

**CITY OF EASLEY,
SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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CITY OF EASLEY, SOUTH CAROLINA

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CITY OF EASLEY, SOUTH CAROLINA
LISTING OF PRINCIPAL OFFICIALS
AS OF JUNE 30, 2024

Established

1874

MAYOR

Lisa Talbert

CITY COUNCIL MEMBERS

Tom O'Shields

Denise Davidson

Donna Rainey

David Jones

Justin Alexander

Jim Robinson

CITY ADMINISTRATOR

Tom Couch

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Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Easley
Easley, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Easley, South Carolina (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 City'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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as listed in the table of contents, 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025 on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
June 27, 2025

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CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

This discussion and analysis of the financial performance of the City of Easley (the "City") provides an overview of the City's financial activities for the year ended June 30, 2024. The intent of this discussion and analysis is to present the City's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements and the supplemental schedules to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by approximately \$3,936,000, which consisted of an increase in governmental activities of approximately \$2,857,000 and an increase in business-type activities of approximately \$1,079,000, as revenues of approximately \$26,664,000 exceeded expenses of approximately \$22,728,000.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$17,678,000, a decrease of approximately \$1,808,000 from the prior year balance of approximately \$19,486,000. Approximately 42.5% of this amount, or approximately \$7,510,000, is available for spending at the government's discretion.
- The unassigned fund balance for the General Fund was approximately \$7,510,000 or 33.1% of the General Fund expenditures for the current fiscal year.
- The City's capital assets, net of depreciation, increased by approximately \$3,995,000 (11%) to approximately \$40,756,000 at June 30, 2024. The increase was due to capital asset additions of approximately \$6,366,000, partially offset by depreciation expense of approximately \$2,372,000.
- The City's long-term indebtedness decreased by approximately \$1,289,000 (7.7%) to approximately \$15,413,000 at June 30, 2024. This decrease is due to the regularly scheduled principal payments of approximately \$1,557,000, partially offset by additions to the lease liabilities of approximately \$269,000.
- The assets and deferred outflows of resources of the City exceeded their liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$24,953,000 (net position). Unrestricted net position was a deficit of approximately \$7,448,000 primarily due to the City recording the net pension liability and the related deferred inflows and outflows of resources as required by the Governmental Accounting Standards Board. Absent this, the unrestricted net position at June 30, 2024 would have been approximately \$4,477,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains required and other supplementary information that will enhance the reader's understanding of the financial condition of the City.

Government-Wide Financial Statements - These financial statements include two kinds of statements that present different views of the City. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial services, public safety, public works, recreation and tourism, and community development. The business-type activities of the City are its stormwater operations.

Fund Financial Statements - The remaining financial statements are *fund financial statements* that focus on individual parts of the City, reporting its operations in more detail than the government-wide financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the general statutes or the City's budget ordinance. All of the funds of the City can be divided into the following categories: governmental and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between the governmental funds and governmental activities.

The City maintains 13 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Grants Fund, the Hospitality Tax Fund, the Tax Increment Financing ("TIF") Fund, and the ARPA Fund, all of which are considered to be major funds. Information from the other 8 nonmajor governmental funds are combined into aggregated presentations. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements as supplementary information.

The governmental fund financial statements can be found as listed in the table of contents.

Proprietary Fund – The City maintains one type of proprietary fund, which is an enterprise fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses one enterprise fund to account for its stormwater operations.

The proprietary fund financial statements can be found as listed in the table of contents.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Other Information - In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. A required budgetary comparison schedule has been provided for the General Fund and each budgeted major special revenue fund to demonstrate compliance with these budgets. The City adopts an annual budget for its General Fund, as required by State statutes, and other special revenue funds. Required pension plans and other postemployment benefit plan schedules have been provided to show details about the City's participation in these plans. Required supplementary information can be found as listed in the table of contents.

The supplementary information, which includes the combining nonmajor special revenue funds information and the uniform schedules of fines, assessments, and surcharges (per Act 96), is presented immediately following the required supplementary information and can be found as listed in the table of contents.

Major Features of the City's Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Proprietary Fund
Scope	Entire City government	The activities of the City that are not proprietary	Activities the City operates similar to private businesses
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of balance sheet information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the period or soon thereafter; no capital assets or long-term obligations are included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the fiscal year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the fiscal year; expenditures when goods or services have been received and payment is due during the fiscal year or soon thereafter	All revenues and expenses during fiscal year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$24,953,000 at June 30, 2024.

CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

This table provides a summary of the City's net position as of June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and Other Assets	\$ 20,322,749	22,183,451	240,434	94,904	20,563,183	\$ 22,278,355
Capital Assets, Net	36,999,569	33,811,439	3,756,249	2,949,590	40,755,818	36,761,029
Total Assets	57,322,318	55,994,890	3,996,683	3,044,494	61,319,001	59,039,384
Deferred Outflows of Resources						
Deferred Pension Charges	2,625,430	2,368,277	-	-	2,625,430	2,368,277
Deferred OPEB Charges	1,555,431	1,128,000	-	-	1,555,431	1,128,000
Total Deferred Outflows of Resources	4,180,861	3,496,277	-	-	4,180,861	3,496,277
Liabilities						
Other Liabilities	2,736,238	2,795,289	22,957	9,532	2,759,195	2,804,821
Net Pension Liability	14,039,327	13,910,396	-	-	14,039,327	13,910,396
Net OPEB Liability	5,474,734	4,771,973	-	-	5,474,734	4,771,973
Long-Term Obligations	15,251,064	16,358,286	687,154	827,629	15,938,218	17,185,915
Total Liabilities	37,501,363	37,835,944	710,111	837,161	38,211,474	38,673,105
Deferred Inflows of Resources						
Deferred Pension Credits	510,989	649,479	-	-	510,989	649,479
Deferred OPEB Credits	1,824,490	2,196,058	-	-	1,824,490	2,196,058
Total Deferred Inflows of Resources	2,335,479	2,845,537	-	-	2,335,479	2,845,537
Net Position						
Net Investment in Capital Assets	22,705,553	18,466,618	3,069,095	2,121,961	25,774,648	20,588,579
Restricted	6,595,384	5,078,796	30,457	28,187	6,625,841	5,106,983
Unrestricted	(7,634,600)	(4,735,728)	187,020	57,185	(7,447,580)	(4,678,543)
Total Net Position	\$ 21,666,337	18,809,686	3,286,572	2,207,333	24,952,909	\$ 21,017,019

Assets of the governmental activities increased by approximately \$1,327,000 due to an increase in capital assets of approximately \$3,188,000, partially offset by a decrease in current and other assets of approximately \$1,861,000. Liabilities of the governmental activities decreased approximately \$335,000 due primarily to decreases in long-term obligations of approximately \$1,107,000 and other liabilities of approximately \$59,000, partially offset by increases in the net pension liability of approximately \$129,000 and net OPEB liability of approximately \$703,000. Net position of the City's governmental activities increased by approximately \$2,857,000, or 15% due primarily to revenues exceeding expenses. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by approximately \$2,899,000 to approximately negative \$7,635,000 at June 30, 2024 due primarily to the pension and OPEB liabilities. Restricted net position increased approximately \$1,517,000 due to restricted revenue exceeding the spending of restricted funds. The changes in deferred outflows of resources and deferred inflows of resources were primarily related to the change in the City's net pension and net OPEB balances.

Assets of the business-type activities increased by approximately \$952,000 due primarily to increases in capital assets of approximately \$807,000 and in current and other assets of approximately \$146,000. Liabilities of the business-type activities decreased approximately \$127,000 due primarily to decreases in long-term obligations of approximately \$140,000. Net position of the City's business-type activities increased by approximately \$1,079,000, or 49% due primarily to revenues exceeding expenses. The City's business-type activities unrestricted net position increased by approximately \$130,000 to approximately \$187,000 at June 30, 2024.

CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest portion of the City's net position (approximately \$25,775,000 or 103%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) net of accumulated depreciation less any related outstanding debt and payables used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt and payables, it should be noted that the resources needed to repay this debt must generally be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's net investment in capital assets increased by approximately \$5,186,000 during the current fiscal year primarily due to capital asset additions of approximately \$6,366,000, depreciation expense of approximately \$2,372,000, debt and lease principal repayments of approximately \$1,557,000, and lease additions of approximately \$269,000.

This table shows the changes in net position for the years ended June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues:						
Charges for Services	\$ 2,303,018	2,073,125	451,787	455,057	2,754,805	\$ 2,528,182
Operating Grants	338,095	423,037	-	-	338,095	423,037
Capital Grants/Contributions	1,497,908	675,000	720,378	430,000	2,218,286	1,105,000
General Revenues:						
Property and Other Taxes	11,895,145	11,111,570	-	-	11,895,145	11,111,570
Other	9,455,238	13,602,603	2,618	1,782	9,457,856	13,604,385
Total Revenues	25,489,404	27,885,335	1,174,783	886,839	26,664,187	28,772,174
Program Expenses:						
General Government	3,279,641	2,829,430	-	-	3,279,641	2,829,430
Judicial Services	640,562	561,922	-	-	640,562	561,922
Public Safety	9,826,236	9,216,023	-	-	9,826,236	9,216,023
Public Works	4,192,461	3,871,868	-	-	4,192,461	3,871,868
Recreation and Tourism	4,023,452	3,751,431	-	-	4,023,452	3,751,431
Community Development	48,333	369,822	-	-	48,333	369,822
Interest and Other Charges	393,546	425,079	-	-	393,546	425,079
Stormwater	-	-	324,066	343,081	324,066	343,081
Total Expenses	22,404,231	21,025,575	324,066	343,081	22,728,297	21,368,656
Change in Net Position Before Transfers	3,085,173	6,859,760	850,717	543,758	3,935,890	7,403,518
Transfers In (Out)	(228,522)	90,000	228,522	(90,000)	-	-
Change in Net Position	2,856,651	6,949,760	1,079,239	453,758	3,935,890	7,403,518
Net Position, Beginning of Year	18,809,686	11,859,926	2,207,333	1,753,575	21,017,019	13,613,501
Net Position, End of Year	\$ 21,666,337	18,809,686	3,286,572	2,207,333	24,952,909	\$ 21,017,019

CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities - The City's net position increased during the current fiscal year by approximately \$2,857,000 or 15%. In the prior year, the City's net position increased by approximately \$6,950,000. The difference in the results between the two years was the result of lower revenues of approximately \$2,396,000 and higher expenses of approximately \$1,379,000. The decrease in revenue was primarily due to lower other revenue of approximately \$4,147,000 and lower operating grants of approximately \$85,000, partially offset by higher property and other taxes of approximately \$784,000, higher capital grants/contributions of approximately \$823,000, and higher charges for service of approximately \$230,000. The increase in expenses was primarily due to higher general government, judicial services, public safety, public works, and recreation and tourism expenses, offset by lower community development and interest and other charges expenses.

Business-Type Activities - The City's net position increased during the current fiscal year by approximately \$1,079,000 or 49%, compared to an increase of approximately \$454,000 in the prior year. The difference in the results between the two years was primarily the result of higher revenue of approximately \$288,000, lower expenses of approximately \$19,000, and transfers in of \$319,000. The increase in revenues was primarily due to higher capital grants/contributions of approximately \$290,000. The decrease in expenses was primarily due to lower operating expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of approximately \$17,678,000, a decrease of approximately \$1,808,000 from the prior year fund balance. The decrease in fund balances was primarily attributable to the decrease in the General Fund of approximately \$3,374,000, partially offset by increases in the Hospitality Tax Fund of approximately \$917,000 and the Nonmajor Special Revenue Funds of approximately \$639,000. Approximately 42% or \$7,510,000 of the total governmental funds fund balance constitutes unassigned fund balance. The remaining combined fund balances of approximately \$10,169,000 is restricted for recreation and tourism, capital projects, debt service, impact fees, and other purposes, is considered nonspendable, is committed for community development, or is assigned for future capital improvements.

