



# **2024 Annual Comprehensive Financial Report**

For fiscal years June 30, 2024 and 2023

**BEAUFORT-JASPER WATER AND SEWER AUTHORITY  
OKATIE, SOUTH CAROLINA**







Beaufort-Jasper Water & Sewer Authority  
Okatie, South Carolina

# Annual Comprehensive Financial Report

For the Fiscal Years Ended  
June 30, 2024 and 2023

Prepared by:  
Finance Department

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**INTRODUCTORY SECTION**





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VERNA ARNETTE, PE, GENERAL MANAGER  
843.987.8044 (o)

November 22, 2024

To Beaufort-Jasper Water and Sewer Authority Board of Directors and Stakeholders:

The management and staff of Beaufort-Jasper Water and Sewer Authority (the Authority) are pleased to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. The Authority is required to publish a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2024.

The Authority's management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, Certified Public Accountants, has issued an unmodified ("clean") opinion on the Authority's financial statements for the year ended June 30, 2024. The independent auditors report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## PROFILE OF BEAUFORT-JASPER WATER AND SEWER AUTHORITY

The Authority was created under provisions of Act No. 784 - enacted during the 1954 Session of the General Assembly of the State of South Carolina - as a public, nonprofit corporation to acquire and distribute supplies of fresh water for industrial and domestic purposes within its service area. During its 1969 Session, the General Assembly enacted Act No. 598, which enlarged the functions and powers of the Authority to include the construction of facilities that provide for the collection, treatment, and disposal of wastewater in thickly populated areas of Beaufort County. In 1971, the General Assembly created the Jasper County Water and Sewer Authority to provide an entity capable of providing water and wastewater service in Jasper County for areas not served by municipal governments. In 1983, the Authority and the Jasper County Water and Sewer Authority were consolidated into the entity now called the Beaufort-Jasper Water and Sewer Authority. The Authority was governed by a Board that consisted of nine members appointed by the Governor of South Carolina, upon recommendation of the legislative delegations for Beaufort County and Jasper County. In May 2009, the South Carolina Legislature passed Act S793, which consolidated all past enabling legislation amendments relating to the powers, service area and membership of the Authority and adjusted its powers and duties to recognize the changed environment of the 21st century. As part of the Act, the Board membership was expanded from nine to eleven members. The two additional members are recommended to the Governor by the Jasper County Delegation. The Authority provides direct services to the citizens in the incorporated areas of the City of Beaufort, the Town of Bluffton, the City of Hardeeville, the Town of Port Royal, as well as to areas of unincorporated Beaufort and Jasper counties. Additionally, the Authority indirectly serves thousands of additional citizens in the Beaufort and Hilton Head Island areas through wholesale services provided to other water and sewer utilities.

The Authority's customer base as of June 30, 2024 was 69,508 retail water accounts and the following seven wholesale water customers: Military installations – Naval Hospital, Parris Island Recruit Depot, Marine Corps Air Station Beaufort, Laurel Bay Housing Facility; Utilities – Hilton Head Island PSD, Fripp Island PSD, Harbor Island Utilities, Callawassie/CUC, Inc., Moss Creek/Water Oak Utility, and Warsaw Eustis

Oaks Water Company. These wholesale customers resell and/or redistribute the Authority's water to their residents, resulting in total customers directly and indirectly serviced by the Authority in excess of 200,000. The Authority's headquarters are located on Highway 170, approximately thirteen miles south of the City of Beaufort.

The Authority provides reliable high quality supplies of potable water used for drinking, irrigation, fire protection, and other purposes. The Chelsea Water Treatment Plant, located on Highway 170 at the Authority's headquarters, and the Purrysburg Water Treatment Plant, located near the Savannah River north of the City of Hardeeville in Jasper County, are the principal treatment facilities, both utilizing the Savannah River as their source. Ground water systems supplement the main system during peak demand periods and also provide water to Point South and Palm Key in Jasper County.

The wastewater system serves 50,565 retail customers and two bulk/wholesale customers. The wastewater collection systems consist of gravity pipelines, lift stations, and force mains conveying wastewater to eight (8) treatment plants. The three largest wastewater treatment plants are Cherry Point Water Reclamation Facility, Port Royal Island Water Reclamation Facility, and the Hardeeville Wastewater Treatment Plant, with respective capacities of 7.5, 7.5, and 2.7 MGD (millions of gallons per day). The additional five plants' combined capacity is approximately 2.52 MGD. Other wastewater services include industrial pretreatment programs, water reclamation for irrigation, and sludge and septage disposal.

## LOCAL ECONOMY

This coastal resort area, made up of a chain of barrier islands on the Atlantic Coast, is northeast of Savannah Georgia, and southwest of Charleston, South Carolina. Cities and towns include Hilton Head Island, Beaufort, Bluffton and Hardeeville. Beaufort and Jasper counties have a population of 231,207 living in 1,622 square miles – 44.3% of which is water.

Since 1969, the area is home to the RBC Heritage Golf Tournament, and possesses a brisk tourism and retirement population. Three military installations also add to the economy. Development is thriving, as families and retirees opt for the mild winters and beautiful scenery of this semi-tropical environment.

The Authority's planned capital improvements seek to remain ahead of anticipated growth. Major infrastructure investments include a \$54 million expansion to double capacity at the Purrysburg Water Treatment Plant to 30 MGD which should be completed in the spring of 2025, \$113 million to increase capacity at the Cherry Point Water Reclamation Facility to 11.25 MGD, \$76 million to increase capacity at the Hardeeville Water Reclamation Facility to 6 MGD, and \$120 million to water treatment improvements ahead of per- and polyfluoroalkyl substances (PFAS) removal regulations.

## LONG-TERM FINANCIAL PLANNING

The financial management policies of the Authority provide the framework and direction for financial reporting, planning, and decision making by management and the Board and ensuring the Authority maintains its solid fiscal health. The Authority's financial accounting system is based on the full accrual basis in accordance with generally accepted accounting principles in the United States of America (GAAP). The Authority has no taxing power. All activities of the Authority are accounted for within a single proprietary (enterprise) fund, which is utilized when the intent of the governing body is that the cost of providing goods or services to the general public be financed primarily through user charges. Operational and maintenance costs, including certain equipment purchases, are funded from customer fees and charges. The acquisition and construction of capital assets are funded by capital (cash and systems) contributions from customers, including other utilities and developers, Federal and State grants and loans, and customer revenues.

The Authority uses a one-year operating budget process with an additional three-year cash and debt coverage projections included to ensure a longer term planning and management perspective. Cash projections include annual expenditures to operate the system, capital related costs, principal and interest payments on debt, and contributions to specific reserves. Under the Authority's financial policies, four months operating cash is required to be available to support operations and cover debt service. The Authority's Board approves the annual operating budget for recommended rates, expenses, and capital outlay. The Authority produces a ten year capital improvement forecast and the Board adopts a three-year capital improvement funding plan that is incorporated into, but produced separately from the operating budget.

## MAJOR INITIATIVES

The Authority is expanding the Purrysburg Water Treatment Plant and the Cherry Point Water Reclamation Facility to meet the growing water and wastewater demands in southern Beaufort and Jasper counties. The Purrysburg expansion will double the plant's capacity of 15 million gallons per day (MGD) to 30 MGD with future considerations for an ultimate capacity of 45 MGD. The \$54 million project is being constructed in phases. The first phase, involving the construction of a clearwell and dewatering area, was completed in 2020. The second phase, aimed at increasing treatment capacity, began in the spring of 2023 and is expected to be finished in 2025. The Cherry Point expansion completed its design and permitting phases in August 2024, and a Construction Manager at Risk (CMAR) has been selected for construction. This \$113 million project will increase the plant's capacity from 7.5 MGD to 11.25 MGD.

A five year strategic focus plan was approved at the June 23, 2022 Board meeting that includes five strategic goals with objectives to support the Authority's mission, vision, and values. Action items and timelines were identified for each of the five strategic goals and progress is reported quarterly to the Board.

## AWARDS AND ACKNOWLEDGEMENTS

### Organizational Awards

The South Carolina Department of Health and Environmental Services (SCDES) Facilities Excellence Award is given for achieving excellence in all aspects of operations, maintenance, capital improvement planning and regulatory compliance for all of our wastewater systems. The Authority has received this award multiple times at all of the eight wastewater plants.

The Area Wide Optimization Program (AWOP) Award is an EPA-sponsored program that recognizes water utilities for continual production of superior quality water based on strict compliance with rigorous standards for turbidity removal. Both Chelsea and Purrysburg Water Treatment Plants have received more than a dozen AWOP awards for filter performance.

The National Association of Clean Water Agencies (NACWA) Platinum Peak Performance Award was given to seven of the Authority's eight wastewater facilities for 2023. The award is given in recognition of wastewater systems for outstanding compliance with National Pollutant Discharge Elimination System (NPDES) permits. The Platinum awards are given for five or more years of perfect compliance.



The Partnership for Safe Water is a drinking water optimization program with goals which exceed both state and federal regulations. Both the Chelsea and Purrysburg Water Treatment Plants have received the Phase IV Presidents Award and met the Phase III goals for more than a decade. Chelsea Water Treatment Plant received the Phase IV First Year Excellence in Water Treatment Award in 2021. The Partnership for Clean Water is the sister optimization program for wastewater plants. The Port Royal and Cherry Point Water Reclamation Facilities were in the inaugural class of Phase III Directors Award winners in 2019. The Partnership awards are based on optimization of the entire treatment plant: process control, administration, operations, and design

#### Financial Awards

The Government Finance Officer Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Beaufort-Jasper Water and Sewer Authority for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2023. This was the twentieth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Authority must publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Management believes that the current ACFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

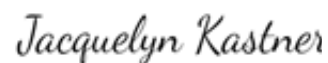
#### Acknowledgements

The preparation of this ACFR was made possible by the dedicated service of the entire staff of the Finance Department. We are thankful to all the employees of the Authority for their hard work and dedication. Additionally, we would like to recognize the Authority's General Manager and Board of Directors for their leadership, support, and continued commitment to excellence.

Respectfully submitted,



Sarah Linkimer, CPA  
Deputy General Manager



Jacquelyn Kastner, CPA  
Accounting Manager



Government Finance Officers Association

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

Presented to

**Beaufort-Jasper Water & Sewer Authority  
South Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

# Board of Directors



## CITY OF HARDEEVILLE

**Gregory A. Padgett**

Board Chair

Executive Committee, Chair



## CITY OF BEAUFORT

**Anderson M. Kinghorn, Jr.**

Board Vice Chair

Executive Committee

Finance Committee



## JASPER COUNTY DELEGATION

**William Singleton, Ed. D**

Secretary/Treasurer

Finance Committee



## BEAUFORT COUNTY DELEGATION (HILTON HEAD)

**James E. Baker, Jr.**

Immediate Past Board Chair

Personnel Committee, Chair



## TOWN OF BLUFFTON

**Michael L. Bell**

Capital Projects Committee, Chair



## TOWN OF PORT ROYAL

**David R. Strange**

Finance Committee, Chair



## JASPER COUNTY DELEGATION

**Lorraine W. Bond**

Capital Projects Committee



## BEAUFORT COUNTY

**J. Robert McFee**

Capital Projects Committee



## TOWN OF RIDGELAND

**R. Thayer Rivers, Jr.**

Finance Committee



## BEAUFORT COUNTY

**Gerald H. Schulze**

Personnel Committee



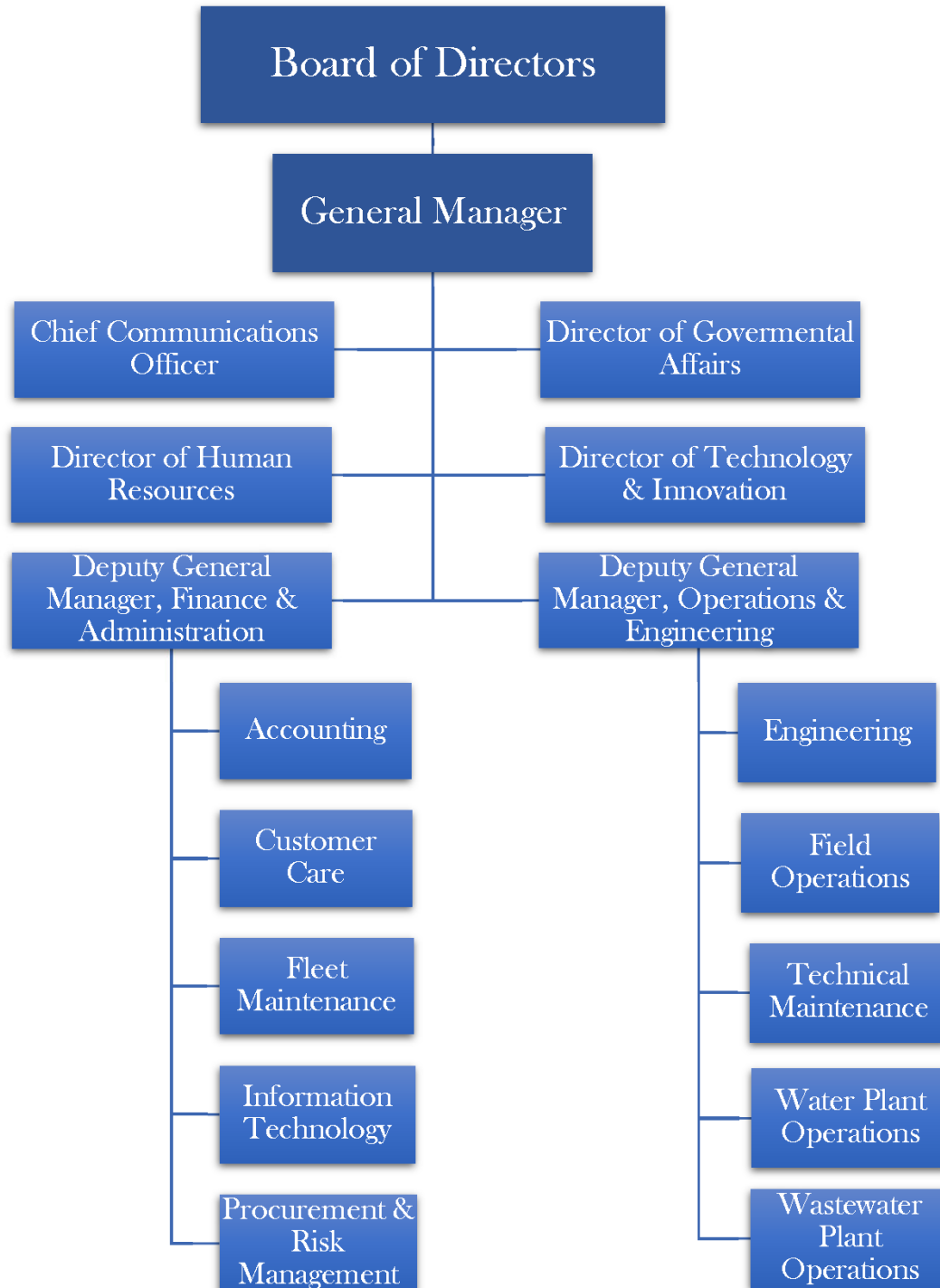
## BEAUFORT COUNTY

**Jefferson P. Ackerman, P.E.**

Capital Projects Committee



# BJWSA Organization Chart





**FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of the  
Beaufort-Jasper Water and Sewer Authority  
Okatie, South Carolina

### ***Opinions***

We have audited the accompanying financial statements of the **Beaufort-Jasper Water and Sewer Authority** (the "Authority"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2024 and 2023, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 Authority'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.



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### ***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 generally accepted auditing standards 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 generally accepted auditing standards 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 Authority'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 Authority'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.

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### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Authority's Proportionate Share of the Net Pension Liability, Schedule of the Authority's Contributions to the South Carolina Retirement System – Last Ten Fiscal Years, and the Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios, 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 Authority's basic financial statements. The accompanying Budgetary Comparison Schedule for June 30, 2024, the Budgetary Comparison Schedule by Functional Classification for June 30, 2024, the Schedule of Expenses by Natural Classification – Budget and Actual for June 30, 2024, and the Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2024 and 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule for June 30, 2024, the Budgetary Comparison Schedule by Functional Classification for June 30, 2024, the Schedule of Expenses by Natural Classification – Budget and Actual for June 30, 2024, and the Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2024 and 2023 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024 on our consideration of the Authority'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 Authority'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 Beaufort-Jasper Water and Sewer Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the company name written in a professional, yet personal, style.

Savannah, Georgia  
November 22, 2024

# MANAGEMENT'S DISCUSSION & ANALYSIS

## Overview

The following Management's Discussion and Analysis (MD&A) serves as an introduction to the financial statements of the Beaufort-Jasper Water and Sewer Authority (the Authority) for the fiscal years ended June 30, 2024 and 2023. The MD&A represents management's examination and analysis of the Authority's financial condition and performance and should be read in conjunction with the financial information of the transmittal letter in the introductory section, the financial statements as presented in the financial section of this report, and the supplementary financial data. The financial statements include: statements of net position; statements of revenues, expenses, and changes in net positions; statements of cash flows; and notes to the financial statements.

The statements of net position present financial information on all of the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Increases and decreases in net position may serve as an indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses, and changes in net position present the results of the business activities and information about how the net position changed during the course of the 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 the related cash flows. This statement also provides certain information on the Authority's cost recovery. Rate setting policies use different methods of cost recovery not fully addressed by generally accepted accounting principles. These policies seek to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs.

The statements of cash flows present the cash activities of the Authority segregated in the following three major categories: operating, investing, and capital and related financing activities. This statement presents cash receipts and cash disbursement information without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information essential to fully understand the data provided in the statements. Required supplementary information presents schedules concerning progress in funding the Authority's obligation to provide pension and OPEB benefits to its employees. Supplementary information contains additional financial data, such as budgetary comparisons, expenses by classification, and debt service coverage. Although not a required part of the financial statements, this data enhances information provided to users.

## Financial Highlights

- Financial Position continues to be strong, with adequate cash and debt service coverage. Of the \$106.4 million unrestricted net position, \$89.8 million is Board-designated for capital funding and \$16.6 million is available to provide for current operations. Unrestricted net position increased approximately \$17.2 million, or 19.3%, from prior year (as compared to an increase of approximately \$15.2 million, or 20.6%, from 2022 to 2023).
- Debt service coverage (excluding capacity fees) increased from 174% to 212% for fiscal year 2024. It continues to remain above the 125% requirement established by the Board. This increase in debt service coverage (excluding capacity fees) is largely the result of the increase in operating income. Debt service coverage (including capacity fees) increased from 264% to 344% for fiscal year 2024. It also continues to remain above the 120% required by the bond covenants.

- Total operating revenues for fiscal year 2024 were \$82.1 million, an increase of approximately 13%, or \$9.5 million, over the prior year primarily as a result of a rate increase combined with customer growth. The Authority reported an increase of 2,268 water customers and 2,160 wastewater customers at year end. Residential water consumption decreased 2.9% or 266,000 kgals (thousands of gallons) and residential wastewater usage decreased 1.4% or 61,000 kgals from prior year. The average residential customer's monthly water consumption in kgals decreased from 6.11 to 5.88 this fiscal year.

Fiscal year 2023 total operating revenues were \$72.7 million, an increase of approximately 5.1%, or \$3.5 million, over the prior year primarily as a result of a rate increase combined with customer growth. The Authority reported an increase of 1,903 water customers and 1,882 wastewater customers at year end. Residential water consumption increased 2.8% or 255,000 kgals (thousands of gallons), and residential wastewater usage increased 2.9% or 124,000 kgals from prior year. The average residential customer's monthly water consumption in kgals decreased from 6.15 to 6.11.

- Total operating expenses for fiscal year 2024 were approximately \$81.8 million, an increase of 6.9%, or \$5.3 million, from the prior year. Depreciation and amortization expense accounted for \$31.3 million of total operating expense and was an increase of approximately \$942 thousand over prior year. Total operating expenses excluding depreciation and amortization were \$50.5 million, an increase of 9.4%, or \$4.3 million from the prior year. Excluding depreciation and amortization, water operating expenses increased 10.5%, or \$2.8 million from the prior year, and wastewater operating expenses increased 8.0%, or \$1.6 million, from the prior year. These changes are primarily attributed to increases in water storage tanks, wages and salaries, pension and other post-retirement costs and power.

Fiscal year 2023 total operating expenses were approximately \$76.5 million, an increase of 9.6%, or \$6.7 million, from the prior year. Depreciation and amortization expense accounted for \$30.3 million of total operating expense and was an increase of approximately \$134 thousand over prior year. Excluding depreciation and amortization, total operating expenses were \$46.2 million, an increase of 17.3%, or \$6.8 million, from the prior year. Excluding depreciation and amortization, water operating expenses increased 17.4%, or \$3.9 million, from the prior year, and wastewater operating expenses increased 17.1%, or \$2.9 million, from the prior year. These changes are primarily attributed to increases in chemicals, pump and equipment repair and maintenance, waste disposal costs, professional fees and an increase to salaries and wages.

- Operating income was \$355.9 thousand for 2024 compared to an operating loss of \$3.8 million for 2023, a increase in operating margin of approximately \$4.2 million. This resulted from an increase in water and wastewater revenue compared to prior year. For fiscal year 2024, \$1.63 was generated from operating revenues for every \$1.00 expensed (excluding depreciation, amortization and non-operating expenses), this was a increase of 3.8% from prior year's operating ratio of \$1.57.

Fiscal year 2023 operating loss was \$3.8 million compared to an operating loss of \$673 thousand for 2022, a decrease in operating margin of approximately \$3.2 million. This resulted from an increase in water and wastewater expenses compared to prior year. For fiscal year 2023, \$1.57 was generated from operating revenues for every \$1.00 expensed (excluding depreciation, amortization and non-operating expenses), this was a decrease of 10.8% from prior year's operating ratio of \$1.76.

- Net cash provided by operating activities for 2024 represented 41.4% of operating revenues compared to 36.7% in fiscal year 2023. The Authority generated \$34.0 million from operations to support capital and financing activities, a increase of \$7.3 million or 27.5% over prior year.

Fiscal year 2023 net cash provided by operating activities represented 36.7% of operating revenues compared to 44.0% in fiscal year 2022. The Authority generated \$26.7 million from operations to support capital and financing activities, a decrease of \$3.8 million or 12.4% over prior year.

- Capacity fees and developer contributions of systems were \$20.5 million and \$24.1 million, respectively, for fiscal year 2024. Capacity fees increased \$6.0 million, or 41.9%, from prior year. Developer contributions, which were \$13.0 million in 2023, increased 86.1% or \$11.2 million in the current year. The increases in capacity fees and developer contributions shows continued growth in the area.

Fiscal year 2023 capacity fees and developer contributions of systems were \$14.4 million and \$13.0 million, respectively. Capacity fees decreased \$7.6 million, or 34.4%, from the prior year. Developer contributions, which were \$7.7 million in 2022, increased 67.5% or \$5.2 million in the current year.



## Financial Position

The following comparative condensed Statements of Net Position provides an analysis of the change in financial position from the previous fiscal years:

### CONDENSED STATEMENTS OF NET POSITION

	June 30,			2023 to 2024		2022 to 2023	
	2024	2023	2022	Dollars	%	Dollars	%
Capital assets:				Increase (decrease)		Increase (decrease)	
Producing assets	\$399,895,961	\$369,853,017	\$379,224,461	\$30,042,944	8.1%	\$(9,371,444)	-2.5%
Construction in progress	70,095,595	57,455,700	42,764,528	12,639,895	22.0%	14,691,172	34.4%
Current assets (including designated & restricted)	161,667,362	165,744,600	157,990,163	(4,077,238)	-2.5%	7,754,437	4.9%
Other noncurrent assets	20,622,522	21,310,769	22,733,505	(688,247)	-3.2%	(1,422,736)	-6.3%
Total assets	652,281,440	614,364,086	602,712,657	37,917,354	6.2%	11,651,429	1.9%
Total deferred outflows of resources	10,620,310	9,893,729	9,782,490	726,581	7.3%	111,239	1.1%
Current liabilities	34,781,220	27,097,824	24,432,311	7,683,396	28.4%	2,665,513	10.9%
Long term liabilities	165,572,672	178,185,789	191,109,273	(12,613,117)	-7.1%	(12,923,484)	-6.8%
Total liabilities	200,353,892	205,283,613	215,541,584	(4,929,721)	-2.4%	(10,257,971)	-4.8%
Total deferred inflows of resources	10,886,393	11,574,630	11,116,175	(688,237)	-5.9%	458,455	4.1%
Net position:							
Net investment in capital assets	344,895,301	317,839,642	319,491,664	27,055,659	8.5%	(1,652,022)	-0.5%
Restricted for:							
Capital activity	415,244	415,244	415,246	-	0.0%	(2)	0.0%
Unrestricted	106,350,920	89,144,686	65,930,478	17,206,234	19.3%	23,214,208	35.2%
Total net position	\$451,661,465	\$407,399,572	\$385,837,388	\$44,261,893	10.9%	\$21,562,184	5.6%

Total net position as of June 30, 2024 was \$451.7 million, representing an increase of 10.9% from the prior year. Total net position increased by \$44.3 million from fiscal year 2023, as a result of an increase in producing assets and construction in progress. In 2023, total net position increased by \$21.6 million or 5.6% from prior year. This increase was due to an increase in current assets and construction in progress. Of the \$106.4 million unrestricted net position, \$89.8 million is Board-designated for capital funding and \$16.6 million is available to provide for current operations.

Producing assets increased a net \$30.0 million (compared to a \$9.4 million decrease in 2023), which reflects additions of \$24.1 million from developer noncash contributions; \$28.7 million capitalized construction in progress (CIP) projects and \$8.5 million in capital purchases, as well as a decrease of \$31.3 million from depreciation. Major contributed capital additions include: East Argent (\$3.1 million); Latitude Hilton Head (\$2.4 million); Riverport in Hardeeville (\$2.4 million); and Riverton Pointe (\$1.4 million). These developments included pump stations in addition to water and wastewater lines. The \$8.5 million operating capital purchases consisted of \$2.9 million in capitalized meters, \$3.5 million in equipment purchases, \$994 thousand in vehicles, \$1.0 million in capitalized engineering salaries and \$37 thousand in subscription-based information technology arrangements. The Authority disposed of \$1.5 million in assets. Disposals in fiscal year 2024 primarily consisted of subscription-based information technology arrangements.

Construction in progress increased a net of \$12.6 million over prior year (compared to a net increase of \$14.7 million in 2023). The Authority expended \$41.3 million on capital assets related to construction projects during fiscal year 2024, with \$28.7 million completed and moved to producing assets. Major projects completed during fiscal year 2024 include: Galvanized Water Line Replacement project (\$7.2 million); North Street Transmission Main project (\$6.1 million); Wastewater Pump Station Replacement project (\$5.3 million); Highway 170 36" Water Main Extension (\$3.8 million) and Chelsea Water Treatment Plant Filter Rehab project (\$3.3 million).

Of the \$70.1 million in construction in progress at the end of fiscal year 2024, \$32.2 million is related to the Purrysburg Water Treatment Plant Expansion project, \$16.2 million to the Bluffton Parkway Water Main project, \$6.9 million to the Cherry Point Water Reclamation Facility Expansion project, and \$3.8 million to the Raw Water Canal Improvements project. Additional information on capital assets may be found in the footnotes to the financial statements.

## Debt and Debt Coverage

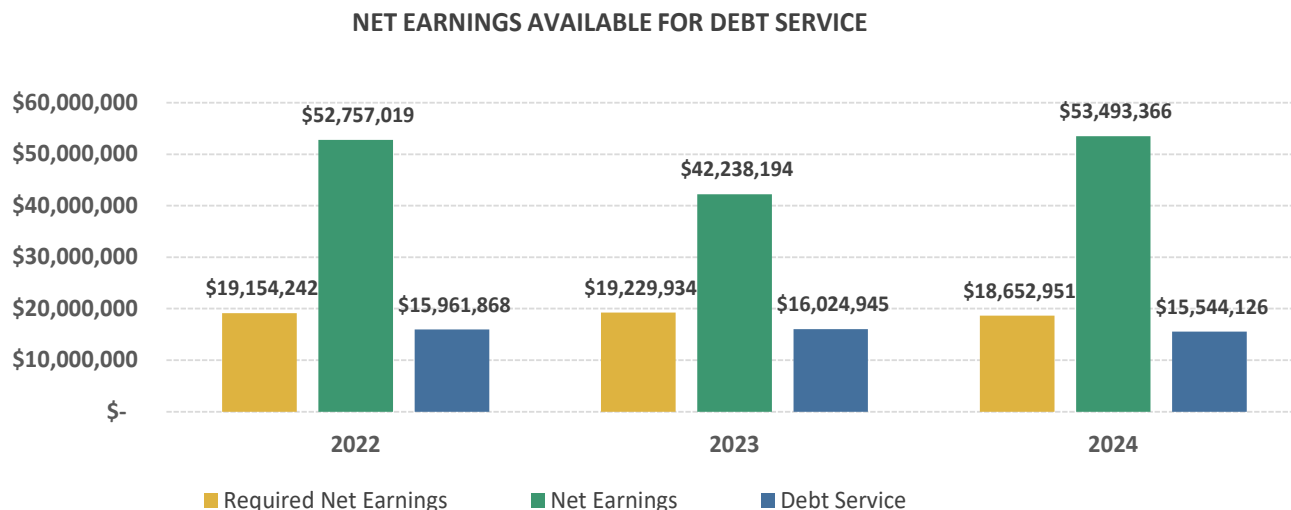
In 2024, long-term liabilities decreased \$12.6 million net over the prior fiscal year. In 2023, long-term liabilities decreased \$12.9 million net over the prior fiscal year primarily due to no new debt incurred during the year.

