

2025 Annual Comprehensive Financial Report

For fiscal years June 30, 2025 and 2024

**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, 2025 and 2024

Prepared by:
Finance Department

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INTRODUCTORY SECTION



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VERNA ARNETTE, PE, GENERAL MANAGER

December 9, 2025

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

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, 2025. 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, 2025.

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, 2025. 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 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, 2025 was 73,146 retail water accounts and the following wholesale water customers: Military installations – Naval Hospital, Parris Island Recruit Depot, Marine Corps Air Station Beaufort, Laurel Bay Housing Facility; Utilities – Hilton Head Island PSD, Fripp Island PSD, Harbor Island Utilities, Callawassie/CUC, Inc., Moss Creek/Water Oak Utility, and Warsaw Eustis

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

The Authority provides reliable high quality supplies of potable water used for drinking, irrigation, fire protection, and other uses. 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. A recent expansion of the Purrysburg Water Treatment Plant has doubled treatment capacity from 15 millions of gallons per day (MGD) to 30 MGD. The Authority also operates three aquifer storage and recovery (ASR) wells for seasonal storage, primarily during peak demand, and supplements the system with groundwater sources serving Point South and Palm Key in Jasper County.

The wastewater system serves 53,770 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. 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

Beaufort and Jasper Counties are located in the Lowcountry Region of South Carolina and are major vacation and residential destinations. Quality of life is a significant driver for the area, which boasts a diversity of waterfront venues and year-round golf, as well as proximity to both Charleston, South Carolina and Savannah, Georgia. The area also includes three military installations, the United States Marine Corps recruit training facility at Parris Island, the Naval Hospital and Marine Corps Air Station. Both counties have experienced extraordinary growth and development over the last several years. They are among the fastest growing counties in the state. According to South Carolina Department of Employment and Workforce, Jasper County was the third fastest growing county in the nation with 5.9 percent population growth between July 2023 and July 2024. In relation, the U.S. Census Bureau reports new housing units authorized in Jasper County rose 26% between 2022 and 2023. The continued growth in the area directly relates to an increase in water and sewer demands.

The Authority's planned capital improvement program seeks to remain ahead of this growth. Major infrastructure investments included a \$54 million expansion to double capacity at the Purrysburg Water Treatment Plant to 30 MGD and a \$22 million elevated water storage tank in Bluffton, both completed in 2025. Ongoing projects consist of \$111 million to increase capacity at the Cherry Point Water Reclamation Facility to 11.25 MGD, \$125 million to increase capacity at the Hardeeville Water Reclamation Facility to 6 MGD, and \$100 million to build a new wastewater treatment plant.

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 system) contributions from customers, including other utilities and developers, Federal and State grants and loans, and customer revenues.

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

MAJOR INITIATIVES

The Authority is expanding the Cherry Point Water Reclamation Facility and the Hardeeville Water Reclamation Facility to meet the growing wastewater demands in southern Beaufort and Jasper counties. The Cherry Point expansion project will increase the plant's capacity from 7.5 MGD to 11.25 MGD with an anticipated completion by the summer of 2027. Of the \$111 million project budget, \$33 million was spent by the end of fiscal year 2025. The Hardeeville expansion project will increase the plant's capacity from 2.7 MGD to 6 MGD. This project started in fiscal year 2025 and is in the preliminary design phase.

AWARDS AND ACKNOWLEDGEMENTS

Organizational Awards

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

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

The National Association of Clean Water Agencies (NACWA) Platinum Peak Performance Award was given to each of the Authority's eight wastewater facilities in 2024. 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, 2024. This was the twenty-first 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, Finance & Administration



Jacquelyn Kastner, CPA
Director of Finance



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, 2024

Christopher P. Morill

Executive Director/CEO

Board of Directors



CITY OF HARDEEVILLE

Gregory A. Padgett

Board Chair

Executive Committee, Chair



TOWN OF BLUFFTON

Michael L. Bell

Board Vice Chair

Executive Committee

Finance Committee



CITY OF BEAUFORT

Anderson M. Kinghorn, Jr.

Secretary/Treasurer

Finance Committee



BEAUFORT COUNTY

DELEGATION (HILTON HEAD)

James E. Baker, Jr.

Immediate Past Board Chair

Personnel Committee, Chair



TOWN OF PORT ROYAL

David R. Strange

Finance Committee, Chair



BEAUFORT COUNTY

J. Robert McFee

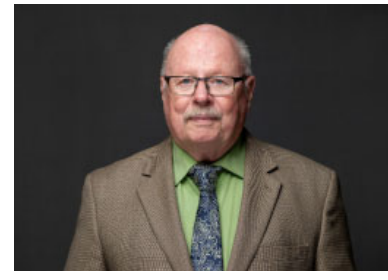
Capital Projects Committee, Chair



JASPER COUNTY DELEGATION

Lorraine W. Bond

Personnel Committee



TOWN OF RIDGELAND

R. Thayer Rivers, Jr.

Capital Projects Committee



JASPER COUNTY DELEGATION

William Singleton, Ed. D

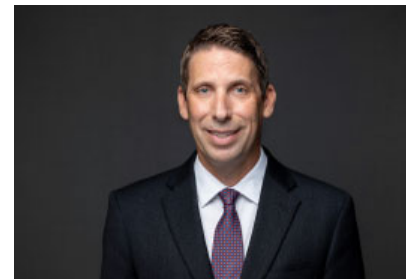
Personnel Committee



BEAUFORT COUNTY

Carl Kilpatrick

Finance Committee

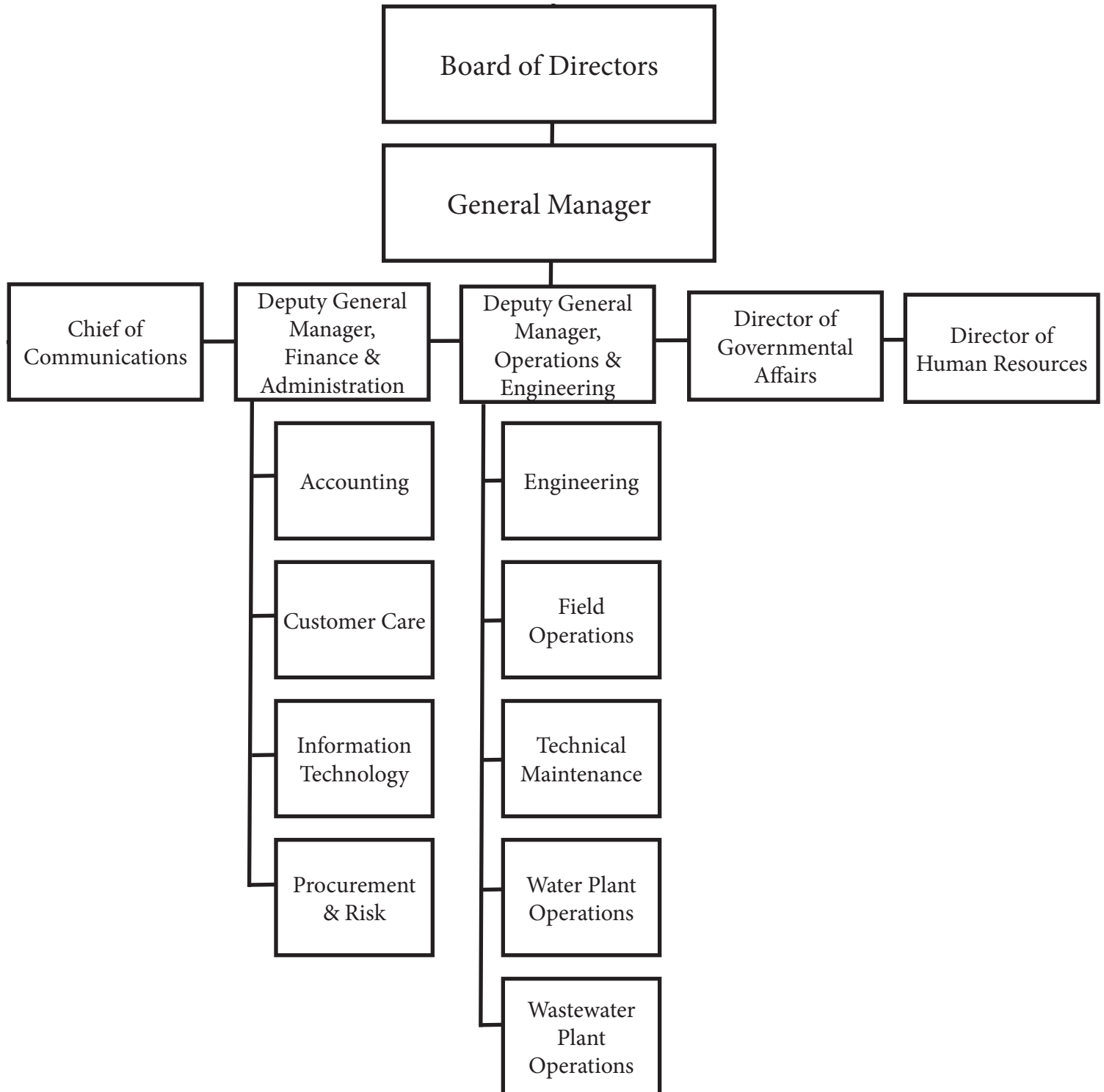


BEAUFORT COUNTY

Jefferson P. Ackerman, P.E.

Capital Projects Committee

BJWSA Organization Chart





FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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, 2025 and 2024, 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, 2025 and 2024, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Authority's Proportionate Share of the Net Pension Liability, Schedule of the Authority's Contributions to the South Carolina Retirement System – Last Ten Fiscal Years, and the Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Budgetary Comparison Schedule for June 30, 2025, the Budgetary Comparison Schedule by Functional Classification for June 30, 2025, the Schedule of Expenses by Natural Classification – Budget and Actual for June 30, 2025, the Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2025 and 2024, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") 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, 2025, the Budgetary Comparison Schedule by Functional Classification for June 30, 2025, the Schedule of Expenses by Natural Classification – Budget and Actual for June 30, 2025, the Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2025 and 2024, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our 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 9, 2025 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.

Mauldin & Jenkins, LLC

Savannah, Georgia
December 9, 2025



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, 2025 and 2024. 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 \$113.8 million unrestricted net position, \$78.0 million is Board-designated for capital funding and \$35.8 million is available to provide for current operations. Unrestricted net position increased approximately \$7.3 million, or 6.9%, from prior year (as compared to an increase of approximately \$17.2 million, or 19.3%, from 2023 to 2024).
- Debt service coverage (excluding capacity fees) increased from 212% to 304% for fiscal year 2025. It continues to remain above the 125% requirement established by the Board. This increase in debt service coverage (excluding capacity fees) is largely the result of the increase in operating income. Debt service coverage (including capacity fees) increased from 344% to 515% for fiscal year 2025. It also continues to remain above the 120% required by the bond covenants.

- Total operating revenues for fiscal year 2025 were \$101.4 million, an increase of approximately 23.5%, or \$19.3 million, over the prior year primarily as a result of a rate increase combined with customer growth. The Authority reported an increase of 3,638 water customers and 3,207 wastewater customers at year end. Residential water consumption increased 5.8% or 523,000 kgals (thousands of gallons) and residential wastewater usage increased 17.0% or 744,000 kgals from prior year. The average residential customer's monthly water consumption in kgals increased from 5.88 to 6.21 this fiscal year.

Fiscal year 2024 total operating revenues were \$82.1 million, an increase of approximately 13.0%, or \$9.5 million, over the prior year primarily as a result of a rate increase combined with customer growth. The Authority reported an increase of 2,268 water customers and 2,160 wastewater customers at year end. Residential water consumption decreased 2.9% or 266,000 kgals (thousands of gallons), and residential wastewater usage decreased 1.4% or 61,000 kgals from prior year. The average residential customer's monthly water consumption in kgals decreased from 6.11 to 5.88.

- Total operating expenses for fiscal year 2025 were approximately \$87.1 million, an increase of 6.6%, or \$5.4 million, from the prior year. Depreciation and amortization expense accounted for \$32.2 million of total operating expense and was an increase of approximately \$926 thousand over prior year. Total operating expenses excluding depreciation and amortization were \$55.0 million, an increase of 8.8%, or \$4.4 million from the prior year. Excluding depreciation and amortization, water operating expenses increased 6.6%, or \$1.9 million from the prior year, and wastewater operating expenses increased 11.8%, or \$2.5 million, from the prior year. These changes are primarily attributed to increases in costs related to wages and salaries, franchise fees, group insurance, and chemicals.

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

- Operating income was \$14.3 million for 2025 compared to an operating income of \$355.9 thousand for 2024, a increase in operating margin of approximately \$13.9 million. This resulted from an increase in water and wastewater revenue compared to prior year. For fiscal year 2025, \$1.85 was generated from operating revenues for every \$1.00 expensed (excluding depreciation, amortization and non-operating expenses), this was an increase of 13.5% from prior year's operating ratio of \$1.63.

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

- Net cash provided by operating activities for 2025 represented 41.6% of operating revenues compared to 41.4% in fiscal year 2024. The Authority generated \$42.2 million from operations to support capital and financing activities, an increase of \$8.2 million or 24.2% over prior year.

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

- Capacity fees and developer contributions of systems were \$34.1 million and \$24.8 million, respectively, for fiscal years 2025. Capacity fees increased \$13.6 million, or 66.4%, from prior year. Developer contributions, which were \$24.1 million in 2024, increased 2.7% or approximately \$651 thousand in the current year. The increases in capacity fees and developer contributions are evidence of continued growth in the area.

Fiscal year 2024 capacity fees and developer contributions of systems were \$20.5 million and \$24.1 million, respectively. Capacity fees increased \$6.0 million, or 41.9%, from the prior year. Developer contributions, which were \$13.0 million in 2023, increased 86.1% or \$11.2 million in the current year.

Financial Position

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

CONDENSED STATEMENTS OF NET POSITION

	June 30,			2024 to 2025		2023 to 2024	
	2025	2024	2023	Dollars	%	Dollars	%
Capital assets:				Increase (decrease)		Increase (decrease)	
Producing assets	\$408,879,404	\$399,895,961	\$369,853,017	\$8,983,443	2.2%	\$30,042,944	8.1%
Construction in progress	144,694,718	70,095,595	57,455,700	74,599,123	106.4%	12,639,895	22.0%
Current assets (including designated & restricted)	255,415,045	161,667,362	165,744,600	93,747,683	58.0%	(4,077,238)	-2.5%
Other noncurrent assets	21,715,816	20,622,522	21,310,769	1,093,294	5.3%	(688,247)	-3.2%
Total assets	830,704,983	652,281,440	614,364,086	178,423,543	27.4%	37,917,354	6.2%
Total deferred outflows of resources	11,253,788	10,620,310	9,893,729	633,478	6.0%	726,581	7.3%
Current liabilities	41,067,251	35,381,967	27,097,824	5,685,284	16.1%	8,284,143	30.6%
Long term liabilities	254,304,582	164,971,925	178,185,789	89,332,657	54.2%	(13,213,864)	-7.4%
Total liabilities	295,371,833	200,353,892	205,283,613	95,017,941	47.4%	(4,929,721)	-2.4%
Total deferred inflows of resources	14,899,491	10,886,393	11,574,630	4,013,098	36.9%	(688,237)	-5.9%
Net position:							
Net investment in capital assets	417,486,562	344,755,078	317,839,642	72,731,484	21.1%	26,915,436	8.5%
Restricted for:							
Capital activity	415,244	415,244	415,244	-	0.0%	-	0.0%
Unrestricted	113,785,641	106,491,143	89,144,686	7,294,498	6.8%	17,346,457	19.5%
Total net position	\$531,687,447	\$451,661,465	\$407,399,572	\$80,025,982	17.7%	\$44,261,893	10.9%

Total net position as of June 30, 2025 was \$531.7 million, representing an increase of 17.7% from the prior year. Total net position increased by \$80.0 million from fiscal year 2024, as a result of an increase in construction in progress and current assets. In 2024, total net position increased by \$44.3 million or 10.9% from prior year. This increase was due to an increase in producing assets and construction in progress. Of the \$113.8 million unrestricted net position, \$78.0 million is Board-designated for capital funding and \$35.8 million is available to provide for current operations.

Producing assets increased a net \$9.0 million (compared to a \$30.0 million increase in 2024), which reflects additions of \$24.8 million from developer noncash contributions; \$5.8 million capitalized construction in progress (CIP) projects and \$10.5 million in capital purchases, as well as a decrease of \$32.2 million from depreciation. Major contributed capital additions include: Latitude Hilton Head (\$4.5 million); Clarius Park (\$3.3 million); East Argent (\$3.0 million); Golden Poppy Lane (\$1.8 million); and Royal Oaks (\$1.3 million). These developments included pump stations in addition to water and wastewater lines. The \$10.5 million operating capital purchases consisted of \$3.3 million in capitalized meters, \$3.0 million in equipment purchases, \$1.5 million in vehicles, \$2.5 million in capitalized engineering salaries and \$252 thousand in subscription-based information technology arrangements. The Authority disposed of \$795 thousand in assets. Disposals in fiscal year 2025 primarily consisted of vehicles and subscription-based information technology arrangements.

Construction in progress increased a net of \$74.6 million over prior year (compared to a net increase of \$12.6 million in 2024). The Authority expended \$80.4 million on capital assets related to construction projects during fiscal year 2025, with \$5.8 million completed and moved to producing assets. Major projects completed during fiscal year 2025 include: Wastewater Pump Station Replacement project (\$2.2 million); Chelsea Reservoir Pump Station Rehabilitation project (\$1.9 million); and First Boulevard Force Main Replacement project (\$793 thousand).

Of the \$144.7 million in construction in progress at the end of fiscal year 2025, \$48.6 million is related to the Purrysburg Water Treatment Plant Expansion project, \$33.3 million to the Cherry Point Water Reclamation Facility Expansion project, \$20.3 million to the Bluffton Parkway Water Main project, and \$10.6 million to the Wastewater Pump Stations CP19 & CP67 Upgrade project. Additional information on capital assets may be found in the footnotes to the financial statements.

Debt and Debt Coverage

In 2025, long-term liabilities increased \$89.3 million net over the prior fiscal year. New revenue bonds were issued in the original principal amount of \$94.2 million on March 19, 2025. In 2024, long-term liabilities decreased \$13.2 million over the prior fiscal year primarily due to no new debt incurred during the year.

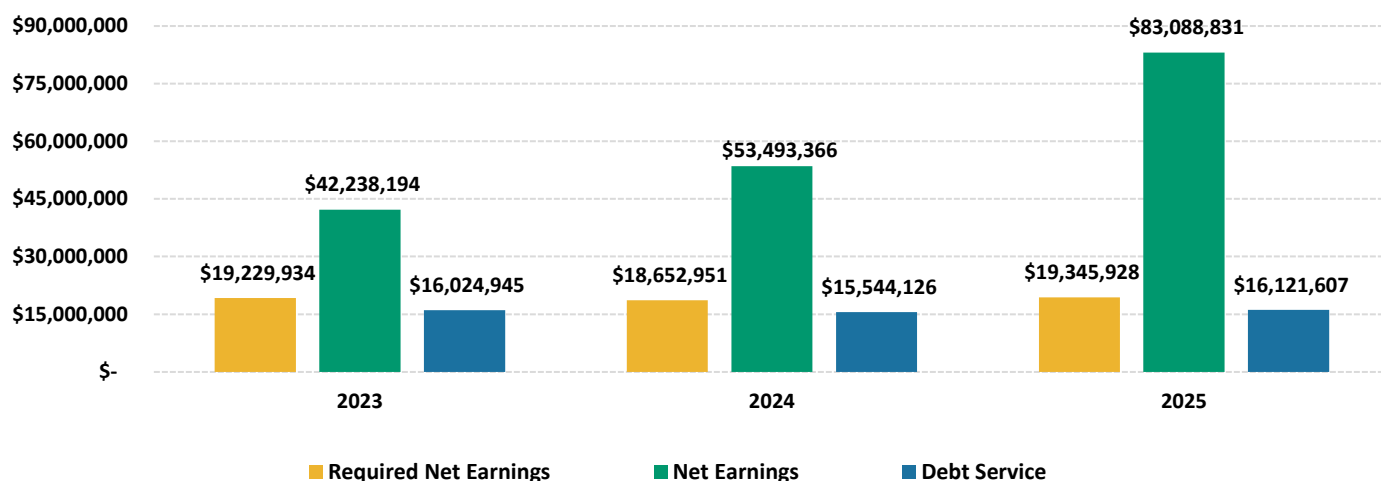
Net position to long-term debt decreased from 3.79 for 2024 to 2.56 for 2025 as a result of an increase in long-term debt during the year. This translates to each \$1 of long-term debt being represented by \$2.56 in net position. The Authority believes the ratio is strong for its current operations and 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 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., 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 2025 and 2024 was 515% and 344%, respectively, including capital contributions, and 304% and 212%, respectively, 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 6 in the notes to the financial statements.

