



2022 Annual Comprehensive Financial Report



For fiscal years June 30, 2022 and 2021

BEAUFORT-JASPER WATER & SEWER AUTHORITY
Okatie, South Carolina



Beaufort-Jasper Water & Sewer Authority
Okatie, SC

Annual Comprehensive Financial Report

**For the Fiscal Years Ended
June 30, 2022 and 2021**

**Prepared by:
Finance Department**

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Beaufort-Jasper Water & Sewer Authority
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For the Fiscal Years Ended June 30, 2022 and 2021
TABLE OF CONTENTS

Introductory Section	Letter of Transmittal	4
	GFOA Certificate of Achievement	8
	Board of Directors	9
	Organizational Chart	10
 Financial Section		
	Independent Auditors' Report	12
	Management's Discussion and Analysis	16
	Financial Statements	26-55
	Statements of Net Position for June 30, 2022 and 2021	26
	Statements of Revenues, Expenses, and Changes in Net Positions for June 30, 2022 and 2021	28
	Statements of Cash Flows for June 30, 2022 and 2021	29
	Notes to Financial Statements	30
	Required Supplementary Information	56-57
	Schedule of the Authority's Proportionate Share of the Net Pension Liability	56
	Schedule of the Authority's Contributions to the South Carolina Retirement System – Last Ten Fiscal Years	56
	Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios	57
	Supplementary Financial Data	58-61
	Budgetary Comparison Schedule for June 30, 2022	58
	Budgetary Comparison Schedule by Functional Classification for June 30, 2022	59
	Schedule of Expenses by Natural Classification-Budget and Actual for June 30, 2022	61
	Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2022 and 2021	61
 Statistical Section	Statistical Contents	64
	Financial Trends and Debt Capacity	65-68
	Schedule of Changes in Revenues and Expenses, and Debt Service Coverage – Last Ten Fiscal Years	65
	Schedule of Changes in Net Position – Last Ten Fiscal Years	66
	Net Position at End of Year Graph	66
	Net Position by Component – Last Ten Fiscal Years	67
	Ratio Analysis	67
	Ratio of Outstanding Debt by Type	68
	Debt Service Coverage Analysis	68

Statistical Section		
—continued		
	Capital Assets	69
	Detailed Schedule of Changes in Capital Assets – Last Ten Fiscal Years	69
	Schedule of Total Capital Assets – Last Ten Fiscal Years	69
	Revenue Capacity	70-76
	Wholesale and Retail Water Sales Volume Historical Data – Last Ten Fiscal Years	70
	Retail Water Sales Volume Historical Data – Last Ten Fiscal Years	70
	Wholesale Water Revenues by Area and Average Revenue per Thousand Gallons (kgal) – Last Ten Fiscal Years	71
	Wholesale Customer Sales to Total Billings – Last Ten Fiscal Years	72
	Retail Water Revenues by Area and Average Revenue per Thousand Gallons (kgal) – Last Ten Fiscal Years	73
	Wastewater Flows and Capacities by Plant – Last Ten Fiscal Years	74
	Wastewater Customer Base by Plant – Last Ten Fiscal Years	75
	Wastewater Revenues by Area and Average Revenue per Thousand Gallons (kgal) – Last Ten Fiscal Years	76
	Demographic and Economic Information	77-82
	Customer Statistics at Fiscal Year-End from 2008	77
	Billings at Fiscal Year-End from 2008	77
	Water Sales & Customer History Graph	78
	Wastewater Sales & Customer History Graph	78
	Water and Wastewater Ten-Year Rate Comparisons and Graph	79
	Wholesale Water Rates by Area and Comparison Graph	80
	Population/Per Capita Income	81
	Wage/Salary Employment	81
	Unemployment Rate	81
	Principal Employers	82
	Other Operational Information	83-85
	Full-time Equivalent Employees by Function	83
	Ten Largest Wastewater Users	83
	Ten Largest Water Users	84
	Insurance in Force	85

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Introductory Section



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December 6, 2022

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

The management and staff of Beaufort-Jasper Water and Sewer Authority (the Authority) are pleased to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. 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, 2022.

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, 2022. The independent auditors report is located at the front of the financial section of this report.

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

PROFILE OF BEAUFORT-JASPER WATER AND SEWER AUTHORITY

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

The Authority's customer base as of June 30, 2022 was 65,344 retail water accounts and the following seven wholesale water customers: Military installations - Naval Hospital, Parris Island Recruit Depot, Marine Corps Air Station Beaufort, Laurel Bay Housing Facility; Utilities - Hilton Head Island PSD, Fripp Island PSD, Harbor Island Utilities, Callawassie/CUC, Inc., Moss Creek/Water Oak Utility, and Warsaw Eustis

Oaks Water Company. These wholesale customers resell and/or redistribute the Authority's water to their residents, resulting in total customers directly and indirectly serviced by the Authority in excess of 180,000. The Authority's headquarters are located on Highway 170, approximately thirteen miles south of the City of Beaufort.

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

The wastewater system serves 46,523 retail customers and two bulk/wholesale customers. The wastewater collection systems consist of gravity pipelines, lift stations, and force mains conveying wastewater to eight (8) treatment plants. The three largest wastewater treatment plants are Cherry Point Water Reclamation Facility, Port Royal Island Water Reclamation Facility, and the Hardeeville Wastewater Treatment Plant, with respective capacities of 7.5, 7.5, and 2.7 MGD (millions of gallons per day). The additional five plants' combined capacity is approximately 2.52 MGD. Other wastewater services include industrial pretreatment programs, water reclamation for irrigation, and sludge and septage disposal.

LOCAL ECONOMY

This coastal resort area, made up of a chain of barrier islands on the Atlantic Coast, is northeast of Savannah Georgia, and southwest of Charleston, South Carolina. Cities and towns include Hilton Head Island, Beaufort, Bluffton and Hardeeville. Beaufort and Jasper counties have a population of 227,224, living in 1,622 square miles – 44.3% of which is water.

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

The Authority's planned capital improvements seek to remain ahead of anticipated growth. Major infrastructure investments include a \$52.0 million expansion to double capacity at the Purrysburg Water Treatment Plant, \$53.0 million to increase capacity at the Cherry Point Water Reclamation Facility to 11.25 MGD, and \$7.5 million to prioritize galvanized line replacement ahead of the 2024 Lead & Copper Rule revisions deadline. In addition, the Authority is completing a \$10.6 million 36" water main expansion project in southern Beaufort County.

LONG-TERM FINANCIAL PLANNING

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

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

MAJOR INITIATIVES

The Authority is in the process of expanding the Purrysburg Water Treatment Plant. This expansion is in preparation to meet the growing water demand in southern Beaufort and Jasper counties and will bring the plant from its current capacity of 15 million gallons per day (MGD) to 30 MGD with considerations for an ultimate capacity of 45 MGD. The \$52.0 million project is being constructed in phases. Construction of the first phase, a clearwell and dewatering area, began in the fall of 2019 while the second phase will begin construction in the winter of 2023.

This fiscal year the Authority updated its strategic focus plan during a ten-month process that included involvement from both staff and Board members. Five strategic goals with objectives were developed to support the new vision, mission, and values of the Authority. The final proposed plan was reviewed with all employees before being approved at the June 23, 2022 Board meeting. Action items and timelines were identified for each of the five strategic goals and progress will be reported quarterly to the Board.

AWARDS AND ACKNOWLEDGEMENTS

Organizational Awards

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

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

The annual SCDHEC Sanitary Survey was completed in 2022 with a satisfactory rating for the eighteenth consecutive year. This inspection by our state regulators encompasses 39 areas of compliance and an inspection of critical components of the water system, including treatment plants, wells, tank sites, booster pump stations, and distribution system operations.

The National Association of Clean Water Agencies (NACWA) Peak Performance Award was again given to all eight of the Authority's wastewater facilities. The award is given in recognition of wastewater systems for outstanding compliance with National Pollutant Discharge Elimination System (NPDES) permits. In 2021 the Authority received eight Platinum Peak Performance Awards. 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, 2021. This was the eighteenth 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,



Nicholas Scott
Accountant IV



Steven Pecko, CPA
Accounting Manager



Sarah Linkimer, CPA
Deputy General Manager



Elizabeth Lowther
Chief of Finance and Support Services



Government Finance Officers Association

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

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Monill

Executive Director/CEO

Board of Directors



BEAUFORT COUNTY

Jerry Schulze
Personnel Committee - Chair

BEAUFORT COUNTY

Donna L. Altman
Board Secretary/Treasurer
Executive Committee
Finance Committee

TOWN OF BLUFFTON

Michael L. Bell
Immediate Past Chair
Executive Committee
Capital Projects Committee

CITY OF HARDEEVILLE

Gregory A. Padgett
Vice Chair
Executive Committee
Personnel Committee

JASPER COUNTY

Lorraine W. Bond
Capital Projects Committee

JASPER COUNTY

Dr. William Singleton
Personnel Committee

TOWN OF RIDGELAND

R. Thayer Rivers
Personnel Committee

TOWN OF HILTON HEAD

James E. Baker
Chair
Executive Committee

CITY OF BEAUFORT

Anderson M. Kinghorn, Jr.
Capital Projects Committee - Chair

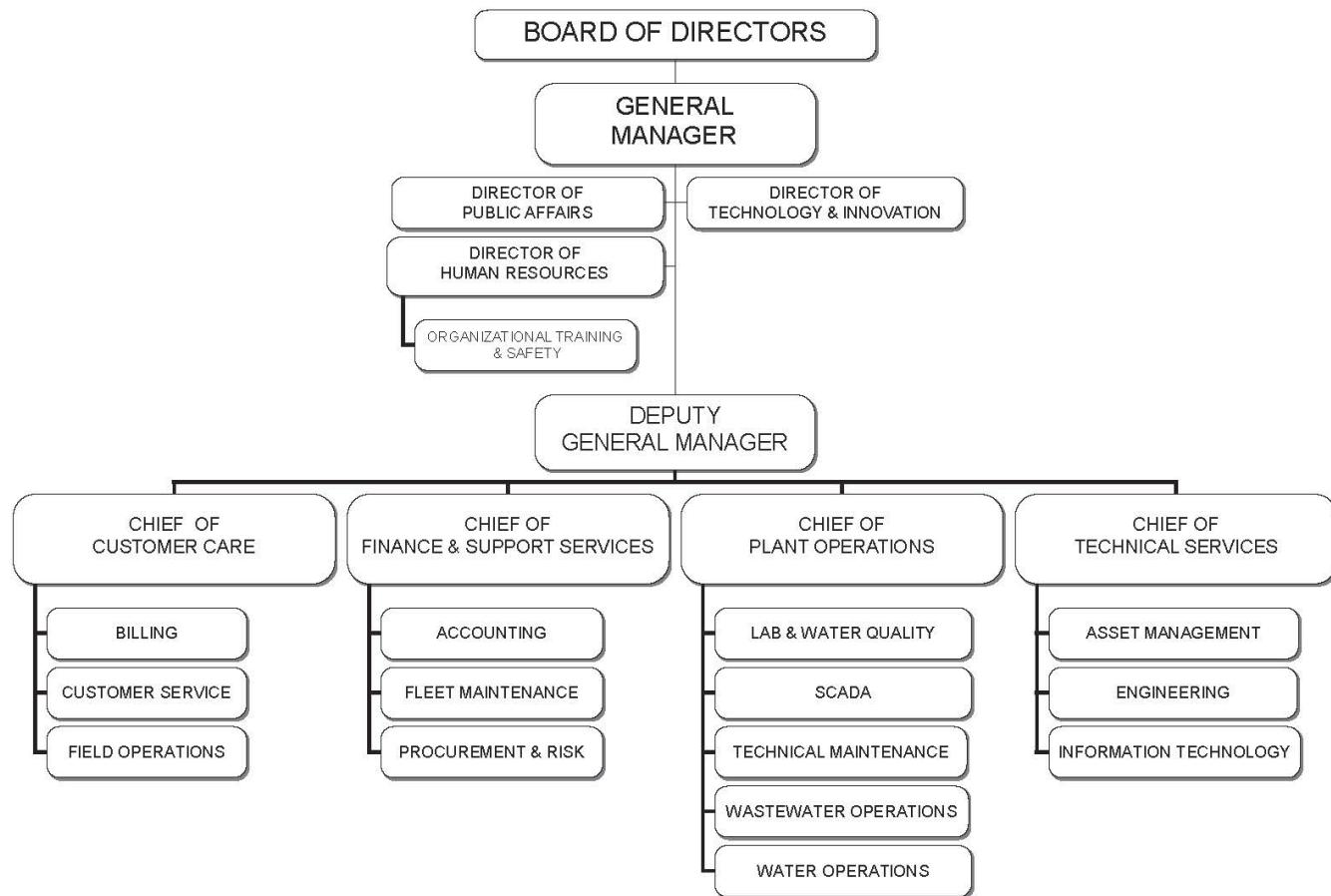
TOWN OF PORT ROYAL

David R. Strange
Finance Committee

BEAUFORT COUNTY

Robert McFee
Finance Committee - Chair

Organizational Chart



NOTE: Divisions are presented alphabetically.

A scenic sunset over a marshy landscape. In the foreground, a wooden boardwalk with railings leads towards a body of water. The water reflects the warm colors of the sunset. In the middle ground, there are green marshes. The sky is filled with large, billowing clouds colored in shades of orange, pink, and purple. The sun is low on the horizon, casting a bright glow. Power lines are visible in the background.

Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

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, 2022 and 2021, 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, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, as of July 1, 2020. This standard significantly changed the financial reporting for the Authority's leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 16–25, Schedule of the Authority's Proportionate Share of the Net Pension Liability, Schedule of the Authority's Contributions to the South Carolina Retirement System-Last Ten Fiscal Years, and the Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios on pages 56 and 57 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, 2022, the Budgetary Comparison Schedule by Functional Classification for June 30, 2022, the Schedule of Expenses by Natural Classification-Budget and Actual for June 30, 2022, and the Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2022 and 2021 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, 2022, the Budgetary Comparison Schedule by Functional Classification for June 30, 2022, the Schedule of Expenses by Natural Classification-Budget and Actual for June 30, 2022, and the Schedule of Net Earnings for Debt Service and Debt Coverage for June 30, 2022 and 2021 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 6, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beaufort-Jasper Water and Sewer Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is cursive and fluid, with "Mauldin" and "Jenkins" connected by a horizontal line.

Savannah, Georgia
December 6, 2022

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, 2022 and 2021. 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 **\$70.3** million unrestricted net position, \$61.9 million is Board-designated for capital funding and \$8.4 million is available to provide for current operations. Unrestricted net position increased approximately \$18.1 million, or 35%, from prior year (as compared to an increase of approximately \$9.9 million, or 24%, from 2020 to 2021).
- **Debt service coverage** (excluding capacity fees) decreased from 200% to **193%** for fiscal year 2022. It continues to remain above the 125% requirement established by the Board. This decrease in debt service coverage (excluding capacity fees) is largely the result of an increase in principal and interest payments. Debt service coverage (including capacity fees) increased from 272% in prior year to **332%**, exceeding the 120% required by the bond covenants.

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

Fiscal year 2021 total operating revenues were **\$66.6 million**, an increase of approximately 1.7%, or **\$1.1 million**, over the prior year primarily as a result of a rate increase combined with customer growth. The Authority reported an increase of 2,559 water customers and 2,474 wastewater customers at year end. Residential water consumption increased 3% or 135,000 kgals (thousands of gallons), while residential wastewater usage decreased 3% or 109,000 kgals from prior year. The average residential customer's monthly water consumption in kgals decreased from 6.60 to 6.52.

- **Total operating expenses** for fiscal year 2022 were approximately **\$69.6 million**, an increase of 3.1%, or \$2.1 million, from the prior year. Depreciation expense accounted for \$30.1 million of total operating expense and was an increase of approximately \$200 thousand over prior year depreciation. Excluding depreciation, total operating expenses were **\$39.5 million**, an increase of 6.1%, or **\$2.3 million**, from the prior year. Excluding depreciation, water operating expenses increased 2.7%, or \$598 thousand from the prior year, and wastewater operating expenses increased 11.0%, or \$1.7 million, from the prior year. These changes are primarily attributed to increases in pension and other post retirement costs, professional fees, and chemical and power costs related to the increase in production.

Fiscal year 2021 total operating expenses were approximately **\$67.5 million**, an increase of 1.8%, or \$1.2 million, from the prior year. Depreciation expense accounted for \$30.3 million of total operating expense and was an increase of approximately \$600 thousand over prior year depreciation. Excluding depreciation, total operating expenses were **\$37.3 million**, an increase of 1.9%, or **\$691 thousand**, from the prior year. Excluding depreciation, water operating expenses increased 5.0%, or \$1.0 million, from the prior year, and wastewater operating expenses decreased 2.3%, or \$354 thousand, from the prior year. These changes are primarily attributed to increases in pension and other post retirement costs, professional fees, and chemical and power costs related to the increase in production.

- **Operating loss** was **\$455 thousand** for 2022 compared to operating loss of \$966 thousand for 2021, an increase in operating margin of approximately \$511 thousand. This resulted from an increase in water and wastewater revenues from prior year. For fiscal year 2022, **\$1.75** was generated from operating revenues for every \$1.00 expensed (excluding depreciation and non-operating expenses), this was a decrease of 2.0% from prior year's operating ratio of \$1.79.

Fiscal year 2021 operating loss was **\$966 thousand** compared to operating loss of \$857 thousand for 2020, a decrease in operating margin of approximately \$109 thousand. This decrease resulted from an increase in water and wastewater expenses from prior year, as well as a restatement of 2021 revenues due to GASB 87. For fiscal year 2021, **\$1.79** was generated from operating revenues for every \$1.00 expensed (excluding depreciation and non-operating expenses), there was no change from prior year's operating ratio of \$1.79.

