019	166,327,530	130,465,617	3,682,039	70,388
2020	160,776,753	134,113,732	3,685,971	71,470
2021	158,692,175	117,560,447	3,862,701	70,686
2022	159,182,870	118,688,948	3,884,374	69,818
2023	164,905,667	119,868,614	3,837,803	75,023
2024	168,738,995	118,848,001	3,833,327	77,003
2025	180,596,921	124,216,237	3,804,038	77,124

(Continued)

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 5

ELECTRIC SYSTEM

UNAUDITED

Ten Major Users

The ten largest electric users for the fiscal year ending March 31, 2025, are listed below:

Customer Name	kWh	Revenue	Percent of Billed Revenue	Percent of Top 10 Revenue
City of Easley	3,690,742	\$ 861,095	2.31%	18.99%
Pickens County Schools	6,352,448	845,062	2.26%	18.63%
Baptist Easley	9,754,323	832,152	2.23%	18.35%
Ingles Markets #251	3,890,131	329,927	0.88%	7.28%
Presbyterian Home of SC	3,222,752	322,972	0.87%	7.12%
Walmart Stores, Inc.	3,541,680	317,876	0.85%	7.01%
Ingles Markets #51	3,725,052	314,951	0.84%	6.95%
Sam's Club	2,849,581	267,214	0.72%	5.89%
KP Components	3,239,280	230,923	0.62%	5.09%
Rock Springs Baptist Church	1,789,798	212,740	0.57%	4.69%
	<u>42,055,787</u>	<u>\$ 4,534,912</u>	<u>12.15%</u>	<u>100.00%</u>

The ten largest electric users for the fiscal year ending March 31, 2016, are listed below:

Customer Name	kWh	Revenue	Percent of Billed Revenue	Percent of Top 10 Revenue
Pickens County Schools	6,780,288	\$ 913,104	2.57%	18.83%
Baptist Easley	10,774,674	912,883	2.57%	18.82%
City of Easley	2,353,020	836,020	2.36%	17.24%
Ingles Markets #251	4,269,848	355,019	1.00%	7.32%
Clovervale Food Processing	3,532,765	329,097	0.93%	6.79%
Ingles Markets #51	3,899,961	320,531	0.90%	6.61%
Walmart Stores, Inc.	3,591,200	306,950	0.86%	6.33%
Emeritus Assisted Living	2,371,472	305,606	0.86%	6.30%
Sam's Club	3,301,511	296,774	0.84%	6.12%
Presbyterian Home of SC	2,821,835	273,651	0.77%	5.64%
	<u>43,696,574</u>	<u>\$ 4,849,635</u>	<u>13.66%</u>	<u>100.00%</u>

(Continued)

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 5

ELECTRIC SYSTEM

UNAUDITED

PMPA

The Utility's share of PMPA's share of the Catawba Project output is 13.2426%. PMPA bills each participant monthly for its power costs, including its share of the debt service on bonds issued by PMPA. The Utility's obligations under the Power Sales Agreement are payable as an operating expense of its electric system (including all properties and assets used or pertaining to the generation, transmission, transformation, distribution, and sale of electric power and energy) solely from the revenues of such electric system. The Utility has paid the following amounts for the purchase of capacity and energy from PMPA during the past ten calendar years:

Year	Purchase Amount
2016	\$ 29,502,235
2017	30,041,877
2018	29,020,365
2019	25,628,928
2020	23,668,671
2021	22,059,107
2022	23,783,239
2023	26,299,101
2024	28,061,093
2025	\$ 29,258,481

The Utility has also entered into a Supplemental Power Sales Agreement with PMPA under which the Utility has agreed, in exchange for its electric power and energy requirements (exclusive of any purchased from SEPA) in excess of those supplied under the Power Sales Agreement and from any future PMPA projects not financed with bonds issued under the current PMPA bond resolution, to pay for its share of supplemental power costs to the extent delivered and supplied. Payments are made by the Utility solely from the revenues of its electric system (including all properties and assets used or pertaining to the generation, transmission, transformation, distribution, and sale of electric power and energy) and are treated as an operating expense thereof.

WATER SYSTEM

UNAUDITED

Water Service Rates

Water service charges were last increased effective April 1, 2020. The rates for water based on volume will be \$2.5226 per 100 cubic feet for customers located inside the City and \$3.7817 per 100 cubic feet for customers located outside the City. Minimum monthly water service charges (effective April 1, 2024) based on meter size are set forth in the table below.