The General Fund is the chief operating fund of the City. At June 30, 2024, the City's General Fund reported an ending fund balance of approximately \$10,323,000. Of this amount, approximately \$7,510,000 is unassigned fund balance, which is available for spending at the government's discretion.

General Fund revenues were approximately \$18,608,000 in the current fiscal year, an increase of approximately \$1,404,000 compared to the prior year total of approximately \$17,204,000. The increase was primarily due to higher property taxes (approximately \$444,000), local option sales taxes (approximately \$247,000), franchise fees (approximately \$230,000), and licenses, permits and fees (approximately \$446,000). As with most municipalities in the State of South Carolina, the City is dependent on local property taxes to pay for many of the services provided to its citizens. The current millage rate for local property taxes is 69.5 mills, which is an increase from 66.5 mills in the prior year. The assessed value for local property taxes increased approximately 11% over the prior fiscal year. Local property taxes accounted for 20% (approximately \$3,766,000) of total General Fund revenue during the current fiscal year. Other General Fund revenues increased due to growth in the City.

General Fund expenditures were approximately \$22,713,000 in the current fiscal year, an increase of approximately \$3,768,000 compared to the prior year total of approximately \$18,945,000. The increase was primarily due to higher general government expenditures (approximately \$1,644,000), capital outlay expenditures (approximately \$1,252,000), and public safety expenditures (approximately \$780,000).

CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

The Grants Fund had intergovernmental revenues and related expenditures and transfers out of approximately \$573,000 in the current fiscal year, an increase of approximately \$226,000 compared to the prior year total of approximately \$347,000. The Grants Fund has an ending fund balance of approximately \$181,000 which is committed for community development.

The Hospitality Tax Fund has an ending fund balance of approximately \$4,146,000, an increase of approximately \$917,000 over the prior year ending fund balance. The Hospitality Tax Fund had revenues of approximately \$3,763,000 in the current fiscal year, an increase of approximately \$335,000 compared to the prior year total of approximately \$3,428,000. Hospitality Tax Fund expenditures were approximately \$2,744,000 in the current fiscal year, an increase of approximately \$137,000 compared to the prior year total of approximately \$2,607,000. The Hospitality Tax Fund ending fund balance is restricted for recreation and tourism, capital projects and debt service and is nonspendable due to prepaids.

The TIF Fund has an ending fund balance of approximately \$117,000, an increase of approximately \$10,000 over the prior year ending fund balance. The TIF Fund had revenues of approximately \$227,000 in the current fiscal year, a decrease of approximately \$25,000 compared to the prior year total of approximately \$252,000. TIF Fund expenditures were approximately \$217,000 in the current fiscal year, an increase of approximately \$9,000 compared to the prior year total of approximately \$208,000. The TIF Fund ending fund balance is restricted for TIF district expenditures and debt service.

The City's ARPA Fund is used to account for the City's American Rescue Plan Act funding and reported no ending fund balance but has approximately \$329,000 (same as prior year) in unearned revenues as these grant monies are deferred until they are spent. The ARPA Fund had no revenues or expenditures in the current year.

In addition, the fund balances of the Nonmajor Special Revenue Funds increased by approximately \$639,000 over the prior year ending fund balances which was primarily due to an increase in the Impact Fees Fund of approximately \$563,000 and an increase in the Firemen's 1% Fund of approximately \$52,000.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Net Position of the Stormwater Enterprise Fund at June 30, 2024 was approximately \$3,287,000. Please see the earlier discussion of the City's business-type activities change in net position in the government-wide financial analysis section of this MD&A for more information.

General Fund Budgetary Highlights

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison schedules are included for the General Fund, Hospitality Tax Fund, TIF Fund, and ARPA Fund. These statements compare the original adopted budget, the final budget, and the actual revenues and expenditures for the fiscal year. Amendments to the adopted budget may occur throughout the year in a legally permissible manner. During the current year the City increased the General Fund expenditure budget approximately \$495,000 and increased the General Fund revenue budget by approximately \$60,000.

Actual revenues of approximately \$18,608,000 for the General Fund were approximately \$506,000 higher than the budget, primarily due to higher local option sales taxes and licenses, permits, and fees, partially offset by lower property taxes and fines and forfeitures. Actual expenditures of approximately \$22,713,000 were approximately \$1,039,000 higher than the budget, primarily due to higher general government expenditures and police department expenditures, partially offset by lower public works expenditures.

CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the City had approximately \$40,756,000 in capital assets, net of accumulated depreciation. The following table shows the capital asset balances for June 30, 2024 compared to June 30, 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 5,411,574	5,411,574	-	-	5,411,574	\$ 5,411,574
Construction in Progress	2,126,879	932,860	-	-	2,126,879	932,860
Buildings and Improvements	30,700,428	29,871,003	12,469	12,469	30,712,897	29,883,472
Equipment & Vehicles	12,900,072	10,707,782	642,089	615,522	13,542,161	11,323,304
Infrastructure and Roads	9,727,600	8,551,965	4,671,386	3,649,784	14,398,986	12,201,749
Right To Use Lease - Equipment & Vehicles	1,194,815	1,265,793	74,371	95,688	1,269,186	1,361,481
Accumulated Depreciation	(25,061,799)	(22,929,538)	(1,644,066)	(1,423,873)	(26,705,865)	(24,353,411)
Totals	<u>\$ 36,999,569</u>	<u>33,811,439</u>	<u>3,756,249</u>	<u>2,949,590</u>	<u>40,755,818</u>	<u>\$ 36,761,029</u>

The major capital asset activities for the City during the current fiscal year were as follows:

- Construction additions of approximately \$2,004,000 related to the Brushy Creek Greenway, West-End Hall renovations, and Hagood Park improvements.
- Buildings and improvements additions of approximately \$20,000.
- Equipment and vehicles additions of approximately \$1,877,000.
- Infrastructure and roads additions of approximately \$2,197,000 of which approximately \$1,896,000 was donated.
- Increased right-to-use assets of approximately \$269,000.
- Depreciation expense of approximately \$2,371,000.

See the notes to the financial statements for additional information regarding the City's capital assets.

CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

As of June 30, 2024, the City had total long-term debt of approximately \$15,413,000, as detailed below. The following table presents a summary of the City's outstanding long-term debt for June 30, 2024 compared to June 30, 2023:

Long-Term Debt	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Bonds:						
Direct Borrowing/Direct Placement						
Tax Increment - Series 2018	\$ 661,000	814,000	-	-	661,000	\$ 814,000
Hospitality Tax - Series 2020	7,347,000	7,883,000	-	-	7,347,000	7,883,000
General Obligations - Series 2020	426,000	566,000	-	-	426,000	566,000
Stormwater Taxable Revenue Bond - 2016	-	-	98,000	145,000	98,000	145,000
Stormwater Taxable Revenue Bond - 2020	-	-	570,000	625,000	570,000	625,000
Public Placement						
General Obligation - Series 2018	5,025,000	5,100,000	-	-	5,025,000	5,100,000
Total Bonds:	13,459,000	14,363,000	668,000	770,000	14,127,000	15,133,000
Financed Purchase Obligations:						
Direct Borrowing/Direct Placement						
Financed Purchase - 2020 Brush & Leaf Trucks	87,635	173,774	-	-	87,635	173,774
Financed Purchase - 2020 Fire Truck	353,096	407,897	-	-	353,096	407,897
Financed Purchase - 2021 Dump Truck & Forklift	365,517	453,371	-	-	365,517	453,371
Financed Purchase - 2020 Sewer Cleaner	-	-	-	14,791	-	14,791
Total Financed Purchase Obligations:	806,248	1,035,042	-	14,791	806,248	1,049,833
Lease Liability	460,660	476,058	19,154	42,838	479,814	518,896
Total Long-Term Debt:	\$ 14,725,908	15,874,100	687,154	827,629	15,413,062	\$ 16,701,729

The major long-term debt events for the current period included the following:

- Principal payments of approximately \$1,557,000 during the current fiscal year.
- New vehicle leases of approximately \$269,000 during the current fiscal year.

The State of South Carolina limits the amount of bonded debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The City's statutory debt limit at June 30, 2024 was approximately \$10,102,000. As of June 30, 2024, the City had \$5,451,000 of outstanding general obligation bonds subject to the 8% limit of approximately \$10,102,000, resulting in an unused legal debt margin of approximately \$4,651,000 as of June 30, 2024.

See the notes to the financial statements for additional information regarding the City's long-term debt.

ECONOMIC FACTORS

The City is located in Pickens County, known for its natural picturesque beauty and outdoor recreation. The City has an estimated population of approximately 27,000 as of July 1, 2024 with the City's growth being 20% over the past five years per the SC Revenue & Fiscal Affairs Office. The growth is from people moving into the State with the majority of people moving into Pickens County being in a 50+ age range. Business license fees have steadily grown and surpassed fiscal year (FY) 2022 fees because Easley offers a growing, thriving community for businesses. As the improved zoning ordinances are evaluated and amended with a building moratorium implemented, we expect construction and development to decrease slightly.

CITY OF EASLEY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

FISCAL YEAR 2025 BUDGET

The City's FY 2025 General Fund budget is approximately \$20,897,000, which is approximately \$664,000 lower than the amended FY 2024 budgeted expenditures. Major themes in the budget include employee retention and many hospitality enhancements. The budget continues to make strides towards implementing a compensation study for employees which was authorized by City Council and completed in 2023 and conducted by an outside consultant. The budget includes capital expenditures of approximately \$8 million dollars with the largest single capital expenditure being a \$3 million 100' ladder platform fire engine. A ladder truck with this height is needed for larger apartment buildings.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the City's finances for those with an interest in this area. Questions concerning any of the information in this report or requests for additional information should be directed to the Finance Director, City of Easley, 205 North First Street, Easley, SC 29640 or call 864-855-7900. In addition, prior years audited financial statements and annual budgets may be found on the City's website at www.cityofeasley.com.

