



# **2023 Annual Comprehensive Financial Report**

For fiscal years June 30, 2023 and 2022

**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, 2023 and 2022

Prepared by:  
Finance Department

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Beaufort-Jasper Water & Sewer Authority Annual Comprehensive Financial Report  
For the Fiscal Years Ended June 30, 2023 and 2022

# TABLE OF CONTENTS

## Introductory Section

Letter of Transmittal .....	4
GFOA Certificate of Achievement .....	8
Board of Directors .....	9
Organizational Chart .....	10

## Financial Section

Independent Auditors' Report .....	12
Management's Discussion and Analysis .....	16
Financial Statements .....	26-58
Statements of Net Position for June 30, 2023 and 2022 .....	26
Statements of Revenues, Expenses, and Changes in Net Positions for June 30, 2023 and 2022 .....	28
Statements of Cash Flows for June 30, 2023 and 2022 .....	29
Notes to Financial Statements .....	30
Required Supplementary Information .....	59-60
Schedule of the Authority's Proportionate Share of the Net Pension Liability – Last Ten Fiscal Years .....	59
Schedule of the Authority's Contributions to the South Carolina Retirement System – Last Ten Fiscal Years .....	59
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios .....	60
Supplementary Financial Data .....	61-64
Budgetary Comparison Schedule for June 30, 2023 .....	61
Budgetary Comparison Schedule by Functional Classification for June 30, 2023 .....	62
Schedule of Expenses by Natural Classification-Budget and Actual for June 30, 2023 .....	64
Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2023 and 2022 .....	64

## Statistical Section

Statistical Contents .....	67
Financial Trends and Debt Capacity .....	68-71
Schedule of Changes in Revenues and Expenses, and Debt Service Coverage – Last Ten Fiscal Years .....	68
Schedule of Changes in Net Position – Last Ten Fiscal Years .....	69

# TABLE OF CONTENTS (continued)

## Statistical Section (continued)

Net Position at End of Year Graph .....	69
Net Position by Component – Last Ten Fiscal Years .....	70
Ratio Analysis .....	70
Ratio of Outstanding Debt by Type .....	71
Debt Service Coverage Analysis .....	71
Capital Assets .....	72
Detailed Schedule of Changes in Capital Assets – Last Ten Fiscal Years .....	72
Schedule of Total Capital Assets – Last Ten Fiscal Years .....	72
Revenue Capacity .....	73-79
Wholesale and Retail Water Sales Volume Historical Data – Last Ten Fiscal Years .....	73
Retail Water Sales Volume Historical Data – Last Ten Fiscal Years .....	73
Wholesale Water Revenues by Area and Average Revenue per Thousand Gallons (kgal) – Last Ten Fiscal Years .....	74
Wholesale Customer Sales to Total Billings – Last Ten Fiscal Years .....	75
Retail Water Revenues by Area and Average Revenue per Thousand Gallons (kgal) – Last Ten Fiscal Years .....	76
Wastewater Flows and Capacities by Plant – Last Ten Fiscal Years .....	77
Wastewater Customer Base by Plant – Last Ten Fiscal Years .....	78
Wastewater Revenues by Area and Average Revenue per Thousand Gallons (kgal) – Last Ten Fiscal Years .....	79
Demographic and Economic Information .....	80-85
Customer Statistics at Fiscal Year-End from 2009 .....	80
Billings at Fiscal Year-End from 2009 .....	80
Water Sales & Customer History Graph .....	81
Wastewater Sales & Customer History Graph .....	81
Water and Wastewater Ten-Year Rate Comparisons and Graph .....	82
Wholesale Water Rates by Area and Comparison Graph .....	83
Population/Per Capita Income .....	84
Wage/Salary Employment .....	84
Unemployment Rate .....	84
Principal Employers .....	85
Other Operational Information.....	86 - 88
Full-time Equivalent Employees by Function .....	86
Ten Largest Wastewater Users .....	86
Ten Largest Water Users .....	87
Insurance in Force .....	88

## Independent Auditor's Other Reports Section .....

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





INTRODUCTORY SECTION





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VERNA ARNETTE, PE, GENERAL MANAGER  
843.987.8044 (o)

December 11, 2023

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, 2023. 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, 2023.

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, 2023. 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, 2023 was 67,247 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 180,000. 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 48,405 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 228,410, 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, \$90 million to increase capacity at the Cherry Point Water Reclamation Facility to 11.25 MGD, and \$80 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 in the process of expanding the Purrysburg Water Treatment Plant and the Cherry Point Water Reclamation Facility. These expansions are to meet the growing water demand in southern Beaufort and Jasper counties. The Purrysburg expansion will bring the plant from its current capacity of 15 million gallons per day (MGD) to 30 MGD with considerations for an ultimate capacity of 45 MGD. The \$54 million project is being constructed in phases. Construction of the first phase, a clearwell and dewatering area, was completed in 2020 while the second phase, additional treatment capacity, began construction in the spring of 2023. The Cherry Point expansion is in the design and permitting phase.

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 Control (SCDHEC) 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 SCDHEC 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 annual SCDHEC Sanitary Survey for the main system was completed in 2023 with a satisfactory rating for the nineteenth consecutive year. This inspection by our state regulators encompasses 39 areas of compliance and an inspection of critical components of the water system, including treatment plants, wells, tank sites, booster pump stations, and distribution system operations.

The National Association of Clean Water Agencies (NACWA) Platinum Peak Performance Award was given to seven of the Authority's eight wastewater facilities for 2022. 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, 2022. This was the nineteenth 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,



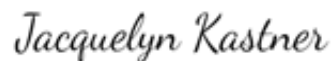
Sarah Linkimer, CPA

Deputy General Manager



Elizabeth Lowther, PMP, CFE

Chief of Finance and Support Services



Jackie 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, 2022

*Christopher P. Morill*

Executive Director/CEO



# Board of Directors



BEAUFORT COUNTY  
DELEGATION (HILTON HEAD)  
**James E. Baker, Jr.**  
Board Chair  
Executive Committee, Chair



CITY OF HARDEEVILLE  
**Gregory A. Padgett**  
Board Vice Chair  
Executive Committee  
Personnel Committee



JASPER COUNTY DELEGATION  
**William Singleton, Ed. D**  
Secretary/Treasurer  
Finance Committee  
Executive Committee



TOWN OF BLUFFTON  
**Michael L. Bell**  
Immediate Past Board Chair  
Capital Projects Committee



CITY OF BEAUFORT  
**Anderson M. Kinghorn, Jr.**  
Capital Projects Committee - Chair



JASPER COUNTY DELEGATION  
**Lorraine W. Bond**  
Capital Projects Committee



TOWN OF PORT ROYAL  
**David R. Strange**  
Finance Committee



BEAUFORT COUNTY  
**J. Robert McFee**  
Finance Committee - Chair



TOWN OF RIDGELAND  
**R. Thayer Rivers, Jr.**  
Personnel Committee

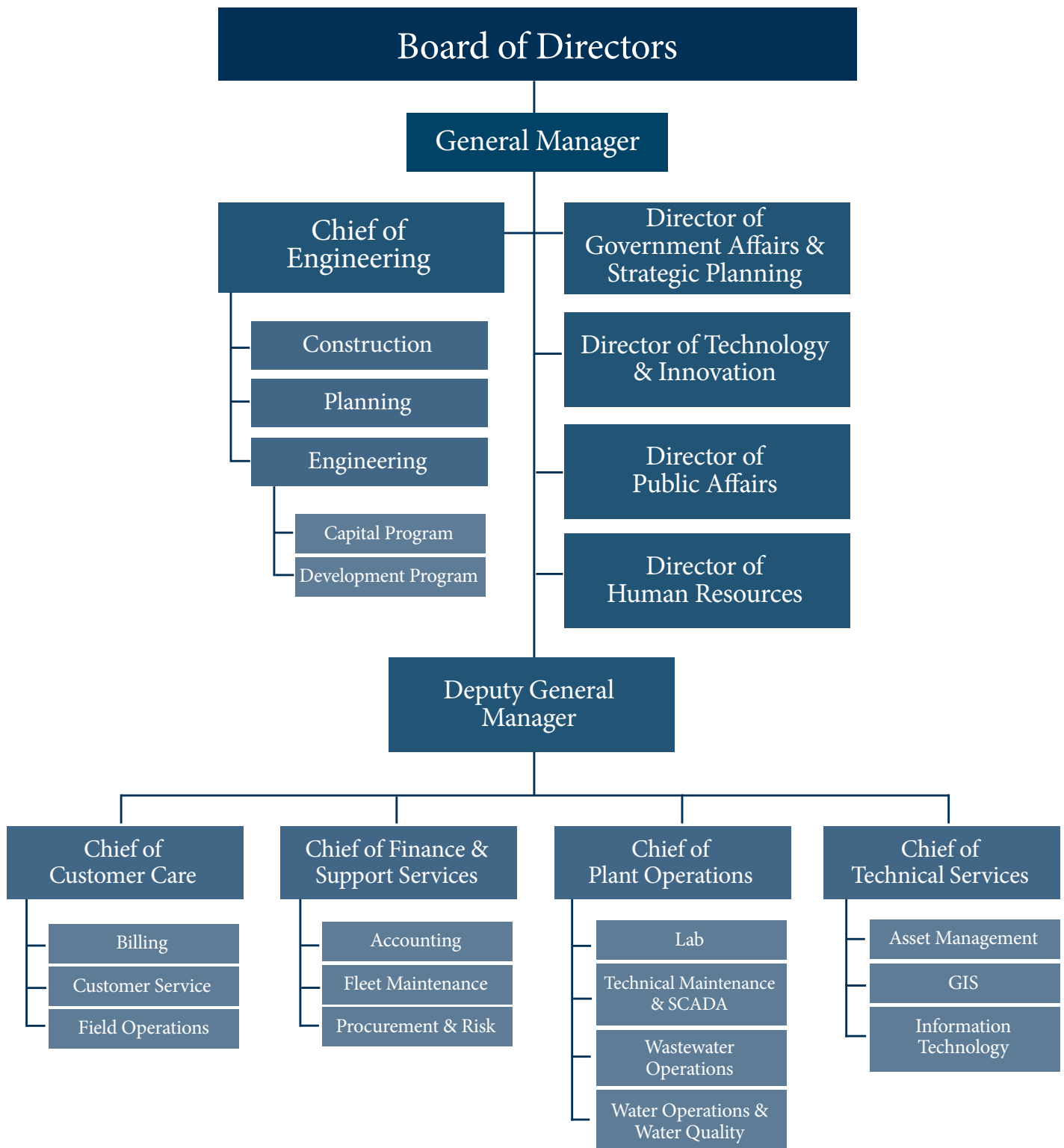


BEAUFORT COUNTY  
**Gerald H. Schulze**  
Personnel Committee - Chair



BEAUFORT COUNTY  
**Jefferson P. Ackerman, P.E.**  
Finance Committee

# BJWSA Organizational Chart



NOTE: Divisions are presented alphabetically.





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, 2023 and 2022, 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, 2023 and 2022, 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.

### ***Emphasis of Matter***

The Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription Based Information Technology Arrangements* ("SBITA"), as of July 1, 2021. This standard significantly changed the financial reporting for the Authority's SBITA's. Our opinion is not modified with respect to this matter.

### ***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.



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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.

***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 on pages 16–25, 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 on pages 59 and 60 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, 2023, the Budgetary Comparison Schedule by Functional Classification for June 30, 2023, the Schedule of Expenses by Natural Classification – Budget and Actual for June 30, 2023, and the Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2023 and 2022 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, 2023, the Budgetary Comparison Schedule by Functional Classification for June 30, 2023, the Schedule of Expenses by Natural Classification – Budget and Actual for June 30, 2023, and the Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2023 and 2022 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 December 11, 2023 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.



Savannah, Georgia  
December 11, 2023

# 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, 2023 and 2022. 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 \$82.2 million unrestricted net position, \$78.1 million is Board-designated for capital funding and \$4.1 million is available to provide for current operations. Unrestricted net position increased approximately \$16.3 million, or 25%, from prior year (as compared to an increase of approximately \$13.7 million, or 26%, from 2021 to 2022).
- Debt service coverage (excluding capacity fees) decreased from 193% to 174% for fiscal year 2023. It continues to remain above the 125% requirement established by the Board. This decrease in debt service coverage (excluding capacity fees) is largely the result of the increase in operating loss. Debt service coverage (including capacity fees) decreased from 331% to 264% for fiscal year 2023. It also continues to remain above the 120% required by the bond covenants.



- Total operating revenues for fiscal year 2023 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 this fiscal year.

Fiscal year 2022 total operating revenues were \$69.1 million, an increase of approximately 3.9%, or \$2.6 million, over the prior year primarily as a result of a rate increase combined with customer growth. The Authority reported an increase of 2,154 water customers and 1,756 wastewater customers at year end. Residential water consumption decreased 1.3% or 116,000 kgals (thousands of gallons), while residential wastewater usage increased 5% or 205,000 kgals from prior year. The average residential customer's monthly water consumption in kgals decreased from 6.52 to 6.15.

- Total operating expenses for fiscal year 2023 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. Total operating expenses excluding depreciation and amortization 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.

Fiscal year 2022 total operating expenses were approximately \$69.8 million, an increase of 3.4%, or \$2.3 million, from the prior year. Depreciation and amortization expense accounted for \$30.4 million of total operating expense and was an increase of approximately \$178 thousand over prior year. Excluding depreciation and amortization, total operating expenses were \$39.4 million, an increase of 5.7%, or \$2.1 million, from the prior year. Excluding depreciation and amortization, water operating expenses increased 2.3%, or \$500 thousand, from the prior year, and wastewater operating expenses increased 10.6%, or \$1.6 million, from the prior year. These changes are primarily attributed to increases in pension and other post retirement costs, professional fees, and chemical and power costs related to the increase in production.

- Operating loss was \$3.8 million for 2023 compared to an operating loss of \$673 thousand for 2022, a decrease in operating margin of approximately \$3.1 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 11.0% from prior year's operating ratio of \$1.76.

Fiscal year 2022 operating loss was \$673 thousand compared to operating loss of \$966 thousand for 2021, an increase in operating margin of approximately \$292 thousand. This resulted from an increase in water and wastewater revenues compared to prior year. For fiscal year 2022, \$1.76 was generated from operating revenues for every \$1.00 expensed (excluding depreciation, amortization and non-operating expenses), this was a decrease of 2.0% from prior year's operating ratio of \$1.79.

- Net cash provided by operating activities for 2023 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.

Fiscal year 2022 net cash provided by operating activities represented 44.0% of operating revenues compared to 49.1% in fiscal year 2021. The Authority generated \$30.4 million from operations to support capital and financing activities, a decrease of \$2.2 million or 6.9% over prior year.

- Capacity fees and developer contributions of systems were \$14.4 million and \$13.0 million, respectively, for fiscal year 2023. Capacity fees decreased \$7.6 million, or 34.4%, from prior year. Developer contributions, which were \$7.7 million in 2022, increased 67.5% or \$5.2 million in the current year. While capacity fees have decreased this year, the increase in developer contributions shows continued growth in the area.

Fiscal year 2022 capacity fees and developer contributions of systems were \$22.0 million and \$7.7 million, respectively. Capacity fees increased \$11.0 million, or 100.6%, from the prior year. Developer contributions, which were \$9.7 million in 2021, decreased 20.1% or \$2.0 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,			2022 to 2023		2021 to 2022	
	2023	2022	2021	Dollars	%	Dollars	%
Capital assets:				Increase (decrease)		Increase (decrease)	
Producing assets	\$369,853,017	\$379,224,461	\$393,697,646	\$(9,371,444)	-2.5%	\$(14,473,185)	-3.7%
Construction in progress	57,455,700	42,764,528	22,057,498	14,691,172	34.4%	20,707,030	93.9%
Current assets (including designated & restricted)	165,744,600	157,990,163	142,698,299	7,754,437	4.9%	15,291,864	10.7%
Other noncurrent assets	21,310,769	22,733,505	24,592,436	(1,422,736)	-6.3%	(1,858,931)	-7.6%
Total assets	614,364,086	602,712,657	583,045,879	11,651,429	1.9%	19,666,778	3.4%
Total deferred outflows of resources	9,893,729	9,782,490	9,526,736	111,239	1.1%	255,754	2.7%
Current liabilities	27,097,824	24,432,311	21,209,732	2,665,513	10.9%	3,222,579	15.2%
Long term liabilities	178,185,789	191,109,273	203,694,926	(12,923,484)	-6.8%	(12,585,653)	-6.2%
Total liabilities	205,283,613	215,541,584	224,904,658	(10,257,971)	-4.8%	(9,363,074)	-4.2%
Total deferred inflows of resources	11,574,630	11,116,175	7,547,276	458,455	4.1%	3,568,899	47.3%
Net position:							
Net investment in capital assets	324,758,042	319,491,664	307,512,533	5,266,378	1.6%	11,979,131	3.9%
Restricted for:							
Capital activity	415,244	415,246	415,244	(2)	0.0%	2	0.0%
Unrestricted	82,226,286	65,930,478	52,192,904	16,295,808	24.7%	13,737,574	26.3%
Total net position	\$407,399,572	\$385,837,388	\$360,120,681	\$21,562,184	5.6%	\$25,716,707	7.1%

Total net position as of June 30, 2023 was \$407.4 million, representing an increase of 5.6% from the prior year. Total net position increased by \$21.6 million from fiscal year 2022, as a result of an increase in current assets and construction in progress. In 2022, total net position increased by \$25.7 million or 7.1% from prior year. This increase was also due to an increase in current assets and construction in progress. Of the \$82.2 million unrestricted net position, \$78.1 million is Board-designated for capital funding and \$4.1 million is available to provide for current operations.

Producing assets decreased a net \$9.4 million (compared to a \$14.5 million decrease in 2022), which reflects additions of \$13.0 million from developer noncash contributions; \$2.8 million capitalized construction in progress (CIP) projects and \$5.1 million in capital purchases, as well as a decrease of \$30.3 million from depreciation. Major contributed capital additions include: East Argent (\$5.3 million); Latitude Hilton Head (\$2.1 million); Millstone Landing (\$616 thousand); and New River Village (\$551 thousand). These developments included pump stations in addition to water and wastewater lines. The \$5.1 million operating capital purchases consisted of \$1.6 million in capitalized meters and transponders, \$2.6 million in equipment purchases and vehicles, \$617 thousand in capitalized engineering salaries and \$346 thousand in subscription-based information technology arrangements. The Authority disposed of \$291 thousand in assets. Disposals in fiscal year 2023 primarily consisted of vehicles.