NET EARNINGS AVAILABLE FOR DEBT SERVICE



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

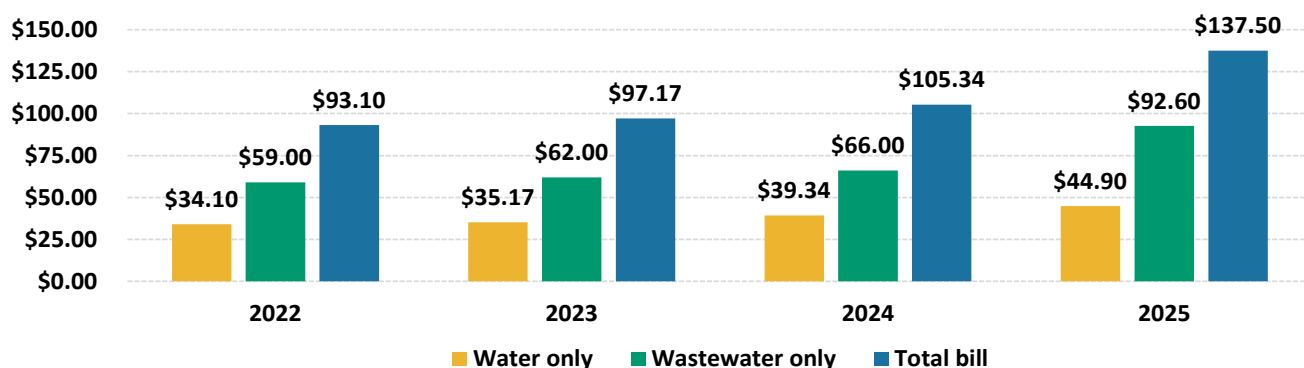
Three year comparison – year ended June 30,

	2025	2024	2023	2025 to 2024 Actual		2024 to 2023 Actual	
	Actual	Actual	Actual	Dollars	%	Dollars	%
Revenues:					Favorable/(Unfavorable)		
Water service revenues	\$48,699,043	\$40,257,225	\$35,298,408	\$8,441,818	21.0%	\$4,958,817	14.0%
Other water revenues	6,078,758	4,594,648	3,822,928	1,484,110	32.3%	771,720	20.2%
Wastewater service revenues	45,805,251	36,649,568	32,998,109	9,155,683	25.0%	3,651,459	11.1%
Other wastewater revenues	853,765	623,980	546,051	229,785	36.8%	77,929	14.3%
Total operating revenues	101,436,817	82,125,421	72,665,496	19,311,396	23.5%	9,459,925	13.0%
Expenses:							
Operating, before depreciation and amortization, but including franchise fees							
Water operations	18,849,990	18,388,970	16,622,890	(461,020)	-2.5%	(1,766,080)	-10.6%
Wastewater operations	15,603,629	14,105,078	13,221,247	(1,498,551)	-10.6%	(883,831)	-6.7%
Depreciation and amortization - water	13,796,777	13,481,951	13,037,871	(314,826)	-2.3%	(444,080)	-3.4%
Depreciation and amortization - wastewater	18,380,362	17,768,887	17,271,349	(611,475)	-3.4%	(497,538)	-2.9%
General, administrative, customer service and engineering -water	12,292,419	10,821,420	9,821,705	(1,470,999)	-13.6%	(999,715)	-10.2%
General, administrative, customer service and engineering -wastewater	8,211,491	7,203,255	6,514,994	(1,008,236)	-14.0%	(688,261)	-10.6%
Total operating expenses	87,134,668	81,769,561	76,490,056	(5,365,107)	-6.6%	(5,279,505)	-6.9%
Operating income (loss)	14,302,149	355,860	(3,824,560)	13,946,289	-3,919.0%	4,180,420	109.3%
Non-operating revenue (expense):							
Interest expense	(4,404,061)	(3,587,656)	(3,899,971)	(816,405)	-22.8%	312,315	8.0%
Investment income	2,360,097	1,204,647	1,120,140	1,155,450	95.9%	84,507	7.5%
Bond interest income	1,443,412	1,290,243	306,054	153,169	11.9%	984,189	321.6%
Lease interest income	198,550	215,460	207,199	(16,910)	-7.8%	8,261	4.0%
Military construction revenue	-	-	16,500	-	100.0%	(16,500)	0.0%
Litigation settlement	-	-	102,218	-	100.0%	(102,218)	0.0%
Gain on sale of assets	176,068	177,298	138,580	(1,230)	-0.7%	38,718	27.9%
Decrease in net position, before contributions	14,076,215	(344,148)	(5,833,840)	14,420,363	4,190.2%	5,489,692	94.1%
Capital contributions:							
Grants	7,107,922	-	-	7,107,922	0.0%	-	0.0%
Capacity fees	34,050,896	20,466,561	14,426,395	13,584,335	66.4%	6,040,166	41.9%
Developer contributions of systems	24,790,949	24,139,480	12,969,629	651,469	2.7%	11,169,851	86.1%
Total capital contributions	65,949,767	44,606,041	27,396,024	21,343,726	47.8%	17,210,017	62.8%
Increase(decrease) in net position	80,025,982	44,261,893	21,562,184				
Net position at beginning of year	451,661,465	407,399,572	385,837,388				
Cumulative effect of change in accounting principle	-	-	-				
Total Net Position	\$531,687,447	\$451,661,465	\$407,399,572				

Total operating revenues were \$101.4 million, an increase of 23.5%, or \$19.3 million, over the prior year primarily as a result of a rate increase combined with customer growth. From fiscal year 2024 to 2025, water customers increased 3,638 or 5.2% (compared to an increase of 2,268 or 3.4% from 2023 to 2024), and wastewater customers increased 3,207 or 6.3% (compared to an increase of 2,160 or 4.5% from 2023 to 2024). Retail residential and commercial water consumption figures, as measured by billings, increased 523,000 kgals (thousands of gallons) or 5.8% from prior year. Wastewater volume increased 744,000 kgals or 17.0% 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 2022 to fiscal year 2025, utilizing the fiscal year 2022, 2023, 2024, and 2025 rates as adopted.

Monthly Water & Wastewater Bill for 7kgal Residential Customer



The average usage for residential customers for water was 5.88 thousand gallons in 2024 and 6.21 thousand gallons in 2025, an increase of 5.7%. The average usage for residential customers for wastewater was 5.90 thousand gallons in 2024 and 6.67 thousand gallons in 2025, an increase of 13.1%.

Expenses

Fiscal year 2025 total operating expenses were approximately \$87.1 million, an increase of 6.6%, or \$5.4 million from the prior year. Depreciation and amortization expense accounted for \$32.2 million of total operating expense and was an increase of approximately \$926 thousand over prior year. Excluding depreciation and amortization, total operating expenses were \$55.0 million, an increase of 8.8% or \$4.4 million from the prior year.

Excluding depreciation and amortization, water operating expenses increased 6.6% or \$1.9 million from the prior year. The significant increases from the prior year primarily related to the following expenses:

- General, administrative, and other expenses (increased \$1.5 million or 13.6%) due to increased costs for wages, salaries and related benefits as well as increased costs for bad debt expense and computer contracts; and
- Water treatment (increased \$827 thousand or 9.6%) primarily due to increases in costs for chemicals, wages and salaries, and residuals management.

Excluding depreciation and amortization, wastewater operating expenses increased 11.8%, or \$2.5 million from the prior year. The significant increases from the prior year primarily related to the following expenses:

- General and administrative costs (increased \$1.0 million or 14.0%) primarily due to increases in salaries, wages and related benefits, and costs related to computer contracts; and
- Collection and transmission expenses (increased \$662 thousand or 10.6%) primarily due to increases in salaries and wages for department personnel and costs related to electric equipment maintenance.

Water expense per kgal (unit cost) excluding depreciation and amortization decreased from \$3.92 in 2024 to \$3.72 in 2025, or 5.1%, due to consumption increasing at a greater rate than expenses during the fiscal year. Wastewater expense per kgal (unit cost) excluding depreciation and amortization decreased from \$4.88 in 2024 to \$4.66 in 2025 or 4.5%, due to consumption increasing at a greater rate than expenses during the fiscal year.

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

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

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

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

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

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

Operating Margin

The increase in total operating revenue compared to prior year of \$19.3 million, combined with the increase in operating expenses, excluding depreciation and amortization, of \$4.4 million resulted in the operating margin to increase by \$14.9 million before depreciation and amortization. The actual 2025 operating income was \$14.3 million compared to an operating income of \$355.9 thousand in 2024, an increase in operating margin of \$13.9 million.

For fiscal year 2025, \$1.85 was generated from operating revenues for every \$1.00 expensed (excluding depreciation, amortization and non-operating expenses), which increased by \$0.22 or 13.5% compared to prior year. For comparative purposes, the operating ratios (operating revenues divided by operating expenses less depreciation and amortization) were \$1.63, 1.57, 1.76, and 1.79 for fiscal years 2024, 2023, 2022, and 2021, 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 \$28.9 million, as compared to \$21.5 million prior year. At year end, the days cash on hand (total unrestricted cash over operating expenses excluding depreciation and amortization, expressed in days) was 192 days compared to 155 days in prior year. The Authority's approved minimum criteria is to have 120 days of operating cash on hand.

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

	IN THOUSANDS			2025 to 2024	2024 to 2023
	2025	2024	2023	Variance	Variance
Total operating revenues	\$101,437	\$82,125	\$72,665	\$19,311	\$9,460
Net cash provided by operations	\$42,235	\$34,002	\$26,676	\$8,233	\$7,326
Net operating cash as a % of operating revenue	41.6%	41.4%	36.7%		

The Authority was able to generate \$42.2 million from operations to support capital and financing activities, as a result of an increase in revenue, compared to prior year, which generated \$34.0 million from operations. The Authority generated \$3.0 million in investing activities in the current year, compared to generating \$5.2 million in prior year.

Cash payments for construction and acquisition of capital assets increased from \$43.9 million in 2024 to \$81.6 million in 2025. The \$81.6 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 proceeds from new issuance of debt were \$100.8 million in 2025. Total cash payments for debt service were \$12.8 million, compared to \$11.7 million in prior year. The \$42.2 million generated from operating activities combined with \$46.7 million net proceeds for investing and financing activities, resulted in an increase in cash and cash equivalents of \$88.9 million for 2025, as compared to an increase of \$364 thousand for 2024.

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. In fiscal year 2024, the Authority completed a Water and Wastewater Impact Fee Study which established the maximum allowable water and wastewater impact fees. Based on the study, the Authority adopted a phased approach to increase water and wastewater capacity fees over a multi-year period, beginning March 1, 2025, and ending June 30, 2027. The Authority also revised its payment terms, changing from requiring the full amount of capacity fees at preconstruction to splitting the payment between preconstruction and the installation of water meters.

On, September 24, 2024 the Board adopted the following changes to capacity fees:

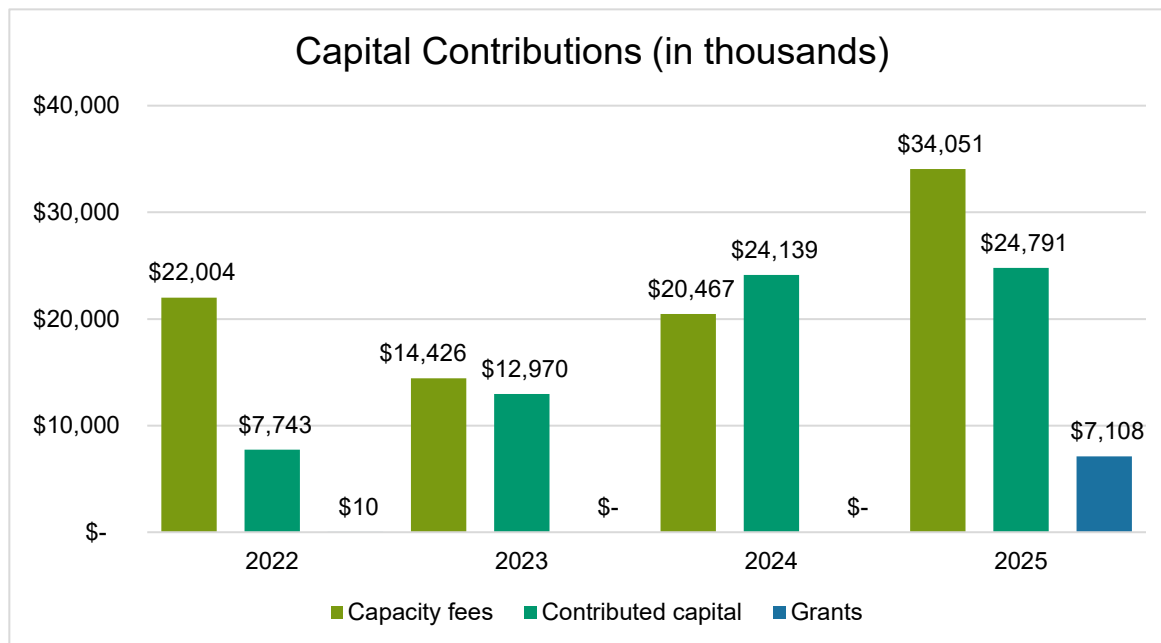
Capital Contribution / Capacity Fees		
Effective March 1, 2025	Pmt at Precon	Payment at Meters *
Residential Water per REU	\$1,639.00	\$1,113.00
Residential Sewer per REU	\$5,362.00	\$3,638.00
Commercial Water per gpd (minimum 300 gpd)	\$4.10	\$2.78
Commercial Sewer per gpd (minimum 200 gpd)	\$17.87	\$12.13
Effective July 1, 2025	Pmt at Precon	Payment at Meters *
Residential Water per REU	\$1,639.00	\$1,461.00
Residential Sewer per REU	\$5,362.00	\$5,138.00
Commercial Water per gpd (minimum 300 gpd)	\$4.10	\$3.65
Commercial Sewer per gpd (minimum 200 gpd)	\$17.87	\$17.13
Effective July 1, 2026	Pmt at Precon	Payment at Meters *
Residential Water per REU	\$1,639.00	\$1,801.00
Residential Sewer per REU	\$5,362.00	\$6,221.00
Commercial Water per gpd (minimum 300 gpd)	\$4.10	\$4.50
Commercial Sewer per gpd (minimum 200 gpd)	\$17.87	\$20.74

* Payment amount applies if the balance is paid within 24 months of the initial payment.

Capacity fee revenues increased 66.4% or \$13.6 million for 2025, as compared to 2024. The Authority restricts the use of capacity fee revenue to capital investment in growth related projects and these fees are reported in the statement of cash flows as a capital financing source.

Commercial and residential real estate developers also construct and then convey to the Authority water and wastewater systems that serve their developments. These fees are reported as non-operating revenues and require reporting the amounts through the statement of revenues, expenses and changes in net position. Developers contributed utility systems valued at \$24.8 million during fiscal year 2025. The developments Latitude Hilton Head (\$4.5 million), Clarius Park (\$3.3 million), East Argent (\$3.0 million), Golden Poppy Lane (\$1.8 million), and Royal Oaks (\$1.3 million) accounted for 56% of system contributions. Developers convey primarily residential systems to the Authority upon completion in accordance with plans and specifications approved by the Authority.

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



The Authority received \$7.1 million in grants in fiscal year 2025. These funds include grants from the South Carolina Department of Veterans' Affairs (SCDVA) and Rural Infrastructure Authority's (RIA) South Carolina Infrastructure Investment Program (SCIIP). Specifically, Beaufort County was awarded a \$3.0 million grant for the Wastewater Laurel Bay Treatment Plant and a \$1.6 million grant for the Port Royal Reclamation Facility from the SCDVA. The Authority manages both construction projects; therefore, BJWSA is the subawardee of the grants. Additionally, the Authority received \$2.5 million in grants from RIA in the current fiscal year. These funds cover costs related to Wastewater Pump Stations CP19 and CP17 Upgrade Project.

Capital Assets

During the year ended June 30, 2025, the Authority received approximately \$24.8 million in contributed capital, spent approximately \$80.4 million on the capital improvement program and spent \$10.5 million on operating capital (meters, equipment and vehicles). Disposals of assets were recorded in the amount of \$795 thousand, with a net gain on disposals of assets relating to equipment, vehicle and scrap sales for the year in the amount of \$176 thousand.

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

Additional information in changes in capital assets can be found in Note 5 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 in our area. Beaufort County experienced a decrease in unemployment rates from 4.6% in 2024 to 4.3% in 2025. Meanwhile, Jasper County's unemployment rate slightly increased from 4.5% in 2024 to 4.6% in 2025. Based on the most recent available statistical data from the South Carolina Department of Employment and Workforce, Beaufort County has seen an increase of 1.7% in population, and Jasper County has seen an increase of 5.9% in population. Population increases in both counties mirror the positive trend the Authority has experienced in customer growth and usage.

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

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

FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION

	June 30	
	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	\$28,850,776	\$21,472,488
Investments	8,498,900	6,552,821
Accounts receivable	11,422,986	9,912,421
Inventory and other assets	2,871,533	2,254,872
Total current assets (unrestricted)	51,644,195	40,192,602
Designated & restricted assets:		
Cash and cash equivalents - Designated	96,465,811	99,122,659
Cash and cash equivalents - Restricted	106,481,029	22,299,925
Designated receivables	824,010	52,176
Total designated & restricted assets	203,770,850	121,474,760
Total current assets	255,415,045	161,667,362
Noncurrent Assets:		
Capital assets		
Land and land rights	10,635,337	10,635,337
Administrative facilities	15,411,400	15,482,300
Water systems	383,721,234	365,696,107
Wastewater systems	504,932,614	485,858,193
Equipment	31,005,583	28,777,577
Subscription-based information tech. arrangements	580,503	553,828
Vehicles	9,944,181	8,861,687
Total depreciable capital assets	956,230,852	915,865,029
Less accumulated depreciation and amortization	(547,351,448)	(515,969,068)
Total depreciable capital assets, net	408,879,404	399,895,961
Construction work in progress	144,694,718	70,095,595
Total capital assets	553,574,122	469,991,556
Other Assets		
Long-term investments, unrestricted	-	945,119
Conservation Easements	534,125	534,125
ISM Receivable-Department of the Navy	12,812,218	14,118,188
Leases Receivable	8,369,473	5,025,090
Total other assets	21,715,816	20,622,522
Total noncurrent assets	575,289,938	490,614,078
Total assets	830,704,983	652,281,440
Deferred outflows of resources		
Deferred amounts on advance refundings	353,870	523,473
Pensions	6,928,024	5,416,089
Other post retirement benefits	3,971,894	4,680,748
Total deferred outflows of resources	\$11,253,788	\$10,620,310

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

STATEMENTS OF NET POSITION (continued)

	June 30	
	2025	2024
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$5,754,300	\$8,831,592
Accrued wages and benefits	3,130,214	2,494,258
Subscription liability	80,367	127,523
Other post retirement benefits liability	638,170	600,747
Revenue bonds	4,574,538	4,731,937
State revolving fund	2,374,136	2,386,632
Notes payable	729,253	694,526
Total current liabilities (unrestricted)	17,280,978	19,867,215
Current liabilities payable from designated & restricted assets:		
Accounts payable for capital items	18,483,213	9,383,325
Revenue bonds	2,812,462	4,919,063
State revolving fund	91,852	32,540
Interest payable	2,398,746	1,179,824
Total current liabilities payable from designated & restricted assets	23,786,273	15,514,752
Total current liabilities	41,067,251	35,381,967
Long term liabilities:		
Revenue bonds	175,312,763	83,358,125
State revolving fund	26,264,690	28,730,679
Notes payable	6,406,903	7,136,155
Net pension liability	29,042,338	28,503,193
Other post retirement benefits liability	16,790,276	16,817,439
Subscription liability	73,978	12,700
Unearned revenue-Levy projects	413,634	413,634
Total long term liabilities	254,304,582	164,971,925
Total liabilities	295,371,833	200,353,892
Deferred inflows of resources		
Pensions	1,155,052	153,872
Other post retirement benefits	5,902,637	6,325,874
Leases	7,841,802	4,406,647
Total deferred inflows of resources	14,899,491	10,886,393
Net position:		
Net investment in capital assets	417,486,562	344,755,078
Restricted for:		
Capital activity	415,244	415,244
Unrestricted	113,785,641	106,491,143
Total net position	\$531,687,447	\$451,661,465

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,	
		2025	2024
Operating revenues:			
Water:	Wholesale	\$5,372,918	\$3,978,543
	Retail	41,914,313	34,908,804
	Military Retail	1,411,812	1,369,878
	Other	6,078,758	4,594,648
	Total water revenues	54,777,801	44,851,873
Wastewater:	Service	42,769,695	33,653,764
	Military Retail	3,035,556	2,995,804
	Other	853,765	623,980
	Total wastewater revenues	46,659,016	37,273,548
	Total operating revenues	101,436,817	82,125,421
Operating expenses:			
Water:	Source of supply	994,928	1,041,014
	Water treatment	9,423,286	8,596,757
	Transmission and distribution	6,337,412	7,005,023
	Laboratory and testing	734,819	570,467
	Franchise fee	1,359,545	1,175,709
	Depreciation and amortization	13,796,777	13,481,951
	General, administrative, customer service and other	12,292,419	10,821,420
	Total water operating expenses	44,939,186	42,692,341
Wastewater:	Collection and transmission	6,929,728	6,268,114
	Wastewater treatment	4,824,371	4,764,840
	Wastewater disposal	303,713	280,929
	Sludge management	1,782,729	1,373,225
	Laboratory and testing	437,319	385,508
	Franchise fee	1,325,769	1,032,462
	Depreciation and amortization	18,380,362	17,768,887
	General, administrative, customer service and other	8,211,491	7,203,255
	Total wastewater operating expenses	42,195,482	39,077,220
	Total operating expenses	87,134,668	81,769,561
	Operating income	14,302,149	355,860
Non-operating revenue (expense):			
	Interest expense	(4,404,061)	(3,587,656)
	Investment income	2,360,097	1,204,647
	Bond interest income	1,443,412	1,290,243
	Lease interest income	198,550	215,460
	Net gain on disposal of assets	176,068	177,298
	Total non-operating expense, net	(225,934)	(700,008)
	Increase (decrease) in net position, before capital contributions	14,076,215	(344,148)
Capital contributions:			
	Grants	7,107,922	-
	Capacity fees, net of bad debt	34,050,896	20,466,561
	Developer contributions of systems	24,790,949	24,139,480
	Total capital contributions	65,949,767	44,606,041
	Increase in net position	80,025,982	44,261,893
	Net position at beginning of year	451,661,465	407,399,572
	Net position at end of year	\$531,687,447	\$451,661,465

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

STATEMENTS OF CASH FLOWS

		Year Ended June 30,	
		2025	2024
Cash flows from operating activities:			
Cash received from customers		\$99,926,251	\$82,605,565
Cash paid for wages and benefits		(27,118,717)	(23,822,479)
Cash paid to suppliers		(30,572,541)	(24,781,338)
Net cash provided by operating activities		42,234,993	34,001,748
Cash flows from investing activities:			
Proceeds/(purchases) of investments		(1,000,960)	2,463,734
Interest and investment income		4,002,059	2,700,482
Net cash provided by investing activities		3,001,099	5,164,216
Cash flows from capital and related financing activities:			
Purchase/construction of property, plant, and equipment		(81,616,199)	(43,860,205)
Proceeds from sale of assets		176,068	177,298
Proceeds from issuance of long term debt		100,769,072	29,923
Principal payments on debt		(12,764,698)	(11,744,733)
Interest paid on borrowings		(4,442,969)	(4,885,453)
Grant capital contributions		7,117,874	-
Military construction reimbursements		1,305,970	1,255,740
Change in lease receivable		(3,344,383)	377,626
Change in deferred inflow - leases		3,435,155	(477,701)
Subscription liability		(238,548)	(140,896)
Capacity fees, collected or received		33,269,110	20,466,561
Net cash provided by (used in) financing activities		43,666,452	(38,801,840)
Increase in cash and cash equivalents		88,902,544	364,124
Cash and cash equivalents at beginning of year		142,895,072	142,530,948
Cash and cash equivalents at end of year		231,797,616	142,895,072
Reconciliation to statements of net position:			
Unrestricted cash and cash equivalents		28,850,776	21,472,488
Designated cash and cash equivalents		96,465,811	99,122,659
Restricted cash and cash equivalents		106,481,029	22,299,925
Total cash and cash equivalents		231,797,616	142,895,072
Reconciliation of operating income to net cash provided by operating activities:			
Operating income		14,302,149	355,860
Adjustments:			
Depreciation and amortization		32,177,139	31,250,838
Changes in assets and liabilities			
Decrease (increase) in:	Receivables, excluding interest income	(1,510,565)	480,141
	Inventory and other assets	(616,661)	552,368
Increase (decrease) in:	Accounts payable and accrued expenses	(2,441,336)	891,617
	Other Post Retirement Benefits deferred inflows/	295,877	346,824
	outflows and liability		
	Pension deferred inflows/outflows and liability	28,390	124,100
Net cash provided by operating activities		\$42,234,993	\$34,001,748
Noncash activities:			
Developer contributions of systems		\$24,790,949	\$24,139,480

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

Note 1. Summary of Significant Accounting Policies

REPORTING 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 district and political subdivision of South Carolina and provides water and wastewater services to its service area, which encompasses Beaufort and Jasper Counties, except for certain incorporated municipalities and special purpose districts. The Authority is governed by an 11-member Board of Directors each of whom is appointed by the Governor of the State upon the recommendation of the respective county legislative delegation. The Authority’s waterworks system provides services to approximately 70,000 retail accounts, seven wholesale accounts and four military installations. The Authority’s wastewater system serves 51,000 retail accounts and two bulk commercial accounts.