- **Net cash provided by operating activities** for 2022 represented 43.4% of operating revenues compared to 49.1% in fiscal year 2021. The Authority generated \$30.0 million from operations to support capital and financing activities, a decrease of \$2.7 million or 8.0% over prior year.

Fiscal year 2021 net cash provided by operating activities represented 49.1% of operating revenues compared to 47.3% in fiscal year 2020. The Authority generated \$32.7 million from operations to support capital and financing activities, an increase of \$1.7 million or 5% over prior year.

- **Capacity fees and developer contributions of systems** were **\$22.0 million and \$7.7 million**, respectively, for fiscal year 2022. Capacity fees increased \$11.0 million, or 100.6%, from prior year. Developer contributions, which were \$9.7 million in 2021, decreased 20.1% or \$2.0 million in the current year. The increase in capacity fees shows continued growth in the area.

Fiscal year 2021 capacity fees and developer contributions of systems were \$11.0 million and \$9.7 million, respectively. Capacity fees increased \$1.0 million, or 9.9%, from prior year. Developer contributions, which were \$10.0 million in 2020, decreased 3.1% or \$313 thousand in the current year. The increase in capacity fees shows continued growth in the area.

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,			2021 to 2022		2020 to 2021	
	2022	2021	2020	Dollars	%	Dollars	%
Capital assets:							
Producing assets	\$379,316,577	\$393,697,646	\$395,538,954	\$14,381,069	-3.7%	\$1,841,308	-0.5%
Construction in progress	42,764,528	22,057,498	21,531,083	20,707,030	93.9%	526,415	2.4%
Current assets (including designated & restricted)	157,990,163	142,698,299	133,034,487	15,291,864	10.7%	9,663,812	7.3%
Other noncurrent assets	22,733,505	24,592,436	19,392,857	(1,858,931)	-7.6%	5,199,579	26.8%
Total assets	602,804,773	583,045,879	569,497,381	19,758,894	3.4%	13,548,498	2.4%
Total deferred outflows of resources	9,782,490	9,526,736	6,976,117	255,754	2.7%	2,550,619	36.6%
Current liabilities	24,126,564	21,209,732	20,997,294	2,916,832	13.8%	212,438	1.0%
Long term liabilities	191,052,450	203,694,926	212,002,128	(12,642,476)	-6.2%	(8,307,202)	-3.9%
Total liabilities	215,179,014	224,904,658	232,999,422	(9,725,644)	-4.3%	(8,094,764)	-3.5%
Total deferred inflows of resources	11,116,175	7,547,276	1,255,596	3,568,899	47.3%	6,291,680	501.1%
Net position:							
Net investment in capital assets	315,576,080	307,512,533	300,078,540	8,063,547	2.6%	7,433,993	2.5%
Restricted for:							
Capital activity	415,246	415,244	415,244	2	0.0%	-	0.0%
Unrestricted	70,300,748	52,192,904	41,724,696	18,107,844	34.7%	10,468,208	25.1%
Total net position	\$386,292,074	\$360,120,681	\$342,218,480	\$26,171,393	7.3%	\$17,902,201	5.2%

Total net position as of June 30, 2022 was \$386.3 million, representing an increase of 7.3% from the prior year. Total net position increased by \$26.2 million from fiscal year 2021, as a result of an increase in current assets and construction in progress. In 2021, total net position increased by \$17.9 million or 5.2% from prior year. This increase was due to an increase in current assets. Of the \$70.3 million unrestricted net position, \$61.9 million is Board-designated for capital funding and \$8.4 million is available to provide for current operations.

Producing assets decreased a net \$14.4 million (compared to a \$1.8 million decrease in 2021), which reflects additions of \$7.7 million from developer noncash contributions; \$3.1 million capitalized construction in progress (CIP) projects and \$4.9 million in capital purchases, as well as a decrease of \$30.1 million from depreciation. Major contributed capital additions include: Latitude Hilton Head (\$1.0 million); MCRD Hue City Range Safety Improvements (\$935 thousand); Palmetto Bluff Block L5 (\$710 thousand); and Malind Bluff Phase 2A (\$684 thousand). These developments included pump stations in addition to water and wastewater lines. The \$4.9 million operating capital purchases consisted of \$2.3 million in capitalized meters and transponders, \$1.8 million in equipment purchases and vehicles, and \$791 thousand in capitalized engineering salaries. The Authority disposed of \$122 thousand in assets. Disposals in fiscal year 2022 primarily consisted of vehicles.

Construction in progress increased a net of \$20.7 million over prior year (compared to a net increase of \$526 thousand in 2021). The Authority expended \$23.1 million on capital assets related to construction projects during fiscal year 2022, with \$3.1 million completed and moved to producing assets. Major projects completed during fiscal year 2022 include: Miscellaneous Wastewater Pump Station Replacement project (\$901 thousand); Sams Point Distribution Lines project (\$585 thousand); Chelsea Wastewater Pump Replacement project (\$573 thousand); and Mossy Oaks Utility Relocation project (\$377 thousand).

Of the \$42.8 million in construction in progress at the end of fiscal year 2022, \$10.0 million is related to the Bluffton Parkway Water Main project, \$5.8 million the Purrysburg Water Treatment Plant expansion project, \$5.8 million to the Galvanized Waterline Replacement project, \$4.7 million to the North Street Transmission Main project, \$4.5 million to the Highway 170 Water Main Extension project, and \$3.4 million to the Raw Water Canal Improvements project. Additional information on capital assets may be found in the footnotes to the financial statements.

Debt and Debt Coverage

Long-term liabilities decreased \$12.6 million net over the prior fiscal year. In 2021, long-term liabilities decreased \$8.3 million net over the prior fiscal year primarily due to no new debt incurred during the year.

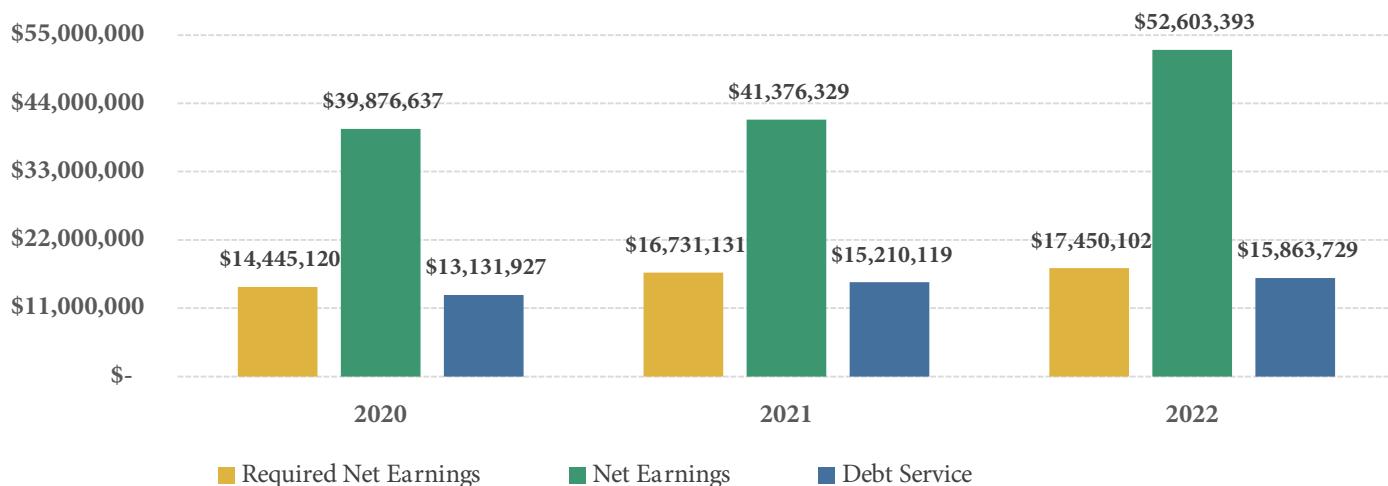
Net position to long-term debt increased from 2.32 for 2021 to 2.64 for 2022 as a result of an increase in net position during the year. This translates to each \$1 of long-term debt being represented by \$2.64 in net position. The Authority believes the ratio is appropriate for its current operations, and projects it increasing over the next fiscal year as scheduled principal payments are made.

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

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

Although the Bond Resolutions allow the use of capacity fee revenue (i.e., cash capital contributions) in the calculation of debt service coverage, the Authority has adopted a more stringent internal policy of maintaining one hundred and twenty-five percent (125%) debt service coverage without consideration of capacity fee revenue. Revenue bond debt service coverage for 2022 and 2021 was 332% and 272%, respectively, including cash capital contributions, and 193% and 200%, without the contributions. The following table presents the required net earnings as defined by the bond covenants; actual net earnings, including capital contributions, available for debt service; and total annual debt service. Additional information on long-term debt may be found in Note 7 in the notes to the financial statements.

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,

	2022 Actual	2021 Actual	2020 Actual	2022 to 2021 Actual		2021 to 2020 Actual	
				Dollars	%	Dollars	%
Revenues:							
Water service revenues	\$34,027,016	\$33,292,262	\$32,865,365	\$734,754	2.2%	\$426,897	1.3%
Other water revenues	3,970,745	3,889,531	3,429,454	81,214	2.1%	460,077	13.4%
Wastewater service revenues	30,689,956	28,907,674	27,734,116	1,782,282	6.2%	1,173,558	4.2%
Other wastewater revenues	455,410	461,750	1,406,663	(6,340)	-1.4%	(944,913)	-67.2%
Total operating revenues	69,143,127	66,551,217	65,435,598	2,591,910	3.9%	1,115,619	1.7%
Expenses:							
Operating, before depreciation, but including franchise fees							
Water operations	13,768,476	13,537,403	13,000,277	(231,073)	-1.7%	(537,126)	-4.1%
Wastewater operations	11,072,782	9,656,077	10,293,246	(1,416,705)	-14.7%	637,169	6.2%
Depreciation - water	12,864,371	13,014,417	12,845,015	150,046	1.2%	(169,402)	-1.3%
Depreciation - wastewater	17,207,805	17,251,404	16,887,888	43,599	0.3%	(363,516)	-2.2%
General, administrative, customer service and engineering -water	8,845,027	8,478,193	7,969,641	(366,834)	-4.3%	(508,552)	-6.4%
General, administrative, customer service and engineering -wastewater	5,840,036	5,579,464	5,296,681	(260,572)	-4.7%	(282,783)	-5.3%
Total operating expenses	69,598,497	67,516,958	66,292,748	(2,081,539)	-3.1%	(1,224,210)	-1.8%
Operating income (loss)	(455,370)	(965,741)	(857,150)	510,371	52.8%	(108,591)	12.7%
Non-operating revenue (expense):							
Interest expense	(4,182,782)	(3,715,324)	(4,128,718)	(467,458)	-12.6%	413,394	10.0%
Investment income	711,600	807,184	1,016,662	(95,584)	-11.8%	(209,478)	20.6%
Bond interest income	15,744	2,735	295,561	13,009	475.6%	(292,826)	100.0%
Lease interest income	271,361	297,928	-	(26,567)	-8.9%	297,928	100.0%
Military construction revenue	-	-	-	-	0.0%	-	0.0%
Litigation settlement	-	70,288	52,369	(70,288)	-100.0%	17,919	100.0%
Gain on sale of assets	54,032	113,223	166,983	(59,191)	-52.3%	(53,760)	32.2%
Decrease in net position, before contributions	(3,585,415)	(3,389,707)	(3,454,293)	(195,708)	5.8%	64,586	-1.9%
Capital contributions:							
Grants	9,844	238,869	1,213,380	(229,025)	-95.9%	(974,511)	-80.3%
Capacity fees	22,003,826	10,971,337	9,984,422	11,032,489	100.6%	986,915	9.9%
Developer contributions of systems	7,743,138	9,686,052	9,999,008	(1,942,914)	-20.1%	(312,956)	-3.1%
Total capital contributions	29,756,808	20,896,258	21,196,810	8,860,550	42.4%	(300,552)	-1.4%
Increase(decrease) in net position	26,171,393	17,506,551	17,742,517				
Net position at beginning of year	360,120,681	342,218,480	324,475,963				
Cumulative effect of change in accounting principle	-	395,650					
Total Net Position	\$386,292,074	\$360,120,681	\$342,218,480				

Total operating revenues were \$69.1 million, an increase of 3.9%, or \$2.6 million, over the prior year primarily as a result of a rate increase combined with customer growth. From fiscal year 2021 to 2022, water customers increased 2,154 or 3.4% (compared to an increase of 2,559 or 4.2% from 2020 to 2021), and wastewater customers increased 1,756 or 3.9% (compared to an increase of 2,474 or 5.8% from 2020 to 2021). Retail residential and commercial water consumption figures, as measured by billings, decreased 116,000 kgals (thousands of gallons) or 1.3% from prior year. Wastewater volume increased 205,000 kgals or 5.0% 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 2019 to fiscal year 2022, utilizing the fiscal year 2019, 2020, 2021, and 2022 rates as adopted.

MONTHLY WATER & WASTEWATER BILL FOR 7KGAL RESIDENTIAL CUSTOMER



The average usage for residential customers for water was 6.52 thousand gallons in 2021 and 6.15 thousand gallons in 2022, a decrease of 5.7%. The average usage for residential customers for wastewater was 6.07 thousand gallons in 2021 and 6.11 thousand gallons in 2022, an increase of 0.7%.

Expenses

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

Total operating expenses were approximately \$69.6 million, an increase of 3.1%, or \$2.1 million from the prior year. Depreciation expense accounted for \$30.1 million of total operating expense and was a decrease of approximately \$193 thousand over prior year. Excluding depreciation, total operating expenses were \$39.5 million, an increase of 6.1% or \$2.3 million from the prior year.

Excluding depreciation, water operating expenses increased 2.7% or \$598 thousand from the prior year. The significant increases from the prior year primarily related to the following expenses:

- Water treatment (increased \$980 thousand or 17.4%) primarily due to dredging costs of the Chelsea alum pond;
- General and administrative (increased \$210 thousand or 3.5%) primarily due to increases in salaries and wages, as well as increases in associated benefit costs;

Excluding depreciation, wastewater operating expenses increased 11.0%, or \$1.7 million from the prior year. The significant increases from the prior year primarily related to the following expenses:

- Collection and transmission (increased \$685 thousand or 15.3%) primarily due to necessary overtime costs related to the timely repairs of several service lines;
- Wastewater treatment (increased \$578 thousand or 17.6%) primarily due to increases in maintenance costs of treatment equipment;

Water expense per kgal (unit cost) excluding depreciation increased from \$2.95 in 2021 to \$3.04 in 2022, or 3.1%, due to expenses increasing at a greater rate than consumption during the fiscal year. Wastewater expense per kgal (unit cost) excluding depreciation increased from \$3.72 in 2021 to \$3.93 in 2022 or 5.6%, 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 \$2.6 million, combined with the increase in operating expenses, excluding depreciation, of \$2.3 million resulted in the operating margin to increase by \$317 thousand before depreciation. The actual 2022 operating loss was \$455 thousand compared to an operating loss of \$966 thousand in 2021, an increase in operating margin of \$510 thousand.

For fiscal year 2021, \$1.75 was generated from operating revenues for every \$1.00 expensed (excluding depreciation and non-operating expenses), which decreased by \$0.04 or 2% compared to prior year. For comparative purposes, the operating ratios (operating revenues divided by operating expenses less depreciation) were 1.75, 1.79, 1.79, and 1.86 for fiscal years 2022, 2021, 2020, and 2019, 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 year end, the unrestricted cash balances were above \$19.4 million, which represents four months coverage for both operating expenses and debt service. At the end of the fiscal year unrestricted cash and cash equivalents were \$25.5 million, as compared to \$28.0 million prior year.

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			2022 to 2021	2021 to 2020
	2022	2021	2020	Variance	Variance
Total operating revenues	\$69,143	\$66,551	\$65,436	\$2,592	\$1,115
Net cash provided by operations	\$29,977	\$32,685	\$30,983	(\$2,708)	\$1,702
Net operating cash as a % of operating revenue	43.4%	49.1%	47.3%		

The Authority was able to generate \$30.0 million from operations to support capital and financing activities, as a result of an increase in expenses, compared to prior year, which generated \$32.7 million from operations. The Authority generated \$1.0 million net for investing activities in current year, compared to generating \$6.9 million net in prior year.

Cash payments for construction and acquisition of capital assets increased from \$19.7 million in 2021 to \$26.8 million in 2022. The \$26.8 million in capital expenditures was funded by operating funds as well as capital funding from capacity fees, debt, and depreciation (renewal and replacement) funds. Total cash payments for debt service were \$11.3 million, compared to \$10.5 million in prior year. The \$30.0 million generated from operating activities combined with the \$15.3 million net payments for investing and financing activities, resulted in an increase in cash and cash equivalents of \$14.7 million for 2022, as compared to an increase of \$16.6 million for 2021.

Capacity Fees and Grants

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

Effective January 1, 2021:

Water Capacity	\$1,560/Residential Equivalent Unit (\$3.90/gpd x 400 gallons)
Wastewater Capacity	\$3,720/Residential Equivalent Unit (\$12.40/gpd x 300 gallons)

Prior to this fee increase, the cost per residential equivalent unit (REU) of water and wastewater was \$1,440 and \$3,402, respectively.