BASIC FINANCIAL STATEMENTS

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2024

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments - Unrestricted	\$ 8,758,798	211,071	\$ 8,969,869
Cash and Investments - Restricted	7,608,065	33,505	7,641,570
Taxes Receivable	330,330	-	330,330
Accounts Receivable	1,655,303	988	1,656,291
Internal Balances	5,130	(5,130)	-
Prepays	1,965,123	-	1,965,123
Capital Assets, Net:			
Non-Depreciable	7,538,453	-	7,538,453
Depreciable, Net	29,461,116	3,756,249	33,217,365
TOTAL ASSETS	57,322,318	3,996,683	61,319,001
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	2,625,430	-	2,625,430
Deferred Other Postemployment Benefit Charges	1,555,431	-	1,555,431
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,180,861	-	4,180,861
LIABILITIES			
Accounts Payable	1,142,669	19,909	1,162,578
Accrued Salaries and Fringe Benefits	699,777	-	699,777
Accrued Expenses	272,531	-	272,531
Accrued Interest Payable	91,864	3,048	94,912
Unearned Revenue	529,397	-	529,397
Non-Current Liabilities:			
Net Pension Liability	14,039,327	-	14,039,327
Other Postemployment Benefit Liability	5,474,734	-	5,474,734
Long-Term Obligations - Due Within One Year	1,897,344	122,154	2,019,498
Long-Term Obligations - Due in More Than One Year	13,353,720	565,000	13,918,720
TOTAL LIABILITIES	37,501,363	710,111	38,211,474
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	510,989	-	510,989
Deferred Other Postemployment Benefit Credits	1,824,490	-	1,824,490
TOTAL DEFERRED INFLOWS OF RESOURCES	2,335,479	-	2,335,479
NET POSITION			
Net Investment in Capital Assets	22,705,553	3,069,095	25,774,648
Restricted For:			
Tourism and Related Expenditures	3,379,593	-	3,379,593
Debt Service	477,981	30,457	508,438
Judicial Services	35,971	-	35,971
Public Safety	128,352	-	128,352
TIF District Expenditures	68,492	-	68,492
Road Maintenance	399,855	-	399,855
Fireman's 1% Fund	70,355	-	70,355
Police Activity	16,743	-	16,743
Fire Impact Fees	431,246	-	431,246
Parks and Recreation Impact Fees	1,107,557	-	1,107,557
Police Impact Fees	276,767	-	276,767
Transportation Impact Fees	202,472	-	202,472
Unrestricted	(7,634,600)	187,020	(7,447,580)
TOTAL NET POSITION	\$ 21,666,337	3,286,572	\$ 24,952,909

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

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 3,279,641	573,806	-	-	(2,705,835)	-	\$ (2,705,835)
Judicial Services	640,562	208,722	-	-	(431,840)	-	(431,840)
Public Safety	9,826,236	1,115,195	338,095	-	(8,372,946)	-	(8,372,946)
Public Works	4,192,461	-	-	1,497,908	(2,694,553)	-	(2,694,553)
Recreation and Tourism	4,023,452	405,295	-	-	(3,618,157)	-	(3,618,157)
Community Development	48,333	-	-	-	(48,333)	-	(48,333)
Interest and Other Charges	393,546	-	-	-	(393,546)	-	(393,546)
Total Governmental Activities	22,404,231	2,303,018	338,095	1,497,908	(18,265,210)	-	(18,265,210)
Business-Type Activities:							
Stormwater	324,066	451,787	-	720,378	-	848,099	848,099
Total Business-Type Activities	324,066	451,787	-	720,378	-	848,099	848,099
TOTAL - PRIMARY GOVERNMENT	\$ 22,728,297	2,754,805	338,095	2,218,286	(18,265,210)	848,099	(17,417,111)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					3,766,087	-	3,766,087
Property Taxes Levied for Tax Increment Financing					224,743	-	224,743
Local Option Sales Taxes					4,518,433	-	4,518,433
Hospitality and Accommodations Taxes					3,385,882	-	3,385,882
Business Licenses					4,835,149	-	4,835,149
Franchise Fees					2,739,961	-	2,739,961
Intergovernmental Revenue					617,266	-	617,266
Investment Earnings					90,412	2,618	93,030
Impact Fees					728,188	-	728,188
Gain on Disposal of Capital Assets					2,100	-	2,100
Miscellaneous					442,162	-	442,162
Total General Revenues					21,350,383	2,618	21,353,001
Transfers					(228,522)	228,522	-
CHANGE IN NET POSITION					2,856,651	1,079,239	3,935,890
NET POSITION, Beginning of Year					18,809,686	2,207,333	21,017,019
NET POSITION, End of Year					\$ 21,666,337	3,286,572	\$ 24,952,909

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

CITY OF EASLEY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2024

	GENERAL FUND	GRANTS FUND	HOSPITALITY TAX FUND
ASSETS			
Cash and Investments - Unrestricted	\$ 8,577,681	181,117	-
Cash and Investments - Restricted	-	-	3,897,485
Receivables:			
Taxes	48,891	-	281,439
Accounts	1,516,236	102,906	-
Interfund Receivables	138,129	-	-
Prepays	1,892,599	-	72,015
TOTAL ASSETS	\$ 12,173,536	284,023	4,250,939
LIABILITIES			
Accounts Payable	\$ 677,761	687	94,682
Accrued Salaries and Fringe Benefits	699,777	-	-
Accrued Liabilities	272,531	-	-
Interfund Payables	-	102,219	10,663
Unearned Revenue	200,000	-	-
TOTAL LIABILITIES	1,850,069	102,906	105,345
FUND BALANCES			
Nonspendable - Prepays	1,892,599	-	72,015
Restricted For:			
Recreation and Tourism Related Expenditures	-	-	3,066,080
Debt Service	-	-	429,092
Judicial Services	-	-	-
Public Safety	-	-	-
Capital Projects	-	-	578,407
TIF District Expenditures	-	-	-
Road Maintenance	-	-	-
Fireman's 1% Fund	-	-	-
Police Activity	-	-	-
Fire Impact Fees	-	-	-
Parks and Recreation Impact Fees	-	-	-
Police Impact Fees	-	-	-
Transportation Impact Fees	-	-	-
Committed For:			
Community Development	-	181,117	-
Assigned For:			
Future Capital Outlay	921,300	-	-
Unassigned	7,509,568	-	-
TOTAL FUND BALANCES	10,323,467	181,117	4,145,594
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,173,536	284,023	4,250,939

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

TIF FUND	ARPA FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
-	-	-	\$ 8,758,798
475,575	336,186	2,898,819	7,608,065
-	-	-	330,330
-	-	36,161	1,655,303
-	-	-	138,129
-	-	509	1,965,123
475,575	336,186	2,935,489	\$ 20,455,748
358,194	-	11,345	\$ 1,142,669
-	-	-	699,777
-	-	-	272,531
-	6,789	13,328	132,999
-	329,397	-	529,397
358,194	336,186	24,673	2,777,373
-	-	509	1,965,123
-	-	241,498	3,307,578
48,889	-	-	477,981
-	-	35,462	35,462
-	-	128,352	128,352
-	-	-	578,407
68,492	-	-	68,492
-	-	399,855	399,855
-	-	70,355	70,355
-	-	16,743	16,743
-	-	431,246	431,246
-	-	1,107,557	1,107,557
-	-	276,767	276,767
-	-	202,472	202,472
-	-	-	181,117
-	-	-	921,300
-	-	-	7,509,568
117,381	-	2,910,816	17,678,375
475,575	336,186	2,935,489	\$ 20,455,748

CITY OF EASLEY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 17,678,375**

Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the capital assets was \$62,061,368 and the accumulated depreciation was \$25,061,799 **36,999,569**

Interest is recorded as an expenditure when paid in the governmental funds. Interest is recorded in the government-wide statements when it is due. This amount represents the amount of interest due but unpaid at year-end. **(91,864)**

The liability, deferred outflows of resources and deferred inflows of resources related to the City's other postemployment benefit plan are not recorded in the governmental funds but are recorded in the Statement of Net Position. **(5,743,793)**

The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the state retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. **(11,924,886)**

Some liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. These long-term obligations consist of the following:

Long-term debt (including leases)	(14,725,908)	
Compensated absences	<u>(525,156)</u>	<u>(15,251,064)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 21,666,337**

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

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CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	GENERAL FUND	GRANTS FUND	HOSPITALITY TAX FUND
REVENUES			
Property Taxes	\$ 3,766,087	-	-
Local Option Sales Taxes	4,518,433	-	-
Hospitality Taxes	-	-	3,218,715
Accommodations Taxes	-	-	-
Intergovernmental Revenues	1,033,228	572,954	46,300
Franchise Fees	2,739,961	-	-
Licenses, Permits and Fees	6,017,308	-	348,366
Impact Fees	-	-	-
Fines and Forfeitures	176,104	-	-
Other Income	342,007	-	81,346
Interest and Investment Earnings	15,086	-	67,839
TOTAL REVENUES	18,608,214	572,954	3,762,566
EXPENDITURES			
Current:			
General Government	4,779,335	-	-
Judicial Services	545,564	-	-
Public Safety	9,027,581	19,823	-
Public Works	3,624,060	-	-
Recreation and Tourism	1,132,431	-	1,518,411
Community Development	-	17,404	-
Capital Outlay	2,712,557	-	477,976
Debt Service:			
Principal	680,047	-	583,649
Interest and Fiscal Charges	211,862	-	163,829
TOTAL EXPENDITURES	22,713,437	37,227	2,743,865
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,105,223)	535,727	1,018,701
OTHER FINANCING SOURCES (USES)			
Transfers In	445,125	-	-
Transfers Out	(42,423)	(535,727)	(109,589)
Issuances of Leases	268,504	-	-
Insurance Recoveries	58,148	-	8,063
Sale of Capital Assets	2,100	-	-
TOTAL OTHER FINANCING SOURCES (USES)	731,454	(535,727)	(101,526)
NET CHANGES IN FUND BALANCES	(3,373,769)	-	917,175
FUND BALANCES, Beginning of Year	13,697,236	181,117	3,228,419
FUND BALANCES, End of Year	\$ 10,323,467	181,117	4,145,594

TIF FUND	ARPA FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
224,743	-	-	\$ 3,990,830
-	-	-	4,518,433
-	-	-	3,218,715
-	-	167,167	167,167
-	-	-	1,652,482
-	-	-	2,739,961
-	-	-	6,365,674
-	-	728,188	728,188
-	-	52,722	228,826
-	-	121,417	544,770
2,178	-	5,309	90,412
226,921	-	1,074,803	24,245,458
-	-	-	4,779,335
-	-	74,532	620,096
-	-	83,459	9,130,863
-	-	-	3,624,060
39,742	-	127,285	2,817,869
-	-	-	17,404
-	-	165,000	3,355,533
153,000	-	-	1,416,696
24,257	-	-	399,948
216,999	-	450,276	26,161,804
9,922	-	624,527	(1,916,346)
-	-	42,423	487,548
-	-	(28,331)	(716,070)
-	-	-	268,504
-	-	-	66,211
-	-	-	2,100
-	-	14,092	108,293
9,922	-	638,619	(1,808,053)
107,459	-	2,272,197	19,486,428
117,381	-	2,910,816	\$ 17,678,375

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

CITY OF EASLEY, SOUTH CAROLINA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2024

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (1,808,053)**

Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the state retirement plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	266,712
Repayment of debt and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	1,416,696
Debt and lease proceeds provide current financial resources to governmental funds, but increase long-term obligations in the Statement of Net Position.	(268,504)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount is the net change in accrued interest.	6,402
Changes in the liability, deferred outflows of resources and deferred inflows of resources related to the City's other postemployment benefit plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	96,238
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This amount represents the change in compensated absences for the year.	(40,970)
In the Statement of Activities capital assets contributed by outside parties are reported as revenues. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the governmental fund statements.	1,175,635
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$4,163,829 exceeded depreciation expense of \$2,151,334 in the current period.	2,012,495

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 2,856,651**

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

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2024

	STORMWATER FUND
ASSETS	
Current Assets:	
Cash and Investments - Unrestricted	\$ 211,071
Cash and Investments - Restricted	33,505
Receivables	988
Total Current Assets	<u>245,564</u>
Noncurrent Assets:	
Capital Assets, Net:	
Depreciable, Net	3,756,249
Total Noncurrent Assets	<u>3,756,249</u>
TOTAL ASSETS	<u>4,001,813</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	19,909
Accrued Interest	3,048
Interfund Payables	5,130
Current Portion of Debt	122,154
Total Current Liabilities	<u>150,241</u>
Noncurrent Liabilities:	
Debt, Less Current Portion	565,000
Total Noncurrent Liabilities	<u>565,000</u>
TOTAL LIABILITIES	<u>715,241</u>
NET POSITION	
Net Investment in Capital Assets	3,069,095
Restricted for Debt Service	30,457
Unrestricted	187,020
TOTAL NET POSITION	<u>\$ 3,286,572</u>