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

OPERATING/NONOPERATING REVENUES AND EXPENSES

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

REVENUE RECOGNITION AND RECEIVABLES

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

Customer receivables represent various volume, availability, impact, and special service fees earned, but not yet collected. Unbilled receivables have been estimated and accrued as revenue from the date of the last reading of the meters based on the billing cycle. Unbilled accounts receivable was approximately \$5.1 million and \$4.5 million as of June 30, 2025 and 2024, 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 \$1.5 million and \$1.4 million as of June 30, 2025 and 2024, 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, interests in the South Carolina Local Government Investment Pool (LGIP or the "Pool") and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00 per share. 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 represents ownership of system capacity, and, as such, the Authority must ensure that the funds are utilized for growth infrastructure. During fiscal year 2000, the Authority began accepting letters of credit from certain developers and commercial customers for the payment of capacity fees. Any receivables generated from extension of credit for capacity payments or construction reimbursements from front foot assessments are also considered designated.

In fiscal year 2024, the Authority completed a Water and Wastewater Impact Fee Study which established the maximum allowable water and wastewater impact fees. Based on the study, the Authority adopted a phased approach to increase water and wastewater capacity fees over a multi-year period, beginning February 1, 2025, and ending June 30, 2027. The Authority also revised its payment terms, changing from requiring the full amount of capacity fees at preconstruction to splitting the payment between preconstruction and the installation of water meters. In fiscal year 2025, designated receivables for capacity fees were recorded of \$782 thousand.

INVENTORIES

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

CAPITAL ASSETS

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

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

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

Annualized depreciation and amortization expense, expressed as a percent of net depreciable capital assets, was 7.9% and 7.8% for fiscal years ended June 30, 2025 and 2024, 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 2025, beginning compensated absences were valued in the amount of \$780 thousand, \$1.7 million in benefits were earned, \$1.5 million in benefits were taken, and \$92 thousand in benefits were waived as a result of employees exceeding the Authority's maximum transferrable hours of 160. As of June 30, 2025, compensated absences were valued in the amount of \$867 thousand.

CLAIMS AND JUDGMENTS

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position contains a separate section for deferred outflows of resources. This separate statement of net position, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has deferred charges on advance refundings, which qualify for reporting in this category. Deferred charges on advance refundings result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Authority has deferred outflows related to pensions for contributions to the pension plan subsequent to the measurement date. These contributions will be a reduction of the collective net pension liability in the next reporting period. Deferred outflows related to pensions for the net difference between expected and actual experience are amortized over a four year period. Deferred outflows related to changes in pension assumptions are amortized over a four year period. Deferred outflows related to changes in proportionate share of plan contributions are amortized over a four year period. Additionally, the Authority has deferred outflows related to other post retirement contributions made subsequent to the measurement date. These contributions will be a reduction of the other post retirement benefits liability in the next reporting period. Deferred outflows related to the difference between expected and actual experience of the total other post retirement benefits liability is amortized over a nine year period. Deferred outflows related to changes in other post retirement benefit assumptions are amortized over a nine year period.

In addition to liabilities, the statement of net position contains a separate section for deferred inflows of resources. This separate net statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to lease receivables are amortized over the life of the lease term. Deferred inflows related to pensions for the net difference between expected and actual experience are amortized over a four year period. Deferred inflows related to pensions for the net difference between projected and actual investment earnings are amortized over a five year period. Additionally, deferred inflows related to other post retirement benefits for the net difference between expected and actual experience and changes in other post retirement benefit assumptions are amortized over a nine year period.

NET POSITION

Net position represents the difference between all other elements in a statement of net position and is displayed in the following three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding debt and other liabilities 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 2025 and 2024. 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 2026.

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.

Note 2. Cash, Cash Equivalents, and Investments

DEPOSITS

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. Deposits of the Authority are subject to South Carolina state statutes for custodial credit risk. The statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina, political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. In accordance with this statute, the Authority's policy requires deposits to be secured by collateral less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2025 and 2024, the carrying amounts of the Authority's deposits in financial institutions were \$231,797,616 and \$142,895,072. The bank balances were \$232,423,864 and \$143,108,440 at June 30, 2025 and 2024, respectively.

Cash and cash equivalents consisted of the following at June 30:

	June 30, 2025		June 30, 2024	
	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Cash on Hand	\$1,200	\$-	\$1,200	\$-
Demand Deposits	54,349,377	54,324,740	121,009,191	120,468,456
SC Local Gov't Investment Pool	71,381,254	71,381,254	-	-
Trust Accounts (Debt Service)	106,065,785	106,717,870	21,884,681	22,639,984
Total Cash and Cash Equivalents	<u>\$231,797,616</u>	<u>\$232,423,864</u>	<u>\$142,895,072</u>	<u>\$143,108,440</u>

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

	June 30	
	<u>2025</u>	<u>2024</u>
Statement of net position and cash flow statement amounts:		
Cash and cash equivalents		
Unrestricted	\$28,850,776	\$21,472,488
Designated	96,465,811	99,122,659
Restricted	106,481,029	22,299,925
Total cash and cash equivalents	<u>\$231,797,616</u>	<u>\$142,895,072</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, 2025 and 2024, the Authority had the following investments, at fair value, which were uninsured, unregistered and held by the Authority's brokerage firm which is also the counterparty for those particular securities:

	2025 Fair Value	2024 Fair Value
Investment Type:		
Federal Home Loan Bank	-	\$1,247,301
Federal Home Loan Mortgage	8,498,900	2,272,525
Total	<u>\$8,498,900</u>	<u>\$3,519,826</u>

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

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

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

As of June 30, 2025, the Authority had the following investments and maturities:

	Investment Maturities (in years)			Credit Rating	As a % of Total Investments
Investment Type:	Fair Value	Less than 1	1 to 5		
U.S. Treasuries	\$-	\$-	\$-	AA+	-
Federal Home Loan Mortgage	8,498,900	8,498,900	-	AA+	100%
Total	<u>\$8,498,900</u>	<u>\$8,498,900</u>	<u>\$-</u>		<u>100%</u>

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

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

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, 2025 and 2024.

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, 2025:

Debt Securities:	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$-	\$-	\$-	\$-
U.S. Agencies	8,498,900	-	-	8,498,900
Total	<u>\$8,498,900</u>	<u>\$-</u>	<u>\$-</u>	<u>\$8,498,900</u>

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

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

Note 3. Accounts Receivable

Accounts receivable were composed of the following:

	June 30	
	2025	2024
Wholesale and retail water and wastewater customers:		
Billed services	\$7,206,868	\$6,267,898
Unbilled services	5,132,787	4,544,161
Allowance for doubtful accounts	(1,501,672)	(1,394,893)
Other receivables	585,003	495,255
Total	<u>\$11,422,986</u>	<u>\$9,912,421</u>

Note 4. 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	
	2025	2024
Capacity fees receivable	\$781,786	\$-
Front Foot Assessment receivable	<u>42,224</u>	<u>52,176</u>
Total Designated receivables	<u>\$824,010</u>	<u>\$52,176</u>

The components of the designated and restricted assets, and liabilities payable from designated and restricted assets as of June 30, 2025 and 2024 were as follows:

	June 30, 2025		
	Total Designated & Restricted Assets	Liabilities Payable from Designated & Restricted Assets	Excess
Board designated:			
Contingency and depreciation	\$32,786,704	\$-	\$32,786,704
Capital projects (incl. receivables)	64,503,117	(18,483,213)	46,019,904
Restricted:			
Capital projects-Levy	415,244	-	415,244
Debt service and reserves	5,303,060	(5,303,060)	-
Bond construction fund	100,762,725	-	100,762,725
	<u>\$203,770,850</u>	<u>\$(23,786,273)</u>	<u>\$179,984,577</u>

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

Note 5. Capital Assets

Capital assets net of depreciation and amortization increased from \$470.0 million in fiscal year 2024 to \$553.6 million in fiscal year 2025, a change of \$83.6 million. The Authority received \$24.8 million in contributed systems, added \$80.4 million to construction in progress, added \$10.5 million to operating capital assets and had a depreciation and amortization expense of \$32.2 million for fiscal year 2025.

Detailed capital asset activity for the years ended June 30, 2025 and June 30, 2024 are as follows:

DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS
Year ended June 30, 2025

		System	O&M	Capital		
	30-Jun-24	Contributions	Additions & Depreciation	Improvement Program	Disposals	30-Jun-25
Non-Depreciable Capital Assets:						
Land and Land Rights	\$10,635,337	\$-	\$-	\$-	\$-	\$10,635,337
Construction in Progress	70,095,595	-	80,430,421	(5,831,298)	-	144,694,718
Total non-depreciable capital assets	80,730,932	-	80,430,421	(5,831,298)	-	155,330,055
Depreciable Capital Assets:						
Administrative Facilities and Improvements	15,482,300	-	-	-	(70,900)	15,411,400
Source of Supply	13,501,743	-	73,349	1,888,336	-	15,463,428
Water Treatment Plant	63,556,209	-	608,686	-	-	64,164,895
Wastewater Treatment Plant	140,391,518	-	-	-	-	140,391,518
Water System Transmission & Distribution	288,638,155	10,068,108	4,801,306	514,442	70,900	304,092,911
Wastewater System Collection & Transmission	343,773,499	14,722,841	1,080,567	3,271,013	-	362,847,920
Wastewater Disposal Systems	1,693,176	-	-	-	-	1,693,176
Other General Equipment	28,777,577	-	2,186,299	157,507	(115,800)	31,005,583
Subscription-based information tech. arrangements	553,828	-	252,670	-	(225,995)	580,503
Vehicles	8,861,687	-	1,535,458	-	(452,964)	9,944,181
Total depreciable capital assets	905,229,692	24,790,949	10,538,335	5,831,298	(794,759)	945,595,515
Less accumulated depreciation and amortization for:						
Administrative Facilities and Improvements	(6,728,884)	-	(507,828)	-	-	(7,236,712)
Source of Supply	(10,983,224)	-	(346,625)	-	-	(11,329,849)
Water Treatment Plant	(39,036,388)	-	(1,583,581)	-	-	(40,619,969)
Wastewater Treatment Plant	(64,213,599)	-	(3,983,074)	-	-	(68,196,673)
Water System Transmission & Distribution	(170,460,396)	-	(11,382,271)	-	-	(181,842,667)
Wastewater System Collection & Transmission	(193,238,286)	-	(11,714,927)	-	-	(204,953,213)
Wastewater Disposal Systems	(1,134,454)	-	(65,732)	-	-	(1,200,186)
Other General Equipment	(22,983,496)	-	(1,757,313)	-	115,800	(24,625,009)
Subscription-based information tech. arrangements	(364,041)	-	(214,070)	-	225,995	(352,116)
Vehicles	(6,826,300)	-	(621,718)	-	452,964	(6,995,054)
Total accumulated depreciation and amortization	(515,969,068)	-	(32,177,139)	-	794,759	(547,351,448)
Total depreciable capital assets, net	389,260,624	24,790,949	(21,638,804)	5,831,298	-	398,244,067
Total capital assets, net	\$469,991,556	\$24,790,949	\$58,791,617	\$-	\$-	\$553,574,122

DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS

Year ended June 30, 2024

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

Note 6. 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, 2025.

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, 2025 and 2024, the Authority's "net earnings" were 515% and 344%, 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, 2025 and 2024.

REVENUE BONDS:

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 2025 and 2024. 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 \$229,344 and \$232,626 for fiscal years 2025 and 2024, 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 \$110,625 and \$110,623 for fiscal years 2025 and 2024, respectively. 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 \$92,115 and \$234,274 for fiscal years 2025 and 2024, 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. As of June 30, 2025 payments for these bonds are complete.

Series 2019, Waterworks and Sewer System Revenue Bonds, dated October 30, 2019, were issued in the original principal amount of \$52,565,000 to provide funds for 1) the capacity expansion of the existing Purrysburg Water Treatment Plant, 2) the extension of a water main and construction of an elevated water storage tank on Bluffton Parkway, 3) the installation of a transmission main along North Street in the City of Beaufort to provide additional water to one of the two water lines that feed Lady's Island in Beaufort County, and 4) the upgrading of the Authority's Cherry Point pump stations numbers 19 and 67 to increase pumping capacity. The new bonds were issued at a premium of \$11,736,396, which was recorded as an increase in the carrying balance of the bonds payable and is amortized using the effective interest method through fiscal year 2039, with amortization recorded in the amount of \$908,331 and \$885,931 for fiscal years 2025 and 2024, 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.

Series 2025A, Waterworks and Sewer System Revenue Bonds, dated March 19, 2025, were issued in the original principal amount of \$94,180,000 to provide funds for 1) the upgrade and capacity expansion of the existing Cherry Point Water Reclamation Facility from 7.5 million gallons per day (MGD) to 11.25 MGD, 2) the capacity expansion of Hardeeville Water Reclamation Facility from 2.7 MGD to 6 MGD, and 3) other projects and improvements identified by the Authority related to wastewater pump station replacements, upgrades, and expansions; Chelsea Water Treatment Plant rehabs and upgrades; Port Royal Island Water Reclamation Facility rehabs and upgrades; and flow equalization from Cherry Point sewer shed to Hardeeville. The new bonds were issued at a premium of \$6,589,072, 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 2050, with amortization recorded in the amount of \$197,645 for fiscal year 2025. Payments are due in annual principal installments ranging from \$1,395,000 to \$5,920,000 through 2050, with interest at 4.0% to 5.0%, due March 1 and September 1.

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

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:

Department of 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, U.S. Marine Corps Air Station and Laurel Bay Housing). 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 2025 and 2024 is presented in the following table:

Description	Rate	6/30/2023	2024		6/30/2024	2025		6/30/2025	Current
			Additions	Reductions		Additions	Reductions		
Revenue Bonds:									
Series 2016A	5.00%	11,880,000	-	-	11,880,000	-	(1,305,000)	10,575,000	175,000
Series 2016B	5.00%	11,255,000	-	(5,830,000)	5,425,000	-	(5,425,000)	-	-
Series 2019	3.0 to 5.0%	52,565,000	-	-	52,565,000	-	-	52,565,000	2,695,000
Series 2020A	1.45%	17,077,000	-	(2,880,000)	14,197,000	-	(2,921,000)	11,276,000	2,877,000
Series 2025A	4.0 to 5.0%	-	-	-	-	94,180,000	-	94,180,000	1,640,000
		92,777,000	-	(8,710,000)	84,067,000	94,180,000	(9,651,000)	168,596,000	7,387,000
Add: Bond Premiums		10,294,956	-	(1,352,831)	8,942,125	6,589,072	(1,427,434)	14,103,763	-
Total Revenue Bonds		103,071,956	-	(10,062,831)	93,009,125	100,769,072	(11,078,434)	182,699,763	7,387,000
State Revolving Fund Loans:									
Series 2010A	2.25%	5,564,648	-	(714,791)	4,849,857	-	(731,010)	4,118,847	747,597
Series 2011A	1.00%	190,052	-	(20,889)	169,163	-	(21,099)	148,064	21,311
Series 2016C	1.67%	23,532,555	-	(1,366,788)	22,165,767	-	(1,389,693)	20,776,074	1,412,993
Series 2020B	2.60%	4,205,953	29,923	(270,812)	3,965,064	-	(277,370)	3,687,694	284,087
Total State Revolving Loans		33,493,208	29,923	(2,373,280)	31,149,851	-	(2,419,172)	28,730,679	2,465,988
Notes Payable									
Department of Navy	5.00%	8,492,135	-	(661,454)	7,830,681	-	(694,526)	7,136,155	729,253
Total Notes Payable		8,492,135	-	(661,454)	7,830,681	-	(694,526)	7,136,155	729,253
Total Long Term Liabilities		145,057,299	29,923	(13,097,565)	131,989,657	100,769,072	(14,192,132)	218,566,597	10,582,241
Less current portion		(11,744,736)			(12,764,698)			(10,582,241)	
Total Long-Term Debt		\$133,312,563			\$119,224,959			\$207,984,356	

CHANGES IN SUBSCRIPTION-BASED INFORMATION TECH. ARRANGEMENTS LIABILITIES

Changes in SBITA liabilities for 2025 and 2024 are as follows:

Description	Rate	6/30/2023	2024		6/30/2024	2025		6/30/2025
			Additions	Reductions		Additions	Reductions	
Subscription-based IT arrangements:								
SBITA liabilities		281,119	37,793	(178,689)	140,223	252,670	(238,548)	154,345
Less current portion		(165,264)			(127,523)			(80,367)
Total SBITA Long-Term Liabilities		\$115,855			\$12,700			\$73,978

CHANGES IN DEFERRED OUTFLOWS OF RESOURCES

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

	6/30/2023	2024		6/30/2024	2025		6/30/2025
		Additions	Reductions		Additions	Reductions	
Deferred outflows of resources:							
Deferred Amount on Refundings	\$(693,074)	\$-	\$169,601	\$(523,473)	\$-	\$169,603	\$(353,870)

REMAINING DEBT PAYMENTS

Remaining debt service payments at June 30, 2025, 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
2026	7,387,000	7,255,326	2,465,988	553,520	729,253	356,807	10,582,241	8,165,653
2027	7,424,000	7,216,367	2,513,749	505,718	765,716	320,344	10,703,465	8,042,429
2028	7,732,000	6,905,972	2,562,474	456,951	804,002	282,058	11,098,476	7,644,981
2029	8,076,000	6,565,633	2,612,183	407,198	844,202	241,858	11,532,385	7,214,689
2030	8,431,000	6,209,848	2,662,897	356,440	886,413	199,648	11,980,310	6,765,936
2031-2035	44,081,000	24,695,922	9,868,352	1,192,350	3,106,570	332,663	57,055,922	26,220,935
2036-2040	35,960,000	16,199,050	6,045,035	163,601	-	-	42,005,035	16,362,651
2041-2045	22,105,000	8,660,500	-	-	-	-	22,105,000	8,660,500
2046 & after	27,400,000	3,374,000	-	-	-	-	27,400,000	3,374,000
	<u>\$168,596,000</u>	<u>\$87,082,618</u>	<u>\$28,730,678</u>	<u>\$3,635,778</u>	<u>\$7,136,156</u>	<u>\$1,733,378</u>	<u>\$204,462,834</u>	<u>\$92,451,774</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, 2025 are as follows:

	<u>SBITA Liability</u>	
	Principal	Interest
2026	80,367	13,369
2027	73,978	6,536
	<u>154,345</u>	<u>19,905</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 2025 and 2024 are as follows:

	<u>Principal</u>	<u>Premiums and Discounts</u>	<u>6/30/2025</u>
Current liabilities:			
Revenue Bonds	\$4,574,538	\$-	\$4,574,538
State Revolving Fund	2,374,136	-	2,374,136
Notes Payable	<u>729,253</u>	-	<u>729,253</u>
	<u>7,677,927</u>		<u>7,677,927</u>
Current liabilities payable from designated & restricted assets:			
Revenue Bonds	2,812,462	-	2,812,462
State Revolving Fund	<u>91,852</u>	-	<u>91,852</u>
	<u>2,904,314</u>		<u>2,904,314</u>
Long-term liabilities:			
Revenue Bonds	161,209,000	14,103,763	175,312,763
State Revolving Fund	26,264,690	-	26,264,690
Notes Payable	<u>6,406,903</u>	-	<u>6,406,903</u>
	<u>193,880,593</u>	<u>14,103,763</u>	<u>207,984,356</u>
TOTALS	<u>\$204,462,834</u>	<u>\$14,103,763</u>	<u>\$218,566,597</u>
	<u>Principal</u>	<u>Premiums and Discounts</u>	<u>6/30/2024</u>
Current liabilities:			
Revenue Bonds	\$4,731,937	\$-	\$4,731,937
State Revolving Fund	2,386,632	-	2,386,632
Notes Payable	<u>694,526</u>	-	<u>694,526</u>
	<u>7,813,095</u>		<u>7,813,095</u>
Current liabilities payable from designated & restricted assets:			
Revenue Bonds	4,919,063	-	4,919,063
State Revolving Fund	<u>32,540</u>	-	<u>32,540</u>
	<u>4,951,603</u>		<u>4,951,603</u>
Long-term liabilities:			
Revenue Bonds	74,416,000	8,942,125	83,358,125
State Revolving Fund	28,730,679	-	28,730,679
Notes Payable	<u>7,136,155</u>	-	<u>7,136,155</u>
	<u>110,282,834</u>	<u>8,942,125</u>	<u>119,224,959</u>
TOTALS	<u>\$123,047,532</u>	<u>\$8,942,125</u>	<u>\$131,989,657</u>

Note 7. 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, 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, 2025 and 2024. BJWSA, as a Class II employer, was required to contribute at a rate of 18.41%, 18.41%, and 17.41% employee earnable compensation for fiscal years June 30, 2025, 2024, and 2023, respectively. For years ended June 30, 2025, 2024, and 2023, wages of \$20,216,779, \$17,018,630, and \$14,905,397 were subject to retirement, representing 96.84%, 96.96%, and 94.70%, respectively, of total gross salaries. Total salaries were \$20,877,206, \$17,553,009, and \$15,739,539 for 2025, 2024, and 2023, 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, 2025, 2024 and 2023 were \$3,752,234, \$3,158,658, and \$2,617,388, respectively, which is 18.56%, 18.56%, and 17.56%, respectively, of covered salaries. BJWSA contributed 100% of its annual required contributions for fiscal years 2025, 2024, and 2023.

ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial valuations of the ongoing 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. PEBA's valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in PEBA's valuation report were determined by their consulting actuary, Gabriel, Roeder, Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 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, 2024.

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, 2024, 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, 2025, the Authority reported \$29,042,338 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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, projected forward to June 30, 2024. 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, 2025, the Authority's proportionate share of the SCRS plan was 0.123846%, an increase of .005954% 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 2024 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% 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%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.90%	0.48%
Real Assets	12.0%		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Real Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
			7.74%

SENSITIVITY ANALYSIS

The following table presents the Authority's June 30, 2025 proportionate share of the net pension liability of the SCRS plan calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$37,635,589	\$29,042,338	\$21,128,635

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

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

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, 2025 and 2024, the Authority recognized pension expense of \$3,780,625 and \$3,282,758, respectively. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$954,434	\$36,043	\$494,865	\$79,044
Net difference between projected and actual earnings on pension plan investments	-	1,119,009	-	39,015
Changes in pension assumptions	512,011	-	436,710	-
Changes in proportionate share of plan contributions	1,709,345	-	1,325,856	35,813
Contributions subsequent to the measurement date	3,752,234	-	3,158,658	-
Total	\$6,928,024	\$1,155,052	\$5,416,089	\$153,872

Deferred outflows of resources of \$3,752,234 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, 2026. The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2024. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2024 was 3.62 years for SCRS.

Measurement Period ending June 30:

2025	\$522,789
2026	1,586,786
2027	205,025
2028	(293,862)
Net Balance of deferred Outflows/(Inflows) of Resources	\$2,020,738

Note 8. Other Postemployment Benefits

PLAN DESCRIPTION

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

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

Normal (unreduced) Retirement Requirements

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

Early (reduced) Retirement Requirements

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

Employees hired before May 2, 2008:

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

Employees hired on or after May 2, 2008:

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

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

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Active Plan Members	216
Total Plan Members	273

TOTAL OPEB LIABILITY

The Authority reported a total OPEB liability of \$17,428,446 at June 30, 2025. The total OPEB liability is based on an actuarial valuation performed as of June 30, 2023 and a measurement date of June 30, 2023.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

Valuation Date:	June 30, 2023
Methods and Assumptions:	
Actuarial cost method	Individual Entry-Age Normal
Discount Rate	3.97% as of June 30, 2024
Inflation	2.50%
Salary Increases	3.00% to 9.65%, including inflation
Demographic Assumptions	Based on the experience study covering the five year period ending June 30, 2023 as conducted for the South Carolina Retirement Systems (SCRS).
Mortality	For healthy retirees, the gender-distinct Pub-2010 General Headcount-Weighted Healthy Retiree mortality tables are used. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2021.
Health Care Trend Rates	Initial rate of 6.50% declining to an ultimate rate of 4.25% after 14 years.
Participation Rates	90% for retirees eligible for fully funded premium rates; 60% for retirees eligible for partially funded premium rates; and 20% for retirees eligible for non-funded premium rates.
Other Information:	
Notes	The discount rate changed from 3.86% as of June 30, 2023 to 3.97% as of June 30, 2024. Additionally, the demographic and salary increase assumptions were updated to reflect the 2024 experience study for the South Carolina Retirement Systems.

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 3.97% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.86% 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, 2025 and June 30, 2024:

	2025	2024
Beginning balance as of July 1	\$17,418,186	\$16,681,487
Changes for the year:		
Service Cost	664,631	655,049
Interest	673,575	616,009
Differences between expected and actual experience	(15,754)	(1,023,244)
Changes in pension assumptions	(711,445)	1,118,863
Benefit payments	(600,747)	(629,978)
Net changes	10,260	736,699
Ending Balance as of June 30	\$17,428,446	\$17,418,186

Changes of assumptions reflect a change in the discount rate from 3.86% as of June 30, 2023 to 3.97% as of June 30, 2024.

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

Explicit benefit payments	\$584,384
Implicit benefit payments*	16,363
Total benefit payments	\$600,747

*Explicit benefit payments multiplied by a factor of 0.028, which equals the ratio of the expected implicit subsidy to the expected explicit costs.

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE

The following presents the plan's total OPEB liability for June 30, 2025, calculated using a discount rate of 3.97%, 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 2.97%	Current Discount Rate Assumption 3.97%	1% Increase 4.97%
Total OPEB liability	\$20,454,405	\$17,428,446	\$15,017,925

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

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

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

The following presents the plan's total OPEB liability for June 30, 2025 and June 30, 2024, 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
2025 Total OPEB liability	\$ 14,575,006	\$ 17,428,446	\$ 21,161,772
2024 Total OPEB liability	\$14,676,014	\$17,418,186	\$20,989,576

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

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

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

For the year ended June 30, 2025 and 2024, the Authority recognized OPEB expense of \$934,047 and \$947,571, respectively. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$279,752	\$1,597,185	\$366,006	\$1,853,124
Changes in assumptions	3,053,972	4,305,452	3,713,995	4,472,750
Contributions subsequent to the measurement date	638,170	-	600,747	-
Total	\$3,971,894	\$5,902,637	\$4,680,748	\$6,325,874

The deferred outflow of \$638,170 for benefits paid after the measurement date consists of \$620,788 of explicit subsidies and \$17,382 of implicit subsidies. The implicit subsidy was estimated by multiplying the explicit costs by 0.028. The 0.028 factor equals the ratio of the expected implicit subsidy to the expected explicit costs. The deferred outflow of \$638,170 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2025.

Year ending June 30:

2026	\$(404,159)
2027	(242,959)
2028	(230,295)
2029	(450,499)
2030	(658,436)
Thereafter	(582,565)
Net Balance of deferred Outflows/(Inflows) of Resources	<u>\$(2,568,913)</u>

Note 9. 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, 2025 and 2024 were as follows:

	June 30	
	2025	2024
Net investment in capital assets		
Net property, plant and equipment in service	\$553,574,122	\$469,991,556
Less: Debt as disclosed in note 6	(204,462,834)	(123,047,532)
Premiums on bonds	(14,103,763)	(8,942,125)
Accounts payable for capital items	(18,483,213)	(9,383,325)
Subscription Liability	(154,345)	(140,223)
Deferred amount on refunding	353,870	523,473
Bond Construction Fund proceeds unspent	100,762,725	15,753,254
	<u>417,486,562</u>	<u>344,755,078</u>
Restricted for capital activity and debt service:		
Restricted cash and cash equivalents	106,481,029	22,299,925
Less: Debt service liabilities	(5,303,060)	(6,131,427)
Bond Construction Fund proceeds unspent	(100,762,725)	(15,753,254)
	<u>415,244</u>	<u>415,244</u>
Unrestricted	<u>113,785,641</u>	<u>106,491,143</u>
Total Net Position	<u>\$531,687,447</u>	<u>\$451,661,465</u>

Note 10. 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, 2025, BJWSA had open contracts (purchase orders) of \$119,789,133, including \$5,587,726 retainage payable, to be paid upon further progress by contractors. As of June 30, 2024, BJWSA had open contracts (purchase orders) of \$42,716,042, including \$3,021,811 retainage payable, to be paid upon further progress by contractors.

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.

Note 11. 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, 2025, 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 2025 and 2024, 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.

Note 12. Major Customers

Revenues from the largest three customers represented 4.01% and 3.60% of total operating revenues for fiscal years 2025 and 2024, respectively. No sales to a single major customer exceeded 10% of total operating revenues.

Note 13. Department of the Navy

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

Under the terms of the contract, the Authority purchased the water and sewer facilities and agreed to provide operations and maintenance (O&M) services to the four installations for a set annual charge (facility charge). The facility charge is a flat monthly charge based on cost of service which can be re-determined every three years. On September 1, 2008, the Authority began providing O&M services to the four installations. The Authority recognized \$1.4 million in Military Retail Water revenue in fiscal years 2025 and 2024. The Authority recognized \$3.0 million in Military Retail Wastewater revenue in fiscal years 2025 and 2024.

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, 2025 and 2024, the Navy liability was reduced by \$695 thousand and \$661 thousand, respectively, via purchase price credits with an ending balance of \$7.1 million and \$7.8 million, respectively.

The Navy agreed to pay the Authority \$42.1 million to bring the military water and wastewater systems up to industry standards. These construction projects are Initial System Modifications (ISMs) and represent a receivable for the Authority. The ISM's will be reimbursed by the Navy in the following manner: (1) \$8.97 million at commencement of contract which is the Navy's share of the completed Port Royal Island Water Reclamation Facility (PRIWRF) plant expansion, (2) \$7.32 million when consolidation construction is completed (paid September 2010) and (3) \$11.99 million paid over 20 years at 4% interest with partial payments beginning in fiscal year 2012 and full payments starting in fiscal year 2015. In fiscal year 2010, the receivable and unearned revenue for the ISM's were reduced by a price adjustment of \$1.33 million. In fiscal year 2011, the receivable and unearned revenue for the ISM's were increased by a price adjustment of \$959 thousand. The Authority received principal payments of \$1.3 million for fiscal years 2025 and 2024.

Note 14. 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
6/30/2016	0.099187%	18,811,293	9,299,952	202.27%	57.00%
6/30/2017	0.102607%	21,916,704	9,936,160	220.58%	52.90%
6/30/2018	0.108375%	24,396,955	10,934,654	223.12%	53.30%
6/30/2019	0.108634%	24,341,398	11,257,491	216.22%	54.10%
6/30/2020	0.110679%	25,272,686	11,687,439	216.24%	54.40%
6/30/2021	0.108466%	27,714,948	12,100,840	229.03%	50.70%
6/30/2022	0.107824%	23,334,437	12,188,485	191.45%	60.70%
6/30/2023	0.114108%	27,662,250	13,587,594	203.58%	57.10%
6/30/2024	0.117892%	28,503,193	14,905,397	191.23%	58.60%
6/30/2025	0.123846%	29,042,338	17,018,630	170.65%	61.80%

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
6/30/2016	1,098,939	(1,098,939)	-	9,936,160	11.06%
6/30/2017	1,264,045	(1,264,045)	-	10,934,654	11.56%
6/30/2018	1,526,515	(1,526,515)	-	11,257,491	13.56%
6/30/2019	1,701,692	(1,701,692)	-	11,687,439	14.56%
6/30/2020	1,882,891	(1,882,891)	-	12,100,840	15.56%
6/30/2021	1,896,527	(1,896,527)	-	12,188,485	15.56%
6/30/2022	2,250,105	(2,250,105)	-	13,587,594	16.56%
6/30/2023	2,617,388	(2,617,388)	-	14,905,397	17.56%
6/30/2024	3,158,658	(3,158,658)	-	17,018,630	18.56%
6/30/2025	3,752,234	(3,752,234)	-	20,216,778	18.56%

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

Fiscal Year Ending June 30,	2025	2024	2023	2022	2021	2020
Service Cost	\$664,631	\$655,049	\$1,003,437	\$969,690	\$729,483	\$621,304
Interest on the total OPEB liability	673,575	616,009	410,237	\$497,806	550,563	532,712
Differences between expected and actual experience	(15,754)	(1,023,244)	45,694	\$(1,412,689)	40,485	670,246
Changes of assumptions	(711,445)	1,118,863	(5,351,258)	\$1,554,571	1,826,320	1,472,179
Benefit payments	(600,747)	(629,978)	(582,856)	(573,812)	(502,625)	(450,318)
Net change in total OPEB liability	10,260	736,699	(4,474,746)	1,035,566	2,644,226	2,846,123
Total OPEB liability - beginning	17,418,186	16,681,487	21,156,233	20,120,667	17,476,441	14,630,318
Total OPEB liability - ending	17,428,446	17,418,186	16,681,487	21,156,233	20,120,667	17,476,441
Covered-employee payroll	\$17,553,009	\$15,739,539	\$14,088,499	\$12,920,647	\$14,529,414	\$12,432,048
Total OPEB liability as a percentage of covered-employee payroll	99.29%	110.67%	118.40%	163.74%	138.48%	140.58%

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.

FYE25 - The demographic and salary increase assumptions were updated to reflect the 2024 SCRS experience study.

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

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

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

FYE20 - The health care trend assumption was modified.

Changes of assumptions reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

FYE	Discount Rate
2025	3.97%
2024	3.86%
2023	3.69%
2022	1.92%
2021	2.45%
2020	3.13%
2019	3.62%
2018	3.56%
2017	2.92%

*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, 2025
(with comparative amounts for the fiscal year ended June 30, 2024)

	2025		2024	Variance of FY 2025 Actual Data To			
	Actual	Budget		Budget		2024 Actual	
				Dollars	%	Dollars	%
Operating revenues					Favorable (Unfavorable)		
Civilian wholesale	\$3,921,930	\$3,378,000	\$2,822,490	\$543,930	16.1%	\$1,099,440	39.0%
Military wholesale	1,450,988	1,382,000	1,156,053	68,988	5.0%	294,935	25.5%
Retail	43,326,125	41,097,000	36,278,682	2,229,125	5.4%	7,047,443	19.4%
Other	6,078,758	4,214,000	4,594,648	1,864,758	44.3%	1,484,110	32.3%
Total water operating revenues	54,777,801	50,071,000	44,851,873	4,706,801	9.4%	9,925,928	22.1%
Wastewater service	45,805,251	43,548,000	36,649,568	2,257,251	5.2%	9,155,683	25.0%
Other	853,765	565,000	623,980	288,765	51.1%	229,785	36.8%
Total wastewater operating revenues	46,659,016	44,113,000	37,273,548	2,546,016	5.8%	9,385,468	25.2%
Total operating revenues	101,436,817	94,184,000	82,125,421	7,252,817	7.7%	19,311,396	23.5%
Operating expenses							
Water operating expenses:							
Source of supply	994,928	1,017,300	1,041,014	22,372	2.2%	46,086	4.4%
Water treatment	9,423,286	9,135,500	8,596,757	(287,786)	-3.2%	(826,529)	-9.6%
Transmission and distribution	6,337,412	6,925,000	7,005,023	587,588	8.5%	667,611	9.5%
Laboratory and testing	734,819	671,300	570,467	(63,519)	-9.5%	(164,352)	-28.8%
Engineering & construction services	1,825,733	1,846,000	1,877,936	20,267	1.1%	52,203	2.8%
Franchise fee	1,359,545	1,301,500	1,175,709	(58,045)	-4.5%	(183,836)	-15.6%
Customer service & billing	2,636,995	2,459,100	2,236,451	(177,895)	-7.2%	(400,544)	-17.9%
General and administrative	7,829,691	8,314,400	6,707,033	484,709	5.8%	(1,122,658)	-16.7%
Total water operating expenses (excl. depr. and amort.)	31,142,409	31,670,100	29,210,390	527,691	1.7%	(1,932,019)	-6.6%
Wastewater operating expenses:							
Collection & transmission	6,929,728	6,962,600	6,268,114	32,872	0.5%	(661,614)	-10.6%
Wastewater treatment	4,824,371	5,142,200	4,764,840	317,829	6.2%	(59,531)	-1.2%
Wastewater disposal	303,713	352,700	280,929	48,987	13.9%	(22,784)	-8.1%
Sludge management	1,782,729	2,047,600	1,373,225	264,871	12.9%	(409,504)	-29.8%
Laboratory and testing	437,319	403,300	385,508	(34,019)	-8.4%	(51,811)	-13.4%
Engineering & construction services	1,216,962	1,230,700	1,237,945	13,738	1.1%	20,983	1.7%
Franchise fee	1,325,769	1,261,500	1,032,462	(64,269)	-5.1%	(293,307)	-28.4%
Customer service & billing	1,776,438	1,657,300	1,491,528	(119,138)	-7.2%	(284,910)	-19.1%
General and administrative	5,218,091	5,614,000	4,473,782	395,909	7.1%	(744,309)	-16.6%
Total wastewater operating expenses (excl. depr. and amort.)	23,815,120	24,671,900	21,308,333	856,780	3.5%	(2,506,787)	-11.8%
Operating expenses before depreciation	54,957,529	56,342,000	50,518,723	1,384,471	2.5%	(4,438,806)	-8.8%
Depreciation - Water	13,796,777	13,100,000	13,481,951	(696,777)	-5.3%	(314,826)	-2.3%
Depreciation - Wastewater	18,380,362	17,570,000	17,768,887	(810,362)	-4.6%	(611,475)	-3.4%
Total operating expenses	87,134,668	87,012,000	81,769,561	(122,668)	-0.1%	(5,365,107)	-6.6%
Operating income (loss)	14,302,149	7,172,000	355,860	7,130,149	-99.4%	13,946,289	-3,919.0%
Non-operating revenues (expenses), net	(225,934)	(3,853,000)	(700,008)	3,627,066	94.1%	474,074	67.7%
Increase (decrease) in net position, before capital contributions	14,076,215	3,319,000	(344,148)	10,757,215	-324.1%	14,420,363	4,190.2%
Capital contributions	65,949,767	46,000,000	44,606,041	19,949,767	43.4%	21,343,726	47.8%
Increase (decrease) in net position	\$80,025,982	\$49,319,000	\$44,261,893	\$30,706,982	62.3%	\$35,764,089	80.8%

BUDGETARY COMPARISON SCHEDULE BY FUNCTIONAL CLASSIFICATION

Year ended June 30, 2025

(with comparative amounts for the fiscal year ended June 30, 2024)

	2025		2024	Variance of FY 2025 Actual Data To			
	Actual	Budget		Budget		2024 Actual	
				Dollars	%	Dollars	%
Operating revenues				Favorable (Unfavorable)			
Civilian wholesale	\$3,921,930	\$3,378,000	\$2,822,490	\$543,930	16.1%	\$1,099,440	39.0%
Military wholesale	1,450,988	1,382,000	1,156,053	68,988	5.0%	294,935	25.5%
Retail	43,326,125	41,097,000	36,278,682	2,229,125	5.4%	7,047,443	19.4%
Other	6,078,758	4,214,000	4,594,648	1,864,758	44.3%	1,484,110	32.3%
Total water operating revenues	54,777,801	50,071,000	44,851,873	4,706,801	9.4%	9,925,928	22.1%
Wastewater service	45,805,251	43,548,000	36,649,568	2,257,251	5.2%	9,155,683	25.0%
Other	853,765	565,000	623,980	288,765	51.1%	229,785	36.8%
Total wastewater operating revenues	46,659,016	44,113,000	37,273,548	2,546,016	5.8%	9,385,468	25.2%
Total operating revenues	101,436,817	94,184,000	82,125,421	7,252,817	7.7%	19,311,396	23.5%
Operating expenses by Function							
Source of supply	994,928	1,017,300	1,041,014	22,372	2.2%	46,086	4.4%
Water treatment	9,423,286	9,135,500	8,596,757	(287,786)	-3.2%	(826,529)	-9.6%
Transmission and distribution	6,337,412	6,925,000	7,005,023	587,588	8.5%	667,611	9.5%
Collection & transmission	6,929,728	6,962,600	6,268,114	32,872	0.5%	(661,614)	-10.6%
Wastewater treatment	4,824,371	5,142,200	4,764,840	317,829	6.2%	(59,531)	-1.2%
Wastewater disposal	303,713	352,700	280,929	48,987	13.9%	(22,784)	-8.1%
Sludge management	1,782,729	2,047,600	1,373,225	264,871	12.9%	(409,504)	-29.8%
Laboratory and testing	1,172,138	1,074,600	955,975	(97,538)	-9.1%	(216,163)	-22.6%
Franchise fee	2,685,314	2,563,000	2,208,171	(122,314)	-4.8%	(477,143)	-21.6%
Engineering & construction services	3,042,695	3,076,700	3,115,881	34,005	1.1%	73,186	2.3%
Customer service & billing	4,413,433	4,116,400	3,727,979	(297,033)	-7.2%	(685,454)	-18.4%
General and administrative	13,047,782	13,928,400	11,180,815	880,618	6.3%	(1,866,967)	-16.7%
Operating expenses before depreciation and amortization	54,957,529	56,342,000	50,518,7243	1,384,471	2.5%	(4,438,806)	-8.8%
Depreciation and amortization	32,177,139	30,670,000	31,250,8398	(1,507,139)	-4.9%	(926,301)	-3.0%
Total operating expenses	87,134,668	87,012,000	81,769,5631	(122,668)	-0.1%	(5,365,107)	-6.6%
Operating income (loss)	14,302,149	7,172,000	355,860	7,130,149	-99.4%	13,946,289	-3,919.0%
Non-operating revenues (expenses), net	(225,934)	(3,853,000)	(700,008)	3,627,066	94.1%	474,074	67.7%
Increase (decrease) in net position,							
before capital contributions	14,076,215	3,319,000	(344,148)	10,757,215	-324.1%	14,420,363	4,190.2%
Capital contributions	65,949,767	46,000,000	44,606,041	19,949,767	43.4%	21,343,726	47.8%
Increase (decrease) in net position	\$80,025,982	\$49,319,000	\$44,261,893	\$30,706,982	62.3%	\$35,764,089	80.8%

Budget Summary

Operating revenues were \$101 million, an increase of 23.5% or \$19.3 million compared to prior year actual, and 7.7% or \$7.3 million over budget. The increase in revenue over budget is primarily due to an increase in residential water and wastewater services and other water revenue such as tap fees and project development fees.

Total water operating revenues were \$54.8 million, an increase of 22.1% or \$9.9 million compared to prior year actual, and 9.4% or \$4.7 million over budget. Total usage budgeted for residential and commercial customers was 6.1 million kgals compared to actual for this fiscal year of 6.5 million kgals.

Total wastewater operating revenues were \$46.7 million, an increase of 25.2% or \$9.4 million over prior year actual, and 5.8% or \$2.5 million over budget. Total usage budgeted for residential and commercial customers was 3.6 million kgals compared to actual for this fiscal year of 4.0 million kgals.

Direct operational costs for water (excluding depreciation and amortization) were under budget 1.7% or \$528 thousand. Under-budget water expenditures primarily related to the following functions and accounts:

- Transmission and Distribution - \$588 thousand under budget primarily due to a delay in hydrant flow testing contract services and storage tank maintenance.
- General and Administrative - \$485 thousand under budget primarily due to a decrease in full-time equivalent positions at year end compared to budget which contributed to a decrease in salaries and wages and associated benefits. Other post-retirement benefits were also below budget.

Direct operational costs for wastewater (excluding depreciation and amortization) were under budget 3.5% or \$857 thousand. Under-budget wastewater expenditures primarily related to the following functions and accounts:

- Wastewater Treatment - \$318 thousand under budget primarily due to a decrease in treatment maintenance costs, chemicals and power costs compared to budget.
- General and Administrative - \$396 thousand under budget primarily due to a decrease in full-time equivalent positions at year end compared to budget which contributed to a decrease in salaries and wages and associated benefits. Other post-retirement benefits were also below budgeted.
- Sludge Management - \$265 thousand under budget due to decrease in chemicals costs compared to budget.