Net position to long-term debt increased from 3.06 for 2023 to 3.79 for 2024 as a result of an increase in net position during the year. This translates to each \$1 of long-term debt being represented by \$3.79 in net position. The Authority believes the ratio is appropriate for its current operations, and projects it increasing over the next fiscal year as scheduled principal payments are made.

In the bond resolutions the Authority covenants and agrees that it will, at all times, prescribe, maintain, and thereafter collect rates and charges for the services and facilities furnished by the Authority, together with other income, that will yield annual net earnings in the fiscal year equal to at least one hundred twenty percent (120%) of the sum of the annual debt service payments for all bonds outstanding. “Net Earnings” is defined by the bond resolution to mean, for the period in question, the net operating income of the system (i.e., the Authority) determined in accordance with generally accepted accounting principles, adding back depreciation, and including interest income not restricted to bond construction and cash capital contributions not received by government grants.

The rate covenant in the Bond Resolution obligates the Authority to review rates not less than once a year and to revise such rates and charges as necessary to meet the coverage test. The Authority further covenants in the bond resolution that it will maintain rates and charges that are at all times sufficient to provide for the payment of the bonds; to maintain the debt service funds, debt service reserve funds, and any other related funding instruments related to the debt of the system; to provide for the payment of administrative and operational expenses of the system, preserving the system in good repair and working order; and to build and maintain a reserve for depreciation of the system.

Although the Bond Resolutions allow the use of capacity fee revenue (i.e., cash capital contributions) in the calculation of debt service coverage, the Authority has adopted a more stringent internal policy of maintaining one hundred and twenty-five percent (125%) debt service coverage without consideration of capacity fee revenue. Revenue bond debt service coverage for 2024 and 2023 was 344% and 264%, respectively, including cash capital contributions, and 212% and 174%, without the contributions. The following table presents the required net earnings as defined by the bond covenants; actual net earnings, including capital contributions, available for debt service; and total annual debt service. Additional information on long-term debt may be found in Note 7 in the notes to the financial statements.



## Revenues

Revenues from operations fall into three general categories: water service, wastewater service and ancillary charges. Ancillary charges include tap fees, account set up and penalty fees, engineering and inspection services, and charges for other miscellaneous services. The Authority has two classes of water and wastewater customers: wholesale and retail, with retail customers further subdivided into residential, commercial, and military.

The following condensed statements of revenues, expenses, and changes in net position, shows the results of operations for the current and the prior two fiscal years:

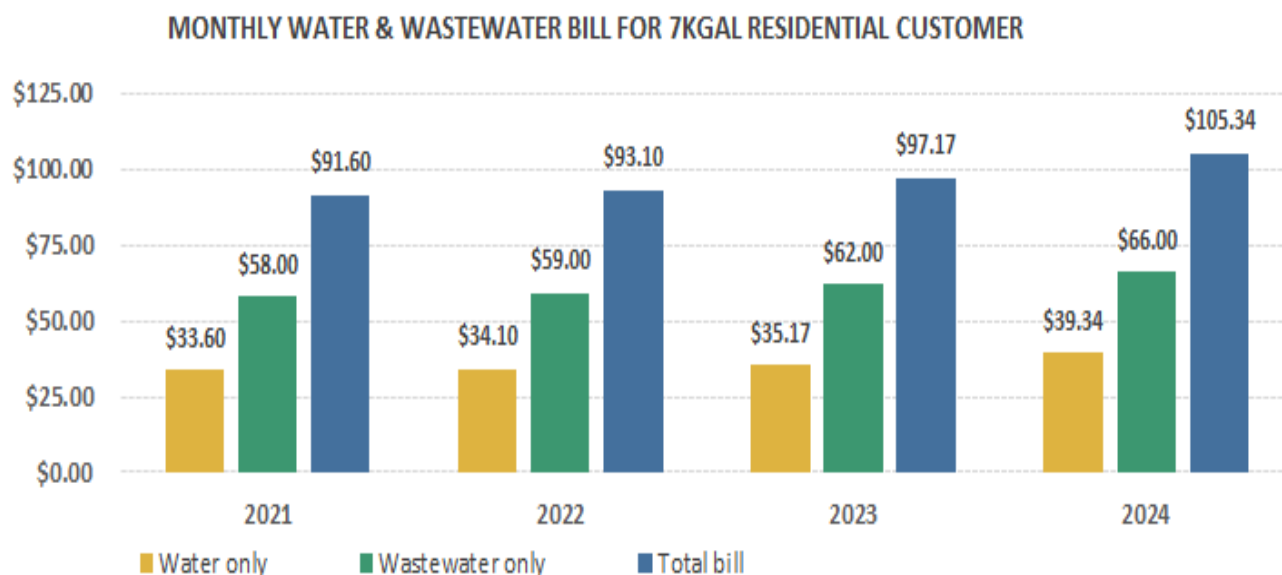
### CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Three year comparison – year ended June 30,

	2024	2023	2022	2024 to 2023 Actual		2023 to 2022 Actual	
	Actual	Actual	Actual	Dollars	%	Dollars	%
Revenues:				Favorable/(Unfavorable)			
Water service revenues	\$40,257,225	\$35,298,408	\$34,027,016	\$4,958,817	14.0%	\$1,271,392	3.7%
Other water revenues	4,594,648	3,822,928	3,970,745	771,720	20.2%	(147,817)	-3.7%
Wastewater service revenues	36,649,568	32,998,109	30,689,956	3,651,459	11.1%	2,308,153	7.5%
Other wastewater revenues	623,980	546,051	455,410	77,929	14.3%	90,641	19.9%
Total operating revenues	82,125,421	72,665,496	69,143,127	9,459,925	13.0%	3,522,369	5.1%
Expenses:							
Operating, before depreciation and amortization, but including franchise fees							
Water operations	18,388,970	16,622,890	13,768,476	(1,766,080)	-10.6%	(2,854,414)	-20.7%
Wastewater operations	14,105,078	13,221,247	11,072,782	(883,831)	-6.7%	(2,148,465)	-19.4%
Depreciation and amortization - water	13,481,951	13,037,871	13,087,181	(444,080)	-3.4%	49,310	0.4%
Depreciation and amortization - wastewater	17,768,887	17,271,349	17,356,345	(497,538)	-2.9%	84,996	0.5%
General, administrative, customer service and engineering -water	10,821,420	9,821,705	8,752,852	(999,715)	-10.2%	(1,068,853)	-12.2%
General, administrative, customer service and engineering -wastewater	7,203,255	6,514,994	5,778,585	(688,261)	-10.6%	(736,409)	-12.7%
Total operating expenses	81,769,561	76,490,056	69,816,221	(5,279,505)	-6.9%	(6,673,835)	-9.6%
Operating income (loss)	355,860	(3,824,560)	(673,094)	4,180,420	109.3%	(3,151,466)	-468.2%
Non-operating revenue (expense):							
Interest expense	(3,587,656)	(3,899,971)	(4,199,229)	312,315	8.0%	299,258	7.1%
Investment income	1,204,647	1,120,140	711,600	84,507	7.5%	408,540	57.4%
Bond interest income	1,290,243	306,054	15,744	984,189	321.6%	290,310	1843.9%
Lease interest income	215,460	207,199	271,361	8,261	4.0%	(64,162)	-23.6%
Military construction revenue	-	16,500	-	(16,500)	-100.0%	16,500	100.0%
Litigation settlement	-	102,218	-	(102,218)	-100.0%	102,218	100.0%
Gain on sale of assets	177,298	138,580	54,032	38,718	27.9%	84,548	156.5%
Decrease in net position, before contributions	(344,148)	(5,833,840)	(3,819,586)	5,489,692	94.1%	(2,014,254)	-52.7%
Capital contributions:							
Grants	-	-	9,844	-	0.0%	(9,844)	-100.0%
Capacity fees	20,466,561	14,426,395	22,003,826	6,040,166	41.9%	(7,577,431)	-34.4%
Developer contributions of systems	24,139,480	12,969,629	7,743,138	11,169,851	86.1%	5,226,491	67.5%
Total capital contributions	44,606,041	27,396,024	29,756,808	17,210,017	62.8%	(2,360,784)	-7.9%
Increase(decrease) in net position	44,261,893	21,562,184	25,937,222				
Net position at beginning of year	407,399,572	385,837,388	360,120,681				
Cumulative effect of change in accounting principle	-	-	(220,515)				
Total Net Position	\$451,661,465	\$407,399,572	\$385,837,388				

Total operating revenues were \$82.1 million, an increase of 13.0%, or \$9.5 million, over the prior year primarily as a result of a rate increase combined with customer growth. From fiscal year 2023 to 2024, water customers increased 2,268 or 3.4% (compared to an increase of 1,903 or 2.9% from 2022 to 2023), and wastewater customers increased 2,160 or 4.5% (compared to an increase of 1,882 or 4.0% from 2022 to 2023). Retail residential and commercial water consumption figures, as measured by billings, decreased 266,000 kgals (thousands of gallons) or 2.9% from prior year. Wastewater volume decreased 61,000 kgals or 1.4% from prior year.

The following chart shows the change in rates for an average customer (defined as 7 thousand gallons per month residential water usage) from fiscal year 2021 to fiscal year 2024, utilizing the fiscal year 2021, 2022, 2023, and 2024 rates as adopted.



The average usage for residential customers for water was 6.11 thousand gallons in 2023 and 5.88 thousand gallons in 2024, a decrease of 3.8%. The average usage for residential customers for wastewater was 6.16 thousand gallons in 2023 and 5.90 thousand gallons in 2024, a decrease of 4.3%.

## Expenses

The Authority operates and maintains a potable water treatment and delivery system and a wastewater collection, treatment, and effluent disposal system. The bulk of the water production occurs at the two surface water treatment plants. Wells are also used for some remote service areas and for peak management in the main system. The wastewater collection systems consist of gravity pipelines, lift stations, and force mains conveying wastewater to eight treatment plants.

Fiscal year 2024 total operating expenses were approximately \$81.8 million, an increase of 6.9%, or \$5.3 million from the prior year. Depreciation and amortization expense accounted for \$31.3 million of total operating expense and was an increase of approximately \$942 thousand over prior year. Excluding depreciation and amortization, total operating expenses were \$50.5 million, an increase of 9.4% or \$4.3 million from the prior year.

Excluding depreciation and amortization, water operating expenses increased 10.5% or \$2.8 million from the prior year. The significant increases from the prior year primarily related to the following expenses:

- Engineering and construction services (increased \$1.1 million or 140.5%) due to increased staffing of the engineering department; and
- Transmission and distribution (increased \$1.2 million or 21.6%) primarily due to increases in salaries and wages and associated benefits and elevated storage tanks maintenance costs.

Excluding depreciation and amortization, wastewater operating expenses increased 8.0%, or \$1.6 million from the prior year. The significant increases from the prior year primarily related to the following expenses:

- Engineering and construction services (increased \$688 thousand or 125.4%) due to increased staffing of the engineering department; and
- Sludge management (increased \$294 thousand or 27.3%) primarily due to disposal rate increases.

Water expense per kgal (unit cost) excluding depreciation and amortization increased from \$3.54 in 2023 to \$3.92 in 2024, or 10.7%, due to expenses increasing at a much greater rate than consumption during the fiscal year. Wastewater expense per kgal (unit cost) excluding depreciation and amortization increased from \$4.46 in 2023 to \$4.88 in 2024 or 9.4%, due to expenses increasing at a greater rate than consumption during the fiscal year.

Fiscal year 2023 total operating expenses were approximately \$76.5 million, an increase of 9.6%, or \$6.7 million from the prior year. Depreciation and amortization expense accounted for \$30.3 million of total operating expense and was a decrease of approximately \$134 thousand over prior year. Excluding depreciation and amortization, total operating expenses were \$46.2 million, an increase of 17.3% or \$6.8 million from the prior year.

Excluding depreciation and amortization, water operating expenses increased 17.4% or \$3.9 million from the prior year. The significant increases from the prior year primarily related to the following expenses:

- Water treatment (increased \$1.8 million or 27.5%) primarily due to maintenance and repair costs of water pumps and equipment at the two surface water treatment plants; and
- General and administrative (increased \$1.1 million or 12.2%) primarily due to increases in salaries and wages and associated benefit costs.

Excluding depreciation and amortization, wastewater operating expenses increased 17.1%, or \$1.6 million from the prior year. The significant increases from the prior year primarily related to the following expenses:

- Wastewater treatment (increased \$1 million or 26.0%) primarily due to increases in maintenance costs of treatment equipment; and
- Sludge management (increased \$571 thousand or 112.7%) primarily due to disposal rate increases.

Water expense per kgal (unit cost) excluding depreciation and amortization increased from \$3.02 in 2022 to \$3.54 in 2023, or 17.2%, due to expenses increasing at a much greater rate than consumption during the fiscal year. Wastewater expense per kgal (unit cost) excluding depreciation and amortization increased from \$3.92 in 2022 to \$4.46 in 2023 or 13.8%, due to expenses increasing at a greater rate than consumption during the fiscal year.

## Operating Margin

The increase in total operating revenue compared to prior year of \$9.5 million, combined with the increase in operating expenses, excluding depreciation and amortization, of \$4.3 million resulted in the operating margin to increase by \$5.1 million before depreciation and amortization. The actual 2024 operating income was \$355.9 thousand compared to an operating loss of \$3.8 million in 2023, a increase in operating margin of \$4.2 million.

For fiscal year 2024, \$1.63 was generated from operating revenues for every \$1.00 expensed (excluding depreciation, amortization and non-operating expenses), which increased by \$0.06 or 3.8% compared to prior year. For comparative purposes, the operating ratios (operating revenues divided by operating expenses less depreciation and amortization) were 1.57, 1.76, 1.79, and 1.79 for fiscal years 2023, 2022, 2021, and 2020, respectively.



## Cash Flow Activity

Cash was generated throughout the year from operating and non-operating activities to provide sufficient resources to cover operations and debt service. At the end of the fiscal year unrestricted cash and cash equivalents were \$21.5 million, as compared to \$16.2 million prior year. At year end, the days cash on hand (total unrestricted cash over operating expenses excluding depreciation and amortization, expressed in days) was 155 days compared to 128 days in prior year. The Authority's approved minimum criteria is to have 120 days of operating cash on hand.

The following table shows the Authority's ability to generate net operating cash. Net cash provided by operating activities is shown both in total dollars and as a percentage of operating revenues.

	IN THOUSANDS			2024 to 2023	2023 to 2022
	2024	2023	2022	Variance	Variance
Total operating revenues	\$82,125	\$72,665	\$69,143	\$9,460	\$3,522
Net cash provided by operations	\$34,002	\$26,676	\$30,436	\$7,326	(\$3,760)
Net operating cash as a % of operating revenue	41.4%	36.7%	44.0%		

The Authority was able to generate \$34 million from operations to support capital and financing activities, as a result of an increase in revenue, compared to prior year, which generated \$26.7 million from operations. The Authority generated \$5.2 million in investing activities in the current year, compared to spending \$8.5 million in prior year.

Cash payments for construction and acquisition of capital assets increased from \$23.3 million in 2023 to \$43.9 million in 2024. The \$43.9 million in capital expenditures was funded by operating funds as well as capital funding from capacity fees, debt, and depreciation (renewal and replacement) funds. Total cash payments for debt service were \$11.7 million, compared to \$11.8 million in prior year. The \$34 million generated from operating activities combined with the \$33.6 million net payments for investing and financing activities, resulted in an increase in cash and cash equivalents of \$364 thousand for 2024, as compared to a decrease of \$5.9 million for 2023.

## Capacity Fees and Grants

The Authority collects water and wastewater capacity fees to ensure that current customers do not bear the entire burden of growth. These fees are paid by all new customers and represent, on a residential equivalent unit basis, the cost of the water and/or wastewater capacity represented by the new account.

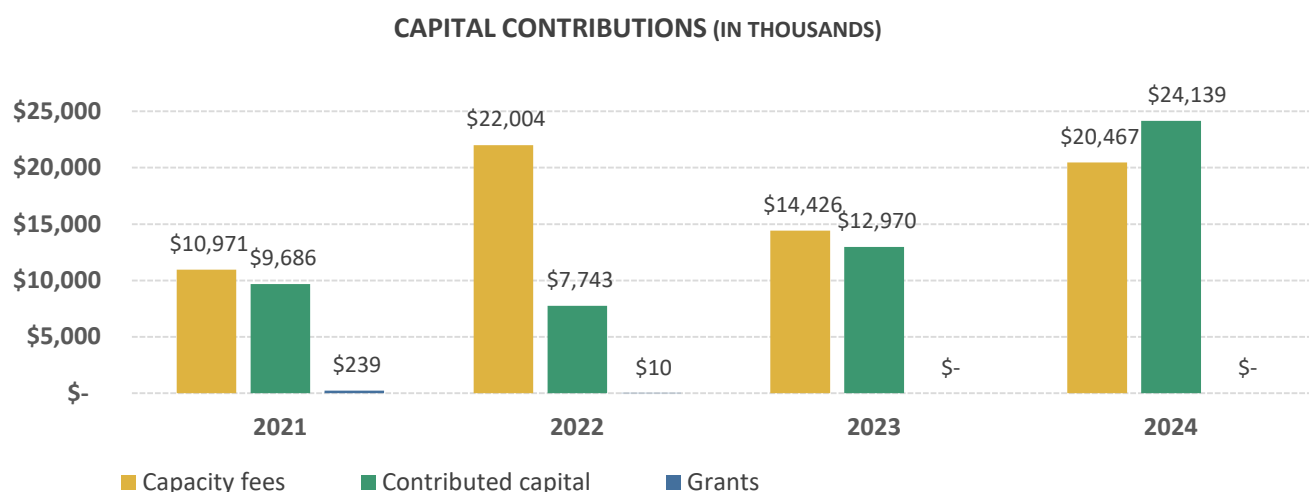
Effective July 1, 2023:

Water Capacity	\$1,994/Residential Equivalent Unit (\$4.99/gpd x 400 gallons)
Wastewater Capacity	\$4,884/Residential Equivalent Unit (\$16.28/gpd x 300 gallons)

Capacity fee revenues increased 41.9% or \$6 million for 2024, as compared to 2023. The Authority restricts the use of capacity fee revenue to capital investment in growth related projects and these fees are reported in the statement of cash flows as a capital financing source.

Commercial and residential real estate developers also construct and then convey to the Authority water and wastewater systems that serve their developments. These fees are reported as non-operating revenues and require reporting the amounts through the statement of revenues, expenses and changes in net position. Developers contributed utility systems valued at \$24.1 million during fiscal year 2024. The developments at East Argent (\$3.1 million); Latitude Hilton Head (\$2.4 million); Riverport (\$2.4 million), Riverton Pointe (\$1.4 million) and Palmetto Bluff (\$1.1 million) accounted for 43% of system contributions. Developers convey primarily residential systems to the Authority upon completion in accordance with plans and specifications approved by the Authority.

The following chart depicts capital contribution activity for the last four fiscal years:



In fiscal years 2024 and 2023 the Authority received \$0 in Grants.

## Capital Assets

During the year ended June 30, 2024, the Authority received approximately \$24.1 million in contributed capital, spent approximately \$41.3 million on the capital improvement program and spent \$8.5 million on operating capital (meters, equipment and vehicles). Disposals of assets were recorded in the amount of \$1.5 million, with a net gain on disposals of assets relating to equipment, vehicle and scrap sales for the year in the amount of \$177 thousand.

During the year ended June 30, 2023, the Authority received approximately \$13.0 million in contributed capital, spent approximately \$17.5 million on the capital improvement program and spent \$5.1 million on operating capital (meters, equipment and vehicles). Disposals of assets were recorded in the amount of \$291 thousand, with a net gain on disposals of assets relating to equipment, vehicle and scrap sales for the year in the amount of \$139 thousand.

Additional information in changes in capital assets can be found in Note 6 of the financial statements.

## Economic Outlook and Final Comments

The economic outlook for both Beaufort and Jasper Counties continues to show positive trends of growth despite a rise in unemployment and housing prices remaining high in our area. Both Beaufort and Jasper Counties experienced an increase in unemployment rates from 2.8% in 2023 to 4.6% in Beaufort County and 4.5% in Jasper County as of June 30, 2024. Both localities had rates higher than the national unemployment rate of 4.1% and the South Carolina unemployment rate of 3.6% as of June 30, 2024. Based on the most recent available statistical data from the South Carolina Department of Employment and Workforce, Beaufort County has seen an increase of 1.0% in population, and Jasper County has seen an increase of 2.6% in population. Population increases in both counties mirror the positive trend the Authority has experienced in customer growth and usage.

These positive economic indicators promote the financial health and sustainability of the Authority. Management believes the Authority's financial condition remains stable as a result of stringent financial planning and conservative budgeting. The Authority identifies and responds to external factors, while still maintaining a fiscally sound organization and delivering a high level of service to its customers.

Questions concerning this report or requests for additional information should be directed to Sarah Linkimer, Deputy General Manager, at 843-987-8081 or at 6 Snake Road, Okatie, South Carolina, 29909-3937.

# FINANCIAL STATEMENTS

## STATEMENTS OF NET POSITION

	June 30	
	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	\$21,472,488	\$16,202,339
Investments	6,552,821	9,961,674
Accounts receivable	9,912,421	10,392,562
Inventory and other assets	2,254,872	2,807,240
Total current assets (unrestricted)	40,192,602	39,363,815
Designated & restricted assets:		
Cash and cash equivalents - Designated	99,122,659	81,525,157
Cash and cash equivalents - Restricted	22,299,925	44,803,452
Designated receivables	52,176	52,176
Total designated & restricted assets	121,474,760	126,380,785
Total current assets	161,667,362	165,744,600
Noncurrent Assets:		
Capital assets		
Land and land rights	10,635,337	10,635,337
Administrative facilities	15,482,300	15,389,554
Water systems	365,696,107	332,827,751
Wastewater systems	485,858,193	461,003,253
Equipment	28,777,577	26,436,795
Subscription-based information tech. arrangements	553,828	1,705,124
Vehicles	8,861,687	8,032,772
Total depreciable capital assets	915,865,029	856,030,586
Less accumulated depreciation and amortization	(515,969,068)	(486,177,569)
Total depreciable capital assets, net	399,895,961	369,853,017
Construction work in progress	70,095,595	57,455,700
Total capital assets	469,991,556	427,308,717
Other Assets		
Long-term investments, unrestricted	945,119	-
Conservation Easements	534,125	534,125
ISM Receivable-Department of the Navy	14,118,188	15,373,928
Leases Receivable	5,025,090	5,402,716
Total other assets	20,622,522	21,310,769
Total noncurrent assets	490,614,078	448,619,486
Total assets	652,281,440	614,364,086
Deferred outflows of resources		
Deferred amounts on advance refundings	523,473	693,074
Pensions	5,416,089	4,863,262
Other post retirement benefits	4,680,748	4,337,393
Total deferred outflows of resources	\$10,620,310	\$9,893,729

The accompanying notes to financial statements are an integral part of these statements.



# STATEMENTS OF NET POSITION (continued)

	June 30	
	2024	2023
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$8,831,592	\$8,377,520
Accrued wages and benefits	2,494,258	2,056,713
Subscription liability	127,523	165,264
Revenue bonds	4,731,937	3,979,951
State revolving fund	2,386,632	2,363,864
Notes payable	694,526	661,454
Total current liabilities (unrestricted)	19,266,468	17,604,766
Current liabilities payable from designated & restricted assets:		
Accounts payable for capital items	9,383,325	3,459,200
Revenue bonds	4,919,063	4,730,049
State revolving fund	32,540	9,418
Interest payable	1,179,824	1,294,391
Total current liabilities payable from designated & restricted assets	15,514,752	9,493,058
Total current liabilities	34,781,220	27,097,824
Long term liabilities:		
Revenue bonds	83,358,125	94,361,956
State revolving fund	28,730,679	31,119,926
Notes payable	7,136,155	7,830,681
Net pension liability	28,503,193	27,662,250
Other post retirement benefits liability	17,418,186	16,681,487
Subscription liability	12,700	115,855
Unearned revenue-Levy projects	413,634	413,634
Total long term liabilities	165,572,672	178,185,789
Total liabilities	200,353,892	205,283,613
Deferred inflows of resources		
Pensions	153,872	317,888
Other post retirement benefits	6,325,874	6,372,394
Leases	4,406,647	4,884,348
Total deferred inflows of resources	10,886,393	11,574,630
Net position:		
Net investment in capital assets	344,895,301	317,839,642
Restricted for:		
Capital activity	415,244	415,244
Unrestricted	106,350,920	89,144,686
Total net position	\$451,661,465	\$407,399,572

The accompanying notes to financial statements are an integral part of these statements.

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITIONS

		Year Ended June 30,	
		2024	2023
Operating revenues:			
Water:	Wholesale	\$3,978,543	\$3,604,922
	Retail	34,908,804	30,533,278
	Military Retail	1,369,878	1,160,208
	Other	4,594,648	3,822,928
	Total water revenues	44,851,873	39,121,336
Wastewater:	Service	33,653,764	30,201,065
	Military Retail	2,995,804	2,797,044
	Other	623,980	546,051
	Total wastewater revenues	37,273,548	33,544,160
	Total operating revenues	82,125,421	72,665,496
Operating expenses:			
Water:	Source of supply	1,041,014	875,896
	Water treatment	8,596,757	8,424,984
	Transmission and distribution	7,005,023	5,758,974
	Laboratory and testing	570,467	524,061
	Franchise fee	1,175,709	1,038,975
	Depreciation and amortization	13,481,951	13,037,871
	General, administrative, customer service and other	10,821,420	9,821,705
	Total water operating expenses	42,692,341	39,482,466
Wastewater:	Collection and transmission	6,268,114	5,710,168
	Wastewater treatment	4,764,840	4,858,202
	Wastewater disposal	280,929	295,541
	Sludge management	1,373,225	1,078,746
	Laboratory and testing	385,508	300,634
	Franchise fee	1,032,462	977,956
	Depreciation and amortization	17,768,887	17,271,349
	General, administrative, customer service and other	7,203,255	6,514,994
	Total wastewater operating expenses	39,077,220	37,007,590
	Total operating expenses	81,769,561	76,490,056
Operating income (loss)		355,860	(3,824,560)
Non-operating revenue (expense):			
	Interest expense	(3,587,656)	(3,899,971)
	Investment income	1,204,647	1,119,940
	Bond interest income	1,290,243	306,054
	Lease interest income	215,460	207,199
	Lease income	-	16,500
	Easement revenue	-	200
	Litigation settlement	-	102,218
	Net gain on disposal of assets	177,298	138,580
	Total non-operating revenue (expense)	(700,008)	(2,009,280)
Decrease in net position, before capital contributions		(344,148)	(5,833,840)
Capital contributions:			
	Capacity fees, net of bad debt	20,466,561	14,426,395
	Developer contributions of systems	24,139,480	12,969,629
	Total capital contributions	44,606,041	27,396,024
Increase in net position		44,261,893	21,562,184
Net position at beginning of year		407,399,572	385,837,388
Net position at end of year		\$451,661,465	\$407,399,572

The accompanying notes to financial statements are an integral part of these statements.