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

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	STORMWATER FUND
OPERATING REVENUES	
Stormwater Fees	\$ 451,787
TOTAL OPERATING REVENUES	451,787
OPERATING EXPENSES	
Contractual Services, Materials, Supplies and Other Expenses	86,775
Depreciation	220,193
TOTAL OPERATING EXPENSES	306,968
OPERATING INCOME	144,819
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	2,618
Interest Expense	(17,098)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(14,480)
GAIN BEFORE CONTRIBUTIONS AND TRANSFERS	130,339
Capital Contributions - Donated	720,378
Transfers from Other Funds	301,224
Transfers to Other Funds	(72,702)
CHANGE IN NET POSITION	1,079,239
NET POSITION, Beginning of Year	2,207,333
NET POSITION, END OF YEAR	\$ 3,286,572

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

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	STORMWATER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 452,149
Cash Paid for Contractual Services, Materials, Supplies and Other Expenses	(73,350)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>378,799</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers to Other Funds	(72,702)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	<u>(72,702)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers from Other Funds - Capital Grants	301,224
Acquisition of Capital Assets	(306,474)
Principal Paid on Debt	(140,475)
Interest and Fees Paid on Debt	(17,098)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(162,823)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	2,618
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,618</u>
NET CHANGE IN UNRESTRICTED AND RESTRICTED CASH AND INVESTMENTS	145,892
UNRESTRICTED AND RESTRICTED CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>98,684</u>
UNRESTRICTED AND RESTRICTED CASH AND INVESTMENTS, END OF YEAR	<u><u>\$ 244,576</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities:	
Operating Income	\$ 144,819
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	220,193
Change in Accounts Representing Operating Activities:	
Receivables	362
Accounts Payable	13,425
Net Cash Provided by Operating Activities	<u><u>\$ 378,799</u></u>
Noncash Capital and Related Financing Items:	
Capital Contributions - Donated	\$ 720,378

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

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The City of Easley (the “City”) was incorporated as a municipality in Pickens County, South Carolina in 1874. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City operates under a mayor-council form of government. The Council is composed of a mayor and six council members (the “Council”).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The basic financial statements of the City 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 City’s accounting policies are described below.

As required by GAAP, the financial statements present the City’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 City both appoints a voting majority of the entity’s governing body, and either 1) the City 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 City. 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 City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

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 City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity’s resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City 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 City’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 City. Based on the criteria above, the City has no component units.

Related Organization

The Council has the responsibility, according to South Carolina law, for concurring with the Easley Combined Utility System’s issuance of bonded debt. It has been determined that the concurrence is ministerial and therefore does not make the Easley Combined Utility System fiscally dependent upon the City.

Major Operations

The governmental activities of the City include general government, judicial services, public safety (police and fire), public works (streets and sanitation services), recreation and tourism, and community development. The business-type activities of the City include its stormwater activities.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City). For the most part, the effect of interfund activity has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, local option sales taxes, intergovernmental revenues, franchise fees, licenses, interest, and other revenues associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers its revenues to be available if they are generally collected within thirty to sixty days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are generally reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following fund types are used by the City.

Governmental fund types are those through which all governmental functions of the City are financed. The City's expendable financial resources and related assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the City's major and nonmajor governmental funds:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special revenue funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following special revenue funds:

The **Grants Fund, a major special revenue fund** and an unbudgeted fund, is used to account for and report certain federal and state grant activities. These funds are restricted or committed.

The **Hospitality Tax Fund, a major special revenue fund** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to the City's 2% fee imposed on prepared food and beverage sales (hospitality tax) within the City limits. These funds are restricted and thus can only be spent for tourism related expenditures.

The **Tax Increment Financing ("TIF") Fund, a major special revenue fund** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to the City's TIF district activities. These funds are restricted and can only be spent for TIF related expenditures.

The **ARPA Fund, a major special revenue fund** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to the City's American Rescue Plan Act ("ARPA") funding.

Nonmajor special revenue funds consist of the following:

State Accommodations Tax	Local Accommodations Tax	Police Activity
Victims' Rights	Road Maintenance	Impact Fees
Law Enforcement	Firemen's 1%	

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary fund types are accounted for based on the flow of economic resources measurement focus and use 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. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are primarily charges for services and fees. Operating expenses for proprietary funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are generally reported as non-operating items. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City has one enterprise fund; it does not have any internal service funds.

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

The *Stormwater Fund, a major enterprise fund*, is used to account for the City's stormwater drainage operations.

Fiduciary fund types include trust funds and the custodial funds. These funds are used to account for assets held by the Town in a trustee capacity for individuals, other governments, and/or other funds. Trust funds are accounted for in essentially the same manner as proprietary funds. The City does not have any fiduciary funds.

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

1. Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows for the Stormwater Fund, the City considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

The City's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City 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.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 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)

- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity, and yield.

2. Receivables and Payables

During the course of its operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables or interfund payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

All trade and other receivables represent amounts due to the City from other governments, other entities and a variety of types of fees, charges and services, including local option sales taxes, franchise fees hospitality taxes, and other fees and charges. All trade and other receivables are shown net of an allowance for uncollectible amounts, when necessary.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Prepaids

Certain payments to vendors reflect costs that are applicable to future periods and are recorded as prepaids in both the government-wide and fund financial statements (if material). The costs of prepaids are recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for any additions and retirements during the year. Donated capital assets are recorded at their acquisition value (as estimated by the City) as of the date received. Infrastructure assets include streets, curbs, sidewalks, paved recreation trails, streetlights, signs, signals, and storm drains. The City maintains a capitalization threshold of \$5,000 other than those associated with grouped capital assets and infrastructure. Assets that are individually less than the capitalization threshold of \$5,000 but are purchased in a group that exceeds \$300,000 for governmental activities and \$50,000 for business-type activities and has a useful life of greater than a year will also be capitalized. The City's minimum capitalization threshold for infrastructure assets is \$100,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The City considers resurfacing of streets and parking lots to be normal maintenance that does not add to the value of those assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	10-39 years
Equipment and Vehicles	5-15 years
Infrastructure	5-30 years
Right to Use Lease - Equipment and Vehicles	3-5 years

5. Compensated Absences

The City recognizes accumulated unpaid vacation when earned by the employee. The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absence liability and expense is reported in the government-wide financial statements. If applicable, the portion of the compensated absence liability related to the City's enterprise activities is also recorded in the proprietary fund financial statements, if material. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements.

6. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the proprietary fund is also recorded in the proprietary fund financial statements. Bond premiums and discounts, if material are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method). Debt is reported net of applicable bond premiums and discounts. Debt issuance costs are reported as expenses.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Accrued Liabilities and Long-Term Obligations (Continued)*

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt issued is reported as other financing sources. Premiums received on issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs are reported as expenditures.

In general, payables and accrued liabilities that will be paid from the governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, compensated absences, and other related long-term liabilities that will eventually be paid from the governmental funds are not reported as a liability in the fund financial statements until due and payable.

7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet 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 City currently has two types of deferred outflows of resources: (1) The City reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System (the "Plans"). (2) The City reports deferred other postemployment benefit ("OPEB") charges in its Statement of Net Position in connection with the OPEB Plan. The deferred pension and OPEB charges are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet 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 City currently has two types of deferred inflows of resources: (1) The City reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. (2) The City also reports deferred OPEB credits in its Statement of Net Position in connection with the OPEB Plan. The deferred pension and OPEB credits are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

8. *Fund Balance*

The City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaid assets, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Fund Balance (Continued)*

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action (resolution) made by the highest level of decision making authority (the Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City recognizes committed fund balances when Council has approved a resolution/motion before the end of the fiscal year.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. Council reserves the right to assign fund balance. Assigned fund balance amounts in the City's financial statements represent amounts approved by Council to be spent on the particular purpose with Council's further approval and knowledge.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

9. *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the governmental funds during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes, encumbrances and unused expenditure appropriations lapse at year end.

10. *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 their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and OPEB are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and Note IV.C and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The City recognizes net pension and OPEB liabilities 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 City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City'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 the difference occurred.

12. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City's budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City presents its budgetary comparison information for the General Fund and each of its budgeted major special revenue funds as required supplementary information. The General Fund, Hospitality Tax Fund, TIF Fund, and ARPA Fund were the major governmental funds for which the City has legally adopted budgets.

Prior to April 1st of each year, all agencies of the government submit requests for appropriation to the City so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Council holds a public hearing on the annual budget during the first reading of the Budget Ordinance, which must be prepared and adopted no later than the last day of June. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established on the budget as a whole.

The General Fund budget was amended during the year ended June 30, 2024.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

As of June 30, 2024, the City’s cash and investments were all held in depository accounts with financial institutions.

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City’s deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2024 none of the City’s bank balances of approximately \$16,934,000 (with a carrying value of approximately \$16,611,000) was exposed to custodial credit risk.

Certain cash, cash equivalents and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2024 were those imposed by the revenue source (i.e., bond proceeds, hospitality fees, tax increment financing district, and debt service requirements, etc.).

B. Receivables and Unavailable Revenue

Property taxes are assessed and collected by Pickens County (the “County”). The County generally levies its real property taxes in October based upon assessed valuations on January 1st of each year. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in October on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 th	3%
February 2 nd	an additional 7%
March 17 th	an additional 5%

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October.

Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

The City’s fiscal year 2024 real and business personal property taxes (which was for tax year 2023) were levied in October 2023 based on a millage rate of 69.5 mills and were due beginning on that date. The City’s assessed value of real and personal property was approximately \$126.3 million for tax year 2023. Amounts received by the County but not yet remitted to the City at year end are included in property taxes receivable in the Balance Sheet and Statement of Net Position. Total property taxes receivable was approximately \$49,000 as of June 30, 2024. The City did not report any net uncollected delinquent property taxes as of June 30, 2024.

All trade and other receivables represent amounts due to the City from other governments, other entities and a variety of types of fees, charges and services, including local option sales taxes, franchise fees hospitality taxes, and other fees and charges. Allowances were not necessary for any trade or other receivable accounts.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

B. Receivables and Unavailable Revenue (Continued)

The City's receivables for its governmental funds at June 30, 2024 consisted of the following:

Description	General Fund	Grants Fund	Hospitality Tax Fund	Nonmajor Governmental Funds	Totals
Property Taxes	\$ 48,891	-	-	-	\$ 48,891
Local Option Sales Taxes	816,579	-	-	-	816,579
Accommodations Taxes	-	-	-	36,161	36,161
Hospitality Taxes	-	-	281,439	-	281,439
Grants & Other					
Amounts Owed	277,804	102,906	-	-	380,710
Franchise Fees	204,482	-	-	-	204,482
Aid to Subdivisions	148,059	-	-	-	148,059
Municipal Association of South Carolina	69,312	-	-	-	69,312
Receivables	<u>\$ 1,565,127</u>	<u>102,906</u>	<u>281,439</u>	<u>36,161</u>	<u>\$ 1,985,633</u>

The City had an additional receivable of approximately \$1,000 in the Stormwater Fund for fees.

C. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2024, consisted of the following individual fund receivables and payables, all of which are expected to be repaid subsequent to year-end:

Fund	Interfund Receivables	Interfund Payables
<u>Major Governmental Funds:</u>		
General Fund	\$ 138,129	\$ -
Grants Fund	-	102,219
Hospitality Tax Fund	-	10,663
ARPA Fund	-	6,789
<u>Major Enterprise Funds:</u>		
Stormwater Fund	-	5,130
<u>Other Nonmajor Governmental Funds:</u>		
Law Enforcement Fund	-	13,328
Totals	<u>\$ 138,129</u>	<u>\$ 138,129</u>

The interfund receivable in the General Fund results mainly from the General Fund paying expenditures for other funds that are to be reimbursed to the General Fund subsequent to fiscal year-end.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

C. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers for the year ended June 30, 2024 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major Governmental Funds:</u>		
General Fund	\$ 445,125	\$ 42,423
Grants Fund	-	535,727
Hospitality Tax Fund	-	109,589
<u>Major Enterprise Fund:</u>		
Stormwater Fund	301,224	72,702
<u>Other Nonmajor Governmental Funds:</u>		
Victims' Rights Fund	42,423	-
State Accommodations Tax Fund	-	28,331
Totals	<u>\$ 788,772</u>	<u>\$ 788,772</u>

The Grants Fund transferred approximately \$235,000 to the General Fund to cover grant related expenditures and approximately \$301,000 to the Stormwater Fund for capital grant related costs. Hospitality Tax Fund transferred approximately \$110,000 to the General Fund to cover costs for salary and benefits. The Stormwater Fund transferred approximately \$73,000 to the General Fund to cover costs for salary and benefits. The State Accommodations Tax Fund transferred approximately \$28,000 to the General Fund as allowed by State law.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

D. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2024 was as follows:

Governmental Activities:	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 5,411,574	-	-	-	\$ 5,411,574
Construction In Progress	932,860	2,003,753	-	(809,734)	2,126,879
Total Capital Assets, Non-Depreciable	<u>6,344,434</u>	<u>2,003,753</u>	<u>-</u>	<u>(809,734)</u>	<u>7,538,453</u>
Capital Assets, Depreciable:					
Buildings and Improvements	29,871,003	19,691	-	809,734	30,700,428
Equipment and Vehicles	10,707,782	1,871,881	19,073	339,482	12,900,072
Infrastructure and Roads	8,551,965	1,175,635	-	-	9,727,600
Right to Use Lease - Equipment and Vehicles	1,265,793	268,504	-	(339,482)	1,194,815
Total Capital Assets, Depreciable	<u>50,396,543</u>	<u>3,335,711</u>	<u>19,073</u>	<u>809,734</u>	<u>54,522,915</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	11,767,511	843,177	-	-	12,610,688
Equipment and Vehicles	7,428,391	648,696	19,073	332,602	8,390,616
Infrastructure and Roads	2,937,486	382,763	-	-	3,320,249
Right to Use Lease - Equipment and Vehicles	796,150	276,698	-	(332,602)	740,246
Total Accumulated Depreciation	<u>22,929,538</u>	<u>2,151,334</u>	<u>19,073</u>	<u>-</u>	<u>25,061,799</u>
Total Capital Assets, Depreciable, Net	<u>27,467,005</u>	<u>1,184,377</u>	<u>-</u>	<u>809,734</u>	<u>29,461,116</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,811,439</u>	<u>3,188,130</u>	<u>-</u>	<u>-</u>	<u>\$ 36,999,569</u>

During the year ended June 30, 2024, the City received donated infrastructure of approximately \$1,176,000. This amount comprises the addition to infrastructure and roads noted above.

Depreciation expense for governmental activities was charged to functions in fiscal 2024 was as follows:

Functions/Programs	Depreciation Expense
General Government	\$ 198,449
Judicial Services	25,665
Public Safety	575,158
Public Works	597,363
Recreation and Tourism	723,770
Community Development	30,929
Total - Governmental Activities	<u>\$ 2,151,334</u>

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

D. Capital Assets (Continued)

Capital asset activity for the City's business-type activities for the year ended June 30, 2024 was as follows:

Business-Type Activities:	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital Assets, Depreciable:					
Buildings and Improvements	\$ 12,469	-	-	-	\$ 12,469
Equipment and Vehicles	615,522	5,250	-	21,317	642,089
Infrastructure	3,649,784	1,021,602	-	-	4,671,386
Right to Use Lease - Equipment and Vehicles	95,688	-	-	(21,317)	74,371
Total Capital Assets, Depreciable	<u>4,373,463</u>	<u>1,026,852</u>	<u>-</u>	<u>-</u>	<u>5,400,315</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	8,065	499	-	-	8,564
Equipment and Vehicles	486,258	55,914	-	17,879	560,051
Infrastructure	875,862	143,812	-	-	1,019,674
Right to Use Lease - Equipment and Vehicles	53,688	19,968	-	(17,879)	55,777
Total Accumulated Depreciation	<u>1,423,873</u>	<u>220,193</u>	<u>-</u>	<u>-</u>	<u>1,644,066</u>
Total Capital Assets, Depreciable, Net	<u>2,949,590</u>	<u>806,659</u>	<u>-</u>	<u>-</u>	<u>3,756,249</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,949,590</u>	<u>806,659</u>	<u>-</u>	<u>-</u>	<u>\$ 3,756,249</u>

During the year ended June 30, 2024, the City received donated infrastructure of approximately \$720,000. This amount is included in the addition to infrastructure noted above.

E. Long-Term Obligations

The City issues bonds and enters into financed purchase obligations to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue and TIF bonds are obligations of the City that are secured by revenue from a specific source. Financed purchase obligations are special obligations of the City payable from the general revenues of the City. The full faith, credit, and taxing powers of the City are not pledged for the payment of the revenue bonds, TIF bonds, or financed purchase obligations.

The City leases vehicles and equipment and recorded lease liabilities representing the City's obligation to make lease payments arising from the leases. The lease liabilities at the commencement date are based on the present value of the expected lease payments over the lease terms. Interest expense is recognized ratably over the lease terms.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

E. Long-Term Obligations (Continued)

Details on the City's outstanding debt as of June 30, 2024 are as follows:

	Principal Outstanding <u>At Year-end</u>
<i>General Obligation Bonds</i>	
\$5,375,000 General Obligation Bond – Series 2018, issued in August 2018, due in annual installments of \$65,000 to \$400,000 beginning April 2019 through April 2042, plus interest ranging from 3% to 4% due semi-annually. The proceeds were used for the acquisition of land, the construction, equipping, and furnishing of a fire station and public works facility and related costs as well as the acquisition of various capital improvements to be used for municipal purposes. This debt was publicly traded and is thus categorized as a public placement.	\$ 5,025,000
\$903,000 General Obligation Refunding Bond – Series 2020, issued in October 2020, due in annual installments of \$62,000 to \$146,000 beginning April 2021 through April 2027, plus interest at 1.2% due semi-annually. The proceeds were used to currently refund the General Obligation Bond – Series 2009, with the balance being used for issuance costs. This debt was a direct borrowing / direct placement.	426,000
<i>Revenue Bonds</i>	
\$432,000 Stormwater Taxable Revenue Bond – Series 2016, issued in 2016, due in annual installments of \$37,000 to \$50,000 beginning April 2017 through April 2026, plus interest at 2.92% due semi-annually. The proceeds from this issue were used to improve storm drains. The City has pledged stormwater revenues for repayment of this indebtedness. Further, the bond ordinance requires that the City ensure that gross stormwater revenues, as defined, equal or exceed 125% of each year's principal and interest payments. There is also a debt service fund requirement for probated portions of the next principal and interest payments. This debt was a direct borrowing / direct placement.	98,000
\$790,000 Stormwater Taxable Revenue Bond – Series 2020, issued in July 2020, due in annual installments of \$55,000 to \$115,000 beginning April 2021 through April 2030, plus interest at 1.85% due semi-annually. The proceeds from this issue were used to improve storm drains. The City has pledged stormwater revenues for repayment of this indebtedness. Further, the bond ordinance requires that the City ensure that gross stormwater revenues, as defined, equal or exceed 125% of each year's principal and interest payments. There is also a debt service fund requirement for probated portions of the next principal and interest payments. This debt was a direct borrowing / direct placement.	570,000
\$9,147,000 Hospitality Tax Revenue Improvement and Refunding Bond – Series 2020, issued in December 2020, due in annual installments of \$220,000 to \$683,000 beginning April 2021 through April 2036, plus interest at 2.06% due semi-annually. The proceeds were used to currently refund all of the outstanding principal balance of the Hospitality Tax Revenue Increment and Refunding Bond – Series 2019 totaling \$9,082,000 and to pay the issuance costs. The City has pledged hospitality tax revenue for repayment of this indebtedness. There is also a debt service fund requirement for probated portions of the next principal and interest payments. This debt was a direct borrowing / direct placement.	\$ 7,347,000

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

E. Long-Term Obligations (Continued)

<i>Tax Increment Refunding Bond</i>	Principal Outstanding At Year-end
<p>\$1,516,000 Series 2018 Tax Increment Refunding Bond – Series 2018, issued in 2018, due in annual installments of \$134,000 to \$173,000 beginning April 2019 through April 2028, plus interest at 2.98% due semi-annually. The proceeds from this issue were used to fund redevelopment improvements in the City’s Downtown TIF District. The City has pledged incremental tax revenues for repayment of this indebtedness. There is also a debt service fund requirement for probated portions of the next principal and interest payments. This debt was a direct borrowing / direct placement.</p>	\$ 661,000
<i>Financed Purchases</i>	
<p>\$425,000 Financed Purchase – 2020 was entered into in May 2020, with annual payments of \$89,150 beginning March 2021 through March 2025, which includes interest at 1.704%. The proceeds from this financed purchase obligation were used to purchase a brush truck, leaf truck, and related equipment. This debt was a direct borrowing / direct placement.</p>	87,635
<p>\$565,813 Financed Purchase – 2020 was entered into February 2020, with annual payments of \$63,122 beginning February 2021 through February 2030, which includes interest at 2.04%. The proceeds from this financed purchase obligation were used to purchase a fire truck and related equipment. This debt was a direct borrowing / direct placement.</p>	353,096
<p>\$625,000 Financed Purchase – 2021 was entered into April 2021, with annual payments of \$95,017 beginning April 2022 through April 2028, which includes interest at 1.58%. The proceeds from this financed purchase obligation were used to purchase a dump truck, forklift, and 10,000 trash cans. This debt was a direct borrowing / direct placement.</p>	\$ 365,517

The City’s outstanding financed purchase obligations are secured by the underlying equipment. In the event of default, the unpaid principal can be declared immediately due and payable. The agreements require, among other things, that the City keep the underlying equipment in good order and repair and in good operating condition.

Lease Liabilities

See Note III.F. Leases for details on the City’s equipment and vehicle leases.

Resources from the General Fund have typically been used to liquidate the general obligation bonds, most of the financed purchase obligations and lease liabilities, and compensated absences. Resources from the Hospitality Tax Fund and the TIF Fund have been used to liquidate the hospitality tax bonds, part of the lease liabilities, and the tax increment bond. Resources from the Stormwater Fund have been used to liquidate the Stormwater Taxable Revenue Bonds, the Sewer Cleaner Financed Purchase – 2020, and part of the lease liabilities.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

E. Long-Term Obligations (Continued)

Interest paid on the debt issued by the City is generally exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City does not believe it has an arbitrage liability at June 30, 2024.