Minimum Charges by Meter Size	Inside City		Outside City	
5/8"	\$	11.11	\$	16.67
1"		27.78		41.66
1¼"		41.66		62.49
1½"		55.55		83.33
2"		88.88		133.32
3"		166.65		249.98
4"		277.75		416.63
6"		555.50		833.25
8"	\$	888.80	\$	1,333.20

The Utility’s monthly charges based upon line size for fire sprinkler connections are set forth below. The customer is responsible for paying all costs for labor and materials for installing the lines.

Line Size	Monthly Charge	
2"	\$	16.36
4"		32.73
6"		49.07
8"		65.41
10"		81.77
12"		98.11
24"		114.47
28"	\$	130.82

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 6

WATER SYSTEM

UNAUDITED

Water Service Tap Fees

Water service tap fees were last increased effective August 1, 2017 and are set forth in the following table. This service connection includes tapping main, running service line to curb, and installing meter and meter box. Total water tap fees for the fiscal year ended March 31, 2025, amounted to approximately \$418,000.

Size	Cost
5/8"	\$ 2,315
1"	\$ 4,420
1½" and larger	Cost of installation + Capacity Fee

Number of Connections

The following table shows the number of water connections as of the last day of each of the last ten fiscal years and the average and maximum daily usage for such fiscal years. The average and maximum daily usage for the 12-month period ended March 31, 2025 were approximately 6.0 MGD and 9.4 MGD, respectively.

Fiscal Year Ended March 31,	No. of Connections Inside City	No. of Connections Outside City	Total	Average MGD	Maximum MGD
2016	9,151	4,252	13,403	7.5	12
2017	9,146	4,281	13,427	8.2	14
2018	9,235	4,303	13,538	7.4	13.1
2019	9,271	4,352	13,623	7.6	11.8
2020	9,439	4,385	13,824	8.3	13.3
2021	9,699	4,442	14,141	5.8	11.7
2022	10,067	4,483	14,550	4.9	8.1
2023	10,561	4,509	15,070	5.3	8.4
2024	10,838	4,541	15,379	5.3	9.9
2025	11,084	4,578	15,662	6.0	9.4

(Continued)

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 6

WATER SYSTEM

UNAUDITED

Water Sales

The table below classifies water consumption (in cubic feet) by inside City and outside City sales for the years shown:

Fiscal Year Ended March 31,	Inside City	Outside City	Total
2016	97,256,279	235,132,911	332,389,190
2017	106,908,379	253,175,563	360,083,942
2018	96,402,748	241,098,203	337,500,951
2019	94,604,193	236,517,586	331,121,779
2020	100,608,823	259,001,456	359,610,279
2021	93,310,646	161,556,014	254,866,660
2022	96,796,566	104,520,193	201,316,759
2023	103,194,719	118,611,316	221,806,035
2024	101,680,825	117,791,366	219,472,191
2025	106,734,768	119,411,899	226,146,667

Ten Major Customers

The ten largest customers of the water unit of the system for fiscal year ended March 31, 2025 are shown below:

Customer Name	Cubic Feet	Revenue	Percent of Billed Revenue	Percent of Top 10 Revenue
Southside Water District	43,975,555	\$ 628,571	7.67%	38.39%
Dacusville Cedar Rock	18,912,108	329,514	4.02%	20.13%
Easley Central Water District	16,927,098	291,763	3.56%	17.82%
Prisma Health (Easley)	2,832,937	88,829	1.08%	5.43%
Ortec Inc.	2,039,680	81,919	1.00%	5.00%
Pickens County Schools	1,553,052	71,140	0.87%	4.35%
Presbyterian Home	1,409,323	46,289	0.56%	2.83%
Ridge at Perry Bend	1,070,810	37,375	0.46%	2.28%
Josman Easley	1,231,560	32,267	0.39%	1.97%
Creekside Apartments	936,489	29,400	0.36%	1.80%
	<u>90,888,612</u>	<u>\$ 1,637,067</u>	<u>19.97%</u>	<u>100.00%</u>

(Continued)

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 6

WATER SYSTEM

UNAUDITED

The ten largest customers of the water unit of the system for fiscal year ended March 31, 2016 are shown below:

Customer Name	Cubic Feet	Revenue	Percent of Billed Revenue	Percent of Top 10 Revenue
Powdersville Water District	119,491,525	\$ 1,383,049	16.30%	48.44%
Dacusville Cedar Rock	28,360,989	439,002	5.17%	15.36%
Southside Water District	25,296,061	317,995	3.75%	11.14%
Easley Central Wtr District	15,228,741	195,460	2.30%	6.84%
Alice Mfg Ellison Plant	5,582,420	159,863	1.88%	5.59%
Ortec, Inc.	2,915,080	108,204	1.28%	3.80%
Baptist Easley	3,263,219	91,050	1.07%	3.18%
Pickens County Schools	1,970,298	73,305	0.86%	2.56%
City of Easley	958,577	46,453	0.55%	1.63%
Palmetto Finishing	853,424	41,997	0.49%	1.46%
	<u>203,920,334</u>	<u>\$ 2,856,378</u>	<u>33.65%</u>	<u>100.00%</u>

SEWER SYSTEM

(UNAUDITED)

Sewer Service Rates

Residential, commercial, and industrial sewer service volume charges for customers who are also water customers are set forth in the following table. Fixed fees of \$22.63, for inside of City limits, and \$27.72 for outside of City limits, respectively, per month are charged to those sewer customers in addition to the volume charge. No additional volume charge is imposed on sewer customers for usage over 1,600 cubic feet. Residential sewer customers who are not water customers are charged fixed fees of \$40.29 and \$51.16, respectively, per month for inside and outside the City limits, and are not charged on a volume basis.

Monthly Charge Inside City Limits	Monthly Charge Outside City Limits
\$3.0444 per 100 cubic feet (up to 1,600 cubic feet)	\$4.0419 per 100 cubic feet (up to 1,600 cubic feet)

Sewer Service Tap Fees

Sewer service tap charges are set forth in the following table:

Size	Cost
4" Tap	\$1,330 + capacity fee
Larger Taps	cost + capacity fee

The capacity fee of \$2,500 for sewer is applicable per Residential Equivalent Unit ("REU"). An REU is equivalent to 300 gallons per day ("GPD") of discharge. 300 GPD is the amount of discharge that one single-family home would release into the system per day. Total sewer-tap fees for the fiscal year ended March 31, 2025 were approximately \$1,378,000.

(Continued)

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 7

SEWER SYSTEM

UNAUDITED

Number of Connections

The following table provides the total number of sewer connections as of March 31 in each of the calendar years shown, and the total treatment volumes for the fiscal years then ended.

Fiscal Year Ended March 31,	Number of Connections Inside City Limits	Number of Connections Outside City Limits	Total Number of Connections	Total Treatment Volumes (MG)
2016	9,341	1,110	10,451	1,113.09
2017	9,350	1,125	10,475	938.078
2018	9,460	1,141	10,601	908.907
2019	9,510	1,169	10,679	1,070.83
2020	9,689	1,244	10,933	1,062.83
2021	9,985	1,253	11,238	1,157.76
2022	10,330	1,257	11,587	1,035.06
2023	10,795	1,284	12,079	1,081.76
2024	11,103	1,357	12,460	1,085.81
2025	11,351	1,759	13,110	1,030.57

The table below lists the average daily loading for each plant for the fiscal years given.

Fiscal Year Ended March 31,	Middle Branch (MGD)	Golden Creek (MGD)	Georges Creek (MGD)
2016	2.519	0.1458	0.3852
2017	2.076	0.1132	0.3807
2018	1.992	0.1386	0.3597
2019	2.369	0.1446	0.4207
2020	2.373	0.1143	0.4243
2021	2.667	0.0961	0.4085
2022	2.346	0.0963	0.3932
2023	2.442	0.0925	0.4293
2024	2.431	0.0928	0.4508
2025	2.309	0.0783	0.4363

(Continued)

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 7

SEWER SYSTEM

UNAUDITED

Ten Major Users

Largest users of the sewer unit of the system for the fiscal year ended March 31, 2025 are shown below:

Customer Name	Cubic Feet	Revenue	Percent of Billed Revenue	Percent of Top 10 Revenue
Prisma Health (Easley)	2,832,937	\$ 50,242	0.75%	14.12%
Presbyterian Home	1,207,603	41,462	0.62%	11.65%
Josman Easley (Papa Bear Car Wash)	1,231,560	38,037	0.57%	10.68%
Pickens County Schools	1,174,853	39,026	0.59%	10.96%
Ridge at Perry Bend Apts	901,703	38,215	0.57%	10.73%
Easley Housing Authority	863,516	35,793	0.54%	10.05%
Creekside Apts	936,489	33,030	0.50%	9.28%
HPI Easley, LLC	788,091	28,333	0.43%	7.96%
Auston Woods	777,023	26,643	0.40%	7.48%
Serenity at Easley, LLC	588,794	25,257	0.38%	7.09%
	<u>11,302,569</u>	<u>\$ 356,038</u>	<u>5.35%</u>	<u>100.00%</u>

Largest users of the sewer unit of the system for the fiscal year ended March 31, 2016 are shown below:

Customer Name	Cubic Feet	Revenue	Percent of Billed Revenue	Percent of Top 10 Revenue
Baptist Easley	3,261,298	\$ 42,876	0.93%	15.02%
Pickens County Schools	989,427	37,460	0.81%	13.12%
Emeritus Assisted Living	1,201,728	35,897	0.78%	12.57%
Easley Housing Authority	893,516	29,410	0.64%	10.30%
Presbyterian Home of SC	962,585	28,183	0.61%	9.87%
Powers Properties	992,194	25,972	0.56%	9.10%
Creekside Apts	782,207	23,322	0.50%	8.17%
Palmetto Plating	853,424	22,255	0.48%	7.79%
Auston Woods	770,188	21,674	0.47%	7.59%
City of Easley	508,652	18,482	0.40%	6.47%
	<u>11,215,219</u>	<u>\$ 285,531</u>	<u>6.18%</u>	<u>100.00%</u>

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 8

RATIOS OF BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Revenue Bonds	Notes and Leases Payable	Personal Income	Population	As a Share of Personal Income	Per Capita
2016	\$ 47,487,520	\$ 1,900,719	\$ 4,412,800	123,180	1.12%	\$ 400.94
2017	45,396,403	1,797,023	4,617,446	123,590	1.02%	381.85
2018	53,155,838	1,957,395	4,825,034	125,176	1.14%	440.29
2019	51,473,046	2,194,442	5,059,279	126,974	1.06%	422.67
2020	49,618,453	2,982,592	5,500,441	131,684	0.96%	399.45
2021	47,209,409	2,897,145	5,777,923	132,097	0.87%	379.32
2022	44,760,365	2,810,064	6,136,684	133,470	0.78%	356.41
2023	42,271,321	3,273,416	6,558,771	135,495	0.69%	336.14
2024	39,817,278	4,775,909	7,524,617	136,657	0.59%	326.31
2025	\$ 37,378,235	\$ 5,595,372	\$ 7,417,141	139,317	0.58%	\$ 308.46

Notes:

- (1) Personal income and population figures are based on residents of Pickens County.
- (2) Personal income and population figures for 2022, 2023, 2024 and 2025 were estimated based on the average annual change of the previous five years.
- (3) Personal income figures are listed in thousands

Source: Personal income and population figures- US Bureau of Labor Statistics and US Census Bureau

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

HISTORICAL STATEMENTS OF REVENUES, EXPENSES, DEBT SERVICE AND DEBT SERVICE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