## STATEMENTS OF CASH FLOWS

		Year Ended June 30,	
		2024	2023
Cash flows from operating activities:			
Cash received from customers		\$82,605,565	\$70,636,636
Cash paid for wages and benefits		(23,822,479)	(21,411,858)
Cash paid to suppliers		(24,781,338)	(22,548,653)
Net cash provided by operating activities		34,001,748	26,676,125
Cash flows from investing activities:			
Proceeds/(purchases) of investments		2,463,734	(9,961,674)
Interest and investment income (loss)		2,700,482	1,477,087
Net cash provided by (used in) investing activities		5,164,216	(8,484,587)
Cash flows from capital and related financing activities:			
Purchase/construction of property, plant, and equipment		(43,860,205)	(23,272,786)
Proceeds from sale of assets		177,298	139,137
Proceeds from issuance of long term debt		29,923	380,656
Principal payments on debt		(11,744,733)	(11,809,195)
Interest paid on borrowings		(4,885,453)	(5,301,810)
Grant capital contributions		-	19,695
Military construction reimbursements		1,255,740	1,207,450
Litigation settlements		-	102,218
Proceeds from easements		-	200
Proceeds from leases		-	16,500
Change in lease receivable		377,626	215,286
Change in deferred inflow - leases		(477,701)	(472,465)
Subscription liability		(140,896)	59,032
Cumulative effect of change in principle		-	220,515
Capacity fees, collected or received		20,466,561	14,426,395
Net cash used in financing activities		(38,801,840)	(24,069,172)
Increase (decrease) in cash and cash equivalents		364,124	(5,877,634)
Cash and cash equivalents at beginning of year		142,530,948	148,408,582
Cash and cash equivalents at end of year		142,895,072	142,530,948
Reconciliation to statements of net position:			
Unrestricted cash and cash equivalents		21,472,488	16,202,339
Designated cash and cash equivalents		99,122,659	81,525,157
Restricted cash and cash equivalents		22,299,925	44,803,452
Total cash and cash equivalents		142,895,072	142,530,948
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)		355,860	(3,824,560)
Adjustments:			
Depreciation and amortization		31,250,838	30,309,220
Changes in assets and liabilities			
Decrease (increase) in:	Receivables, excluding interest income	480,141	(2,028,859)
	Inventory and other assets	552,368	(1,661,232)
Increase (decrease) in:	Accounts payable and accrued expenses	891,616	3,395,265
	Other Post Retirement Benefits deferred inflows/	346,824	449,601
	outflows and liability		
	Pension deferred inflows/outflows and liability	124,100	36,690
Net cash provided by operating activities		\$34,001,748	\$26,676,125
Noncash activities:			
Developer contributions of systems		\$24,139,480	\$12,969,629
Principal reduction of note payable-Department of the Navy		(661,453)	(629,957)

The accompanying notes to financial statements are an integral part of these statements.



# NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

## 1. Description of Entity

The Beaufort-Jasper Water and Sewer Authority (“the Authority”) was established by an act of the General Assembly of the State of South Carolina on April 23, 1954. The Authority is a special purpose governmental entity engaged in business-type activities. The Authority provides water to various areas of Beaufort and Jasper Counties, South Carolina, and the three military installations, and wastewater services to several areas within the two counties.

## 2. Summary of Significant Accounting Policies

### BASIS OF ACCOUNTING AND PRESENTATION

All activities of the Authority are accounted for within a single proprietary (“enterprise”) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Accordingly, the Authority’s financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

The Authority utilizes the enterprise fund method of accounting whereby revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The Authority applies the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, which incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (“FASB”) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (“AICPA”) Committee on Accounting Procedures; the provisions of GASB Statement No. 62 additionally eliminates the election provided in Statement No. 20, “Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting” to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

These GASB statements require the presentation of Management’s Discussion and Analysis which precedes the financial statements, in addition to several changes to the financial statements such as: (1) the classification of the equity section of the balance sheet into net position with categories of net investment in capital assets, restricted, and unrestricted; (2) the statement of revenues, expenses and changes in net position formatted to report changes in net position in lieu of changes in retained earnings; and (3) additional note disclosures to the financial statements.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. Therefore, all assets and all liabilities associated with the operations are included on the statement of net position.

### Comparative Data Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

### OPERATING/NONOPERATING REVENUES AND EXPENSES

Operating revenues and expenses are those that result from providing water and wastewater services. Non-operating revenues and expenses include capital, financing, investing, and other activities not related to the provision of water and wastewater services.

## REVENUE RECOGNITION AND RECEIVABLES

All water and wastewater revenues are recognized on the accrual basis when the related services are provided and the earnings process is complete. Services are provided to customers under a rate structure designed to produce revenue sufficient for operating and maintenance costs, capital outlay, debt service, reserves and debt service coverage.

Customer receivables represent various volume, availability, impact, and special service fees earned, but not yet collected. Unbilled receivables have been estimated and accrued as revenue from the date of the last reading of the meters based on the billing cycle. Unbilled accounts receivable was approximately \$4.5 million and \$3.2 million as of June 30, 2024 and 2023, respectively. The allowance for doubtful accounts is determined by the following assumptions regarding the aging report: (1) accounts over ninety (90) days are deemed 90% uncollectible and (2) accounts over sixty (60) days are deemed 50% uncollectible. Payment plan amounts included in the delinquent accounts, which are considered collectible based upon the date of last payment, are added back to the allowance. The allowance for doubtful accounts was \$1.4 million and \$1.7 million as of June 30, 2024 and 2023, respectively.

## BUDGETARY ACCOUNTING

The Authority adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with GAAP. The current operating budget details the Authority's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The Authority budgets depreciation expense based upon prior year actual and estimates of acquisitions and contributed capital. The capital budget details the plan to receive and expend cash capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

Management submits a proposed budget to the Authority's Board of Directors prior to the June Board meeting. A budget is adopted by resolution prior to July 1. During the year, management is authorized to transfer budgeted amounts between line items within the Authority's divisions.

## CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at their fair value. Related changes in fair value of investments are included as an element of investment income. Investments of the Authority must comply with South Carolina Code Section 6-5-10, which include collateralized money market accounts and certificates of deposit, U.S. Treasury Bills and Notes, high quality obligations of certain U.S. agencies and instrumentalities, and local government investment pools.

## DESIGNATED AND RESTRICTED ASSETS

Restricted assets represent cash, investments and receivables maintained in accordance with bond resolutions, loan agreements, grant awards, or other agreements containing externally imposed constraints placed on use of the asset. Designated assets represent cash, investments, and receivables that have been designated formally by Board action for depreciation and contingency activities, and improvements and extensions to the utility systems. These funds are utilized to support the Board's approved capital improvement program budget, which is approved every three (3) years; includes estimates of anticipated capacity fees and set aside revenues; and projects capital funding required.

Capacity fees, or impact fees, which are held in water and wastewater capital funds, are considered designated assets. These fees are cash contributed capital received in exchange for the purchase of capacity in the system. The capacity certificate represents ownership of system capacity, and, as such, the Authority must ensure that the funds are utilized for growth infrastructure. Any receivables generated from extension of credit for capacity payments or construction reimbursements from front foot assessments are also considered designated.

During fiscal year 2000, the Authority began accepting letters of credit from certain developers and commercial customers for the payment of capacity fees. There were no receivables for capital contributions under letters of credit recorded in fiscal years ended June 30, 2024 and 2023.

## INVENTORIES

Materials and supplies inventories for internal use are reported at cost.

## CAPITAL ASSETS

Property acquired with an initial individual cost of \$5,000 or more and an estimated useful life (i.e., generates an economic benefit) in excess of one year are recorded at cost. Major outlays for construction of capital assets and improvements are capitalized at cost. Maintenance and repairs that do not significantly extend the value or life of property, plant, and equipment are expensed as incurred. During fiscal year 1999, the Authority began capitalizing meters as a result of using significantly more radio-read meters versus the less expensive standard meters. The Authority capitalizes meter transponder replacements for entire areas where the retrofit significantly adds to the estimated useful life of all meters for that development.

Assets acquired through contributions from developers or other entities are capitalized at their acquisition value, or at the engineers' estimated value or cost to construct at the date of the contribution. Utility systems acquired from other service providers are recorded at the lower of the prior service provider's net book value or fair value, with the cost and accumulated depreciation recorded. Internal engineering costs are capitalized to the extent of direct support and contribution to construction and expansion projects. Costs of studies that directly result in specific construction projects are capitalized.

In compliance with GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA), the Authority recognizes an intangible right-to-use SBITA asset and a SBITA liability on the Statement of Net Position. At the commencement of a SBITA, the Authority measures the SBITA liability at the present value of payments expected to be made during the SBITA term. The SBITA asset is measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation and conversion costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Annualized depreciation and amortization expense, expressed as a percent of net depreciable capital assets, was 7.8% and 8.2% for fiscal years ended June 30, 2024 and 2023, respectively. The Authority utilizes the straight-line depreciation method and estimated useful lives of assets in service are as follows:

	<u>Years</u>
Source of supply equipment	15-50
Water treatment plant	10-50
Wastewater treatment plant	10-50
Transmission and distribution systems	10-50
Structures and improvements, including buildings	10-50
Office furniture, equipment and vehicles	3-20
Meters	8
Subscription-based information tech. arrangements	2-5

## CAPITAL CONTRIBUTIONS

Contributions are recognized in the statement of revenues, expenses and changes in net position when earned. Contributions include capacity fees, developer contributed utility systems, capital grants, and other supplemental support by other utilities and industrial customers and federal, state and local grants in support of system improvements.

## LONG-TERM OBLIGATIONS AND COSTS

Long-term obligations are reported at face value, net of applicable premiums and discounts. Premiums, discounts, and gains or losses on advance refunding and defeasances after June 30, 1994, are amortized over the life of the bonds. In accordance with GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, issuance costs are expensed in the reporting period in which the costs are incurred.

## COMPENSATED ABSENCES

The Authority accounts for compensated absences by accruing a liability for employees' compensation for future absences. Compensated

absences are classified as a current liability, because it is payable upon voluntary or involuntary termination and the use of accrued leave is unpredictable. In fiscal year 2024 beginning compensated absences were valued in the amount of \$649 thousand, \$1.5 million in benefits were earned, \$1.3 million in benefits were taken, and \$88 thousand in benefits were waived as a result of employees exceeding the Authority's maximum transferrable hours of 160. As of June 30, 2024, compensated absences were valued in the amount of \$780 thousand.

## CLAIMS AND JUDGMENTS

These events and obligations are recorded on the accrual basis, when the event occurs and the obligation arises.

## DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position contains a separate section for deferred outflows of resources. This separate statement of net position, 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) until then. The Authority has deferred charges on advance refundings, which qualify for reporting in this category. Deferred charges on advance refundings result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Authority has deferred outflows related to pensions for contributions to the pension plan subsequent to the measurement date. These contributions will be a reduction of the collective net pension liability in the next reporting period. Deferred outflows related to pensions for the net difference between expected and actual experience are amortized over a four year period. Deferred outflows related to changes in pension assumptions are amortized over a four year period. Deferred outflows related to changes in proportionate share of plan contributions are amortized over a four year period. Additionally, the Authority has deferred outflows related to other post retirement contributions made subsequent to the measurement date. These contributions will be a reduction of the other post retirement benefits liability in the next reporting period. Deferred outflows related to the difference between expected and actual experience of the total other post retirement benefits liability is amortized over a nine year period. Deferred outflows related to changes in other post retirement benefit assumptions are amortized over a nine year period.

In addition to liabilities, the statement of net position contains a separate section for deferred inflows of resources. This separate net 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. Deferred inflows related to lease receivables are amortized over the life of the lease term. Deferred inflows related to pensions for the net difference between expected and actual experience are amortized over a four year period. Deferred inflows related to pensions for the net difference between projected and actual investment earnings are amortized over a five year period. Deferred inflows related to changes in proportionate share of plan contributions are amortized over a four year period. Additionally, deferred inflows related to other post retirement benefits for the net difference between expected and actual experience and changes in other post retirement benefit assumptions are amortized over a nine year period.

## NET POSITION

Net position represents the difference between all other elements in a statement of net position and is displayed in the following three components: 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 borrowings attributed to the acquisition, construction or improvement of the related assets (including any related deferred outflows or inflows of resources). Any significant unspent related debt proceeds or deferred inflows of resources attributable to the unspent amount are not included in the calculation of net investment in capital assets. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.



## GENERAL AND ADMINISTRATIVE EXPENSE ALLOCATIONS

For the purposes of the statement of revenues, expenses and changes in net position, general and administrative expenses were allocated 60% and 40% to the water and wastewater divisions for fiscal years 2024 and 2023. This allocation is based on the number of proportionate water to wastewater customers and is reviewed each year during the budgeting process. The allocation of 60% and 40% will remain for fiscal year 2025.

## USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

## PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System plan and the additions to/deductions from the plan's fiduciary net position have been determined on the same basis as reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Authority has noncancellable SBITA's of various IT software. The Authority recognizes a SBITA liability and an intangible right-to-use SBITA asset on the Statement of Net Position. The Authority recognizes SBITA's with an initial, individual value of \$10,000 or more. At the commencement of a SBITA, the Authority initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation and conversion costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITA's include how the Authority determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) the SBITA term, and (3) SBITA payments:

- The Authority uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Authority uses the prime rate at the SBITA inception date as the discount rate.
- The Authority term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the SBITA is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

### 3. Cash, Cash Equivalents, and Investments

Deposits include demand deposits and certificates of deposit in financial institutions. The carrying amounts were \$142,895,072 and \$142,530,948 at June 30, 2024 and 2023, respectively. The bank balances were \$143,108,440 and \$143,898,210 at June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, demand deposits were as follows:

	June 30, 2024		June 30, 2023	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Demand Deposits	\$(301,589)	\$-	\$(697,598)	\$-
Demand Deposits	121,310,780	120,468,456	98,839,138	98,754,698
Total Demand Deposits	<u>\$121,009,191</u>	<u>\$120,468,456</u>	<u>\$98,141,540</u>	<u>\$98,754,698</u>
Collateral Held by Agent in Authority's Name		<u>\$141,688,481</u>		<u>\$114,798,613</u>
Trust Accounts - U. S. Gov't Agencies (Rule 2a-7)	<u>21,884,681</u>	<u>22,639,984</u>	<u>44,388,208</u>	<u>45,143,512</u>
Total Investments	<u>\$21,884,681</u>	<u>\$22,639,984</u>	<u>\$44,388,208</u>	<u>\$45,143,512</u>

The following reconciles deposits to cash and cash equivalents, as presented in the statement of net position:

	June 30	
	2024	2023
Disclosures regarding deposits:		
Cash on Hand	\$1,200	\$1,200
Deposits	121,009,191	98,141,540
Debt service funds	<u>21,884,681</u>	<u>44,388,208</u>
Total	<u>\$142,895,072</u>	<u>\$142,530,948</u>

Statement of net position and cash flow statement amounts:

Cash and cash equivalents		
Unrestricted	\$21,472,488	\$16,202,339
Designated	99,122,659	81,525,157
Restricted	<u>22,299,925</u>	<u>44,803,452</u>
Total cash and cash equivalents	<u>\$142,895,072</u>	<u>\$142,530,948</u>

## INVESTMENTS

Custodial credit risk - For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy addresses custodial credit risk by requiring that investment balances are held by a third party custodian.

At June 30, 2024 and 2023, the Authority had the following investments, at fair value, which were uninsured, unregistered and held by the Authority's brokerage firm which is also the counterparty for those particular securities:

	2024 Fair Value	2023 Fair Value
Investment Type:		
Federal Home Loan Bank	\$ 1,247,301	\$ 994,209
Federal Farm Credit Bank	-	999,456
Federal Home Loan Mortgage	2,272,525	-
Federal National Mortgage	-	2,989,952
Total	<u>\$ 3,519,826</u>	<u>\$ 4,983,617</u>

Credit risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority has adopted an investment policy which limits investments according to South Carolina State Statute 6-5-10 as may be amended from time to time, for investments by political subdivisions. According to the investment schedule below, the Authority had certain investments which were rated by Standard and Poor's.

Concentration Rate of Risk - The risk of overexposure to a single asset or market. The Authority's investment policy is to maintain appropriate portfolio diversification.

Interest Rate Risk - The risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy permits investment terms ranging from one year or less and intermediate-term securities of high credit quality with maturities no greater than five years.

As of June 30, 2024, the Authority had the following investments and maturities:

Investment Type:	Investment Maturities (in years)			Credit Rating	As a % of Total Investments
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>		
U.S. Treasuries	\$3,978,114	\$3,978,114	\$-	AA+	53%
Federal Home Loan Bank	1,247,301	1,247,301	-	AA+	17%
Federal Home Loan Mortgage	2,272,525	1,327,406	945,119	AA+	30%
Total	<u>\$7,497,940</u>	<u>\$6,552,821</u>	<u>\$945,119</u>		<u>100%</u>

As of June 30, 2023, the Authority had the following investments and maturities:

Investment Type:	Investment Maturities (in years)			Credit Rating	As a % of Total Investments
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>		
U.S. Treasuries	\$4,978,057	\$4,978,057	\$-	AA+	50%
Federal National Mortgage	2,989,952	2,989,952	-	AA+	30%
Federal Home Loan Bank	994,209	994,209	-	AA+	10%
Federal	999,456	999,456	-	AA+	10%
Total	<u>\$9,961,674</u>	<u>\$9,961,674</u>	<u>\$-</u>		<u>100%</u>

Investment Valuation - Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period.

The Authority's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include input markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources, however there are no level 3 inputs as of June 30, 2024 and 2023.

The categorization of investment within the hierarchy is based upon the pricing transparency of the instrumentation and should not be perceived as the particular investment's risk. Money market mutual funds classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

Investments' fair value measurements are as follows at June 30, 2024:

Debt Securities:	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$3,978,114	\$-	\$-	\$3,978,114
U.S. Agencies	3,519,826	-	-	3,519,826
Total	<u>\$7,497,940</u>	<u>\$-</u>	<u>\$-</u>	<u>\$7,497,940</u>

Investments' fair value measurements are as follows at June 30, 2023:

Debt Securities:	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$4,978,057	\$-	\$-	\$4,978,057
U.S. Agencies	4,983,617	-	-	4,983,617
Total	<u>\$9,961,674</u>	<u>\$-</u>	<u>\$-</u>	<u>\$9,961,674</u>

## 4. Accounts Receivable

Accounts receivable were composed of the following:

	June 30	
	2024	2023
Wholesale and retail water and wastewater customers:		
Billed services	\$6,267,898	\$8,070,947
Unbilled services	4,544,161	3,180,628
Allowance for doubtful accounts	(1,394,893)	(1,684,833)
Other receivables	<u>495,255</u>	<u>825,820</u>
Total	<u>\$9,912,421</u>	<u>\$10,392,562</u>

## 5. Designated and Restricted Assets

Certain proceeds of revenue bonds and notes, as well as resources set aside for their repayment or to satisfy certain restrictive covenants of the bond agreements, are classified as restricted assets on the statement of net position because their use is limited by those covenants. The "debt service fund" accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The "debt service reserve fund" accounts are used to report resources set aside to make up potential future deficiencies in revenue bond debt service funds or to effect whole or partial redemption of the bonds. Bond construction funds are restricted for the purposes of funding capital projects.

Designated assets are established by consistent Board action and are included in the funding sources available for Board approval of the capital improvement program budget. The "contingency and depreciation fund" accounts are used to accumulate resources to be used for contingencies and for improvements, betterments, and extensions of the system; the Authority establishes these amounts annually. The "capital projects fund" accounts are funds designated by Board approval of the capital projects budget.

The components of designated receivables at year end were as follows:

	June 30	
	2024	2023
Front Foot Assessment receivable	\$52,176	\$52,176



The components of the designated and restricted assets, and liabilities payable from designated and restricted assets as of June 30, 2024 and 2023 were as follows:

	June 30, 2024		
	Total Designated & Restricted Assets	Liabilities Payable from Designated & Restricted Assets	Excess
Board designated:			
Contingency and depreciation	\$29,479,435	\$-	\$29,479,435
Capital projects (incl. receivables)	69,695,400	(9,383,325)	60,312,075
Restricted:			
Capital projects-Levy	415,244	-	415,244
Debt service and reserves	6,131,427	(6,131,427)	-
Bond construction fund	15,753,254	-	15,753,254
	<u>\$121,474,760</u>	<u>\$(15,514,752)</u>	<u>\$105,960,008</u>

	June 30, 2023		
	Total Designated & Restricted Assets	Liabilities Payable from Designated & Restricted Assets	Excess
Board designated:			
Contingency and depreciation	\$30,386,998	\$-	\$30,386,998
Capital projects (incl. receivables)	51,190,335	(3,459,200)	47,731,135
Restricted:			
Capital projects-Levy	415,244	-	415,244
Debt service and reserves	6,033,858	(6,033,858)	-
Bond construction fund	38,354,350	-	38,354,350
	<u>\$126,380,785</u>	<u>\$(9,493,058)</u>	<u>\$116,887,727</u>

## 6. Capital Assets

Capital assets net of depreciation and amortization increased from \$427.3 million in fiscal year 2023 to \$470.0 million in fiscal year 2024, a change of \$42.7 million. The Authority received \$24.1 million in contributed systems, added \$41.4 million to construction in progress, added \$8.5 million to operating capital assets and had a depreciation and amortization expense of \$31.3 million for fiscal year 2024.

Detailed capital asset activity for the years ended June 30, 2024 and June 30, 2023 are as follows:

**DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS**  
Year ended June 30, 2024

		System	O&M	Capital		
	30-Jun-23	Contributions	Additions & Depreciation	Improvement Program	Disposals	30-Jun-24
<b>Non-Depreciable Capital Assets:</b>						
Land and Land Rights	\$10,635,337	\$-	\$-	\$-	\$-	\$10,635,337
Construction in Progress	57,455,700	-	41,346,677	(28,706,782)	-	70,095,595
Total non-depreciable capital assets	68,091,037	-	41,346,677	(28,706,782)	-	80,730,932
<b>Depreciable Capital Assets:</b>						
Administrative Facilities and Improvements	15,389,554	-	21,846	70,900	-	15,482,300
Source of Supply	13,501,743	-	-	-	-	13,501,743
Water Treatment Plant	60,213,305	-	-	3,342,904	-	63,556,209
Wastewater Treatment Plant	139,811,622	-	-	579,896	-	140,391,518
Water System Transmission & Distribution	259,112,703	7,984,463	3,793,906	17,747,083	-	288,638,155
Wastewater System Collection & Transmission	319,498,455	16,155,017	1,154,028	6,965,999	-	343,773,499
Wastewater Disposal Systems	1,693,176	-	-	-	-	1,693,176
Other General Equipment	26,436,795	-	2,445,695	-	(104,913)	28,777,577
Subscription-based information tech. arrangements	1,705,124	-	37,793	-	(1,189,089)	553,828
Vehicles	8,032,772	-	994,252	-	(165,337)	8,861,687
Total depreciable capital assets	845,395,249	24,139,480	8,447,520	28,706,782	(1,459,339)	905,229,692
<b>Less accumulated depreciation and amortization for:</b>						
Administrative Facilities and Improvements	(6,211,557)	-	(517,327)	-	-	(6,728,884)
Source of Supply	(10,664,066)	-	(319,158)	-	-	(10,983,224)
Water Treatment Plant	(37,271,088)	-	(1,765,300)	-	-	(39,036,388)
Wastewater Treatment Plant	(60,161,959)	-	(4,051,640)	-	-	(64,213,599)
Water System Transmission & Distribution	(159,287,877)	-	(11,172,519)	-	-	(170,460,396)
Wastewater System Collection & Transmission	(182,234,867)	-	(11,003,419)	-	-	(193,238,286)
Wastewater Disposal Systems	(1,068,722)	-	(65,732)	-	-	(1,134,454)
Other General Equipment	(21,394,155)	-	(1,694,254)	-	104,913	(22,983,496)
Subscription-based information tech. arrangements	(1,370,616)	-	(182,514)	-	1,189,089	(364,041)
Vehicles	(6,512,662)	-	(478,975)	-	165,337	(6,826,300)
Total accumulated depreciation and amortization	(486,177,569)	-	(31,250,838)	-	1,459,339	(515,969,068)
Total depreciable capital assets, net	359,217,680	24,139,480	(22,803,318)	28,706,782	-	389,260,624
Total capital assets, net	\$427,308,717	\$24,139,480	\$18,543,359	\$-	\$-	\$469,991,556

**DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS**  
Year ended June 30, 2023

			O&M	Capital		
	30-Jun-22	System Contributions	Additions & Depreciation	Improvement Program	Disposals	30-Jun-23
Non-Depreciable Capital Assets:						
Land and Land Rights	\$10,635,337	\$-	\$-	\$-	\$-	\$10,635,337
Construction in Progress	42,764,528	-	17,512,211	(2,821,039)	-	57,455,700
Total non-depreciable capital assets	53,399,865	-	17,512,211	(2,821,039)	-	68,091,037
Depreciable Capital Assets:						
Administrative Facilities and Improvements	15,389,554	-	-	-	-	15,389,554
Source of Supply	13,501,743	-	-	-	-	13,501,743
Water Treatment Plant	60,070,995	-	-	142,310	-	60,213,305
Wastewater Treatment Plant	139,550,736	-	-	260,886	-	139,811,622
Water System Transmission & Distribution	253,149,513	3,689,046	1,980,332	293,812	-	259,112,703
Wastewater System Collection & Transmission	308,169,153	9,280,583	246,752	1,801,967	-	319,498,455
Wastewater Disposal Systems	1,693,176	-	-	-	-	1,693,176
Other General Equipment	24,788,804	-	1,416,305	322,064	(90,378)	26,436,795
Subscription-based information tech. arrangements	1,358,958	-	346,166	-	-	1,705,124
Vehicles	7,075,708	-	1,157,553	-	(200,489)	8,032,772
Total depreciable capital assets	824,748,340	12,969,629	5,147,108	2,821,039	(290,867)	845,395,249
Less accumulated depreciation and amortization for:						
Administrative Facilities and Improvements	(5,692,607)	-	(518,950)	-	-	(6,211,557)
Source of Supply	(10,321,205)	-	(342,861)	-	-	(10,664,066)
Water Treatment Plant	(35,570,367)	-	(1,700,721)	-	-	(37,271,088)
Wastewater Treatment Plant	(56,100,654)	-	(4,061,305)	-	-	(60,161,959)
Water System Transmission & Distribution	(148,789,944)	-	(10,497,933)	-	-	(159,287,877)
Wastewater System Collection & Transmission	(171,782,331)	-	(10,452,536)	-	-	(182,234,867)
Wastewater Disposal Systems	(1,002,990)	-	(65,732)	-	-	(1,068,722)
Other General Equipment	(19,806,468)	-	(1,678,065)	-	90,378	(21,394,155)
Subscription-based information tech. arrangements	(860,689)	-	(509,927)	-	-	(1,370,616)
Vehicles	(6,231,961)	-	(481,190)	-	200,489	(6,512,662)
Total accumulated depreciation and amortization	(456,159,216)	-	(30,309,220)	-	290,867	(486,177,569)
Total depreciable capital assets, net	368,589,124	12,969,629	(25,162,112)	2,821,039	-	359,217,680
Total capital assets, net	\$421,988,989	\$12,969,629	\$(7,649,901)	\$-	\$-	\$427,308,717

## 7. Long-Term Debt

Long-term debt includes various bonds, loans, and notes payable that have been issued or approved by the Authority for the improvement or acquisition of water and wastewater infrastructure, and defeasance of outstanding debt. General covenants, along with debt service requirements, are disclosed below. See Note 5, designated & restricted assets, for a discussion of the accounts used in accounting for proceeds and reserves pledged as a result of the issuance of the various forms of debt. The Authority does not have any direct borrowings or direct placements as of June 30, 2024.

Revenue bonds and State Revolving Loan payables are collateralized by an irrevocable pledge of income and revenues derived from the operation of the systems. The revenues derived from the operation of the respective systems are to be used for expenses in connection with the administration and operation of the systems.

The Authority's debt instruments contain various covenants and restrictions, which among other things, require the Authority to provide certain financial information and meet certain financial tests. The Authority's bond resolutions require that "net earnings" (as defined in the bond resolution) are equal to at least 120% of the annual principal and interest requirements of all series of bonds outstanding in that year. For the years ended June 30, 2024 and 2023, the Authority's "net earnings" were 344% and 264%, respectively, of its annual principal and interest requirements of all series of bonds. Management believes that the Authority was in compliance with all covenants and restrictions of all debt instruments at June 30, 2024 and 2023.

### REVENUE BONDS:

Series 2010B, Waterworks and Sewer System Refunding Revenue Bonds, dated April 22, 2010, were issued in the original principal amount of \$38,065,000, taking advantage of the favorable interest rate to refund the Series 1999 and 2000 Revenue Bonds; Series 1994, 1996, 1998, 1998B, 1993 (COB), 2000B, 2000C, 2000D, 2002A, 2002B, 2003A, 2003B, and 2003C State Revolving Fund Loans; and 2002 City of Hardeeville and 2004 Beaufort County School District Notes Payable. Proceeds in the amount of \$5,991,206 (along with \$128,239 of the Authority's accrued debt service fund) were paid to Bank of America, N.A., the holder of the 1999 Bond, to pay the principal, accrued interest, and redemption premium due on the bond as of April 22, 2010. Proceeds in the amount of \$5,606,365 (along with \$130,767 of the Authority's accrued debt service fund) were paid to Wachovia Bank, the holder of the 2000 Bond, to pay the principal, accrued interest, and redemption premium due on the bond as of April 22, 2010. All State Revolving Fund Notes are held by the South Carolina Budget and Control Board. Proceeds of \$26,597,332 (along with \$494,328 in debt service reserve funds and \$2,239,955 of the Authority's accrued debt service fund) were paid to US Bank, trustee, to pay the principal and accrued interest due on all refunded State Revolving Fund Notes as of April 22, 2010. Proceeds in the amount of \$1,151,011 were paid to Branch Banking & Trust Co. (BB&T), the holder of the 2002 City of Hardeeville Note Payable, to pay the principle, accrued interest, and premium due as of April 22, 2010. Proceeds in the amount of \$966,938 were paid to the Beaufort County School District, as holder of the March 2004 note payable, to pay the principal and accrued interest due on the note as of April 22, 2010. The refunding transaction resulted in a deferred amount on the refunding of \$235,986, which was recorded as a deferred outflow of resources and is amortized using the straight-line interest method through fiscal year 2023, with amortization recorded in the amount of \$16,856 for fiscal year 2023. The new bonds were issued at a premium of \$2,660,805, which was recorded as an increase in the carrying balance of the bonds payable and is amortized using the effective interest method through fiscal year 2023, with amortization recorded in the amount of \$20,781 for fiscal year 2023. Payments are due in annual principal installments ranging from \$1,060,000 to \$4,820,000 through 2023, with interest at 2.5% to 5.0%, due March 1 and September 1. As of June 30, 2023 payments for these bonds are complete.