Construction in progress increased a net of \$14.7 million over prior year (compared to a net increase of \$20.7 million in 2022). The Authority expended \$17.5 million on capital assets related to construction projects during fiscal year 2023, with \$2.8 million completed and moved to producing assets. Major projects completed during fiscal year 2023 include: Basin Gravity Sewer System Rehab project (\$899 thousand); Point South Sewer System Rehab project (\$533 thousand); SCADA Plant Segmentation project (\$322 thousand); and Palm Key Wastewater Treatment Plant Liner Rehab (\$171 thousand).

Of the \$57.5 million in construction in progress at the end of fiscal year 2023, \$11.9 million is related to the Bluffton Parkway Water Main project, \$11.9 million to the Purrysburg Water Treatment Plant Expansion project, \$6.6 million to the Galvanized Waterline Replacement project, \$5.9 million to the North Street Transmission Main project, \$4.9 million to the Highway 170 Water Main Extension project, and \$3.5 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

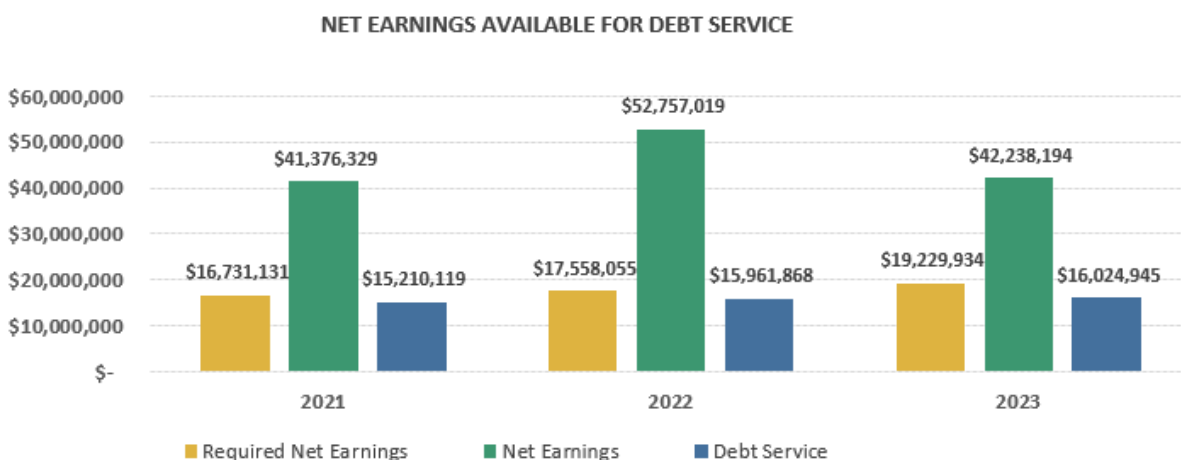
Long-term liabilities decreased \$12.9 million net over the prior fiscal year. In 2022, long-term liabilities decreased \$12.6 million net over the prior fiscal year primarily due to no new debt incurred during the year.

Net position to long-term debt increased from 2.64 for 2022 to 3.06 for 2023 as a result of an increase in net position during the year. This translates to each \$1 of long-term debt being represented by \$3.06 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 2023 and 2022 was 264% and 331%, respectively, including cash capital contributions, and 174% and 193%, 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 8 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:

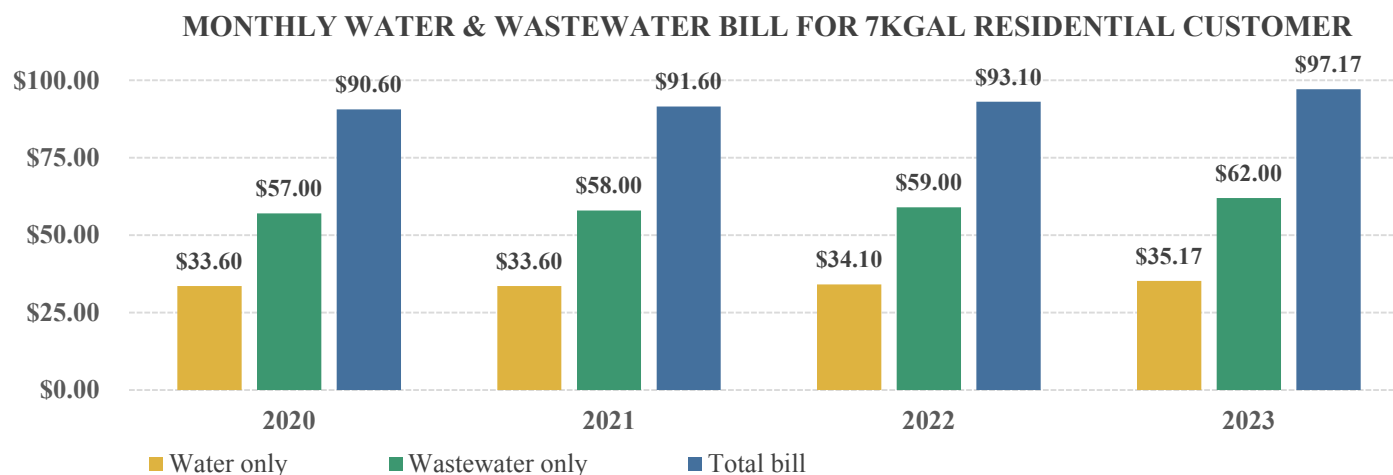
### CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Three year comparison – year ended June 30,

	2023	2022	2021	2023 to 2022 Actual		2022 to 2021 Actual	
	Actual	Actual	Actual	Dollars	%	Dollars	%
Revenues:				Favorable/(Unfavorable)			
Water service revenues	\$35,298,408	\$34,027,016	\$33,292,262	\$1,271,392	3.7%	\$734,754	2.2%
Other water revenues	3,822,928	3,970,745	3,889,531	(147,817)	-3.7%	81,214	2.1%
Wastewater service revenues	32,998,109	30,689,956	28,907,674	2,308,153	7.5%	1,782,282	6.2%
Other wastewater revenues	546,051	455,410	461,750	90,641	19.9%	(6,340)	-1.4%
Total operating revenues	72,665,496	69,143,127	66,551,217	3,522,369	5.1%	2,591,910	3.9%
Expenses:							
Operating, before depreciation and amortization, but including franchise fees							
Water operations	16,622,890	13,768,476	13,537,403	(2,854,414)	-20.7%	(231,073)	-1.7%
Wastewater operations	13,221,247	11,072,782	9,656,077	(2,148,465)	-19.4%	(1,416,705)	-14.7%
Depreciation and amortization - water	13,037,871	13,087,181	13,014,417	49,310	0.4%	(72,764)	-0.6%
Depreciation and amortization - wastewater	17,271,349	17,356,345	17,251,404	84,996	0.5%	(104,941)	-0.6%
General, administrative, customer service and engineering -water	9,821,705	8,752,852	8,478,193	(1,068,853)	-12.2%	(274,659)	-3.2%
General, administrative, customer service and engineering -wastewater	6,514,994	5,778,585	5,579,464	(736,409)	-12.7%	(199,121)	-3.6%
Total operating expenses	76,490,056	69,816,221	67,516,958	(6,673,835)	-9.6%	(2,299,263)	-3.4%
Operating income (loss)	(3,824,560)	(673,094)	(965,741)	(3,151,466)	-468.2%	292,647	30.3%
Non-operating revenue (expense):							
Interest expense	(3,899,971)	(4,199,229)	(3,715,324)	299,258	7.1%	(483,905)	-13.0%
Investment income	1,120,140	711,600	807,184	408,540	57.4%	(95,584)	-11.8%
Bond interest income	306,054	15,744	2,735	290,310	1843.9%	13,009	475.6%
Lease interest income	207,199	271,361	297,928	(64,162)	-23.6%	(26,567)	-8.9%
Military construction revenue	16,500	-	-	16,500	100.0%	-	0.0%
Litigation settlement	102,218	-	70,288	102,218	100.0%	(70,288)	-100.0%
Gain on sale of assets	138,580	54,032	113,223	84,548	156.5%	(59,191)	-52.3%
Decrease in net position, before contributions	(5,833,840)	(3,819,586)	(3,389,707)	(2,014,254)	-52.7%	(429,879)	-12.7%
Capital contributions:							
Grants	-	9,844	238,869	(9,844)	-100.0%	(229,025)	-95.9%
Capacity fees	14,426,395	22,003,826	10,971,337	(7,577,431)	-34.4%	11,032,489	100.6%
Developer contributions of systems	12,969,629	7,743,138	9,686,052	5,226,491	67.5%	(1,942,914)	-20.1%
Total capital contributions	27,396,024	29,756,808	20,896,258	(2,360,784)	-7.9%	8,860,550	42.4%
Increase(decrease) in net position	21,562,184	25,937,222	17,506,551				
Net position at beginning of year	385,837,388	360,120,681	342,218,480				
Cumulative effect of change in accounting principle	-	(220,515)	395,650				
Total Net Position	\$407,399,572	\$385,837,388	\$360,120,681				

Total operating revenues were \$72.7 million, an increase of 5.1%, or \$3.5 million, over the prior year primarily as a result of a rate increase combined with customer growth. From fiscal year 2022 to 2023, water customers increased 1,903 or 2.9% (compared to an increase of 2,154 or 3.4% from 2021 to 2022), and wastewater customers increased 1,882 or 4.0% (compared to an increase of 1,756 or 3.9% from 2021 to 2022). Retail residential and commercial water consumption figures, as measured by billings, increased 255,000 kgals (thousands of gallons) or 2.8% from prior year. Wastewater volume increased 124,000 kgals or 2.9% 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 2020 to fiscal year 2023, utilizing the fiscal year 2020, 2021, 2022, and 2023 rates as adopted.



The average usage for residential customers for water was 6.15 thousand gallons in 2022 and 6.11 thousand gallons in 2023, a decrease of 0.7%. The average usage for residential customers for wastewater was 6.11 thousand gallons in 2022 and 6.16 thousand gallons in 2023, an increase of 0.8%.

## 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 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.

Fiscal year 2022 total operating expenses were approximately \$69.8 million, an increase of 3.4%, or \$2.3 million from the prior year. Depreciation and amortization expense accounted for \$30.4 million of total operating expense and was a decrease of approximately \$178 thousand over prior year. Excluding depreciation and amortization, total operating expenses were \$39.4 million, an increase of 5.7% or \$2.1 million from the prior year.

Excluding depreciation and amortization, water operating expenses increased 2.3% or \$506 thousand from the prior year. The significant increases from the prior year primarily related to the following expenses:

- Water treatment (increased \$980 thousand or 17.4%) primarily due to dredging costs of the Chelsea alum pond; and
- General and administrative (increased \$275 thousand or 3.2%) primarily due to increases in salaries and wages, as well as increases in associated benefit costs.

Excluding depreciation and amortization, wastewater operating expenses increased 10.6%, or \$1.6 million from the prior year. The significant increases from the prior year primarily related to the following expenses:

- Collection and transmission (increased \$684 thousand or 15.3%) primarily due to necessary overtime costs related to the timely repairs of several service lines; and
- Wastewater treatment (increased \$578 thousand or 17.6%) primarily due to increases in maintenance costs of treatment equipment.

Water expense per kgal (unit cost) excluding depreciation increased from \$2.95 in 2021 to \$3.02 in 2022, or 2.4%, due to expenses increasing at a greater rate than consumption during the fiscal year. Wastewater expense per kgal (unit cost) excluding depreciation increased from \$3.72 in 2021 to \$3.92 in 2022 or 5.4%, 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 \$3.5 million, combined with the increase in operating expenses, excluding depreciation and amortization, of \$6.8 million resulted in the operating margin to decrease by \$3.3 million before depreciation and amortization. The actual 2023 operating loss was \$3.8 million compared to an operating loss of \$673 thousand in 2022, a decrease in operating margin of \$3.1 million.

For fiscal year 2023, \$1.57 was generated from operating revenues for every \$1.00 expensed (excluding depreciation, amortization and non-operating expenses), which decreased by \$0.19 or 11% 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 \$16.2 million, as compared to \$25.5 million prior year. At year end, the unrestricted cash balances were \$5.2 million below the Authority's target cash balance of \$21.4 million, which represents four months coverage for both operating expenses and debt service. The decline in the unrestricted cash balance relates to a new billing software implementation in March of 2023 that temporarily suspended water cut offs and late fees causing an increase of the accounts receivable balance for fiscal year end. The Authority anticipates the unrestricted cash and cash equivalents will return to the target cash balance for fiscal year 2024.

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			2023 to 2022	2022 to 2021
	2023	2022	2021	Variance	Variance
Total operating revenues	\$72,665	\$69,143	\$66,551	\$3,522	\$2,592
Net cash provided by operations	\$26,676	\$30,436	\$32,685	(\$3,760)	(\$2,249)
Net operating cash as a % of operating revenue	36.7%	44.0%	49.1%		

The Authority was able to generate \$26.7 million from operations to support capital and financing activities, as a result of an increase in expenses, compared to prior year, which generated \$30.4 million from operations. The Authority spent \$8.5 million for investing activities in current year, compared to generating \$1.0 million in prior year.

Cash payments for construction and acquisition of capital assets decreased from \$27.4 million in 2022 to \$23.3 million in 2023. The \$23.3 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 \$11.8 million, compared to \$11.3 million in prior year. The \$26.7 million generated from operating activities combined with the \$32.6 million net payments for investing and financing activities, resulted in a decrease in cash and cash equivalents of \$5.9 million for 2023, as compared to an increase of \$14.7 million for 2022.

## 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 October 1, 2022:

Water Capacity	\$1,923/Residential Equivalent Unit (\$4.81/gpd x 400 gallons)
Wastewater Capacity	\$4.396/Residential Equivalent Unit (\$14.65/gpd x 300 gallons)

Prior to this fee increase, the cost per residential equivalent unit (REU) of water and wastewater was \$1,560 and \$3,720, respectively.

On June 23, 2022, the Board adopted the following change in capacity fees beginning July 1, 2023 as follows:

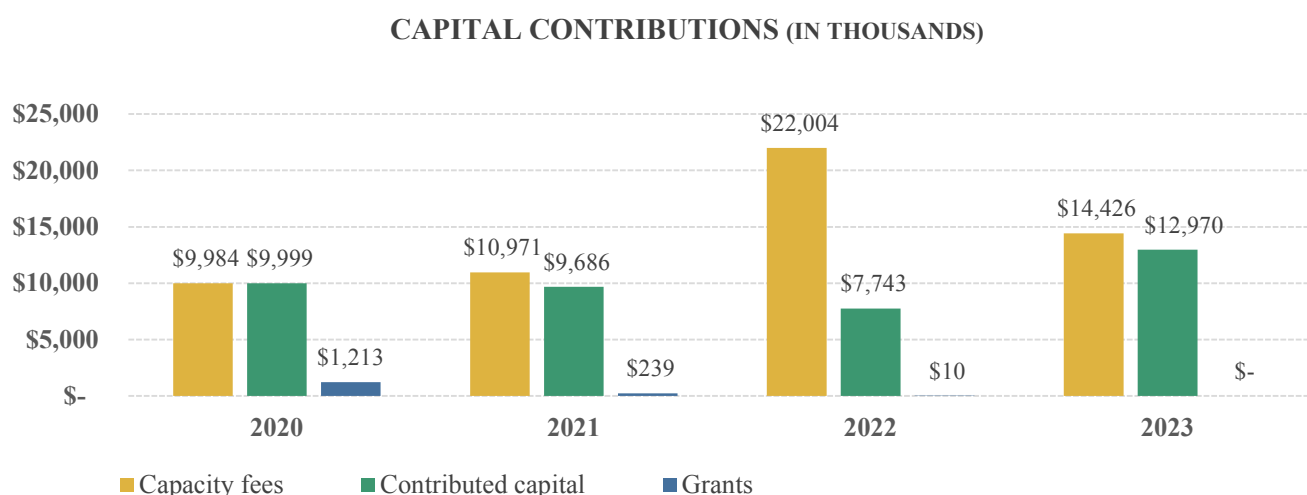
Effective July 1, 2023:

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 decreased 34.4% or \$7.6 million for 2023, as compared to 2022. 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 \$13.0 million during fiscal year 2023. The developments at East Argent (\$5.3 million); Latitude Hilton Head (\$2.1 million); Millstone Landing (\$616 thousand) and New River Village (\$551 thousand) accounted for 66% 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 five fiscal years:



In fiscal year 2023 the Authority received \$0 in Grants. In fiscal year 2022 the Authority received \$9,844 in South Carolina Recovery Assistance Grants.

## Capital Assets

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.

During the year ended June 30, 2022, the Authority received approximately \$7.7 million in contributed capital, spent approximately \$23.8 million on the capital improvement program and spent \$5.5 million on operating capital (meters, equipment and vehicles). Disposals of assets were recorded in the amount of \$122 thousand, with a net gain on disposals of assets relating to equipment, vehicle and scrap sales for the year in the amount of \$54 thousand.