On June 23, 2022, the Board adopted a change in capacity fees to be implemented over a two-year period beginning October 1, 2022 as follows:

Effective October 1, 2022:

Water Capacity	\$1,923/Residential Equivalent Unit (\$4.81/gpd x 400 gallons)
Wastewater Capacity	\$4,396/Residential Equivalent Unit (\$14.65/gpd x 300 gallons)

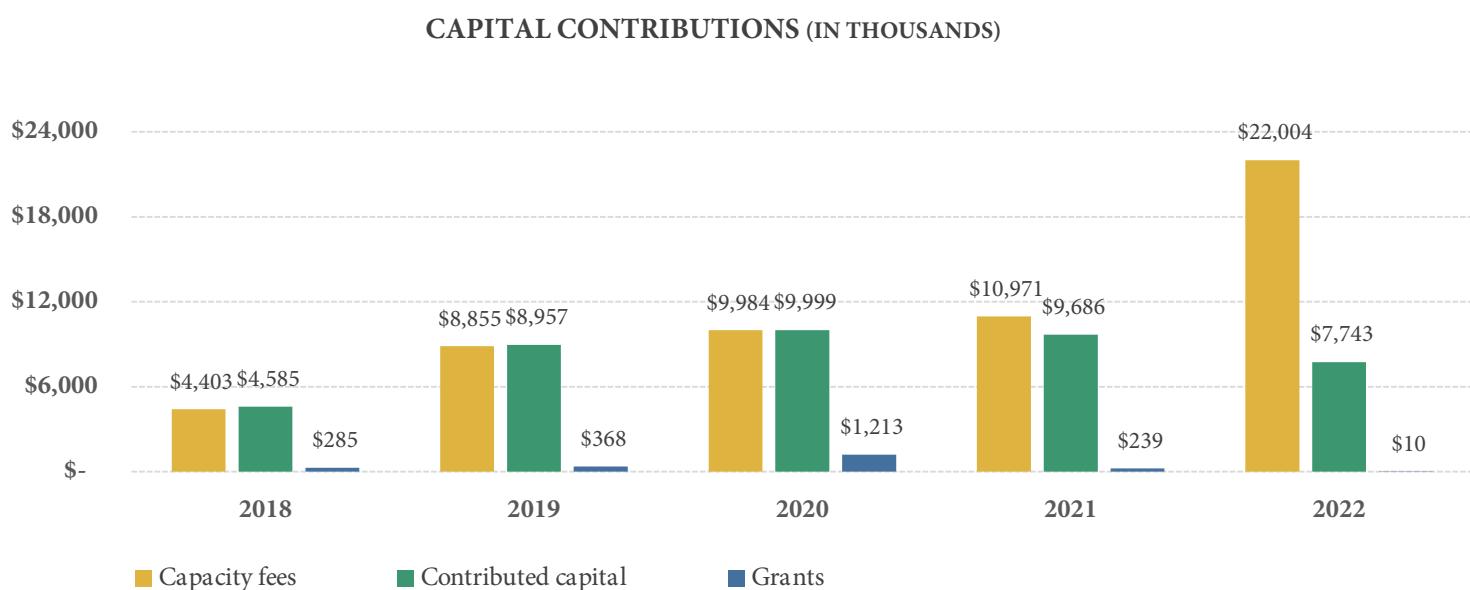
Effective July 1, 2023:

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

Capacity fee revenues increased 100.6% or \$11.0 million for 2022, as compared to 2021. 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 \$7.7 million during fiscal year 2021. The developments at Latitude Hilton Head (\$1.0 million); MCRD Hue City Range Safety Improvements (\$935 thousand); Palmetto Bluff Block L5 (\$710 thousand); and Malind Bluff Phase 2A (\$684 thousand) accounted for 42% of system contributions. Developers convey primarily residential systems to the Authority upon completion in accordance with plans and specifications approved by the Authority.

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



In fiscal year 2022 the Authority received \$9,844 in South Carolina Recovery Assistance Grants. In fiscal year 2021 the Authority received \$238,869 in South Carolina Cares Act Grants.

Capital Assets

During the year ended June 30, 2022, the Authority received approximately \$7.7 million in contributed capital, spent approximately \$23.1 million on the capital improvement program and spent \$4.9 million on operating capital (meters, equipment and vehicles). Disposals of assets were recorded in the amount of \$122 thousand, with a net gain on disposals of assets relating to equipment, vehicle and scrap sales for the year in the amount of \$54 thousand.

During the year ended June 30, 2021, the Authority received approximately \$9.7 million in contributed capital, spent approximately \$14.0 million on the capital improvement program and spent \$5.3 million on operating capital (meters, equipment and vehicles). Disposals of assets were recorded in the amount of \$228 thousand, with a net gain on disposals of assets relating to equipment, vehicle and scrap sales for the year in the amount of \$113 thousand.

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

Economic Outlook and Final Comments

The economic outlook for both Beaufort and Jasper Counties continues to show positive trends in several areas despite the impacts of COVID-19 on the local economy. Despite Beaufort and Jasper Counties experiencing an increase in unemployment, both localities had rates lower than the national unemployment rate of 3.6% and comparable to the South Carolina unemployment rate of 3.2% as of June 30, 2022. Beaufort County has seen an increase of 2% in population, and Jasper County has seen an increase of 5% in population over this past year. Population increases in both counties mirror the positive trend the Authority has experienced in customer growth and usage. As evidenced by the increase in capacity fees received by the Authority in the prior year, both Beaufort and Jasper Counties are showing significant developer activity, which coincides with economic growth.

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	
	2022	2021
Assets		
Current Assets:		
Cash and cash equivalents	\$25,544,621	\$28,034,027
Accounts receivable	8,363,703	7,874,630
Inventory and other assets	1,146,008	996,648
Total current assets (unrestricted)	35,054,332	36,905,305
 Designated & restricted assets:		
Cash and cash equivalents - Designated	65,867,499	42,305,908
Cash and cash equivalents - Restricted	56,996,462	63,415,216
Designated receivables	71,870	71,870
Total designated & restricted assets	122,935,831	105,792,994
Total current assets	157,990,163	142,698,299
 Noncurrent Assets:		
Capital assets		
Land and land rights	10,635,337	10,635,337
Administrative facilities	15,389,554	15,128,151
Water systems	326,722,251	320,216,664
Wastewater systems	449,413,065	442,292,558
Equipment	25,492,851	24,117,887
Vehicles	7,075,708	6,769,353
Utility plant in service before depreciation	834,728,766	819,159,950
Less accumulated depreciation	(455,412,189)	(425,462,304)
Net utility plant in service	379,316,577	393,697,646
Construction work in progress	42,764,528	22,057,498
Total capital assets	422,081,105	415,755,144
Other Assets		
Conservation Easements	534,125	534,125
ISM Receivable-Department of the Navy	16,581,378	17,742,386
Leases Receivable	5,618,002	6,315,925
Total other assets	22,733,505	24,592,436
Total noncurrent assets	444,814,610	440,347,580
 Total assets	602,804,773	583,045,879
 Deferred outflows of resources		
Deferred amounts on advance refundings	879,531	1,065,988
Pensions	4,036,226	4,540,797
Other post retirement benefits	4,866,733	3,919,951
 Total deferred outflows of resources	\$9,782,490	\$9,526,736

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

STATEMENTS OF NET POSITION (continued)

	June 30	
	2022	2021
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$4,635,550	\$4,987,100
Accrued wages and benefits	2,262,932	1,512,255
Revenue bonds	4,218,295	4,147,569
State revolving fund	2,363,697	2,088,359
Notes payable	629,957	599,958
Total current liabilities (unrestricted)	14,110,431	13,335,241
Current liabilities payable from designated & restricted assets:		
Accounts payable for capital items	4,007,703	2,100,233
Revenue bonds	4,592,705	4,248,431
State revolving fund	4,542	4,319
Interest payable	1,411,183	1,521,508
Total current liabilities payable from designated & restricted assets	10,016,133	7,874,491
Total current liabilities	24,126,564	21,209,732
Long term liabilities:		
Revenue bonds	104,543,460	114,932,502
State revolving fund	33,112,551	31,391,083
Notes payable	8,492,135	9,122,092
Net pension liability	23,334,437	27,714,948
Other post retirement benefits liability	21,156,233	20,120,667
Unearned revenue-Levy projects	413,634	413,634
Total long term liabilities	191,052,450	203,694,926
Total liabilities	215,179,014	224,904,658
Deferred inflows of resources		
Pensions	3,781,975	475,283
Other post retirement benefits	1,977,387	897,586
Leases	5,356,813	6,174,407
Total deferred inflows of resources	11,116,175	7,547,276
Net position:		
Net investment in capital assets	315,576,080	307,512,533
Restricted for:		
Capital activity	415,246	415,244
Unrestricted	70,300,748	52,192,904
Total net position	\$386,292,074	\$360,120,681

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,	
		2022	2021
Operating revenues:			
Water:	Wholesale	\$3,693,963	\$3,605,928
	Retail	29,172,845	28,436,998
	Military Retail	1,160,208	1,249,336
	Other	3,970,745	3,889,531
	Total water revenues	37,997,761	37,181,793
Wastewater:	Service	27,892,912	26,086,906
	Military Retail	2,797,044	2,820,768
	Other	455,410	461,750
	Total wastewater revenues	31,145,366	29,369,424
	Total operating revenues	69,143,127	66,551,217
Operating expenses:			
Water:	Source of supply	806,933	825,986
	Water treatment	6,605,322	5,625,678
	Transmission and distribution	4,983,144	5,735,100
	Laboratory and testing	374,363	391,300
	Franchise fee	998,714	959,339
	Depreciation	12,864,371	13,014,417
	General, administrative, customer service and other	8,845,027	8,478,193
	Total water operating expenses	35,477,874	35,030,013
Wastewater:	Collection and transmission	5,165,323	4,481,210
	Wastewater treatment	3,856,199	3,278,321
	Wastewater disposal	302,793	292,702
	Sludge management	507,261	415,905
	Laboratory and testing	329,610	339,298
	Franchise fee	911,596	848,641
	Depreciation	17,207,805	17,251,404
	General, administrative, customer service and other	5,840,036	5,579,464
	Total wastewater operating expenses	34,120,623	32,486,945
	Total operating expenses	69,598,497	67,516,958
Operating income (loss)		(455,370)	(965,741)
Non-operating revenue (expense):			
	Interest expense	(4,182,782)	(3,715,324)
	Investment income	711,400	806,984
	Bond interest income	15,744	2,735
	Lease interest income	271,361	297,928
	Easement revenue	200	200
	Litigation settlement	-	70,288
	Net gain on disposal of assets	54,032	113,223
	Total non-operating revenue (expense)	(3,130,045)	(2,423,966)
Decrease in net position, before capital contributions		(3,585,415)	(3,389,707)
Capital contributions:			
	Grants	9,844	238,869
	Capacity fees, net of bad debt	22,003,826	10,971,337
	Developer contributions of systems	7,743,138	9,686,052
	Total capital contributions	29,756,808	20,896,258
Increase in net position		26,171,393	17,506,551
Net position at beginning of year		360,120,681	342,218,480
Cumulative effect of change in accounting principle		-	395,650
Net position at end of year		\$386,292,074	\$360,120,681

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

STATEMENTS OF CASH FLOWS

	Year Ended June 30,		
	2022	2021	
Cash flows from operating activities:			
Cash received from customers	\$68,654,053	\$66,557,217	
Cash paid for wages and benefits	(18,736,273)	(17,108,182)	
Cash paid to suppliers	(19,940,943)	(16,764,100)	
Net cash provided by operating activities	29,976,837	32,684,935	
Cash flows from investing activities:			
Proceeds/(purchases) of investments	-	6,131,821	
Interest and investment income (loss)	998,505	1,028,491	
Net cash provided by investing activities	998,505	7,160,312	
Cash flows from capital and related financing activities:			
Purchase/construction of property, plant, and equipment	(26,762,289)	(19,689,926)	
Proceeds from sale of assets	68,789	148,895	
Proceeds from issuance of long term debt	4,347,863	-	
Principal payments on debt	(11,346,792)	(10,497,225)	
Interest paid on borrowings	(5,684,689)	(5,852,077)	
Grant capital contributions	9,844	259,438	
Military construction reimbursements	1,161,008	1,116,346	
Litigation settlement payments	-	70,288	
Proceeds from easements	200	200	
Change in lease receivable	697,923	676,076	
Change in deferred inflow - leases	(817,594)	(817,594)	
Cumulative effect of change in principle	-	395,650	
Capacity fees, collected or received	22,003,826	10,971,337	
Net cash used in financing activities	(16,321,911)	(23,218,592)	
Increase in cash and cash equivalents	14,653,431	16,626,655	
Cash and cash equivalents at beginning of year	133,755,151	117,128,496	
Cash and cash equivalents at end of year	148,408,582	133,755,151	
Reconciliation to statements of net position:			
Unrestricted cash and cash equivalents	25,544,621	28,034,027	
Designated cash and cash equivalents	65,867,499	42,305,908	
Restricted cash and cash equivalents	56,996,462	63,415,216	
Total cash and cash equivalents	148,408,582	133,755,151	
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	(455,370)	(965,741)	
Adjustments:			
Depreciation	30,072,176	30,265,821	
Changes in assets and liabilities			
Decrease (increase) in:	Receivables, excluding interest income	(489,073)	6,001
	Inventory and other assets	(149,360)	908,779
Increase (decrease) in:	Accounts payable and accrued expenses	399,125	3,390
	Other Post Retirement Benefits deferred inflows/outflows and liability	1,168,585	974,468
	Pension deferred inflows/outflows and liability	(569,246)	1,492,217
Net cash provided by operating activities	\$29,976,837	\$32,684,935	
Noncash activities:			
Developer contributions of systems	\$7,743,138	\$9,686,052	
Principal reduction of note payable-Department of the Navy	(599,958)	(571,389)	

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

1. Description of Entity

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

2. Summary of Significant Accounting Policies

BASIS OF ACCOUNTING AND PRESENTATION

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

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

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

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

Comparative Data Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation. This reclassification had a cumulative effect of change in accounting principle of \$395,650 to net position as of June 30, 2021.

OPERATING/NONOPERATING REVENUES AND EXPENSES

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

REVENUE RECOGNITION AND RECEIVABLES

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

Customer receivables represent various volume, availability, impact, and special service fees earned, but not yet collected. Unbilled receivables have been estimated and accrued as revenue from the date of the last reading of the meters based on the billing cycle. Unbilled accounts receivable was approximately \$3.4 million and \$2.99 million as of June 30, 2022 and 2021, 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 \$1.0 million and \$979 thousand as of June 30, 2022 and 2021, 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 May Board meeting. A budget is adopted by resolution prior to July 1. During the year, management is authorized to transfer budgeted amounts between line items within the Authority's divisions.

CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

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

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

DESIGNATED AND RESTRICTED ASSETS

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

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

During fiscal year 2000, the Authority began accepting letters of credit from certain developers and commercial customers for the payment of capacity fees. There were no receivables for capital contributions under letters of credit recorded in fiscal years ended June 30, 2022 and 2021.

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.

Annualized depreciation expense, expressed as a percent of net depreciable capital assets, was 8.2% and 7.9% for fiscal years ended June 30, 2022 and 2021, 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
Equipment	3-20
Structures and improvements, including buildings	10-50
Office furniture, equipment and vehicles	3-20
Meters	8

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 2022 beginning compensated absences were valued in the amount of \$699 thousand, \$496 thousand in benefits were earned, \$470 thousand in benefits were taken, and \$66 thousand in benefits were waved as a result of employees exceeding the Authority's maximum transferrable hours of 160. As of June 30, 2022, compensated absences were valued in the amount of \$659 thousand.

CLAIMS AND JUDGMENTS

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

NET POSITION

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

GENERAL AND ADMINISTRATIVE EXPENSE ALLOCATIONS

For the purposes of the statement of revenues, expenses and changes in net position, general and administrative expenses were allocated 60% and 40% to the water and wastewater divisions for fiscal years 2022 and 2021. 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 2023.

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.

3. Change in Accounting Principle

The Authority implemented GASB No. 87, Leases in fiscal year 2022. This Statement requires recognition of assets and deferred outflows of resources and liabilities and deferred inflows of resources for leases previously classified as operating or capital leases, based on the payment provisions of the contract.