Series 2016A, Waterworks and Sewer System Refunding Revenue Bonds, dated February 11, 2016, were issued in the original principal amount of \$11,880,000, taking advantage of the favorable interest rate to advance refund a portion of the Authority's Waterworks and Sewer System Improvement and Refunding Revenue Bonds, Series 2006. Proceeds in the amount of \$14,370,578 (along with \$288,222 of the Authority's accrued debt service fund) were paid to U.S. Bank, N.A., the holder of the 2006 Bond, to pay the principal, accrued interest, and redemption premium due on a portion of the Series 2006 bond as of February 11, 2016. The refunding transaction resulted in a deferred amount on the refunding of \$943,645, which was recorded as a deferred outflow of resources and is amortized using the straight-line interest method through fiscal year 2031, with amortization recorded in the amount of \$58,978 for fiscal years 2024 and 2023. The new bonds were issued at a premium of \$2,864,185, which was recorded as an increase in the carrying balance of the bonds payable and is amortized using the effective interest method through fiscal year 2031, with amortization recorded in the amount of \$232,626 and \$226,338 for fiscal years 2024 and 2023, respectively. Payments are due in annual principal installments ranging from \$175,000 to \$2,375,000 through 2031, with interest at 5.0%, due March 1 and September 1. This refunding increased total debt service payments by \$569,747 and resulted in economic gain of \$652,723.

Series 2016B, Waterworks and Sewer System Refunding Revenue Bonds, dated December 6, 2016, were issued in the original principal amount of \$31,725,000, taking advantage of the favorable interest rate to advance refund a portion of the Authority's Waterworks and Sewer System Improvement and Refunding Revenue Bonds, Series 2006. Proceeds in the amount of \$35,804,026 (along with \$439,711 of the Authority's accrued debt service fund) were paid to U.S. Bank, N.A., the holder of the 2006 Bond, to pay the principal, accrued interest, and redemption premium due on a portion of the Series 2006 bond as of December 6, 2016. The refunding transaction resulted in a deferred amount on the refunding of \$995,609, which was recorded as a deferred outflow of resources and is amortized using the straight-line interest method through fiscal year 2025, with amortization recorded in the amount of \$110,623 for fiscal years 2024 and 2023. The new bonds were issued at a premium of \$4,244,434, which was recorded as an increase in the carrying balance of the bonds payable and is amortized using the effective interest method through fiscal year 2025, with amortization recorded in the amount of \$234,274 and \$360,302 for fiscal years 2024 and 2023, respectively. Payments are due in annual principal installments ranging from \$2,145,000 to \$5,830,000 through 2025, with interest at 5.0%, due March 1 and September 1. This refunding reduced total debt service payments by \$6,694,545 and resulted in an economic gain of \$4,412,989.

Series 2019, Waterworks and Sewer System Revenue Bonds, dated October 30, 2019, were issued in the original principal amount of \$52,565,000 to provide funds for 1) the capacity expansion of the existing Purrysburg Water Treatment Plant, 2) the extension of a water main and construction of an elevated water storage tank on Bluffton Parkway, 3) the installation of a transmission main along North Street in the City of Beaufort to provide additional water to one of the two water lines that feed Lady's Island in Beaufort County, and 4) the upgrading of the Authority's Cherry Point pump stations numbers 19 and 67 to increase pumping capacity. The new bonds were issued at a premium of \$11,736,396, which was recorded as an increase in the carrying balance of the bonds payable and is amortized using the effective interest method through fiscal year 2039, with amortization recorded in the amount of \$885,931 and \$864,084 for fiscal years 2024 and 2023, respectively. Payments are due in annual principal installments ranging from \$2,695,000 to \$4,915,000 through 2039, with interest at 3.0% to 5.0%, due March 1 and September 1.

Series 2020A, Waterworks and Sewer System Refunding Revenue Bonds, dated April 16, 2020, were issued in the original principal amount of \$25,543,000, taking advantage of the favorable interest rate to advance refund Series 2004, 2005, 2008, 2009A, 2011B, and 2012 State Revolving Fund Loans. All State Revolving Fund Notes are held by the South Carolina Rural Infrastructure Authority, Office of Local Government. Proceeds in the amount of \$25,543,000 (along with \$614,525 of the Authority's accrued debt service fund) were paid to U.S. Bank, N.A., trustee, to pay the principal and accrued interest due on all refunded State Revolving Fund Notes as of April 16, 2020. Payments are due in annual principal installments ranging from \$868,000 to \$2,921,000 through 2032, with interest at 1.45%, due August 1 and February 1. This refunding reduced total debt service payments by \$1,119,998 and resulted in an economic gain of \$908,165.



## STATE REVOLVING LOANS PAYABLE TO THE STATE TREASURER OF SOUTH CAROLINA/ OFFICE OF LOCAL GOVERNMENT:

Series 2001B, Waterworks and Sewer System Improvement Revenue Bonds, dated December 5, 2001, were issued in the original principal amount of \$875,458 and final draw amount of \$814,410 (SC Drinking Water Revolving Loan Fund Number 3-011-02-0720003-06) to provide funds for improvements to the aquifer storage recovery system. Interest, in the amount of \$6,005, was capitalized in 2003 when the project was substantially complete and payments became due on the loan. Interest is accrued at 3.75%, with principal and interest due in quarterly payments of \$14,623 through March 1, 2023. The interest was reduced to 2.25% in fiscal year 2012 resulting in remaining quarterly principal and interest payments of \$13,464. This loan was paid in full in fiscal year 2023.

Series 2010A, Waterworks and Sewer System Improvement Revenue bonds, dated February 26, 2010, were issued with an original principal amount of \$13,773,549 and final draw amount of \$13,244,155 (SC Drinking Water Pollution Control Revolving Loan Fund Number 1-132-10-520-20) to provide funds for the Consolidation of the Military Wastewater Treatment Plants. Interest, in the amount of \$90,154, was capitalized as of the payment initiation date of October 1, 2010. Interest is accrued at 3.50%, with principal and interest due in quarterly payments of \$241,696 through October 1, 2030. The interest was reduced to 2.25% in fiscal year 2012 resulting in remaining quarterly principal and interest payments of \$208,498.

Series 2011A, Waterworks and Sewer System Improvement Revenue bonds, dated September 23, 2011, were issued with an original principal amount of \$411,418 and final draw of \$411,228 (SC Drinking Water Pollution Control Revolving Loan Fund Number X1-146-11-520-28) to provide funds for the Tansi Village Sewer System Rehabilitation. Interest is accrued at 1.00%, with principal and interest due in quarterly payments of \$5,678 through April 1, 2032.

Series 2016C, Waterworks and Sewer System Improvement Revenue bonds, dated September 23, 2016, were issued with an original principal amount of \$29,341,480 and final draw of \$29,724,340 (SC Water Pollution Control Revolving Loan Fund Number 1-180-16-520-29) to provide funds for the Hardeeville Water Reclamation Facility Expansion. In addition, interest in the amount of \$498,445, was capitalized as of the payment initiation date of October 1, 2018. Interest is accrued at 1.67% blended rate, with principal and interest due in quarterly payments of \$432,248 through October 1, 2038.

Series 2020B, Waterworks and Sewer System Improvement Revenue bonds, dated May 19, 2020, were issued with an original principal amount of \$6,542,800 (SC Drinking Water Revolving Loan Fund Number 3-087-19-0720003-19) to provide funds for the Highway 170 Water Line. As of June 30, 2022, three draws in the amount of \$4,347,863 have been taken. Interest is accrued at 2.60%, with principal and interest due in quarterly payments of \$105,143 through April 1, 2041.

## OTHER NOTES PAYABLE:

2008 Department of the Navy is an unsecured note payable between the Authority and the US Department of the Navy, in the original amount of \$15,039,628 to finance the purchase price of the water and wastewater assets on the 4 military installations (Naval Hospital, Parris Island, Air Station and Laurel Bay). Interest is accrued at 5% with monthly payments of principal and interest in the amount of \$90,505 through May 31, 2033.

## CHANGES IN LONG-TERM LIABILITIES

A summary of the long-term liability activity for 2023 and 2024 is presented in the following table:

Description	Rate	6/30/2022	2023		6/30/2023	2024		6/30/2024	Current
			Additions	Reductions		Additions	Reductions		
Revenue Bonds:									
Series 2010B	2.5 to 5.0%	\$1,095,000	\$-	\$(1,095,000)	\$-	\$-	\$-	\$-	\$-
Series 2016A	5.00%	11,880,000	-	-	11,880,000	-	-	11,880,000	1,305,000
Series 2016B	5.00%	16,135,000	-	(4,880,000)	11,255,000	-	(5,830,000)	5,425,000	5,425,000
Series 2019	3.0 to 5.0%	52,565,000	-	-	52,565,000	-	-	52,565,000	-
Series 2020A	1.45%	19,913,000	-	(2,836,000)	17,077,000	-	(2,880,000)	14,197,000	2,921,000
		101,588,000	-	(8,811,000)	92,777,000	-	(8,710,000)	84,067,000	9,651,000
Add: Bond Premiums		11,766,460	-	(1,471,504)	10,294,956	-	(1,352,831)	8,942,125	-
Total Revenue Bonds		113,354,460	-	(10,282,504)	103,071,956	-	(10,062,831)	93,009,125	9,651,000
State Revolving Fund Loans:									
Series 2001B	2.25%	39,941	-	(39,941)	-	-	-	-	-
Series 2010A	2.25%	6,263,580	-	(698,932)	5,564,648	-	(714,791)	4,849,857	731,010
Series 2011A	1.00%	210,734	-	(20,682)	190,052	-	(20,888)	169,164	21,099
Series 2016C	1.67%	24,876,829	-	(1,344,274)	23,532,555	-	(1,366,789)	22,165,766	1,389,693
Series 2020B	2.60%	4,089,706	380,656	(264,409)	4,205,953	29,923	(270,812)	3,965,064	277,370
Total State Revolving Loans		35,480,790	380,656	(2,368,238)	33,493,208	29,923	(2,373,280)	31,149,851	2,419,172
Notes Payable									
Department of Navy	5.00%	9,122,092	-	(629,957)	8,492,135	-	(661,454)	7,830,681	694,526
Total Notes Payable		9,122,092	-	(629,957)	8,492,135	-	(661,454)	7,830,681	694,526
Total Long Term Liabilities		157,957,342	380,656	(13,280,699)	145,057,299	29,923	(13,097,565)	131,989,657	12,764,698
Less current portion		(11,809,195)			(11,744,736)			(12,764,698)	
Total Long-Term Debt		\$146,148,147			\$133,312,563			\$119,224,959	

## CHANGES IN SUBSCRIPTION-BASED INFORMATION TECH. ARRANGEMENTS LIABILITIES

Changes in SBITA liabilities for 2023 and 2024 are as follows:

Description	Rate	6/30/2022	2023		6/30/2023	2024		6/30/2024
			Additions	Reductions		Additions	Reductions	
Subscription-based IT arrangements:								
SBITA liabilities		\$355,117	346,166	(420,164)	\$281,119	37,793	(178,689)	\$140,223
Less current portion		(298,294)			(165,264)			(127,523)
Total SBITA Long-Term Liabilities		\$56,823			\$115,855			\$12,700

## CHANGES IN DEFERRED OUTFLOWS OF RESOURCES

Changes in deferred amounts on advance refundings for 2023 and 2024 are as follows:

	6/30/2022	2023		6/30/2023	2024		6/30/2024
		Additions	Reductions		Additions	Reductions	
Deferred outflows of resources:							
Deferred Amount on Refundings	\$(879,531)	\$-	\$186,457	\$(693,074)	\$-	\$169,601	\$(523,473)

## REMAINING DEBT PAYMENTS

Remaining debt service payments at June 30, 2024, including annual sinking fund payments, are as follows:

	<u>Revenue Bonds</u>		<u>SRF Loans</u>		<u>Notes Payable</u>		<u>Total</u>	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	9,651,000	3,466,829	2,419,172	600,376	694,526	391,534	12,764,698	4,458,739
2026	5,747,000	3,088,294	2,465,989	553,520	729,253	356,807	8,942,242	3,998,621
2027	6,029,000	2,912,017	2,513,749	505,718	765,716	320,344	9,308,465	3,738,079
2028	6,337,000	2,671,372	2,562,474	456,951	804,002	282,058	9,703,476	3,410,381
2029	6,606,000	2,400,783	2,612,183	407,198	844,202	241,858	10,062,385	3,049,839
2030-2034	26,877,000	7,917,250	10,537,167	1,380,479	3,992,982	532,310	41,407,149	9,830,039
2035-2039	22,820,000	2,753,050	8,039,117	477,586	-	-	30,859,117	3,230,636
	<u>\$84,067,000</u>	<u>\$25,209,595</u>	<u>\$31,149,851</u>	<u>\$4,381,828</u>	<u>\$7,830,681</u>	<u>\$2,124,911</u>	<u>\$123,047,532</u>	<u>\$31,716,334</u>

## SUBSCRIPTION-BASED INFORMATION TECH. ARRANGEMENTS (SBITA) REMAING PAYMENTS

The Authority enters into SBITA's for periods between two and five years for the right-to-use certain information technology software.

Principal and interest requirements to maturity for the SBITA's as of June 30, 2024 are as follows:

	<u>SBITA Liability</u>	
	Principal	Interest
2025	127,523	10,083
2026	12,700	1,123
	<u>140,223</u>	<u>11,206</u>

## DEBT COMPONENTS

The components of the Statement of Net Position entitled revenue bonds, state revolving fund, and notes payable from current liabilities, current liabilities payable from restricted assets, and long-term liabilities for 2024 and 2023 are as follows:

	<u>Principal</u>	<u>Premiums and Discounts</u>	<u>6/30/2024</u>
Current liabilities:			
Revenue Bonds	\$4,731,937	\$-	\$4,731,937
State Revolving Fund	2,386,632	-	2,386,632
Notes Payable	694,526	-	694,526
	<u>7,813,095</u>		<u>7,813,095</u>
Current liabilities payable from designated & restricted assets:			
Revenue Bonds	4,919,063	-	4,919,063
State Revolving Fund	32,540	-	32,540
	<u>4,951,603</u>		<u>4,951,603</u>
Long-term liabilities:			
Revenue Bonds	74,416,000	8,942,125	83,358,125
State Revolving Fund	28,730,679	-	28,730,679
Notes Payable	7,136,155	-	7,136,155
	<u>110,282,834</u>	<u>8,942,125</u>	<u>119,224,959</u>
TOTALS	<u>\$123,047,532</u>	<u>\$8,942,125</u>	<u>\$131,989,657</u>
	<u>Principal</u>	<u>Premiums and Discounts</u>	<u>6/30/2023</u>
Current liabilities:			
Revenue Bonds	\$3,979,951	\$-	\$3,979,951
State Revolving Fund	2,363,864	-	2,363,864
Notes Payable	661,454	-	661,454
	<u>7,005,269</u>		<u>7,005,269</u>
Current liabilities payable from designated & restricted assets:			
Revenue Bonds	4,730,049	-	4,730,049
State Revolving Fund	9,418	-	9,418
	<u>4,739,467</u>		<u>4,739,467</u>
Long-term liabilities:			
Revenue Bonds	84,067,000	10,294,956	94,361,956
State Revolving Fund	31,119,926	-	31,119,926
Notes Payable	7,830,681	-	7,830,681
	<u>123,017,607</u>	<u>10,294,956</u>	<u>133,312,563</u>
TOTALS	<u>\$134,762,343</u>	<u>\$10,294,956</u>	<u>\$145,057,299</u>

## 8. Pension Plan

### PLAN DESCRIPTION

BJWSA is a member of the South Carolina Retirement System (SCRS), which is administered by the South Carolina Public Employee Benefit Authority (PEBA). The Plan is a cost sharing multi-employer defined benefit pension plan, 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 allowances and other benefits for employees of the state, its public school districts, and political subdivisions. An Annual Comprehensive Financial Report containing financial statements and required supplementary information for the SCRS is publicly available on their website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA.

### MEMBERSHIP

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

### 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 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 1% or \$500 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 provision 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.

### CONTRIBUTIONS

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS employer and employee contribution rates on the basis of the actuarial valuations. Employee contributions of 9.00% of earnable compensation were made through payroll deductions for both fiscal years June 30, 2024 and 2023. BJWSA, as a Class II employer, was required to contribute at a rate of 18.41%, 17.41%, and 16.41% employee earnable compensation for fiscal years June 30, 2024, 2023, and 2022, respectively. For years ended June 30, 2024, 2023, and 2022, wages of \$17,018,630, \$14,905,397, and \$13,587,594 were subject to retirement, representing 96.96%, 94.70%, and 96.44%, respectively, of total gross salaries. Total salaries were \$17,553,009, \$15,739,539, and \$14,088,499 for 2024, 2023, and 2022, respectively. BJWSA is also required to contribute 0.15% of earnable compensation to the system for group life insurance. BJWSA's contribution for retirement and life insurance for the fiscal years ended June 30, 2024, 2023 and 2022 were \$3,158,658, \$2,617,388, and \$2,250,105, respectively, which is 18.56%, 17.56%, and 16.56%, respectively, of covered salaries. BJWSA contributed 100% of its annual required contributions for fiscal years 2024, 2023, and 2022.



## 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.

The June 30, 2023, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown were determined by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2022. The total pension liability 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.

Actuarial cost method	Entry age normal
Investment rate of return	7.0% (includes inflation at 2.25%)
Projected salary increases	3.0% to 11.0% (varies by service and includes inflation at 2.25%)
Benefit adjustments	lesser of 1% or \$500 annually

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), was 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.

Assumptions used in the determination of the June 30, 2023, TPL are as follows:

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%

## NET PENSION LIABILITY

At June 30, 2024, the Authority reported \$28,503,193 for its proportionate share of the collective net pension liability of SCRS. The net pension liability of the SCRS plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, projected forward to June 30, 2023. The Authority's proportionate share of the SCRS net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Authority's proportionate share of the SCRS plan was 0.117892%, an increase of .003784% from the prior year.

## DISCOUNT RATE

The discount rate used to measure the TPL was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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.

## LONG-TERM EXPECTED RATE OF RETURN

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 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 below table. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the TPL includes a 4.75% real rate of return and a 2.25% 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 Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
			7.56%

## SENSITIVITY ANALYSIS

The following table presents the Authority's June 30, 2024 proportionate share of the net pension liability of the SCRS plan calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$36,828,844	\$28,503,193	\$21,583,200

The following table presents the Authority's June 30, 2023 proportionate share of the net pension liability of the SCRS plan calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$35,466,415	\$27,662,250	\$21,174,097

## PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued SCRS financial report.

## DEFERRED OUTFLOWS/(INFLOWS) OF RESOURCES

For the year ended June 30, 2024 and 2023, the Authority recognized pension expense of \$3,282,758 and \$2,654,075, respectively. At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$494,865	\$79,044	\$240,333	\$120,551
Net difference between projected and actual earnings on pension plan investments	-	39,015	42,661	-
Changes in pension assumptions	436,710	-	887,195	-
Changes in proportionate share of plan contributions	1,325,856	35,813	1,075,686	197,337
Contributions subsequent to the measurement date	3,158,658	-	2,617,387	-
Total	\$5,416,089	\$153,872	\$4,863,262	\$317,888

Deferred outflows of resources of \$3,158,658 related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2023. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2023 was 3.68 years for SCRS.

Measurement Period ending June 30:

2024	\$1,115,228
2025	5,105
2026	999,944
2027	(16,718)
Net Balance of deferred Outflows/(Inflows) of Resources	\$2,103,559

## 9. Other Postemployment Benefits

### PLAN DESCRIPTION

Other postemployment benefits (OPEB) are part of the total compensation offered to attract and retain the services of qualified employees. The Authority provides other postemployment benefits under a single-employer benefit plan. There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. A retiring employee under the South Carolina Retirement System (SCRS) who has served at least five consecutive years in a full time, regular position, is eligible to elect post-retirement insurance coverage. An employee retiring under approved disability must have at least five years for Class Two retirees and eight years for Class Three retirees of earned service unless the disability is a result of an injury arising out of and in the course of their job duties.

In addition to the requirements shown below, retirees must also meet the class rules. Class Two employees are those employees hired prior to July 1, 2012. Class Three employees are those employees hired on or after July 1, 2012. Class Two employees must have 5 years of earned service and Class Three employees must have 8 years of earned service.

Normal (unreduced) Retirement Requirements

Class Two	Class Three
Any age with 28 years of service; or at age 65 with at least 5 years of service	Rule of 90; or at age 65 with at least 8 years of service

Early (reduced) Retirement Requirements

Class Two	Class Three
Age 60 with at least 5 years of service; or at age 55 with at least 25 years of service	Age 60 with at least 8 years of service

Employees hired before May 2, 2008:

- At age 60 or with 5 years of earned service. The participant will pay Funded premium rates if the participant retired with at least 10 years of BJWSA service time.
- At age 55 with 25 years of service, 5 years which must be earned. The participant will pay Funded premium rates if the participant retired with at least 20 years of BJWSA service time.
- At any age with 28 years of service, 5 years must be earned. The participant will pay Funded premium rates if the participant retired with at least 10 years of BJWSA service time.
- At any age with approved disability by SCRS. The participant will pay Funded premium rates if the participant retired with at least 10 years of BJWSA service time.

Employees hired on or after May 2, 2008:

- Employees hired on or after May 2, 2008 will be required to have 25 years of BJWSA service time to be eligible for the fully Funded premium rates and 15 years of BJWSA service time to be eligible for partially Funded premium rates (50% of the employer share).

Employees who are eligible to retire, had health coverage prior to retirement, and had at least 5 years of earned service but do not qualify for Funded premium rates may participate in the retiree health plan by paying the Non-Funded premium rates. Prior SCRS service may be used to satisfy the SCRS retirement eligibility conditions. However, the amount of the premium that is funded by BJWSA is based only on years of service with BJWSA.

The following table provides a summary of the number of participants in the plan as of June 30, 2023:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	216
Total Plan Members	273

## TOTAL OPEB LIABILITY

The Authority reported a total OPEB liability of \$17,418,186 at June 30, 2024. The total OPEB liability is based on an actuarial valuation performed as of June 30, 2023 and a measurement date of June 30, 2023.

## ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs:

Valuation Date:	June 30, 2023
Methods and Assumptions:	
Actuarial cost method	Individual Entry-Age Normal
Discount Rate	3.86% as of June 30, 2023
Inflation	2.25%
Salary Increases	3.00% to 9.50%, including inflation
Demographic Assumptions	Based on the experience study covering the five year period ending June 30, 2019 as conducted for the South Carolina Retirement Systems (SCRS).
Mortality	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with males rates multiplied by 97% and female rates multiplied by 107%. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 6.50% declining to an ultimate rate of 4.25% after 14 years. 90% for retirees eligible for fully funded premium rates; 60% for retirees eligible for partially funded premium rates;
Participation Rates	20% for retirees eligible for non-funded premium rates
Other Information:	
Notes	The discount rate changed from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023.

## DISCOUNT RATE

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the Authority's valuation, the municipal bond rate is 3.86% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.69% as of the prior measurement date.



## CHANGES IN TOTAL OPEB LIABILITY

The below schedule shows the changes in the total OPEB liability for fiscal year ending June 30, 2024 and June 30, 2023:

	2024	2023
Beginning balance as of July 1	\$16,681,487	\$21,156,233
Changes for the year:		
Service Cost	655,049	1,003,437
Interest	616,009	410,237
Differences between expected and actual experience	(1,023,244)	45,694
Changes in pension assumptions	1,118,863	(5,351,258)
Benefit payments	(629,978)	(582,856)
Net changes	736,699	(4,474,746)
Ending Balance as of June 30	\$17,418,186	\$16,681,487

Changes of assumptions reflect a change in the discount rate from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023.

The benefit payments during the measurement period were determined as follows:

Explicit benefit payments	\$506,413
Implicit benefit payments*	123,565
Total benefit payments	\$629,978

\*Explicit benefit payments multiplied by a factor of 0.244, which equals the ratio of the expected implicit subsidy to the expected explicit costs.

## SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE

The following presents the plan's total OPEB liability for June 30, 2024, calculated using a discount rate of 3.86%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 2.86%	Current Discount Rate Assumption 3.86%	1% Increase 4.86%
Total OPEB liability	\$20,464,340	\$17,418,186	\$14,992,417

The following presents the plan's total OPEB liability for June 30, 2023, calculated using a discount rate of 3.69%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease 2.69%	Current Discount Rate Assumption 3.69%	1% Increase 4.69%
Total OPEB liability	\$19,437,517	\$16,681,487	\$14,467,805

## SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN HEALTHCARE COST TREND RATES

The following presents the plan's total OPEB liability for June 30, 2024 and June 30, 2023, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
2024 Total OPEB liability	\$14,676,014	\$17,418,186	\$20,989,576
2023 Total OPEB liability	\$14,018,293	\$16,681,487	\$20,135,981

## OPEB EXPENSE AND DEFERRED OUTFLOWS/(INFLOWS) OF RESOURCES RELATED TO OPEB

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

The expected remaining service lives of all active employees in the plan was approximately 2,461 years. Additionally, the total plan membership (active employees and inactive employees) was 273. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 9.0143 years.

For the year ended June 30, 2024 and 2023, the Authority recognized OPEB expense of \$947,571 and \$1,079,579, respectively. At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$366,006	\$1,853,124	\$452,260	\$1,099,825
Changes in assumptions	3,713,995	4,472,750	3,255,155	5,272,569
Contributions subsequent to the measurement date	600,747	-	629,978	-
Total	\$4,680,748	\$6,325,874	\$4,337,393	\$6,372,394

The deferred outflow of \$600,747 for benefits paid after the measurement date consists of \$584,384 of explicit subsidies and \$16,363 of implicit subsidies. The implicit subsidy was estimated by multiplying the explicit costs by 0.028. The 0.028 factor equals the ratio of the expected implicit subsidy to the expected explicit costs. The deferred outflow of \$600,747 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2024.

Year ending June 30:

2025	\$(323,487)
2026	(323,487)
2027	(162,287)
2028	(149,623)
2029	(369,827)
Thereafter	(917,162)
Net Balance of deferred Outflows/(Inflows) of Resources	<u>\$(2,245,873)</u>

## 10. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The net position amounts for fiscal years ended June 30, 2024 and 2023 were as follows:

	June 30	
	2024	2023
Net investment in capital assets		
Net property, plant and equipment in service	\$469,991,556	\$427,308,717
Less: Debt as disclosed in note 7	(123,047,532)	(134,762,343)
Premiums on bonds	(8,942,125)	(10,294,956)
Accounts payable for capital items	(9,383,325)	(3,459,200)
Deferred amount on refunding	523,473	693,074
Bond Construction Fund proceeds unspent	15,753,254	38,354,350
	<u>344,895,301</u>	<u>317,839,642</u>
Restricted for capital activity and debt service:		
Restricted cash and cash equivalents	22,299,925	44,803,452
Less: Debt service liabilities	(6,131,427)	(6,033,858)
Bond Construction Fund proceeds unspent	(15,753,254)	(38,354,350)
	<u>415,244</u>	<u>415,244</u>
Unrestricted	<u>106,350,920</u>	<u>89,144,686</u>
Total Net Position	<u>\$451,661,465</u>	<u>\$407,399,572</u>

## 11. Commitments and Contingencies

### CONSTRUCTION COMMITMENTS

In the normal course of its business, BJWSA has numerous contracts for construction and other activities related to the capital improvement program that it is committed to complete and pay. As of June 30, 2024, BJWSA had open contracts (purchase orders) of \$42,716,042, including \$3,021,811 retainage payable, to be paid upon further progress by contractors. As of June 30, 2023, BJWSA had open contracts (purchase orders) of \$85,367,342, including \$765,852 retainage payable, to be paid upon further progress by contractors.

### SERVICE CONTRACTS

The Authority has entered into various long-term contracts to provide water and wastewater treatment services to retail and wholesale customers, including other local governments and utilities. Contracts vary as to the system's capacity allocations and periodic revision in service rates.