The decrease in total operating expenses (excluding depreciation and amortization) of \$1.4 million and increase in depreciation and amortization expense of \$1.5 million combined with the increase in operating revenues of \$7.2 million, resulted in an increase of the Authority's operating margin compared to budget of \$7.1 million. The Authority's operating margin also resulted in an increase from prior year of \$13.9 million. The Authority generated \$1.85 for every \$1.00 expensed in 2025 compared to \$1.63 in 2024.

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION BUDGET AND ACTUAL

Year ended June 30, 2025

(with comparative actual amounts for the fiscal year ended June 30, 2024)

	2025				
	Budget	Actual	Variance Favorable (Unfavorable)	2024 Actual	Increase (Decrease) from 2024 to 2025
Salaries and wages	\$19,386,400	\$19,466,875	\$(80,475)	\$17,123,069	13.7%
Payroll taxes and benefits	9,696,100	8,612,066	1,084,034	7,607,877	13.2%
Repairs and maintenance	5,498,900	5,520,290	(21,390)	6,145,527	-10.2%
Supplies	4,804,900	4,590,431	214,469	4,090,401	12.2%
Professional services	4,333,200	4,470,104	(136,904)	4,510,271	-0.9%
Utilities	4,994,700	4,591,200	403,500	4,662,868	-1.5%
Operating leases, fees, memberships	2,671,600	2,659,369	12,231	2,238,888	18.8%
Franchise fees, licenses and permits	2,693,400	2,825,119	(131,719)	2,328,500	21.3%
Safety training, supplies & services	302,600	384,993	(82,393)	236,087	63.1%
Travel and training	512,100	269,202	242,898	417,147	-35.5%
Insurance	1,005,900	1,014,555	(8,655)	963,307	5.3%
Other expense	442,200	553,325	(111,125)	194,782	184.1%
Amortization expense	170,000	214,070	(44,070)	182,514	17.3%
Depreciation expense	30,500,000	31,963,069	(1,463,069)	31,068,323	2.9%
Before interest expense	87,012,000	87,134,668	(122,668)	81,769,561	6.6%
Interest expense	5,050,000	4,404,061	645,939	3,587,656	
Total expenses	<u>\$92,062,000</u>	<u>\$91,538,729</u>	<u>\$523,271</u>	<u>\$85,357,217</u>	

SCHEDULE OF NET EARNINGS FOR DEBT SERVICE AND DEBT COVERAGE

Years ended June 30, 2025 and 2024

	2025	2024
Operating income (loss)	\$14,302,149	\$355,860
Adjustments to derive net earnings:		
Depreciation and amortization expense	32,177,139	31,250,838
Contributed capital	34,050,896	20,466,561
Interest income, excluding bond interest income	2,558,647	1,420,107
Net earnings per bond resolution	<u>\$83,088,831</u>	<u>\$53,493,366</u>
Total debt service paid	<u>\$16,121,607</u>	<u>\$15,544,126</u>
Debt coverage	5.15	3.44
Debt coverage without capacity fees	3.04	2.12



STATISTICAL SECTION

STATISTICAL CONTENTS

Financial Trends and Debt Capacity 67-70

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

Capital Assets 71

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

Revenue Capacity 72-78

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

Demographic and Economic Information 79-84

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

Other Operational Information 85-87

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

BEAUFORT-JASPER WATER & SEWER AUTHORITY
SCHEDULE OF CHANGES IN REVENUES AND EXPENSES, AND DEBT SERVICE COVERAGE
Last ten fiscal years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating revenue										
Wholesale water	\$2,983,939	\$4,078,291	\$3,733,234	\$3,834,863	\$3,525,136	\$3,605,928	\$3,693,963	\$3,604,922	\$3,978,543	\$5,372,918
Retail water	21,579,605	25,453,028	24,937,014	26,467,700	29,340,228	29,686,334	\$30,333,053	31,693,486	36,278,682	43,326,125
Retail sewer	22,457,571	24,350,709	24,660,914	25,868,525	27,734,117	28,907,674	\$30,689,956	32,998,109	36,649,568	45,805,251
Other revenue	3,575,594	3,479,418	4,341,533	4,026,773	4,836,117	4,351,281	\$4,426,155	4,368,979	5,218,628	6,932,523
	50,596,709	57,361,446	57,672,695	60,197,861	65,435,598	66,551,217	69,143,127	72,665,496	82,125,421	101,436,817
Operating expense										
Water										
Source of supply	628,088	682,336	718,262	631,112	693,264	825,986	806,933	875,896	1,041,014	994,928
Water treatment	4,251,192	4,697,085	4,974,749	4,670,514	5,996,384	5,625,678	6,605,322	8,424,984	8,596,757	9,423,286
Transmission and distribution	4,010,835	4,470,738	5,233,862	5,009,118	4,951,948	5,735,100	4,983,144	5,758,974	7,005,023	6,337,412
Laboratory and testing	384,868	447,323	402,883	374,293	441,680	391,300	374,363	524,061	570,467	734,819
Franchise fee	713,142	799,341	798,800	837,019	917,001	959,339	998,714	1,038,975	1,175,709	1,359,545
Depreciation and amortization	10,931,496	11,293,048	11,868,983	12,550,945	12,845,015	13,014,417	13,087,181	13,037,871	13,481,951	13,796,777
General and administrative	4,996,528	5,881,978	6,052,314	6,489,605	7,969,641	8,478,193	8,752,852	9,821,705	10,821,420	12,292,419
Wastewater										
Collection and transmission	3,915,355	4,154,221	4,802,973	4,784,992	5,016,643	4,481,210	5,165,323	5,710,168	6,268,114	6,929,728
Wastewater treatment	2,936,791	2,898,779	3,462,234	3,450,755	3,438,614	3,278,321	3,856,199	4,858,202	4,764,840	4,824,371
Wastewater disposal	258,642	259,152	243,494	280,543	254,298	292,702	302,793	295,541	280,929	303,713
Sludge management	364,870	367,946	406,463	424,643	433,779	415,905	507,261	1,078,746	1,373,225	1,782,729
Laboratory and testing	274,773	315,821	306,502	305,905	355,068	339,298	329,610	300,634	385,508	437,319
Franchise fee	612,997	668,070	694,254	736,942	794,844	848,641	911,596	977,956	1,032,462	1,325,769
Depreciation and amortization	13,848,428	14,051,485	14,484,051	15,196,456	16,887,888	17,251,404	17,356,345	17,271,349	17,768,887	18,380,362
General and administrative	3,318,370	3,935,910	4,032,213	4,313,803	5,296,681	5,579,464	5,778,585	6,514,994	7,203,255	8,211,491
	51,446,375	54,923,233	58,482,037	60,056,645	66,292,748	67,516,958	69,816,221	76,490,056	81,769,561	87,134,668
Operating income (loss)	(849,666)	2,438,213	(809,342)	141,216	(857,150)	(965,741)	(673,094)	(3,824,560)	355,860	14,302,149
Add non operating revenues:										
Investment income	984,401	920,657	920,466	1,057,193	1,016,462	806,984	711,400	1,119,940	1,204,647	2,360,097
Capacity Fees	5,036,468	3,971,040	4,403,030	8,956,572	9,984,422	10,971,337	22,003,826	14,426,395	20,466,561	34,050,896
Lease income	-	-	-	-	-	297,928	271,361	207,199	215,460	198,550
Add depreciation and amortization	24,779,924	25,344,533	26,353,034	27,747,401	29,732,903	30,265,821	30,443,526	30,309,220	31,250,838	32,177,139
Net income available for debt service	\$29,951,127	\$32,674,443	\$30,867,188	\$37,902,382	\$39,876,637	\$41,376,329	\$52,757,019	\$42,238,194	\$53,493,366	\$83,088,831
Actual annual debt service on debt	\$15,174,583	\$14,663,429	\$11,469,959	\$12,831,526	\$13,131,927	\$15,210,119	\$15,961,868	\$16,024,945	\$15,544,126	\$16,121,608
Principal and interest coverage on debt	1.97	2.23	2.69	2.95	3.04	2.72	3.31	2.64	3.44	5.15
Required coverage per bond	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.20
Principal and interest coverage on debt w/o CC fees (1)	1.64	1.96	2.31	2.26	2.28	2.00	1.93	1.74	2.12	3.04

(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.

BEAUFORT-JASPER WATER & SEWER AUTHORITY
SCHEDULE OF CHANGES IN NET POSITION
Last ten fiscal years

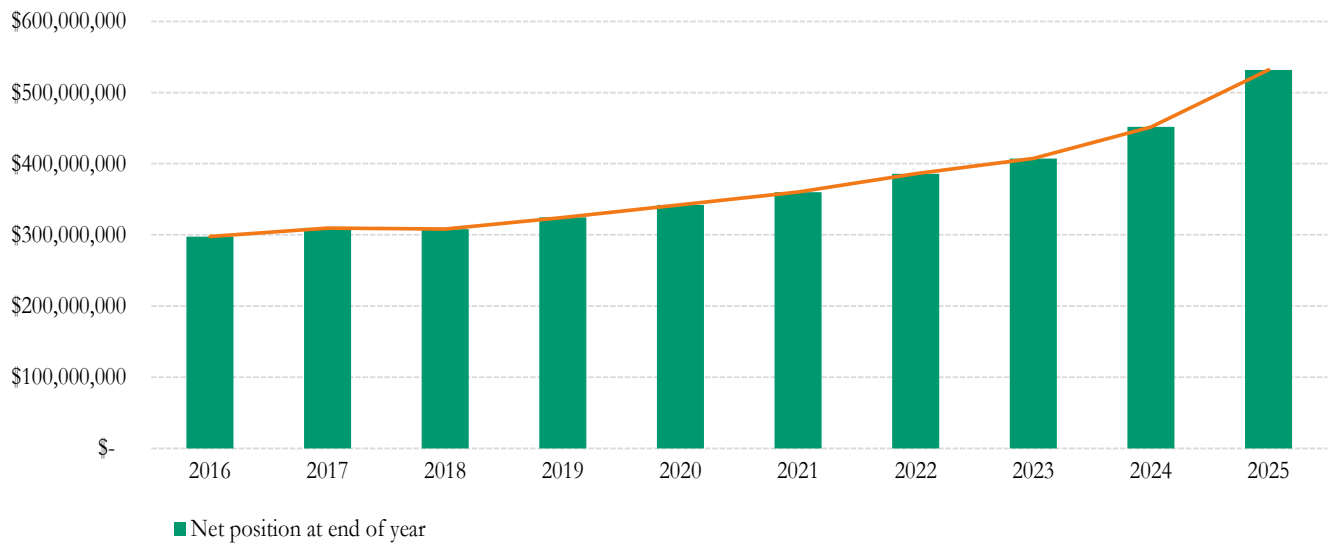
	<u>2016</u>	<u>2017</u>	<u>2018*</u>	<u>2019</u>	<u>2020</u>	<u>2021**</u>	<u>2022***</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating income (loss)	\$(849,666)	\$2,438,213	\$(809,342)	\$141,216	\$(857,150)	\$(965,741)	\$(673,094)	\$(3,824,560)	\$355,860	\$14,302,149
Non-operating revenue (expense)	(3,104,083)	(2,758,681)	(2,277,565)	(1,964,868)	(2,597,143)	(2,423,966)	(3,146,492)	(2,009,280)	(700,008)	(225,934)
Capital Contributions	12,293,230	12,486,749	9,273,969	18,179,580	21,196,810	20,896,258	29,756,808	27,396,024	44,606,041	65,949,767
Increase (decrease) in net position	8,339,481	12,166,281	6,187,062	16,355,928	17,742,517	17,506,551	25,937,222	21,562,184	44,261,893	80,025,982
Net position at beginning of the year	289,263,784	297,603,265	301,932,973	308,120,035	324,475,963	342,614,130	359,900,166	385,837,388	407,399,572	451,661,465
Net position at end of year	<u>\$297,603,265</u>	<u>\$309,769,546</u>	<u>\$308,120,035</u>	<u>\$324,475,963</u>	<u>\$342,218,480</u>	<u>\$360,120,681</u>	<u>\$385,837,388</u>	<u>\$407,399,572</u>	<u>\$451,661,465</u>	<u>\$531,687,447</u>

*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.

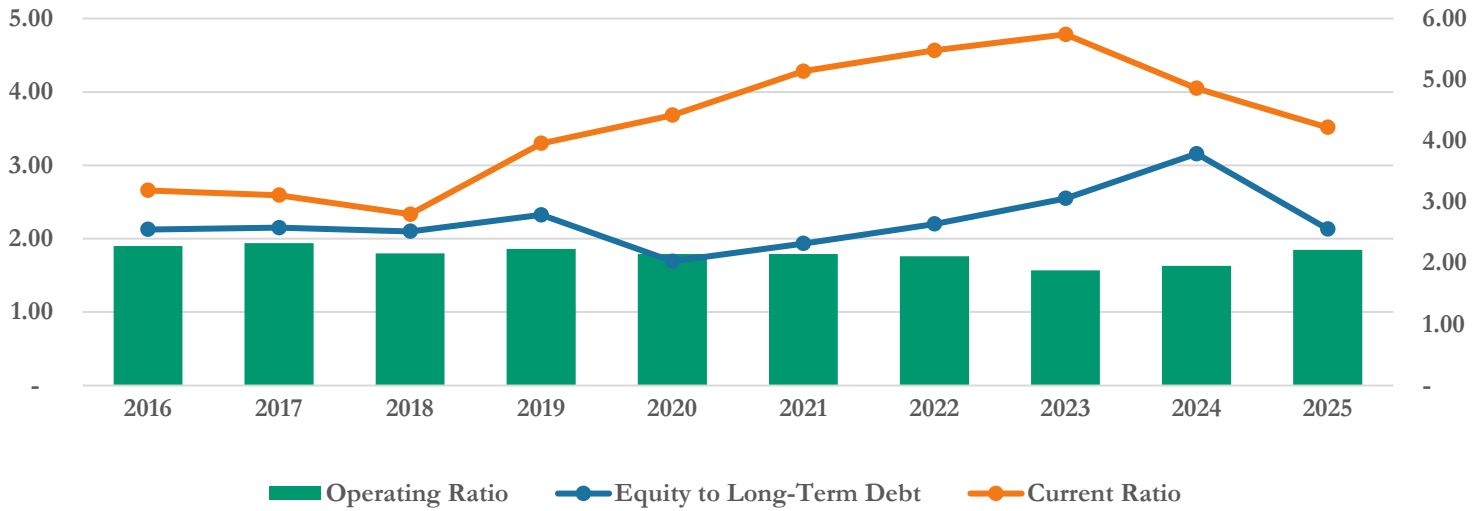
NET POSITION AT END OF YEAR



BEAUFORT-JASPER WATER & SEWER AUTHORITY
NET POSITION BY COMPONENT
Last ten fiscal years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net investment in capital assets	\$258,909,868	\$267,805,915	\$277,318,037	\$286,186,370	\$300,078,539	\$307,512,533	\$319,491,664	\$317,839,642	\$344,895,300	\$417,486,562
Restricted	414,829	414,894	414,915	415,247	415,245	415,244	415,246	415,244	415,244	415,244
Unrestricted	38,278,568	41,548,737	30,387,083	37,874,346	41,724,696	52,192,904	65,930,478	89,144,686	106,350,921	113,785,641
Total Net Position	\$297,603,265	\$309,769,546	\$308,120,035	\$324,475,963	\$342,218,480	\$360,120,681	\$385,837,388	\$407,399,572	\$451,661,465	\$531,687,447

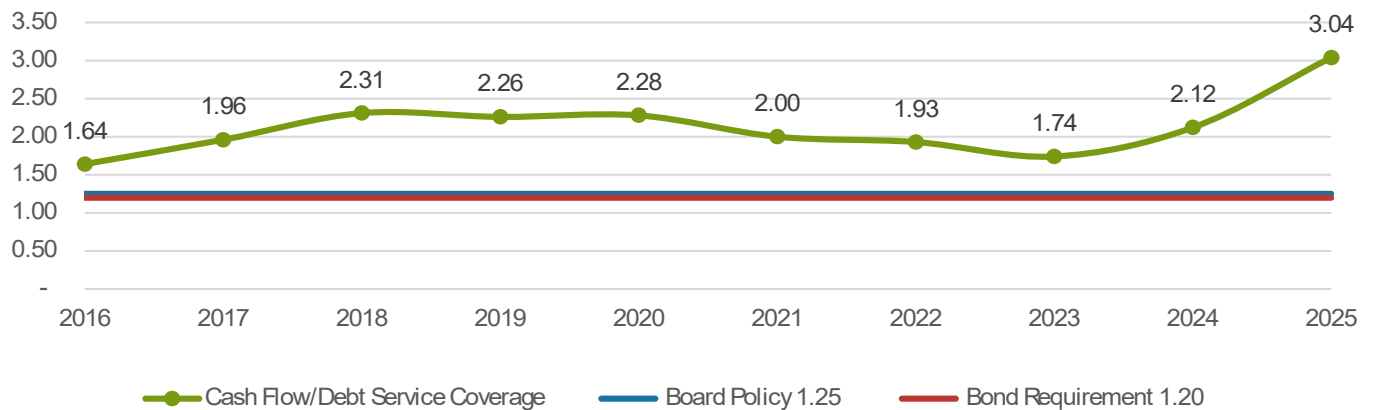
RATIO ANALYSIS



BEAUFORT-JASPER WATER & SEWER AUTHORITY RATIO OF OUTSTANDING DEBT BY TYPE

Fiscal Year	Subscription Liability	Revenue Bonds	SRF Loans	Notes Payable	Total Outstanding Debt	Total Debt Per Customer
2016	\$-	\$66,242,331	\$46,522,943	\$12,319,555	\$125,084,829	1,349
2017	-	61,497,718	54,976,522	11,849,472	128,323,712	1,304
2018	-	55,674,132	64,690,237	11,355,885	131,720,254	1,371
2019	-	49,688,401	65,311,899	10,837,619	125,837,919	1,264
2020	-	133,462,555	35,580,598	10,293,439	179,336,592	1,742
2021	-	123,328,502	33,483,761	9,722,050	166,534,313	1,543
2022	355,117	113,354,460	35,480,790	9,122,092	158,312,459	1,415
2023	281,119	103,071,956	33,493,208	8,492,135	145,338,418	1,257
2024	140,223	93,009,125	31,149,851	7,830,681	132,129,880	1,100
2025	154,345	182,699,763	28,730,678	7,136,156	218,720,942	1,723

DEBT SERVICE COVERAGE ANALYSIS



BEAUFORT-JASPER WATER & SEWER AUTHORITY DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS

Last ten fiscal years

		System		Capital Improvement		System	
	30-Jun-16	Contributions	Purchases	Program	Disposals	Reclass	30-Jun-25
Land and land rights	\$10,427,291	\$-	\$-	\$208,046	\$-	\$-	\$10,635,337
Administrative facilities & improvements	11,767,148	-	21,846	3,693,306	-	(70,900)	15,411,400
Source of supply	12,854,296	-	73,349	2,535,783	-	-	15,463,428
Water treatment plant	58,566,900	-	-	5,597,995	-	-	64,164,895
Wastewater treatment plant	102,787,952	-	42,826	39,006,795	(1,446,055)	-	140,391,518
Water system transmission & distribution	202,261,469	39,901,423	24,267,963	37,591,156	-	70,900	304,092,911
Wastewater system collection & transmission	244,216,417	70,838,940	4,367,230	43,589,881	(164,548)	-	362,847,920
Wastewater Disposal Systems	1,693,176	-	-	-	-	-	1,693,176
Other general equipment	12,973,667	-	14,199,255	4,505,721	(673,060)	-	31,005,583
Subscription-based information tech. arrangements	-	-	1,995,587	-	(1,415,084)	-	580,503
Vehicles	5,078,667	-	7,308,971	-	(2,443,457)	-	9,944,181
Property, plant and equipment in service	662,626,983	110,740,363	52,277,027	136,728,683	(6,142,204)	-	956,230,852
Accumulated depreciation and amortization	(287,767,345)	-	(263,998,908)	-	4,414,805	-	(547,351,448)
Property, plant and equipment in service, net	374,859,638	110,740,363	(211,721,881)	136,728,683	(1,727,399)	-	408,879,404
Construction in progress	7,448,295	-	273,366,420	(136,119,997)	-	-	144,694,718
Net property, plant and equipment	\$382,307,933	\$110,740,363	\$61,644,539	\$608,686	\$(1,727,399)	\$-	\$553,574,122

SCHEDULE OF TOTAL CAPITAL ASSETS

Last ten fiscal years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Utility plant in service	\$662,626,983	\$683,472,505	\$703,477,891	\$756,616,696	\$790,938,082	\$819,159,950	\$835,383,677	\$856,030,586	\$915,865,029	\$956,230,852
Accumulated depreciation	(287,767,345)	(312,675,913)	(338,871,202)	(366,186,802)	(395,399,128)	(425,462,304)	(456,159,216)	(486,177,569)	(515,969,068)	(547,351,448)
Net utility plant in service	374,859,638	370,796,592	364,606,689	390,429,894	395,538,954	393,697,646	379,224,461	369,853,017	399,895,961	408,879,404
Construction in progress	7,448,295	23,521,219	42,806,243	20,155,493	21,531,083	22,057,498	42,764,528	57,455,700	70,095,595	144,694,718
Total capital assets	\$382,307,933	\$394,317,811	\$407,412,932	\$410,585,387	\$417,070,037	\$415,755,144	\$421,988,989	\$427,308,717	\$469,991,556	\$553,574,122