The following schedule reflects the impact of this GASB 87 change in fiscal year 2021:

Net position - end of period, as previously reported	\$359,512,272
Adoption of Statement No. 87	608,409
Net Position - end of period, as restated	\$360,120,681

4. Cash, Cash Equivalents, and Investments

Deposits include demand deposits and certificates of deposit in financial institutions. The carrying amounts were \$148,408,582 and \$133,755,151 at June 30, 2022 and 2021, respectively. The bank balances were \$152,063,566 and \$135,009,574 at June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, demand deposits were as follows:

	Interest Yield	June 30, 2022		June 30, 2021	
		Book Balance	Bank Balance	Book Balance	Bank Balance
Demand Deposits	0%	\$(821,618)	\$-	0.00%	\$(723,095)
Demand Deposits	0%	92,647,782	94,727,042	0.00%	71,477,074
Total Demand Deposits		\$91,826,164	\$94,727,042		\$71,239,803
Collateral Held by Agent in Authority's Name			\$600,000		\$50,005,815
Trust Accounts - U. S. Gov't Agencies (Rule 2a-7)	0%	56,581,218	57,336,522	0.00%	62,999,972
Total Investments		\$56,581,218	\$57,336,522		\$63,769,771

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

	June 30	
	2022	2021
Disclosures regarding deposits:		
Cash on Hand	\$1,200	\$1,200
Deposits	91,826,164	70,753,979
Debt service funds	56,581,218	62,999,972
Total	<u>\$148,408,582</u>	<u>\$133,755,151</u>
Statement of net position and cash flow statement amounts:		
Cash and cash equivalents		
Unrestricted	\$25,544,621	\$28,034,027
Designated	65,867,499	42,305,908
Restricted	56,996,462	63,415,216
Total cash and cash equivalents	<u>\$148,408,582</u>	<u>\$133,755,151</u>

5. Accounts Receivable

Accounts receivable were composed of the following:

	June 30	
	2022	2021
Wholesale and retail water and wastewater customers:		
Billed services	\$5,287,482	\$5,269,237
Unbilled services	3,449,277	2,989,619
Allowance for doubtful accounts	(1,038,474)	(978,970)
Other receivables	665,418	594,744
Total	<u>\$8,363,703</u>	<u>\$7,874,630</u>

6. Designated and Restricted Assets

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

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

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

	June 30	
	2022	2021
Front Foot Assessment receivable	\$71,870	\$71,870

The components of the designated and restricted assets, and liabilities payable from designated and restricted assets as of June 30, 2022 and 2021 were as follows:

	June 30, 2022		
	Total Designated & Restricted Assets	Liabilities Payable from Designated & Restricted Assets	Excess
Board designated:			
Contingency and depreciation	\$20,645,262	\$-	\$20,645,262
Capital projects (incl. receivables)	45,294,108	(4,007,703)	41,286,405
Restricted:			
Capital projects-Levy	415,244	-	415,244
Debt service and reserves	6,008,432	(6,008,430)	2
Bond construction fund	50,572,786	-	50,572,786
	\$122,935,832	\$(10,016,133)	\$112,919,699
	June 30, 2021		
	Total Designated & Restricted Assets	Liabilities Payable from Designated & Restricted Assets	Excess
Board designated:			
Contingency and depreciation	\$17,387,105	\$-	\$17,387,105
Capital projects (incl. receivables)	24,990,673	(2,100,233)	22,890,440
Restricted:			
Capital projects-Levy	415,244	-	415,244
Debt service and reserves	5,774,258	(5,774,258)	-
Bond construction fund	57,225,714	-	57,225,714
	\$105,792,994	\$(7,874,491)	\$97,918,503

7. Capital Assets

Construction in progress increased a net of approximately \$20.7 million. Of the \$42.8 million in construction in progress at the end of fiscal year 2022, \$5.8 million is related to the Purrysburg Water Treatment Plant expansion project, \$5.8 million to the Galvanized Waterline Replacement project, \$4.7 million to the North Street Transmission Main project, \$4.5 million to the Highway 170 Water Main Extension project, and \$3.4 million to the Raw Water Canal Improvements project. The Authority expended \$23.1 million on capital assets related to construction projects during fiscal year 2022, with approximately \$3.1 million completed and moved to producing assets.

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

	30-Jun-21	System Contributions	O&M	Capital Additions & Depreciation	Improvement Program	Disposals	30-Jun-22
Capital Assets, not being depreciated:							
Land and Land Rights	\$10,635,337	\$-	\$-	\$-	\$-	\$-	\$10,635,337
Construction in Progress	22,057,498	-	23,769,154	(3,062,124)	-	-	42,764,528
Total capital assets, not being depreciated	32,692,835	-	23,769,154	(3,062,124)	-	-	53,399,865
Capital Assets, being depreciated:							
Administrative Fac. & Improv.	15,128,151	-	-	261,403	-	-	15,389,554
Source of Supply	13,501,743	-	-	-	-	-	13,501,743
Water Treatment Plant	60,070,995	-	-	-	-	-	60,070,995
Wastewater Treatment Plant	139,428,656	-	-	122,080	-	-	139,550,736
Water System Transmission & Distribution	246,643,926	2,317,646	2,765,731	1,422,210	-	-	253,149,513
Wastewater System Collection & Transmission	301,170,726	5,425,492	316,504	1,256,431	-	-	308,169,153
Wastewater Disposal Systems	1,693,176	-	-	-	-	-	1,693,176
Other General Equipment	24,117,887	-	1,409,682	-	(34,718)	-	25,492,851
Vehicles	6,769,353	-	393,928	-	(87,573)	-	7,075,708
Total capital assets, being depreciated	808,524,613	7,743,138	4,885,845	3,062,124	(122,291)	824,093,429	
Less accumulated depreciation:							
Administrative Fac. & Improv.	(5,164,915)	-	(527,692)	-	-	-	(5,692,607)
Source of Supply	(9,959,481)	-	(361,724)	-	-	-	(10,321,205)
Water Treatment Plant	(33,846,145)	-	(1,724,222)	-	-	-	(35,570,367)
Wastewater Treatment Plant	(52,050,027)	-	(4,050,627)	-	-	-	(56,100,654)
Water System Transmission & Distribution	(138,487,239)	-	(10,302,705)	-	-	-	(148,789,944)
Wastewater System Collection & Transmission	(161,179,919)	-	(10,602,412)	-	-	-	(171,782,331)
Wastewater Disposal Systems	(937,258)	-	(65,732)	-	-	-	(1,002,990)
Other General Equipment	(18,065,184)	-	(1,889,664)	-	34,718	-	(19,920,130)
Vehicles	(5,772,136)	-	(547,398)	-	87,573	-	(6,231,961)
Total accumulated depreciation	(425,462,304)	-	(30,072,176)	-	122,291	(455,412,189)	
Total capital assets, being depreciated, net	383,062,309	7,743,138	(25,186,331)	3,062,124	-	368,681,240	
Total capital assets, net	\$415,755,144	\$7,743,138	\$(1,417,177)	\$-	\$-	\$422,081,105	

DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS
 Year ended June 30, 2021

	30-Jun-20	O&M System Contributions	Capital Additions & Depreciation	Capital Improvement Program	Disposals	30-Jun-21
Capital Assets, not being depreciated:						
Land and Land Rights	\$10,635,337	\$-	\$-	\$-	\$-	\$10,635,337
Construction in Progress	21,531,083	-	13,956,541	(13,430,126)	-	22,057,498
Total capital assets, not being depreciated	32,166,420	-	13,956,541	(13,430,126)	-	32,692,835
Capital Assets, being depreciated:						
Administrative Fac. & Improv.	14,491,450	-	-	636,701	-	15,128,151
Source of Supply	13,341,759	-	-	159,984	-	13,501,743
Water Treatment Plant	59,974,285	-	-	96,710	-	60,070,995
Wastewater Treatment Plant	133,492,590	-	-	5,936,066	-	139,428,656
Water System Transmission & Distribution	239,823,387	3,440,206	3,230,178	150,155	-	246,643,926
Wastewater System Collection & Transmission	288,417,154	6,245,846	264,764	6,242,962	-	301,170,726
Wastewater Disposal Systems	1,693,176	-	-	-	-	1,693,176
Other General Equipment	22,627,480	-	1,364,814	207,548	(81,955)	24,117,887
Vehicles	6,441,464	-	473,754	-	(145,865)	6,769,353
Total capital assets, being depreciated	780,302,745	9,686,052	5,333,510	13,430,126	(227,820)	808,524,613
Less accumulated depreciation:						
Administrative Fac. & Improv.	(4,724,605)	-	(440,310)	-	-	(5,164,915)
Source of Supply	(9,599,004)	-	(360,477)	-	-	(9,959,481)
Water Treatment Plant	(32,061,926)	-	(1,784,219)	-	-	(33,846,145)
Wastewater Treatment Plant	(48,124,734)	-	(3,925,293)	-	-	(52,050,027)
Water System Transmission & Distribution	(127,236,555)	-	(11,250,684)	-	-	(138,487,239)
Wastewater System Collection & Transmission	(151,334,575)	-	(9,845,344)	-	-	(161,179,919)
Wastewater Disposal Systems	(871,525)	-	(65,733)	-	-	(937,258)
Other General Equipment	(16,190,220)	-	(1,931,744)	-	56,780	(18,065,184)
Vehicles	(5,255,984)	-	(662,017)	-	145,865	(5,772,136)
Total accumulated depreciation	(395,399,128)	-	(30,265,821)	-	202,645	(425,462,304)
Total capital assets, being depreciated, net	379,925,358	9,686,052	(24,932,311)	13,430,126	(25,175)	383,062,309
Total capital assets, net	\$410,585,387	\$9,686,052	\$(10,975,770)	\$-	\$(25,175)	\$415,755,144

8. Long-Term Debt

Long-term debt includes various bonds, loans, and notes payable that have been issued or approved by the Authority for the improvement or acquisition of water and wastewater infrastructure, and defeasance of outstanding debt. General covenants, along with debt service requirements, are disclosed below. See Note 5, designated & restricted assets, for a discussion of the accounts used in accounting for proceeds and reserves pledged as a result of the issuance of the various forms of debt. The Authority does not have any direct borrowings or direct placements as of June 30, 2022.

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, 2022 and 2021, the Authority's "net earnings" were 332% and 272%, 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, 2022 and 2021.

REVENUE BONDS:

Series 2010B, Waterworks and Sewer System Refunding Revenue Bonds, dated April 22, 2010, were issued in the original principal amount of \$38,065,000, taking advantage of the favorable interest rate to refund the Series 1999 and 2000 Revenue Bonds; Series 1994, 1996, 1998, 1998B, 1993 (COB), 2000B, 2000C, 2000D, 2002A, 2002B, 2003A, 2003B, and 2003C State Revolving Fund Loans; and 2002 City of Hardeeville and 2004 Beaufort County School District Notes Payable. Proceeds in the amount of \$5,991,206 (along with \$128,239 of the Authority's accrued debt service fund) were paid to Bank of America, N.A., the holder of the 1999 Bond, to pay the principal, accrued interest, and redemption premium due on the bond as of April 22, 2010. Proceeds in the amount of \$5,606,365 (along with \$130,767 of the Authority's accrued debt service fund) were paid to Wachovia Bank, the holder of the 2000 Bond, to pay the principal, accrued interest, and redemption premium due on the bond as of April 22, 2010. All State Revolving Fund Notes are held by the South Carolina Budget and Control Board. Proceeds of \$26,597,332 (along with \$494,328 in debt service reserve funds and \$2,239,955 of the Authority's accrued debt service fund) were paid to US Bank, trustee, to pay the principal and accrued interest due on all refunded State Revolving Fund Notes as of April 22, 2010. Proceeds in the amount of \$1,151,011 were paid to Branch Banking & Trust Co. (BB&T), the holder of the 2002 City of Hardeeville Note Payable, to pay the principal, accrued interest, and premium due as of April 22, 2010. Proceeds in the amount of \$966,938 were paid to the Beaufort County School District, as holder of the March 2004 note payable, to pay the principal and accrued interest due on the note as of April 22, 2010. The refunding transaction resulted in a deferred amount on the refunding of \$235,986, which was recorded as a deferred outflow of resources and is amortized using the straight-line interest method through fiscal year 2023, with amortization recorded in the amount of \$16,856 for fiscal years 2022 and 2021. The new bonds were issued at a premium of \$2,660,805, which was recorded as an increase in the carrying balance of the bonds payable and is amortized using the effective interest method through fiscal year 2023, with amortization recorded in the amount of \$46,457 and \$70,449 for fiscal years 2022 and 2021, respectively. Payments are due in annual principal installments ranging from \$1,060,000 to \$4,820,000 through 2023, with interest at 2.5% to 5.0%, due March 1 and September 1.

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 2022 and 2021. 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 \$220,219 and \$214,266 for fiscal years 2022 and 2021, respectively. Payments are due in annual principal installments ranging from \$175,000 to \$2,375,000 through 2031, with interest at 5.0%, due March 1 and September 1. This refunding increased total debt service payments by \$569,747 and resulted in economic gain of \$652,723.

Series 2016B, Waterworks and Sewer System Refunding Revenue Bonds, dated December 6, 2016, were issued in the original principal amount of \$31,725,000, taking advantage of the favorable interest rate to advance refund a portion of the Authority's Waterworks and Sewer System Improvement and Refunding Revenue Bonds, Series 2006. Proceeds in the amount of \$35,804,026 (along with \$439,711 of the Authority's accrued debt service fund) were paid to U.S. Bank, N.A., the holder of the 2006 Bond, to pay the principal, accrued interest, and redemption premium due on a portion of the Series 2006 bond as of December 6, 2016. The refunding transaction resulted in a deferred amount on the refunding of \$995,609, which was recorded as a deferred outflow of resources and is amortized using the straight-line interest method through fiscal year 2025, with amortization recorded in the amount of \$110,623 for fiscal years 2022 and 2021. 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 \$468,591 and \$566,724 for fiscal years 2022 and 2021, respectively. Payments are due in annual principal installments ranging from \$2,145,000 to \$5,830,000 through 2025, with interest at 5.0%, due March 1 and September 1. This refunding reduced total debt service payments by \$6,694,545 and resulted in an economic gain of \$4,412,989.

Series 2019, Waterworks and Sewer System Revenue Bonds, dated October 30, 2019, were issued in the original principal amount of \$52,565,000 to provide funds for 1) the capacity expansion of the existing Purrysburg Water Treatment Plant, 2) the extension of a water main and construction of an elevated water storage tank on Bluffton Parkway, 3) the installation of a transmission main along North Street in the City of Beaufort to provide additional water to one of the two water lines that feed Lady's Island in Beaufort County, and 4) the upgrading of the Authority's Cheery Point pump stations numbers 19 and 67 to increase pumping capacity. The new bonds were issued at a premium of \$11,736,396, which was recorded as an increase in the carrying balance of the bonds payable and is amortized using the effective interest method through fiscal year 2039, with amortization recorded in the amount of \$842,775 and \$821,992 for fiscal years 2022 and 2021, respectively. Payments are due in annual principal installments ranging from \$2,695,000 to \$4,915,000 through 2039, with interest at 3.0% to 5.0%, due March 1 and September 1.

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

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

Series 2000 (COH), Waterworks and Sewer System Improvement Revenue Parity Bonds, originally dated 1990 of the City of Hardeeville ("COH"), were assumed by the Authority as part of the City of Hardeeville acquisition on January 25, 2002, original principal amount of \$875,085 (SC Water Pollution Control Revolving Fund Number 1-067-00-427-04). Funds were utilized to upgrade the Hardeeville pump stations. Interest is accrued at 3.75%, with principal and interest due in quarterly payments of \$15,586 through October 1, 2021. The interest was reduced to 2.25% in fiscal year 2012 resulting in remaining quarterly principal and interest payments of \$14,495.

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

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

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

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

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

OTHER NOTES PAYABLE:

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

CHANGES IN LONG-TERM LIABILITIES

A summary of the long-term liability activity for 2021 and 2022 is presented in the following table:

Description	Rate	6/30/2020	2021		2022		6/30/2022	Current	
			Additions	Reductions	6/30/2021	Additions	Reductions		
Revenue Bonds:									
Series 2010B	2.5 to 5.0%	\$3,275,000	\$-	\$(1,060,000)	\$2,215,000	\$-	\$(1,120,000)	\$1,095,000	\$1,095,000
Series 2016A	5.00%	11,880,000	-	-	11,880,000	-	-	11,880,000	-
Series 2016B	5.00%	24,550,000	-	(3,935,000)	20,615,000	-	(4,480,000)	16,135,000	4,880,000
Series 2019	3.0 to 5.0%	52,565,000	-	-	52,565,000	-	-	52,565,000	-
Series 2020A	1.45%	25,543,000	-	(2,834,000)	22,709,000	-	(2,796,000)	19,913,000	2,836,000
		117,813,000	-	(7,829,000)	109,984,000	-	(8,396,000)	101,588,000	8,811,000
Add: Bond Premiums		15,649,555	-	(2,305,053)	13,344,502	-	(1,578,042)	11,766,460	-
Total Revenue Bonds		133,462,555	-	(10,134,053)	123,328,502	-	(9,974,042)	113,354,460	8,811,000
State Revolving Fund Loans:									
Series 2000 (COH)	2.25%	71,266	-	(56,853)	14,413	-	(14,413)	-	-
Series 2001B	2.25%	143,224	-	(51,062)	92,162	-	(52,221)	39,941	39,942
Series 2010A	2.25%	7,615,267	-	(668,262)	6,947,005	-	(683,425)	6,263,580	698,932
Series 2011A	1.00%	251,483	-	(20,273)	231,210	-	(20,476)	210,734	20,682
Series 2016C	1.67%	27,499,358	-	(1,300,387)	26,198,971	-	(1,322,142)	24,876,829	1,344,274
Series 2020B	2.60%	-	-	-	-	4,347,863	(258,157)	4,089,706	264,409
Total State Revolving Loans		35,580,598	-	(2,096,837)	33,483,761	4,347,863	(2,350,834)	35,480,790	2,368,239
Notes Payable									
Department of Navy	5.0%	10,293,439	-	(571,389)	9,722,050	-	(599,958)	9,122,092	629,957
Total Notes Payable		10,293,439	-	(571,389)	9,722,050	-	(599,958)	9,122,092	629,957
Total Long Term Liabilities		179,336,592	-	(12,802,279)	166,534,313	4,347,863	(12,924,834)	157,957,342	11,809,196
Less current portion		(10,497,225)			(11,088,636)			(11,809,196)	
Total Long-Term Debt		\$168,839,367			\$155,445,677			\$146,148,146	

CHANGES IN DEFERRED OUTFLOWS OF RESOURCES

Changes in deferred amounts on advance refundings for 2021 and 2022 are as follows:

	2021			2022			6/30/2022
	6/30/2020	Additions	Reductions	6/30/2021	Additions	Reductions	
Deferred outflows of resources:							
Deferred Amount on Refundings	\$(1,252,445)	\$-	\$186,457	\$(1,065,988)	\$-	\$186,457	\$(879,531)

REMAINING DEBT PAYMENTS

Remaining debt service payments at June 30, 2021, 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
2023	8,811,000	4,140,578	2,368,239	693,366	629,957	456,103	11,809,196	5,290,047
2024	8,710,000	3,800,387	2,373,282	647,931	661,454	424,606	11,744,736	4,872,924
2025	9,651,000	3,466,829	2,419,172	602,040	694,526	391,534	12,764,698	4,460,403
2026	5,747,000	3,088,294	2,465,989	555,224	729,253	356,807	8,942,242	4,000,325
2027	6,029,000	2,912,017	2,513,749	507,464	765,716	320,344	9,308,465	3,739,825
2028-2032	31,172,000	10,485,581	11,829,585	1,811,314	4,442,621	987,679	47,444,206	13,284,574
2033-2037	21,798,000	4,648,493	9,349,056	769,748	1,198,565	68,546	32,345,621	5,486,787
2038-2042	9,670,000	558,400	2,161,718	27,277	-	-	11,831,718	585,677
	\$101,588,000	\$33,100,579	\$35,480,790	\$5,614,364	\$9,122,092	\$3,005,619	\$146,190,882	\$41,720,562

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 2022 and 2021 are as follows:

	<u>Principal</u>	<u>Premiums and Discounts</u>	<u>6/30/2022</u>
Current liabilities:			
Revenue Bonds	\$4,218,295	\$-	\$4,218,295
State Revolving Fund	2,363,697	-	2,363,697
Notes Payable	629,957	-	629,957
	7,211,949		7,211,949
Current liabilities payable from designated & restricted assets:			
Revenue Bonds	4,592,705	-	4,592,705
State Revolving Fund	4,542	-	4,542
	4,597,247		4,597,247
Long-term liabilities:			
Revenue Bonds	92,777,000	11,766,460	104,543,460
State Revolving Fund	33,112,551	-	33,112,551
Notes Payable	8,492,135	-	8,492,135
	134,381,686	11,766,460	146,148,146
TOTALS	\$146,190,882	\$11,766,460	\$157,957,342
	<u>Principal</u>	<u>Premiums and Discounts</u>	<u>6/30/2021</u>
Current liabilities:			
Revenue Bonds	\$4,147,569	\$-	\$4,147,569
State Revolving Fund	2,088,359	-	2,088,359
Notes Payable	599,958	-	599,958
	6,835,886		6,835,886
Current liabilities payable from designated & restricted assets:			
Revenue Bonds	4,248,431	-	4,248,431
State Revolving Fund	4,319	-	4,319
	4,252,750		4,252,750
Long-term liabilities:			
Revenue Bonds	101,588,000	13,344,502	114,932,502
State Revolving Fund	31,391,083	-	31,391,083
Notes Payable	9,122,092	-	9,122,092
	142,101,175	13,344,502	155,445,677
TOTALS	\$153,189,811	\$13,344,502	\$166,534,313

9. Pension Plan

PLAN DESCRIPTION

BJWSA is a member of the South Carolina Retirement System (SCRS), which is administered by the South Carolina Public Employee Benefit Authority (PEBA). The Plan is a cost sharing multi-employer defined benefit pension plan, established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. An Annual Comprehensive Financial Report containing financial statements and required supplementary information for the SCRS is publicly available on their website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA.