### GRANTS

Amounts received or receivable from government agencies are subject to audit and adjustment by those agencies. The Authority has never experienced noncompliance and has never been subject to adjustments or refunds as a result of such audits.

## 12. Risk Management

The Authority is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related injuries or illnesses to employees; natural disasters and employee health and accident. To insure against casualty risks the Authority is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments in South Carolina.

The Authority acquires insurance from the Accident Fund Insurance Company of America for job related injury and illness (workers' compensation) to its employees. Through June 30, 2024, medical insurance coverage, encompassing health, dental, life and other medical benefits to employees and their dependents, was obtained via the State's group insurance program.

During 2024 and 2023, the Authority did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for claims not filed is necessary.

## 13. Major Customers

Revenues from the largest three customers represented 3.60% and 3.69% of total operating revenues for fiscal years 2024 and 2023, respectively. No sales to a single major customer exceeded 10% of total operating revenues.

## 14. Department of the Navy

In 1997 the Department of the Navy (Navy) solicited proposals for the privatization of the water and sewer utilities on the Marine Corp Air Station (MCAS), Parris Island Marine Corp Recruit Depot (PI), Laurel Bay Housing (LB), and Naval Hospital Beaufort (NH). After several years of negotiation, the Authority's proposal was accepted by the Navy in late 2007. In February 2008 the Authority and the Navy signed a 50-year, \$252 million contract to privatize the water and sewer utilities effective September 1, 2008.

Under the terms of the contract, the Authority purchased the water and sewer facilities and agreed to provide operations and maintenance (O&M) services to the four installations for a set annual charge (facility charge). The facility charge is a flat monthly charge based on cost of service which can be re-determined every three years. On September 1, 2008, the Authority began providing O&M services to the four installations. The Authority recognized \$1.4 million and \$1.2 million in Military Retail Water revenue in fiscal years 2024 and 2023, respectively. The Authority recognized \$3.0 million and \$2.8 million in Military Retail Wastewater revenue in fiscal years 2024 and 2023, respectively.

The Authority purchased the Navy water and sewer facilities for \$15.3 million through a liability payable over 25 years at 5% interest. Payments began in September 2008, will end on August 31, 2033 and are made as a credit (purchase price credit) on the Navy's monthly Facility charge invoice. During the years ended June 30, 2024 and 2023, the Navy liability was reduced by \$661 thousand and \$630 thousand, respectively, via purchase price credits with an ending balance of \$7.8 million and \$8.5 million, respectively.

The Navy agreed to pay the Authority \$42.1 million to bring the military water and wastewater systems up to industry standards. These construction projects are Initial System Modifications (ISMs) and represent a receivable for the Authority. The ISM's will be reimbursed by the Navy in the following manner: (1) \$8.97 million at commencement of contract which is the Navy's share of the completed Port Royal Island Water Reclamation Facility (PRIWRF) plant expansion, (2) \$7.32 million when consolidation construction is completed (paid September 2010) and (3) \$11.99 million paid over 20 years at 4% interest with partial payments beginning in fiscal year 2012 and full payments starting in fiscal year 2015. In fiscal year 2010, the receivable and unearned revenue for the ISM's were reduced by a price adjustment of \$1.33 million. In fiscal year 2011, the receivable and unearned revenue for the ISM's were increased by a price adjustment of \$959 thousand. The Authority received principal payments of \$1.3 million and \$1.2 million for fiscal years 2024 and 2023, respectively.

## 15. Leases

The Authority is a lessor for tower attachment leases. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of the lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts:

- The Authority uses the interest rate explicitly stated in the lease agreement as the discount rate. When the interest rate is not provided, the Authority generally uses the majority prime rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a restatement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

# REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST 10 FISCAL YEARS

	Authority's proportion of the net pension liability	Authority's proportionate share of the net pension liability	Authority's covered payroll	Authority's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
6/30/2015	0.100025%	17,220,989	9,080,983	189.64%	59.90%
6/30/2016	0.099187%	18,811,293	9,299,952	202.27%	57.00%
6/30/2017	0.102607%	21,916,704	9,936,160	220.58%	52.90%
6/30/2018	0.108375%	24,396,955	10,934,654	223.12%	53.30%
6/30/2019	0.108634%	24,341,398	11,257,491	216.22%	54.10%
6/30/2020	0.110679%	25,272,686	11,687,439	216.24%	54.40%
6/30/2021	0.108466%	27,714,948	12,100,840	229.03%	50.70%
6/30/2022	0.107824%	23,334,437	12,188,485	191.45%	60.70%
6/30/2023	0.114108%	27,662,250	13,587,594	203.58%	57.10%
6/30/2024	0.117892%	28,503,193	14,905,397	191.23%	58.60%

## SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO SCRS - LAST 10 FISCAL YEARS

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Authority's covered payroll	Contributions as a percentage of covered payroll
6/30/2015	1,013,693	(1,013,693)	-	9,299,952	10.90%
6/30/2016	1,098,939	(1,098,939)	-	9,936,160	11.06%
6/30/2017	1,264,045	(1,264,045)	-	10,934,654	11.56%
6/30/2018	1,526,515	(1,526,515)	-	11,257,491	13.56%
6/30/2019	1,701,692	(1,701,692)	-	11,687,439	14.56%
6/30/2020	1,882,891	(1,882,891)	-	12,100,840	15.56%
6/30/2021	1,896,527	(1,896,527)	-	12,188,485	15.56%
6/30/2022	2,250,105	(2,250,105)	-	13,587,594	16.56%
6/30/2023	2,617,388	(2,617,388)	-	14,905,397	17.56%
6/30/2024	3,158,658	(3,158,658)	-	17,018,630	18.56%



## SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS\*

Fiscal Year Ending June 30,	2024	2023	2022	2021	2020	2019
Service Cost	\$655,049	\$1,003,437	\$969,690	\$729,483	\$621,304	\$578,685
Interest on the total OPEB liability	616,009	410,237	\$497,806	550,563	532,712	502,665
Changes of benefit terms	-	-	\$-	-	-	-
Differences between expected and actual experience	(1,023,244)	45,694	\$(1,412,689)	40,485	670,246	22,968
Changes of assumptions	1,118,863	(5,351,258)	\$1,554,571	1,826,320	1,472,179	(132,152)
Benefit payments	(629,978)	(582,856)	(573,812)	(502,625)	(450,318)	(344,631)
Net change in total OPEB liability	736,699	(4,474,746)	1,035,566	2,644,226	2,846,123	627,535
Total OPEB liability - beginning	16,681,487	21,156,233	20,120,667	17,476,441	14,630,318	14,002,783
Total OPEB liability - ending	17,418,186	16,681,487	21,156,233	20,120,667	17,476,441	14,630,318
Covered-employee payroll	\$15,739,539	\$14,088,499	\$12,920,647	\$14,529,414	\$12,432,048	\$11,913,076
Total OPEB liability as a percentage of covered-employee payroll	110.67%	118.40%	163.74%	138.48%	140.58%	122.81%

### Notes to Schedule:

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related OPEB benefits.

FYE24 - Changes of assumptions reflect updates to the tables used to model the impact of aging on the underlying claims and the health care trend rates.

FYE22 - The demographic and salary increase assumptions were updated to reflect the 2020 SCRS experience study and the healthcare trend assumption was slightly modified.

FYE21 - The health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.

FYE20 - The health care trend assumption was modified.

Changes of assumptions reflect the effects of changes in the discount rate each period. The discount rate at the beginning of FYE 2018 was 2.92%. The following are the discount rates used in each period:

FYE	Discount Rate
2024	3.86%
2023	3.69%
2022	1.92%
2021	2.45%
2020	3.13%
2019	3.62%
2018	3.56%

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# SUPPLEMENTARY FINANCIAL DATA

The following system schedules and analysis are furnished solely as supplementary information and are not required by GAAP.

## BUDGETARY COMPARISON SCHEDULE

Year ended June 30, 2024

(with comparative amounts for the fiscal year ended June 30, 2023)

	2024		2023	Variance of FY 2024 Actual Data To			
	Actual	Budget		Budget		2023 Actual	
				Dollars	%	Dollars	%
Operating revenues				Favorable (Unfavorable)			
Civilian wholesale	\$2,822,490	\$2,865,000	\$2,594,345	\$(42,510)	-1.5%	\$228,145	8.8%
Military wholesale	1,156,053	1,126,000	1,010,577	30,053	2.7%	145,476	14.4%
Retail	36,278,682	36,720,000	31,693,486	(441,318)	-1.2%	4,585,196	14.5%
Other	4,594,648	4,074,000	3,822,928	520,648	12.8%	771,720	20.2%
Total water operating revenues	44,851,873	44,785,000	39,121,336	66,873	0.1%	5,730,537	14.6%
Wastewater service	36,649,568	36,013,000	32,998,109	636,568	1.8%	3,651,459	11.1%
Other	623,980	497,000	546,051	126,980	25.5%	77,929	14.3%
Total wastewater operating revenues	37,273,548	36,510,000	33,544,160	763,548	2.1%	3,729,388	11.1%
Total operating revenues	82,125,421	81,295,000	72,665,496	830,421	1.0%	9,459,925	13.0%
Operating expenses							
Water operating expenses:							
Source of supply	1,041,014	1,105,800	875,896	64,786	5.9%	(165,118)	-18.9%
Water treatment	8,596,757	8,150,800	8,424,984	(445,957)	-5.5%	(171,773)	-2.0%
Transmission and distribution	7,005,023	8,093,600	5,758,974	1,088,577	13.4%	(1,246,049)	-21.6%
Laboratory and testing	570,467	605,000	524,061	34,533	5.7%	(46,406)	-8.9%
Engineering & construction services	1,877,936	1,087,500	780,936	(790,436)	-72.7%	(1,097,000)	-140.5%
Franchise fee	1,175,709	1,035,000	1,038,975	(140,709)	-13.6%	(136,734)	-13.2%
Customer service & billing	2,236,451	2,308,400	2,473,542	71,949	3.1%	237,091	9.6%
General and administrative	6,707,033	8,044,100	6,567,227	1,337,067	16.6%	(139,806)	-2.1%
Total water operating expenses (excl. depr. and amort.)	29,210,390	30,430,200	26,444,595	1,219,810	4.0%	(2,765,795)	-10.5%
Wastewater operating expenses:							
Collection & transmission	6,268,114	5,859,300	5,710,168	(408,814)	-7.0%	(557,946)	-9.8%
Wastewater treatment	4,764,840	4,761,200	4,858,202	(3,640)	-0.1%	93,362	1.9%
Wastewater disposal	280,929	384,200	295,541	103,271	26.9%	14,612	4.9%
Sludge management	1,373,225	1,175,000	1,078,746	(198,225)	-16.9%	(294,479)	-27.3%
Laboratory and testing	385,508	426,400	300,634	40,892	9.6%	(84,874)	-28.2%
Engineering & construction services	1,237,945	726,800	549,279	(511,145)	-70.3%	(688,666)	-125.4%
Franchise fee	1,032,462	965,000	977,956	(67,462)	-7.0%	(54,506)	-5.6%
Customer service & billing	1,491,528	1,539,600	1,680,270	48,072	3.1%	188,742	11.2%
General and administrative	4,473,782	5,360,800	4,285,445	887,018	16.5%	(188,337)	-4.4%
Total wastewater operating expenses (excl. depr. and amort.)	21,308,333	21,198,300	19,736,241	(110,033)	-0.5%	(1,572,092)	-8.0%
Operating expenses before depreciation	50,518,723	51,628,500	46,180,836	1,109,777	2.1%	(4,337,887)	-9.4%
Depreciation - Water	13,481,951	13,461,200	13,037,871	(20,751)	-0.2%	(444,080)	-3.4%
Depreciation - Wastewater	17,768,887	17,053,400	17,271,349	(715,487)	-4.2%	(497,538)	-2.9%
Total operating expenses	81,769,561	82,143,100	76,490,056	373,539	0.5%	(5,279,505)	-6.9%
Operating income (loss)	355,860	(848,100)	(3,824,560)	1,203,960	142.0%	4,180,420	109.3%
Non-operating revenues (expenses), net	(700,008)	(2,199,748)	(2,009,280)	1,499,740	68.2%	1,309,272	65.2%
Increase (decrease) in net position, before capital contributions	(344,148)	(3,047,848)	(5,833,840)	2,703,700	88.7%	5,489,692	94.1%
Capital contributions	44,606,041	13,300,000	27,396,024	31,306,041	235.4%	17,210,017	62.8%
Increase (decrease) in net position	\$44,261,893	\$10,252,152	\$21,562,184	\$34,009,741	331.7%	\$22,699,709	105.3%

## BUDGETARY COMPARISON SCHEDULE BY FUNCTIONAL CLASSIFICATION

Year ended June 30, 2024

(with comparative amounts for the fiscal year ended June 30, 2023)

	2024		2023	Variance of FY 2024 Actual Data To			
				Budget		2023 Actual	
	Actual	Budget		Actual	Dollars	%	Dollars
Operating revenues	Favorable (Unfavorable)						
Civilian wholesale	\$2,822,490	\$2,865,000	\$2,594,345	\$(42,510)	-1.5%	\$228,145	8.8%
Military wholesale	1,156,053	1,126,000	1,010,577	30,053	2.7%	145,476	14.4%
Retail	36,278,682	36,720,000	31,693,486	(441,319)	-1.2%	4,585,195	14.5%
Other	4,594,648	4,074,000	3,822,928	520,648	12.8%	771,720	20.2%
Total water operating revenues	44,851,873	44,785,000	39,121,336	66,872	0.1%	5,730,536	14.6%
Wastewater service	36,649,568	36,013,000	32,998,109	636,568	1.8%	3,651,459	11.1%
Other	623,980	497,000	546,051	126,981	25.5%	77,930	14.3%
Total wastewater operating revenues	37,273,548	36,510,000	33,544,160	763,549	2.1%	3,729,389	11.1%
Total operating revenues	82,125,421	81,295,000	72,665,496	830,421	1.0%	9,459,925	13.0%
Operating expenses by Function							
Source of supply	1,041,014	1,105,800	875,896	64,786	5.9%	(165,118)	-18.9%
Water treatment	8,596,757	8,150,800	8,424,984	(445,957)	-5.5%	(171,773)	-2.0%
Transmission and distribution	7,005,023	8,093,600	5,758,974	1,088,577	13.4%	(1,246,049)	-21.6%
Collection & transmission	6,268,114	5,859,300	5,710,168	(408,814)	-7.0%	(557,946)	-9.8%
Wastewater treatment	4,764,840	4,761,200	4,858,202	(3,640)	-0.1%	93,362	1.9%
Wastewater disposal	280,929	384,200	295,541	103,271	26.9%	14,612	4.9%
Sludge management	1,373,225	1,175,000	1,078,746	(198,225)	-16.9%	(294,479)	-27.3%
Laboratory and testing	955,975	1,031,400	824,695	75,425	7.3%	(131,280)	-15.9%
Franchise fee	2,208,171	2,000,000	2,016,931	(208,171)	-10.4%	(191,240)	-9.5%
Engineering & construction services	3,115,881	1,814,300	1,330,215	(1,301,581)	-71.7%	(1,785,666)	-134.2%
Customer service & billing	3,727,979	3,848,000	4,153,812	120,021	3.1%	425,833	10.3%
General and administrative	11,180,815	13,404,900	10,852,672	2,224,085	16.6%	(328,143)	-3.0%
Operating expenses before depreciation and amortization	50,518,723	51,628,500	46,180,836	1,109,777	2.1%	(4,337,887)	-9.4%
Depreciation and amortization	31,250,838	30,514,600	30,309,220	(736,238)	-2.4%	(941,618)	-3.1%
Total operating expenses	81,769,561	82,143,100	76,490,056	373,539	0.5%	(5,279,505)	-6.9%
Operating income (loss)	355,860	(848,100)	(3,824,560)	1,203,960	142.0%	4,180,420	109.3%
Non-operating revenues (expenses), net	(700,008)	(2,199,748)	(2,009,280)	1,499,740	68.2%	1,309,272	65.2%
Increase (decrease) in net position,							
before capital contributions	(344,148)	(3,047,848)	(5,833,840)	2,703,700	88.7%	5,489,692	94.1%
Capital contributions	44,606,041	13,300,000	27,396,024	31,306,041	235.4%	17,210,017	62.8%
Increase (decrease) in net position	\$44,261,893	\$10,252,152	\$21,562,184	\$34,009,741	331.7%	\$22,699,709	105.3%

## Budget Summary

Operating revenues were \$82.1 million, an increase of 13.0% or \$9.5 million compared to prior year actual, and 1.0% or \$830 thousand over budget. The increase in revenue over budget is primarily due to an increase in residential and commercial wastewater services and other wastewater revenue such as inspection fees and septage fees.

Total water operating revenues were \$44.8 million, an increase of 14.6% or \$5.7 million compared to prior year actual, and 0.1% or \$67 thousand over budget. Total usage budgeted for residential and commercial customers was 6.1 million kgals compared to actual for this fiscal year of 5.9 million kgals.

Total wastewater operating revenues were \$37.3 million, an increase of 11.1% or \$3.7 million over prior year actual, and 2.1% or \$764 thousand over budget. Total usage budgeted for residential and commercial customers was 4.4 million kgals compared to actual for this fiscal year of 4.3 million kgals.

Direct operational costs for water (excluding depreciation and amortization) were under budget 4.0% or \$1.2 million. Under budget expenditures for water primarily related to the following functions and accounts:

- Transmission and Distribution - \$1.1 million under budget primarily due to a delay in storage tank maintenance.
- General and Administrative - \$1.3 million under budget primarily due to a decrease in full-time equivalent positions at year end compared to budget which contributed to a decrease in salaries and wages and associated benefits. Other post retirement benefits also came in lower than budgeted.

Direct operational costs for wastewater (excluding depreciation and amortization) were over budget 0.5% or \$110 thousand. Over budget expenditures for wastewater primarily related to the following functions and accounts:

- Collections and Transmission - \$408 thousand over budget primarily due to contract labor for emergency pump station repairs, increase in salaries and wages and associated benefits and higher power costs.
- Engineering and Construction Services - \$511 thousand over budget due to a board approved increase of staff for the engineering department.
- Sludge Management - \$198 thousand over budget due to an increase in waste disposal.

The decrease of total operating expenses (excluding depreciation and amortization) of \$1.1 million and increase in depreciation and amortization expense of \$736 thousand combined with the increase in operating revenues of \$830 thousand, resulted in an increase of the Authority's operating margin compared to budget of \$1.2 million. The Authority's operating margin also resulted in an increase from prior year of \$4.2 million. The Authority generated \$1.63 for every \$1.00 expensed in 2024 compared to \$1.57 in 2023.

## SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION BUDGET AND ACTUAL

Year ended June 30, 2024

(with comparative actual amounts for the fiscal year ended June 30, 2023)

	2024				
	Budget	Actual	Variance Favorable (Unfavorable)	2023 Actual	Increase (Decrease) from 2023 to 2024
Salaries and wages	\$16,961,800	\$17,123,069	\$(161,269)	\$15,046,499	13.8%
Payroll taxes and benefits	8,923,600	7,607,877	1,315,723	6,645,426	14.5%
Repairs and maintenance	8,114,200	6,145,527	1,968,673	6,405,673	-4.1%
Supplies	3,374,800	4,090,401	(715,601)	3,738,559	9.4%
Professional services	4,004,300	4,510,271	(505,971)	3,600,473	25.3%
Utilities	4,026,600	4,662,868	(636,268)	4,138,030	12.7%
Operating leases, fees, memberships	1,921,300	2,238,888	(317,588)	1,745,664	28.3%
Franchise fees, licenses and permits	2,132,800	2,328,500	(195,700)	2,137,114	9.0%
Safety training, supplies & services	161,300	236,087	(74,787)	271,963	-13.2%
Travel and training	574,100	417,147	156,953	520,178	-19.8%
Insurance	963,800	963,307	493	883,271	9.1%
Other expense	469,900	194,781	275,119	1,047,986	-81.4%
Amortization expense	-	182,514	(182,514)	509,927	-64.2%
Depreciation expense	30,514,600	31,068,324	(553,724)	29,799,293	4.3%
Before interest expense	82,143,100	81,769,561	373,539	76,490,056	6.9%
Interest expense	3,573,000	3,587,656	(14,656)	3,899,971	
Total expenses	\$85,716,100	\$85,357,217	\$358,883	\$80,390,027	

## SCHEDULE OF NET EARNINGS FOR DEBT SERVICE AND DEBT COVERAGE

Years ended June 30, 2024 and 2023

	2024	2023
Operating income (loss)	\$355,860	\$(3,824,560)
Adjustments to derive net earnings:		
Depreciation and amortization expense	31,250,838	30,309,220
Contributed capital - cash	20,466,561	14,426,395
Interest income, excluding bond interest income	1,420,107	1,327,139
Net earnings per bond resolution	\$53,493,366	\$42,238,194
Total debt service paid	\$15,544,126	\$16,024,945
Debt coverage	3.44	2.64
Debt coverage without capacity fees	2.12	1.74





**STATISTICAL SECTION**



# STATISTICAL CONTENTS

**Financial Trends and Debt Capacity ..... 67-70**

These schedules contain trend information showing the changes in the Authority’s financial performance over time, the affordability of current levels of outstanding debt and the Authority’s ability to manage debt in the future.

**Capital Assets ..... 71**

These schedules contain infrastructure data which shows how the Authority’s financial reports relate to its activities.

**Revenue Capacity ..... 72-78**

These schedules contain information identifying the factors affecting the Authority’s ability to generate revenue.

**Demographic and Economic Information ..... 79-84**

These schedules offer demographic and economic indicators showing the environment in which the Authority operates.

**Other Operational Information ..... 85-87**

These schedules contain operational and service information to convey how the Authority’s financial reports relate to its services.

# SCHEDULE OF CHANGES IN REVENUES AND EXPENSES, AND DEBT SERVICE COVERAGE

	Last ten fiscal years									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating revenue										
Wholesale water	\$3,426,385	\$2,983,939	\$4,078,291	\$3,733,234	\$3,834,863	\$3,525,136	\$3,605,928	\$3,693,963	\$3,604,922	\$3,978,543
Retail water	20,988,978	21,579,605	25,453,028	24,937,014	26,467,700	29,340,228	29,686,334	\$30,333,053	31,693,486	36,278,682
Retail sewer	21,441,148	22,457,571	24,350,709	24,660,914	25,868,525	27,734,117	28,907,674	\$30,689,956	32,998,109	36,649,568
Other revenue	3,326,497	3,575,594	3,479,418	4,341,533	4,026,773	4,836,117	4,351,281	\$4,426,155	4,368,979	5,218,628
	49,183,008	50,596,709	57,361,446	57,672,695	60,197,861	65,435,598	66,551,217	69,143,127	72,665,496	82,125,421
Operating expense										
Water										
Source of supply	587,704	628,088	682,336	718,262	631,112	693,264	825,986	806,933	875,896	1,041,014
Water treatment	4,256,822	4,251,192	4,697,085	4,974,749	4,670,514	5,996,384	5,625,678	6,605,322	8,424,984	8,596,757
Transmission and distribution	3,752,210	4,010,835	4,470,738	5,233,862	5,009,118	4,951,948	5,735,100	4,983,144	5,758,974	7,005,023
Laboratory and testing	438,368	384,868	447,323	402,883	374,293	441,680	391,300	374,363	524,061	570,467
Franchise fee	671,997	713,142	799,341	798,800	837,019	917,001	959,339	998,714	1,038,975	1,175,709
Depreciation and amortization	10,613,176	10,931,496	11,293,048	11,868,983	12,550,945	12,845,015	13,014,417	13,087,181	13,037,871	13,481,951
General and administrative	4,541,340	4,996,528	5,881,978	6,052,314	6,489,605	7,969,641	8,478,193	8,752,852	9,821,705	10,821,420
Wastewater										
Collection and transmission	3,801,994	3,915,355	4,154,221	4,802,973	4,784,992	5,016,643	4,481,210	5,165,323	5,710,168	6,268,114
Wastewater treatment	2,947,760	2,936,791	2,898,779	3,462,234	3,450,755	3,438,614	3,278,321	3,856,199	4,858,202	4,764,840
Wastewater disposal	258,804	258,642	259,152	243,494	280,543	254,298	292,702	302,793	295,541	280,929
Sludge management	379,719	364,870	367,946	406,463	424,643	433,779	415,905	507,261	1,078,746	1,373,225
Laboratory and testing	273,314	274,773	315,821	306,502	305,905	355,068	339,298	329,610	300,634	385,508
Franchise fee	576,595	612,997	668,070	694,254	736,942	794,844	848,641	911,596	977,956	1,032,462
Depreciation and amortization	13,627,402	13,848,428	14,051,485	14,484,051	15,196,456	16,887,888	17,251,404	17,356,345	17,271,349	17,768,887
General and administrative	3,018,483	3,318,370	3,935,910	4,032,213	4,313,803	5,296,681	5,579,464	5,778,585	6,514,994	7,203,255
	49,745,688	51,446,375	54,923,233	58,482,037	60,056,645	66,292,748	67,516,958	69,816,221	76,490,056	81,769,561
Operating income (loss)	(562,680)	(849,666)	2,438,213	(809,342)	141,216	(857,150)	(965,741)	(673,094)	(3,824,560)	355,860
Add non operating revenues:										
Investment income	820,629	984,401	920,657	920,466	1,057,193	1,016,462	806,984	711,400	1,119,940	1,204,647
Capacity Fees - cash	3,196,319	5,036,468	3,971,040	4,403,030	8,956,572	9,984,422	10,971,337	22,003,826	14,426,395	20,466,561
Lease income	-	-	-	-	-	-	297,928	271,361	207,199	215,460
Add depreciation and amortization	24,240,578	24,779,924	25,344,533	26,353,034	27,747,401	29,732,903	30,265,821	30,443,526	30,309,220	31,250,837
Net income available for debt service	\$27,694,846	\$29,951,127	\$32,674,443	\$30,867,188	\$37,902,382	\$39,876,637	\$41,376,329	\$52,757,019	\$42,238,194	\$53,493,365
Actual annual debt service on debt	\$12,986,139	\$15,174,583	\$14,663,429	\$11,469,959	\$12,831,526	\$13,131,927	\$15,210,119	\$15,961,868	\$16,024,945	\$15,544,127
Principal and interest coverage on debt	2.13	1.97	2.23	2.69	2.95	3.04	2.72	3.31	2.64	3.44
Required coverage per bond	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20
Principal and interest coverage on debt w/o CC fees (1)	1.89	1.64	1.96	2.31	2.26	2.28	2.00	1.93	1.74	2.12

(1) These figures represent the actual debt service paid by the Authority (excluding nonparity) and the associated principal and interest coverage ratio during the fiscal years noted.

## SCHEDULE OF CHANGES IN NET POSITION

Last ten fiscal years

	2015*	2016	2017	2018**	2019	2020	2021***	2022****	2023	2024
Operating income (loss)	\$(562,680)	\$(849,666)	\$2,438,213	\$(809,342)	\$141,216	\$(857,150)	\$(965,741)	\$(673,094)	\$(3,824,560)	\$355,860
Non-operating revenue (expense)	(2,616,284)	(3,104,083)	(2,758,681)	(2,277,565)	(1,964,868)	(2,597,143)	(2,423,966)	(3,146,492)	(2,009,280)	(700,008)
Capital Contributions	6,364,038	12,293,230	12,486,749	9,273,969	18,179,580	21,196,810	20,896,258	29,756,808	27,396,024	44,606,041
Increase (decrease) in net position	3,185,074	8,339,481	12,166,281	6,187,062	16,355,928	17,742,517	17,506,551	25,937,222	21,562,184	44,261,893
Net position at beginning of the year	286,078,710	289,263,784	297,603,265	301,932,973	308,120,035	324,475,963	342,614,130	359,900,166	385,837,388	407,399,572
Net position at end of year	\$289,263,784	\$297,603,265	\$309,769,546	\$308,120,035	\$324,475,963	\$342,218,480	\$360,120,681	\$385,837,388	\$407,399,572	\$451,661,465

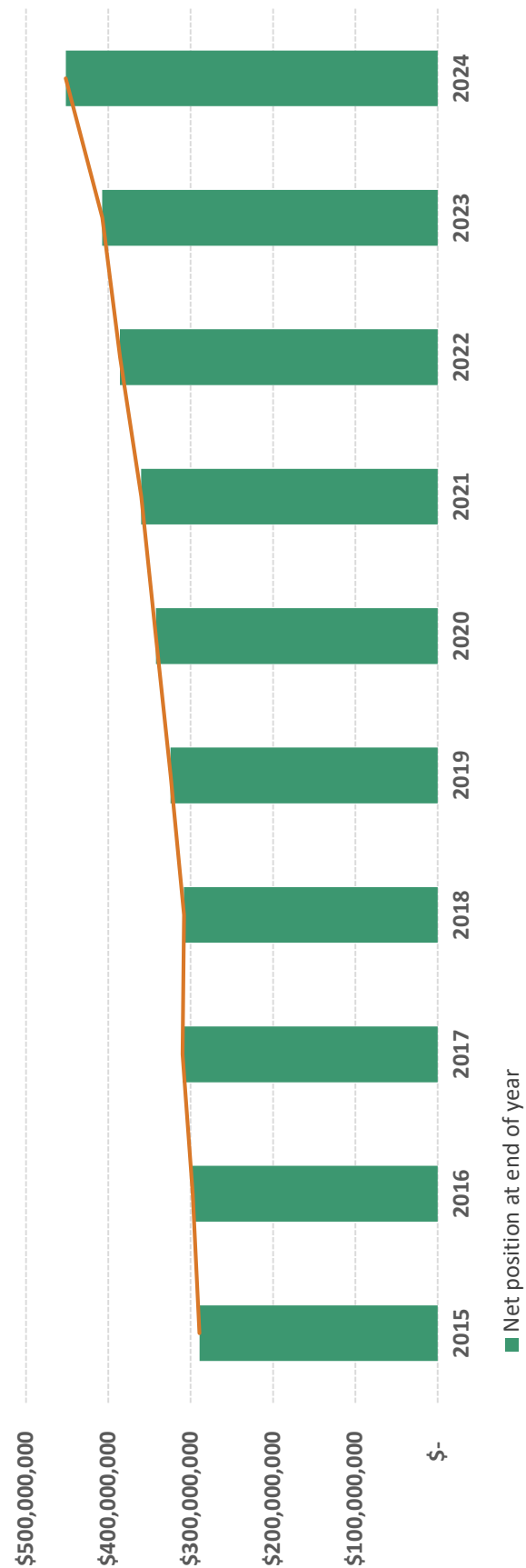
\*Fiscal year 2015 includes a beginning net position adjustment of \$16,978,333 as a result of implementing GASB 68.