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:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Hilton Head PSD	538,925	1,125,264	1,039,001	985,829	603,904	638,084	754,288	672,322	661,653	898,358
Fripp Island PSD	156,681	157,088	167,894	159,788	174,275	214,928	176,667	185,730	186,880	212,260
Water Oak Utility(Moss Creek)	142,268	166,714	144,978	150,205	158,461	167,515	170,290	158,424	159,888	165,075
Callawassie	60,334	98,998	82,940	87,630	95,775	96,155	93,812	87,180	90,764	107,322
Harbor Island Utilities	28,349	29,203	25,867	30,791	26,481	37,364	28,063	30,574	30,522	31,033
Warsaw-Eustis-Oaks	26,005	30,968	31,542	28,065	28,136	33,149	30,166	30,103	30,557	32,035
Total Wholesale, excluding Navy	952,562	1,608,235	1,492,222	1,442,308	1,087,032	1,187,194	1,253,286	1,164,333	1,160,264	1,446,083
US Department of the Navy:										
Parris Island Recruit Depot	295,094	344,306	211,363	216,772	225,301	238,761	200,161	180,901	192,516	213,608
Laurel Bay Housing	90,288	85,396	85,744	81,560	76,063	76,590	70,338	75,387	82,288	72,006
MCAS Beaufort	59,071	80,812	95,729	80,542	85,237	60,220	63,981	55,932	55,644	72,546
Naval Hospital	24,300	25,212	24,456	26,159	21,542	19,261	19,822	18,034	15,353	16,727
Total Navy	468,753	535,726	417,292	405,033	408,143	394,832	354,302	330,254	345,801	374,887
Total Wholesale	1,421,315	2,143,961	1,909,514	1,847,341	1,495,175	1,582,025	1,607,588	1,494,587	1,506,065	1,820,970
Total Retail	5,942,612	7,062,716	6,636,672	6,834,704	7,563,073	7,598,919	7,457,828	7,826,158	7,548,867	7,756,768
Total Volume (thousands of gallons)	7,363,927	9,206,677	8,546,186	8,682,045	9,058,248	9,180,944	9,065,416	9,320,745	9,054,932	9,577,738

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:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City of Beaufort	458,725	531,839	490,311	499,750	543,891	561,332	544,871	552,949	575,018	568,528
Burton/Gray's Hill	384,809	408,382	426,395	414,130	436,673	447,278	435,595	450,147	448,185	540,468
Lady's Island/Cat Island	400,275	493,296	468,105	490,913	516,077	521,617	521,385	524,355	515,741	553,611
Point South	16,203	19,702	19,677	17,955	17,842	16,682	16,971	16,056	13,200	13,222
St. Helena/Dataw Island	253,311	314,767	300,397	304,926	311,007	314,195	309,364	304,988	307,258	314,363
Bluffton (1)	1,765,489	2,278,875	2,130,221	2,230,772	2,558,104	2,625,305	2,623,135	2,679,861	2,606,327	2,877,150
Palm Key	1,516	1,188	1,386	2,053	1,874	1,778	1,705	1,693	1,776	2,468
Okatie	541,520	719,738	570,310	580,836	659,871	648,928	603,438	622,124	595,495	659,610
Hardeeville/ SoJasperCty	286,251	344,985	339,009	360,016	415,807	431,386	463,777	499,933	562,218	682,801
Town of Port Royal	224,853	245,109	243,975	262,068	276,678	313,261	321,582	314,197	316,616	332,701
Other/Special Commercial	1,609,660	1,704,835	1,646,886	1,671,285	1,825,249	1,717,156	1,616,005	1,859,855	1,607,033	1,211,846
Total Volume (thousands of gallons)	5,942,612	7,062,716	6,636,672	6,834,704	7,563,073	7,598,919	7,457,828	7,826,158	7,548,867	7,756,768

(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

	<u>2016</u>			<u>2017</u>			<u>2018</u>			<u>2019</u>			<u>2020</u>		
	<u>Avg. revenue</u>			<u>Avg. revenue</u>			<u>Avg. revenue</u>			<u>Avg. revenue</u>			<u>Avg. revenue</u>		
	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>
Hilton Head PSD	538,925	\$812,457	\$1.51	1,125,264	\$1,555,262	\$1.38	1,039,001	\$1,460,476	\$1.41	985,829	\$1,471,892	\$1.49	603,904	\$982,118	\$1.63
Fripp Island PSD	156,681	402,427	2.57	157,088	407,923	2.60	167,894	432,577	2.58	159,788	448,405	2.81	174,275	508,066	2.92
Water Oak Utility(Moss Creek)	142,268	365,629	2.57	166,714	433,457	2.60	144,978	395,790	2.73	150,205	422,077	2.81	158,461	454,785	2.87
Callawassie	60,334	139,372	2.31	98,998	230,665	2.33	82,940	206,521	2.49	87,630	228,714	2.61	95,775	258,595	2.70
Harbor Island Utilities	28,349	84,199	2.97	29,203	87,609	3.00	25,867	80,968	3.13	30,791	93,692	3.04	26,481	88,176	3.33
Warsaw-Eustis-Oaks	26,005	68,912	2.65	30,968	82,994	2.68	31,542	88,633	2.81	28,065	80,547	2.87	28,136	82,438	2.93
Total Wholesale, excluding Navy	952,562	1,872,996	1.97	1,608,235	2,797,910	1.74	1,492,222	2,664,965	1.79	1,442,308	2,745,327	1.90	1,087,032	2,374,178	2.18
US Department of the Navy:															
Parris Island Recruit Depot	295,094	699,373	2.37	344,306	822,894	2.39	211,363	541,089	2.56	216,772	583,116	2.69	225,301	635,349	2.82
Laurel Bay Housing	90,288	213,983	2.37	85,396	204,095	2.39	85,744	219,504	2.56	81,560	219,396	2.69	76,063	214,496	2.82
MCAS Beaufort	59,071	139,997	2.37	80,812	193,136	2.39	95,729	245,070	2.56	80,542	216,656	2.69	85,237	240,363	2.82
Naval Hospital	24,300	57,590	2.37	25,212	60,256	2.39	24,456	62,606	2.56	26,159	70,368	2.69	21,542	60,750	2.82
Total Navy	468,753	1,110,943	2.37	535,726	1,280,381	2.39	417,292	1,068,269	2.56	405,033	1,089,536	2.69	408,143	1,150,958	2.82
TOTAL WHOLESALE	1,421,315	\$2,983,939		2,143,961	\$4,078,291		1,909,514	\$3,733,234		1,847,341	\$3,834,863		1,495,175	\$3,525,136	
	<u>2021</u>			<u>2022</u>			<u>2023</u>			<u>2024</u>			<u>2025</u>		
	<u>Avg. revenue</u>			<u>Avg. revenue</u>			<u>Avg. revenue</u>			<u>Avg. revenue</u>			<u>Avg. revenue</u>		
	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>	<u>Kgals</u>	<u>Revenue</u>	<u>per kgal</u>
Hilton Head PSD	638,084	\$1,030,216	\$1.61	754,288	\$1,222,326	\$1.62	672,322	\$1,158,859	\$1.72	661,653	\$1,270,499	\$1.92	898,358	\$1,952,858	\$2.17
Fripp Island PSD	214,928	515,820	2.40	176,667	508,365	2.88	185,730	510,021	2.75	186,880	531,420	2.84	212,260	659,147	3.11
Water Oak Utility(Moss Creek)	167,515	480,767	2.87	170,290	488,733	2.87	158,424	468,934	2.96	159,888	516,439	3.23	165,075	619,030	3.75
Callawassie	96,155	259,617	2.70	93,812	256,105	2.73	87,180	249,099	2.86	90,764	284,093	3.13	107,322	403,530	3.76
Harbor Island Utilities	37,364	95,450	2.55	28,063	97,940	3.49	30,574	111,877	3.66	30,522	117,813	3.86	32,035	149,579	4.67
Warsaw-Eustis-Oaks	33,149	97,126	2.93	30,166	93,102	3.09	30,103	95,555	3.17	30,557	102,226	3.35	31,033	137,785	4.44
Total Wholesale, excluding Navy	1,187,194	2,478,996	2.09	1,253,286	2,666,571	2.13	1,164,333	2,594,345	2.23	1,160,264	2,822,490	2.43	1,446,083	3,921,929	2.71
US Department of the Navy:															
Parris Island Recruit Depot	238,761	680,152	2.85	200,161	581,917	2.91	180,901	553,556	3.06	192,516	643,003	3.34	213,608	856,567	4.01
Laurel Bay Housing	76,590	218,261	2.85	70,338	204,683	2.91	75,387	230,684	3.06	82,288	274,840	3.34	72,006	288,744	4.01
MCAS Beaufort	60,220	171,591	2.85	63,981	183,111	2.86	55,932	171,152	3.06	55,644	186,929	3.36	72,546	238,599	3.29
Naval Hospital	19,261	54,854	2.85	19,822	57,681	2.91	18,034	55,185	3.06	15,353	51,281	3.34	16,727	67,079	4.01
Total Navy	394,832	1,124,857	2.85	354,302	1,027,392	2.90	330,254	1,010,577	3.06	345,801	1,156,053	3.34	374,887	1,450,989	3.87
TOTAL WHOLESALE	1,582,025	\$3,603,853		1,607,588	\$3,693,963		1,494,587	\$3,604,922		1,506,065	\$3,978,543		1,820,970	\$5,372,918	

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:

	<u>2016</u>				<u>2017</u>				<u>2018</u>				<u>2019</u>				<u>2020</u>			
	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>
	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>
Hilton Head No. 1 PSD	\$812,457	27.2%	2.9%	1.4%	\$1,555,262	38.1%	5.8%	2.7%	\$1,460,476	39.1%	5.4%	2.4%	\$1,471,892	38.4%	5.1%	2.2%	\$982,118	27.9%	3.2%	1.5%
Fripp Island PSD	402,427	13.5%	1.4%	0.7%	407,923	10.0%	1.5%	0.7%	432,577	11.6%	1.6%	0.7%	448,405	11.7%	1.6%	0.7%	508,066	14.4%	1.6%	0.8%
Moss Creek/Water Oak Utility	365,629	12.3%	1.3%	0.6%	433,457	10.6%	1.6%	0.8%	395,790	10.6%	1.5%	0.7%	422,077	11.0%	1.5%	0.6%	454,785	12.9%	1.5%	0.7%
Callawassie Island	139,372	4.7%	0.5%	0.2%	230,665	5.7%	0.9%	0.4%	206,521	5.5%	0.8%	0.3%	228,714	6.0%	0.8%	0.3%	258,595	7.3%	0.8%	0.4%
Harbor Island	84,199	2.8%	0.3%	0.1%	87,609	2.1%	0.3%	0.2%	80,968	2.2%	0.3%	0.1%	93,692	2.4%	0.3%	0.1%	88,176	2.5%	0.3%	0.1%
Warsaw Eustis & Oaks	68,912	2.3%	0.2%	0.1%	82,994	2.0%	0.3%	0.1%	88,633	2.4%	0.3%	0.1%	80,547	2.1%	0.3%	0.1%	82,439	2.3%	0.3%	0.1%
Total Wholesale Excluding Navy	1,872,996	62.8%	6.6%	3.3%	2,797,910	68.6%	10.3%	4.9%	2,664,965	71.4%	9.9%	4.4%	2,745,327	71.6%	9.6%	4.2%	2,374,179	67.3%	7.6%	3.6%
United States Department of Navy																				
Parris Island Recruit Depot	699,373	23.4%	2.5%	1.2%	822,894	20.2%	3.0%	1.4%	541,089	14.5%	2.0%	0.9%	583,116	15.2%	2.0%	0.9%	635,349	18.0%	2.0%	1.0%
Laurel Bay Housing	213,983	7.2%	0.8%	0.4%	204,095	5.0%	0.8%	0.4%	219,504	5.9%	0.8%	0.4%	219,396	5.7%	0.8%	0.3%	214,495	6.1%	0.7%	0.3%
MCAS-Beaufort	139,997	4.7%	0.5%	0.2%	193,136	4.7%	0.7%	0.3%	245,070	6.6%	0.9%	0.4%	216,656	5.6%	0.8%	0.3%	240,363	6.8%	0.8%	0.4%
Naval Hospital	57,590	1.9%	0.2%	0.1%	60,256	1.5%	0.2%	0.1%	62,606	1.7%	0.2%	0.1%	70,368	1.8%	0.2%	0.1%	60,750	1.7%	0.2%	0.1%
Total Navy	1,110,943	37.2%	3.9%	1.9%	1,280,381	31.4%	4.7%	2.2%	1,068,269	28.6%	3.9%	1.8%	1,089,536	28.4%	3.8%	1.7%	1,150,957	32.7%	3.7%	1.7%
Total Wholesale	2,983,939	100.0%	10.6%	5.2%	4,078,291	100.0%	15.1%	7.1%	3,733,234	100.0%	13.8%	6.2%	3,834,863	100.0%	13.4%	5.9%	3,525,136	100.0%	11.3%	5.3%

	<u>2021</u>				<u>2022</u>				<u>2023</u>				<u>2024</u>				<u>2025</u>			
	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>	% of Total Wholesale Water		% of <u>Total</u> <u>Water</u>	% of Total <u>Operating</u>
	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>	<u>Billings</u>	Revenue	<u>Revenue</u>	<u>Revenue</u>
Hilton Head No. 1 PSD	\$1,030,216	28.6%	3.2%	1.5%	\$1,222,326	33.1%	3.7%	1.8%	\$1,158,859	32.1%	3.4%	1.6%	\$1,270,499	31.9%	3.3%	1.5%	\$1,952,858	36.3%	4.1%	1.9%
Fripp Island PSD	515,820	14.3%	1.6%	0.7%	508,365	13.8%	1.5%	0.7%	510,021	14.1%	1.5%	0.7%	531,420	13.4%	1.4%	0.6%	659,147	12.3%	1.4%	0.6%
Moss Creek/Water Oak Utility	480,767	13.3%	1.5%	0.7%	488,733	13.2%	1.5%	0.7%	468,934	13.0%	1.4%	0.6%	516,439	13.0%	1.3%	0.6%	619,030	11.5%	1.3%	0.6%
Callawassie Island	259,617	7.2%	0.8%	0.4%	256,105	6.9%	0.8%	0.4%	249,099	6.9%	0.7%	0.3%	284,093	7.1%	0.7%	0.3%	403,530	7.5%	0.9%	0.4%
Harbor Island	95,450	2.6%	0.3%	0.1%	97,940	2.7%	0.3%	0.1%	111,877	3.1%	0.3%	0.2%	117,813	3.0%	0.3%	0.1%	137,785	2.6%	0.3%	0.1%
Warsaw Eustis & Oaks	97,126	2.7%	0.3%	0.1%	93,102	2.5%	0.3%	0.1%	95,555	2.7%	0.3%	0.1%	102,226	2.6%	0.3%	0.1%	149,579	2.8%	0.3%	0.1%
Total Wholesale Excluding Navy	2,478,996	68.8%	7.7%	3.6%	2,666,571	72.2%	8.1%	3.9%	2,594,345	72.0%	7.6%	3.6%	2,822,490	70.9%	7.3%	3.4%	3,921,929	73.0%	8.3%	3.9%
United States Department of Navy																				
Parris Island Recruit Depot	680,152	18.9%	2.1%	1.0%	581,917	15.8%	1.8%	0.8%	553,556	15.4%	1.6%	0.8%	643,003	16.2%	1.7%	0.8%	856,567	15.9%	1.8%	0.8%
Laurel Bay Housing	218,261	6.1%	0.7%	0.3%	204,683	5.5%	0.6%	0.3%	230,684	6.4%	0.7%	0.3%	274,840	6.9%	0.7%	0.3%	288,744	5.4%	0.6%	0.3%
MCAS-Beaufort	171,591	4.8%	0.5%	0.2%	183,111	5.0%	0.6%	0.3%	171,152	4.7%	0.5%	0.2%	186,929	4.7%	0.5%	0.2%	238,599	4.4%	0.5%	0.2%
Naval Hospital	54,854	1.5%	0.2%	0.1%	57,681	1.6%	0.2%	0.1%	55,185	1.5%	0.2%	0.1%	51,281	1.3%	0.1%	0.1%	67,079	1.2%	0.1%	0.1%
Total Navy	1,124,857	31.2%	3.5%	1.6%	1,027,392	27.8%	3.1%	1.5%	1,010,577	28.0%	3.0%	1.4%	1,156,053	29.1%	3.0%	1.4%	1,450,989	27.0%	3.1%	1.4%
Total Wholesale	3,603,853	100.0%	11.2%	5.2%	3,693,963	100.0%	11.2%	5.3%	3,604,922	100.0%	10.6%	5.0%	3,978,543	100.0%	10.2%	4.8%	5,372,918	100.0%	11.4%	5.3%

RETAIL WATER REVENUES BY AREA AND AVERAGE REVENUE PER KGAL

Last ten fiscal years

	<u>2016</u>			<u>2017</u>			<u>2018</u>			<u>2019</u>			<u>2020</u>		
	Avg revenue			Avg revenue			Avg revenue			Avg revenue			Avg revenue		
	Kgals	Revenues	per kgal	Kgals	Revenues	per kgal	Kgals	Revenues	per kgal	Kgals	Revenues	per kgal	Kgals	Revenues	per kgal
City of Beaufort	458,725	\$2,126,856	\$4.64	531,839	\$2,435,761	\$4.58	490,311	\$2,319,771	\$4.73	499,750	\$2,407,624	\$4.82	543,891	\$2,672,329	\$4.91
Burton/Gray's Hill	384,809	1,850,905	4.81	408,382	1,979,104	4.85	426,395	2,059,341	4.83	414,130	2,062,823	4.98	436,673	2,226,991	5.10
Lady's Island/Cat Island	400,275	1,834,889	4.58	493,296	2,199,676	4.46	468,105	2,131,502	4.55	490,913	2,259,398	4.60	516,077	2,433,643	4.72
Point South	16,203	59,544	3.67	19,702	70,961	3.60	19,677	70,911	3.60	17,955	67,960	3.79	17,842	67,640	3.79
St. Helena/Dataw Island	253,311	1,249,207	4.93	314,767	1,507,648	4.79	300,397	1,478,813	4.92	304,926	1,537,088	5.04	311,007	1,622,781	5.22
Bluffton (1)	1,765,489	7,714,893	4.37	2,278,875	9,693,751	4.25	2,130,221	9,349,454	4.39	2,230,772	9,948,127	4.46	2,558,104	11,609,285	4.54
Palm Key	1,516	9,844	6.49	1,188	9,126	7.68	1,386	9,981	7.20	2,053	13,625	6.64	1,874	12,529	6.69
Okatie	541,520	2,635,227	4.87	719,738	3,319,832	4.61	570,310	2,829,032	4.96	580,836	2,935,159	5.05	659,871	3,337,138	5.06
Hardeeville/ SoJasperCty	286,251	1,314,968	4.59	344,985	1,562,849	4.53	339,009	1,573,330	4.64	360,016	1,707,724	4.74	415,807	2,031,622	4.89
Town of Port Royal	224,853	1,026,252	4.56	245,109	1,122,142	4.58	243,975	1,133,815	4.65	262,068	1,221,951	4.66	276,678	1,329,405	4.80
Other/Special Commercial	1,609,660	402,859	0.25	1,704,835	418,033	0.25	1,646,886	470,998	0.29	1,671,285	466,746	0.28	1,825,249	463,527	0.25
Total Retail Revenues	5,942,612	\$20,225,444		7,062,716	\$24,318,883		6,636,672	\$23,426,948		6,834,704	\$24,628,225		7,563,073	\$27,806,890	

	<u>2021</u>			<u>2022</u>			<u>2023</u>			<u>2024</u>			<u>2025</u>		
	Avg revenue			Avg revenue			Avg revenue			Avg revenue			Avg revenue		
	Kgals	Revenues	per kgal	Kgals	Revenues	per kgal	Kgals	Revenues	per kgal	Kgals	Revenues	per kgal	Kgals	Revenues	per kgal
City of Beaufort	561,332	\$2,755,857	\$4.91	544,871	\$2,701,688	\$4.96	552,949	\$2,666,189	\$4.82	575,018	\$3,186,453	\$5.54	568,528	\$3,516,743	\$6.19
Burton/Gray's Hill	447,278	2,281,298	5.10	435,595	2,269,520	5.21	450,147	2,268,837	5.04	448,185	2,596,683	5.79	540,468	3,397,346	6.29
Lady's Island/Cat Island	521,617	2,475,245	4.72	521,385	2,507,288	4.81	524,355	2,679,634	5.11	515,741	3,031,929	5.88	553,611	3,535,632	6.39
Point South	16,682	63,746	3.79	16,971	64,276	3.79	16,056	68,612	4.27	13,200	62,342	4.72	13,222	71,808	5.43
St. Helena/Dataw Island	314,195	1,647,763	5.22	309,364	1,655,565	5.35	304,988	1,572,927	5.16	307,258	1,857,953	6.05	314,363	2,063,731	6.56
Bluffton (1)	2,625,305	12,018,772	4.54	2,623,135	12,185,621	4.65	2,679,861	13,541,712	5.05	2,606,327	15,250,533	5.85	2,877,150	18,361,934	6.38
Palm Key	1,778	12,343	6.69	1,705	12,328	7.23	1,693	8,808	5.20	1,776	10,667	6.01	2,468	15,942	6.46
Okatie	648,928	3,312,648	5.06	603,438	3,186,661	5.28	622,124	3,169,144	5.09	595,495	3,503,926	5.88	659,610	4,222,301	6.40
Hardeeville/ SoJasperCty	431,386	2,155,517	4.89	463,777	2,386,839	5.15	499,933	2,465,449	4.93	562,218	3,186,452	5.67	682,801	4,254,332	6.23
Town of Port Royal	313,261	1,492,143	4.80	321,582	1,541,004	4.79	314,197	1,514,662	4.82	316,616	1,746,006	5.51	332,701	2,028,191	6.10
Other/Special Commercial	1,717,156	355,530	0.25	1,616,005	401,041	0.25	1,859,855	508,352	0.27	1,607,033	404,939	0.25	1,211,846	356,834	0.29
Total Retail Revenues	7,598,919	\$28,570,861		7,457,828	\$28,911,832		7,826,158	\$30,464,326		7,548,867	\$34,837,883		7,756,768	\$41,824,794	