Additional information in changes in capital assets can be found in Note 7 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 nation-wide high inflation and housing prices remaining high in our area. Both Beaufort and Jasper Counties experienced a decrease in unemployment rates from 3.2% in 2022 to 2.8% in 2023. Both localities had rates lower than the national unemployment rate of 3.6% and the South Carolina unemployment rate of 3.0% as of June 30, 2023. Beaufort County has seen an increase of 2.3% in population, and Jasper County has seen an increase of 2.2% in population over this past year. 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	
	2023	2022
Assets		
Current Assets:		
Cash and cash equivalents	\$16,202,339	\$25,544,621
Investments	9,961,674	-
Accounts receivable	10,392,562	8,363,703
Inventory and other assets	2,807,240	1,146,008
Total current assets (unrestricted)	39,363,815	35,054,332
Designated & restricted assets:		
Cash and cash equivalents - Designated	81,525,157	65,867,499
Cash and cash equivalents - Restricted	44,803,452	56,996,462
Designated receivables	52,176	71,870
Total designated & restricted assets	126,380,785	122,935,831
Total current assets	165,744,600	157,990,163
Noncurrent Assets:		
Capital assets		
Land and land rights	10,635,337	10,635,337
Administrative facilities	15,389,554	15,389,554
Water systems	332,827,751	326,722,251
Wastewater systems	461,003,253	449,413,065
Equipment	26,436,795	24,788,804
Subscription-based information tech. arrangements	1,705,124	1,358,958
Vehicles	8,032,772	7,075,708
Total depreciable capital assets	856,030,586	835,383,677
Less accumulated depreciation and amortization	(486,177,569)	(456,159,216)
Total depreciable capital assets, net	369,853,017	379,224,461
Construction work in progress	57,455,700	42,764,528
Total capital assets	427,308,717	421,988,989
Other Assets		
Conservation Easements	534,125	534,125
ISM Receivable-Department of the Navy	15,373,928	16,581,378
Leases Receivable	5,402,716	5,618,002
Total other assets	21,310,769	22,733,505
Total noncurrent assets	448,619,486	444,722,494
Total assets	614,364,086	602,712,657
Deferred outflows of resources		
Deferred amounts on advance refundings	693,074	879,531
Pensions	4,863,262	4,036,226
Other post retirement benefits	4,337,393	4,866,733
Total deferred outflows of resources	\$9,893,729	\$9,782,490

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

# STATEMENTS OF NET POSITION (continued)

	June 30	
	2023	2022
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$8,377,520	\$4,643,006
Accrued wages and benefits	2,056,713	2,262,932
Subscription liability	165,264	298,294
Revenue bonds	3,979,951	4,218,295
State revolving fund	2,363,864	2,363,697
Notes payable	661,454	629,957
Total current liabilities (unrestricted)	17,604,766	14,416,181
Current liabilities payable from designated & restricted assets:		
Accounts payable for capital items	3,459,200	4,007,700
Revenue bonds	4,730,049	4,592,705
State revolving fund	9,418	4,542
Interest payable	1,294,391	1,411,183
Total current liabilities payable from designated & restricted assets	9,493,058	10,016,130
Total current liabilities	27,097,824	24,432,311
Long term liabilities:		
Revenue bonds	94,361,956	104,543,460
State revolving fund	31,119,926	33,112,551
Notes payable	7,830,681	8,492,135
Net pension liability	27,662,250	23,334,437
Other post retirement benefits liability	16,681,487	21,156,233
Subscription liability	115,855	56,823
Unearned revenue-Levy projects	413,634	413,634
Total long term liabilities	178,185,789	191,109,273
Total liabilities	205,283,613	215,541,584
Deferred inflows of resources		
Pensions	317,888	3,781,975
Other post retirement benefits	6,372,394	1,977,387
Leases	4,884,348	5,356,813
Total deferred inflows of resources	11,574,630	11,116,175
Net position:		
Net investment in capital assets	324,758,042	319,491,664
Restricted for:		
Capital activity	415,244	415,246
Unrestricted	82,226,286	65,930,478
Total net position	\$407,399,572	\$385,837,388

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,	
		2023	2022
Operating revenues:			
Water:	Wholesale	\$3,604,922	\$3,693,963
	Retail	30,533,278	29,172,845
	Military Retail	1,160,208	1,160,208
	Other	3,822,928	3,970,745
Total water revenues		39,121,336	37,997,761
Wastewater:	Service	30,201,065	27,892,912
	Military Retail	2,797,044	2,797,044
	Other	546,051	455,410
Total wastewater revenues		33,544,160	31,145,366
Total operating revenues		72,665,496	69,143,127
Operating expenses:			
Water:	Source of supply	875,896	806,933
	Water treatment	8,424,984	6,605,322
	Transmission and distribution	5,758,974	4,983,144
	Laboratory and testing	524,061	374,363
	Franchise fee	1,038,975	998,714
	Depreciation and amortization	13,037,871	13,087,181
	General, administrative, customer service and other	9,821,705	8,752,852
Total water operating expenses		39,482,466	35,608,509
Wastewater:	Collection and transmission	5,710,168	5,165,323
	Wastewater treatment	4,858,202	3,856,199
	Wastewater disposal	295,541	302,793
	Sludge management	1,078,746	507,261
	Laboratory and testing	300,634	329,610
	Franchise fee	977,956	911,596
	Depreciation and amortization	17,271,349	17,356,345
	General, administrative, customer service and other	6,514,994	5,778,585
Total wastewater operating expenses		37,007,590	34,207,712
Total operating expenses		76,490,056	69,816,221
Operating income (loss)		(3,824,560)	(673,094)
Non-operating revenue (expense):			
	Interest expense	(3,899,971)	(4,199,229)
	Investment income	1,119,940	711,400
	Bond interest income	306,054	15,744
	Lease interest income	207,199	271,361
	Lease income	16,500	-
	Easement revenue	200	200
	Litigation settlement	102,218	-
	Net gain on disposal of assets	138,580	54,032
Total non-operating revenue (expense)		(2,009,280)	(3,146,492)
Decrease in net position, before capital contributions		(5,833,840)	(3,819,586)
Capital contributions:			
	Grants	-	9,844
	Capacity fees, net of bad debt	14,426,395	22,003,826
	Developer contributions of systems	12,969,629	7,743,138
Total capital contributions		27,396,024	29,756,808
Increase in net position		21,562,184	25,937,222
Net position at beginning of year		385,837,388	360,120,681
Cumulative effect of change in accounting principle			(220,515)
Net position at end of year		\$407,399,572	\$385,837,388

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

## STATEMENTS OF CASH FLOWS

		Year Ended June 30,	
		2023	2022
Cash flows from operating activities:			
Cash received from customers		\$70,636,636	\$68,654,053
Cash paid for wages and benefits		(21,411,858)	(18,736,273)
Cash paid to suppliers		(22,548,653)	(19,481,567)
Net cash provided by operating activities		26,676,125	30,436,213
Cash flows from investing activities:			
Proceeds/(purchases) of investments		(9,961,674)	-
Interest and investment income (loss)		1,477,087	998,505
Net cash used in investing activities		(8,484,587)	998,505
Cash flows from capital and related financing activities:			
Purchase/construction of property, plant, and equipment		(23,272,786)	(27,437,176)
Proceeds from sale of assets		139,137	68,789
Proceeds from issuance of long term debt		380,656	4,347,863
Principal payments on debt		(11,809,195)	(11,346,792)
Interest paid on borrowings		(5,301,810)	(5,701,136)
Grant capital contributions		19,695	9,844
Military construction reimbursements		1,207,450	1,161,008
Litigation settlements		102,218	-
Proceeds from easements		200	200
Proceeds from leases		16,500	-
Change in lease receivable		215,286	697,923
Change in deferred inflow - leases		(472,465)	(817,594)
Subscription liability		59,032	56,823
Cumulative effect of change in principle		220,515	175,135
Capacity fees, collected or received		14,426,395	22,003,826
Net cash used in financing activities		(24,069,172)	(16,781,287)
Increase (decrease) in cash and cash equivalents		(5,877,634)	14,653,431
Cash and cash equivalents at beginning of year		148,408,582	133,755,151
Cash and cash equivalents at end of year		142,530,948	148,408,582
Reconciliation to statements of net position:			
Unrestricted cash and cash equivalents		16,202,339	25,544,621
Designated cash and cash equivalents		81,525,157	65,867,499
Restricted cash and cash equivalents		44,803,452	56,996,462
Total cash and cash equivalents		142,530,948	148,408,582
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss		(3,824,560)	(673,094)
Adjustments:			
Depreciation and amortization		30,309,220	30,443,526
Changes in assets and liabilities			
Decrease (increase) in:	Receivables, excluding interest income	(2,028,859)	(489,073)
	Inventory and other assets	(1,661,232)	(149,360)
Increase (decrease) in:	Accounts payable and accrued expenses	3,395,265	704,877
	Other Post Retirement Benefits deferred inflows/	449,601	1,168,585
	outflows and liability		
	Pension deferred inflows/outflows and liability	36,690	(569,248)
Net cash provided by operating activities		\$26,676,125	\$30,436,213
Noncash activities:			
Developer contributions of systems		\$12,969,629	\$7,743,138
Principal reduction of note payable-Department of the Navy		(629,957)	(599,958)

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



# NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

## 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. This reclassification had a cumulative effect of change in accounting principle of \$220,515 to net position as of June 30, 2022.

### 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 \$3.2 million and \$3.4 million as of June 30, 2023 and 2022, 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 \$1.7 million and \$1.0 million as of June 30, 2023 and 2022, 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, 2023 and 2022.

## 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 8.2% and 8.0% for fiscal years ended June 30, 2023 and 2022, 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 2023 beginning compensated absences were valued in the amount of \$659 thousand, \$569 thousand in benefits were earned, \$510 thousand in benefits were taken, and \$70 thousand in benefits were waived as a result of employees exceeding the Authority's maximum transferrable hours of 160. As of June 30, 2023, compensated absences were valued in the amount of \$649 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 pensions for the net difference between projected and actual investment earnings are amortized over a five 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 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 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 2023 and 2022. 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 2024.

## 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. Change in Accounting Principle

The Authority implemented GASB No. 96, Subscription-Based Information Technology Arrangements, in fiscal year 2022. This Statement requires recognition of a right-to-use subscription asset and a corresponding subscription liability. Additionally it requires recognizing amortization of the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods.

The following schedule reflects the impact of this GASB 96 change in fiscal year 2022:

Net position - end of period, as previously reported	\$386,292,074
Adoption of Statement No. 96	<u>(454,686)</u>
Net Position - end of period, as restated	<u>\$385,837,388</u>

### 4. Cash, Cash Equivalents, and Investments

Deposits include demand deposits and certificates of deposit in financial institutions. The carrying amounts were \$142,530,948 and \$148,408,582 at June 30, 2023 and 2022, respectively. The bank balances were \$143,898,210 and \$152,063,566 at June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, demand deposits were as follows:

	June 30, 2023		June 30, 2022	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Demand Deposits	\$(697,598)	\$-	\$(821,618)	\$-
Demand Deposits	<u>98,839,138</u>	<u>98,754,698</u>	<u>92,647,782</u>	<u>94,727,042</u>
Total Demand Deposits	<u>\$98,141,540</u>	<u>\$98,754,698</u>	<u>\$91,826,164</u>	<u>\$94,727,042</u>
Collateral Held by Agent in Authority's Name		<u>\$114,798,613</u>		<u>\$600,000</u>
Trust Accounts - U. S. Gov't Agencies (Rule 2a-7)	<u>44,388,208</u>	<u>45,143,512</u>	<u>56,581,218</u>	<u>57,336,522</u>
Total Investments	<u>\$44,388,208</u>	<u>\$45,143,512</u>	<u>\$56,581,218</u>	<u>\$57,336,522</u>

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

	June 30	
	2023	2022
Disclosures regarding deposits:		
Cash on Hand	\$1,200	\$1,200
Deposits	98,141,540	91,826,164
Debt service funds	44,388,208	56,581,218
Total	<u>\$142,530,948</u>	<u>\$148,408,582</u>

Statement of net position and cash flow statement amounts:

Cash and cash equivalents		
Unrestricted	\$16,202,339	\$25,544,621
Designated	81,525,157	65,867,499
Restricted	44,803,452	56,996,462
Total cash and cash equivalents	<u>\$142,530,948</u>	<u>\$148,408,582</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, 2023 and 2022, the Authority had the following investments which were uninsured, unregistered and held by the Authority's brokerage firm which is also the counterparty for those particular securities:

	2023	2022
	Fair Value	Fair Value
Investment Type:		
Federal Home Loan Bank	\$ 994,209	\$-
Federal Farm Credit Bank	999,456	-
Federal National Mortgage	2,989,952	-
Total	<u>\$ 4,983,617</u>	<u>\$-</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.

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, 2023, the Authority had the following investments and maturities:

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

As of June 30, 2022, the Authority had the following investments and maturities:

Investment Type:	Investment Maturities (in years)		As a % of Total Investments
	Fair Value	Less than 1	
U.S. Treasuries	\$-	\$-	0%
Federal National Mortgage	-	-	0%
Federal Home Loan Bank	-	-	0%
Federal Farm Credit Bank	-	-	0%
Total	<u>\$-</u>	<u>\$-</u>	0%

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, 2023 and 2022.

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, 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>



Investments' fair value measurements are as follows at June 30, 2022:

Debt Securities:	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$-	\$-	\$-	\$-
U.S. Agencies	-	-	-	-
Total	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

## 5. Accounts Receivable

Accounts receivable were composed of the following:

	June 30	
	2023	2022
Wholesale and retail water and wastewater customers:		
Billed services	\$8,070,947	\$5,287,482
Unbilled services	3,180,628	3,449,277
Allowance for doubtful accounts	(1,684,833)	(1,038,474)
Other receivables	<u>825,820</u>	<u>665,418</u>
Total	<u>\$10,392,562</u>	<u>\$8,363,703</u>

## 6. 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	
	2023	2022
Front Foot Assessment receivable	\$52,176	\$71,870

The components of the designated and restricted assets, and liabilities payable from designated and restricted assets as of June 30, 2023 and 2022 were as follows:

	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>
	June 30, 2022		
	Total Designated & Restricted Assets	Liabilities Payable from Designated & Restricted Assets	Excess
Board designated:			
Contingency and depreciation	\$20,645,262	\$-	\$20,645,262
Capital projects (incl. receivables)	45,294,107	(4,007,700)	41,286,407
Restricted:			
Capital projects-Levy	415,244	-	415,244
Debt service and reserves	6,008,432	(6,008,430)	2
Bond construction fund	50,572,786	-	50,572,786
	<u>\$122,935,831</u>	<u>\$(10,016,130)</u>	<u>\$112,919,701</u>

## 7. Capital Assets

Capital assets net of depreciation and amortization increased from \$422.0 million in fiscal year 2022 to \$427.3 million in fiscal year 2023, a change of \$5.3 million. The Authority received \$13.0 million in contributed systems, added \$17.5 million to construction in progress, added \$5.1 million to operating capital assets and had a depreciation and amortization expense of \$30.3 million for fiscal year 2023.

Detailed capital asset activity for the years ended June 30, 2023 and June 30, 2022 are as follows:

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

		System	O&M	Capital		
	30-Jun-22	Contributions	Additions & Depreciation	Improvement Program	Disposals	30-Jun-23
<b>Non-Depreciable Capital Assets:</b>						
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
<b>Depreciable Capital Assets:</b>						
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
<b>Less accumulated depreciation and amortization for:</b>						
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

In compliance with GASB No. 96, subscription-based information technology arrangements were added as a separate category for fiscal year 2023 and the balance for fiscal year 2022 was restated.

**DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS**  
Year ended June 30, 2022

		System	O&M	Capital		
	30-Jun-21	Contributions	Additions & Depreciation	Improvement Program	Disposals	30-Jun-22
<b>Non-Depreciable Capital Assets:</b>						
Land and Land Rights	\$10,635,337	\$-	\$-	\$-	\$-	\$10,635,337
Construction in Progress	22,057,498	-	23,769,154	(3,062,124)	-	42,764,528
Total non-depreciable capital assets	32,692,835	-	23,769,154	(3,062,124)	-	53,399,865
<b>Depreciable Capital Assets:</b>						
Administrative Facilities and Improvements	15,128,151	-	-	261,403	-	15,389,554
Source of Supply	13,501,743	-	-	-	-	13,501,743
Water Treatment Plant	60,070,995	-	-	-	-	60,070,995
Wastewater Treatment Plant	139,428,656	-	-	122,080	-	139,550,736
Water System Transmission & Distribution	246,643,926	2,317,646	2,765,731	1,422,210	-	253,149,513
Wastewater System Collection & Transmission	301,170,726	5,425,492	316,504	1,256,431	-	308,169,153
Wastewater Disposal Systems	1,693,176	-	-	-	-	1,693,176
Other General Equipment	24,117,887	-	705,635	-	(34,718)	24,788,804
Subscription-based information tech. arrangements	-	-	1,358,958	-	-	1,358,958
Vehicles	6,769,353	-	393,928	-	(87,573)	7,075,708
Total depreciable capital assets	808,524,613	7,743,138	5,540,756	3,062,124	(122,291)	824,748,340
<b>Less accumulated depreciation and amortization for:</b>						
Administrative Facilities and Improvements	(5,164,915)	-	(527,692)	-	-	(5,692,607)
Source of Supply	(9,959,481)	-	(361,724)	-	-	(10,321,205)
Water Treatment Plant	(33,846,145)	-	(1,724,222)	-	-	(35,570,367)
Wastewater Treatment Plant	(52,050,027)	-	(4,050,627)	-	-	(56,100,654)
Water System Transmission & Distribution	(138,487,239)	-	(10,302,705)	-	-	(148,789,944)
Wastewater System Collection & Transmission	(161,179,919)	-	(10,602,412)	-	-	(171,782,331)
Wastewater Disposal Systems	(937,258)	-	(65,732)	-	-	(1,002,990)
Other General Equipment	(18,065,184)	-	(1,776,002)	-	34,718	(19,806,468)
Subscription-based information tech. arrangements	-	-	(860,689)	-	-	(860,689)
Vehicles	(5,772,136)	-	(547,398)	-	87,573	(6,231,961)
Total accumulated depreciation and amortization	(425,462,304)	-	(30,819,203)	-	122,291	(456,159,216)
Total depreciable capital assets, net	383,062,309	7,743,138	(25,278,447)	3,062,124	-	368,589,124
Total capital assets, net	\$415,755,144	\$7,743,138	\$(1,509,293)	\$-	\$-	\$421,988,989

## 8. 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, 2023.

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, 2023 and 2022, the Authority's "net earnings" were 264% and 331%, 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, 2023 and 2022.

### 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 years 2023 and 2022. 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 and \$46,457 for fiscal years 2023 and 2022, respectively. 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 2023 and 2022. 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 \$226,338 and \$220,219 for fiscal years 2023 and 2022, 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 2023 and 2022. 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 \$360,302 and \$468,591 for fiscal years 2023 and 2022, 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 Cheery 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 \$864,084 and \$842,775 for fiscal years 2023 and 2022, 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 2000 (COH), Waterworks and Sewer System Improvement Revenue Parity Bonds, originally dated 1990 of the City of Hardeeville ("COH"), were assumed by the Authority as part of the City of Hardeeville acquisition on January 25, 2002, original principal amount of \$875,085 (SC Water Pollution Control Revolving Fund Number 1-067-00-427-04). Funds were utilized to upgrade the Hardeeville pump stations. Interest is accrued at 3.75%, with principal and interest due in quarterly payments of \$15,586 through October 1, 2021. The interest was reduced to 2.25% in fiscal year 2012 resulting in remaining quarterly principal and interest payments of \$14,495. This loan was paid in full in fiscal year 2022.