\*\*Fiscal year 2018 includes a beginning net position adjustment of \$7,836,573 as a result of implementing GASB 75.

\*\*\*Fiscal year 2021 includes a beginning net position adjustment of \$395,650 as a result of implementing GASB 87.

\*\*\*\*Fiscal year 2022 includes a beginning net position adjustment of 220,515 as a result of implementing GASB 96.

## NET POSITION AT END OF YEAR

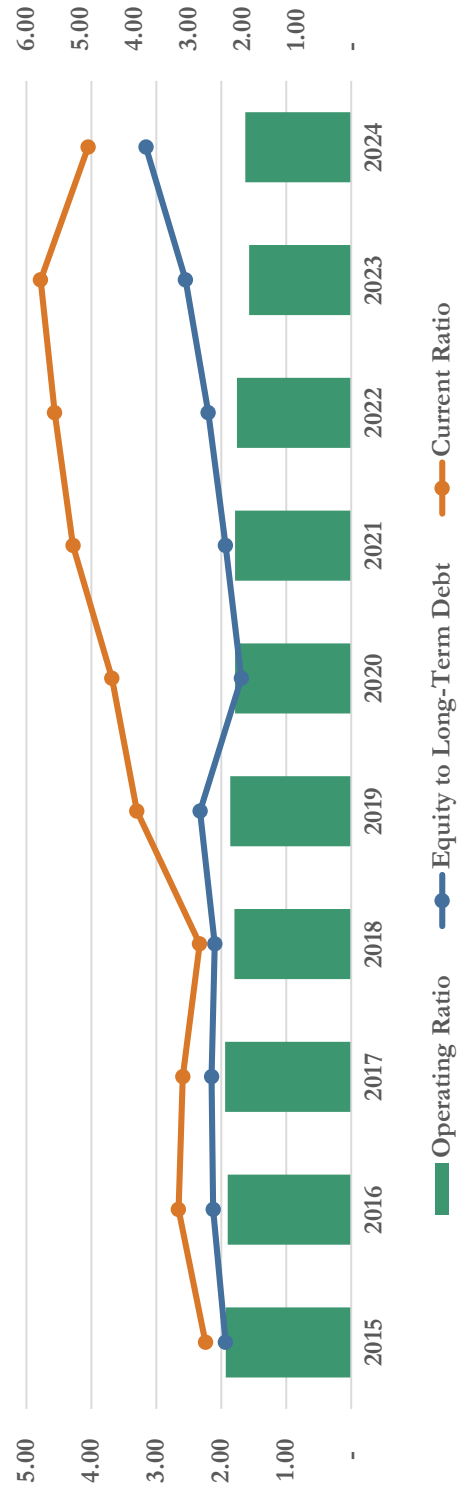


# NET POSITION BY COMPONENT

Last ten fiscal years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net investment in capital assets	\$253,854,486	\$258,909,868	\$267,805,915	\$277,318,037	\$286,186,370	\$300,078,539	\$307,512,533	\$319,491,664	\$317,839,642	\$344,895,300
Restricted	414,821	414,829	414,894	414,915	415,247	415,245	415,244	415,246	415,244	415,244
Unrestricted	34,994,477	38,278,568	41,548,737	30,387,083	37,874,346	41,724,696	52,192,904	65,930,478	89,144,686	106,350,921
Total Net Position	\$289,263,784	\$297,603,265	\$309,769,546	\$308,120,035	\$324,475,963	\$342,218,480	\$360,120,681	\$385,837,388	\$407,399,572	\$451,661,465

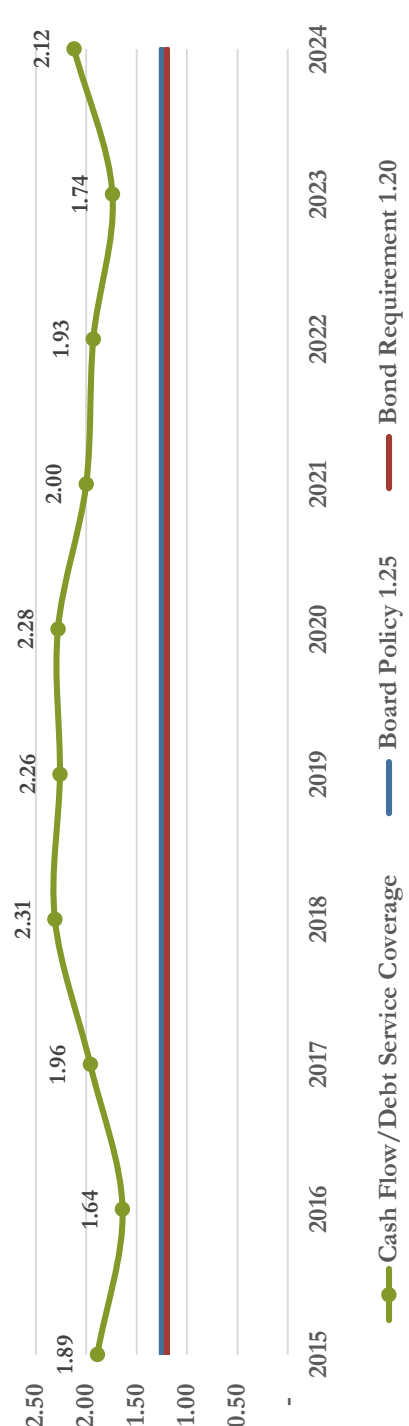
# RATIO ANALYSIS



RATIO OF OUTSTANDING DEBT BY TYPE

Fiscal Year	Revenue		SRF		Notes		Total Outstanding Debt		Total Debt Per Customer	
	Bonds		Loans		Payable					
2015	71,934,370		49,626,256		12,767,253		134,327,879		1,555	
2016	66,242,331		46,522,943		12,319,555		125,084,829		1,349	
2017	61,497,718		54,976,522		11,849,472		128,323,712		1,304	
2018	55,674,132		64,690,237		11,355,885		131,720,254		1,371	
2019	49,688,401		65,311,899		10,837,619		125,837,919		1,264	
2020	133,462,555		35,580,598		10,293,439		179,336,592		1,742	
2021	123,328,502		33,483,761		9,722,050		166,534,313		1,543	
2022	113,354,460		35,480,790		9,122,092		157,957,342		1,412	
2023	103,071,956		33,493,208		8,492,135		145,057,299		1,254	
2024	93,009,125		31,149,851		7,830,682		131,989,658		1,099	

DEBT SERVICE COVERAGE ANALYSIS



# DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS

Last ten fiscal years

	30-Jun-14	System Contributions	Utility Acquisitions	Purchases	Capital Improvement		Disposals	System Reclass	30-Jun-23
					Program	Program			
Land and land rights	\$10,427,291	\$-	\$-	\$-	\$208,046	\$-	\$-	\$-	\$10,635,337
Administrative facilities & improvements	11,012,701	-	-	21,846	4,447,753	-	-	-	15,482,300
Source of supply	12,854,296	-	-	-	647,447	-	-	-	13,501,743
Water treatment plant	57,759,142	-	-	-	5,797,067	-	-	-	63,556,209
Wastewater treatment plant	102,154,545	-	-	42,826	39,640,202	(1,446,055)	-	-	140,391,518
Water system transmission & distribution	196,060,669	32,714,272	-	21,302,002	38,578,588	(17,376)	-	-	288,638,155
Wastewater system collection & transmission	237,694,486	60,141,904	-	3,537,032	42,611,825	(211,748)	-	-	343,773,499
Wastewater Disposal Systems	1,693,176	-	-	-	-	-	-	-	1,693,176
Other general equipment	11,884,333	-	-	12,770,816	4,930,687	(808,259)	-	-	28,777,577
Subscription-based information tech. arrangements	-	-	-	1,742,917	-	(1,189,089)	-	-	553,828
Vehicles	4,547,116	-	-	6,553,480	-	(2,238,909)	-	-	8,861,687
Property, plant and equipment in service	646,087,755	92,856,176	-	45,970,919	136,861,615	(5,911,436)	-	-	915,865,029
Accumulated depreciation and amortization	(263,512,277)	-	-	(256,601,691)	-	4,144,900	-	-	(515,969,068)
Property, plant and equipment in service, net	382,575,478	92,856,176	-	(210,630,772)	136,861,615	(1,766,536)	-	-	399,895,961
Construction in progress	4,494,748	-	-	202,462,462	(136,861,615)	-	-	-	70,095,595
Net property, plant and equipment	\$387,070,226	\$92,856,176	\$-	\$(8,168,310)	\$-	\$(1,766,536)	\$-	\$-	\$469,991,556

# SCHEDULE OF TOTAL CAPITAL ASSETS

Last ten fiscal years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Utility plant in service	\$646,087,755	\$662,626,983	\$683,472,505	\$703,477,891	\$756,616,696	\$790,938,082	\$819,159,950	\$835,383,677	\$856,030,586	\$915,865,029
Accumulated depreciation and amortization	(263,512,277)	(287,767,345)	(312,675,913)	(338,871,202)	(366,186,802)	(395,399,128)	(425,462,304)	(456,159,216)	(486,177,569)	(515,969,068)
Net utility plant in service	382,575,478	374,859,638	370,796,592	364,606,689	390,429,894	395,538,954	393,697,646	379,224,461	369,853,017	399,895,961
Construction in progress	4,494,748	7,448,295	23,521,219	42,806,243	20,155,493	21,531,083	22,057,498	42,764,528	57,455,700	70,095,595
Total capital assets	\$387,070,226	\$382,307,933	\$394,317,811	\$407,412,932	\$410,585,387	\$417,070,037	\$415,755,144	\$421,988,989	\$427,308,717	\$469,991,556



## WHOLESALE AND RETAIL WATER SALES VOLUME HISTORICAL DATA

Last ten fiscal years

The following table sets forth the gallons, in thousands, purchased by each of the Authority's wholesale customers and by all of its retail customers for the ten fiscal years ended June 30:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Hilton Head PSD	852,633	538,925	1,125,264	1,039,001	985,829	603,904	638,084	754,288	672,322	661,653
Fripp Island PSD	175,230	156,681	157,088	167,894	159,788	174,275	214,928	176,667	185,730	186,880
Water Oak Utility(Moss Creek)	140,791	142,268	166,714	144,978	150,205	158,461	167,515	170,290	158,424	159,888
Callawassie	73,970	60,334	98,998	82,940	87,630	95,775	96,155	93,812	87,180	90,764
Harbor Island Utilities	28,410	28,349	29,203	25,867	30,791	26,481	37,364	28,063	30,574	30,522
Warsaw-Eustis-Oaks	24,502	26,005	30,968	31,542	28,065	28,136	33,149	30,166	30,103	30,557
Total Wholesale, excluding Navy	1,295,536	952,562	1,608,235	1,492,222	1,442,308	1,087,032	1,187,194	1,253,286	1,164,333	1,160,264
US Department of the Navy:										
Parris Island Recruit Depot	296,484	295,094	344,306	211,363	216,772	225,301	238,761	200,161	180,901	192,516
Laurel Bay Housing	123,592	90,288	85,396	85,744	81,560	76,063	76,590	70,338	75,387	82,288
MCAS Beaufort	73,171	59,071	80,812	95,729	80,542	85,237	60,220	63,981	55,932	55,644
Naval Hospital	22,933	24,300	25,212	24,456	26,159	21,542	19,261	19,822	18,034	15,353
Total Navy	516,180	468,753	535,726	417,292	405,033	408,143	394,832	354,302	330,254	345,801
Total Wholesale	1,811,716	1,421,315	2,143,961	1,909,514	1,847,341	1,495,175	1,582,025	1,607,588	1,494,587	1,506,065
Total Retail	5,709,576	5,942,612	7,062,716	6,636,672	6,834,704	7,563,073	7,598,919	7,457,828	7,826,158	7,548,867
Total Volume (thousands of gallons)	7,521,292	7,363,927	9,206,677	8,546,186	8,682,045	9,058,248	9,180,944	9,065,416	9,320,745	9,054,932

## RETAIL WATER SALES VOLUME HISTORICAL DATA

Last ten fiscal years

The following table sets forth the gallons, in thousands, purchased by retail customers by area from the Authority for the fiscal years ended June 30:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City of Beaufort	467,670	458,725	531,839	490,311	499,750	543,891	561,332	544,871	552,949	575,018
Burton/Gray's Hill	398,952	384,809	408,382	426,395	414,130	436,673	447,278	435,595	450,147	448,185
Lady's Island/Cat Island	412,959	400,275	493,296	468,105	490,913	516,077	521,617	521,385	524,355	515,741
Point South	15,761	16,203	19,702	19,677	17,955	17,842	16,682	16,971	16,056	13,200
St. Helena/Dataw Island	274,002	253,311	314,767	300,397	304,926	311,007	314,195	309,364	304,988	307,258
Bluffton (1)	1,677,349	1,765,489	2,278,875	2,130,221	2,230,772	2,558,104	2,625,305	2,623,135	2,679,861	2,606,327
Palm Key	1,406	1,516	1,188	1,386	2,053	1,874	1,778	1,705	1,693	1,776
Okatie	575,677	541,520	719,738	570,310	580,836	659,871	648,928	603,438	622,124	595,495
Hardeeville/ SoJasperCty	286,387	286,251	344,985	339,009	360,016	415,807	431,386	463,777	499,933	562,218
Town of Port Royal	219,256	224,853	245,109	243,975	262,068	276,678	313,261	321,582	314,197	316,616
Other/Special Commercial	1,380,157	1,609,660	1,704,835	1,646,886	1,671,285	1,825,249	1,717,156	1,616,005	1,859,855	1,607,033
Total Volume (thousands of gallons)	5,709,576	5,942,612	7,062,716	6,636,672	6,834,704	7,563,073	7,598,919	7,457,828	7,826,158	7,548,867

(1) Includes Town of Bluffton and Bluffton, Ashley Plantation Apts., Belfair, Chelsea, Colleton River, Pritchardville, Rose Hill, etc.

# WHOLESALE WATER REVENUES BY AREA AND AVERAGE REVENUE PER KGAL

Last ten fiscal years

	2015				2016				2017				2018				2019			
	Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue			
	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal		
Hilton Head PSD	852,633	\$1,110,409	\$1.30	538,925	\$812,457	\$1.51	1,125,264	\$1,555,262	\$1.38	1,039,001	\$1,460,476	\$1.41	985,829	\$1,471,892	\$1.49					
Fripp Island PSD	175,230	446,222	2.55	156,681	402,427	2.57	157,088	407,923	2.60	167,894	432,577	2.58	159,788	448,405	2.81					
Water Oak Utility(Moss Creek)	140,791	357,609	2.54	142,268	365,629	2.57	166,714	433,457	2.60	144,978	395,790	2.73	150,205	422,077	2.81					
Callawassie	73,970	167,172	2.26	60,334	139,372	2.31	98,998	230,665	2.33	82,940	206,521	2.49	87,630	228,714	2.61					
Harbor Island Utilities	28,410	83,240	2.93	28,349	84,199	2.97	29,203	87,609	3.00	25,867	80,968	3.13	30,791	93,692	3.04					
Warsaw-Eustis-Oaks	24,502	64,195	2.62	26,005	68,912	2.65	30,968	82,994	2.68	31,542	88,633	2.81	28,065	80,547	2.87					
Total Wholesale, excluding Navy	1,295,536	2,228,847	1.72	952,562	1,872,996	1.97	1,608,235	2,797,910	1.74	1,492,222	2,664,965	1.79	1,442,308	2,745,327	1.90					
US Department of the Navy:																				
Parris Island Recruit Depot	296,484	687,843	2.32	295,094	699,373	2.37	344,306	822,894	2.39	211,363	541,089	2.56	216,772	583,116	2.69					
Laurel Bay Housing	123,592	286,733	2.32	90,288	213,983	2.37	85,396	204,095	2.39	85,744	219,504	2.56	81,560	219,396	2.69					
MCAS Beaufort	73,171	169,757	2.32	59,071	139,997	2.37	80,812	193,136	2.39	95,729	245,070	2.56	80,542	216,656	2.69					
Naval Hospital	22,933	53,205	2.32	24,300	57,590	2.37	25,212	60,256	2.39	24,456	62,606	2.56	26,159	70,368	2.69					
Total Navy	516,180	1,197,538	2.32	468,753	1,110,943	2.37	535,726	1,280,381	2.39	417,292	1,068,269	2.56	405,033	1,089,536	2.69					
TOTAL WHOLESale	1,811,716	\$3,426,385		1,421,315	\$2,983,939		2,143,961	\$4,078,291		1,909,514	\$3,733,234		1,847,341	\$3,834,863						
	Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue			
	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal	Kgals	Revenue	per kgal		
Hilton Head PSD	603,904	\$982,118	\$1.63	638,084	\$1,030,216	\$1.61	754,288	\$1,222,326	\$1.62	672,322	\$1,158,859	\$1.72	661,653	\$1,270,499	\$1.92					
Fripp Island PSD	174,275	508,066	2.92	214,928	515,820	2.40	176,667	508,365	2.88	185,730	510,021	2.75	186,880	531,420	2.84					
Water Oak Utility(Moss Creek)	158,461	454,785	2.87	167,515	480,767	2.87	170,290	488,733	2.87	158,424	468,934	2.96	159,888	516,439	3.23					
Callawassie	95,775	258,595	2.70	96,155	259,617	2.70	93,812	256,105	2.73	87,180	249,099	2.86	90,764	284,093	3.13					
Harbor Island Utilities	26,481	88,176	3.33	37,364	95,450	2.55	28,063	97,940	3.49	30,574	111,877	3.66	30,522	117,813	3.86					
Warsaw-Eustis-Oaks	28,136	82,438	2.93	33,149	97,126	2.93	30,166	93,102	3.09	30,103	95,555	3.17	30,557	102,226	3.35					
Total Wholesale, excluding Navy	1,087,032	2,374,178	2.18	1,187,194	2,478,996	2.09	1,253,286	2,666,571	2.13	1,164,333	2,594,345	2.23	1,160,264	2,822,490	2.43					
US Department of the Navy:																				
Parris Island Recruit Depot	225,301	635,349	2.82	238,761	680,152	2.85	200,161	581,917	2.91	180,901	553,556	3.06	192,516	643,003	3.34					
Laurel Bay Housing	76,063	214,496	2.82	76,590	218,261	2.85	70,338	204,683	2.91	75,387	230,684	3.06	82,288	274,840	3.34					
MCAS Beaufort	85,237	240,363	2.82	60,220	171,591	2.85	63,981	183,111	2.86	55,932	171,152	3.06	55,644	186,929	3.36					
Naval Hospital	21,542	60,750	2.82	19,261	54,854	2.85	19,822	57,681	2.91	18,034	55,185	3.06	15,353	51,281	3.34					
Total Navy	408,143	1,150,958	2.82	394,832	1,124,857	2.85	354,302	1,027,392	2.90	330,254	1,010,577	3.06	345,801	1,156,053	3.34					
TOTAL WHOLESale	1,495,175	\$3,525,136		1,582,025	\$3,603,853		1,607,588	\$3,693,963		1,494,587	\$3,604,922		1,506,065	\$3,978,543						

# WHOLESALE CUSTOMER SALES TO TOTAL BILLINGS

Last ten fiscal years

The following table sets forth the total billings by the Authority to each of its wholesale customers for the fiscal years ended June 30:

	2015					2016					2017					2018					2019				
	% of Total		% of		Total	% of Total		% of		Total	% of Total		% of		Total	% of Total		% of		Total	% of Total		% of		Total
	Wholesale	Water	Revenue	Operating		Wholesale	Water	Revenue	Operating		Wholesale	Water	Revenue	Operating		Wholesale	Water	Revenue	Operating		Wholesale	Water	Revenue	Operating	
	Billings	Revenue	Revenue	Revenue		Billings	Revenue	Revenue	Revenue		Billings	Revenue	Revenue	Revenue		Billings	Revenue	Revenue	Revenue		Billings	Revenue	Revenue	Revenue	
Hilton Head No. 1 PSD	\$1,110,409	32.4%	4.8%	2.2%		\$812,457	27.2%	2.9%	1.4%		\$1,555,262	38.1%	5.8%	2.7%		\$1,460,476	39.1%	5.4%	2.4%		\$1,471,892	38.4%	5.1%	2.2%	
Frapp Island PSD	446,222	13.0%	1.9%	0.9%		402,427	13.5%	1.4%	0.7%		407,923	10.0%	1.5%	0.7%		432,577	11.6%	1.6%	0.7%		448,405	11.7%	1.6%	0.7%	
Moss Creek/Water Oak Utility	357,609	10.4%	1.5%	0.7%		365,629	12.3%	1.3%	0.6%		433,457	10.6%	1.6%	0.8%		395,790	10.6%	1.5%	0.7%		422,077	11.0%	1.5%	0.6%	
Callawassie Island	167,172	4.9%	0.7%	0.3%		139,372	4.7%	0.5%	0.2%		230,665	5.7%	0.9%	0.4%		206,521	5.5%	0.8%	0.3%		228,714	6.0%	0.8%	0.3%	
Harbor Island	83,240	2.4%	0.4%	0.2%		84,199	2.8%	0.3%	0.1%		87,609	2.1%	0.3%	0.2%		80,968	2.2%	0.3%	0.1%		93,692	2.4%	0.3%	0.1%	
Warsaw Eustis & Oaks	64,195	1.9%	0.3%	0.1%		68,912	2.3%	0.2%	0.1%		82,994	2.0%	0.3%	0.1%		88,633	2.4%	0.3%	0.1%		80,547	2.1%	0.3%	0.1%	
Total Wholesale Excluding Navy	2,228,847	65.0%	9.6%	4.4%		1,872,996	62.8%	6.6%	3.3%		2,797,910	68.6%	10.3%	4.9%		2,664,965	71.4%	9.9%	4.4%		2,745,327	71.6%	9.6%	4.2%	
United States Department of Navy																									
Parris Island Recruit Depot	687,843	20.1%	3.0%	1.4%		699,373	23.4%	2.5%	1.2%		822,894	20.2%	3.0%	1.4%		541,089	14.5%	2.0%	0.9%		583,116	15.2%	2.0%	0.9%	
Laurel Bay Housing	286,733	8.4%	1.2%	0.6%		213,983	7.2%	0.8%	0.4%		204,095	5.0%	0.8%	0.4%		219,504	5.9%	0.8%	0.4%		219,396	5.7%	0.8%	0.3%	
MCAS-Beaufort	169,757	5.0%	0.7%	0.3%		139,997	4.7%	0.5%	0.2%		193,136	4.7%	0.7%	0.3%		245,070	6.6%	0.9%	0.4%		216,656	5.6%	0.8%	0.3%	
Naval Hospital	53,205	1.6%	0.2%	0.1%		57,590	1.9%	0.2%	0.1%		60,256	1.5%	0.2%	0.1%		62,606	1.7%	0.2%	0.1%		70,368	1.8%	0.2%	0.1%	
Total Navy	1,197,538	35.0%	5.1%	2.4%		1,110,943	37.2%	3.9%	1.9%		1,280,381	31.4%	4.7%	2.2%		1,068,269	28.6%	3.9%	1.8%		1,089,536	28.4%	3.8%	1.7%	
Total Wholesale	3,426,385	100.0%	14.7%	6.8%		2,983,939	100.0%	10.6%	5.2%		4,078,291	100.0%	15.1%	7.1%		3,733,234	100.0%	13.8%	6.2%		3,834,863	100.0%	13.4%	5.9%	
	2020					2021					2022					2023					2024				
	% of Total		% of		Total	% of Total		% of		Total	% of Total		% of		Total	% of Total		% of		Total	% of Total		% of		Total
	Wholesale	Water	Revenue	Operating		Wholesale	Water	Revenue	Operating		Wholesale	Water	Revenue	Operating		Wholesale	Water	Revenue	Operating		Wholesale	Water	Revenue	Operating	
	Billings	Revenue	Revenue	Revenue		Billings	Revenue	Revenue	Revenue		Billings	Revenue	Revenue	Revenue		Billings	Revenue	Revenue	Revenue		Billings	Revenue	Revenue	Revenue	
Hilton Head No. 1 PSD	\$982,118	27.9%	3.2%	1.5%		\$1,030,216	28.6%	3.2%	1.5%		\$1,222,326	33.1%	3.7%	1.8%		\$1,158,859	32.1%	3.4%	1.6%		\$1,270,499	31.9%	3.3%	1.5%	
Frapp Island PSD	508,066	14.4%	1.6%	0.8%		515,820	14.3%	1.6%	0.7%		508,365	13.8%	1.5%	0.7%		510,021	14.1%	1.5%	0.7%		531,420	13.4%	1.4%	0.6%	
Moss Creek/Water Oak Utility	454,785	12.9%	1.5%	0.7%		480,767	13.3%	1.5%	0.7%		488,733	13.2%	1.5%	0.7%		468,934	13.0%	1.4%	0.6%		516,439	13.0%	1.3%	0.6%	
Callawassie Island	258,595	7.3%	0.8%	0.4%		259,617	7.2%	0.8%	0.4%		256,105	6.9%	0.8%	0.4%		249,099	6.9%	0.7%	0.3%		284,093	7.1%	0.7%	0.3%	
Harbor Island	88,176	2.5%	0.3%	0.1%		95,450	2.6%	0.3%	0.1%		97,940	2.7%	0.3%	0.1%		111,877	3.1%	0.3%	0.2%		117,813	3.0%	0.3%	0.1%	
Warsaw Eustis & Oaks	82,439	2.3%	0.3%	0.1%		97,126	2.7%	0.3%	0.1%		93,102	2.5%	0.3%	0.1%		95,555	2.7%	0.3%	0.1%		102,226	2.6%	0.3%	0.1%	
Total Wholesale Excluding Navy	2,374,179	67.3%	7.6%	3.6%		2,478,996	68.8%	7.7%	3.6%		2,666,571	72.2%	8.1%	3.9%		2,594,345	72.0%	7.6%	3.6%		2,822,490	70.9%	7.3%	3.4%	
United States Department of Navy																									
Parris Island Recruit Depot	635,349	18.0%	2.0%	1.0%		680,152	18.9%	2.1%	1.0%		581,917	15.8%	1.8%	0.8%		553,556	15.4%	1.6%	0.8%		643,003	16.2%	1.7%	0.8%	
Laurel Bay Housing	214,495	6.1%	0.7%	0.3%		218,261	6.1%	0.7%	0.3%		204,683	5.5%	0.6%	0.3%		230,684	6.4%	0.7%	0.3%		274,840	6.9%	0.7%	0.3%	
MCAS-Beaufort	240,363	6.8%	0.8%	0.4%		171,591	4.8%	0.5%	0.2%		183,111	5.0%	0.6%	0.3%		171,152	4.7%	0.5%	0.2%		186,929	4.7%	0.5%	0.2%	
Naval Hospital	60,750	1.7%	0.2%	0.1%		54,854	1.5%	0.2%	0.1%		57,681	1.6%	0.2%	0.1%		55,185	1.5%	0.2%	0.1%		51,281	1.3%	0.1%	0.1%	
Total Navy	1,150,957	32.7%	3.7%	1.7%		1,124,857	31.2%	3.5%	1.6%		1,027,392	27.8%	3.1%	1.5%		1,010,577	28.0%	3.0%	1.4%		1,156,053	29.1%	3.0%	1.4%	
Total Wholesale	3,525,136	100.0%	11.3%	5.3%		3,603,853	100.0%	11.2%	5.2%		3,693,963	100.0%	11.2%	5.3%		3,604,922	100.0%	10.6%	5.0%		3,978,543	100.0%	10.2%	4.8%	