Presented below is a summary of changes in long-term obligations for the City's governmental activities for the year ended June 30, 2024:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds:					
Direct Borrowing / Direct Placement:					
Tax Increment - Series 2018	\$ 814,000	-	153,000	661,000	\$ 158,000
Hospitality Tax - Series 2020	7,883,000	-	536,000	7,347,000	547,000
General Obligation - Series 2020	566,000	-	140,000	426,000	140,000
Total Direct Borrowing / Direct Placement Bonds	9,263,000	-	829,000	8,434,000	845,000
Public Placement:					
General Obligation - Series 2018	5,100,000	-	75,000	5,025,000	80,000
Total Bonds	14,363,000	-	904,000	13,459,000	925,000
Financed Purchase Obligations:					
Direct Borrowing / Direct Placement:					
Financed Purchase - 2020 Brush & Leaf Trucks	173,774	-	86,139	87,635	87,635
Financed Purchase - 2020 Fire Truck	407,897	-	54,801	353,096	55,919
Financed Purchase - 2021 Dump Truck & Forklift	453,371	-	87,854	365,517	89,242
Total Financed Purchase Obligations:	1,035,042	-	228,794	806,248	232,796
Lease Liabilities	476,058	268,504	283,902	460,660	214,392
Compensated Absences	484,186	669,694	628,724	525,156	525,156
Total Governmental Activities	\$16,358,286	938,198	2,045,420	15,251,064	\$ 1,897,344

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

III. 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 City's business-type activities for the year ended June 30, 2024:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Direct Borrowing / Direct Placement:					
Bonds:					
Stormwater Taxable Revenue Bond -2016	\$ 145,000	-	47,000	98,000	\$ 48,000
Stormwater Taxable Revenue Bond -2020	625,000	-	55,000	570,000	55,000
Total Direct Borrowing / Direct Placement Bonds:	770,000	-	102,000	668,000	103,000
Financed Purchase Obligations:					
Financed Purchase - 2020 Sewer Cleaner	14,791	-	14,791	-	-
Total Direct Borrowing / Direct Placement Financed Purchase Obligations:	14,791	-	14,791	-	-
Lease Liabilities	42,838	-	23,684	19,154	19,154
Total Business-Type Activities	\$ 827,629	-	140,475	687,154	\$ 122,154

Presented below is a summary of debt service requirements to maturity as of June 30, 2024 for the City's governmental activities:

Year Ended June 30,	Bonds - Direct Borrowing / Direct Placement		Bonds - Public Placement		Financed Purchase Obligations - Direct Borrowing / Direct Placement		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 845,000	176,158	80,000	174,619	232,796	14,492	214,392	\$ 7,180
2026	860,000	158,501	80,000	170,619	147,712	10,427	101,149	3,922
2027	881,000	140,490	80,000	166,619	150,308	7,831	65,404	2,214
2028	755,000	122,060	245,000	162,619	152,950	5,189	52,927	1,111
2029	593,000	104,916	255,000	150,369	60,623	2,499	26,788	166
2030-2034	3,148,000	336,501	1,425,000	630,014	61,859	1,263	-	-
2035-2039	1,352,000	41,921	1,695,000	383,350	-	-	-	-
2040-2042	-	-	1,165,000	82,425	-	-	-	-
Totals	\$ 8,434,000	1,080,547	5,025,000	1,920,634	806,248	41,701	460,660	\$ 14,593

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

E. Long-Term Obligations (Continued)

Presented below is a summary of debt service requirements to maturity as of June 30, 2024 for the City's business-type activities:

Year Ended June 30,	Bonds - Direct Borrowing / Direct Placement		Lease Liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 103,000	13,407	19,154	\$ 208
2026	110,000	10,988	-	-
2027	110,000	8,418	-	-
2028	115,000	6,383	-	-
2029	115,000	4,255	-	-
2030	115,000	2,128	-	-
Totals	<u>\$ 668,000</u>	<u>45,579</u>	<u>19,154</u>	<u>\$ 208</u>

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2024, the City had \$5,451,000 of outstanding general obligation bonds subject to the 8% limit of approximately \$10,102,000, resulting in an unused legal debt margin of approximately \$4,651,000 as of June 30, 2024.

F. Leases

In October 2016, the City entered into a lease agreement with the Easley Combined Utility System for a fiber optic cable system. The 10-year lease term began in November 2016 and ends October 2026. Annual payments on the lease are \$40,740.

In June 2018, the City executed a master lease agreement with Enterprise Fleet Management to lease vehicles. As of June 30, 2024, the City had 25 vehicle leases with start dates ranging from March 2020 to February 2024. The ending dates of the leases range from August 2024 to February 2029. Lease terms are generally 3 to 5 years. Monthly payments on the leases range from \$486 to \$970.

In June 2016, the City executed a master lease agreement with VGM Financial Services to lease equipment. As of June 30, 2024, the City had 4 equipment leases with start dates ranging from July 2020 to November 2021. The ending dates of the leases range from September 2024 to October 2025. Lease terms are 4 or 5 years. Monthly payments on the leases range from \$494 to \$1,922.

In July 2020, the City entered into a lease agreement with Caterpillar Financial Services Corporation for equipment. The 5-year lease term began in July 2020 and ends June 2025. Annual payments on the lease are \$19,362.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. For all of these risks, the City is a member of the South Carolina Municipal Insurance Reserve Fund (“SCMIRF”), a public entity risk pool operating as a common risk management and insurance program for local governments for general risk. The City pays premiums to SCMIRF for this coverage. SCMIRF’s net position from its audited financial statements at December 31, 2023, totaled approximately \$8,550,000. 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 City has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust (“SCMIT”), a public entity risk pool operating as a common risk management and insurance program for workers’ compensation. The City pays premiums to SCMIT for this coverage. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net position from its audited financial statements at December 31, 2023, totaled approximately \$43,867,000. 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.

B. Retirement Plans

The City 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, 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 System’ 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.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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.

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

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

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Benefits (Continued)

- 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.

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

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or 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.

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 and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9.00 percent for the SCRS and 9.75 percent for the PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. 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.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Contributions (Continued)

Pension reform legislation modified the statute such that the employer contribution rates for SCRS and PORS 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 SCRS and PORS 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 Plans. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the Plans are at least 85 percent funded.

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

	SCRS Rates	PORS Rates
	2024	2024
Employer Contribution Rate: ^		
Retirement*	18.41%	20.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	18.56%	21.24%
Employee Contribution Rate ^	9.00%	9.75%

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

The actual and required contributions to the SCRS and PORS were approximately \$722,000 and \$959,000, respectively, for the year ended June 30, 2024 and include the nonemployer contributions noted below.

Nonemployer Contributions

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2024. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2024 were approximately \$30,000 and \$30,000 for the SCRS and PORS, respectively.

Actuarial Assumptions and Methods

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

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The June 30, 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, 2022. The TPL was rolled-forward from the valuation date to the Plans’ fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems.

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

	SCRS	PORS
Actuarial Cost Method	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)	3.5% to 10.5% (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 year 2020.

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.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 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.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity	9.0%	10.91%	0.98%
Private Debt	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
Total Expected Real Rate of Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

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, 2023 measurement date, for the SCRS and PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 58,464,402,454	34,286,961,942	\$ 24,177,440,512	58.6%
PORS	\$ 9,450,021,576	6,405,925,370	\$ 3,044,096,206	67.8%

The TPL is calculated by the Systems' actuary, and each Plans' 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 Plans' funding requirements.

At June 30, 2024, the City reported liabilities of approximately \$6,700,000 and \$7,339,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2023, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2022 that was projected forward to the measurement date. The City's proportion of the NPL were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

At the June 30, 2023 measurement date, the City's SCRS proportion was 0.0277130 percent, which was an increase of 0.001063 from its proportion measured as of June 30, 2022. At the June 30, 2023 measurement date, the City's PORS proportion was 0.241091 percent, which was a decrease of 0.007324 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of approximately \$524,000 and \$878,000 for the SCRS and PORS, respectively. At June 30, 2024, the City 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	\$ 116,328	\$ 18,581
Change in Assumptions	102,658	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	9,171
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	180,104	147,328
Employer Contributions Subsequent to the Measurement Date	691,860	-
Total SCRS	<u>1,090,950</u>	<u>175,080</u>
PORS		
Differences Between Expected and Actual Experience	345,382	90,475
Change in Assumptions	159,728	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	12,595
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	100,244	232,839
Employer Contributions Subsequent to the Measurement Date	929,126	-
Total PORS	<u>1,534,480</u>	<u>335,909</u>
Total SCRS and PORS	<u>\$ 2,625,430</u>	<u>\$ 510,989</u>

Approximately \$692,000 and \$929,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2025	\$ 70,686	199,696	\$ 270,382
2026	(85,271)	(234,795)	(320,066)
2027	242,525	312,222	554,747
2028	(3,930)	(7,678)	(11,608)
Total	<u>\$ 224,010</u>	<u>269,445</u>	<u>\$ 493,455</u>

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Discount Rate

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 and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, 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 City’s proportionate share of the NPL of the Plans to changes in the discount rate, 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%)
City’s proportionate share of the net pension liability of the SCRS	\$ 8,657,400	6,700,280	\$ 5,073,589
City’s proportionate share of the net pension liability of the PORS	10,352,835	7,339,047	4,870,379
Total	<u>\$ 19,010,235</u>	<u>14,039,327</u>	<u>\$ 9,943,968</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued Annual Comprehensive Financial Report containing financial statements and required supplementary information for the SCRS and PORS. The Annual Comprehensive Financial Report 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 Plans

The City reported a payable of approximately \$196,000 to the PEBA as of June 30, 2024, representing required employer and employee contributions for the month of June 2024 for the SCRS and PORS. This amount is included in Accrued Salaries and Fringe Benefits on the financial statements and was paid in July 2024.

IV. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan

Plan Description

The City sponsors a single-employer defined benefit other postemployment benefit plan. The OPEB Plan provides group health and dental insurance benefits for retirees under the terms of an approved policy. The OPEB Plan is administered by the City. Active employees and elected officials retiring (early, normal or disability) under the South Carolina Retirement System (SCRS or PORS) whose last ten years of employment have been with the City are eligible to continue health and dental benefits. Part-time employees are ineligible to continue health and dental benefits upon retirement. Disabled retirees must meet the same requirements as non-disabled retirees. The City's health and dental care benefit providers underwrite the retiree's policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. No assets are accumulated in a trust as defined by GAAP. The OPEB Plan does not issue a stand-alone financial report.

Plan Membership

As of June 30, 2023, the last actuarial valuation, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	18
Active Members	133
Total Membership	151

Plan Benefits and Contributions

The City will pay a portion of the medical premiums on behalf of the retiree. The portion paid by the City varies based on the retiree's years of service with the City. The City makes a monthly contribution in the amount of 4% of the base premium for retirees for each complete year of service with the City not to exceed 100% of the monthly premium. The retiree is responsible for any remaining medical premium. The City will also pay a flat rate of \$13.48 of the dental premiums on behalf of the retiree. Additionally, the retirees may, at their option, include dependent coverage; the retiree is responsible for the full premium for this coverage. When the retiree becomes Medicare eligible, the City contribution ceases and the retiree becomes responsible for the full cost of the benefit.