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 2022 and 2023 is presented in the following table:

Description	Rate	6/30/2021	2022		6/30/2022	2023		6/30/2023	Current
			Additions	Reductions		Additions	Reductions		
Revenue Bonds:									
Series 2010B	2.5 to 5.0%	\$2,215,000	\$-	\$(1,120,000)	\$1,095,000	\$-	\$(1,095,000)	\$-	\$-
Series 2016A	5.00%	11,880,000	-	-	11,880,000	-	-	11,880,000	
Series 2016B	5.00%	20,615,000	-	(4,480,000)	16,135,000	-	(4,880,000)	11,255,000	5,830,000
Series 2019	3.0 to 5.0%	52,565,000	-	-	52,565,000	-	-	52,565,000	-
Series 2020A	1.45%	22,709,000	-	(2,796,000)	19,913,000	-	(2,836,000)	17,077,000	2,880,000
		109,984,000	-	(8,396,000)	101,588,000	-	(8,811,000)	92,777,000	8,710,000
Add: Bond Premiums		13,344,502	-	(1,578,042)	11,766,460	-	(1,471,504)	10,294,956	-
Total Revenue Bonds		123,328,502	-	(9,974,042)	113,354,460	-	(10,282,504)	103,071,956	8,710,000
State Revolving Fund Loans:									
Series 2000 (COH)	2.25%	14,413	-	(14,413)	-	-	-	-	-
Series 2001B	2.25%	92,162	-	(52,221)	39,941	-	(39,941)	-	-
Series 2010A	2.25%	6,947,005	-	(683,425)	6,263,580	-	(698,932)	5,564,648	714,791
Series 2011A	1.00%	231,210	-	(20,476)	210,734	-	(20,682)	190,052	20,889
Series 2016C	1.67%	26,198,971	-	(1,322,142)	24,876,829	-	(1,344,274)	23,532,555	1,366,790
Series 2020B	2.60%	-	4,347,863	(258,157)	4,089,706	380,656	(264,409)	4,205,953	270,812
Total State Revolving Loans		33,483,761	4,347,863	(2,350,834)	35,480,790	380,656	(2,368,238)	33,493,208	2,373,282
Notes Payable									
Department of Navy	5.0%	9,722,050	-	(599,958)	9,122,092	-	(629,957)	8,492,135	661,454
Total Notes Payable		9,722,050	-	(599,958)	9,122,092	-	(629,957)	8,492,135	661,454
Total Long Term Liabilities		166,534,313	4,347,863	(12,924,834)	157,957,342	380,656	(13,280,699)	145,057,299	11,744,736
Less current portion		(11,088,636)			(11,809,195)			(11,744,736)	
Total Long-Term Debt		\$155,445,677			\$146,148,147			\$133,312,563	

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

Changes in SBITA liabilities for 2022 and 2023 are as follows:

		2022			2023		
	6/30/2021	Additions	Reductions	6/30/2022	Additions	Reductions	6/30/2023
Subscription-based IT arrangements:							
SBITA liabilities	-	675,495	(320,378)	355,117	346,166	(420,164)	281,119
Less current portion	<u>-</u>			<u>(298,294)</u>			<u>(165,264)</u>
Total SBITA Long-Term Liabilities	\$ -			\$ 56,823			\$ 115,855

## CHANGES IN DEFERRED OUTFLOWS OF RESOURCES

Changes in deferred amounts on advance refundings for 2022 and 2023 are as follows:

	6/30/2021	2022		6/30/2022	2023		6/30/2023
		Additions	Reductions		Additions	Reductions	
Deferred outflows of resources:							
Deferred Amount on Refundings	\$(1,065,988)	\$-	\$186,457	\$(879,531)	\$-	\$186,457	\$(693,074)

## REMAINING DEBT PAYMENTS

Remaining debt service payments at June 30, 2023, 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
2024	8,710,000	3,800,387	2,373,282	647,931	661,454	424,606	11,744,736	4,872,924
2025	9,651,000	3,466,829	2,419,172	602,040	694,526	391,534	12,764,698	4,460,403
2026	5,747,000	3,088,294	2,465,989	555,224	729,253	356,807	8,942,242	4,000,325
2027	6,029,000	2,912,017	2,513,749	507,464	765,716	320,344	9,308,465	3,739,825
2028	6,337,000	2,671,372	2,562,474	458,739	804,002	282,058	9,703,476	3,412,169
2029-2033	29,498,000	9,139,153	11,190,796	1,593,398	4,664,752	765,548	45,353,548	11,498,099
2034-2038	21,890,000	3,685,350	9,532,214	605,881	172,432	8,620	31,594,646	4,299,851
2039-2043	4,915,000	196,600	435,532	1,829	-	-	5,350,532	198,429
	<u>\$92,777,000</u>	<u>\$28,960,002</u>	<u>\$33,493,208</u>	<u>\$4,972,506</u>	<u>\$8,492,135</u>	<u>\$2,549,517</u>	<u>\$134,762,343</u>	<u>\$36,482,025</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, 2023 are as follows:

	<u>SBITA Liability</u>	
	Principal	Interest
2024	165,264	17,218
2025	115,855	7,930
	<u>281,119</u>	<u>25,148</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 2023 and 2022 are as follows:

	<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	<u>661,454</u>	-	<u>661,454</u>
	<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	<u>9,418</u>	-	<u>9,418</u>
	<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	<u>7,830,681</u>	-	<u>7,830,681</u>
	<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>

	<u>Principal</u>	<u>Premiums and Discounts</u>	<u>6/30/2022</u>
Current liabilities:			
Revenue Bonds	\$4,218,295	\$-	\$4,218,295
State Revolving Fund	2,363,697	-	2,363,697
Notes Payable	<u>629,957</u>	-	<u>629,957</u>
	<u>7,211,949</u>		<u>7,211,949</u>
Current liabilities payable from designated & restricted assets:			
Revenue Bonds	4,592,705	-	4,592,705
State Revolving Fund	<u>4,542</u>	-	<u>4,542</u>
	<u>4,597,247</u>		<u>4,597,247</u>
Long-term liabilities:			
Revenue Bonds	92,777,000	11,766,460	104,543,460
State Revolving Fund	33,112,551	-	33,112,551
Notes Payable	<u>8,492,135</u>	-	<u>8,492,135</u>
	<u>134,381,686</u>	<u>11,766,460</u>	<u>146,148,146</u>
TOTALS	<u>\$146,190,882</u>	<u>\$11,766,460</u>	<u>\$157,957,342</u>



## 9. 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, 2023 and 2022. BJWSA, as a Class II employer, was required to contribute at a rate of 17.41%, 16.41%, and 15.41% employee earnable compensation for fiscal years June 30, 2023, 2022, and 2021, respectively. For years ended June 30, 2023, 2022, and 2021, wages of \$14,905,397, \$13,587,594, and \$12,188,485 were subject to retirement, representing 94.70%, 96.44%, and 94.33%, respectively, of total gross salaries. Total salaries were \$15,739,539, \$14,088,499, and \$12,920,647 for 2023, 2022, and 2021, 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, 2023, 2022 and 2021 were \$2,617,388, \$2,250,105, and \$1,896,527, respectively, which is 17.56%, 16.56%, and 15.56%, respectively, of covered salaries. BJWSA contributed 100% of its annual required contributions for fiscal years 2023, 2022, and 2021.

## 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, 2022, 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, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 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, 2022.

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, 2022, 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, 2023, the Authority reported \$27,662,250 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, projected forward to June 30, 2022. 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, 2023, the Authority's proportionate share of the SCRS plan was 0.114108%, an increase of .00628 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 2022 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%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
			7.04%

## SENSITIVITY ANALYSIS

The following table presents the Authority's proportionate share of the net pension liability 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, 2023 and 2022, the Authority recognized pension expense of \$2,654,075 and \$1,608,130, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$240,333	\$120,551	\$397,475	\$31,493
Net difference between projected and actual earnings on pension plan investments	42,661	-	-	3,389,635
Changes in pension assumptions	887,195	-	1,277,251	-
Changes in proportionate share of plan contributions	1,075,686	197,337	111,395	360,847
Contributions subsequent to the measurement date	2,617,387	-	2,250,105	-
Total	\$4,863,262	\$317,888	\$4,036,226	\$3,781,975

Deferred outflows of resources of \$2,617,387 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, 2024. The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2022. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2022 was 3.77 years for SCRS.

Measurement Period ending June 30:

2023	\$843,680
2024	719,569
2025	(356,676)
2026	721,414
Net Balance of deferred Outflows/(Inflows) of Resources	\$1,927,987

## 10. 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 service.
- At age 55 with 25 years of service, 5 years which must be earned. Participant pays Non-Funded rates until age 60 or would have obtained 28 years of service, whichever is first, at which time they will pay the Funded premium rates.
- At any age with 28 years of service, 5 years must be earned. Participant will pay the Funded premium rates.
- 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 service.

#### Employees hired on or after May 2, 2008

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

The following table provides a summary of the number of participants in the plan as of June 30, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	197
Total Plan Members	<u>254</u>



## TOTAL OPEB LIABILITY

The Authority reported a total OPEB liability of \$16,681,487 at June 30, 2023. The total OPEB liability is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022.

## 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, 2021
Methods and Assumptions:	
Actuarial cost method	Individual Entry-Age
Discount Rate	3.69% as of June 30, 2022
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 6.00% declining to an ultimate rate of 4.00% 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 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022.

## 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 3.69% (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 1.92% 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, 2023:

Balance at June 30, 2022	\$21,156,233
Changes for the year:	
Service Cost	1,003,437
Interest	410,237
Differences between expected and actual experience	45,694
Changes in pension assumptions	(5,351,258)
Benefit payments	(582,856)
Net changes	(4,474,746)
Balance at June 30, 2022	\$16,681,487

Changes of assumptions reflect a change in the discount rate from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022.

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

Explicit benefit payments	\$468,534
Implicit benefit payments*	114,322
Total benefit payments	\$582,856

\*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, 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, 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
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 2,180 years. Additionally, the total plan membership (active employees and inactive employees) was 254. 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 8.5845 years.

For the year ended June 30, 2023 and 2022, the Authority recognized OPEB expense of \$1,079,579 and \$1,751,441, respectively. At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$452,260	\$1,099,825	\$492,820	\$1,256,257
Changes in assumptions	3,255,155	5,272,569	3,791,057	721,130
Contributions subsequent to the measurement date	629,978	-	582,856	-
Total	<u>\$4,337,393</u>	<u>\$6,372,394</u>	<u>\$4,866,733</u>	<u>\$1,977,387</u>

The deferred outflow of \$629,978 for benefits paid after the measurement date consists of \$506,413 of explicit subsidies and \$123,565 of implicit subsidies. The implicit subsidy was estimated by multiplying the explicit costs by 0.244. The 0.244 factor equals the ratio of the expected implicit subsidy to the expected explicit costs. The deferred outflow of \$629,978 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2023.

Year ending June 30:

2024	\$(334,095)
2025	(334,095)
2026	(334,095)
2027	(172,895)
2028	(160,231)
Thereafter	<u>(1,329,568)</u>
Net Balance of deferred Outflows/(Inflows) of Resources	<u>\$(2,664,979)</u>

## 11. 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, 2023 and 2022 were as follows:

	June 30	
	2023	2022
Net investment in capital assets		
Net property, plant and equipment in service	\$427,308,717	\$421,988,989
Less: Debt as disclosed in note 7	(134,762,343)	(146,190,882)
Premiums on bonds	(10,294,956)	(11,766,460)
Deferred amount on refunding	693,074	879,531
Accounts Payable for capital items	3,459,200	4,007,700
Bond Construction Fund proceeds unspent	38,354,350	50,572,786
	<u>324,758,042</u>	<u>319,491,664</u>
Restricted for capital activity and debt service:		
Restricted cash and cash equivalents	44,803,452	56,996,462
Less: Debt service liabilities	(6,033,858)	(6,008,430)
Bond Construction Fund proceeds unspent	(38,354,350)	(50,572,786)
	<u>415,244</u>	<u>415,246</u>
Unrestricted	<u>82,226,286</u>	<u>65,930,478</u>
Total Net Position	<u>\$407,399,572</u>	<u>\$385,837,388</u>

## 12. 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, 2023, BJWSA had open contracts (purchase orders) of \$85,367,342, including \$765,852 retainage payable, to be paid upon further progress by contractors. As of June 30, 2022, BJWSA had open contracts (purchase orders) of \$53,878,686, including \$1,413,495 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.

## 13. 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, 2023, 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 2023 and 2022, 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.

## 14. Major Customers

Revenues from the largest three customers represented 3.69% and 3.99% of total operating revenues for fiscal years 2023 and 2022, respectively. No sales to a single major customer exceeded 10% of total operating revenues.

## 15. 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 \$1.2 million and \$1.2 million in Military Retail Water revenue in fiscal years 2023 and 2022, respectively. The Authority recognized \$2.8 million and \$2.8 million in Military Retail Wastewater revenue in fiscal years 2023 and 2022, 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, 2023 and 2022, the Navy liability was reduced by \$630 thousand and \$600 thousand, respectively, via purchase price credits with an ending balance of \$8.5 million and \$9.1 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 \$1.2 million and \$1.1 million for fiscal years 2023 and 2022, respectively.



## 16. 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
6/30/2014	0.100025%	\$17,940,917	\$9,582,742	187.22%	56.40%
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%

## 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
6/30/2014	\$962,583	\$(962,583)	\$-	\$9,080,983	10.60%
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%

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

Fiscal Year Ending June 30,	2023	2022	2021	2020	2019	2018
Service Cost	\$1,003,437	\$969,690	\$729,483	\$621,304	\$578,685	\$670,360
Interest on the total OPEB liability	410,237	\$497,806	550,563	532,712	502,665	433,430
Changes of benefit terms	-	\$-	-	-	-	-
Differences between expected and actual experience	45,694	\$(1,412,689)	40,485	670,246	22,968	-
Changes of assumptions	(5,351,258)	\$1,554,571	1,826,320	1,472,179	(132,152)	(1,456,580)
Benefit payments	(582,856)	(573,812)	(502,625)	(450,318)	(344,631)	(305,468)
Net change in total OPEB liability	(4,474,746)	1,035,566	2,644,226	2,846,123	627,535	(658,258)
Total OPEB liability - beginning	21,156,233	20,120,667	17,476,441	14,630,318	14,002,783	14,661,041
Total OPEB liability - ending	16,681,487	21,156,233	20,120,667	17,476,441	14,630,318	14,002,783
Covered-employee payroll	\$14,088,499	\$12,920,647	\$14,529,414	\$12,432,048	\$11,913,076	\$11,717,123
Total OPEB liability as a percentage of covered-employee payroll	118.40%	163.74%	138.48%	140.58%	122.81%	119.51%

### 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.

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
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, 2023  
(with comparative amounts for the fiscal year ended June 30, 2022)

	2023		2022	Variance of FY 2023 Actual Data To			
	Actual	Budget		Budget		2022 Actual	
				Dollars	%	Dollars	%
Operating revenues				Favorable (Unfavorable)			
Civilian wholesale	\$2,594,345	\$2,719,000	\$2,666,571	\$(124,655)	-4.6%	\$(72,226)	-2.7%
Military wholesale	1,010,577	1,145,000	1,027,392	(134,423)	-11.7%	(16,815)	-1.6%
Retail	31,693,486	32,382,000	30,333,053	(688,514)	-2.1%	1,360,433	4.5%
Other	3,822,928	4,048,000	3,970,745	(225,072)	-5.6%	(147,817)	-3.7%
Total water operating revenues	39,121,336	40,294,000	37,997,761	(1,172,664)	-2.9%	1,123,575	3.0%
Wastewater service	32,998,109	32,346,000	30,689,956	652,109	2.0%	2,308,153	7.5%
Other	546,051	452,000	455,410	94,051	20.8%	90,641	19.9%
Total wastewater operating revenues	33,544,160	32,798,000	31,145,366	746,160	2.3%	2,398,794	7.7%
Total operating revenues	72,665,496	73,092,000	69,143,127	(426,504)	-0.6%	3,522,369	5.1%
Operating expenses							
Water operating expenses:							
Source of supply	875,896	1,067,740	806,933	191,844	18.0%	(68,963)	-8.5%
Water treatment	8,424,984	7,501,550	6,605,322	(923,434)	-12.3%	(1,819,662)	-27.5%
Transmission and distribution	5,758,974	7,298,800	4,983,144	1,539,826	21.1%	(775,830)	-15.6%
Laboratory and testing	524,061	432,600	374,363	(91,461)	-21.1%	(149,698)	-40.0%
Engineering & construction services	780,936	812,340	622,214	31,404	3.9%	(158,722)	-25.5%
Franchise fee	1,038,975	1,033,200	998,714	(5,775)	-0.6%	(40,261)	-4.0%
Customer service & billing	2,473,542	2,258,520	2,071,028	(215,022)	-9.5%	(402,514)	-19.4%
General and administrative	6,567,227	7,447,780	6,059,610	880,553	11.8%	(507,617)	-8.4%
Total water operating expenses (excl. depr. and amort.)	26,444,595	27,852,530	22,521,328	1,407,935	5.1%	(3,923,267)	-17.4%
Wastewater operating expenses:							
Collection & transmission	5,710,168	5,707,305	5,165,323	(2,863)	-0.1%	(544,845)	-10.5%
Wastewater treatment	4,858,202	4,050,930	3,856,199	(807,272)	-19.9%	(1,002,003)	-26.0%
Wastewater disposal	295,541	319,000	302,793	23,459	7.4%	7,252	2.4%
Sludge management	1,078,746	683,300	507,261	(395,446)	-57.9%	(571,485)	-112.7%
Laboratory and testing	300,634	393,400	329,610	92,766	23.6%	28,976	8.8%
Engineering & construction services	549,279	542,560	405,997	(6,719)	-1.2%	(143,282)	-35.3%
Franchise fee	977,956	941,500	911,596	(36,456)	-3.9%	(66,360)	-7.3%
Customer service & billing	1,680,270	1,505,480	1,378,582	(174,790)	-11.6%	(301,688)	-21.9%
General and administrative	4,285,445	4,980,080	3,994,006	694,635	13.9%	(291,439)	-7.3%
Total wastewater operating expenses (excl. depr. and amort.)	19,736,241	19,123,555	16,851,367	(612,686)	-3.2%	(2,884,874)	-17.1%
Operating expenses before depreciation	46,180,836	46,976,085	39,372,695	795,249	1.7%	(6,808,141)	-17.3%
Depreciation - Water	13,037,871	13,293,100	13,087,181	255,229	1.9%	49,310	0.4%
Depreciation - Wastewater	17,271,349	17,036,900	17,356,345	(234,449)	-1.4%	84,996	0.5%
Total operating expenses	76,490,056	77,306,085	69,816,221	816,029	1.1%	(6,673,835)	-9.6%
Operating loss	(3,824,560)	(4,214,085)	(673,094)	389,525	9.2%	(3,151,466)	-468.2%
Non-operating revenues (expenses), net	(2,009,280)	(3,163,500)	(3,146,492)	1,154,220	36.5%	1,137,212	36.1%
Increase (decrease) in net position, before capital contributions	(5,833,840)	(7,377,585)	(3,819,586)	1,543,745	20.9%	(2,014,254)	-52.7%
Capital contributions	27,396,024	12,700,000	29,756,808	14,696,024	115.7%	(2,360,784)	-7.9%
Increase (decrease) in net position	\$21,562,184	\$5,322,415	\$25,937,222	\$16,239,769	305.1%	\$(4,375,038)	-16.9%