MEMBERSHIP

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, 2022 and 2021. BJWSA, as a Class II employer, was required to contribute at a rate of 16.41%, 15.41%, and 15.41% employee earnable compensation for fiscal years June 30, 2022, 2021, and 2020, respectively. For years ended June 30, 2022, 2021, and 2020, wages of \$13,587,594, \$12,188,485, and \$12,100,840 were subject to retirement, representing 96.44%, 94.33%, and 83.29%, respectively, of total gross salaries. Total salaries were \$14,088,499, \$12,920,647, and \$14,529,414 for 2022, 2021, and 2020, 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, 2022, 2021 and 2020 were \$2,250,105, \$1,896,527, and \$1,882,891, respectively, which is 16.56%, 15.56%, and 15.56%, respectively, of covered salaries. BJWSA contributed 100% of its annual required contributions for fiscal years 2022, 2021, and 2020.

ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

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 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2021, TPL are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 95%	2016 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 97%	2016 PRSC Females multiplied by 107%
Public Safety and Firefighters	2016 PRSC Males multiplied by 127%	2016 PRSC Females multiplied by 107%

NET PENSION LIABILITY

At June 30, 2022, the Authority reported \$23,334,437 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, projected forward to June 30, 2021. 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, 2022, the Authority's proportionate share of the SCRS plan was 0.107824%, a decrease of .00064 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 2019 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 7.25% assumed annual investment rate of return used in the calculation of the TPL includes a 5.00% real rate of return and a 2.25% inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Real Return	<u>100.0%</u>		5.18%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.43%

SENSITIVITY ANALYSIS

The following table presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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 (6.0%) or 1.00% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability	\$30,565,207	\$23,334,437	\$17,324,171

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, 2022 and 2021, the Authority recognized pension expense of \$1,608,130 and \$3,257,513, respectively. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$397,475	\$31,493	\$319,794	\$104,802
Net difference between projected and actual earnings on pension plan investments		3,389,635	2,038,667	-
Changes in pension assumptions	1,277,251	-	33,955	-
Changes in proportionate share of plan contributions	111,395	360,847	251,854	370,481
Contributions subsequent to the measurement date	2,250,105	-	1,896,527	-
Total	\$4,036,226	\$3,781,975	\$4,540,797	\$475,283

Deferred outflows of resources of \$2,250,105 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, 2023. The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2021. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2021 was 3.91 years for SCRS.

Measurement Period ending June 30:

2022	\$ (179,617)
2023	(218,687)
2024	(329,192)
2025	(1,268,358)
Net Balance of deferred Outflows/(Inflows) of Resources	\$ (1,995,854)

10. Other Postemployment Benefits

PLAN DESCRIPTION

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

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

Normal (unreduced) Retirement Requirements

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

Early (reduced) Retirement Requirements

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

Employees hired before May 2, 2008

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

Employees hired on or after May 2, 2008

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

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

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

TOTAL OPEB LIABILITY

The Authority reported a total OPEB liability of \$21,156,233 at June 30, 2022. The total OPEB liability is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2021.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

Valuation Date: June 30, 2021

Methods and Assumptions:

Actuarial cost method Individual Entry-Age

Discount Rate 1.92% as of June 30, 2021

Inflation 2.25%

Salary Increases 3.00% to 7.00%, including inflation

Demographic Assumptions Based on the experience study covering the five-year period ending June 30, 2015 as conducted for the South Carolina Retirement Systems (SCRS).

Mortality For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with males rates multiplied by 97% and female rates multiplied by 107%. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.

Health Care Trend Rates Initial rate of 6.00% declining to an ultimate rate of 4.00% after 15 years.

90% for retirees eligible for fully Funded premium rates;

60% for retirees eligible for partially Funded premium rates;

Participation Rates 20% for retirees eligible for Non-Funded premium rates

Other Information:

Notes The discount rate changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021.

Additionally, the health care trend rates were updated to reflect the plan's anticipated experience.

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 1.92% (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 2.45% 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, 2022:

Balance at June 30, 2021	\$20,120,667
Changes for the year:	
Service Cost	969,690
Interest	497,806
Differences between expected and actual experience	(1,412,689)
Changes in pension assumptions	1,554,571
Benefit payments	(573,812)
Net changes	1,035,566
Balance at June 30, 2022	\$21,156,233

Changes of assumptions reflect a change in the discount rate from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021.

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

Explicit benefit payments	\$442,415
Implicit benefit payments*	131,397
Total benefit payments	\$573,812

*Explicit benefit payments multiplied by a factor of 0.297, which equals the ratio of the expected implicit subsidy to the expected explicit costs.

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE

The following presents the plan's total OPEB liability, calculated using a discount rate of 1.92%, 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:

	Current Discount		
	1% Decrease	Rate Assumption	1% Increase
	0.92%	1.92%	2.92%
Total OPEB liability	\$25,132,702	\$21,156,233	\$18,013,688

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

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

	Current Healthcare Cost		
	1% Decrease	Trend Rate Assumption	1% Increase
	17,536,258	\$21,156,233	\$25,941,055
Total OPEB liability			

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.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 2,294 years. Additionally, the total plan membership (active employees and inactive employees) was 254. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 9.0307 years.

For the year ended June 30, 2022 and 2021, the Authority recognized OPEB expense of \$1,751,441 and \$1,548,280, respectively. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$492,820	\$1,256,257	\$573,751	\$-
Changes in assumptions	3,791,057	721,130	2,772,388	897,586
Contributions subsequent to the measurement date	582,856	-	573,812	-
Total	\$4,866,733	\$1,977,387	\$3,919,951	\$897,586

The deferred outflow of \$582,856 for benefits paid after the measurement date consists of \$468,534 of explicit subsidies and \$114,322 of implicit subsidies. The implicit subsidy was estimated by multiplying the explicit costs by 0.297. The 0.297 factor equals the ratio of the expected implicit subsidy to the expected explicit costs. The deferred outflow of \$582,856 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2022.

Year ending June 30:

2023	\$283,945
2024	283,945
2025	283,945
2026	283,945
2027	445,145
Thereafter	725,565
Net Balance of deferred Outflows/(Inflows) of Resources	\$2,306,490

11. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The net position amounts for fiscal years ended June 30, 2022 and 2021 were as follows:

	June 30	
	2022	2021
Net investment in capital assets		
Net property, plant and equipment in service	\$422,081,105	\$415,755,144
Less: Debt as disclosed in note 7	(146,190,882)	(153,189,811)
Premiums on bonds	(11,766,460)	(13,344,502)
Deferred amount on refunding	879,531	1,065,988
Bond Construction Fund proceeds unspent	50,572,786	57,225,714
	<u>315,576,080</u>	<u>307,512,533</u>
Restricted for capital activity and debt service:		
Restricted cash and cash equivalents	56,996,462	63,415,216
Less: Debt service liabilities	(6,008,430)	(5,774,258)
Bond Construction Fund proceeds unspent	(50,572,786)	(57,225,714)
	<u>415,246</u>	<u>415,244</u>
Unrestricted	<u>70,300,748</u>	<u>52,192,904</u>
Total Net Position	<u>\$386,292,074</u>	<u>\$360,120,681</u>

12. Commitments and Contingencies

CONSTRUCTION COMMITMENTS

In the normal course of its business, BJWSA has numerous contracts for construction and other activities related to the capital improvement program that it is committed to complete and pay. As of June 30, 2022, BJWSA had open contracts (purchase orders) of \$53,878,686, including \$1,413,495 retainage payable, to be paid upon further progress by contractors. As of June 30, 2021, BJWSA had open contracts (purchase orders) of \$24,082,305, including \$717,075 retainage payable, to be paid upon further progress by contractors.

SERVICE CONTRACTS

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

GRANTS

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

13. Risk Management

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

The Authority acquires insurance from the Accident Fund Insurance Company of America for job related injury and illness (workers' compensation) to its employees. Through June 30, 2022, 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 2022 and 2021, the Authority did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for claims not filed is necessary.

14. Major Customers

Revenues from the largest three customers represented 3.99% and 4.02% of total operating revenues for fiscal years 2022 and 2021, respectively. No sales to a single major customer exceeded 10% of total operating revenues.

15. Department of the Navy

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

Under the terms of the contract, the Authority purchased the water and sewer facilities and agreed to provide operations and maintenance (O&M) services to the four installations for a set annual charge (facility charge). The facility charge is a flat monthly charge based on cost of service which can be re-determined every three years. On September 1, 2008, the Authority began providing O&M services to the four installations. The Authority recognized \$1.2 million and \$1.2 million in Military Retail Water revenue in fiscal years 2022 and 2021, respectively. The Authority recognized \$2.8 million and \$2.8 million in Military Retail Wastewater revenue in fiscal years 2022 and 2021, respectively.

The Authority purchased the Navy water and sewer facilities for \$15.3 million through a liability payable over 25 years at 5% interest. Payments began in September 2008, will end on August 31, 2033 and are made as a credit (purchase price credit) on the Navy's monthly Facility charge invoice. During the years ended June 30, 2022 and 2021, the Navy liability was reduced by \$600 thousand and \$571 thousand, respectively, via purchase price credits with an ending balance of \$9.1 million and \$9.7 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 \$1.1 million for fiscal years 2022 and 2021.

16. Leases

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY*

	Authority's proportion of the net pension liability	Authority's proportionate share of the net pension liability	Authority's covered payroll	Authority's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
6/30/2014	0.100025%	\$17,940,917	\$9,582,742	187.22%	56.40%
6/30/2015	0.100025%	17,220,989	9,080,983	189.64%	59.90%
6/30/2016	0.099187%	18,811,293	9,299,952	202.27%	57.00%
6/30/2017	0.102607%	21,916,704	9,936,160	220.58%	52.90%
6/30/2018	0.108375%	24,396,955	10,934,654	223.12%	53.30%
6/30/2019	0.108634%	24,341,398	11,257,491	216.22%	54.10%
6/30/2020	0.110679%	25,272,686	11,687,439	216.24%	54.40%
6/30/2021	0.108466%	27,714,948	12,100,840	229.03%	50.70%
6/30/2022	0.107824%	23,334,437	12,188,485	191.45%	60.70%

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

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
6/30/2013	1,015,771	(1,015,771)	-	9,582,742	10.60%
6/30/2014	962,583	(962,583)	-	9,080,983	10.60%
6/30/2015	1,013,693	(1,013,693)	-	9,299,952	10.90%
6/30/2016	1,098,939	(1,098,939)	-	9,936,160	11.06%
6/30/2017	1,264,045	(1,264,045)	-	10,934,654	11.56%
6/30/2018	1,526,515	(1,526,515)	-	11,257,491	13.56%
6/30/2019	1,701,692	(1,701,692)	-	11,687,439	14.56%
6/30/2020	1,882,891	(1,882,891)	-	12,100,840	15.56%
6/30/2021	1,896,527	(1,896,527)	-	12,188,485	15.56%
6/30/2022	2,250,105	(2,250,105)	-	13,587,594	16.56%

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

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

Notes to Schedule:

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

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

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

FYE20 - The health care trend assumption was modified.

Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FYE	Discount Rate
2022	1.92%
2021	2.45%
2020	3.13%
2019	3.62%
2018	3.56%

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

SUPPLEMENTARY FINANCIAL DATA

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

BUDGETARY COMPARISON SCHEDULE

Year ended June 30, 2022
(with comparative amounts for the fiscal year ended June 30, 2021)

	2022		2021		Variance of FY 2022 Actual Data To			
	Actual	Budget	Actual		Budget	%	2021 Actual	%
					Favorable (Unfavorable)			
Operating revenues								
Civilian wholesale	\$2,666,571	\$2,539,000	\$2,481,071	\$127,571	5.0%	\$185,500	7.5%	
Military wholesale	1,027,392	1,160,000	1,124,857	(132,608)	-11.4%	(97,465)	-8.7%	
Retail	30,333,053	31,286,000	29,686,334	(952,947)	-3.0%	646,719	2.2%	
Other	3,970,745	3,674,000	3,889,531	296,745	8.1%	81,214	2.1%	
Total water operating revenues	37,997,761	38,659,000	37,181,793	(661,239)	-1.7%	815,968	2.2%	
Wastewater service	30,689,956	29,724,000	28,907,674	965,956	3.2%	1,782,282	6.2%	
Other	455,410	385,000	461,750	70,410	18.3%	(6,340)	-1.4%	
Total wastewater operating revenues	31,145,366	30,109,000	29,369,424	1,036,366	3.4%	1,775,942	6.0%	
Total operating revenues	69,143,127	68,768,000	66,551,217	375,127	0.5%	2,591,910	3.9%	
Operating expenses								
Water operating expenses:								
Source of supply	806,933	981,100	825,986	174,167	17.8%	19,053	2.3%	
Water treatment	6,605,322	6,927,400	5,625,678	322,078	4.6%	(979,644)	-17.4%	
Transmission and distribution	4,983,144	5,407,700	5,735,100	424,556	7.9%	751,956	13.1%	
Laboratory and testing	374,363	425,600	391,300	51,237	12.0%	16,937	4.3%	
Engineering & construction services	622,214	657,200	601,227	34,986	5.3%	(20,987)	-3.5%	
Franchise fee	998,714	1,007,000	959,339	8,286	0.8%	(39,375)	-4.1%	
Customer service & billing	2,071,028	2,041,100	1,935,100	(29,928)	-1.5%	(135,928)	-7.0%	
General and administrative	6,151,785	6,743,800	5,941,866	592,015	8.8%	(209,919)	-3.5%	
Total water operating expenses (excl. depr.)	22,613,503	24,190,900	22,015,596	1,577,397	6.5%	(597,907)	-2.7%	
Wastewater operating expenses:								
Collection & transmission	5,165,323	5,264,200	4,481,210	98,877	1.9%	(684,113)	-15.3%	
Wastewater treatment	3,856,199	3,523,400	3,278,321	(332,799)	-9.4%	(577,878)	-17.6%	
Wastewater disposal	302,793	304,000	292,702	1,207	0.4%	(10,091)	-3.4%	
Sludge management	507,261	406,100	415,905	(101,161)	-24.9%	(91,356)	-22.0%	
Laboratory and testing	329,610	362,300	339,298	32,690	9.0%	9,688	2.9%	
Engineering & construction services	405,997	437,900	387,560	31,903	7.3%	(18,437)	-4.8%	
Franchise fee	911,596	880,000	848,641	(31,596)	-3.6%	(62,955)	-7.4%	
Customer service & billing	1,378,582	1,361,000	1,269,206	(17,582)	-1.3%	(109,376)	-8.6%	
General and administrative	4,055,457	4,496,200	3,922,698	440,743	9.8%	(132,759)	-3.4%	
Total wastewater operating expenses (excl. depr.)	16,912,818	17,035,100	15,235,541	122,282	0.7%	(1,677,277)	-11.0%	
Operating expenses before depreciation	39,526,321	41,226,000	37,251,137	1,699,679	4.1%	(2,275,184)	-6.1%	
Depreciation - Water	12,864,371	13,396,000	13,014,417	531,629	4.0%	150,046	1.2%	
Depreciation - Wastewater	17,207,805	17,100,000	17,251,404	(107,805)	-0.6%	43,599	0.3%	
Total operating expenses	69,598,497	71,722,000	67,516,958	2,123,503	3.0%	(2,081,539)	-3.1%	
Operating loss	(455,370)	(2,954,000)	(965,741)	2,498,630	84.6%	510,371	52.8%	
Non-operating revenues (expenses), net	(3,130,045)	(3,216,000)	(2,423,966)	85,955	2.7%	(706,079)	-29.1%	
Increase (decrease) in net position, before capital contributions	(3,585,415)	(6,170,000)	(3,389,707)	2,584,585	41.9%	(195,708)	-5.8%	
Capital contributions	29,756,808	10,500,000	20,896,258	19,256,808	183.4%	8,860,550	42.4%	
Increase (decrease) in net position	\$26,171,393	\$4,330,000	\$17,506,551	\$21,841,393	504.4%	\$8,664,842	49.5%	