	Year Ended March 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross Revenues										
Electric unit	\$ 36,244,580	\$ 37,112,126	\$ 36,731,789	\$ 37,428,959	\$ 36,984,818	\$ 35,342,652	\$ 35,945,804	\$ 36,541,920	\$ 37,336,244	\$ 39,300,829
Water unit	8,485,420	9,081,772	8,726,836	8,800,161	9,458,365	8,263,179	7,656,096	8,029,653	8,193,589	8,380,741
Wastewater unit	4,816,060	5,032,820	5,169,143	5,285,598	5,454,701	5,536,118	5,764,569	6,193,857	6,664,445	7,243,856
Tap fees/developer fees	279,973	332,351	1,080,225	979,938	1,212,668	1,472,344	3,109,142	4,837,068	2,562,694	1,877,812
Other income	424,166	435,165	350,972	383,836	388,183	306,888	350,921	354,657	461,230	1,116,989
Gross revenues	50,250,199	51,994,234	52,058,965	52,878,492	53,498,735	50,921,181	52,826,532	55,957,155	55,218,202	57,920,227
Expenses										
Electric operations	32,629,777	33,167,861	31,967,480	29,233,986	26,998,738	26,090,684	27,814,609	31,016,826	32,804,088	35,935,996
Water operations	2,776,867	2,775,287	2,651,587	3,066,767	3,137,885	2,830,423	3,100,123	3,571,495	3,749,103	4,158,354
Wastewater operations	2,338,487	2,290,243	2,330,768	2,500,419	2,438,520	2,563,575	2,607,538	3,224,229	3,152,503	2,979,884
Customer service and administration	4,769,644	5,899,677	6,125,140	6,189,647	6,509,033	6,404,812	5,848,659	5,615,516	7,087,621	7,301,683
Total expense	42,514,775	44,133,068	43,074,975	40,990,819	39,084,176	37,889,494	39,370,929	43,428,066	46,793,315	50,375,917
Net revenues available for debt service	\$ 7,735,424	\$ 7,861,166	\$ 8,983,990	\$ 11,887,673	\$ 14,414,559	\$ 13,031,687	\$ 13,455,603	\$ 12,529,089	\$ 8,424,887	\$ 7,544,310
Debt service	\$ 4,010,016	\$ 4,007,929	\$ 4,476,022	\$ 4,204,717	\$ 3,985,698	\$ 3,984,157	\$ 3,981,816	\$ 3,919,756	\$ 3,935,503	\$ 3,995,197
Debt service coverage	1.93	1.96	2.01	2.83	3.62	3.27	3.38	3.20	2.14	1.89

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

TABLE 10

PICKENS COUNTY DEMOGRAPHIC DATA

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Estimated Population(1)	Personal Income(1)	Unemployment Rate(2)
2016	123,180	\$ 35,824	5.3%
2017	123,590	37,361	4.0%
2018	125,176	38,546	3.3%
2019	126,974	39,845	3.2%
2020	131,684	41,770	3.3%
2021	132,097	43,740	3.8%
2022	133,470	46,420	2.9%
2023	135,495	49,900	2.9%
2024	136,657	53,818	3.0%
2025	139,317	\$ 59,111	3.6%

Sources

- (1) US Census Bureau (Personal income and population figures for 2025 were estimated based on the average annual change of the previous 5 years)
(2) US Bureau of Labor Statistics (Pickens County)

Table 11

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

PRINCIPAL EMPLOYERS OF PICKENS COUNTY

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Year Ended March 31, 2025			
Employer	Employees	Percentage of Total County Employment	
Clemson University	5,845	10.03%	
School District of Pickens County	2,457	4.22%	
Pickens County	738	1.27%	
Reliable Automatic Sprinkler Co.	720	1.24%	
Aramark Services	621	1.07%	
YH America, South Carolina	470	0.81%	
Abbott	330	0.57%	
Prisma Health	300	0.51%	
TaylorMade	300	0.51%	
City of Clemson	270	0.46%	
Total	12,051	20.69%	

Year Ended March 31, 2016			
Employer	Employees	Percentage of Total County Employment	
State of South Carolina	4,881	9.01%	
Clemson University	3,529	6.52%	
School District of Pickens County	1,893	3.50%	
Contract Environmental Services (CES)	1,200	2.22%	
Aramark Services	800	1.48%	
Palmetto Baptist Easley	656	1.21%	
YH America, South Carolina	619	1.14%	
Picken County	592	1.09%	
Wal-Mart	544	1.00%	
Miliken & Co- Pendleton Finishing Plant	400	0.74%	
Total	15,114	27.91%	

Source: Appalachian Council of Governments

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY

LAST TEN FISCAL YEARS

UNAUDITED

	Full-time Equivalent Employees as of March 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Electric:										
Electric lines and distribution	16	18	16	15	15	17	16	16	16	16
Water:										
Water lines and distribution	13	14	16	14	14	15	14	15	15	16
Water plant	6	6	6	6	6	6	7	7	7	7
Wastewater:										
Wastewater lines and distribution	5	5	5	4	5	6	4	4	4	4
Wastewater plant	9	9	8	8	8	9	8	8	8	8
Administration:										
General manager's office	2	2	2	2	2	2	2	2	2	2
Operations supervisor	2	2	2	1	1	1	1	1	1	2
Billing/Customer service	11	10	10	10	9	8	9	9	9	9
Electrical engineer	1	1	1	1	2	1	1	2	2	3
Information technology	2	2	2	2	2	2	2	2	2	2
Finance	2	2	2	2	2	2	2	2	2	2
Meter reading	2	2	2	2	2	1	2	2	2	2
Mapping service	2	2	2	2	2	2	2	2	2	2
Warehouse/Purchasing/Shop	5	5	5	4	5	5	5	5	5	5
Total Employees	78	80	79	73	75	77	75	77	77	80