The following table reflects the monthly premiums for the health and dental plans, effective as of March 1, 2024. These premiums do not include any per month administrative fee. There is no experience load to reflect in the premiums below.

Tier	Health (Standard Plan)	Dental
Employee Only	\$ 717.50	\$ 22.24
Employee and Spouse	1,515.75	46.32
Employee and Child	1,102.75	63.56
Family	\$ 1,899.75	\$ 67.64

During the year ended June 30, 2024, the City made contributions of approximately \$197,000. These contributions consisted entirely of premium payments to its health insurance provider on behalf of retirees as the City is funding its OPEB Plan on a pay-as-you-go basis.

IV. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

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	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.25%
Discount Rate	3.65% (the Municipal Bond Index Rate)
Healthcare Cost Trend Rate	7.00% decreasing to 4.50% by 2033
Payroll Growth	3.00% to 9.50% for SCRS, 3.50% to 10.50% for PORS
Coverage Elections	40% to 100% of eligible retirees will elect coverage and 20% of those will elect to cover the spouse
Spouse Age Assumption	Female spouses assumed to be 3 years younger than males
Mortality Table	PUB-2010 Mortality Tables for Employees with a multiplier of 135% for SCRS and 100% for PORS
Implicit Subsidy	Total cost of coverage for pre-65 retirees is 39% higher than the average premium rate to account for implicitly subsidized costs

The actuarial assumptions used above were based on the results of an actuarial experience study adopted by the SCRS and the PORS.

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

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

The City's OPEB liability was measured as of June 30, 2023, using an actuarial valuation as of June 30, 2023.

	OPEB Liability
Balances as of June 30, 2023	\$ 4,771,973
Changes for the year:	
Service Cost	196,244
Interest	165,557
Change in benefit terms	(94,378)
Difference Between Expected/Actual Experience	498,318
Changes of Assumptions or Other Inputs	129,112
Benefit Payments and Implicit Subsidy Credit	(192,092)
Net Changes	702,761
Balances as of June 30, 2024	\$ 5,474,734

The Municipal Bond Index Rate changed from 3.54% at June 30, 2022 to 3.65% at June 30, 2023. Eligibility increased from the last five years of employment being with the City to the last ten years of employment being with the City.

For the year ended June 30, 2024, the City recognized OPEB expense of approximately \$138,000. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 490,581	\$ 1,064,338
Changes of Assumptions or Other Inputs	868,348	760,152
Employer Contributions Subsequent to the Measurement Date	196,502	-
Total	\$ 1,555,431	\$ 1,824,490

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

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

Approximately \$197,000 that was reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the OPEB Plan and will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. 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 June 30,	Total
2025	\$ (129,108)
2026	(129,108)
2027	(112,837)
2028	(89,028)
2029	(110,754)
Thereafter	105,274
Total	<u>\$ (465,561)</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%, which is the Municipal Bond Index Rate as of June 30, 2023, which was an increase from the rate as of June 30, 2022 of 3.54%. The City is not making any contributions for its OPEB Plan to an irrevocable trust; it is funding its OPEB Plan on a pay-as-you-go basis.

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the City's OPEB liability to changes in the discount rate, calculated using the discount rate of 3.65%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.65%) or 1% point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
OPEB Liability	\$ 6,139,276	5,474,734	\$ 4,890,489

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

The following table presents the sensitivity of the City's OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.50%) or 1% point higher (8.00% decreasing to 5.50%) than the current rate:

	1% Decrease (6.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
OPEB Liability	\$ 4,763,707	5,474,734	\$ 6,339,552

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

IV. OTHER INFORMATION (CONTINUED)

D. Conduit Debt

The Easley Combined Utility System (the “ECU”) issued several revenue and/or refunding bonds and loans in the name of the City. At June 30, 2024, the outstanding balances on these bonds totaled approximately \$41,346,000. The bonds are payable solely from the gross revenues derived from the operation of the ECU after first paying operation and maintenance of the ECU. The bonds are secured by a statutory lien upon the ECU granted by the bond ordinances. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

E. Contingent Liabilities and Commitments

Litigation

The City is periodically the subject of litigation by a variety of plaintiffs. Although the outcome of these claims is not presently determinable, it is the opinion of the City’s management and attorney that resolution of these matters, either individually or in the aggregate, will not have a material adverse effect on the financial condition of the City.

Grants

The City 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 of the City. 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 City at June 30, 2024.

Commitments

During the year ended June 30, 2023, the City entered into an agreement for the Brushy Creek Greenway project. The total cost for the project is approximately \$1,835,000. During the year ended June 30, 2024, the City incurred approximately \$1,414,000 in construction costs leaving approximately \$421,000 remaining as of June 30, 2024.

During the current year, the City entered into a construction agreement for the Hagood Park project. The total cost of the project is approximately \$329,000. During the year ended June 30, 2024, the City incurred approximately \$271,000 in construction costs leaving approximately \$57,000 remaining as of June 30, 2024.

During the current year, the City entered into an agreement for managed IT services through March 2026. The City pays approximately \$12,000 a month, and the remaining amount on the agreement as of June 30, 2024 is approximately \$260,000.

F. Subsequent Events

In July 2024, the City entered into a lease agreement for equipment. The City will make 48 monthly payments of approximately \$5k under this lease.

In October 2024, the City entered into a purchase agreement for an aerial fire truck and related equipment for approximately \$2,514,000, net of a trade-in allowance of approximately \$223,000. The City entered into a financed purchase agreement for approximately \$2,529,000 to finance this purchase. The financed purchase agreement requires annual debt service payments of approximately \$226,000 starting in October 2025 and maturing in October 2039 with an interest rate of 3.91%.

In March 2025, the City received a donated infrastructure of approximately \$808,000.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Property Taxes	\$ 4,360,191	4,360,191	3,766,087	\$ (594,104)
Local Option Sales Taxes	4,163,814	4,163,814	4,518,433	354,619
Intergovernmental Revenues	938,645	998,292	1,033,228	34,936
Franchise Fees	2,746,500	2,746,500	2,739,961	(6,539)
Licenses, Permits and Fees	5,304,500	5,304,500	6,017,308	712,808
Fines and Forfeitures	269,815	269,815	176,104	(93,711)
Other Income	257,250	257,250	342,007	84,757
Interest and Investment Earnings	2,000	2,000	15,086	13,086
TOTAL REVENUES	18,042,715	18,102,362	18,608,214	505,852
EXPENDITURES				
Current:				
General Government				
City Administration	2,032,090	1,616,921	3,854,470	(2,237,549)
City Council	188,605	192,133	157,770	34,363
Finance	357,489	366,658	352,105	14,553
Building Official	924,214	701,269	725,159	(23,890)
Judicial Services - Court	508,365	523,584	545,564	(21,980)
Public Safety				
Police Department	6,028,120	6,261,096	6,479,583	(218,487)
Fire Department	4,142,395	4,223,648	3,278,849	944,799
Public Works				
Streets	2,186,139	2,632,441	2,290,020	342,421
Sanitation	1,725,502	2,032,739	1,996,751	35,988
Recreation and Tourism	2,185,412	2,222,433	2,141,257	81,176
Debt Service:				
Principal	680,047	680,047	680,047	-
Interest and Fiscal Charges	211,586	211,586	211,862	(276)
Bond Issuance Costs	10,000	10,000	-	10,000
TOTAL EXPENDITURES	21,179,964	21,674,555	22,713,437	(1,038,882)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,137,249)	(3,572,193)	(4,105,223)	(533,030)
OTHER FINANCING SOURCES (USES)				
Transfers In	248,750	248,750	445,125	196,375
Transfers Out	(32,033)	(32,033)	(42,423)	(10,390)
Issuances of Leases	-	-	268,504	268,504
Insurance Recoveries	-	-	58,148	58,148
Sale of Capital Assets	-	-	2,100	2,100
TOTAL OTHER FINANCING SOURCES (USES)	216,717	216,717	731,454	514,737
NET CHANGE IN FUND BALANCE	(2,920,532)	(3,355,476)	(3,373,769)	(18,293)
FUND BALANCE, Beginning of Year	13,697,236	13,697,236	13,697,236	-
FUND BALANCE, End of Year	\$ 10,776,704	10,341,760	10,323,467	\$ (18,293)

Note: The budgets are presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

Note: The City's original and revised budgets reflected an expected use of fund balance of approximately \$2,921,000 and \$3,355,000, respectively.

Note: The City's actual expenditures exceeded the revised budgeted expenditures as it utilized fund balance that was accumulated due to lost revenue received from the American Rescue Plan Act. This revenue was recognized in prior years and related expenditures were not included in the current year budget.

CITY OF EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL
HOSPITALITY TAX FUND

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Hospitality Taxes	\$ 2,925,000	2,925,000	3,218,715	\$ 293,715
Intergovernmental Revenues	-	-	46,300	46,300
Licenses, Permits and Fees	-	-	348,366	348,366
Other Income	-	-	81,346	81,346
Interest and Investment Earnings	-	-	67,839	67,839
TOTAL REVENUES	2,925,000	2,925,000	3,762,566	837,566
EXPENDITURES				
Current:				
Recreation and Tourism	2,047,522	2,047,522	1,996,387	51,135
Debt Service:				
Principal	583,649	583,649	583,649	-
Interest and Fiscal Charges	163,829	163,829	163,829	-
TOTAL EXPENDITURES	2,795,000	2,795,000	2,743,865	51,135
EXCESS OF REVENUES OVER EXPENDITURES	130,000	130,000	1,018,701	888,701
OTHER FINANCING SOURCES (USES)				
Transfers Out	(130,000)	(130,000)	(109,589)	20,411
Insurance Recoveries	-	-	8,063	8,063
TOTAL OTHER FINANCING SOURCES (USES)	(130,000)	(130,000)	(101,526)	28,474
NET CHANGE IN FUND BALANCE	-	-	917,175	917,175
FUND BALANCES, Beginning of Year	3,228,419	3,228,419	3,228,419	-
FUND BALANCE, End of Year	\$ 3,228,419	3,228,419	4,145,594	\$ 917,175

Note: The budgets are presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

CITY OF EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL
TIF FUND

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Property Taxes	\$ 229,935	229,935	224,743	\$ (5,192)
Interest and Investment Earnings	-	-	2,178	2,178
TOTAL REVENUES	229,935	229,935	226,921	(3,014)
EXPENDITURES				
Current:				
Recreation and Tourism	52,677	52,677	39,742	12,935
Debt Service:				
Principal	153,000	153,000	153,000	-
Interest and Fiscal Charges	24,258	24,258	24,257	1
TOTAL EXPENDITURES	229,935	229,935	216,999	12,936
NET CHANGE IN FUND BALANCE	-	-	9,922	9,922
FUND BALANCES, Beginning of Year	107,459	107,459	107,459	-
FUND BALANCE, End of Year	\$ 107,459	107,459	117,381	\$ 9,922

Note: The budgets are presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

CITY OF EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL
ARPA FUND

YEAR ENDED JUNE 30, 2024

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Grants	\$ 332,700	332,700	-	\$ (332,700)
TOTAL REVENUES	332,700	332,700	-	(332,700)
EXPENDITURES				
Current:				
Community Development	332,700	332,700	-	332,700
TOTAL EXPENDITURES	332,700	332,700	-	332,700
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES, Beginning of Year	-	-	-	-
FUND BALANCE, End of Year	\$ -	-	-	\$ -

Note: The budgets are presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

CITY OF EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.027713%	0.026650%	0.027231%	0.028763%	0.030174%	0.029562%	0.029783%	0.030792%	0.028440%	0.027499%
City's Proportionate Share of the Net Pension Liability	\$ 6,700,280	6,460,497	5,893,107	7,349,533	6,890,056	6,623,983	6,704,632	6,577,126	5,393,783	\$ 4,734,416
City's Covered Payroll	\$ 3,657,278	3,173,373	3,085,058	3,200,627	3,185,043	3,058,714	2,996,879	2,940,810	2,607,529	\$ 2,459,653
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	183.20%	203.58%	191.02%	229.63%	216.33%	216.56%	223.72%	223.65%	206.85%	192.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.65%	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

Notes to Schedule:

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

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.