BUDGETARY COMPARISON SCHEDULE BY FUNCTIONAL CLASSIFICATION

Year ended June 30, 2022

(with comparative amounts for the fiscal year ended June 30, 2021)

	2022		2021		Variance of FY 2022 Actual Data To			
					Budget	%	Dollars	%
	Actual	Budget	Actual		Favorable (Unfavorable)			
Operating revenues								
Civilian wholesale	\$2,666,571	\$2,539,000	\$2,481,071	\$127,571	5.0%	\$185,500	7.5%	
Military wholesale	1,027,392	1,160,000	1,124,857	(132,608)	-11.4%	(97,465)	-8.7%	
Retail	30,333,053	31,286,000	29,686,334	(952,947)	-3.0%	646,719	2.2%	
Other	3,970,745	3,674,000	3,889,531	296,745	8.1%	81,214	2.1%	
Total water operating revenues	37,997,761	38,659,000	37,181,793	(661,239)	-1.7%	815,968	2.2%	
Wastewater service	30,689,956	29,724,000	28,907,674	965,956	3.2%	1,782,282	6.2%	
Other	455,410	385,000	461,750	70,410	18.3%	(6,340)	-1.4%	
Total wastewater operating revenues	31,145,366	30,109,000	29,369,424	1,036,366	3.4%	1,775,942	6.0%	
Total operating revenues	69,143,127	68,768,000	66,551,217	375,127	0.5%	2,591,910	3.9%	
Operating expenses by Function								
Source of supply	806,933	981,100	825,986	174,167	17.8%	19,053	2.3%	
Water treatment	6,605,322	6,927,400	5,625,678	322,078	4.6%	(979,644)	-17.4%	
Transmission and distribution	4,983,144	5,407,700	5,735,100	424,556	7.9%	751,956	13.1%	
Collection & transmission	5,165,323	5,264,200	4,481,210	98,877	1.9%	(684,113)	-15.3%	
Wastewater treatment	3,856,199	3,523,400	3,278,321	(332,799)	-9.4%	(577,878)	-17.6%	
Wastewater disposal	302,793	304,000	292,702	1,207	0.4%	(10,091)	-3.4%	
Sludge management	507,261	406,100	415,905	(101,161)	-24.9%	(91,356)	-22.0%	
Laboratory and testing	703,973	787,900	730,598	83,927	10.7%	26,625	3.6%	
Franchise fee	1,910,310	1,887,000	1,807,980	(23,310)	-1.2%	(102,330)	-5.7%	
Engineering & construction services	1,028,211	1,095,100	988,787	66,889	6.1%	(39,424)	-4.0%	
Customer service & billing	3,449,610	3,402,100	3,204,306	(47,510)	-1.4%	(245,304)	-7.7%	
General and administrative	10,207,242	11,240,000	9,864,564	1,032,758	9.2%	(342,678)	-3.5%	
Operating expenses before depreciation	39,526,321	41,226,000	37,251,137	1,699,679	4.1%	(2,275,184)	-6.1%	
Depreciation	30,072,176	30,496,000	30,265,821	423,824	1.4%	193,645	0.6%	
Total operating expenses	69,598,497	71,722,000	67,516,958	2,123,503	3.0%	(2,081,539)	-3.1%	
Operating loss	(455,370)	(2,954,000)	(965,741)	2,498,630	84.6%	510,371	52.8%	
Non-operating revenues (expenses), net	(3,130,045)	(3,216,000)	(2,423,966)	85,955	2.7%	(706,079)	-29.1%	
Increase (decrease) in net position,								
before capital contributions	(3,585,415)	(6,170,000)	(3,389,707)	2,584,585	41.9%	(195,708)	-5.8%	
Capital contributions	29,756,808	10,500,000	20,896,258	19,256,808	183.4%	8,860,550	42.4%	
Increase (decrease) in net position	\$26,171,393	\$4,330,000	\$17,506,551	\$21,841,393	504.4%	\$8,664,842	49.5%	

Budget Summary

Operating revenues were \$69.1 million, an increase of 3.9% or \$2.6 million compared to prior year actual, and 0.5% or \$375 thousand over budget. The increase in revenue over budget is primarily due to an increase in both residential and commercial retail customers in addition to an increase in water and wastewater rates.

Total water operating revenues were \$38.0 million, an increase of 2.2% or \$816 thousand compared to prior year actual, and 1.7% or \$661 thousand under budget. Total usage budgeted for residential and commercial customers was 6.1 million kgals compared to actual for this fiscal year of 5.8 million kgals.

Total wastewater operating revenues were \$31.1 million, an increase of 6.0% or \$1.8 million over prior year actual, and 3.4% or \$1.0 million over budget. Total usage budgeted for residential and commercial customers was 4.2 million kgals compared to actual for this fiscal year of 4.1 million kgals.

Direct operational costs for water (excluding depreciation) were under budget 6.5% or \$1.6 million. Under budget expenditures for water primarily related to the following functions and accounts:

- General and administrative - \$592 thousand under budget primarily due to a decrease in salaries and wages, including overtime, as well as the associated group insurance benefits.
- Transmission and Distribution - \$425 thousand under budget primarily due to a decrease in contract labor.
- Water treatment - \$322 thousand under budget primarily due to a decrease in expected professional fees, power costs, sludge disposal costs, and residuals management.

Direct operational costs for wastewater (excluding depreciation) were under budget 0.7% or \$122 thousand. Under budget expenditures for wastewater primarily related to the following functions and accounts:

- General and administrative - \$441 thousand under budget primarily due to a decrease in salaries and wages, including overtime, as well as the associated group insurance benefits.

The increase of total operating expenses (excluding depreciation) of \$2.1 million, combined with the increase in operating revenues of \$2.6 million compared to prior year, resulted in a decrease to the Authority's operating margin this fiscal year. As compared to the \$1.79 generated in fiscal year 2021, \$1.75 was generated for every \$1.00 expensed in 2022.

**SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION
BUDGET AND ACTUAL**

Year ended June 30, 2022

(with comparative actual amounts for the fiscal year ended June 30, 2021)

	2022		Variance Favorable (Unfavorable)	2021 Actual	Increase (Decrease) from 2021 to 2022
	Budget	Actual			
Salaries and wages	\$14,361,200	\$14,054,537	\$306,663	\$12,519,880	12.3%
Payroll taxes and benefits	7,474,400	6,031,752	1,442,648	7,421,822	-18.7%
Repairs and maintenance	4,760,400	4,886,965	(126,565)	3,870,558	26.3%
Supplies	2,453,600	2,678,095	(224,495)	2,327,756	15.1%
Professional services	3,470,000	3,099,754	370,246	3,420,922	-9.4%
Utilities	3,560,700	3,638,904	(78,204)	3,408,896	6.7%
Operating leases, fees, memberships	1,278,500	1,254,509	23,991	1,156,919	8.4%
Franchise fees, licenses and permits	2,003,900	2,041,506	(37,606)	1,912,936	6.7%
Safety training, supplies & services	140,200	122,681	17,519	92,778	32.2%
Travel and training	548,300	489,292	59,008	212,859	129.9%
Insurance	753,600	769,350	(15,750)	708,759	8.5%
Other expense	421,200	458,976	(37,776)	197,052	132.9%
Depreciation expense	30,496,000	30,072,176	423,824	30,265,821	-0.6%
Before interest expense & amortization	71,722,000	69,598,497	2,123,503	67,516,958	3.1%
Interest expense and amortization	4,101,000	4,182,782	(81,782)	3,715,324	
Total expenses	\$75,823,000	\$73,781,279	\$2,041,721	\$71,232,282	

SCHEDULE OF NET EARNINGS FOR DEBT SERVICE AND DEBT COVERAGE

Years ended June 30, 2022 and 2021

	2022	2021
Operating loss	\$(455,370)	\$(965,741)
Adjustments to derive net earnings:		
Depreciation expense	30,072,176	30,265,821
Contributed capital - cash	22,003,826	10,971,337
Interest income, excluding bond interest income	982,761	1,104,912
Net earnings per bond resolution	\$52,603,393	\$41,376,329
Total debt service paid	\$15,863,729	\$15,210,119
Debt coverage	3.32	2.72
Debt coverage without capacity fees	1.93	2.00

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Statistical Section

STATISTICAL CONTENTS

Financial Trends and Debt Capacity	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.	65-68
Capital Assets	These schedules contain infrastructure data which shows how the Authority's financial reports relate to its activities.	69
Revenue Capacity	These schedules contain information identifying the factors affecting the Authority's ability to generate revenue.	70-76
Demographic and Economic Information	These schedules offer demographic and economic indicators showing the environment in which the Authority operates.	77-82
Other Operational Information	These schedules contain operational and service information to convey how the Authority's financial reports relate to its services.	83-85

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

					Last ten fiscal years									
					2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating revenue														
Wholesale water	\$3,374,870	\$3,138,992	\$3,426,385	\$2,983,939	\$4,078,291	\$3,733,234	\$3,834,863	\$3,525,136	\$3,605,928	\$3,693,963				
Retail water	19,845,166	20,004,497	20,988,978	21,579,605	25,453,028	24,937,014	26,467,700	29,340,228	29,686,334	30,333,053				
Retail sewer	19,124,744	19,655,554	21,441,148	22,457,571	24,350,709	24,660,914	25,868,525	27,734,117	28,907,674	30,689,956				
Other revenue	2,393,179	3,242,743	3,326,497	3,575,594	3,479,418	4,341,533	4,026,773	4,836,117	4,351,281	4,426,155				
	44,737,959	46,041,786	49,183,008	50,596,709	57,361,446	57,672,695	60,197,861	65,435,598	66,551,217	69,143,127				
Operating expense														
Water														
Source of supply	555,671	578,280	587,704	628,088	682,336	718,262	631,112	693,264	825,986	806,933				
Water treatment	4,223,477	4,061,399	4,256,822	4,251,192	4,697,085	4,974,749	4,670,514	5,996,384	5,625,678	6,605,322				
Transmission and distribution	3,461,589	3,495,858	3,752,210	4,010,835	4,470,738	5,233,862	5,009,118	4,951,948	5,735,100	4,983,144				
Laboratory and testing	364,699	358,114	438,368	384,868	447,523	402,883	374,293	441,680	391,300	374,363				
Franchise fee	637,516	645,787	671,997	713,142	799,341	798,800	837,019	917,001	959,339	998,714				
Depreciation	10,297,106	10,270,990	10,613,176	10,931,496	11,293,048	11,868,933	12,550,945	12,845,015	13,014,417	12,864,371				
General and administrative	4,790,255	4,465,804	4,541,340	4,996,528	5,881,978	6,052,314	6,489,605	7,969,641	8,478,193	8,845,027				
Wastewater														
Collection and transmission	3,525,964	3,510,061	3,801,994	3,915,355	4,154,221	4,802,973	4,784,992	5,016,643	4,481,210	5,165,323				
Wastewater treatment	2,866,574	2,686,591	2,947,760	2,936,791	2,898,779	3,462,234	3,450,755	3,438,614	3,278,321	3,856,199				
Wastewater disposal	171,846	247,053	258,894	258,642	259,152	243,494	280,543	254,298	292,702	302,793				
Sludge management	350,759	297,313	379,719	364,870	367,946	406,463	424,643	433,779	415,905	507,261				
Laboratory and testing	396,148	294,310	273,314	274,773	315,821	306,502	305,905	355,068	339,298	329,610				
Franchise fee	517,373	536,290	576,595	612,997	668,070	694,254	736,942	794,844	848,641	911,596				
Depreciation	13,317,619	13,401,852	13,627,402	13,848,428	14,051,485	14,484,051	15,196,456	16,887,888	17,251,404	17,207,805				
General and administrative	3,186,531	2,978,723	3,018,483	3,318,370	3,935,910	4,032,213	4,313,803	5,296,681	5,579,464	5,840,036				
	48,663,127	47,828,425	49,745,688	51,446,375	54,923,233	58,482,037	60,056,645	66,292,748	67,516,958	69,598,497				
Operating income (loss)	(3,925,168)	(1,786,639)	(562,680)	(849,666)	2,438,213	(809,342)	141,216	(857,150)	(965,741)	(455,370)				
Add non operating revenues:														
Investment income	349,851	341,168	820,629	984,401	920,657	920,466	1,057,193	1,016,462	806,984	711,400				
Capacity Fees - cash	1,027,950	1,136,817	3,196,319	5,036,468	3,971,040	4,403,030	8,956,572	9,984,422	10,971,337	22,003,326				
Lease interest income	-	-	-	-	-	-	-	-	-	297,928				
Add depreciation	23,614,725	23,672,842	24,240,578	24,779,924	25,344,533	26,353,034	27,747,401	29,732,903	30,265,821	30,072,176				
Net income available for														
debt service	\$21,067,358	\$23,364,188	\$27,694,846	\$29,951,127	\$32,674,443	\$30,867,188	\$37,902,382	\$39,876,637	\$41,376,329	\$52,603,393				
Actual annual debt service	\$12,871,730	\$13,489,221	\$12,986,139	\$15,174,583	\$14,663,429	\$11,469,959	\$12,831,526	\$13,131,927	\$15,210,119	\$15,863,729				
on debt														
Principal and interest coverage														
on debt	1.64	1.73	2.13	1.97	2.23	2.69	2.95	3.04	2.72	3.32				
Required coverage per bond	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20				
Principal and interest coverage														
on debt w/o CC fees (1)	1.56	1.65	1.89	1.64	1.96	2.31	2.26	2.28	2.00	1.93				

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

SCHEDULE OF CHANGES IN NET POSITION
Last ten fiscal years

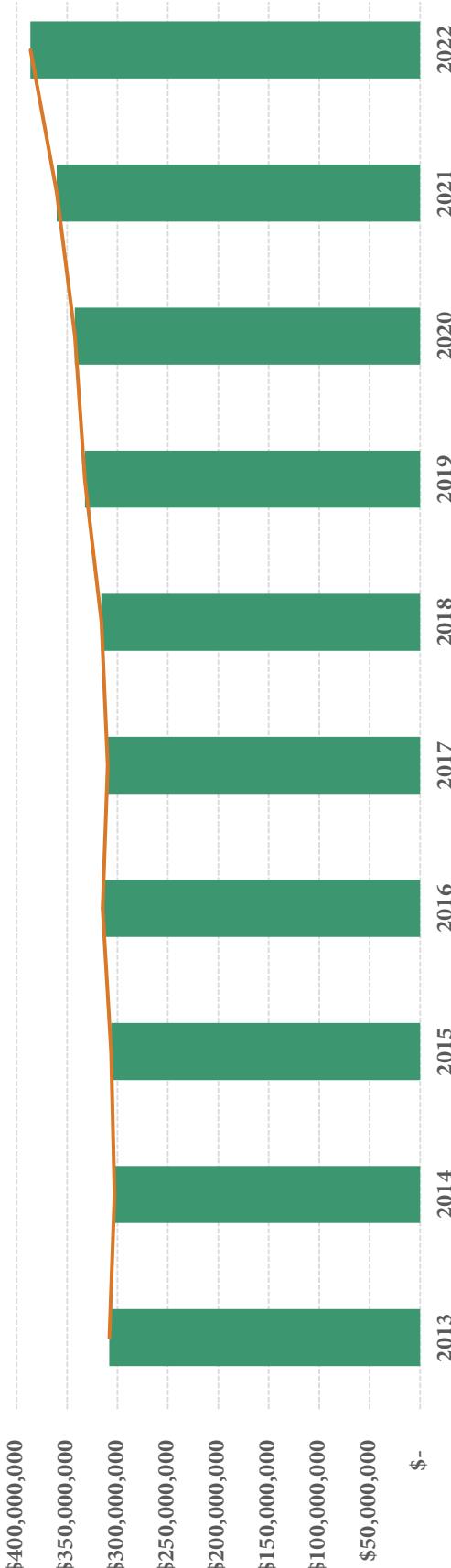
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating income (loss)	\$(3,925,168)	\$1,786,639)	\$(562,680)	\$(849,666)	\$2,438,213	\$(809,342)	\$141,216	\$(857,150)	\$(965,741)	\$(455,370)
Non-operating revenue (expense)	1,600,614	(7,456,806)	(2,616,284)	(3,104,083)	(2,758,681)	(2,277,565)	(1,964,868)	(2,597,143)	(2,423,966)	(3,130,045)
Capital Contributions	4,905,490	4,185,345	6,364,038	12,293,230	12,486,749	9,273,969	18,179,580	21,196,810	20,896,258	29,756,808
Increase (decrease) in net position	2,580,936	(5,058,100)	3,185,073	8,339,481	12,166,281	6,187,062	16,355,928	17,742,517	17,506,551	26,171,393
Net position at beginning of the year	305,534,207	308,115,144	303,057,043	306,242,117	297,603,265	309,769,546	315,956,608	324,475,963	342,614,130	360,120,681
Net position at end of year	\$308,115,143	\$303,057,045	\$306,242,116	\$314,581,598	\$309,769,546	\$315,956,608	\$332,312,536	\$342,218,480	\$360,120,681	\$386,292,074