# RETAIL WATER REVENUES BY AREA AND AVERAGE REVENUE PER KGAL

Last ten fiscal years

	<u>2015</u>				<u>2016</u>				<u>2017</u>				<u>2018</u>				<u>2019</u>			
	Kgals	Revenues	Avg revenue per kgal		Kgals	Revenues	Avg revenue per kgal		Kgals	Revenues	Avg revenue per kgal		Kgals	Revenues	Avg revenue per kgal		Kgals	Revenues	Avg revenue per kgal	
City of Beaufort	467,670	\$2,120,332	\$4.53		458,725	\$2,126,856	\$4.64		531,839	\$2,435,761	\$4.58		490,311	\$2,319,771	\$4.73		499,750	\$2,407,624	\$4.82	
Burton/Gray's Hill	398,952	1,869,030	4.68		384,809	1,850,905	4.81		408,382	1,979,104	4.85		426,395	2,059,341	4.83		414,130	2,062,823	4.98	
Lady's Island/Cat Island	412,959	1,845,986	4.47		400,275	1,834,889	4.58		493,296	2,199,676	4.46		468,105	2,131,502	4.55		490,913	2,259,398	4.60	
Point South	15,761	57,104	3.62		16,203	59,544	3.67		19,702	70,961	3.60		19,677	70,911	3.60		17,955	67,960	3.79	
St. Helena/Dataw Island	274,002	1,298,072	4.74		253,311	1,249,207	4.93		314,767	1,507,648	4.79		300,397	1,478,813	4.92		304,926	1,537,088	5.04	
Bluffton (1)	1,677,349	7,222,143	4.31		1,765,489	7,714,893	4.37		2,278,875	9,693,751	4.25		2,130,221	9,349,454	4.39		2,230,772	9,948,127	4.46	
Palm Key	1,406	9,350	6.65		1,516	9,844	6.49		1,188	9,126	7.68		1,386	9,981	7.20		2,053	13,625	6.64	
Okatie	575,677	2,713,923	4.71		541,520	2,635,227	4.87		719,738	3,319,832	4.61		570,310	2,829,032	4.96		580,836	2,935,159	5.05	
Hardeeville/SolaspertCty	286,387	1,278,191	4.46		286,251	1,314,968	4.59		344,985	1,562,849	4.53		339,009	1,573,330	4.64		360,016	1,707,724	4.74	
Town of Port Royal	219,256	982,738	4.48		224,853	1,026,252	4.56		245,109	1,122,142	4.58		243,975	1,133,815	4.65		262,068	1,221,951	4.66	
Other/Special Commercial	1,380,157	387,441	0.28		1,609,660	402,859	0.25		1,704,835	418,033	0.25		1,646,886	470,998	0.29		1,671,285	466,746	0.28	
Total Retail Revenues	5,709,576	\$19,784,310			5,942,612	\$20,225,444			7,062,716	\$24,318,883			6,636,672	\$23,426,948			6,834,704	\$24,628,225		

	<u>2020</u>				<u>2021</u>				<u>2022</u>				<u>2023</u>				<u>2024</u>			
	Kgals	Revenues	Avg revenue per kgal		Kgals	Revenues	Avg revenue per kgal		Kgals	Revenues	Avg revenue per kgal		Kgals	Revenues	Avg revenue per kgal		Kgals	Revenues	Avg revenue per kgal	
City of Beaufort	543,891	\$2,672,329	\$4.91		561,332	\$2,755,857	\$4.91		544,871	\$2,701,688	\$4.96		552,949	\$2,666,189	\$4.82		575,018	\$3,186,453	\$5.54	
Burton/Gray's Hill	436,673	2,226,991	5.10		447,278	2,281,298	5.10		435,595	2,269,520	5.21		450,147	2,268,837	5.04		448,185	2,596,683	5.79	
Lady's Island/Cat Island	516,077	2,433,643	4.72		521,617	2,475,245	4.72		521,385	2,507,288	4.81		524,355	2,679,634	5.11		515,741	3,031,929	5.88	
Point South	17,842	67,640	3.79		16,682	63,746	3.79		16,971	64,276	3.79		16,056	68,612	4.27		13,200	62,342	4.72	
St. Helena/Dataw Island	311,007	1,622,781	5.22		314,195	1,647,763	5.22		309,364	1,655,565	5.35		304,988	1,572,927	5.16		307,258	1,857,953	6.05	
Bluffton (1)	2,558,104	11,609,285	4.54		2,625,305	12,018,772	4.54		2,623,135	12,185,621	4.65		2,679,861	13,541,712	5.05		2,606,327	15,250,533	5.85	
Palm Key	1,874	12,529	6.69		1,778	12,343	6.69		1,705	12,328	7.23		1,693	8,808	5.20		1,776	10,667	6.01	
Okatie	659,871	3,337,138	5.06		648,928	3,312,648	5.06		603,438	3,186,661	5.28		622,124	3,169,144	5.09		595,495	3,503,926	5.88	
Hardeeville/SolaspertCty	415,807	2,031,622	4.89		431,386	2,155,517	4.89		463,777	2,386,839	5.15		499,933	2,465,449	4.93		562,218	3,186,452	5.67	
Town of Port Royal	276,678	1,329,405	4.80		313,261	1,492,143	4.80		321,582	1,541,004	4.79		314,197	1,514,662	4.82		316,616	1,746,006	5.51	
Other/Special Commercial	1,825,249	463,527	0.25		1,717,156	355,530	0.25		1,616,005	401,041	0.25		1,859,855	508,352	0.27		1,607,033	404,939	0.25	
Total Retail Revenues	7,563,073	\$27,806,890			7,598,919	\$28,570,861			7,457,828	\$28,911,832			7,826,158	\$30,464,326			7,548,867	\$34,837,883		

(1) includes Town of Bluffton and Bluffton, Ashley Plantation Apts., Belfair, Chelsea, Colleton River, Pritchardville, Rose Hill, etc.

# WASTEWATER FLOWS AND CAPACITIES BY PLANT

Last ten fiscal years

Plant	<u>2015</u>				<u>2016</u>				<u>2017</u>				<u>2018</u>				<u>2019</u>			
	Max Daily		Average		Max Daily		Average		Max Daily		Average		Max Daily		Average		Max Daily		Average	
	Average	Peak Flow	Capacity	Daily Flow	Average	Peak Flow	Capacity	Daily Flow	Average	Peak Flow	Capacity	Daily Flow	Average	Peak Flow	Capacity	Daily Flow	Average	Peak Flow	Capacity	Daily Flow
Cherry Point/Okatie	3,866,242	4,480,000	7,500,000	3,936,150	7,500,000	5,670,000	7,500,000	4,139,678	5,850,000	5,850,000	7,500,000	5,052,993	7,500,000	7,070,000	7,500,000	5,432,573	7,500,000	8,490,000	7,500,000	5,432,573
Hardeeville	429,300	1,350,000	1,010,000	413,800	1,010,000	1,790,000	1,010,000	464,359	2,410,000	2,410,000	1,010,000	531,254	2,700,000	2,010,000	2,700,000	489,247	2,700,000	2,050,000	2,700,000	489,247
Laurel Bay	336,966	640,000	750,000	405,200	750,000	970,000	750,000	397,378	770,000	770,000	750,000	389,915	750,000	790,000	750,000	395,381	750,000	760,000	750,000	395,381
Moss Creek	-	328,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	2,933	25,000	66,000	3,950	66,000	44,000	66,000	3,661	38,000	38,000	66,000	2,543	66,000	28,000	66,000	4,378	66,000	34,000	66,000	4,378
Palmetto Bluff	62,558	225,000	500,000	68,250	500,000	211,000	500,000	93,737	878,000	878,000	500,000	96,378	500,000	524,000	500,000	121,521	500,000	927,000	500,000	121,521
Point South	50,725	257,000	600,000	69,700	600,000	599,000	600,000	53,514	345,000	345,000	600,000	62,160	600,000	725,000	600,000	54,685	600,000	243,000	600,000	54,685
Port Royal Is. WRF	4,128,316	3,730,000	7,500,000	4,240,250	7,500,000	4,580,000	7,500,000	2,782,526	4,390,000	4,390,000	7,500,000	3,055,761	7,500,000	5,110,000	7,500,000	3,115,015	7,500,000	5,080,000	7,500,000	3,115,015
St. Helena	334,200	620,000	600,000	405,200	600,000	940,000	600,000	496,687	770,000	770,000	600,000	500,225	600,000	1,120,000	600,000	382,341	600,000	710,000	600,000	382,341
	18,854,000	11,327,000	18,526,000	18,526,000	14,804,000	15,451,000	18,526,000	14,804,000	15,451,000	15,451,000	18,526,000	14,804,000	15,451,000	17,377,000	20,216,000	17,377,000	20,216,000	18,294,000	20,216,000	17,377,000
Plant	<u>2020</u>				<u>2021</u>				<u>2022</u>				<u>2023</u>				<u>2024</u>			
	Max Daily		Average		Max Daily		Average		Max Daily		Average		Max Daily		Average		Max Daily		Average	
	Average	Peak Flow	Capacity	Daily Flow	Average	Peak Flow	Capacity	Daily Flow	Average	Peak Flow	Capacity	Daily Flow	Average	Peak Flow	Capacity	Daily Flow	Average	Peak Flow	Capacity	Daily Flow
Cherry Point/Okatie	5,649,069	8,402,200	7,500,000	5,858,978	7,500,000	6,958,500	7,500,000	6,134,725	6,868,733	6,868,733	7,500,000	6,355,600	7,500,000	7,185,500	7,500,000	6,544,500	7,500,000	8,657,800	7,500,000	6,544,500
Hardeeville	556,461	2,309,300	2,700,000	525,297	2,700,000	1,884,800	2,700,000	574,117	1,137,266	1,137,266	2,700,000	611,700	2,700,000	1,878,000	2,700,000	654,200	2,700,000	1,675,700	2,700,000	654,200
Laurel Bay	350,719	799,000	750,000	313,899	750,000	548,000	750,000	333,775	481,083	481,083	750,000	355,500	750,000	668,000	750,000	383,700	750,000	749,000	750,000	383,700
Moss Creek	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	9,607	30,100	66,000	3,317	66,000	115,000	66,000	2,250	18,533	18,533	66,000	3,800	66,000	37,200	66,000	3,800	66,000	91,000	66,000	3,800
Palmetto Bluff	202,251	451,200	500,000	136,027	500,000	283,500	500,000	105,217	168,450	168,450	500,000	107,900	500,000	193,000	500,000	139,000	500,000	305,600	500,000	139,000
Point South	59,326	256,500	600,000	54,256	600,000	173,800	600,000	53,847	53,932	53,932	600,000	53,100	600,000	181,000	600,000	53,800	600,000	225,400	600,000	53,800
Port Royal Is. WRF	3,385,257	6,182,500	7,500,000	3,184,528	7,500,000	4,104,100	7,500,000	3,530,033	4,475,266	4,475,266	7,500,000	3,621,400	7,500,000	5,350,200	7,500,000	3,931,200	7,500,000	6,121,400	7,500,000	3,931,200
St. Helena	208,533	455,672	600,000	177,326	600,000	343,064	600,000	201,618	289,530	289,530	600,000	190,430	600,000	438,685	600,000	202,031	600,000	467,752	600,000	202,031
	20,216,000	18,886,472	20,216,000	20,216,000	14,410,764	15,931,585	20,216,000	14,410,764	15,931,585	15,931,585	20,216,000	14,410,764	15,931,585	18,293,652	20,216,000	18,293,652	20,216,000	18,293,652	20,216,000	18,293,652

# WASTEWATER CUSTOMER BASE BY PLANT

Last ten fiscal years

Plant	2015			2016			2017			2018			2019		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Cherry Point/Okatie(1)	20,612	1,342	21,954	21,442	1,391	22,833	22,428	1,430	23,858	23,500	1,493	24,993	24,358	1,537	25,895
Hardeeville	2,040	258	2,298	2,268	261	2,529	2,458	271	2,729	2,696	290	2,986	3,131	290	3,421
Moss Creek	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	54	-	54	54	-	54	54	-	54	54	-	54	56	-	56
Point South	-	20	20	-	20	20	-	20	20	-	20	20	-	19	19
Port Royal Is. WRF	7,068	1,083	8,151	7,208	1,121	8,329	7,354	1,132	8,486	7,524	1,142	8,666	7,750	1,177	8,927
St. Helena	1,825	223	2,048	1,915	222	2,137	2,003	224	2,227	2,088	226	2,314	2,178	203	2,381
	31,599	2,926	34,525	32,887	3,015	35,902	34,297	3,077	37,374	35,862	3,171	39,033	37,473	3,226	40,699

Plant	2020			2021			2022			2023			2024		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Cherry Point/Okatie(1)	24,988	1,590	26,578	26,159	1,650	27,809	26,879	1,666	28,545	27,403	1,792	29,195	28,100	1,854	29,954
Hardeeville	3,649	305	3,954	4,362	323	4,685	5,056	331	5,387	6,059	354	6,413	6,992	380	7,372
Moss Creek	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	56	-	56	55	-	55	55	-	55	55	-	55	62	-	62
Point South	-	19	19	-	19	19	-	19	19	-	19	19	-	19	19
Port Royal Is. WRF	8,055	1,201	9,256	8,426	1,237	9,663	8,668	1,204	9,872	8,741	1,257	9,998	9,052	1,336	10,388
St. Helena	2,228	202	2,430	2,327	209	2,536	2,438	207	2,645	2,500	225	2,725	2,550	220	2,770
	38,976	3,317	42,293	41,329	3,438	44,767	43,096	3,427	46,523	44,758	3,647	48,405	46,756	3,809	50,565

(1) Cherry Point/Okatie Plant includes Palmetto Bluff customers, which are not separated for that system.



# WASTEWATER REVENUES BY AREA AND AVERAGE REVENUE PER KGAL BILLED

Last ten fiscal years

	2015					2016					2017					2018					2019				
	Avg		Avg		revenue	Avg		Avg		revenue	Avg		Avg		revenue	Avg		Avg		revenue	Avg		Avg		revenue
	Revenues	per kgal	Revenues	per kgal		Revenues	per kgal	Revenues	per kgal		Revenues	per kgal	Revenues	per kgal		Revenues	per kgal	Revenues	per kgal		Revenues	per kgal	Revenues	per kgal	
Billed Kgals	6,441	\$34,139	31,508	162,104	5.14	7,097	\$37,969	5,579	23,954	124,321	55.35	7,709	\$43,476	11,522	\$66,193	5.34	18,565	97,172	5.23	21,307	113,834	5.34	32,829	180,027	5.48
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bulk Revenues	37,949	196,243			5.17	34,556	180,504	29,533	154,169	5.22	29,533	154,169	26,274	140,648	5.35	32,829	180,027	26,274	140,648	5.35	32,829	180,027	32,829	180,027	5.48
Retail:																									
City of Beaufort (incl. Battery Shores)	384,942	2,627,860			6.83	375,279	2,690,398	410,965	2,854,372	7.17	410,965	2,854,372	401,073	2,907,022	7.25	399,333	2,956,444	401,073	2,907,022	7.25	399,333	2,956,444	399,333	2,956,444	7.40
Burton (incl. Gray's Hill, Irongate&Habersham)	98,820	589,586			5.97	97,070	626,133	108,575	672,787	6.45	108,575	672,787	110,716	717,324	6.48	111,419	742,347	110,716	717,324	6.48	111,419	742,347	111,419	742,347	6.66
Lady's Island (incl. Cat Island)	90,874	527,242			5.80	92,213	569,439	115,246	640,552	6.18	115,246	640,552	119,384	700,735	5.87	131,573	742,648	119,384	700,735	5.87	131,573	742,648	131,573	742,648	5.64
Point South	15,638	97,383			6.23	16,113	103,138	19,427	124,829	6.43	19,427	124,829	19,243	123,957	6.44	15,208	98,695	19,243	123,957	6.44	15,208	98,695	15,208	98,695	6.49
St. Helena (includes Dataw)	60,555	391,456			6.46	57,501	399,844	70,307	436,626	6.21	70,307	436,626	68,581	463,850	6.76	68,407	469,182	68,581	463,850	6.76	68,407	469,182	68,407	469,182	6.86
Bluffton	1,413,276	7,763,512			5.49	1,486,488	8,389,463	1,886,892	9,299,425	4.93	1,886,892	9,299,425	1,783,662	9,740,341	5.46	1,860,848	10,304,703	1,783,662	9,740,341	5.46	1,860,848	10,304,703	1,860,848	10,304,703	5.54
Palm Key	1,406	13,550			9.64	1,516	14,004	1,188	13,374	11.26	1,188	13,374	1,386	15,409	11.12	1,621	16,756	1,386	15,409	11.12	1,621	16,756	1,621	16,756	10.34
Oakatie	507,188	3,268,948			6.45	483,909	3,317,414	631,912	3,744,649	5.93	631,912	3,744,649	503,297	3,547,684	7.05	507,527	3,628,096	503,297	3,547,684	7.05	507,527	3,628,096	507,527	3,628,096	7.15
Hardeeville (incl. SolasperCity)	210,148	1,409,332			6.71	216,609	1,506,305	267,128	1,761,744	6.60	267,128	1,761,744	260,202	1,853,559	7.12	282,770	2,066,755	260,202	1,853,559	7.12	282,770	2,066,755	282,770	2,066,755	7.31
Shell Point	623	4,132			6.63	548	3,760	674	4,658	6.91	674	4,658	508	3,668	7.22	539	3,862	508	3,668	7.22	539	3,862	539	3,862	7.17
Town of Port Royal	172,445	1,139,407			6.61	175,671	1,199,388	193,993	1,297,784	6.83	193,993	1,297,784	197,908	1,377,341	6.96	218,366	1,498,151	197,908	1,377,341	6.96	218,366	1,498,151	218,366	1,498,151	6.86
Other /Revenue Adjustment (1)	89,768	58,214				93,747	59,053	141,097	70,610	6.10	141,097	70,610	101,535	61,155	6.03	117,430	65,129	101,535	61,155	6.03	117,430	65,129	117,430	65,129	
Total Retail Revenues	3,045,683	17,890,622			5.87	3,096,664	18,878,339	3,847,404	20,921,410	5.44	3,847,404	20,921,410	3,567,495	21,512,045	6.03	3,715,041	22,592,768	3,567,495	21,512,045	6.03	3,715,041	22,592,768	3,715,041	22,592,768	6.08
Total Wastewater	3,083,632	\$18,086,865				3,131,220	\$19,058,845	3,876,937	\$21,075,579		3,876,937	\$21,075,579	3,593,769	\$21,652,693		3,747,870	\$22,772,795	3,593,769	\$21,652,693		3,747,870	\$22,772,795	3,747,870	\$22,772,795	
Bulk:																									
Blue Granite	6,346	\$37,229			\$5.87	5,134	\$30,151	4,734	\$27,815	\$5.88	4,734	\$27,815	5,201	\$30,539	\$5.87	4,655	\$28,846	5,201	\$30,539	\$5.87	4,655	\$28,846	4,655	\$28,846	\$6.20
Resort Services	18,116	99,262			5.48	18,235	100,804	14,839	83,860	5.65	14,839	83,860	13,950	81,911	5.87	13,506	83,695	13,950	81,911	5.87	13,506	83,695	13,506	83,695	6.20
Other	-	-			-	-	-	-	-	-	-	-	5,606	32,917	5.87	-	-	5,606	32,917	5.87	-	-	-	-	-
Total Bulk Revenues	24,462	136,491			5.58	23,369	130,955	19,573	111,675	5.60	19,573	111,675	24,757	145,367	5.87	18,161	112,541	24,757	145,367	5.87	18,161	112,541	18,161	112,541	6.20
Retail:																									
City of Beaufort (incl. Battery Shores)	411,358	3,082,208			7.49	424,704	3,223,851	427,248	3,278,636	7.67	427,248	3,278,636	437,615	3,062,269	7.00	454,035	3,548,694	437,615	3,062,269	7.00	454,035	3,548,694	454,035	3,548,694	7.82
Burton (incl. Gray's Hill, Irongate&Habersham)	123,931	833,237			6.72	133,740	950,434	143,842	1,017,509	7.07	143,842	1,017,509	149,786	1,042,104	6.96	155,434	1,206,963	149,786	1,042,104	6.96	155,434	1,206,963	155,434	1,206,963	7.77
Lady's Island (incl. Cat Island)	143,273	774,563			5.41	132,514	810,837	148,532	893,748	6.02	148,532	893,748	161,746	1,117,205	6.91	170,101	1,312,217	161,746	1,117,205	6.91	170,101	1,312,217	170,101	1,312,217	7.71
Point South	17,562	118,473			6.75	16,373	111,078	16,668	112,478	6.78	16,668	112,478	15,679	115,217	7.35	12,944	106,593	15,679	115,217	7.35	12,944	106,593	12,944	106,593	8.23
St. Helena (includes Dataw)	66,262	460,847			6.95	67,073	502,926	67,388	526,477	7.81	67,388	526,477	67,425	461,753	6.85	71,173	544,125	67,425	461,753	6.85	71,173	544,125	71,173	544,125	7.65
Bluffton	2,118,792	11,274,487			5.32	2,024,343	11,872,035	2,158,452	12,602,553	5.84	2,158,452	12,602,553	2,225,695	15,290,090	6.87	2,198,736	16,842,758	2,225,695	15,290,090	6.87	2,198,736	16,842,758	2,198,736	16,842,758	7.66
Palm Key	1,874	17,203			9.18	1,694	18,824	1,643	19,497	11.87	1,643	19,497	1,650	11,165	6.77	1,781	13,419	1,650	11,165	6.77	1,781	13,419	1,781	13,419	7.53
Oakatie	577,698	3,938,107			6.82	546,861	4,041,881	546,262	4,130,907	7.56	546,262	4,130,907	555,617	3,804,434	6.85	542,490	4,145,279	555,617	3,804,434	6.85	542,490	4,145,279	542,490	4,145,279	7.64
Hardeeville (incl. SolasperCity)	318,176	2,348,171			7.38	330,869	2,623,076	361,493	2,975,579	8.23	361,493	2,975,579	406,721	2,832,150	6.96	459,766	3,564,739	406,721	2,832,150	6.96	459,766	3,564,739	459,766	3,564,739	7.75
Shell Point	416	3,085			7.42	395	2,938	607	4,302	7.09	607	4,302	675	4,960	7.35	-	-	675	4,960	7.35	-	-	-	-	-
Town of Port Royal	233,658	1,631,404			6.98	251,140	1,801,949	272,367	1,965,920	7.22	272,367	1,965,920	320,900	2,250,808	7.01	280,672	2,197,343	320,900	2,250,808	7.01	280,672	2,197,343	280,672	2,197,343	7.83
Other /Revenue Adjustment (1)	145,864	72,238				144,468	41,103	138,341	70,357	6.44	138,341	70,357	58,648	63,544	6.83	193	59,093	58,648	63,544	6.83	193	59,093	193	59,093	
Total Retail Revenues	4,158,864	24,554,023			5.90	4,074,174	26,000,934	4,282,843	27,597,964	6.38	4,282,843	27,597,964	4,402,157	30,055,699	6.83	4,347,325	33,541,223	4,402,157	30,055,699	6.83	4,347,325	33,541,223	4,347,325	33,541,223	7.72
Total Wastewater	4,183,326	\$24,690,514				4,097,543	\$26,131,888	4,302,416	\$27,709,639		4,302,416	\$27,709,639	4,426,914	\$30,201,066		4,365,486	\$33,653,764	4,426,914	\$30,201,066		4,365,486	\$33,653,764	4,365,486	\$33,653,764	

(1)Billing/revenue adjustments made after the monthly billing close. Other revenue includes reclaimed water.

## CUSTOMER STATISTICS

Number of customers at fiscal year-end

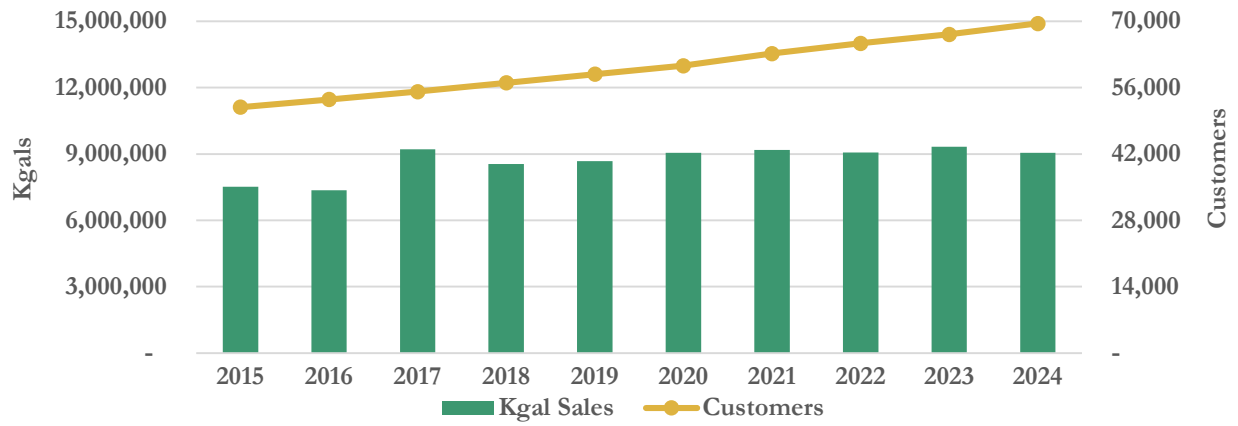
<u>Year</u>	<u>Number of Customers</u>				Ratio of Customers with Both services
	<u>Water</u>	<u>% Change</u>	<u>Wastewater</u>	<u>% Change</u>	
2010	46,282		29,214		63.12%
2011	46,788	1.1%	29,928	2.4%	63.97%
2012	47,804	2.2%	30,936	3.4%	64.71%
2013	48,992	2.5%	32,078	3.7%	65.48%
2014	50,371	2.8%	33,252	3.7%	66.01%
2015	51,876	3.0%	34,525	3.8%	66.55%
2016	53,507	3.1%	35,902	4.0%	67.10%
2017	55,139	3.1%	37,374	4.1%	67.78%
2018	57,012	3.4%	39,033	4.4%	68.46%
2019	58,841	3.2%	40,699	4.3%	69.17%
2020	60,631	3.0%	42,293	3.9%	69.75%
2021	63,190	4.2%	44,767	5.8%	70.85%
2022	65,344	3.4%	46,523	3.9%	71.20%
2023	67,247	2.9%	48,405	4.0%	71.98%
2024	69,515	3.4%	50,565	4.5%	72.74%

## BILLINGS AT FISCAL YEAR-END

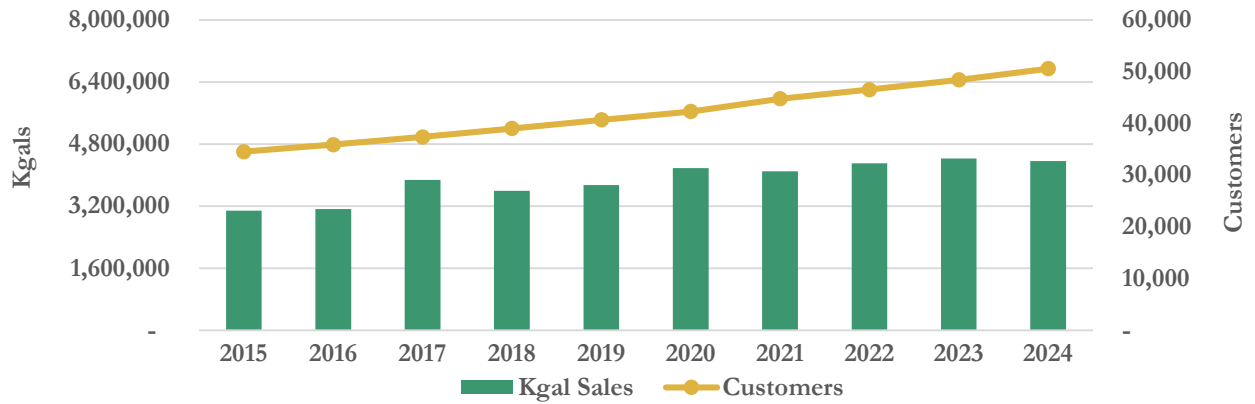
Reported in kgals (thousands of gallons)