## BUDGETARY COMPARISON SCHEDULE BY FUNCTIONAL CLASSIFICATION

Year ended June 30, 2023

(with comparative amounts for the fiscal year ended June 30, 2022)

	2023		2022	Variance of FY 2023 Actual Data To			
				Budget		2022 Actual	
	Actual	Budget		Actual	Dollars	%	Dollars
Operating revenues	Favorable (Unfavorable)						
Civilian wholesale	\$2,594,345	\$2,719,000	\$2,666,571	\$(124,655)	-4.6%	\$(72,226)	-2.7%
Military wholesale	1,010,577	1,145,000	1,027,392	(134,423)	-11.7%	(16,815)	-1.6%
Retail	31,693,486	32,382,000	30,333,053	(688,514)	-2.1%	1,360,433	4.5%
Other	3,822,928	4,048,000	3,970,745	(225,072)	-5.6%	(147,817)	-3.7%
Total water operating revenues	39,121,336	40,294,000	37,997,761	(1,172,664)	-2.9%	1,123,575	3.0%
Wastewater service	32,998,108	32,346,000	30,689,956	652,108	2.0%	2,308,152	7.5%
Other	546,052	452,000	455,410	94,051	20.8%	90,641	19.9%
Total wastewater operating revenues	33,544,160	32,798,000	31,145,366	746,159	2.3%	2,398,793	7.7%
Total operating revenues	72,665,496	73,092,000	69,143,127	(426,505)	-0.6%	3,522,368	5.1%
Operating expenses by Function							
Source of supply	875,896	1,067,740	806,933	191,844	18.0%	(68,963)	-8.5%
Water treatment	8,424,984	7,501,550	6,605,322	(923,434)	-12.3%	(1,819,662)	-27.5%
Transmission and distribution	5,758,974	7,298,800	4,983,144	1,539,826	21.1%	(775,830)	-15.6%
Collection & transmission	5,710,168	5,707,305	5,165,323	(2,863)	-0.1%	(544,845)	-10.5%
Wastewater treatment	4,858,202	4,050,930	3,856,199	(807,272)	-19.9%	(1,002,003)	-26.0%
Wastewater disposal	295,541	319,000	302,793	23,459	7.4%	7,252	2.4%
Sludge management	1,078,746	683,300	507,261	(395,446)	-57.9%	(571,485)	-112.7%
Laboratory and testing	824,695	826,000	703,973	1,305	0.2%	(120,722)	-17.1%
Franchise fee	2,016,931	1,974,700	1,910,310	(42,231)	-2.1%	(106,621)	-5.6%
Engineering & construction services	1,330,215	1,354,900	1,028,211	24,685	1.8%	(302,004)	-29.4%
Customer service & billing	4,153,812	3,764,000	3,449,610	(389,812)	-10.4%	(704,202)	-20.4%
General and administrative	10,852,672	12,427,860	10,053,616	1,575,189	12.7%	(799,055)	-7.9%
Operating expenses before depreciation and amortization	46,180,836	46,976,085	39,372,695	795,250	1.7%	(6,808,140)	-17.3%
Depreciation and amortization	30,309,220	30,330,000	30,443,526	20,780	0.1%	134,306	0.4%
Total operating expenses	76,490,056	77,306,085	69,816,221	816,030	1.1%	(6,673,834)	-9.6%
Operating loss	(3,824,560)	(4,214,085)	(673,094)	389,525	9.2%	(3,151,466)	-468.2%
Non-operating revenues (expenses), net	(2,009,280)	(3,163,500)	(3,146,492)	1,154,220	36.5%	1,137,212	36.1%
Increase (decrease) in net position,							
before capital contributions	(5,833,840)	(7,377,585)	(3,819,586)	1,543,745	20.9%	(2,014,254)	-52.7%
Capital contributions	27,396,024	12,700,000	29,756,808	14,696,024	115.7%	(2,360,784)	-7.9%
Increase (decrease) in net position	\$21,562,184	\$5,322,415	\$25,937,222	\$16,239,769	305.1%	\$(4,375,038)	-16.9%

## Budget Summary

Operating revenues were \$72.7 million, an increase of 5.1% or \$3.5 million compared to prior year actual, and 0.6% or \$427 thousand under budget. The decrease in revenue over budget is primarily due to retail water and other water revenues being over projected.

Total water operating revenues were \$39.1 million, an increase of 3.0% or \$1.1 million compared to prior year actual, and 2.9% or \$1.2 million under budget. Total usage budgeted for residential and commercial customers was 6.1 million kgals compared to actual for this fiscal year of 6.0 million kgals.

Total wastewater operating revenues were \$33.5 million, an increase of 7.7% or \$2.4 million over prior year actual, and 2.3% or \$746 thousand over budget. Total usage budgeted for residential and commercial customers was 4.1 million kgals compared to actual for this fiscal year of 4.4 million kgals.

Direct operational costs for water (excluding depreciation and amortization) were under budget 5.1% or \$1.4 million. Under budget expenditures for water primarily related to the following functions and accounts:

- Transmission and Distribution - \$1.5 million under budget primarily due to a delay in storage tank maintenance.

Direct operational costs for wastewater (excluding depreciation and amortization) were over budget 3.2% or \$613 thousand. Over budget expenditures for wastewater primarily related to the following functions and accounts:

- Wastewater Treatment - \$807 thousand over budget primarily due to an increase in pump and equipment maintenance.
- Sludge Management - \$395 thousand over budget primarily due to an increase in waste disposal.

The increase of total operating expenses (excluding depreciation and amortization) of \$6.7 million, combined with the increase in operating revenues of \$3.5 million compared to prior year, resulted in a decrease to the Authority's operating margin this fiscal year. As compared to the \$1.76 generated in fiscal year 2022, \$1.57 was generated for every \$1.00 expensed in 2023.



## SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION BUDGET AND ACTUAL

Year ended June 30, 2023

(with comparative actual amounts for the fiscal year ended June 30, 2022)

	2023				
	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual	Increase (Decrease) from 2022 to 2023
Salaries and wages	\$16,042,300	\$15,046,499	\$995,801	\$14,054,538	7.1%
Payroll taxes and benefits	8,154,100	6,645,426	1,508,674	6,031,752	10.2%
Repairs and maintenance	6,745,500	6,405,673	339,827	4,886,964	31.1%
Supplies	2,956,660	3,738,559	(781,899)	2,678,094	39.6%
Professional services	3,476,800	3,600,473	(123,673)	2,946,129	22.2%
Utilities	3,984,625	4,138,030	(153,405)	3,638,904	13.7%
Operating leases, fees, memberships	1,573,900	1,745,664	(171,764)	1,254,509	39.2%
Franchise fees, licenses and permits	2,098,300	2,137,114	(38,814)	2,041,506	4.7%
Safety training, supplies & services	127,000	271,963	(144,963)	122,681	121.7%
Travel and training	626,600	520,178	106,422	489,292	6.3%
Insurance	746,000	883,271	(137,271)	769,350	14.8%
Other expense	444,300	1,047,986	(603,686)	458,975	128.3%
Amortization expense	-	509,927	(509,927)	476,519	7.0%
Depreciation expense	30,330,000	29,799,293	530,707	29,967,008	-0.6%
Before interest expense	77,306,085	76,490,056	816,029	69,816,221	9.6%
Interest expense	3,887,000	3,899,971	(12,971)	4,199,229	
Total expenses	<u>\$81,193,085</u>	<u>\$80,390,027</u>	<u>\$803,058</u>	<u>\$74,015,450</u>	

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

Years ended June 30, 2023 and 2022

	2023	2022
Operating loss	\$(3,824,560)	\$(673,094)
Adjustments to derive net earnings:		
Depreciation and amortization expense	30,309,220	30,443,526
Contributed capital - cash	14,426,395	22,003,826
Interest income, excluding bond interest income	1,327,139	982,761
Net earnings per bond resolution	<u>\$42,238,194</u>	<u>\$52,757,019</u>
Total debt service paid	<u>\$16,024,945</u>	<u>\$15,961,868</u>
Debt coverage	2.64	3.31
Debt coverage without capacity fees	1.74	1.93

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STATISTICAL SECTION

# STATISTICAL CONTENTS

**Financial Trends and Debt Capacity ..... 68-71**

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 ..... 72**

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

**Revenue Capacity ..... 73-79**

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

**Demographic and Economic Information ..... 80-85**

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

**Other Operational Information ..... 86-88**

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating revenue										
Wholesale water	\$3,138,992	\$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
Retail water	20,004,497	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
Retail sewer	19,655,554	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
Other revenue	3,242,743	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
	46,041,786	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
Operating expense										
Water										
Source of supply	578,280	587,704	628,088	682,336	718,262	631,112	693,264	825,986	806,933	875,896
Water treatment	4,061,399	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
Transmission and distribution	3,495,858	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
Laboratory and testing	358,114	438,368	384,868	447,323	402,883	374,293	441,680	391,300	374,363	524,061
Franchise fee	645,787	671,997	713,142	799,341	798,800	837,019	917,001	959,339	998,714	1,038,975
Depreciation and amortization	10,270,990	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
General and administrative	4,465,804	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
Wastewater										
Collection and transmission	3,510,061	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
Wastewater treatment	2,686,591	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
Wastewater disposal	247,053	258,804	258,642	259,152	243,494	280,543	254,298	292,702	302,793	295,541
Sludge management	297,313	379,719	364,870	367,946	406,463	424,643	433,779	415,905	507,261	1,078,746
Laboratory and testing	294,310	273,314	274,773	315,821	306,502	305,905	355,068	339,298	329,610	300,634
Franchise fee	536,290	576,595	612,997	668,070	694,254	736,942	794,844	848,641	911,596	977,956
Depreciation and amortization	13,401,852	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
General and administrative	2,978,723	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
	47,828,425	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
Operating income (loss)	(1,786,639)	(562,680)	(849,666)	2,438,213	(809,342)	141,216	(857,150)	(965,741)	(673,094)	(3,824,560)
Add non operating revenues:										
Investment income	341,168	820,629	984,401	920,657	920,466	1,057,193	1,016,462	806,984	711,400	1,119,940
Capacity Fees - cash	1,136,817	3,196,319	5,036,468	3,971,040	4,403,030	8,956,572	9,984,422	10,971,337	22,003,826	22,003,826
Lease interest income	-	-	-	-	-	-	-	297,928	271,361	271,361
Add depreciation and amortization	23,672,842	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
Net income available for debt service	\$23,364,188	\$27,694,846	\$29,951,127	\$32,674,443	\$30,867,188	\$37,902,382	\$39,876,637	\$41,376,329	\$52,757,019	\$49,879,787
Actual annual debt service on debt	\$13,489,221	\$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
Principal and interest coverage on debt	1.73	2.13	1.97	2.23	2.69	2.95	3.04	2.72	3.31	3.11
Required coverage per bond	1.10	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20
Principal and interest coverage on debt w/o CC fees (1)	1.65	1.89	1.64	1.96	2.31	2.26	2.28	2.00	1.93	1.74

(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

	2014	2015*	2016	2017	2018**	2019	2020	2021***	2022****	2023
Operating income (loss)	\$(1,786,639)	\$(562,680)	\$(849,666)	\$2,438,213	\$(809,342)	\$141,216	\$(857,150)	\$(965,741)	\$(673,094)	\$(3,824,560)
Non-operating revenue (expense)	(7,456,806)	(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)
Capital Contributions	4,185,345	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
Increase (decrease) in net position	(5,058,100)	3,185,073	8,339,481	12,166,281	6,187,062	16,355,928	17,742,517	17,506,551	25,937,222	21,562,184
Net position at beginning of the year	308,115,143	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
Net position at end of year	\$303,057,043	\$289,263,783	\$297,603,265	\$309,769,546	\$308,120,035	\$324,475,963	\$342,218,480	\$360,120,681	\$385,837,388	\$407,399,572

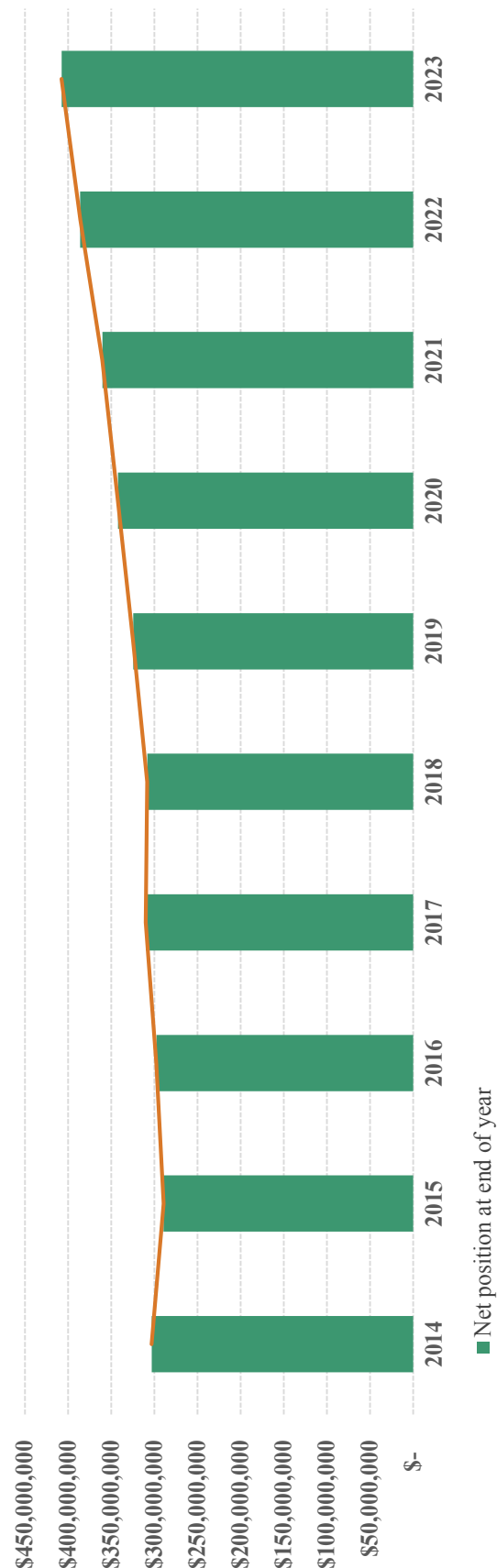
\*Fiscal year 2015 includes a beginning net position adjustment of \$16,978,333 as a result of implementing GASB 68.

\*\*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



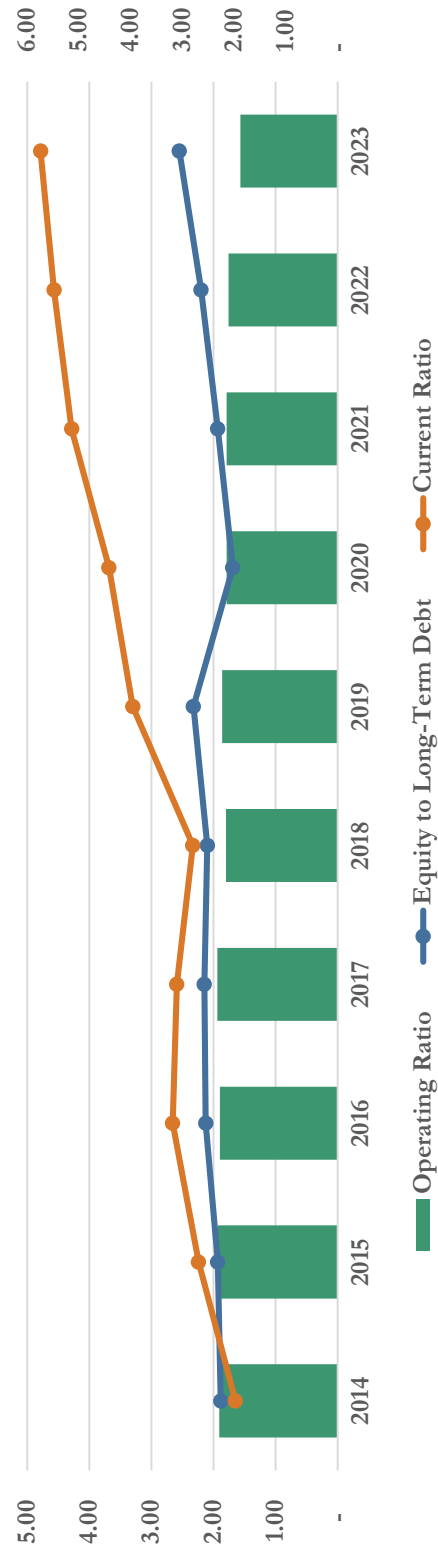


## NET POSITION BY COMPONENT

Last ten fiscal years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net investment in capital assets	\$257,448,074	\$253,854,486	\$258,909,868	\$267,805,915	\$277,318,037	\$286,186,370	\$300,078,539	\$307,512,533	\$319,491,664	\$324,758,042
Restricted	414,779	414,821	414,829	414,894	414,915	415,247	415,245	415,244	415,246	415,244
Unrestricted	45,194,190	34,994,477	38,278,568	41,548,737	30,387,083	37,874,346	41,724,696	52,192,904	65,930,478	82,226,286
Total Net Position	\$303,057,043	\$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