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

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

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

NET POSITION AT END OF YEAR



NET POSITION BY COMPONENT
Last ten fiscal years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net investment in capital assets	\$261,093,026	\$257,448,074	\$253,854,486	\$258,909,868	\$267,805,915	\$277,318,037	\$286,186,370	\$300,078,539	\$307,512,533	\$315,576,080
Restricted	414,520	414,779	414,821	414,829	414,894	414,915	415,247	415,245	415,244	415,246
Unrestricted	46,607,597	45,194,190	34,994,477	38,278,568	41,548,737	30,387,083	37,874,346	41,724,696	52,192,904	70,300,748
Total Net Position	\$308,115,143	\$303,057,043	\$289,263,784	\$297,603,265	\$309,769,546	\$308,120,035	\$324,475,963	\$342,218,480	\$360,120,681	\$386,292,074

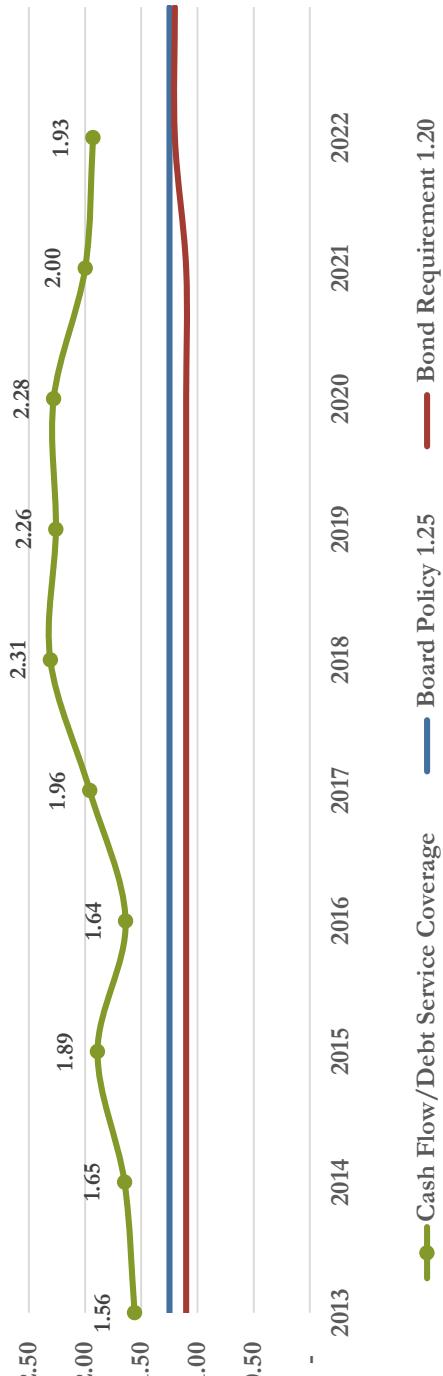
RATIO ANALYSIS



RATIO OF OUTSTANDING DEBT BY TYPE

Fiscal Year	Revenue	SRF	Notes	Total Outstanding Debt	Total Debt Per Customer
	Bonds	Loans	Payable		
2013	\$83,878,065			\$14,428,642	\$151,272,753
2014	77,743,038	51,859,932	13,618,395	143,221,365	1,713
2015	71,934,370	49,626,256	12,767,253	134,327,879	1,555
2016	66,242,331	46,522,943	12,319,555	125,084,829	1,349
2017	61,497,718	54,976,522	11,849,472	128,323,712	1,304
2018	55,674,132	64,690,237	11,355,885	131,720,254	1,371
2019	49,688,401	65,311,899	10,837,619	125,837,919	1,264
2020	133,462,555	35,580,598	10,293,439	179,336,592	1,742
2021	123,328,502	33,483,761	9,722,050	166,534,313	1,543
2022	113,354,460	35,480,790	9,122,092	157,957,342	1,412

DEBT SERVICE COVERAGE ANALYSIS



DETAILED SCHEDULE OF CHANGES IN CAPITAL ASSETS

Last ten fiscal years

	30-Jun-13	System Contributions	Utility Acquisitions	Purchases	Capital Improvement Program	Disposals	Reclass	30-Jun-22
Land and land rights	\$10,427,291	\$-	\$-	\$-	\$208,046	\$-	\$-	\$10,635,337
Administrative facilities & improvements	10,854,462	-	-	-	4,535,092	-	-	15,389,554
Source of supply	12,737,255	-	-	-	764,489	-	-	13,501,744
Water treatment plant	57,430,308	-	-	-	2,640,688	-	-	60,070,996
Wastewater treatment plant	100,593,878	-	42,826	40,360,089	(1,446,055)	-	-	139,550,738
Water system transmission & distribution	174,453,658	23,448,357	18,148,610	37,123,199	(24,313)	-	-	253,149,511
Wastewater system collection & transmission	226,586,050	38,394,004	2,600,446	40,800,399	(211,748)	-	-	308,169,151
Wastewater Disposal Systems	1,693,176	-	-	-	-	-	-	1,693,176
Other general equipment	9,521,977	-	10,549,462	6,034,380	(612,968)	-	-	25,492,851
Vehicles	4,286,972	-	5,795,122	-	(3,006,386)	-	-	7,075,708
Property, plant and equipment in service	608,585,027	61,842,361	<b">37,136,466</b">	132,466,382	<b">(5,301,470)</b">	<b">-</b">	<b">834,728,766</b">	<b">-</b">
Accumulated depreciation	(216,739,096)	-	(242,208,027)	-	3,534,934	-	(455,412,189)	-
Property, plant and equipment in service, net	391,845,931	61,842,361	<b">-</b">	(205,071,561)	132,466,382	<b">(1,766,536)</b">	<b">-</b">	<b">379,316,577</b">
Construction in progress	19,107,871	-	-	156,060,249	(132,403,592)	-	-	42,764,528
Net property, plant and equipment	\$410,953,802	\$61,842,361	\$-	\$(49,011,312)	\$62,790	\$(1,766,536)	\$-	\$422,081,105

SCHEDULE OF TOTAL CAPITAL ASSETS

Last ten fiscal years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Utility plant in service	\$608,585,027	\$636,097,746	\$646,087,755	\$662,626,983	\$683,472,505	\$703,477,891	\$756,616,696	\$790,938,082	\$819,159,950	\$834,728,766
Accumulated depreciation	(216,739,096)	(239,709,457)	(263,512,277)	(287,767,345)	(312,675,913)	(338,871,202)	(366,186,802)	(395,399,128)	(425,462,304)	(455,412,189)
Net utility plant in service	391,845,931	396,388,289	382,575,478	374,859,638	370,796,592	364,666,689	390,429,894	395,538,954	393,697,646	379,316,577
Construction in progress	19,107,871	3,019,092	4,494,748	7,448,295	23,521,219	42,806,243	20,155,493	21,531,083	22,057,498	42,764,528
Total capital assets	\$410,953,802	\$399,407,381	\$387,070,226	\$382,307,933	\$394,317,811	\$407,412,932	\$410,585,387	\$417,070,037	\$415,755,144	\$422,081,105

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Hilton Head PSD	1,003,131	776,286	852,633	538,925	1,125,264	1,039,001	985,829	602,904	638,084	754,288
Fripp Island PSD	178,817	180,969	175,230	156,681	157,088	167,894	159,788	174,275	214,928	176,667
Water Oak Utility(Moss Creek)	145,958	147,776	140,791	142,268	166,714	144,978	150,205	158,461	167,515	170,290
Callawassie	89,914	80,664	73,970	60,334	98,998	82,940	87,630	95,775	96,155	93,812
Harbor Island Utilities	32,573	30,569	28,410	28,349	29,203	25,867	30,791	26,481	37,364	28,063
Warsaw-Eustis-Oaks	27,267	24,983	24,502	26,005	30,968	31,542	28,065	28,136	33,149	30,166
Total Wholesale, excluding Navy	1,477,660	1,241,247	1,295,536	952,562	1,608,235	1,492,222	1,442,308	1,087,032	1,187,194	1,253,286
US Department of the Navy:										
Parris Island Recruit Depot	324,468	305,477	296,484	295,094	344,306	211,363	216,772	225,301	238,761	200,161
Laurel Bay Housing	129,302	129,110	123,592	90,288	85,396	85,744	81,560	76,063	76,590	70,338
MCAS Beaufort	69,284	81,746	73,171	59,071	80,812	95,729	80,542	85,237	60,220	63,981
Naval Hospital	22,932	21,281	22,933	24,300	25,212	24,456	26,159	21,542	19,261	19,822
Total Navy	545,986	537,614	516,180	468,753	535,726	417,292	405,033	408,143	394,832	354,302
Total Wholesale	2,023,646	1,778,861	1,811,716	1,421,315	2,143,961	1,909,514	1,847,241	1,495,175	1,582,025	1,607,588
Total Retail	6,110,012	5,665,051	5,709,576	5,942,612	7,062,716	6,636,672	6,834,504	7,563,073	7,598,919	7,457,828
Total Volume (thousands of gallons)	8,133,658	7,443,912	7,521,292	7,363,927	9,206,677	8,546,186	8,682,045	9,058,248	9,180,944	9,065,416

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City of Beaufort	476,838	470,068	467,670	458,725	531,839	490,311	499,750	543,891	561,332	544,871
Burton/Gray's Hill	389,513	391,476	398,952	384,809	408,382	426,395	414,130	436,673	447,278	435,595
Lady's Island/Cat Island	430,805	423,876	412,959	400,275	493,296	468,105	490,913	516,077	521,617	521,385
Point South	15,586	13,824	15,761	16,203	19,702	19,677	17,955	17,842	16,682	16,971
St. Helena/Dataw Island	282,604	282,849	274,002	253,311	314,767	300,397	304,926	311,007	314,195	309,364
Bluffton (1)	1,627,104	1,594,519	1,677,349	1,765,489	2,278,875	2,130,221	2,230,772	2,558,104	2,625,305	2,623,135
Palm Key	1,119	1,312	1,406	1,516	1,188	1,386	2,053	1,874	1,778	1,705
Oktie	626,691	578,073	575,677	541,520	719,738	570,310	580,836	655,871	648,928	603,438
Hardeeville/ SolasperCity	252,671	271,964	286,387	286,251	344,985	339,009	360,016	415,807	431,386	463,777
Town of Port Royal	203,135	207,038	219,256	224,853	245,109	243,975	262,068	276,678	313,261	321,582
Other/Special Commercial	1,803,946	1,430,052	1,380,157	1,609,660	1,704,835	1,646,886	1,671,285	1,825,249	1,717,156	1,616,005
Total Volume (thousands of gallons)	6,110,012	5,665,051	5,709,576	5,942,612	7,062,716	6,636,672	6,834,704	7,563,073	7,598,919	7,457,828

(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

	2013			2014			2015			2016			2017				
	Avg.		Revenue	Revenue	per kgal	Kgals	Revenue	Revenue	per kgal	Kgals	Revenue	Revenue	per kgal	Kgals	Revenue	Revenue	per kgal
Hilton Head PSD	\$1,183,047	\$1,183,047	\$1.18	\$77,286	\$984,044	\$1.27	\$852,633	\$1,110,409	\$1.30	538,925	\$812,457	\$1.51	1,125,264	\$1,555,262	\$1.38		
Fripp Island PSD	415,161	415,161	2.32	180,969	420,944	2.33	175,230	446,222	2.55	156,681	402,427	2.57	157,088	407,923	2.60		
Water Oak Utility(Moss Creek)	335,703	335,703	2.30	147,776	339,885	2.30	140,791	357,609	2.54	142,268	365,629	2.57	166,714	433,457	2.60		
Callawassie	185,225	185,225	2.06	80,664	166,164	2.06	73,970	167,172	2.26	60,334	139,372	2.31	98,998	250,665	2.33		
Harbor Island Utilities	32,573	87,947	2.70	30,569	82,536	2.70	28,410	83,240	2.93	28,349	84,199	2.97	29,203	87,609	3.00		
Warsaw-Eustis-Oaks	27,267	64,895	2.38	24,983	59,460	2.38	24,502	64,195	2.62	26,005	68,912	2.65	30,968	82,994	2.68		
Total Wholesale, excluding Navy	1,477,660	2,271,978	1.54	1,241,247	2,053,013	1.65	1,295,536	2,228,847	1.72	952,562	1,872,996	1.97	1,608,235	2,797,910	1.74		
US Department of the Navy:																	
Parris Island Recruit Depot	324,468	655,425	2.02	305,477	617,064	2.02	296,484	687,843	2.32	295,094	699,373	2.37	344,306	822,894	2.39		
Laurel Bay Housing	261,190	261,190	2.02	129,110	260,802	2.02	123,592	286,733	2.32	90,288	213,983	2.37	85,396	204,095	2.39		
MCAS Beaufort	69,284	139,953	2.02	81,746	165,125	2.02	73,171	169,757	2.32	59,071	139,997	2.37	80,812	193,136	2.39		
Naval Hospital	22,932	46,323	2.02	21,281	42,988	2.02	22,933	53,205	2.32	24,300	57,590	2.37	25,212	60,256	2.39		
Total Navy	545,986	1,102,892	2.02	537,614	1,085,979	2.02	516,180	1,197,538	2.32	468,753	1,110,943	2.37	535,726	1,280,381	2.39		
TOTAL WHOLESALE	2,023,646	\$3,374,870		1,778,861	\$3,138,992		1,811,716	\$3,426,385		1,421,315	\$2,983,939		2,143,961	\$4,078,291			
	2018			2019			2020			2021			2022				
	Avg.		Revenue	Revenue	per kgal	Kgals	Revenue	Revenue	per kgal	Kgals	Revenue	Revenue	per kgal	Kgals	Revenue	Revenue	per kgal
Hilton Head PSD	\$1,460,476	\$1,460,476	\$1.41	985,829	\$1,471,892	\$1.49	603,904	\$982,118	\$1.63	638,084	\$1,030,216	\$1.61	754,288	\$1,222,326	\$1.62		
Fripp Island PSD	432,577	2.58	159,788	448,405	2.81	174,275	508,066	2.92	214,928	515,820	2.40	176,667	508,365	2.88			
Water Oak Utility(Moss Creek)	395,790	2.73	150,205	422,077	2.81	158,461	454,785	2.87	167,515	480,767	2.87	170,290	488,733	2.87			
Callawassie	206,521	2.49	87,630	228,714	2.61	95,775	258,595	2.70	96,155	259,617	2.70	93,812	256,105	2.73			
Harbor Island Utilities	80,968	3.13	30,791	93,692	3.04	26,481	88,176	3.33	37,364	95,450	2.55	28,063	97,940	3.49			
Warsaw-Eustis-Oaks	31,542	88,633	2.81	28,065	80,547	2.87	28,136	82,438	2.93	33,149	97,126	2.93	30,166	93,102	3.09		
Total Wholesale, excluding Navy	1,492,222	2,664,965	1.79	1,442,308	2,745,327	1.90	1,087,032	2,374,178	2.18	1,187,194	2,478,996	2.09	1,253,286	2,666,571	2.13		
US Department of the Navy:																	
Parris Island Recruit Depot	211,363	541,089	2.56	216,772	583,116	2.69	225,301	635,349	2.82	238,761	680,152	2.85	200,161	581,917	2.91		
Laurel Bay Housing	219,504	219,504	2.56	81,560	219,396	2.69	76,063	214,496	2.82	76,590	218,261	2.85	70,338	204,683	2.91		
MCAS Beaufort	245,070	245,070	2.56	80,542	216,656	2.69	85,237	240,363	2.82	60,220	171,591	2.85	63,981	183,111	2.86		
Naval Hospital	62,606	24,456	2.56	26,159	70,368	2.69	21,542	60,750	2.82	19,261	54,854	2.85	19,822	57,681	2.91		
Total Navy	417,292	1,068,269	2.56	405,033	1,089,536	2.69	408,143	1,150,958	2.82	394,832	1,124,857	2.85	354,302	1,027,392	2.90		
TOTAL WHOLESALE	1,909,514	\$3,733,234		1,847,341	\$3,834,863		1,495,175	\$3,525,136		1,582,025	\$3,603,853		1,607,588	\$3,593,963			

