

GREENVILLE UTILITIES COMMISSION
FINANCE/AUDIT COMMITTEE
GREENVILLE, NORTH CAROLINA
March 4, 2026

The Finance/Audit Committee of the Greenville Utilities Commission met on Wednesday, March 4, 2026, at 12 noon in the Board Room with the following members and others present.

Committee Members Present:

Dillon Godley, Committee Chair
Ferrell L. Blount III
Justin Fuller
Dr. Bob Shaw

Other Board Members Present:

Mark Garner, Chair
Dr. Wanda Carr, Secretary
Simon Swain

GUC Staff Present:

Tony Cannon, General Manager/CEO	Lou Norris
Chris Padgett	Amanda Wall
Phil Dixon	Jessica Hardy
Jeff McCauley	Jonathan Britt
Ken Wade	Molly Ortiz
Durk Tyson	Paige Wallace
Todd Cannon	
Scott Farmer	
Scott Mullis	
Steve Hawley	
Amy Wade	
Richie Shreves	

Others Present:

Ginger Livingston, The Daily Reflector

Committee Chair Godley called the meeting to order at 12:00 noon and Commissioner Blount ascertained that a quorum was present.

Safety Brief

Tony Cannon, General Manager/CEO, provided a safety brief and explained the plan of action should there be an emergency at today's meeting.

A motion was made by Mr. Fuller, seconded by Dr. Shaw, to accept the agenda as presented. The motion carried unanimously.

APPROVAL OF MINUTES (Agenda Item 1)

A motion was made by Mr. Blount, seconded by Mr. Fuller, to approve the October 2, 2025, Finance/Audit Committee minutes as presented. The motion carried unanimously.

END-OF-YEAR PROJECTION/DRAFT REVENUES AND EXPENDITURES PROPOSAL FOR UPCOMING FISCAL YEAR (Agenda Item 2)

Mr. Jeff McCauley, Chief Financial Officer, provided an update on end-of-year financial projections for FY 2025-26 and the proposed budget for FY 2026-27. These areas include current status, capital investment, five-year capital plans, rate models, and the long-term financial forecast. A memorandum and supplemental materials were provided in the agenda packet.

- End-of-year Projections for FY 2025-26 (current year)
- Proposed FY 2026-27 Budget
- FY 2027-31 Financial Forecasts
- FY 2027-31 Capital Improvement Plan

Key metrics, such as fund balance and debt-service coverage ratios, were included in the materials.

End-of-Year Projections

Mr. McCauley stated that the current budget adopted for FY 2025-26 provided appropriations of \$19.8M in capital outlay improvements, more than \$98.4M in operations, and transfers of \$2.5M to the capital projects fund. The FY 2025-26 original budget was 3.9% more than the previous year's budget and provided funding for operating and capital infrastructure improvements while maintaining competitive rates.

Total adjustments of \$6.2M to the original budget are due to increases in Purchased Commodities and a transfer to the Electric Rate Stabilization Fund.

In reviewing the end-of-year projection, the financial viability of each fund is considered to ensure that GUC is positioned to meet its mission and future financial obligations. The 2025-26 projection draft revenues and expenditures of all combined funds is a \$320M budget with purchase power/gas as the highest expenditure.

Key Performance Indicators such as debt-service coverage ratios, fund balances, and days cash on hand are primary components of the review. These factors are also monitored by the NC Local Government Commission (LGC) and credit rating agencies in determining GUC's ability to borrow funds at a favorable interest rate.

Proposed FY 2026-27 Budget

Mr. McCauley reviewed cost drivers and discussed the purchased power cost drivers associated with Full Requirements Purchased Power Agreement (FRPPA) System Average Energy Rate True-ups. NCEMPA has riders to accommodate these adjustments/true ups. This includes

NCEMPA Rider 1-22 that was implemented in April 2024, Rider 1-23 that was implemented in October 2024, Rider 1-24 that will be implemented in April 2026, and Rider 1-25 that will be implemented in October 2026.

The Purchased Power Adjustment (PPA) electric rate rider passes through fluctuations in wholesale power costs. The April 1 PPA modification will reflect NCEMPA's April 1 FRPPA rate increase and Rider No. 1 charges. The adjustment will have a net -\$1.30 bill change beginning April 1.

NCEMPA anticipates wholesale cost increases to tract with the Duke combined system retail rate increase of approximately 2.5%-3.5% per year. NCEMPA will benefit from the combination of the Duke Energy Carolinas and Duke Energy Progress (one utility), however, the magnitude of the merger is not clear at this time.

Highlights of the FY 2026-27 proposed budget are listed below:

Mr. McCauley reported on the cost drivers and goals of each of the four funds and the highlights of the FY 2026-27 proposed budget are listed below.