<u>Year</u>	<u>Water</u>	<u>% Change</u>	<u>Wastewater</u>	<u>% Change</u>
2010	7,583,604		2,878,369	
2011	8,553,637	12.8%	3,141,176	9.1%
2012	8,559,110	0.1%	3,192,127	1.6%
2013	8,133,658	-5.0%	3,038,945	-4.8%
2014	7,443,912	-8.5%	2,995,058	-1.4%
2015	7,521,292	1.0%	3,083,632	3.0%
2016	7,363,927	-2.1%	3,131,220	1.5%
2017	9,206,677	25.0%	3,876,937	23.8%
2018	8,546,186	-7.2%	3,593,769	-7.3%
2019	8,682,045	1.6%	3,747,870	4.3%
2020	9,058,248	4.3%	4,183,326	11.6%
2021	9,180,944	1.4%	4,097,543	-2.1%
2022	9,065,416	-1.3%	4,302,416	5.0%
2023	9,320,745	2.8%	4,426,914	2.9%
2024	9,054,932	-2.9%	4,365,486	-1.4%

## WATER SALES AND CUSTOMER HISTORY



## WASTEWATER SALES AND CUSTOMER HISTORY



## WATER RATE COMPARISONS

Effective date

		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 Budget	
Commercial	Minimum	\$9.00	\$12.00	\$12.00	\$13.00	\$13.40	\$13.40	\$13.40	\$13.80	\$15.00	\$17.00	Basic Facilities Charge
	Usage	\$3.51	\$3.41	\$3.41	\$3.41	\$3.58	\$3.58	\$3.58	\$3.69	\$4.12	\$4.70	
Residential	Minimum	\$7.00	\$8.00	\$8.00	\$8.50	\$8.75	\$8.75	\$9.25	\$9.55	\$10.50	\$12.00	Basic Facilities Charge
	Usage	\$3.51	\$3.41	\$3.41	\$3.41	\$3.55	\$3.55	\$3.55	\$3.66	\$4.12	\$4.70	

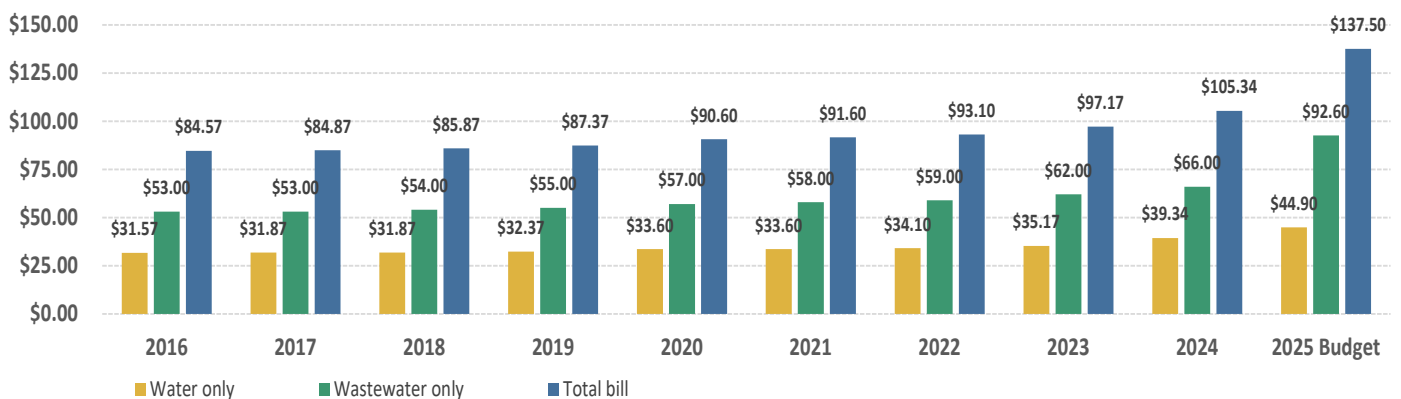
## WASTEWATER RATE COMPARISONS

Effective date

		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 Budget	
Commercial	Minimum	\$9.00	\$12.00	\$13.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.70	\$16.00	\$21.60	Basic Facilities Charge
	Per thousand gallons	\$6.28	\$6.28	\$6.28	\$6.28	\$6.59	\$6.59	\$6.59	\$6.92	\$7.50	\$10.13	
Residential	Minimum	\$9.00	\$10.00	\$11.00	\$12.00	\$12.00	\$13.00	\$14.00	\$14.70	\$16.00	\$17.50	Basic Facilities Charge
		\$6.28	\$6.18	\$6.18	\$6.18	\$6.49	\$6.49	\$6.49	\$6.81	\$7.15	\$7.51	
	Maximum per month	\$53.00	\$53.00	\$54.00	\$55.00	\$57.00	\$58.00	\$59.00	\$62.00	\$66.00	\$92.60	Residential Maximum

## MONTHLY WATER & WASTEWATER BILL FOR 7KGAL RESIDENTIAL CUSTOMER

The following chart shows the change in rates for an average customer (defined as 7 thousand gallons per month residential water usage) from fiscal year 2016 to fiscal year 2025 Budget, utilizing the fiscal year 2016 through 2024 rates as adopted, and the budgeted rate effective July 1, 2024, for fiscal year 2025.

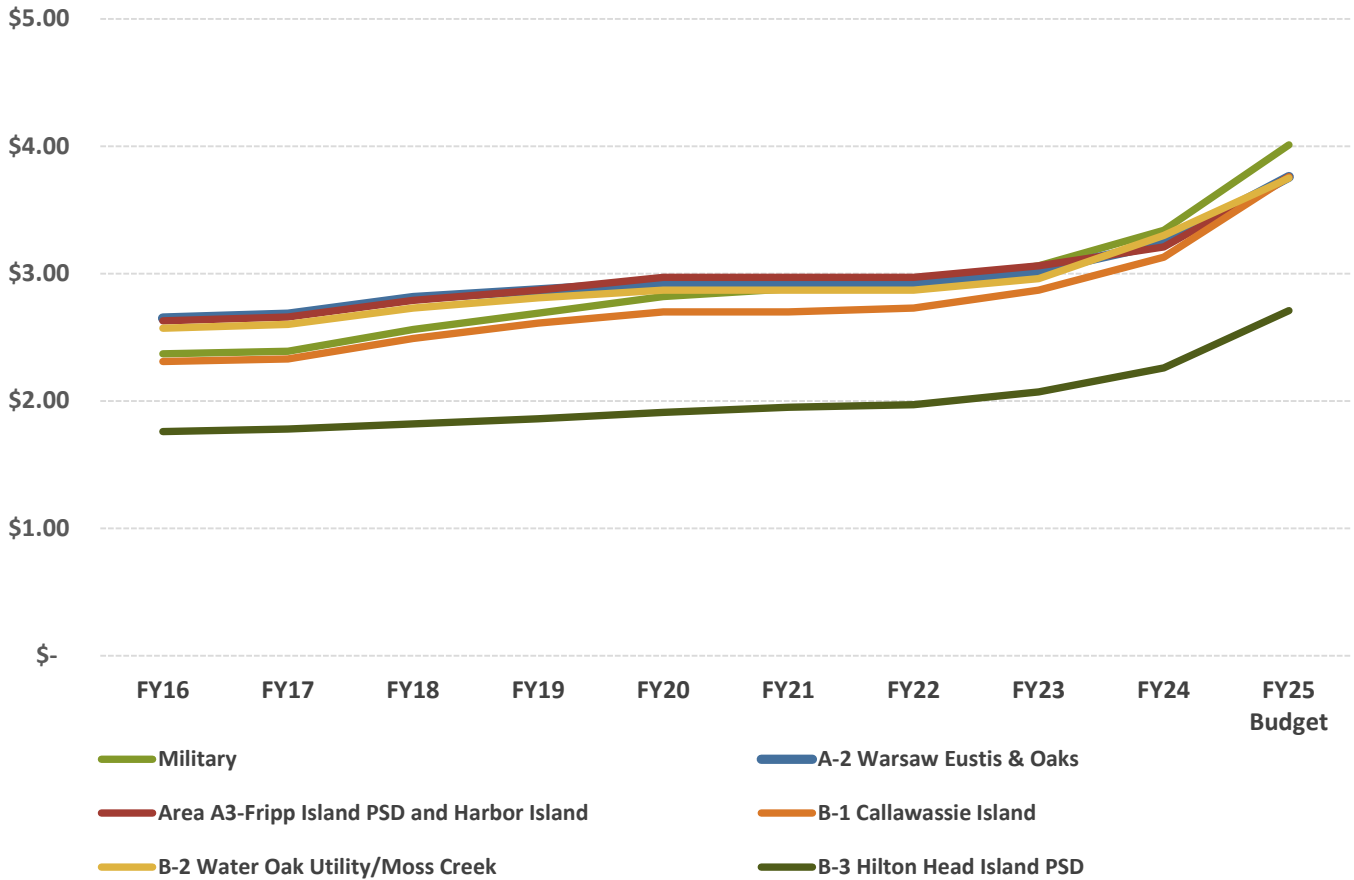


## WHOLESALE WATER RATES BY AREA

Effective date

Area	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 Budget
Military	\$2.37	\$2.39	\$2.56	\$2.69	\$2.82	\$2.88	\$2.91	\$3.06	\$3.34	\$4.01
A-2 Warsaw Eustis & Oaks	2.65	2.68	2.81	2.87	2.93	2.93	2.93	3.02	3.24	3.76
Area A3-Fripp Island PSD and Harbor Island	2.63	2.66	2.79	2.87	2.97	2.97	2.97	3.06	3.21	3.76
B-1 Callawassie Island	2.31	2.33	2.49	2.61	2.70	2.70	2.73	2.87	3.13	3.76
B-2 Water Oak Utility/Moss Creek	2.57	2.60	2.73	2.81	2.87	2.87	2.87	2.96	3.30	3.75
B-3 Hilton Head Island PSD	1.76	1.78	1.82	1.86	1.91	1.95	1.97	2.07	2.26	2.71

## WHOLESALE WATER RATE COMPARISON



## POPULATION/PER CAPITA INCOME

Last ten available years

<u>Year</u>	<u>South Carolina</u>		<u>Beaufort County</u>		<u>Jasper County</u>	
	<u>Population</u>	<u>Per Capita</u>	<u>Population</u>	<u>Per Capita</u>	<u>Population</u>	<u>Per Capita</u>
2013	4,771,929	35,831	171,569	45,222	26,710	23,747
2014	4,829,160	36,860	175,852	46,137	27,170	24,301
2015	4,894,834	38,783	179,589	48,134	27,824	25,951
2016	4,959,822	40,312	183,149	50,078	28,071	26,274
2017	5,024,369	41,633	186,844	52,763	28,458	27,762
2018	5,084,127	43,702	188,715	56,711	28,971	29,242
2019	5,148,714	45,438	192,122	59,318	30,073	31,488
2020	5,218,040	48,021	195,656	61,298	31,588	34,446
2021	5,193,266	52,828	192,007	70,506	30,456	42,070
2022	5,282,634	53,618	196,371	72,142	32,039	41,144

Sources: U.S. Census Bureau and Bureau of Economic Analysis

## WAGE/SALARY EMPLOYMENT NUMBER OF JOBS BY COUNTY (COMPARED TO STATE)

Last ten available years

<u>Year</u>	<u>South Carolina</u>	<u>Beaufort County</u>	<u>% of South Carolina</u>	<u>Jasper County</u>	<u>% South Carolina</u>
2015	2,112,034	68,118	3.23%	11,162	0.53%
2016	2,185,181	71,435	3.27%	11,836	0.54%
2017	2,213,831	72,842	3.29%	12,088	0.55%
2018	2,226,062	74,515	3.35%	12,316	0.55%
2019	2,291,363	78,558	3.43%	12,743	0.56%
2020	2,222,144	76,246	3.43%	12,373	0.56%
2021	2,307,087	76,995	3.34%	12,863	0.56%
2022	2,439,611	82,934	3.40%	13,885	0.57%
2023	2,471,034	82,568	3.34%	14,238	0.58%
2024	2,499,877	84,105	3.36%	14,501	0.58%

Source: SC Department of Employment and Workforce

## ECONOMIC STATUS – UNEMPLOYMENT RATE

Last ten fiscal years

<u>Year</u>	<u>South Carolina</u>	<u>Beaufort County</u>	<u>Jasper County</u>
2015	6.6%	6.0%	5.9%
2016	5.4%	5.2%	5.0%
2017	4.0%	4.0%	3.6%
2018	3.8%	3.4%	3.1%
2019	3.5%	3.3%	3.3%
2020	8.7%	7.4%	7.3%
2021	3.3%	3.7%	2.5%
2022	3.2%	3.2%	3.2%
2023	3.0%	2.8%	2.8%
2024	3.6%	4.6%	4.5%

Source: SC Department of Employment and Workforce



## PRINCIPAL EMPLOYERS

Current year and nine years ago

	2024			2015		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
BEAUFORT COUNTY						
(20 Largest Employers Listed Alphabetically)						
ATLANTIC PERSONNEL INC	*	*	*	*	*	*
BEAUFORT COUNTY SCHOOL DISTRICT	*	*	*	*	*	*
BEAUFORT MEMORIAL HOSPITAL	*	*	*	*	*	*
CARECORE NATIONAL LLC	*	*	*	*	*	*
COUNTY OF BEAUFORT	*	*	*	*	*	*
CYPRESS CLUB INC	*	*	*	*	*	*
DEPT OF DEFENSE	*	*	*	*	*	*
HARGRAY COMMUNICATION GROUP INC	*	*	*	*	*	*
LOWES HOME CENTERS INC	*	*	*	*	*	*
MARINE CORPS COMMUNITY SERVICES	*	*	*	*	*	*
MARRIOTT RESORTS HOSP CORP	*	*	*	*	*	*
MONTAGE HOTELS AND RESORTS LLC	*	*	*	*	*	*
PUBLIX SUPER MARKETS INC	*	*	*	*	*	*
SEA PINES RESORT LLC	*	*	*	*	*	*
SONESTA INT'L HOTELS CORPORATION	*	*	*	*	*	*
TECHNICAL COLLEGE OF THE LOWCOUNTRY	*	*	*	*	*	*
TENET PHYSICIAN SVCS OF HILTON HEAD	*	*	*	*	*	*
THE GREENERY INC	*	*	*	*	*	*
UNIVERSITY OF SOUTH CAROLINA	*	*	*	*	*	*
WAL-MART ASSOCIATES INC	*	*	*	*	*	*

Source: SC Department of Employment & Workforce

\* Specific information related to those employers was deemed confidential by the South Carolina Department of Employment & Workforce.

	2024			2015		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
JASPER COUNTY						
(20 Largest Employers Listed Alphabetically)						
AMERIGAS PROPANE INC	*	*	*	*	*	*
ATLANTIC PERSONNEL, INC.	*	*	*	*	*	*
CHARLES LEA CENTER LEASING COMPANY	*	*	*	*	*	*
CITY OF HARDEEVILLE	*	*	*	*	*	*
CLELAND CONSTRUCTORS INC	*	*	*	*	*	*
COASTAL CAROLINA MEDICAL CENTER INC	*	*	*	*	*	*
COASTAL WASTE AND RECYCLING INC	*	*	*	*	*	*
COMPASSION HEALTHCARE INC	*	*	*	*	*	*
CONGAREE GOLF PARTNERS LLC	*	*	*	*	*	*
COUNTY OF JASPER	*	*	*	*	*	*
EYM PIZZA OF SC LLC	*	*	*	*	*	*
JASPER COUNTY SCHOOL DISTRICT	*	*	*	*	*	*
O C WELCH FORD LINCOLN MERCURY INC	*	*	*	*	*	*
PALMETTO ELECTRIC CO OP INC	*	*	*	*	*	*
PUBLIX SUPER MARKETS INC	*	*	*	*	*	*
ROYAL LIVE OAKS ACADEMY RIDGELAND	*	*	*	*	*	*
SC DEPARTMENT OF CORRECTIONS	*	*	*	*	*	*
SC OPCO	*	*	*	*	*	*
SMYRNA READY MIX CONCRETE LLC	*	*	*	*	*	*
WAL-MART ASSOCIATES INC.	*	*	*	*	*	*

Source: SC Department of Employment & Workforce

\* Specific information related to those employers was deemed confidential by the South Carolina Department of Employment & Workforce.

## FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last ten fiscal years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Water										
Water Source of Supply	2.5	2.6	2.6	2.9	3.0	2.4	1.7	4.4	3.9	3.9
Water Treatment Ops	19.8	20.3	20.3	20.3	21.6	23.0	25.3	26.6	28.5	26.0
Transmission & Distribution	27.0	28.7	33.9	32.2	31.8	30.9	35.8	41.8	42.5	44.5
Wastewater										
Wastewater Treatment Ops	11.9	14.3	14.5	15.8	15.4	14.8	15.2	16.4	15.5	17.8
Collection & Transmission	32.1	33.2	37.8	35.3	35.7	33.4	37.5	39.5	38.8	42.8
Sludge Management Ops	0.7	0.9	0.9	1.0	1.0	1.0	1.0	0.8	0.8	1.0
Laboratory and Testing	5.0	5.0	6.0	4.5	4.5	4.5	4.5	4.5	6.0	6.5
Engineering	12.0	13.0	10.0	12.0	13.0	13.0	15.0	15.0	14.0	30.0
Customer Service	14.0	15.0	14.0	15.0	14.0	16.0	15.0	17.0	15.0	17.5
Billing and Meter Reading	11.0	11.0	4.0	8.0	8.0	8.0	9.0	8.0	10.0	10.0
Financial and Support Services	8.0	8.0	11.0	9.0	8.0	12.0	12.0	12.0	13.0	14.0
General & Administrative	12.0	12.0	12.0	13.0	13.0	13.0	14.0	18.0	18.0	14.0
Asset Management	-	-	-	-	-	3.0	3.0	3.0	4.0	6.0
Information Technology	5.0	4.0	7.0	9.0	9.0	6.0	7.0	6.0	7.0	9.0
Total	161.0	168.0	174.0	178.0	178.0	181.0	196.0	213.0	217.0	243.0

## TEN LARGEST WASTEWATER USERS

Fiscal year ended June 30, 2024

Ten largest wastewater users and any user representing 5.0% or more of total annual billed revenues

User Name	User's Service Or Business	2024 Billed Revenues	% of Total 2024 Billed Revenues
1 Beaufort Memorial	Hospital	\$125,482	0.37%
2 CR Bluestone, LLC	Multifamily Residential	\$117,275	0.35%
3 SC Preserve at Port Royal, LLC	Multifamily Residential	\$105,760	0.32%
4 Power Properties	Multifamily Residential	\$99,255	0.30%
5 SC Ridgeland Investors, LLC	Multifamily Residential	\$98,565	0.29%
6 Estate at Westbury	Multifamily Residential	\$97,029	0.29%
7 Beaufort County Council Finance Dept	County Government	\$89,090	0.27%
8 Resort Service	Laundry	\$84,605	0.25%
9 RAIA Self Storage Mahwah LLC	Multifamily Residential	\$81,253	0.24%
10 NEPSA Admin Services	Multifamily Residential	\$78,349	0.23%
Other		32,564,560	97.10%
Total wastewater revenues		<u>\$33,541,223</u>	

### Bulk sewer customers:

Total bulk customers	2
Total operating revenues	\$33,541,223
Wholesale (bulk) customer revenues	\$112,541
% of billed revenue	0.3%

## TEN LARGEST WATER USERS

Fiscal year ended June 30, 2024

Ten largest water users (not including bulk customers) and any user representing 5.0% or more of total annual billed revenues

	User Name	User's Service Or Business	2024 Billed Revenues	% of Total 2024 Billed Revenues
1	Dominion Energy	Regulated Utility	\$428,485	1.10%
2	Beaufort County	County Government	\$216,844	0.56%
3	CR Bluestone, LLC	Multifamily Residential	\$171,389	0.44%
4	Palms Assoc	Multifamily Residential	\$165,059	0.42%
5	SC Preserve at Port Royal LLC	Multifamily Residential	\$154,116	0.40%
6	Sun City Hilton Head Community Association	Residential Community	\$153,031	0.39%
7	American Homes 4 Rent	Multifamily Residential	\$150,366	0.39%
8	Beaufort Memorial	Hospital	\$147,143	0.38%
9	Estate at Westbury	Multifamily Residential	\$136,449	0.35%
10	Colleton River Club, Inc.	Multifamily Residential	\$133,500	0.34%
	Other (including Bulk Customers)		37,030,964	95.23%
	Total water revenues		<u>\$38,887,347</u>	
Bulk Water Users:				
	Hilton Head PSD	Public Service District	\$1,270,499	3.27%
	Parris Island Recruit Depot	Military Installation	\$643,003	1.65%
	Fripp Island PSD	Public Service District	\$531,420	1.37%
	Moss Creek/Water Oak Utility	Private Utility	\$516,439	1.33%
	Callawassie CUC, Inc.	Private Utility	\$284,093	0.73%
	Laurel Bay Housing	Military Installation	\$274,840	0.71%
	MCAS Beaufort	Military Installation	\$186,929	0.48%
	Harbor Island	Private Utility	\$117,813	0.30%
	Warsaw-Eustis & Oaks	Private Utility	\$102,226	0.26%
	Naval Hospital	Military Installation	\$51,281	0.13%
	Total wholesale revenues		<u>3,978,543</u>	10.23%
	Other water operating revenues		34,908,804	
	Total water revenues, including other		<u>\$38,887,347</u>	
Bulk water customers:				
	Total bulk customers		7	
	Total operating revenues		\$38,887,347	
	Wholesale (bulk) customer revenues		\$3,978,543	
	% of billed revenue		10.2%	

NOTE: Customers under one contract (i.e., military installations) are considered one bulk customer in total number of bulk customers. Military retail charge not included in Total Water Revenues.

# INSURANCE IN FORCE

Type of Coverage & Insurance Provider	Policy Number Policy Period	Details of Coverage	Limits of Liability
COMMERCIAL CRIME BOND			
Selective Insurance Co. of America	B6012126 1/23/24–1/23/2025	Employee dishonesty & theft of money and securities	\$100,000 bond (\$2,500 deductible) \$40,000 inside premise \$20,000 outside premise (\$250 deductible for each)
DATA PROCESSING			
SC State Budget & Control Board Insurance Reserve Fund	D130079725 1/24/24–1/24/2025	“All risk” coverage on computer equipment	\$3,448,000 limit (\$2,448,000 equipment; \$1,000,000 SCADA) \$1,000 deductible
BUILDING & PERSONAL PROPERTY			
SC State Budget & Control Board Insurance Reserve Fund	F130079725; F130079725A 1/24/24–1/24/2025	“All risk” coverage for direct physical loss or damage to covered property	\$5,000,000 per boiler/machinery accident; \$100,000 per ordinance & law; \$3,000 deductible
AUTOMOBILE LIABILITY & COLLISION			
SC State Budget & Control Board Insurance Reserve Fund	L130079725; C130079725 1/24/24–1/24/2025	Vehicle comprehensive, collision & liability	\$1,000,000 each accident; \$500 deductible per occurrence; \$1,000 medical each person
INLAND MARINE (MOBILE EQUIPMENT AND WELLS & BRIDGE LINES)			
SC State Budget & Control Board Insurance Reserve Fund	M130079725 1/24/25–1/24/2025	Heavy equipment, trailers, pumps and generators	\$3,231,095 limit for all property; deductible of 2% with \$500 minimum per occurrence; \$500 deductible
CYBER LIABILITY			
Travelers Insurance Enterprise Development	107281816 7/4/24–7/4/2025	Network & information security, communications & media liability, regulatory defense expenses	\$2,000,000 network & information Security; \$2,000,000 communications & media liability; \$2,000,000 regulatory defense
GENERAL TORT LIABILITY			
SC State Budget & Control Board Insurance Reserve Fund	T130079725 1/24/24–1/24/2025	Person injured, reputation marred, property damaged	\$1,000,000 per occurrence; \$250 deductible; \$15,000 basic legal defense; \$5,000 max sewer backup
WORKER'S COMPENSATION			
Accident Fund Ins. Co. of America	WCV6178632 1/1/24–1/1/2025	Employee injured on the job	Statutory coverage pursuant to Article 1, Chapter 7, title 42 of the SC Code of Laws
POLLUTION LEGAL LIABILITY			
Starr Surplus Lines Willis Group	100006766521 8/1/24–8/1/2027	Environmental liability	\$50,000 deductible each incident & \$10,000,000 limit each incident / \$10,000,000 aggregate
MANAGEMENT LIABILITY POLICY			
Travelers Insurance Enterprise Development	107281816 7/4/24–7/4/2025	Not for Profit individual and organization management liability declarations including employment practices claims	\$5,000,000 aggregate limit all loss; \$50,000 excess benefit transaction excise taxes; \$5,000,000 employment practices and other claims





**INDEPENDENT AUDITOR'S  
OTHER REPORTS SECTION**







## INDEPENDENT AUDITOR'S 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

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To the Board of Directors of the  
Beaufort-Jasper Water and Sewer Authority  
Okatie, 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, the financial statements of the **Beaufort-Jasper Water and Sewer Authority** (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 22, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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



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### **Report on Compliance and Other Matters**

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

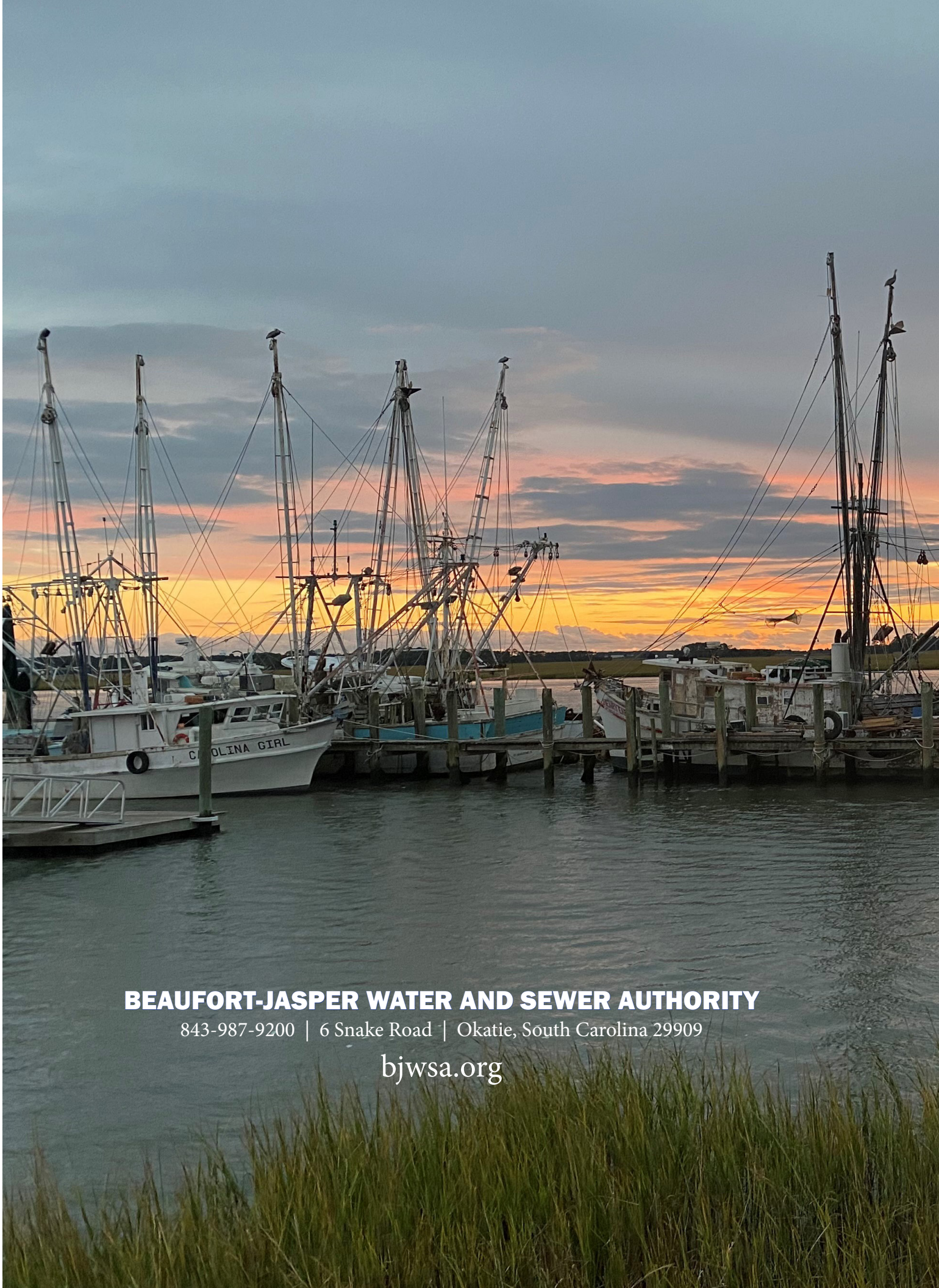
### **Purpose of This Report**

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

*Mauldin & Jenkins, LLC*

Savannah, Georgia  
November 22, 2024





**BEAUFORT-JASPER WATER AND SEWER AUTHORITY**

843-987-9200 | 6 Snake Road | Okatie, South Carolina 29909

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