(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>2016</u>			<u>2017</u>			<u>2018</u>			<u>2019</u>			<u>2020</u>		
			Max Daily			Max Daily			Max Daily			Max Daily			Max Daily
	Average		Average	Average		Average	Average		Average	Average		Average	Average		Average
	Daily Flow	Capacity	Peak Flow	Daily Flow	Capacity	Peak Flow	Daily Flow	Capacity	Peak Flow	Daily Flow	Capacity	Peak Flow	Daily Flow	Capacity	Peak Flow
Cherry Point/Okatie	3,936,150	7,500,000	5,670,000	4,139,678	7,500,000	5,850,000	5,052,993	7,500,000	7,070,000	5,432,573	7,500,000	8,490,000	5,649,069	7,500,000	8,402,200
Hardeeville	413,800	1,010,000	1,790,000	464,359	1,010,000	2,410,000	531,254	2,700,000	2,010,000	489,247	2,700,000	2,050,000	556,461	2,700,000	2,309,300
Laurel Bay	405,200	750,000	970,000	397,378	750,000	770,000	389,915	750,000	790,000	395,381	750,000	760,000	350,719	750,000	799,000
Palm Key	3,950	66,000	44,000	3,661	66,000	38,000	2,543	66,000	28,000	4,378	66,000	34,000	9,607	66,000	30,100
Palmetto Bluff	68,250	500,000	211,000	93,737	500,000	878,000	96,378	500,000	524,000	121,521	500,000	927,000	202,251	500,000	451,200
Point South	69,700	600,000	599,000	53,514	600,000	345,000	62,160	600,000	725,000	54,685	600,000	243,000	59,326	600,000	256,500
Port Royal Is. WRF	4,240,250	7,500,000	4,580,000	2,782,526	7,500,000	4,390,000	3,055,761	7,500,000	5,110,000	3,115,015	7,500,000	5,080,000	3,385,257	7,500,000	6,182,500
St. Helena	405,200	600,000	940,000	496,687	600,000	770,000	500,225	600,000	1,120,000	382,341	600,000	710,000	208,533	600,000	455,672
		18,526,000	14,804,000		18,526,000	15,451,000		20,216,000	17,377,000		20,216,000	18,294,000		20,216,000	18,886,472
Plant	<u>2021</u>			<u>2022</u>			<u>2023</u>			<u>2024</u>			<u>2025</u>		
			Max Daily			Max Daily			Max Daily			Max Daily			Max Daily
	Average		Average	Average		Average	Average		Average	Average		Average	Average		Average
	Daily Flow	Capacity	Peak Flow	Daily Flow	Capacity	Peak Flow	Daily Flow	Capacity	Peak Flow	Daily Flow	Capacity	Peak Flow	Daily Flow	Capacity	Peak Flow
Cherry Point/Okatie	5,858,978	7,500,000	6,958,500	6,134,725	7,500,000	6,868,733	6,355,600	7,500,000	7,185,500	6,544,500	7,500,000	8,657,800	6,848,500	7,500,000	11,817,100
Hardeeville	525,297	2,700,000	1,884,800	574,117	2,700,000	1,137,266	611,700	2,700,000	1,878,000	654,200	2,700,000	1,675,700	682,000	2,700,000	3,299,000
Laurel Bay	313,899	750,000	548,000	333,775	750,000	481,083	355,500	750,000	668,000	383,700	750,000	749,000	350,800	750,000	1,101,000
Palm Key	3,317	66,000	115,000	2,250	66,000	18,533	3,800	66,000	37,200	3,800	66,000	91,000	5,100	66,000	95,000
Palmetto Bluff	136,027	500,000	283,500	105,217	500,000	168,450	107,900	500,000	193,000	139,000	500,000	305,600	191,100	500,000	391,100
Point South	54,256	600,000	173,800	53,847	600,000	53,932	53,100	600,000	181,000	53,800	600,000	225,400	51,600	600,000	734,800
Port Royal Is. WRF	3,184,528	7,500,000	4,104,100	3,530,033	7,500,000	4,475,266	3,621,400	7,500,000	5,350,200	3,931,200	7,500,000	6,121,400	3,994,400	7,500,000	9,057,400
St. Helena	177,326	600,000	343,064	201,618	600,000	289,530	190,430	600,000	438,685	202,031	600,000	467,752	160,920	600,000	711,488
		20,216,000	14,410,764		20,216,000	13,492,793		20,216,000	15,931,585		20,216,000	18,293,652		20,216,000	27,206,888

WASTEWATER CUSTOMER BASE BY PLANT

Last ten fiscal years

Plant	<u>2016</u>			<u>2017</u>			<u>2018</u>			<u>2019</u>			<u>2020</u>		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Cherry Point/Okatie(1)	21,442	1,391	22,833	22,428	1,430	23,858	23,500	1,493	24,993	24,358	1,537	25,895	24,988	1,590	26,578
Hardeeville	2,268	261	2,529	2,458	271	2,729	2,696	290	2,986	3,131	290	3,421	3,649	305	3,954
Palm Key	54	-	54	54	-	54	54	-	54	56	-	56	56	-	56
Point South	-	20	20	-	20	20	-	20	20	-	19	19	-	19	19
Port Royal Is. WRF	7,208	1,121	8,329	7,354	1,132	8,486	7,524	1,142	8,666	7,750	1,177	8,927	8,055	1,201	9,256
St. Helena	1,915	222	2,137	2,003	224	2,227	2,088	226	2,314	2,178	203	2,381	2,228	202	2,430
	<u>32,887</u>	<u>3,015</u>	<u>35,902</u>	<u>34,297</u>	<u>3,077</u>	<u>37,374</u>	<u>35,862</u>	<u>3,171</u>	<u>39,033</u>	<u>37,473</u>	<u>3,226</u>	<u>40,699</u>	<u>38,976</u>	<u>3,317</u>	<u>42,293</u>

Plant	<u>2021</u>			<u>2022</u>			<u>2023</u>			<u>2024</u>			<u>2025</u>		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Cherry Point/Okatie(1)	26,159	1,650	27,809	26,879	1,666	28,545	27,403	1,792	29,195	28,100	1,854	29,954	29,069	1,957	31,026
Hardeeville	4,362	323	4,685	5,056	331	5,387	6,059	354	6,413	6,992	380	7,372	8,640	398	9,038
Palm Key	55	-	55	55	-	55	55	-	55	62	-	62	74	-	74
Point South	-	19	19	-	19	19	-	19	19	-	19	19	-	19	19
Port Royal Is. WRF	8,426	1,237	9,663	8,668	1,204	9,872	8,741	1,257	9,998	9,052	1,336	10,388	9,346	1,379	10,725
St. Helena	2,327	209	2,536	2,438	207	2,645	2,500	225	2,725	2,550	220	2,770	2,663	227	2,890
	<u>41,329</u>	<u>3,438</u>	<u>44,767</u>	<u>43,096</u>	<u>3,427</u>	<u>46,523</u>	<u>44,758</u>	<u>3,647</u>	<u>48,405</u>	<u>46,756</u>	<u>3,809</u>	<u>50,565</u>	<u>49,792</u>	<u>3,980</u>	<u>53,772</u>

(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

	2016			2017			2018			2019			2020		
	Avg revenue			Avg revenue			Avg revenue			Avg revenue			Avg revenue		
	Billed Kgals	Revenues	per kgal	Billed Kgals	Revenues	per kgal	Billed Kgals	Revenues	per kgal	Billed Kgals	Revenues	per kgal	Billed Kgals	Revenues	per kgal
Bulk:															
Blue Granite	7,097	\$37,969	\$5.35	5,579	\$29,848	\$5.35	7,709	\$43,476	\$5.64	11,522	\$66,193	\$5.74	6,346	\$37,229	\$5.87
Resort Services	27,459	142,535	5.19	23,954	124,321	5.19	18,565	97,172	5.23	21,307	113,834	5.34	18,116	99,262	5.48
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bulk Revenues	34,556	180,504	5.22	29,533	154,169	5.22	26,274	140,648	5.35	32,829	180,027	5.48	24,462	136,491	5.58
Retail:															
City of Beaufort(incl. Battery Shores)	375,279	2,690,398	7.17	410,965	2,854,372	6.95	401,073	2,907,022	7.25	399,333	2,956,444	7.40	411,358	3,082,208	7.49
Burton (incl. Gray's Hill, Irongate&Habersham)	97,070	626,133	6.45	108,575	672,787	6.20	110,716	717,324	6.48	111,419	742,347	6.66	123,931	833,237	6.72
Lady's Island (incl. Cat Island)	92,213	569,439	6.18	115,246	640,552	5.56	119,384	700,735	5.87	131,573	742,648	5.64	143,273	774,563	5.41
Point South	16,113	103,138	6.40	19,427	124,829	6.43	19,243	123,957	6.44	15,208	98,695	6.49	17,562	118,473	6.75
St. Helena (includes Dataw)	57,501	399,844	6.95	70,307	436,626	6.21	68,581	463,850	6.76	68,407	469,182	6.86	66,262	460,847	6.95
Bluffton	1,486,488	8,389,463	5.64	1,886,892	9,299,425	4.93	1,783,662	9,740,341	5.46	1,860,848	10,304,703	5.54	2,118,792	11,274,487	5.32
Palm Key	1,516	14,004	9.24	1,188	13,374	11.26	1,386	15,409	11.12	1,621	16,756	10.34	1,874	17,203	9.18
Okatie	483,909	3,317,414	6.86	631,912	3,744,649	5.93	503,297	3,547,684	7.05	507,527	3,628,096	7.15	577,698	3,938,107	6.82
Hardeeville (incl. SoJasperCty)	216,609	1,506,305	6.95	267,128	1,761,744	6.60	260,202	1,853,559	7.12	282,770	2,066,755	7.31	318,176	2,348,171	7.38
Shell Point	548	3,760	6.86	674	4,658	6.91	508	3,668	7.22	539	3,862	7.17	416	3,085	7.42
Town of Port Royal	175,671	1,199,388	6.83	193,993	1,297,784	6.69	197,908	1,377,341	6.96	218,366	1,498,151	6.86	233,658	1,631,404	6.98
Other /Revenue Adjustment (1)	93,747	59,053		141,097	70,610		101,535	61,155		117,430	65,129		145,864	72,238	
Total Retail Revenues	3,096,664	18,878,339	6.10	3,847,404	20,921,410	5.44	3,567,495	21,512,045	6.03	3,715,041	22,592,768	6.08	4,158,864	24,554,023	5.90
Total Wastewater	3,131,220	\$19,058,843		3,876,937	\$21,075,579		3,593,769	\$21,652,693		3,747,870	\$22,772,795		4,183,326	\$24,690,514	
	2021			2022			2023			2024			2025		
	Avg revenue			Avg revenue			Avg revenue			Avg revenue			Avg revenue		
	Billed Kgals	Revenues	per kgal	Billed Kgals	Revenues	per kgal	Billed Kgals	Revenues	per kgal	Billed Kgals	Revenues	per kgal	Billed Kgals	Revenues	per kgal
Bulk:															
Blue Granite	5,134	\$30,151	\$5.87	4,734	\$27,815	\$5.88	5,201	\$30,539	\$5.87	4,655	\$28,846	\$6.20	4,656	\$33,978	\$7.30
Resort Services	18,235	100,804	5.53	14,839	83,860	5.65	13,950	81,911	5.87	13,506	83,695	6.20	13,646	99,585	7.30
Other	-	-	-	-	-	-	5,606	32,917	5.87	-	-	-	-	-	-
Total Bulk Revenues	23,369	130,955	5.60	19,573	111,675	5.71	24,757	145,367	5.87	18,161	112,541	6.20	18,302	133,563	7.30
Retail:															
City of Beaufort(incl. Battery Shores)	424,704	3,223,851	7.59	427,248	3,278,636	7.67	437,615	3,062,269	7.00	454,035	3,548,694	7.82	494,165	4,382,579	8.87
Burton (incl. Gray's Hill, Irongate&Habersham)	133,740	950,434	7.11	143,842	1,017,509	7.07	149,786	1,042,104	6.96	155,434	1,206,963	7.77	203,070	1,805,748	8.89
Lady's Island (incl. Cat Island)	132,514	810,837	6.12	148,532	893,748	6.02	161,746	1,117,205	6.91	170,101	1,312,217	7.71	187,112	1,563,298	8.35
Point South	16,373	111,078	6.78	16,668	112,478	6.75	15,679	115,217	7.35	12,944	106,593	8.23	12,974	141,488	10.91
St. Helena (includes Dataw)	67,073	502,926	7.50	67,388	526,477	7.81	67,425	461,753	6.85	71,173	544,125	7.65	123,600	976,006	7.90
Bluffton	2,024,343	11,872,035	5.86	2,158,452	12,602,553	5.84	2,225,695	15,290,090	6.87	2,198,736	16,842,758	7.66	2,590,664	21,195,817	8.18
Palm Key	1,694	18,824	11.11	1,643	19,497	11.87	1,650	11,165	6.77	1,781	13,419	7.53	2,804	21,452	7.65
Okatie	546,861	4,041,881	7.39	546,262	4,130,907	7.56	555,617	3,804,434	6.85	542,490	4,145,279	7.64	625,429	5,053,617	8.08
Hardeeville (incl. SoJasperCty)	330,869	2,623,076	7.93	361,493	2,975,579	8.23	406,721	2,832,150	6.96	459,766	3,564,739	7.75	561,240	4,798,724	8.55
Shell Point	395	2,938	7.44	607	4,302	7.09	675	4,960	7.35	-	-	-	-	-	-
Town of Port Royal	251,140	1,801,949	7.18	272,367	1,965,920	7.22	320,900	2,250,808	7.01	280,672	2,197,343	7.83	289,860	2,616,310	9.03
Other /Revenue Adjustment (1)	144,468	41,103		138,341	70,357		58,648	63,544		193	59,093		268	81,093	
Total Retail Revenues	4,074,174	26,000,934	6.38	4,282,843	27,597,964	6.44	4,402,157	30,055,699	6.83	4,347,325	33,541,223	7.72	5,091,186	42,636,132	8.37
Total Wastewater	4,097,543	\$26,131,888		4,302,416	\$27,709,639		4,426,914	\$30,201,066		4,365,486	\$33,653,764		5,109,488	\$42,769,695	

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

CUSTOMER STATISTICS

Number of customers at fiscal year-end

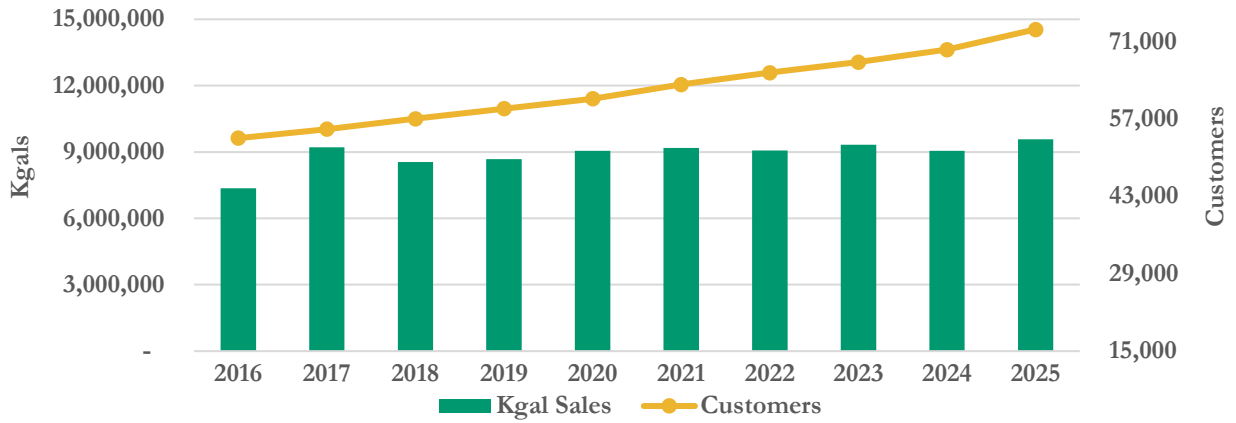
<u>Year</u>	<u>Number of Customers</u>				Ratio of Customers with Both services
	<u>Water</u>	<u>% Change</u>	<u>Wastewater</u>	<u>% Change</u>	
2011	46,788		29,928		63.97%
2012	47,804	2.2%	30,936	3.4%	64.71%
2013	48,992	2.5%	32,078	3.7%	65.48%
2014	50,371	2.8%	33,252	3.7%	66.01%
2015	51,876	3.0%	34,525	3.8%	66.55%
2016	53,507	3.1%	35,902	4.0%	67.10%
2017	55,139	3.1%	37,374	4.1%	67.78%
2018	57,012	3.4%	39,033	4.4%	68.46%
2019	58,841	3.2%	40,699	4.3%	69.17%
2020	60,631	3.0%	42,293	3.9%	69.75%
2021	63,190	4.2%	44,767	5.8%	70.85%
2022	65,344	3.4%	46,523	3.9%	71.20%
2023	67,247	2.9%	48,405	4.0%	71.98%
2024	69,515	3.4%	50,565	4.5%	72.74%
2025	73,153	8.8%	53,772	6.3%	73.51%

BILLINGS AT FISCAL YEAR-END

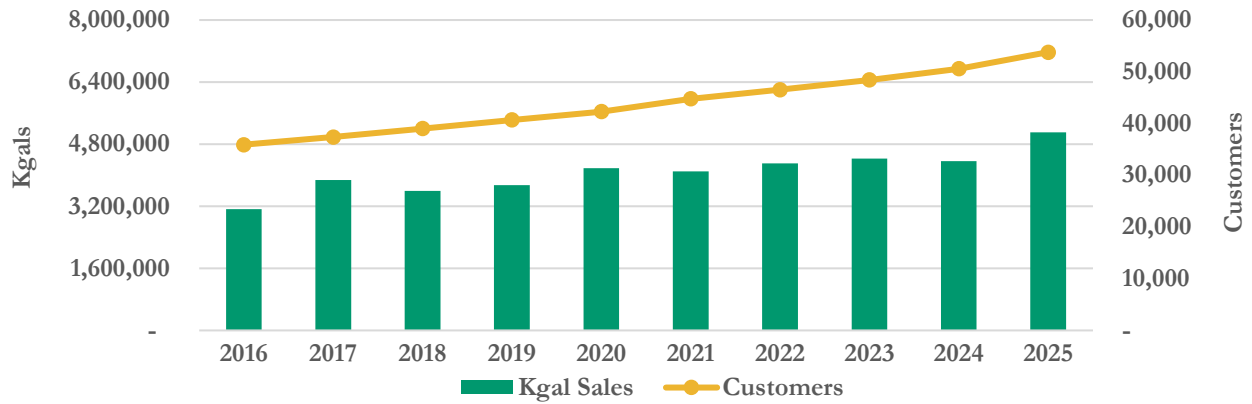
Reported in kgals (thousands of gallons)

<u>Year</u>	<u>Water</u>	<u>% Change</u>	<u>Wastewater</u>	<u>% Change</u>
2011	8,553,637		3,141,176	
2012	8,559,110	0.1%	3,192,127	1.6%
2013	8,133,658	-5.0%	3,038,945	-4.8%
2014	7,443,912	-8.5%	2,995,058	-1.4%
2015	7,521,292	1.0%	3,083,632	3.0%
2016	7,363,927	-2.1%	3,131,220	1.5%
2017	9,206,677	25.0%	3,876,937	23.8%
2018	8,546,186	-7.2%	3,593,769	-7.3%
2019	8,682,045	1.6%	3,747,870	4.3%
2020	9,058,248	4.3%	4,183,326	11.6%
2021	9,180,944	1.4%	4,097,543	-2.1%
2022	9,065,416	-1.3%	4,302,416	5.0%
2023	9,320,745	2.8%	4,426,914	2.9%
2024	9,054,932	-2.9%	4,365,486	-1.4%
2025	9,577,738	5.8%	5,109,488	17.0%

WATER SALES AND CUSTOMER HISTORY



WASTEWATER SALES AND CUSTOMER HISTORY



WATER RATE COMPARISONS

Effective date

		FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 Budget	
Commercial	Minimum	\$12.00	\$12.00	\$13.00	\$13.40	\$13.40	\$13.40	\$13.80	\$15.00	\$17.00	\$17.98	Basic Facilities Charge per Thousand gallons
	Usage	\$3.41	\$3.41	\$3.41	\$3.58	\$3.58	\$3.58	\$3.69	\$4.12	\$4.70	\$4.97	
Residential	Minimum	\$8.00	\$8.00	\$8.50	\$8.75	\$8.75	\$9.25	\$9.55	\$10.50	\$12.00	\$12.69	Basic Facilities Charge per Thousand gallons
	Usage	\$3.41	\$3.41	\$3.41	\$3.55	\$3.55	\$3.55	\$3.66	\$4.12	\$4.70	\$4.97	

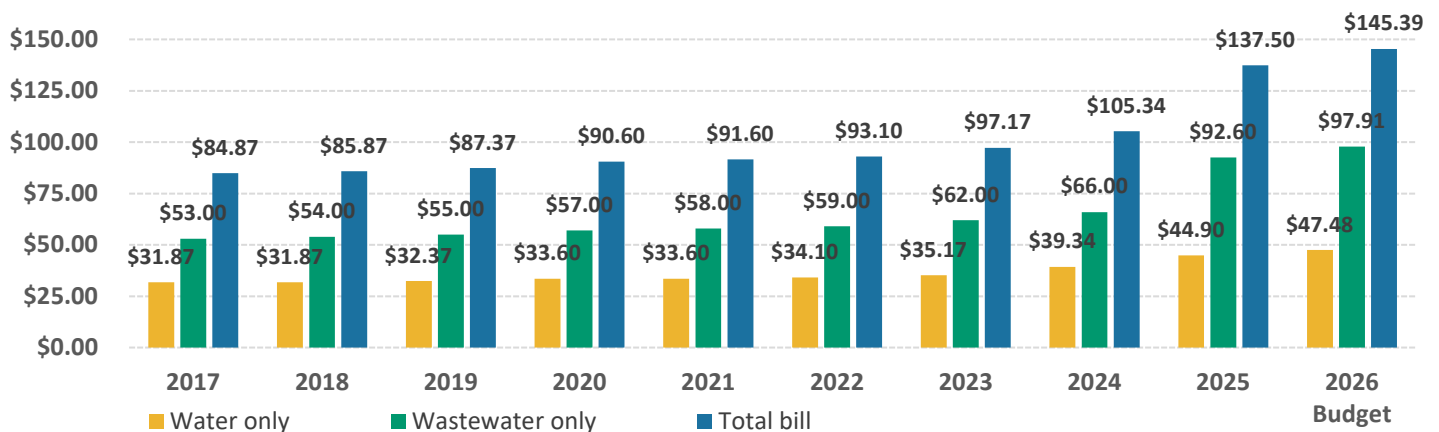
WASTEWATER RATE COMPARISONS

Effective date

		FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 Budget	
Commercial	Minimum	\$12.00	\$13.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.70	\$16.00	\$21.60	\$22.84	Basic Facilities Charge per Thousand gallons
	Per thousand gallons	\$6.28	\$6.28	\$6.28	\$6.59	\$6.59	\$6.59	\$6.92	\$7.50	\$10.13	\$10.71	
Residential	Minimum	\$10.00	\$11.00	\$12.00	\$12.00	\$13.00	\$14.00	\$14.70	\$16.00	\$17.50	\$18.51	Basic Facilities Charge per Thousand gallons
		\$6.18	\$6.18	\$6.18	\$6.49	\$6.49	\$6.49	\$6.81	\$7.15	\$7.51	\$7.94	
	Maximum per month	\$53.00	\$54.00	\$55.00	\$57.00	\$58.00	\$59.00	\$62.00	\$66.00	\$92.60	\$97.91	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 2017 to fiscal year 2026 Budget, utilizing the fiscal year 2017 through 2025 rates as adopted, and the budgeted rate effective July 1, 2025, for fiscal year 2026.