## RATIO ANALYSIS



## RATIO OF OUTSTANDING DEBT BY TYPE

Fiscal Year	Revenue		SRF		Notes		Total	
	Bonds		Loans		Payable		Outstanding Debt	
2014	77,743,038		51,859,932		13,618,395		143,221,365	
2015	71,934,370		49,626,256		12,767,253		134,327,879	
2016	66,242,331		46,522,943		12,319,555		125,084,829	
2017	61,497,718		54,976,522		11,849,472		128,323,712	
2018	55,674,132		64,690,237		11,355,885		131,720,254	
2019	49,688,401		65,311,899		10,837,619		125,837,919	
2020	133,462,555		35,580,598		10,293,439		179,336,592	
2021	123,328,502		33,483,761		9,722,050		166,534,313	
2022	113,354,460		35,480,790		9,122,092		157,957,342	
2023	103,071,956		33,493,208		8,492,135		145,057,299	
							Total Debt Per Customer	

# DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS

Last ten fiscal years

	30-Jun-14	System Contributions	Utility Acquisitions	Purchases	Improvement Program	Disposals	System Reclass	30-Jun-23
Land and land rights	\$10,427,291	\$-	\$-	\$-	\$208,046	\$-	\$-	\$10,635,337
Administrative facilities & improvements	10,854,462	-	-	-	4,535,092	-	-	15,389,554
Source of supply	12,842,546	-	-	-	659,197	-	-	13,501,743
Water treatment plant	57,759,142	-	-	-	2,454,163	-	-	60,213,305
Wastewater treatment plant	101,048,553	-	-	42,826	40,166,298	(1,446,055)	-	139,811,622
Water system transmission & distribution	192,423,751	25,983,000	-	19,052,692	21,670,636	(17,376)	-	259,112,703
Wastewater system collection & transmission	234,439,685	46,086,607	-	2,615,957	36,567,954	(211,748)	-	319,498,455
Wastewater Disposal Systems	1,693,176	-	-	-	-	-	-	1,693,176
Other general equipment	10,240,793	-	-	10,729,580	6,169,768	(703,346)	-	26,436,795
Subscription-based information tech. arrangements	-	-	-	1,705,124	-	-	-	1,705,124
Vehicles	4,368,347	-	-	6,175,756	-	(2,511,331)	-	8,032,772
Property, plant and equipment in service	636,097,746	72,069,607	-	40,321,935	112,431,154	(4,889,856)	-	856,030,586
Accumulated depreciation and amortization	(239,709,457)	-	-	(249,591,432)	-	3,123,320	-	(486,177,569)
Property, plant and equipment in service, net	396,388,289	72,069,607	-	(209,269,497)	112,431,154	(1,766,536)	-	369,853,017
Construction in progress	3,019,092	-	-	166,867,762	(112,431,154)	-	-	57,455,700
Net property, plant and equipment	\$399,407,381	\$72,069,607	\$-	\$(42,401,735)	\$-	\$(1,766,536)	\$-	\$427,308,717

# SCHEDULE OF TOTAL CAPITAL ASSETS

Last ten fiscal years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Utility plant in service	\$636,097,746	\$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
Accumulated depreciation and amortization	(239,709,457)	(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)
Net utility plant in service	396,388,289	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
Construction in progress	3,019,092	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
Total capital assets	\$399,407,381	\$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

## 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:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Hilton Head PSD	776,286	852,633	538,925	1,125,264	1,039,001	985,829	603,904	638,084	754,288	672,322
Fripp Island PSD	180,969	175,230	156,681	157,088	167,894	159,788	174,275	214,928	176,667	185,730
Water Oak Utility(Moss Creek)	147,776	140,791	142,268	166,714	144,978	150,205	158,461	167,515	170,290	158,424
Callawassie	80,664	73,970	60,334	98,998	82,940	87,630	95,775	96,155	93,812	87,180
Harbor Island Utilities	30,569	28,410	28,349	29,203	25,867	30,791	26,481	37,364	28,063	30,574
Warsaw-Eustis-Oaks	24,983	24,502	26,005	30,968	31,542	28,065	28,136	33,149	30,166	30,103
Total Wholesale, excluding Navy	1,241,247	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
US Department of the Navy:										
Parris Island Recruit Depot	305,477	296,484	295,094	344,306	211,363	216,772	225,301	238,761	200,161	180,901
Laurel Bay Housing	129,110	123,592	90,288	85,396	85,744	81,560	76,063	76,590	70,338	75,387
MCAS Beaufort	81,746	73,171	59,071	80,812	95,729	80,542	85,237	60,220	63,981	55,932
Naval Hospital	21,281	22,933	24,300	25,212	24,456	26,159	21,542	19,261	19,822	18,034
Total Navy	537,614	516,180	468,753	535,726	417,292	405,033	408,143	394,832	354,302	330,254
Total Wholesale	1,778,861	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
Total Retail	5,665,051	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
Total Volume (thousands of gallons)	7,443,912	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

## 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:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City of Beaufort	470,068	467,670	458,725	531,839	490,311	499,750	543,891	561,332	544,871	552,949
Burton/Gray's Hill	391,476	398,952	384,809	408,382	426,395	414,130	436,673	447,278	435,595	450,147
Lady's Island/Cat Island	423,876	412,959	400,275	493,296	468,105	490,913	516,077	521,617	521,385	524,355
Point South	13,824	15,761	16,203	19,702	19,677	17,955	17,842	16,682	16,971	16,056
St. Helena/Dataw Island	282,849	274,002	253,311	314,767	300,397	304,926	311,007	314,195	309,364	304,988
Bluffton (1)	1,594,519	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
Palm Key	1,312	1,406	1,516	1,188	1,386	2,053	1,874	1,778	1,705	1,693
Okatie	578,073	575,677	541,520	719,738	570,310	580,836	659,871	648,928	603,438	622,124
Hardeeville/ So Jasper City	271,964	286,387	286,251	344,985	339,009	360,016	415,807	431,386	463,777	499,933
Town of Port Royal	207,038	219,256	224,853	245,109	243,975	262,068	276,678	313,261	321,582	314,197
Other/Special Commercial	1,430,052	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
Total Volume (thousands of gallons)	5,665,051	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

(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

	2014				2015				2016				2017				2018			
	Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue	
	Kgals	Revenue	per kgal	Revenue	Kgals	Revenue	per kgal	Revenue	Kgals	Revenue	per kgal	Revenue	Kgals	Revenue	per kgal	Revenue	Kgals	Revenue	per kgal	Revenue
Hilton Head PSD	776,286	\$984,044	\$1.27	\$1,110,409	852,633	\$1,110,409	\$1.30	\$812,457	538,925	\$812,457	\$1.51	\$1,125,264	1,039,001	\$1,460,476	\$1.38	\$1,460,476	1,039,001	\$1,460,476	\$1.41	\$1,460,476
Fripp Island PSD	180,969	420,924	2.33	446,222	175,230	446,222	2.55	402,427	156,681	402,427	2.57	157,088	167,894	432,577	2.60	432,577	167,894	432,577	2.58	432,577
Water Oak Utility(Moss Creek)	147,776	339,885	2.30	357,609	140,791	357,609	2.54	365,629	142,268	365,629	2.57	166,714	144,978	395,790	2.60	395,790	144,978	395,790	2.73	395,790
Callawassie	80,664	166,164	2.06	167,172	73,970	167,172	2.26	139,372	60,334	139,372	2.31	98,998	230,665	206,521	2.33	206,521	82,940	206,521	2.49	206,521
Harbor Island Utilities	30,569	82,536	2.70	83,240	28,410	83,240	2.93	84,199	28,349	84,199	2.97	29,203	87,609	80,968	3.00	80,968	25,867	80,968	3.13	80,968
Warsaw-Eustis-Oaks	24,983	59,460	2.38	64,195	24,502	64,195	2.62	68,912	26,005	68,912	2.65	30,968	82,994	88,633	2.68	88,633	31,542	88,633	2.81	88,633
Total Wholesale, excluding Navy	1,241,247	2,053,013	1.65	2,228,847	1,295,536	2,228,847	1.72	1,872,996	952,562	1,872,996	1.97	1,608,235	2,797,910	2,664,965	1.74	2,664,965	1,492,222	2,664,965	1.79	2,664,965
US Department of the Navy:																				
Parris Island Recruit Depot	305,477	617,064	2.02	687,843	296,484	687,843	2.32	699,373	295,094	699,373	2.37	344,306	822,894	541,089	2.39	541,089	211,363	541,089	2.56	541,089
Laurel Bay Housing	129,110	260,802	2.02	286,733	123,592	286,733	2.32	213,983	90,288	213,983	2.37	85,396	204,095	219,504	2.39	219,504	85,744	219,504	2.56	219,504
MCAS Beaufort	81,746	165,125	2.02	169,757	73,171	169,757	2.32	139,997	59,071	139,997	2.37	80,812	193,136	245,070	2.39	245,070	95,729	245,070	2.56	245,070
Naval Hospital	21,281	42,988	2.02	53,205	22,933	53,205	2.32	57,590	24,300	57,590	2.37	25,212	60,256	62,606	2.39	62,606	24,456	62,606	2.56	62,606
Total Navy	537,614	1,085,979	2.02	1,197,538	516,180	1,197,538	2.32	1,110,943	468,753	1,110,943	2.37	535,726	1,280,381	1,068,269	2.39	1,068,269	417,292	1,068,269	2.56	1,068,269
TOTAL WHOLESAL	1,778,861	\$3,138,992		\$3,426,385	1,811,716	\$3,426,385		\$2,983,939	1,421,315	\$2,983,939		\$2,143,961	\$4,078,291	\$3,733,234		\$3,733,234	1,909,514	\$3,733,234		\$3,733,234
	Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue		Avg. revenue	
	Kgals	Revenue	per kgal	Revenue	Kgals	Revenue	per kgal	Revenue	Kgals	Revenue	per kgal	Revenue	Kgals	Revenue	per kgal	Revenue	Kgals	Revenue	per kgal	Revenue
Hilton Head PSD	985,829	\$1,471,892	\$1.49	\$982,118	603,904	\$982,118	\$1.63	\$1,030,216	638,084	\$1,030,216	\$1.61	\$754,288	\$1,222,326	\$1,158,859	\$1.62	\$1,158,859	672,322	\$1,158,859	\$1.72	\$1,158,859
Fripp Island PSD	159,788	448,405	2.81	508,066	174,275	508,066	2.92	515,820	214,928	515,820	2.40	176,667	508,365	510,021	2.88	510,021	185,730	510,021	2.75	510,021
Water Oak Utility(Moss Creek)	150,205	422,077	2.81	454,785	158,461	454,785	2.87	480,767	167,515	480,767	2.87	170,290	488,733	468,934	2.87	468,934	158,424	468,934	2.96	468,934
Callawassie	87,630	228,714	2.61	258,595	95,775	258,595	2.70	259,617	96,155	259,617	2.70	93,812	256,105	249,099	2.73	249,099	87,180	249,099	2.86	249,099
Harbor Island Utilities	30,791	93,692	3.04	88,176	26,481	88,176	3.33	95,450	37,364	95,450	2.55	28,063	97,940	111,877	3.49	111,877	30,574	111,877	3.66	111,877
Warsaw-Eustis-Oaks	28,065	80,547	2.87	82,438	28,136	82,438	2.93	97,126	33,149	97,126	2.93	30,166	93,102	95,555	3.09	95,555	30,103	95,555	3.17	95,555
Total Wholesale, excluding Navy	1,442,308	2,745,327	1.90	2,374,178	1,087,032	2,374,178	2.18	2,478,996	1,187,194	2,478,996	2.09	1,253,286	2,666,571	2,594,345	2.13	2,594,345	1,164,333	2,594,345	2.23	2,594,345
US Department of the Navy:																				
Parris Island Recruit Depot	216,772	583,116	2.69	635,349	225,301	635,349	2.82	680,152	238,761	680,152	2.85	200,161	581,917	553,556	2.91	553,556	180,901	553,556	3.06	553,556
Laurel Bay Housing	81,560	219,396	2.69	214,496	76,063	214,496	2.82	218,261	76,590	218,261	2.85	70,338	204,683	230,684	2.91	230,684	75,387	230,684	3.06	230,684
MCAS Beaufort	80,542	216,656	2.69	240,363	85,237	240,363	2.82	171,591	60,220	171,591	2.85	63,981	183,111	171,152	2.86	171,152	55,932	171,152	3.06	171,152
Naval Hospital	26,159	70,368	2.69	60,750	21,542	60,750	2.82	54,854	19,261	54,854	2.85	19,822	57,681	55,185	2.91	55,185	18,034	55,185	3.06	55,185
Total Navy	405,033	1,089,536	2.69	1,150,958	408,143	1,150,958	2.82	1,124,857	394,832	1,124,857	2.85	354,302	1,027,392	1,010,577	2.90	1,010,577	330,254	1,010,577	3.06	1,010,577
TOTAL WHOLESAL	1,847,341	\$3,834,863		\$3,525,136	1,495,175	\$3,525,136		\$3,603,853	1,582,025	\$3,603,853		\$1,607,588	\$3,693,963	\$3,604,922		\$3,604,922	1,494,587	\$3,604,922		\$3,604,922

# 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:

	2014					2015					2016					2017					2018				
	% 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	\$984,044	31.3%	4.3%	2.0%		\$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%	
Frapp Island PSD	420,924	13.4%	1.8%	0.9%		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%	
Moss Creek/Water Oak Utility	339,885	10.8%	1.5%	0.7%		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%	
Callawassie Island	166,164	5.3%	0.7%	0.3%		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%	
Harbor Island	82,536	2.6%	0.4%	0.2%		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%	
Warsaw Eustis & Oaks	59,460	1.9%	0.3%	0.1%		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%	
Total Wholesale Excluding Navy	2,053,013	65.4%	8.9%	4.2%		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%	
United States Department of Navy																									
Parris Island Recruit Depot	617,064	19.7%	2.7%	1.3%		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%	
Laurel Bay Housing	260,802	8.3%	1.1%	0.5%		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%	
MCAS-Beaufort	165,125	5.3%	0.7%	0.3%		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%	
Naval Hospital	42,988	1.4%	0.2%	0.1%		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%	
Total Navy	1,085,979	34.6%	4.7%	2.2%		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%	
Total Wholesale	3,138,992	100.0%	13.6%	6.4%		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%	
	2019					2020					2021					2022					2023				
	% 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	\$1,471,892	38.4%	5.1%	2.2%		\$982,118	27.9%	3.2%	1.5%		\$1,030,216	28.6%	3.2%	1.5%		\$1,222,326	33.1%	3.8%	1.8%		\$1,158,859	32.1%	3.4%	1.6%	
Frapp Island PSD	448,405	11.7%	1.6%	0.7%		508,066	14.4%	1.6%	0.8%		515,820	14.3%	1.6%	0.7%		508,365	13.8%	1.6%	0.7%		510,021	14.1%	1.5%	0.7%	
Moss Creek/Water Oak Utility	422,077	11.0%	1.5%	0.6%		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%	
Callawassie Island	228,714	6.0%	0.8%	0.3%		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%	
Harbor Island	93,692	2.4%	0.3%	0.1%		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%	
Warsaw Eustis & Oaks	80,547	2.1%	0.3%	0.1%		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%	
Total Wholesale Excluding Navy	2,745,327	71.6%	9.6%	4.2%		2,374,179	67.3%	7.6%	3.6%		2,478,996	68.8%	7.7%	3.6%		2,666,571	72.2%	8.3%	3.9%		2,594,345	72.0%	7.6%	3.6%	
United States Department of Navy																									
Parris Island Recruit Depot	583,116	15.2%	2.0%	0.9%		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%	
Laurel Bay Housing	219,396	5.7%	0.8%	0.3%		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%	
MCAS-Beaufort	216,656	5.6%	0.8%	0.3%		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%	
Naval Hospital	70,368	1.8%	0.2%	0.1%		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%	
Total Navy	1,089,536	28.4%	3.8%	1.7%		1,150,957	32.7%	3.7%	1.7%		1,124,857	31.2%	3.5%	1.6%		1,027,392	27.8%	3.2%	1.5%		1,010,577	28.0%	3.0%	1.4%	
Total Wholesale	3,834,863	100.0%	13.4%	5.9%		3,525,136	100.0%	11.3%	5.3%		3,603,853	100.0%	11.2%	5.2%		3,693,963	100.0%	11.5%	5.3%		3,604,922	100.0%	10.6%	5.0%	



# RETAIL WATER REVENUES BY AREA AND AVERAGE REVENUE PER KGAL

Last ten fiscal years

	<u>2014</u>				<u>2015</u>				<u>2016</u>				<u>2017</u>				<u>2018</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	470,068	\$2,030,787	\$4.32		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	
Burton/Gray's Hill	391,476	1,760,258	4.50		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	
Lady's Island/Cat Island	423,876	1,813,271	4.28		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	
Point South	13,824	49,445	3.58		15,761	57,104	3.62		16,203	59,544	3.67		19,702	70,961	3.60		19,677	70,911	3.60	
St. Helena/Dataw Island	282,849	1,271,322	4.49		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	
Bluffton (1)	1,594,519	6,633,803	4.16		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	
Palm Key	1,312	8,479	6.46		1,406	9,350	6.65		1,516	9,844	6.49		1,188	9,126	7.68		1,386	9,981	7.20	
Okatie	578,073	2,605,319	4.51		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	
Hardeeville/SolaspierCty	271,964	1,155,586	4.25		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	
Town of Port Royal	207,038	893,910	4.32		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	
Other/Special Commercial	1,430,052	395,421	0.28		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	
Total Retail Revenues	5,665,051	\$18,617,601			5,709,576	\$19,784,310			5,942,612	\$20,225,444			7,062,716	\$24,318,883			6,636,672	\$23,426,948		

	<u>2019</u>				<u>2020</u>				<u>2021</u>				<u>2022</u>				<u>2023</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	499,750	\$2,407,624	\$4.82		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	
Burton/Gray's Hill	414,130	2,062,823	4.98		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	
Lady's Island/Cat Island	490,913	2,259,398	4.60		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	
Point South	17,955	67,960	3.79		17,842	67,640	3.79		16,682	63,746	3.79		16,971	64,276	3.79		16,056	68,612	4.27	
St. Helena/Dataw Island	304,926	1,537,088	5.04		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	
Bluffton (1)	2,230,772	9,948,127	4.46		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	
Palm Key	2,053	13,625	6.64		1,874	12,529	6.69		1,778	12,343	6.69		1,705	12,328	7.23		1,693	8,808	5.20	
Okatie	580,836	2,935,159	5.05		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	
Hardeeville/SolaspierCty	360,016	1,707,724	4.74		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	
Town of Port Royal	262,068	1,221,951	4.66		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	
Other/Special Commercial	1,671,285	466,746	0.28		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	
Total Retail Revenues	6,834,704	\$24,628,225			7,563,073	\$27,806,890			7,598,919	\$28,570,861			7,457,828	\$28,911,832			7,826,158	\$30,464,326		