- Expenditures budgeted for FY 2026-27 have increased by 5.1%, or \$15.9M, when compared to the FY 2025-26 budget. Key points are:
 - \$8.7M increase in operations
 - \$3.3M increase in purchased power
 - \$1.6M increase in capital outlay
 - \$1.3M increase in purchased gas
 - \$29k increase in debt service
 - \$315k decrease in City turnover
 - \$869k increase in transfers to capital projects
- 1.9% rate increase for the Electric Fund, a 0.2% increase from last year's forecast
- 3.7% rate increase for the Water Fund, a 0.5% increase from last year's forecast
- 3.9% rate increase for the Sewer Fund, a 1.2% increase from last year's forecast
- 4.0% rate increase for the Gas Fund, a 0.2% decrease from last year's forecast
- Funding for a 4.3% employee merit/market adjustment
- Funding for 5.0% employer 401(k) contribution
- Continuation of a self-insured health insurance plan which includes a high-deductible Health Savings Account option
- Continuation of self-insured dental insurance plan
- Funding to hire replacements prior to the retirement of key personnel to facilitate succession planning, leverage the knowledge and experience of long-term employees for training on critical issues and ensure smooth transitions
- Continuation of investment in the Greenville ENC Alliance to promote economic development in our region
- Transfer to Other Post-Employment Benefits (OPEB) of \$500K
- Transfer of \$150K to City's Energy Efficiency Partnership
- Investment of \$21.4M for capital outlay to maintain system reliability and comply with regulatory requirements

- Annual turnover or transfer of \$8.7M to the City of Greenville in accordance with the Charter issued by the North Carolina General Assembly

Across-the Board 2.7% Miscellaneous Fee Increases:

- **Electric** – Outdoor lighting, temporary service, underground residential & commercial service installations
- **Water** – Tap, temporary service, and meter testing
- **Sewer** – Tap and system development fees (per Analysis phase-in plan)
- **Gas** – Cut-on service, delivery pressure change, tap, and additional service line footage
- **Customer Service Fees** – Cut-on/set-up/transfer service, meter read, restore accounts, and theft and trouble calls

Long-term Financial Forecast

Mr. McCauley reviewed the long-term financial forecast that included the five-year plan through FY 2027-31 and shared GUC's 10 largest projects associated with the five year plan.

He shared the Capital Improvement Projects that are scheduled to be adopted with the FY2026-27 Budget as listed below:

Line #	Dept	Project Description	Project Amount
1	Electric	Peak Shaving Generator Plant – Phase 2	\$6,600,000
2		Subtotal Electric	\$6,600,000
3	Water	Backwash Pump Replacement	\$400,000
4		Subtotal Water	\$400,000
5	Sewer	Sewer Outfall Rehabilitation Phase 5	\$5,000,000
6	Sewer	Greene Street Pump Station	\$3,500,000
7		Subtotal Sewer	\$8,500,000
8	Gas	Northwestern Loop High-Pressure Gas Main Extension Phase II	\$300,000
9		Subtotal Gas	\$300,000
10		TOTAL	\$15,800,000

In summary, Mr. McCauley added that the proposed FY 2026-27 budget is a balanced budget, and he asked for the Finance/Audit Committee to endorse the end-of-year projections and the proposed preliminary budget.

Following discussion, a motion was made by Mr. Blount, seconded by Dr. Shaw, for the Finance/Audit Committee members to endorse for the full Board to move forward with appropriate actions related to the current end-of-year fiscal forecast and the proposed preliminary FY 2026-27 budget as presented. The motion passed unanimously.

RECOMMENDATION TO AWARD AUDITING SERVICES CONTRACT (Agenda Item 3)

Mr. Jeff McCauley, Chief Financial Officer, introduced Controller Amanda Wall to share information on auditing services. Ms. Wall stated that in accordance with the Commission's charter, a single auditing firm must be used to perform the City's and the Commission's financial statement audits. Costs associated with the audits are based on the number of hours expended for each organization's audit engagement.

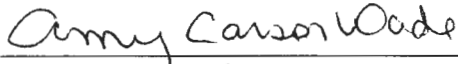
In 2024, an RFP for auditing services was issued requesting proposals for a five-year engagement. The City and Commission staff recommended Cherry Bekaert, LLP for another five-year term, subject to approval of a contract on an annual basis. Last year's audit fee for the Commission was \$62,840. The proposed audit fee for fiscal year ending 2026 is \$66,840.

After discussion, a motion was made by Mr. Blount, seconded by Mr. Fuller, for the Finance Audit Committee to concur with staff to recommend to the full Board to proceed with executing the fiscal year 2026 auditing services contract with Cherry Bekaert, LLP, in the amount of \$66,840. The motion passed unanimously.

ADJOURNMENT

There being no further business to conduct, Committee Chair Godley adjourned the meeting at 12:45 p.m.

Respectfully submitted,



Amy Carson Wade
Executive Secretary