CITY OF EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

**SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 722,275	642,218	525,511	480,035	498,018	463,742	414,762	346,439	325,254	\$ 284,221
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the City	691,860	611,803	495,096	449,620	467,603	433,327	384,347	346,439	325,254	284,221
Contributions from the State	30,415	30,415	30,415	30,415	30,415	30,415	30,415	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 3,891,670	3,657,278	3,173,373	3,085,058	3,200,627	3,185,043	3,058,714	2,996,879	2,940,810	\$ 2,607,529
Contributions as a Percentage of Covered Payroll:	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

CITY OF EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.241091%	0.248415%	0.253981%	0.241851%	0.237249%	0.238251%	0.224450%	0.230310%	0.218960%	0.205140%
City's Proportionate Share of the Net Pension Liability	\$ 7,339,047	7,449,899	6,534,711	8,020,285	6,799,410	6,750,941	6,148,917	5,841,831	4,772,291	\$ 3,927,237
City's Covered Payroll	\$ 4,154,985	3,885,246	3,828,023	3,661,823	3,441,197	3,297,750	3,017,015	2,996,820	2,770,307	\$ 2,469,269
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	176.63%	191.75%	170.71%	219.02%	197.59%	204.71%	203.81%	194.93%	172.27%	159.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.79%	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%

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.

CITY OF EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 959,314	840,969	747,521	698,232	667,916	593,262	535,555	429,622	411,763	\$ 371,498
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the City	929,126	810,781	717,333	668,044	637,728	563,074	505,367	429,622	411,763	371,498
Contributions from the State	30,188	30,188	30,188	30,188	30,188	30,188	30,188	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 4,516,545	4,154,985	3,885,246	3,828,023	3,661,823	3,441,197	3,297,750	3,017,015	2,996,820	\$ 2,770,307
Contributions as a Percentage of Covered Payroll:	21.24%	20.24%	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%

CITY OF EASLEY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE

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

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service Cost	\$ 196,244	257,402	415,337	305,841	241,355	249,725	\$ 271,931
Interest	165,557	114,974	146,290	187,233	174,818	156,916	132,110
Changes of Benefit Terms	(94,378)	-	-	-	7,420	-	-
Differences Between Expected and Actual Experience	498,318	(4,535)	(1,701,896)	2,556	98,318	(12,399)	19,139
Changes of Assumptions	129,112	(831,670)	16,580	943,772	463,306	(167,947)	(298,728)
Benefit Payments, Including Implicit Subsidy Credit	(192,092)	(173,213)	(172,607)	(165,812)	(140,172)	(93,916)	(117,531)
Net Change in Total OPEB Liability	702,761	(637,042)	(1,296,296)	1,273,590	845,045	132,379	6,921
Total OPEB Liability - Beginning of Year	4,771,973	5,409,015	6,705,311	5,431,721	4,586,676	4,454,297	4,447,376
Total OPEB Liability - End of Year	<u>\$ 5,474,734</u>	<u>4,771,973</u>	<u>5,409,015</u>	<u>6,705,311</u>	<u>5,431,721</u>	<u>4,586,676</u>	<u>\$ 4,454,297</u>
Covered-Employee Payroll	\$ 5,817,364	5,085,086	5,085,086	6,294,183	6,294,183	5,317,153	\$ 5,317,153
Total OPEB Liability as a Percentage of Covered-Employee Payroll	94.11%	93.84%	106.37%	106.53%	86.30%	86.26%	83.77%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).
The City adopted GASB #75 during the year ended June 30, 2018. Information is not available for prior years.
The Municipal Bond Index increased from 3.54% at the previous measurement date of June 30, 2022 to 3.65% for the current measurement date of June 30, 2023.
Eligibility increased from the last five years of employment being with the City to the last ten years of employment being with the City.

SUPPLEMENTARY INFORMATION

CITY OF EASLEY, SOUTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2024

	STATE ACCOMMODATIONS TAX FUND	VICTIMS' RIGHTS FUND	LOCAL ACCOMMODATIONS TAX FUND
Assets			
Cash and Investments - Restricted	\$ 18,031	35,462	189,629
Receivables:			
Accounts	28,869	-	7,292
Prepays	-	509	-
Total Assets	\$ 46,900	35,971	196,921
Liabilities and Fund Balances			
Accounts Payable	\$ -	-	2,323
Interfund Payables	-	-	-
Total Liabilities	-	-	2,323
Fund Balances:			
Nonspendable - Prepays	-	509	-
Restricted	46,900	35,462	194,598
Total Fund Balances	46,900	35,971	194,598
Total Liabilities and Fund Balances	\$ 46,900	35,971	196,921

LAW ENFORCEMENT FUND	ROAD MAINTENANCE FUND	FIREMEN'S 1% FUND	POLICE ACTIVITY FUND	IMPACT FEES FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
141,680	399,855	77,516	18,604	2,018,042	\$ 2,898,819
-	-	-	-	-	36,161
-	-	-	-	-	509
141,680	399,855	77,516	18,604	2,018,042	\$ 2,935,489
-	-	7,161	1,861	-	\$ 11,345
13,328	-	-	-	-	13,328
13,328	-	7,161	1,861	-	24,673
-	-	-	-	-	509
128,352	399,855	70,355	16,743	2,018,042	2,910,307
128,352	399,855	70,355	16,743	2,018,042	2,910,816
141,680	399,855	77,516	18,604	2,018,042	\$ 2,935,489

CITY OF EASLEY, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2024

	STATE ACCOMMODATIONS TAX FUND	VICTIMS' RIGHTS FUND	LOCAL ACCOMMODATIONS TAX FUND
REVENUES			
Accommodations Taxes	\$ 94,809	-	72,358
Fines and Forfeitures	-	32,618	-
Impact Fees	-	-	-
Other Income	-	-	-
Interest and Investment Earnings	-	-	-
TOTAL REVENUES	94,809	32,618	72,358
EXPENDITURES			
Current:			
Judicial Services	-	74,532	-
Public Safety	-	-	-
Public Works	-	-	-
Recreation and Tourism	63,607	-	63,678
TOTAL EXPENDITURES	63,607	74,532	63,678
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,202	(41,914)	8,680
OTHER FINANCING SOURCES (USES)			
Transfers In	-	42,423	-
Transfers Out	(28,331)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(28,331)	42,423	-
NET CHANGES IN FUND BALANCES	2,871	509	8,680
FUND BALANCES, Beginning of Year	44,029	35,462	185,918
FUND BALANCES, End of Year	\$ 46,900	35,971	194,598

LAW ENFORCEMENT FUND	ROAD MAINTENANCE FUND	FIREMEN'S 1% FUND	POLICE ACTIVITY FUND	IMPACT FEES FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
-	-	-	-	-	\$ 167,167
20,104	-	-	-	-	52,722
-	-	-	-	728,188	728,188
-	-	87,414	34,003	-	121,417
5,309	-	-	-	-	5,309
25,413	-	87,414	34,003	728,188	1,074,803
-	-	-	-	-	74,532
22,870	-	35,802	24,787	-	83,459
-	-	-	-	165,000	165,000
-	-	-	-	-	127,285
22,870	-	35,802	24,787	165,000	450,276
2,543	-	51,612	9,216	563,188	624,527
-	-	-	-	-	42,423
-	-	-	-	-	(28,331)
-	-	-	-	-	14,092
2,543	-	51,612	9,216	563,188	638,619
125,809	399,855	18,743	7,527	1,454,854	2,272,197
128,352	399,855	70,355	16,743	2,018,042	\$ 2,910,816

CITY OF EASLEY, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2024

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected			530,659	530,659
Court fines and assessments remitted to State Treasurer			(298,040)	(298,040)
Total Court Fines and Assessments retained			232,619	232,619
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			6,508	6,508
Assessments retained			26,110	26,110
Total Surcharges and Assessments retained for victim services			32,618	32,618

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	35,462		35,462
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	26,110		26,110
Victim Service Surcharges Retained by City/County Treasurer	6,508		6,508
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund	42,423		42,423
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	110,503		110,503
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	71,509		71,509
Operating Expenditures	3,023		3,023
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	74,532		74,532
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	35,971		35,971
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	35,971		35,971

COMPLIANCE SECTION

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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

The Honorable Mayor and Members of City Council
City 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Easley, South Carolina (the “City”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-002.

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City's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
June 27, 2025

CITY OF EASLEY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2024

2024-001: PERFORMING BANK RECONCILIATIONS

Condition:	During the June 30, 2024 audit, we found that bank reconciliations had not been prepared in a timely manner. The June 30, 2024 bank reconciliations were not performed until several months later. Timely completion of the bank reconciliations is an important and fundamental internal control that can help prevent accounting errors and fraud.
Criteria:	The City should have adequate internal controls in place to ensure that all bank reconciliations are being prepared and reviewed in a timely manner.
Context, Cause and Effect:	The City was without a Finance Director for all of 2023 and about half of 2024 which contributed to the delay of the bank reconciliations. The delay in performing the bank reconciliations complicated the reconciliation process when it was performed.
Recommendation:	<p>The City should ensure that bank reconciliations are being prepared and reviewed in a timely manner. Bank reconciliations should be completed within a few days of obtaining the bank statement at month end and should be reviewed by someone who was not involved in the reconciliation process. Both the preparer and reviewer should sign and date the reconciliation after each process is complete.</p> <p>From a broader perspective, the City’s books should be closed out on a timely basis with key accounts being properly reconciled or agreed to supporting documents. As part of the closing process, the City’s funds should be balanced and the account level detail reviewed as well.</p>
Response:	During 2025, the City worked diligently and is now caught up on its bank reconciliations. The City will continue to work to ensure that bank reconciliations are prepared in a timely manner.

2024-002: NONCOMPLIANCE WITH LAWS AND REGULATIONS – COURT FINES

Condition:	There were two months during the current fiscal year and four months during the prior fiscal year that the City did not submit court fines reports in a timely manner and did not remit the amount owed to the State of South Carolina (“the State”) in a timely manner. The City did get caught up on submitting the reports, but at the end of the fiscal year, there were still four months that the City was delinquent in remitting the amount owed to the State.
Criteria:	The City should submit court fines reports and remit court fines owed to the State by the fifteenth of the following month in order to comply with state law.
Context, Cause and Effect:	Due to significant turnover, the City was not adequately monitoring the submission of court fines reports and remittance of amounts owed to the State. This resulted in the City not submitting court fines reports and the amounts owed to the State in a timely manner.
Recommendation:	We recommend that the City monitor their submission of court fines report and the payment of the amounts owed to the State to ensure that they are completed in a timely manner.
Response:	During 2025, the City worked diligently and is now caught up on submitting court fines reports and the amounts due to the state have been remitted. The City will continue to work to ensure that court fines reports are prepared in a timely manner and that amounts due to the state are remitted in a timely manner.