(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>2014</u>				<u>2015</u>				<u>2016</u>				<u>2017</u>				<u>2018</u>			
	Max Daily		Average		Max Daily		Average		Max Daily		Average		Max Daily		Average		Max Daily		Average	
	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average
Cherry Point/Okatie	7,500,000	4,870,000	3,941,065	3,866,242	7,500,000	4,480,000	3,936,150	3,950	7,500,000	5,670,000	4,139,678	4,139,678	7,500,000	5,850,000	5,052,993	5,052,993	7,500,000	7,070,000	5,052,993	5,052,993
Hardeeville	1,010,000	1,850,000	474,263	429,300	1,010,000	1,350,000	413,800	413,800	1,010,000	1,790,000	464,359	464,359	1,010,000	2,410,000	531,254	531,254	2,700,000	2,010,000	531,254	531,254
Laurel Bay	750,000	500,000	323,160	336,966	750,000	640,000	405,200	405,200	750,000	970,000	397,378	397,378	750,000	770,000	389,915	389,915	750,000	790,000	389,915	389,915
Moss Creek	328,000	-	-	-	328,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	66,000	89,000	3,301	2,933	66,000	25,000	3,950	3,950	66,000	44,000	3,661	3,661	66,000	38,000	2,543	2,543	66,000	28,000	2,543	2,543
Palmetto Bluff	500,000	236,000	57,985	62,558	500,000	225,000	68,250	68,250	500,000	211,000	93,737	93,737	500,000	878,000	96,378	96,378	500,000	524,000	96,378	96,378
Point South	600,000	1,974,000	58,076	50,725	600,000	257,000	69,700	69,700	600,000	599,000	53,514	53,514	600,000	345,000	62,160	62,160	600,000	725,000	62,160	62,160
Port Royal Is. WRF	7,500,000	3,370,000	3,772,115	4,128,316	7,500,000	3,730,000	4,240,250	4,240,250	7,500,000	4,580,000	2,782,526	2,782,526	7,500,000	4,390,000	3,055,761	3,055,761	7,500,000	5,110,000	3,055,761	3,055,761
St. Helena	600,000	590,000	333,451	334,200	600,000	620,000	405,200	405,200	600,000	940,000	496,687	496,687	600,000	770,000	500,225	500,225	600,000	1,120,000	500,225	500,225
	18,854,000	13,479,000			18,854,000	11,327,000			18,854,000	14,804,000			18,854,000	15,451,000			20,216,000	17,377,000		
Plant	Max Daily		Average		Max Daily		Average		Max Daily		Average		Max Daily		Average		Max Daily		Average	
	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average
	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average	Capacity	Peak Flow	Daily Flow	Average
Cherry Point/Okatie	7,500,000	8,490,000	5,432,573	5,649,069	7,500,000	8,402,200	5,858,978	5,858,978	7,500,000	6,958,500	6,134,725	6,134,725	7,500,000	6,868,733	6,355,600	6,355,600	7,500,000	7,185,500	6,355,600	6,355,600
Hardeeville	2,700,000	2,050,000	489,247	556,461	2,700,000	2,309,300	525,297	525,297	2,700,000	1,884,800	574,117	574,117	2,700,000	1,137,266	611,700	611,700	2,700,000	1,878,000	611,700	611,700
Laurel Bay	750,000	760,000	395,381	350,719	750,000	799,000	313,899	313,899	750,000	548,000	333,775	333,775	750,000	481,083	355,500	355,500	750,000	668,000	355,500	355,500
Moss Creek	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	66,000	34,000	4,378	9,607	66,000	30,100	3,317	3,317	66,000	115,000	2,250	2,250	66,000	18,533	3,800	3,800	66,000	37,200	3,800	3,800
Palmetto Bluff	500,000	927,000	121,521	202,251	500,000	451,200	136,027	136,027	500,000	283,500	105,217	105,217	500,000	168,450	107,900	107,900	500,000	193,000	107,900	107,900
Point South	600,000	243,000	54,685	59,326	600,000	256,500	54,256	54,256	600,000	173,800	53,847	53,847	600,000	53,932	53,100	53,100	600,000	181,000	53,100	53,100
Port Royal Is. WRF	7,500,000	5,080,000	3,115,015	3,385,257	7,500,000	6,182,500	3,184,528	3,184,528	7,500,000	4,104,100	3,530,033	3,530,033	7,500,000	4,475,266	3,621,400	3,621,400	7,500,000	5,350,200	3,621,400	3,621,400
St. Helena	600,000	710,000	382,341	208,533	600,000	455,672	177,326	177,326	600,000	343,064	201,618	201,618	600,000	289,530	190,430	190,430	600,000	438,685	190,430	190,430
	20,216,000	18,294,000			20,216,000	18,886,472			20,216,000	14,410,764			20,216,000	13,492,793			20,216,000	15,931,585		

# WASTEWATER CUSTOMER BASE BY PLANT

Last ten fiscal years

Plant	2014			2015			2016			2017			2018		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Cherry Point/Okatie(1)	19,811	1,321	21,132	20,612	1,342	21,954	21,442	1,391	22,833	22,428	1,430	23,858	23,500	1,493	24,993
Hardeeville	1,830	254	2,084	2,040	258	2,298	2,268	261	2,529	2,458	271	2,729	2,696	290	2,986
Moss Creek	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	55	-	55	54	-	54	54	-	54	54	-	54	54	-	54
Point South	-	18	18	-	20	20	-	20	20	-	20	20	-	20	20
Port Royal Is. WRF	6,887	1,079	7,966	7,068	1,083	8,151	7,208	1,121	8,329	7,354	1,132	8,486	7,524	1,142	8,666
St. Helena	1,780	217	1,997	1,825	223	2,048	1,915	222	2,137	2,003	224	2,227	2,088	226	2,314
	30,363	2,889	33,252	31,599	2,926	34,525	32,887	3,015	35,902	34,297	3,077	37,374	35,862	3,171	39,033

Plant	2019			2020			2021			2022			2023		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Cherry Point/Okatie(1)	24,358	1,537	25,895	24,988	1,590	26,578	26,159	1,650	27,809	26,879	1,666	28,545	27,403	1,792	29,195
Hardeeville	3,131	290	3,421	3,649	305	3,954	4,362	323	4,685	5,056	331	5,387	6,059	354	6,413
Moss Creek	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	56	-	56	56	-	56	55	-	55	55	-	55	55	-	55
Point South	-	19	19	-	19	19	-	19	19	-	19	19	-	19	19
Port Royal Is. WRF	7,750	1,177	8,927	8,055	1,201	9,256	8,426	1,237	9,663	8,668	1,204	9,872	8,741	1,257	9,998
St. Helena	2,178	203	2,381	2,228	202	2,430	2,327	209	2,536	2,438	207	2,645	2,500	225	2,725
	37,473	3,226	40,699	38,976	3,317	42,293	41,329	3,438	44,767	43,096	3,427	46,523	44,758	3,647	48,405

(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

	2014				2015				2016				2017				2018			
	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue
Bulk:																				
Blue Granite	4,732	\$23,666	\$5.00		6,441	\$34,139	\$5.30		7,097	\$37,969	\$5.35		5,579	\$29,848	\$5.35		7,709	\$43,476	\$5.64	
Resort Services	30,927	154,707	5.00		31,508	162,104	5.14		27,459	142,535	5.19		23,954	124,321	5.19		18,565	97,172	5.23	
Other	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-	
Total Bulk Revenues	35,659	178,373	5.00		37,949	196,243	5.17		34,556	180,504	5.22		29,533	154,169	5.22		26,274	140,648	5.35	
Retail:																				
City of Beaufort (incl. Battery Shores)	380,726	2,404,788	6.32		384,942	2,627,860	6.83		375,279	2,690,398	7.17		410,965	2,854,372	6.95		401,073	2,907,022	7.25	
Burton (incl. Gray's Hill, Irongate&Habersham)	90,807	515,273	5.67		98,820	589,586	5.97		97,070	626,133	6.45		108,575	672,787	6.20		110,716	717,324	6.48	
Lady's Island (incl. Cat Island)	95,110	507,124	5.33		90,874	527,242	5.80		92,213	569,439	6.18		115,246	640,552	5.56		119,384	700,735	5.87	
Point South	13,579	83,451	6.15		15,638	97,383	6.23		16,113	103,138	6.40		19,427	124,829	6.43		19,243	123,957	6.44	
St. Helena (includes Dataw)	64,714	365,238	5.64		60,555	391,456	6.46		57,501	399,844	6.95		70,307	436,626	6.21		68,581	463,850	6.76	
Bluffton	1,338,449	6,880,286	5.14		1,413,276	7,763,512	5.49		1,486,488	8,389,463	5.64		1,886,892	9,299,425	4.93		1,783,662	9,740,341	5.46	
Palm Key	1,312	11,448	8.73		1,406	13,550	9.64		1,516	14,004	9.24		1,188	13,374	11.26		1,386	15,409	11.12	
Oakatie	511,048	2,976,619	5.82		507,188	3,268,948	6.45		483,909	3,317,414	6.86		631,912	3,744,649	5.93		503,297	3,547,684	7.05	
Hardeeville (incl. SolasperCty)	193,910	1,212,228	6.25		210,148	1,409,332	6.71		216,609	1,506,305	6.95		267,128	1,761,744	6.60		260,202	1,853,559	7.12	
Shell Point	527	3,406	6.46		623	4,132	6.63		548	3,760	6.86		674	4,658	6.91		508	3,668	7.22	
Town of Port Royal	160,378	986,301	6.15		172,445	1,139,407	6.61		175,671	1,199,388	6.83		193,993	1,297,784	6.69		197,908	1,377,341	6.96	
Other /Revenue Adjustment (1)	108,839	62,982			89,768	58,214			93,747	59,053			141,097	70,610			101,535	61,155		
Total Retail Revenues	2,959,399	16,009,144	5.41		3,045,683	17,890,622	5.87		3,096,664	18,878,339	6.10		3,847,404	20,921,410	5.44		3,567,495	21,512,045	6.03	
Total Wastewater	2,995,058	\$16,187,517			3,083,632	\$18,086,865			3,131,220	\$19,058,843			3,876,937	\$21,075,579			3,593,769	\$21,652,693		

	2019				2020				2021				2022				2023			
	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue	Billed Kgals	Revenues	Avg revenue per kgal	Avg revenue
Bulk:																				
Blue Granite	11,522	\$66,193	\$5.74		6,346	\$37,229	\$5.87		5,134	\$30,151	\$5.87		4,734	\$27,815	\$5.88		5,201	\$30,539	\$5.87	
Resort Services	21,307	113,834	5.34		18,116	99,262	5.48		18,235	100,804	5.53		14,839	83,860	5.65		13,950	81,911	5.87	
Other	-	-	-		-	-	-		-	-	-		-	-	-		5,606	32,917	5.87	
Total Bulk Revenues	32,829	180,027	5.48		24,462	136,491	5.58		23,369	130,955	5.60		19,573	111,675	5.71		24,757	145,367	5.87	
Retail:																				
City of Beaufort (incl. Battery Shores)	399,333	2,956,444	7.40		411,358	3,082,208	7.49		424,704	3,223,851	7.59		427,248	3,278,636	7.67		437,615	3,062,269	7.00	
Burton (incl. Gray's Hill, Irongate&Habersham)	111,419	742,347	6.66		123,931	833,237	6.72		133,740	950,434	7.11		143,842	1,017,509	7.07		149,786	1,042,104	6.96	
Lady's Island (incl. Cat Island)	131,573	742,648	5.64		143,273	774,563	5.41		132,514	810,837	6.12		148,532	893,748	6.02		161,746	1,117,205	6.91	
Point South	15,208	98,695	6.49		17,562	118,473	6.75		16,373	111,078	6.78		16,668	112,478	6.75		15,679	115,217	7.35	
St. Helena (includes Dataw)	68,407	469,182	6.86		66,262	460,847	6.95		67,073	502,926	7.50		67,388	526,477	7.81		67,425	461,753	6.85	
Bluffton	1,860,848	10,304,703	5.54		2,118,792	11,274,487	5.32		2,024,343	11,872,035	5.86		2,158,452	12,602,553	5.84		2,225,695	15,290,090	6.87	
Palm Key	1,621	16,756	10.34		1,874	17,203	9.18		1,694	18,824	11.11		1,643	19,497	11.87		1,650	11,165	6.77	
Oakatie	507,527	3,628,096	7.15		577,698	3,938,107	6.82		546,861	4,041,881	7.39		546,262	4,130,907	7.56		555,617	3,804,434	6.85	
Hardeeville (incl. SolasperCty)	282,770	2,066,755	7.31		318,176	2,348,171	7.38		330,869	2,623,076	7.93		361,493	2,975,579	8.23		406,721	2,832,150	6.96	
Shell Point	539	3,862	7.17		416	3,085	7.42		395	2,938	7.44		607	4,302	7.09		675	4,960	7.35	
Town of Port Royal	218,366	1,498,151	6.86		233,658	1,631,404	6.98		251,140	1,801,949	7.18		272,367	1,965,920	7.22		320,900	2,250,808	7.01	
Other /Revenue Adjustment (1)	117,430	65,129			145,864	72,238			144,468	41,103			138,341	70,357			58,648	63,544		
Total Retail Revenues	3,715,041	22,592,768	6.08		4,158,864	24,554,023	5.90		4,074,174	26,000,934	6.38		4,282,843	27,597,964	6.44		4,402,157	30,055,699	6.83	
Total Wastewater	3,747,870	\$22,772,795			4,183,326	\$24,690,514			4,097,543	\$26,131,888			4,302,416	\$27,709,639			4,426,914	\$30,201,066		

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

## CUSTOMER STATISTICS

Number of customers at fiscal year-end

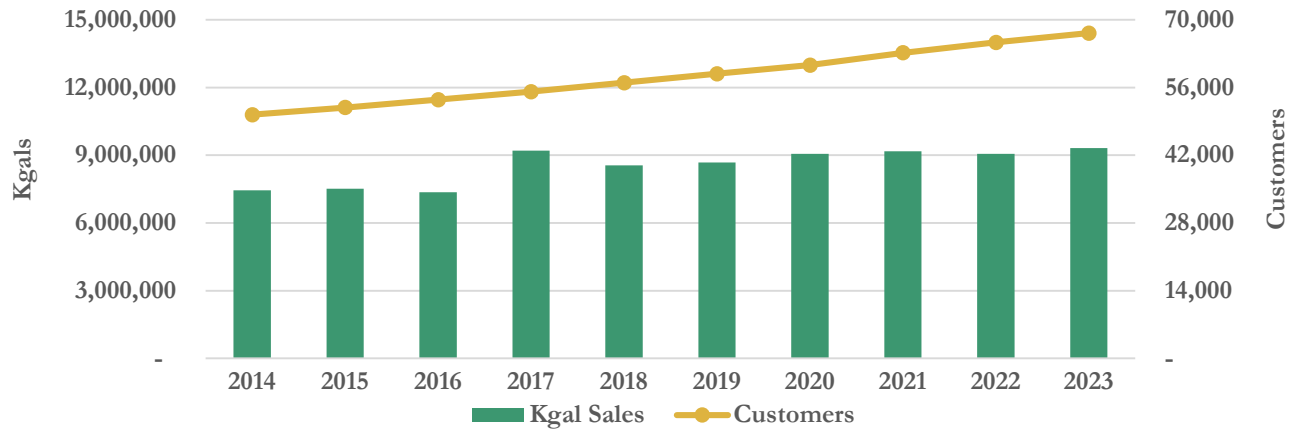
<u>Year</u>	<u>Number of Customers</u>				Ratio of Customers with Both services
	<u>Water</u>	<u>% Change</u>	<u>Wastewater</u>	<u>% Change</u>	
2009	45,467		28,483		62.65%
2010	46,282	1.8%	29,214	2.6%	63.12%
2011	46,788	1.1%	29,928	2.4%	63.97%
2012	47,804	2.2%	30,936	3.4%	64.71%
2013	48,992	2.5%	32,078	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%

## BILLINGS AT FISCAL YEAR-END

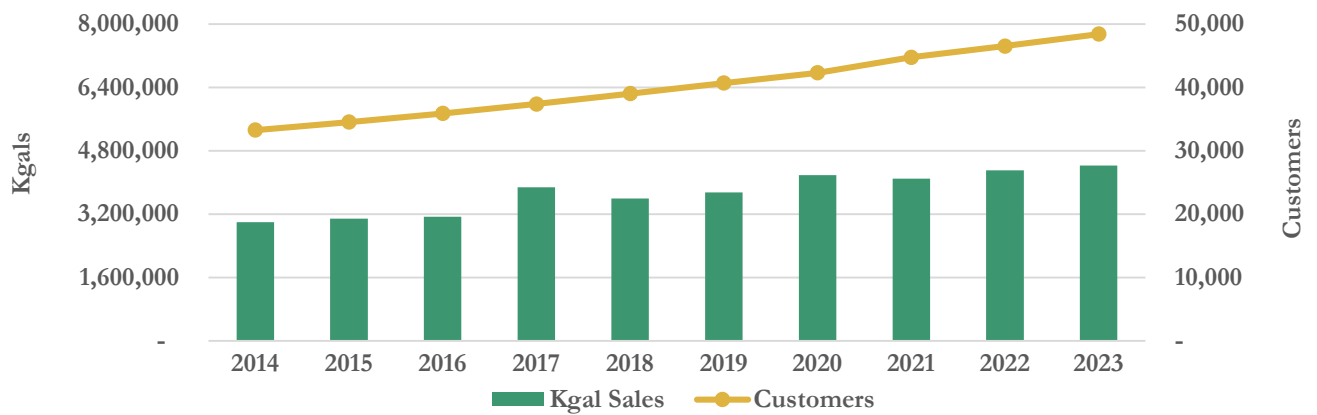
Reported in kgals (thousands of gallons)

<u>Year</u>	<u>Water</u>	<u>% Change</u>	<u>Wastewater</u>	<u>% Change</u>
2009	7,726,434		2,942,817	
2010	7,583,604	-1.8%	2,878,369	-2.2%
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%