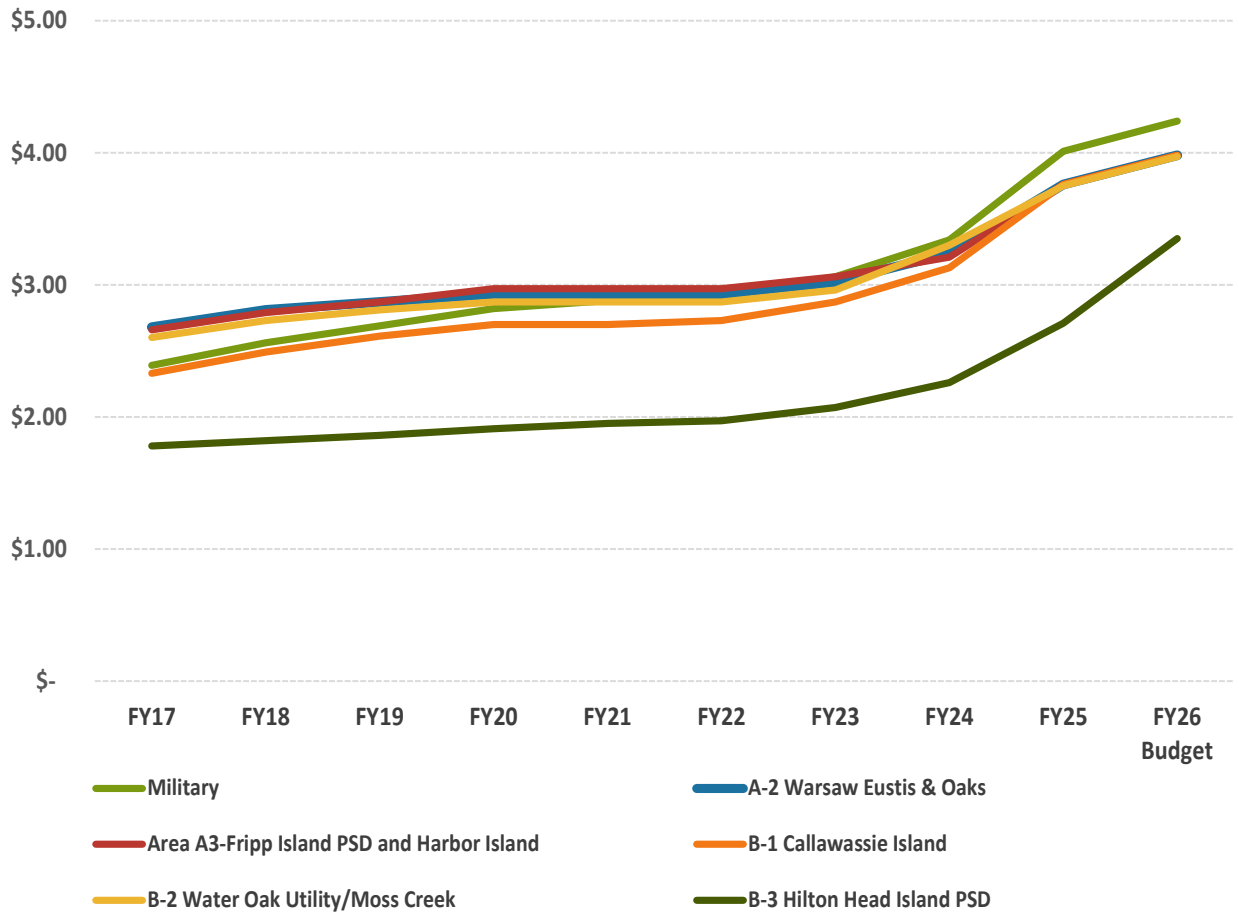


WHOLESALE WATER RATES BY AREA

Effective date

Area	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 Budget
Military	\$2.39	\$2.56	\$2.69	\$2.82	\$2.88	\$2.91	\$3.06	\$3.34	\$4.01	\$4.24
A-2 Warsaw Eustis & Oaks	2.68	2.81	2.87	2.93	2.93	2.93	3.02	3.24	3.76	3.98
Area A3-Fripp Island PSD and Harbor Island	2.66	2.79	2.87	2.97	2.97	2.97	3.06	3.21	3.76	3.98
B-1 Callawassie Island	2.33	2.49	2.61	2.70	2.70	2.73	2.87	3.13	3.76	3.98
B-2 Water Oak Utility/Moss Creek	2.60	2.73	2.81	2.87	2.87	2.87	2.96	3.30	3.75	3.97
B-3 Hilton Head Island PSD	1.78	1.82	1.86	1.91	1.95	1.97	2.07	2.26	2.71	3.35

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>
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	31,988	45,075
2023	5,337,050	57,332	198,323	80,192	33,642	48,687

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>
2016	2,185,181	71,435	3.27%	11,836	0.54%
2017	2,213,831	72,842	3.29%	12,088	0.55%
2018	2,226,062	74,515	3.35%	12,316	0.55%
2019	2,291,363	78,558	3.43%	12,743	0.56%
2020	2,222,144	76,246	3.43%	12,373	0.56%
2021	2,307,087	76,995	3.34%	12,863	0.56%
2022	2,439,611	82,934	3.40%	13,885	0.57%
2023	2,471,034	82,568	3.34%	14,238	0.58%
2024	2,499,877	84,105	3.36%	14,501	0.58%
2025	2,565,289	86,268	3.36%	14,464	0.56%

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>
2016	5.4%	5.2%	5.0%
2017	4.0%	4.0%	3.6%
2018	3.8%	3.4%	3.1%
2019	3.5%	3.3%	3.3%
2020	8.7%	7.4%	7.3%
2021	3.3%	3.7%	2.5%
2022	3.2%	3.2%	3.2%
2023	3.0%	2.8%	2.8%
2024	3.6%	4.6%	4.5%
2025	4.1%	4.3%	4.6%

Source: SC Department of Employment and Workforce

PRINCIPAL EMPLOYERS

Current year and nine years ago

	2025			2016		
	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)						
BEAUFORT COUNTY SCHOOL DISTRICT	*	*	*	*	*	*
BEAUFORT MEMORIAL HOSPITAL	*	*	*	*	*	*
COUNTY OF BEAUFORT	*	*	*	*	*	*
FOOD LION LLC	*	*	*	*	*	*
GREGORY M PARKER INC	*	*	*	*	*	*
HILTON HEAD MEDICAL CENTER LLC	*	*	*	*	*	*
HILTON HEAD REGIONAL PHYSICIAN GROUP	*	*	*	*	*	*
MARINE CORPS COMMUNITY SERVICES	*	*	*	*	*	*
MARRIOTT RESORTS HOSP CORP	*	*	*	*	*	*
MERRILL LYNCH PIERCE FENNER & SMITH	*	*	*	*	*	*
MONTAGE PALMETTO BLUFF LLC	*	*	*	*	*	*
MONTAGE BLUFF INVESTMENTS LLC	*	*	*	*	*	*
PUBLIX SUPER MARKETS INC	*	*	*	*	*	*
SEA PINES RESORT LLC	*	*	*	*	*	*
SELECT EMPLOYMENT SERVICES INC	*	*	*	*	*	*
SITEL OPERATING CORPORATION	*	*	*	*	*	*
TG ADMINISTRATION LLC	*	*	*	*	*	*
THE KROGER CO	*	*	*	*	*	*
VENTURE INIC OF BEAUFORT	*	*	*	*	*	*
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.

	2025			2016		
	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 WASTE AND RECYCLING INC	*	*	*	*	*	*
COMPASSION HEALTHCARE INC	*	*	*	*	*	*
COUNTY OF JASPER	*	*	*	*	*	*
JASPER COUNTY SCHOOL DISTRICT	*	*	*	*	*	*
O C WELCH FORD LINCOLN MERCURY INC	*	*	*	*	*	*
PALMETTO ELECTRIC CO OP INC	*	*	*	*	*	*
PUBLIX SUPER MARKETS INC	*	*	*	*	*	*
ROYAL LIVE OAKS ACADEMY RIDGELAND	*	*	*	*	*	*
SC DEPARTMENT OF CORRECTIONS	*	*	*	*	*	*
SC OPCO	*	*	*	*	*	*
SMYRNA READY MIX CONCRETE LLC	*	*	*	*	*	*
SC COASTAL MEDICAL CENTER INC	*	*	*	*	*	*
SOUTHEASTERN LIM AND TREE LLC	*	*	*	*	*	*
SRS DISTRIBUTION 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Water										
Water Source of Supply	2.6	2.6	2.9	3.0	2.4	1.7	4.4	3.9	3.9	4.2
Water Treatment Ops	20.3	20.3	20.3	21.6	23.0	25.3	26.6	28.5	26.0	28.5
Transmission & Distribution	28.7	33.9	32.2	31.8	30.9	35.8	41.8	42.5	44.5	42.7
Wastewater										
Wastewater Treatment Ops	14.3	14.5	15.8	15.4	14.8	15.2	16.4	15.5	17.8	19.5
Collection & Transmission	33.2	37.8	35.3	35.7	33.4	37.5	39.5	38.8	42.8	42.6
Sludge Management Ops	0.9	0.9	1.0	1.0	1.0	1.0	0.8	0.8	1.0	2.5
Laboratory and Testing	5.0	6.0	4.5	4.5	4.5	4.5	4.5	6.0	6.5	7.0
Engineering	13.0	10.0	12.0	13.0	13.0	15.0	15.0	14.0	30.0	42.0
Customer Service	15.0	14.0	15.0	14.0	16.0	15.0	17.0	15.0	17.5	16.5
Billing and Meter Reading	11.0	4.0	8.0	8.0	8.0	9.0	8.0	10.0	10.0	12.5
Financial and Support Services	8.0	11.0	9.0	8.0	12.0	12.0	12.0	13.0	14.0	16.0
General & Administrative	12.0	12.0	13.0	13.0	13.0	14.0	18.0	18.0	14.0	15.0
Asset Management	-	-	-	-	3.0	3.0	3.0	4.0	6.0	7.0
Information Technology	4.0	7.0	9.0	9.0	6.0	7.0	6.0	7.0	9.0	10.0
Total	168.0	174.0	178.0	178.0	181.0	196.0	213.0	217.0	243.0	266.0

TEN LARGEST WASTEWATER USERS

Fiscal year ended June 30, 2025

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

User Name	User's Service Or Business	2025 Billed Revenues	% of Total 2025 Billed Revenues
1 SC Ridgeland Investors, LLC	Multifamily Residential	\$204,786	0.48%
2 Beaufort Memorial Hospital	Hospital	\$199,124	0.47%
3 Beaufort County Council Finance Dept.	County Government	\$175,915	0.41%
4 CR Bluestone, LLC	Multifamily Residential	\$154,818	0.36%
5 NEPSA Admin Services	Multifamily Residential	\$132,807	0.31%
6 Estate at Westbury	Multifamily Residential	\$132,066	0.31%
7 SC Preserve at Port Royal, LLC	Multifamily Residential	\$128,026	0.30%
8 Harbone Appartments	Multifamily Residential	\$119,735	0.28%
9 RAIA Self Storage Mahwah LLC	Storage Facilities	\$114,929	0.27%
10 Resort Services (bulk customer)	Laundry	\$102,604	0.24%
Other		41,478,712	97.30%
Total wastewater revenues		<u>\$42,636,132</u>	

Bulk sewer customers:

Total bulk customers	2
Total operating revenues	\$42,636,132
Wholesale (bulk) customer revenues	\$133,563
% of billed revenue	0.3%

TEN LARGEST WATER USERS

Fiscal year ended June 30, 2025

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	2025 Billed Revenues	% of Total 2025 Billed Revenues
1 Dominion Energy	Regulated Utility	\$359,276	0.76%
2 SCHH Comm Assoc. Inc.	Residential Community	\$140,819	0.30%
3 Beaufort County	County Government	\$126,566	0.27%
4 Beaufort Memorial Hospital	Hospital	\$116,608	0.25%
5 Legends North of Broad LLC	Commercial	\$109,150	0.23%
6 SC Ridgeland Investors LLC	Commercial	\$98,153	0.21%
7 Dataw Island Club	Residential Community	\$92,698	0.20%
8 Palmetto Bluff Club LLC	Residential Community	\$78,251	0.17%
9 CR Bluestone LLC	Multifamily Residential	\$74,292	0.16%
10 The Parker Compagnies	Commercial	\$73,403	0.16%
Other (including Bulk Customers)		46,018,016	97.32%
Total water revenues		<u>\$47,287,232</u>	

Bulk Water Users:

Hilton Head PSD	Public Service District	\$1,952,858	4.13%
Parris Island Recruit Depot	Military Installation	\$856,567	1.81%
Fripp Island PSD	Public Service District	\$659,147	1.39%
Moss Creek/Water Oak Utility	Private Utility	\$619,030	1.31%
Callawassie CUC, Inc.	Private Utility	\$403,530	0.85%
Laurel Bay Housing	Military Installation	\$288,744	0.61%
MCAS Beaufort	Military Installation	\$238,599	0.50%
Warsaw-Eustis & Oaks	Private Utility	\$149,579	0.32%
Harbor Island	Private Utility	\$137,785	0.29%
Naval Hospital	Military Installation	\$67,079	0.14%
Total wholesale revenues		<u>5,372,918</u>	11.36%
Other water operating revenues		41,914,314	
Total water revenues, including other		<u>\$47,287,232</u>	

Bulk water customers:

Total bulk customers	7
Total operating revenues	\$47,287,232
Wholesale (bulk) customer revenues	\$5,372,918
% of billed revenue	11.4%

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			
Travelers	107281816 1/23/25–1/23/2026	Employee dishonesty & theft of money and securities	\$500,000 limit (\$5,000 deductible)
DATA PROCESSING			
SC State Budget & Control Board Insurance Reserve Fund	D130079726 1/24/25–1/24/2026	“All risk” coverage on computer equipment	\$3,448,000 limit (\$2,448,000 equipment; \$1,000,000 SCADA) \$3,000 deductible
BUILDING & PERSONAL PROPERTY			
SC State Budget & Control Board Insurance Reserve Fund	F130079726; F130079726A 1/24/25–1/24/2026	“All risk” coverage for direct physical loss or damage to covered property	\$5,000,000 per boiler/machinery accident; \$100,000 per ordinance & law; \$3,000 deductible
AUTOMOBILE LIABILITY & COLLISION			
SC State Budget & Control Board Insurance Reserve Fund	L130079726; C130079726 1/24/25–1/24/2026	Vehicle comprehensive, collision & liability	\$1,000,000 each accident; \$1,00 deductible per occurrence; \$1,000 medical each person
INLAND MARINE (MOBILE EQUIPMENT AND WELLS & BRIDGE LINES)			
SC State Budget & Control Board Insurance Reserve Fund	M130079726 1/24/25–1/24/2026	Heavy equipment, trailers, pumps and generators	\$3,137,980 limit for all property; deductible of 2% with \$3,000 minimum per occurrence
CYBER LIABILITY			
Travelers Insurance Enterprise Development	107281816 7/4/25–7/4/2026	Network & information security, communications & media liability, regulatory defense expenses	\$3,000,000 network & information Security; \$3,000,000 communications & media liability; \$3,000,000 regulatory defense
GENERAL TORT LIABILITY			
SC State Budget & Control Board Insurance Reserve Fund	T130079726 1/24/25–1/24/2026	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	AFWCP1000829 1/1/25–1/1/2026	Employee injured on the job	Statutory coverage pursuant to Article 1, Chapter 7, title 42 of the SC Code of Laws
EMPLOYER'S LIABILITY			
Accident Fund Ins. Co. of America	AFWCP100082944 1/1/25–1/1/2026	Bodily injury by accident Bodily injury by disease	\$1,000,000 each accident; Disease: \$1,000,000 each employee; \$1,000,000 policy limit
POLLUTION LEGAL LIABILITY			
Starr Surplus Lines Willis Group	100006766521 8/1/24–8/1/2027	Environmental liability	\$50,000 deductible each incident & \$10,000,000 limit each incident / \$10,000,000 aggregate
MANAGEMENT LIABILITY POLICY			
Travelers Insurance Enterprise Development	107281816 7/4/25–7/4/2026	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



COMPLIANCE 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

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, 2025, 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 9, 2025.

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.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Mauldin & Jenkins, LLC

Savannah, Georgia
December 9, 2025





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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Beaufort-Jasper Water and Sewer Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2025. The Authority's major federal program is identified in the Summary of Auditor's Results Section of the Accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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



Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Mauldin & Jenkins, LLC

Savannah, Georgia
December 9, 2025



Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Grant Identification Number</u>	<u>Eligible Expenditures</u>	<u>Passed through to Subrecipients</u>
U.S. Department of the Treasury				
Passed through the South Carolina Rural Infrastructure Authority				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund				
May River Watershed Sewer Master Plan - Phase I				
South Carolina Infrastructure Investment Program (SCIIP)	21.027	A-23-C015	\$ 503,820	\$ -
Passed through the South Carolina Rural Infrastructure Authority				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund				
Wastewater Pump Stations Upgrade				
South Carolina Infrastructure Investment Program (SCIIP)	21.027	A-23-C016	\$ 5,860,851	\$ -
Passed through the South Carolina Rural Infrastructure Authority				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund				
Jasper County Water System Improvements				
South Carolina Infrastructure Investment Program (SCIIP)	21.027	A-23-C017	\$ 4,340,962	\$ -
Passed through the South Carolina Rural Infrastructure Authority				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund				
Lobeco Water Line				
Subrecipient of Beaufort County	21.027	N/A	\$ 126,500	\$ -
Total U.S. Department of the Treasury			\$ 10,832,133	\$ -
Total Expenditures of Federal Awards			\$ 10,832,133	\$ -

Notes to Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2025

Note 1. Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the federal expenditures of Beaufort-Jasper Water & Sewer Authority (the Authority) under programs of the federal government for the year ended June 30, 2025 and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The amounts reported as federal grant expenditures were obtained from the Authority's general ledger. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of \$750,000, or 3 percent of total federal expenditures. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of federal programs to be tested as major programs. The Authority did not qualify as a low-risk auditee for the fiscal year ended June 30, 2025.

Note 2. De Minimis Indirect Cost Rate

The Authority has not elected to use the ten percent de Minimis indirect cost rate for the fiscal year ended June 30, 2025.

Note 3. Non-Cash Awards and Loans

There was no federal awards expended in the form of non-cash assistance during the fiscal year ended June 30, 2025. There were also no loans or loan guarantee programs outstanding at year end.

Schedule of Findings and Questioned Costs for the Year Ending June 30, 2025

Section I - Summary of Auditors' Results

FINANCIAL STATEMENTS

- | | |
|--|---------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| c. Noncompliance material to the financial statements noted? | No |

FEDERAL AWARDS

- | | |
|--|--|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. Identification of major programs | |
| CFDA Number | Federal Program |
| 21.027 | U.S. Department of the Treasury
Coronavirus State and Local Fiscal Recovery Funds |
| 5. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520? | No |

Section II - Financial Statements Findings and Responses

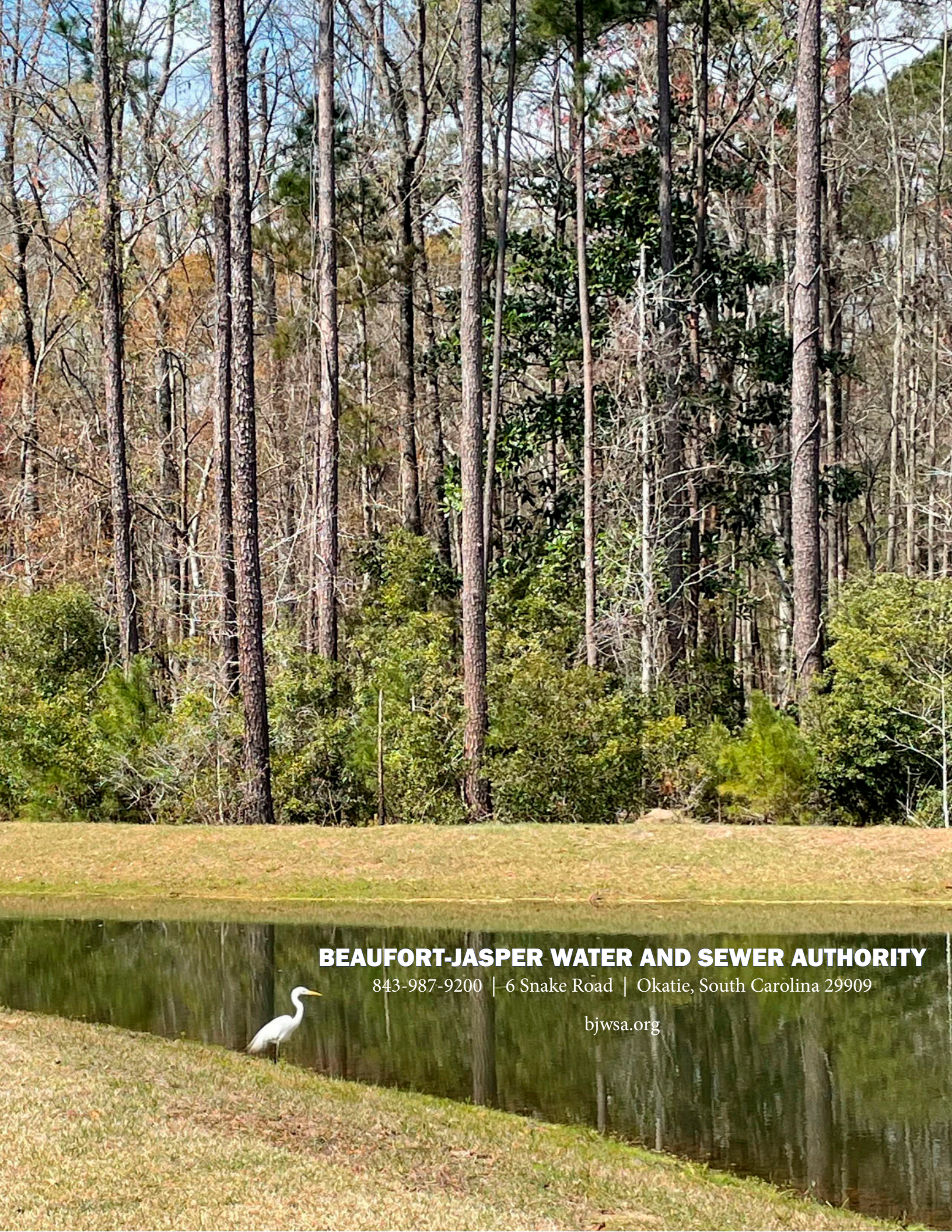
None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Schedule of Prior Year Findings

None reported.



BEAUFORT-JASPER WATER AND SEWER AUTHORITY

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bjwsa.org