Note: All managers or directors are included with their divisions. A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Source: Easley Combined Utilities Payroll Department

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

Table 13

OPERATING AND CAPITAL INDICATORS

LAST TEN FISCAL YEARS

UNAUDITED

	Year Ended March 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Electric system:										
Size of service area (sq. miles)	51	51	51	51	51	51	51	51	51	51
Number of substations	5	6	6	6	6	6	6	6	6	6
Number of circuits	21	25	25	25	25	25	25	25	25	25
Miles of underground service	145	148	149	151	155	158	164	169	171	175
Miles of overhead service	246	245	240	237	234	235	235	235	235	235
Miles of fiber optic line	29	29	37	37	37	37	37	38	41	41
Water system:										
Size of water shed (sq. miles)	293	293	293	293	293	293	293	293	293	293
Water storage capacity (MG)	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6
Miles of water mains	370	370	370	370	370	370	373	374	375	376
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity (MGD)	18	18	18	18	18	18	18	18	18	18
Amount treated annually (MG)	2,812.5	3,014.9	2,692.0	2,782.2	3,031.7	2,110.1	1,797.9	1,952.3	1,915.2	2,189.8
Water purchased (MG)	-	-	-	-	-	-	-	2.9	-	-
Unused capacity (MG)	3,757.5	3,555.1	3,878.0	3,787.8	3,538.3	4,459.9	4,772.1	4,617.7	4,654.8	4,380.2
Percentage of capacity utilized	42.8%	45.9%	41.0%	42.3%	46.1%	32.1%	27.4%	29.7%	29.2%	33.3%
Wastewater system:										
Miles of sewer mains	212	212	212	212	212	212	212	212	217	221
Number of pump stations	21	21	21	21	21	21	21	21	21	21
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Treatment capacity (MGD)	4.9	4.9	4.9	4.9	5.4	5.4	5.4	5.4	5.7	5.7
Amount treated annually (MG)	1,113.1	938.1	908.9	1,070.8	1,062.8	1,157.8	1,035.1	1,081.8	1,085.8	1,030.6
Unused capacity (MG)	675.4	850.4	879.6	717.7	908.2	813.2	935.9	889.2	994.7	1049.9
Percentage of capacity utilized	62.2%	52.5%	50.8%	59.9%	53.9%	58.7%	52.5%	54.9%	52.2%	49.5%

Source: Various Easley Combined Utilities Departments



This Page Intentionally Left Blank



COMPLIANCE SECTION

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
US Department of Treasury			
Pass-Through SC Rural Infrastructure Authority: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act)	21.027	A-23-C058	\$ 4,428,346
Total US Department of Treasury			<u>4,428,346</u>
TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 4,428,346</u>

There were no expenditures to subrecipients for the year ended March 31, 2025.

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2025

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of the Combined Utility System of Easley (the “Utility”) for the year ended March 31, 2025. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting, which is described in the notes to the Utility’s financial statements.

C – Relationship to Financial Statements

Federal award expenditures are reported as capital asset additions in the Utility’s financial statements.

D – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

E – Indirect Cost Rate

The Utility has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.



This Page Intentionally Left Blank



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Combined Utility System of Easley
Easley, South Carolina

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the Combined Utility System of Easley, Easley, South Carolina (the "Utility"), as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements, and have issued our report thereon dated August 13, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
August 13, 2025



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Combined Utility System of Easley
Easley, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Combined Utility System of Easley, South Carolina's (the "Utility") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Utility's major federal programs for the year ended March 31, 2025. The Utility's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Utility complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Utility and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Utility's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Utility's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Utility's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Utility's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Utility's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Utility's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
August 13, 2025

**COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED MARCH 31, 2025

There were no audit findings in the prior year.

COMBINED UTILITY SYSTEM OF EASLEY
EASLEY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MARCH 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____ None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516 (Uniform Guidance)?	_____ Yes	_____ X _____ No
--	-----------	------------------

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act)

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
--	------------

Auditee qualified as low-risk auditee?	_____ Yes	_____ X _____ No
--	-----------	------------------

Section II - Current Year Financial Statement Findings

No matters to report.

Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit

No matters to report.