## WATER SALES AND CUSTOMER HISTORY



## WASTEWATER SALES AND CUSTOMER HISTORY





## WATER RATE COMPARISONS

Effective date

		FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24 Budget	
Commercial	Minimum	\$9.00	\$9.00	\$12.00	\$12.00	\$13.00	\$13.40	\$13.40	\$13.40	\$13.80	\$15.00	Basic Facilities Charge
	Usage	\$3.46	\$3.51	\$3.41	\$3.41	\$3.41	\$3.58	\$3.58	\$3.58	\$3.69	\$4.12	
Residential	Minimum	\$7.00	\$7.00	\$8.00	\$8.00	\$8.50	\$8.75	\$8.75	\$9.25	\$9.55	\$10.50	Basic Facilities Charge
	Usage	\$3.46	\$3.51	\$3.41	\$3.41	\$3.41	\$3.55	\$3.55	\$3.55	\$3.66	\$4.12	

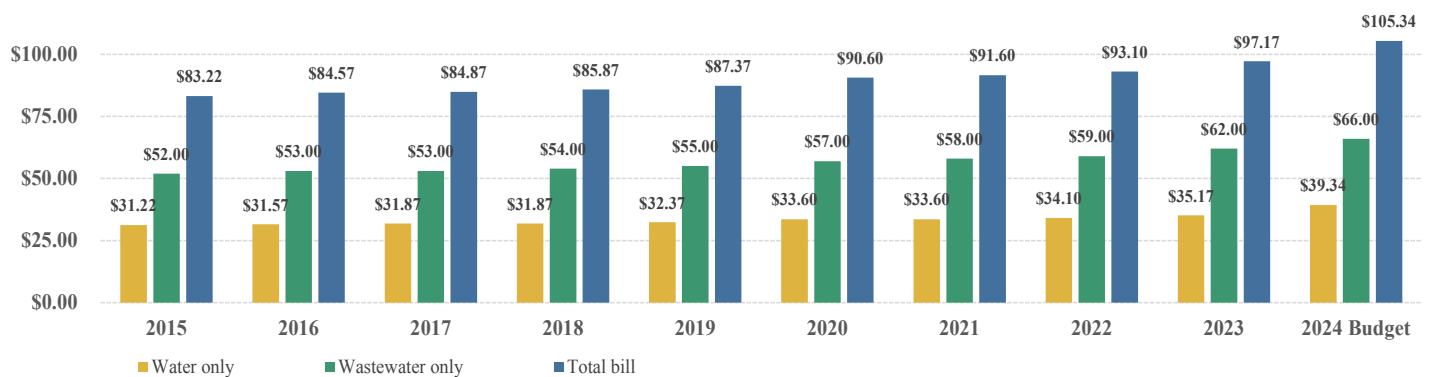
## WASTEWATER RATE COMPARISONS

Effective date

		FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24 Budget	
Commercial	Minimum	\$9.00	\$9.00	\$12.00	\$13.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.70	\$16.00	Basic Facilities Charge
	Per thousand gallons	\$6.10	\$6.28	\$6.28	\$6.28	\$6.28	\$6.59	\$6.59	\$6.59	\$6.92	\$7.50	
Residential	Minimum	\$9.00	\$9.00	\$10.00	\$11.00	\$12.00	\$12.00	\$13.00	\$14.00	\$14.70	\$16.00	Basic Facilities Charge
		\$6.10	\$6.28	\$6.18	\$6.18	\$6.18	\$6.49	\$6.49	\$6.49	\$6.81	\$7.15	
	Maximum per month	\$52.00	\$53.00	\$53.00	\$54.00	\$55.00	\$57.00	\$58.00	\$59.00	\$62.00	\$66.00	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 2015 to fiscal year 2024 Budget, utilizing the fiscal year 2015 through 2023 rates as adopted, and the budgeted rate effective July 1, 2023, for fiscal year 2024.

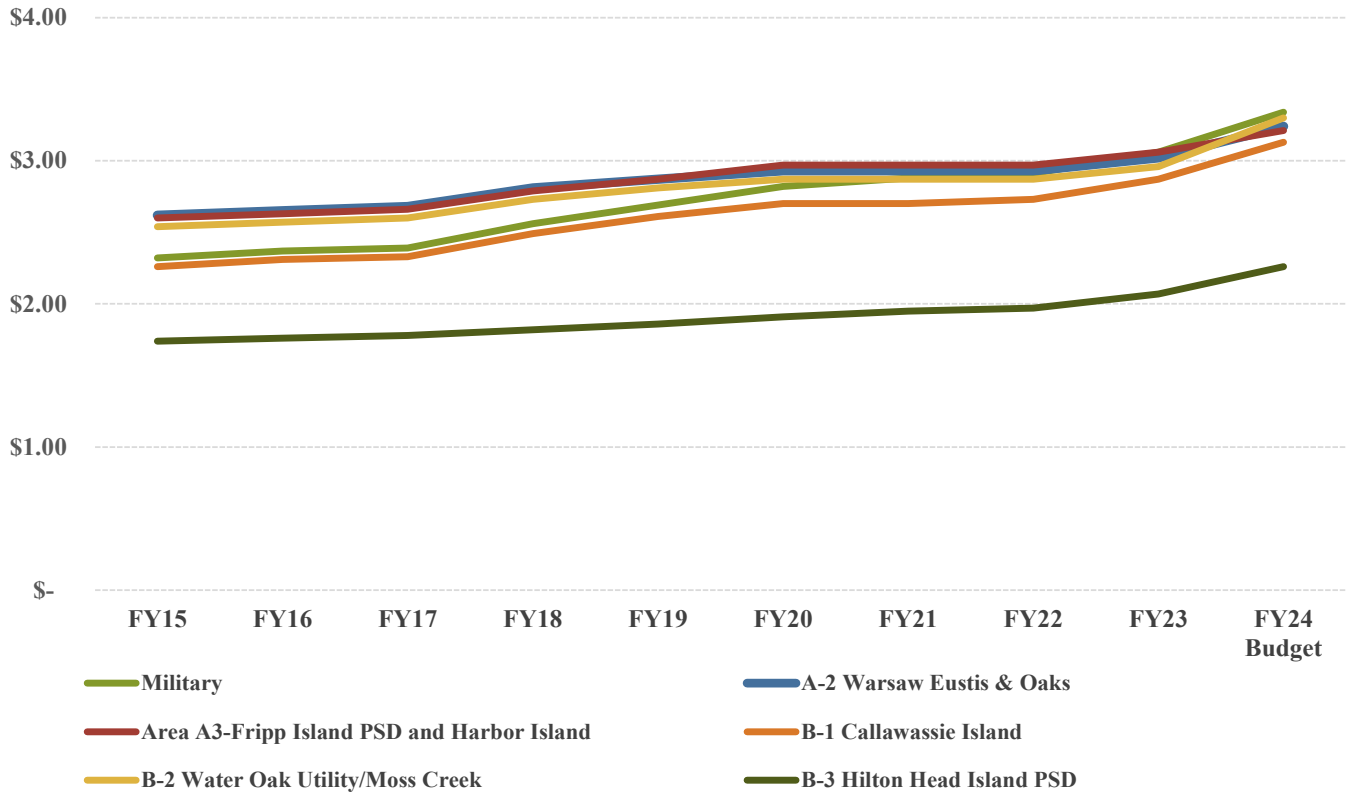


## WHOLESALE WATER RATES BY AREA

Effective date

Area	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u> Budget
Military	\$2.32	\$2.37	\$2.39	\$2.56	\$2.69	\$2.82	\$2.88	\$2.91	\$3.06	\$3.34
A-2 Warsaw Eustis & Oaks	2.62	2.65	2.68	2.81	2.87	2.93	2.93	2.93	3.02	3.24
Area A3-Fripp Island PSD and Harbor Island	2.60	2.63	2.66	2.79	2.87	2.97	2.97	2.97	3.06	3.21
B-1 Callawassie Island	2.26	2.31	2.33	2.49	2.61	2.70	2.70	2.73	2.87	3.13
B-2 Water Oak Utility/Moss Creek	2.54	2.57	2.60	2.73	2.81	2.87	2.87	2.87	2.96	3.30
B-3 Hilton Head Island PSD	1.74	1.76	1.78	1.82	1.86	1.91	1.95	1.97	2.07	2.26

## 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>
2014	2,050,128	63,123	3.08%	10,231	0.50%
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%

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>
2014	5.3%	5.6%	5.3%
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%

Source: SC Department of Employment and Workforce

## PRINCIPAL EMPLOYERS

Current year and nine years ago

	2023			2014		
	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)						
ALPHA GENESIS INC	*	*	*	*	*	*
BASS PRO OUTDOOR WORLD LLC	*	*	*	*	*	*
BEAUFORT COUNTY SCHOOL DISTRICT	*	*	*	*	*	*
BEAUFORT MEMORIAL HOSPITAL	*	*	*	*	*	*
COUNTY OF BEAUFORT	*	*	*	*	*	*
DEPT OF DEFENSE	*	*	*	*	*	*
FOOD LION LLC	*	*	*	*	*	*
GREGORY M PARKER INC	*	*	*	*	*	*
LOWES HOME CENTERS INC	*	*	*	*	*	*
MARINE CORPS COMMUNITY SERVICES	*	*	*	*	*	*
MARRIOTT RESORTS HOSP CORP	*	*	*	*	*	*
MONTAGE PALMETTO BLUFF	*	*	*	*	*	*
PALMETTO BLUFF INVESTMENTS LLC	*	*	*	*	*	*
PUBLIX SUPER MARKETS INC	*	*	*	*	*	*
SEA PINES RESORT LLC	*	*	*	*	*	*
SITEL OPERATING CORPORATION	*	*	*	*	*	*
TENET PHYSICIAN SVCS OF HILTON HEAD	*	*	*	*	*	*
TG ADMINISTRATION LLC	*	*	*	*	*	*
THE KROGER COMPANY	*	*	*	*	*	*
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.

	2023			2014		
	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	*	*	*	*	*	*
COMPASSION HEALTHCARE INC	*	*	*	*	*	*
COUNTY OF JASPER	*	*	*	*	*	*
EUROVIA ATLANTIC COAST LLC	*	*	*	*	*	*
EYM PIZZA OF SC LLC	*	*	*	*	*	*
JASPER COUNTY SCHOOL DISTRICT	*	*	*	*	*	*
PALMETTO ELECTRIC CO OP INC	*	*	*	*	*	*
PALMETTO ELECTRIC CO OP INC	*	*	*	*	*	*
PRO DISPOSAL USA LLC	*	*	*	*	*	*
PUBLIX SUPER MARKETS INC	*	*	*	*	*	*
ROYAL LIVE OAKS ACADEMY RIDGELAND	*	*	*	*	*	*
SC DEPARTMENT OF CORRECTIONS	*	*	*	*	*	*
SMYRNA READY MIX CONCRETE LLC	*	*	*	*	*	*
TOLL BROTHERS INC	*	*	*	*	*	*
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>2014</u>	<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>
Water										
Water Source of Supply	2.4	2.5	2.6	2.6	2.9	3.0	2.4	1.7	4.4	3.9
Water Treatment Ops	17.0	19.8	20.3	20.3	20.3	21.6	23.0	25.3	26.6	28.5
Transmission & Distribution	26.4	27.0	28.7	33.9	32.2	31.8	30.9	35.8	41.8	42.5
Wastewater										
Wastewater Treatment Ops	12.2	11.9	14.3	14.5	15.8	15.4	14.8	15.2	16.4	15.5
Collection & Transmission	30.3	32.1	33.2	37.8	35.3	35.7	33.4	37.5	39.5	38.8
Sludge Management Ops	0.7	0.7	0.9	0.9	1.0	1.0	1.0	1.0	0.8	0.8
Laboratory and Testing	5.0	5.0	5.0	6.0	4.5	4.5	4.5	4.5	4.5	6.0
Engineering	12.0	12.0	13.0	10.0	12.0	13.0	13.0	15.0	15.0	14.0
Customer Service	17.0	14.0	15.0	14.0	15.0	14.0	16.0	15.0	17.0	15.0
Billing and Meter Reading	7.0	11.0	11.0	4.0	8.0	8.0	8.0	9.0	8.0	10.0
Financial and Support Services	8.0	8.0	8.0	11.0	9.0	8.0	12.0	12.0	12.0	13.0
General & Administrative	11.0	12.0	12.0	12.0	13.0	13.0	13.0	14.0	18.0	18.0
Asset Management	-	-	-	-	-	-	3.0	3.0	3.0	4.0
Information Technology	5.0	5.0	4.0	7.0	9.0	9.0	6.0	7.0	6.0	7.0
Total	154.0	161.0	168.0	174.0	178.0	178.0	181.0	196.0	213.0	217.0

## TEN LARGEST WASTEWATER USERS

Fiscal year ended June 30, 2023

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

User Name	User's Service Or Business	2023 Billed Revenues	% of Total 2023 Billed Revenues
1 CR Bluestone, LLC	Multifamily Residential	120,784	0.40%
2 SC Preserve at Port Royal LLC	Multifamily Residential	105,175	0.35%
3 Powers Properties	Multifamily Residential	103,477	0.34%
4 Palms Association	Multifamily Residential	102,885	0.34%
5 Palmetto Bluff, LLC	Multifamily Community	98,018	0.32%
6 Estate at Westbury	Multifamily Residential	96,358	0.32%
7 Beaufort Memorial	Hospital	94,712	0.31%
8 Broad River-MP, LLC	Multifamily Residential	88,610	0.29%
9 RAIA Self Storage Mahwah, LLC	Multifamily Residential	84,436	0.28%
10 Oaks at Broad River Holdings, LLC	Multifamily Residential	84,381	0.28%
Other		29,222,229	96.77%
Total wastewater revenues		<u>\$30,201,065</u>	

### Bulk sewer customers:

Total bulk customers	2
Total operating revenues	\$30,201,065
Wholesale (bulk) customer revenues	\$145,367
% of billed revenue	0.5%

## TEN LARGEST WATER USERS

Fiscal year ended June 30, 2023

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	2023 Billed Revenues	% of Total 2023 Billed Revenues
1 Dominion Energy	Regulated Utility	\$491,944	1.44%
2 Beaufort County	County Government	\$95,615	0.28%
3 Sun City Hilton Head Community Association	Residential Community	\$94,993	0.28%
4 Beaufort Memorial	Hospital	\$82,997	0.24%
5 Palmetto Bluff	Residential Community	\$73,656	0.22%
6 Mill Creek Cypress Ridge	Multifamily Residential	\$68,453	0.20%
7 Colleton River Club, Inc.	Multifamily Residential	\$67,704	0.20%
8 CR Bluestone, LLC	Multifamily Residential	\$66,001	0.19%
9 American Homes 4 Rent	Multifamily Residential	\$60,197	0.18%
10 SC Preserve at Port Royal LLC	Multifamily Residential	\$58,613	0.17%
Other (including Bulk Customers)		32,978,027	96.60%
Total water revenues		<u>\$34,138,200</u>	
Bulk Water Users:			
Hilton Head PSD	Public Service District	\$1,158,859	3.39%
Parris Island Recruit Depot	Military Installation	\$553,556	1.62%
Fripp Island PSD	Public Service District	\$510,021	1.49%
Moss Creek/Water Oak Utility	Private Utility	\$468,934	1.37%
Callawassie CUC, Inc.	Private Utility	\$249,099	0.73%
Laurel Bay Housing	Military Installation	\$230,684	0.68%
MCAS Beaufort	Military Installation	\$171,152	0.50%
Harbor Island	Private Utility	\$111,877	0.33%
Warsaw-Eustis & Oaks	Private Utility	\$95,555	0.28%
Naval Hospital	Military Installation	\$55,185	0.16%
Total wholesale revenues		<u>3,604,922</u>	10.56%
Other water operating revenues		30,533,278	
Total water revenues, including other		<u>\$34,138,200</u>	
Bulk water customers:			
Total bulk customers		7	
Total operating revenues		\$34,138,200	
Wholesale (bulk) customer revenues		\$3,604,922	
% of billed revenue		10.6%	

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 1/23/23–1/23/2024	Employee dishonesty & theft of money and securities	\$100,000 bond \$40,000 inside premise \$20,000 outside premise
DATA PROCESSING			
SC State Budget & Control Board Insurance Reserve Fund	D130079724 1/24/23–1/24/2024	“All risk” coverage on computer equipment	\$3,448,000 limit \$1,000 deductible
BUILDING & PERSONAL PROPERTY			
SC State Budget & Control Board Insurance Reserve Fund	F130079724; F130079724A 1/24/23–1/24/2024	“All risk” coverage for direct physical loss or damage to covered property	\$5,000 per boiler/machinery accident; \$100,000 per ordinance & law; \$3,000 deductible
AUTOMOBILE LIABILITY & COLLISION			
SC State Budget & Control Board Insurance Reserve Fund	L130079724; C130079724 1/24/23–1/24/2024	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	M130079724; M130079724A; MI30079724B 1/24/24–1/24/2024	Heavy equipment, trailers, pumps and generators, wells & bridge lines, water craft	\$2,934,912 limit; deductible of 2% with \$500 minimum per occurrence; \$500 deductible per occurrence (wells & bridge lines)
CYBER LIABILITY			
Travelers Insurance Enterprise Development	106307514 9/21/23–7/4/2024	Network & information security, communications & media liability, regulatory defense expenses	\$1,000,000 network & information Security; \$1,000,000 communications & media liability; \$1,000,000 regulatory defense
GENERAL TORT LIABILITY			
SC State Budget & Control Board Insurance Reserve Fund	T130079724 1/24/23–1/24/2024	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 1/1/23–1/1/2024	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	1000067665211 8/1/21–8/1/2024	Environmental liability	\$25,000 deductible each incident & \$10,000,000 limit each incident
MANAGEMENT LIABILITY POLICY			
Travelers Insurance Enterprise Development	107281816 7/4/23–7/4/2024	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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 11, 2023.

### 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.

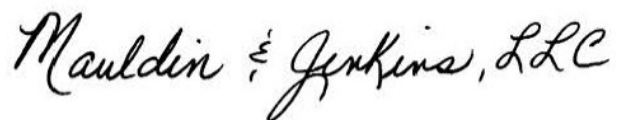
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**Report on Compliance and Other Matters**

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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the letters "M", "J", and "L" being particularly large and stylized.

Savannah, Georgia  
December 11, 2023





**BEAUFORT-JASPER WATER AND SEWER AUTHORITY**

843-987-9292 | 6 Snake Road | Okatie, South Carolina 29909

[bjwsa.org](http://bjwsa.org)