WHOLESALE CUSTOMER SALES TO TOTAL BILLINGS

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

Last ten fiscal years

RETAIL WATER REVENUES BY AREA AND AVERAGE REVENUE PER KGAL

Last ten fiscal years

	2013			2014			2015			2016			2017		
	Kgals	Revenues	Avg												
City of Beaufort	476,838	\$2,047,673	\$4.29	470,068	\$2,030,787	\$4.32	467,670	\$2,120,332	\$4.53	458,725	\$2,126,856	\$4.64	531,839	\$2,435,761	\$4.58
Burton/Gray's Hill	389,513	1,747,700	4.49	391,476	1,760,288	4.50	398,952	1,869,030	4.68	384,809	1,850,905	4.81	408,382	1,979,104	4.85
Lady's Island/Cat Island	430,805	1,830,937	4.25	423,876	1,813,271	4.28	412,959	1,845,986	4.47	400,275	1,834,889	4.58	493,296	2,199,676	4.46
Point South	15,586	55,725	3.58	13,824	49,445	3.58	15,761	57,104	3.62	16,203	59,544	3.67	19,702	70,961	3.60
St. Helena/Dataw Island	282,604	1,269,591	4.49	282,849	1,271,322	4.49	274,002	1,298,072	4.74	253,311	1,249,207	4.93	314,767	1,507,648	4.79
Bluffton (1)	1,627,104	6,695,086	4.11	1,594,519	6,633,803	4.16	1,677,349	7,222,143	4.31	1,765,489	7,714,893	4.37	2,278,875	9,693,751	4.25
Palm Key	1,119	7,663	6.85	1,312	8,479	6.46	1,406	9,350	6.65	1,516	9,844	6.49	1,188	9,126	7.68
Oktie	626,691	2,768,199	4.42	578,073	2,605,319	4.51	575,677	2,713,923	4.71	541,520	2,635,227	4.87	719,738	3,319,832	4.61
Hardeeville/SoJasperCity	252,671	1,049,601	4.15	271,964	1,155,586	4.25	286,387	1,278,191	4.46	286,51	1,314,968	4.59	344,985	1,562,849	4.53
Town of Port Royal	203,135	869,263	4.28	207,038	893,910	4.32	219,256	982,738	4.48	224,853	1,026,252	4.56	245,109	1,122,142	4.58
Other/Special Commercial	1,803,946	360,058	0.20	1,430,052	395,421	0.28	1,380,157	387,441	0.28	1,609,660	402,859	0.25	1,704,835	418,033	0.25
Total Retail Revenues	6,110,012	\$18,701,496		5,665,051	\$18,617,601		5,709,576	\$19,784,310		5,942,612	\$20,225,444		7,062,716	\$24,318,883	
	2018			2019			2020			2021			2022		
	Kgals	Revenues	Avg												
City of Beaufort	490,311	\$2,319,771	\$4.73	499,750	\$2,407,624	\$4.82	543,891	\$2,672,329	\$4.91	561,332	\$2,755,857	\$4.91	544,871	2,701,688	\$4.96
Burton/Gray's Hill	426,395	2,059,341	4.83	414,130	2,062,823	4.98	436,673	2,226,991	5.10	447,278	2,281,298	5.10	435,595	2,269,520	5.21
Lady's Island/Cat Island	468,105	2,131,502	4.55	490,913	2,259,398	4.60	516,077	2,433,643	4.72	521,617	2,475,245	4.72	521,385	2,507,288	4.81
Point South	19,677	70,911	3.60	17,955	67,960	3.79	17,842	67,640	3.79	16,682	63,746	3.79	16,971	64,276	3.79
St. Helena/Dataw Island	300,397	1,478,813	4.92	304,926	1,537,088	5.04	311,007	1,622,781	5.22	314,195	1,647,763	5.22	309,364	1,655,565	5.35
Bluffton (1)	2,130,221	9,349,454	4.39	2,230,772	9,948,127	4.46	2,558,104	11,609,285	4.54	2,625,305	12,018,772	4.54	2,623,135	12,185,621	4.65
Palm Key	1,386	9,981	7.20	2,053	13,625	6.64	1,874	12,529	6.69	1,778	12,343	6.69	1,705	12,328	7.23
Oktie	570,310	2,829,032	4.96	580,836	2,935,159	5.05	659,871	3,337,138	5.06	648,928	3,312,648	5.06	603,438	3,186,661	5.28
Hardeeville/SoJasperCity	339,009	1,573,330	4.64	360,016	1,707,724	4.74	415,807	2,031,622	4.89	431,386	2,155,517	4.89	463,777	2,386,839	5.15
Town of Port Royal	243,975	1,133,815	4.65	262,068	1,221,951	4.66	276,678	1,329,405	4.80	313,261	1,492,143	4.80	321,582	1,541,004	4.79
Other/Special Commercial	1,646,886	470,998	0.29	1,671,285	466,746	0.28	1,825,249	463,527	0.25	1,717,156	355,530	0.25	1,616,005	401,041	0.25
Total Retail Revenues	6,636,672	\$23,426,948		6,834,704	\$24,628,225		7,563,073	\$27,806,890		7,598,919	\$28,570,861		7,457,828	\$28,911,832	

(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	2013			2014			2015			2016			2017			
	Average	Daily Flow	Capacity													
Cherry Point/Oktie	3,844,898	7,500,000	4,940,000	3,941,065	7,500,000	4,870,000	3,866,242	7,500,000	4,480,000	3,936,150	7,500,000	5,670,000	4,139,678	7,500,000	5,850,000	
Hardeeville	483,353	1,010,000	1,750,000	474,263	1,010,000	1,850,000	429,300	1,010,000	1,350,000	413,800	1,010,000	1,790,000	464,359	1,010,000	2,410,000	
Laurel Bay	371,353	750,000	810,000	323,160	750,000	500,000	336,966	750,000	640,000	405,200	750,000	970,000	397,378	750,000	770,000	
Moss Creek	-	328,000	-	-	328,000	-	-	328,000	-	-	-	-	-	-	-	
Palm Key	3,536	66,000	190,000	3,301	66,000	89,000	2,933	66,000	25,000	3,950	66,000	44,000	3,661	66,000	38,000	
Palmetto Bluff	53,641	500,000	215,000	57,985	500,000	236,000	62,558	500,000	225,000	68,250	500,000	211,000	93,737	500,000	878,000	
Point South	43,576	600,000	265,000	58,076	600,000	1,974,000	50,725	600,000	257,000	69,700	600,000	599,000	53,514	600,000	345,000	
Port Royal Is. WRF	3,708,422	7,500,000	4,850,000	3,772,115	7,500,000	3,370,000	4,128,316	7,500,000	3,730,000	4,240,250	7,500,000	4,580,000	2,782,526	7,500,000	4,390,000	
St. Helena	343,195	600,000	690,000	333,451	600,000	590,000	334,200	600,000	620,000	405,200	600,000	940,000	496,687	600,000	770,000	
	18,854,000	13,710,000	18,854,000	13,479,000	18,854,000	13,279,000	18,854,000	11,327,000	18,854,000	11,327,000	20,216,000	18,294,000	20,216,000	14,410,764	18,526,000	15,451,000
Plant	2018			2019			2020			2021			2022			
	Average	Daily Flow	Capacity													
Cherry Point/Oktie	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	5,858,978	7,500,000	6,958,500	6,134,725	7,500,000	6,868,733	
Hardeeville	531,254	2,700,000	2,010,000	489,247	2,700,000	2,050,000	556,461	2,700,000	2,309,300	525,297	2,700,000	1,884,800	574,117	2,700,000	1,137,266	
Laurel Bay	389,915	750,000	790,000	395,381	750,000	760,000	350,719	750,000	799,000	313,899	750,000	548,000	333,775	750,000	481,083	
Moss Creek	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Palm Key	2,543	66,000	28,000	4,378	66,000	34,000	9,607	66,000	30,100	3,317	66,000	115,000	2,250	66,000	18,533	
Palmetto Bluff	96,378	500,000	524,000	121,521	500,000	927,000	202,251	500,000	451,200	136,027	500,000	283,500	105,217	500,000	168,450	
Point South	62,160	600,000	725,000	54,685	600,000	243,000	59,326	600,000	256,500	54,256	600,000	173,800	53,847	600,000	53,932	
Port Royal Is. WRF	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	3,184,528	7,500,000	4,104,100	3,550,033	7,500,000	4,475,266	
St. Helena	500,225	600,000	1,120,000	382,341	600,000	710,000	208,533	600,000	455,672	177,326	600,000	343,064	201,618	600,000	289,530	
	20,216,000	17,377,000	20,216,000	18,294,000	20,216,000	18,886,472	20,216,000	14,410,764	20,216,000	14,410,764	20,216,000	13,492,793				

WASTEWATER CUSTOMER BASE BY PLANT
Last ten fiscal years

Plant	2013			2014			2015			2016			2017		
	Residential	Commercial	Total												
Cherry Point/Oktie(1)	19,122	1,270	20,392	19,811	1,321	21,132	20,612	1,342	21,954	21,442	1,391	22,833	22,428	1,430	23,858
Hardeeville	1,643	254	1,897	1,830	254	2,084	2,040	258	2,298	2,268	261	2,529	2,458	271	2,729
Moss Creek	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	55	-	55	55	-	55	54	-	54	54	-	54	54	-	54
Point South	-	19	19	-	18	18	-	20	20	-	20	20	-	20	20
Port Royal Is. WRF	6,685	1,070	7,755	6,887	1,079	7,966	7,068	1,083	8,151	7,208	1,121	8,329	7,354	1,132	8,486
St. Helena	1,749	211	1,960	1,780	217	1,997	1,825	223	2,048	1,915	222	2,137	2,003	224	2,227
	29,254	2,824	32,078	30,363	2,889	33,252	31,599	2,926	34,525	32,987	3,015	35,902	34,297	3,077	37,374
Plant	2018			2019			2020			2021			2022		
	Residential	Commercial	Total												
Cherry Point/Oktie(1)	23,500	1,493	24,993	24,358	1,537	25,895	24,988	1,590	26,578	26,159	1,650	27,809	26,879	1,666	28,545
Hardeeville	2,696	290	2,986	3,131	290	3,421	3,649	305	3,954	4,362	323	4,685	5,056	331	5,387
Moss Creek	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Palm Key	54	-	54	56	-	56	56	-	56	55	-	55	55	-	55
Point South	-	20	20	-	19	19	-	19	19	-	19	19	-	19	19
Port Royal Is. WRF	7,524	1,142	8,666	7,750	1,177	8,927	8,055	1,201	9,256	8,426	1,237	9,663	8,668	1,204	9,872
St. Helena	2,088	226	2,314	2,178	203	2,381	2,228	202	2,430	2,327	209	2,536	2,438	207	2,645
	35,862	3,171	39,033	37,473	3,226	40,699	38,976	3,317	42,293	41,329	3,438	44,767	43,096	3,427	46,523

(1) Cherry Point/Oktie 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										2017	Avg				
2013										2014	2015	2016	2017	Avg	
Billed Kgals		Revenue		Revenue		Revenue		Revenue		Revenue		Revenue		Revenue	
Bulk:		Revenue	per kgal	Billed Kgals		Revenue	per kgal	Billed Kgals		Revenue	per kgal	Billed Kgals		Revenue	per kgal
Naval Hospital	-\$-	\$-	\$-	-\$-		-\$-	\$-	-\$-		-\$-	\$-	-\$-		-\$-	\$-
Palmetto Apartments	4,140	20,700	5.00	4,732	23,666	5.00	6,441	34,139	5.30	7,097	37,969	5.35	5,579	29,848	5.35
Resort Services	34,846	170,008	4.88	30,927	154,707	5.00	31,508	162,104	5.14	27,459	142,535	5.19	23,954	124,321	5.19
Tansi Village	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bulk Revenues	38,986	190,708	4.89	35,659	178,373	5.00	37,949	196,243	5.17	34,556	180,504	5.22	29,533	154,169	5.22
Retail:															
City of Beaufort(incl. Battery Shores)	385,491	2,393,772	6.21	380,726	2,404,788	6.32	384,942	2,627,860	6.83	375,279	2,690,398	7.17	410,965	2,854,372	6.95
Burton (incl. Gray's Hill, Irongate&Habersham)	90,159	500,978	5.56	90,807	515,273	5.67	98,820	589,586	5.97	97,070	626,133	6.45	108,575	672,787	6.20
Lady's Island (incl. Cat Island)	92,034	481,623	5.23	91,110	507,124	5.33	90,874	527,242	5.80	92,213	569,439	6.18	115,246	640,552	5.56
Point South	15,122	92,860	6.14	13,579	83,451	6.15	15,638	97,383	6.23	16,113	103,138	6.40	19,427	124,829	6.43
St. Helena (includes Dataw)	65,773	359,469	5.47	64,714	365,238	5.64	60,555	391,456	6.46	57,501	399,844	6.95	70,307	436,626	6.21
Bluffton	1,344,585	6,679,946	4.97	1,338,449	6,880,286	5.14	1,413,276	7,763,512	5.49	1,486,488	8,389,463	5.64	1,886,892	9,299,425	4.93
Palm Key	1,111	10,110	9.10	1,312	11,448	8.73	1,406	13,550	9.64	1,516	14,004	9.24	1,188	13,374	11.26
Okatie	550,636	3,035,731	5.51	511,048	2,976,619	5.82	507,188	3,268,948	6.45	483,909	3,317,414	6.86	631,912	3,744,649	5.93
Hardeeville (incl. SolasperCity)	163,338	1,003,566	6.14	193,910	1,212,228	6.25	210,148	1,409,332	6.71	216,609	1,566,305	6.95	267,128	1,761,744	6.60
Shell Point	560	3,591	6.41	527	3,406	6.46	613	4,132	6.63	548	3,760	6.86	674	4,658	6.91
Town of Port Royal	153,813	923,385	6.00	160,378	986,301	6.15	172,445	1,139,407	6.61	175,671	1,199,388	6.83	193,933	1,297,784	6.69
Other Revenue Adjustment (1)	1,37,337	70,106	108,839	62,982	89,768	58,214	93,747	59,053	141,097	141,097	141,097	141,097	141,097	70,610	
Total Retail Revenues	2,999,959	15,555,137	5.19	2,959,399	16,009,144	5.41	3,045,683	17,890,622	5.87	3,096,664	18,878,339	6.10	3,847,404	20,921,410	5.44
Total Wastewater	3,038,945	\$15,745,845		2,995,058	\$16,187,517		3,083,632	\$18,086,865		3,131,220	\$19,058,843		3,876,937	\$21,075,579	
2018		Avg	2019		Avg	2020		Avg	2021		Avg	2022		Avg	
Bulk:		Revenue	per kgal	Billed Kgals		Revenue	per kgal	Billed Kgals		Revenue	per kgal	Billed Kgals		Revenue	per kgal
Naval Hospital	-\$-	\$-	\$-	-\$-		-\$-	\$-	-\$-		-\$-	\$-	-\$-		-\$-	\$-
Palmetto Apartments	7,709	43,476	5.64	11,522	66,193	5.74	6,346	37,229	5.87	5,134	30,151	5.87	4,734	27,815	5.88
Resort Services	18,565	97,172	5.23	21,307	113,834	5.34	18,116	99,262	5.48	18,235	100,804	5.53	14,839	83,860	5.65
Tansi Village	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bulk Revenues	26,274	140,648	5.35	32,829	180,027	5.48	24,462	136,491	5.58	23,369	130,955	5.60	19,573	111,675	5.71
Retail:															
City of Beaufort(incl. Battery Shores)	401,073	2,907,022	7.25	399,333	2,956,444	7.40	411,358	3,082,208	7.49	424,704	3,223,851	7.59	427,248	3,278,636	7.67
Burton (incl. Gray's Hill, Irongate&Habersham)	110,716	717,324	6.48	111,419	742,347	6.66	123,931	833,237	6.72	133,740	950,434	7.11	143,842	1,017,509	7.07
Lady's Island (incl. Cat Island)	119,384	700,735	5.87	131,573	742,648	5.64	143,273	774,563	5.41	132,514	810,837	6.12	148,532	893,748	6.02
Point South	19,243	123,957	6.44	15,208	98,695	6.49	17,562	118,473	6.75	16,373	111,078	6.78	16,668	112,478	6.75
St. Helena (includes Dataw)	68,581	463,850	6.76	68,407	469,182	6.86	66,262	460,847	6.95	67,073	502,926	7.50	67,388	526,477	7.81
Bluffton	1,783,662	9,740,341	5.46	1,860,848	10,304,703	5.54	2,118,792	11,274,487	5.32	2,024,343	11,872,035	5.86	2,158,452	12,602,553	5.84
Palm Key	1,386	15,409	11.12	1,621	16,756	10.34	1,874	17,203	9.18	1,694	18,824	11.11	1,643	19,497	11.87
Oktie	503,297	3,547,684	7.05	507,327	3,628,096	7.15	577,698	3,938,107	6.82	546,861	4,041,881	7.39	546,262	4,130,907	7.56
Hardeeville (incl. SolasperCity)	260,202	1,853,559	7.12	282,770	2,066,755	7.31	318,176	2,348,171	7.38	330,869	2,623,076	7.93	361,493	2,975,579	8.23
Shell Point	508	3,668	7.22	539	3,862	7.17	416	3,085	7.42	395	2,938	7.44	607	4,302	7.09
Town of Port Royal	197,908	1,377,341	6.96	218,366	1,498,151	6.86	233,658	1,631,404	6.98	251,140	1,801,949	7.18	272,367	1,965,920	7.22
Other Revenue Adjustment (1)	101,535	61,155	117,430	65,129	145,864	72,238	144,468	41,103	138,341	138,341	138,341	138,341	138,341	138,341	138,341
Total Retail Revenues	3,567,495	21,512,045	6.03	3,715,041	22,592,768	6.08	4,158,864	24,554,023	5.90	4,074,174	26,000,934	6.38	4,282,843	27,597,964	6.44
Total Wastewater	3,593,769	\$21,652,693		3,747,870	\$22,772,795		4,183,326	\$24,690,514		4,097,543	\$26,131,888		4,302,416	\$27,709,639	

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

CUSTOMER STATISTICS
Number of customers at fiscal year-end

Year	Number of Customers				Ratio of Customers with Both services
	Water	% Change	Wastewater	% Change	
2008	45,314		28,786		63.53%
2009	45,467	0.3%	28,483	-1.1%	62.65%
2010	46,282	1.8%	29,214	2.6%	63.12%
2011	46,788	1.1%	29,928	2.4%	63.97%
2012	47,804	2.2%	30,936	3.4%	64.71%
2013	48,992	2.5%	32,078	3.7%	65.48%
2014	50,371	2.8%	33,252	3.7%	66.01%
2015	51,876	3.0%	34,525	3.8%	66.55%
2016	53,507	3.1%	35,902	4.0%	67.10%
2017	55,139	3.1%	37,374	4.1%	67.78%
2018	57,012	3.4%	39,033	4.4%	68.46%
2019	58,841	3.2%	40,699	4.3%	69.17%
2020	60,631	3.0%	42,293	3.9%	69.75%
2021	63,190	4.2%	44,767	5.8%	70.85%
2022	65,344	3.4%	46,523	3.9%	71.20%

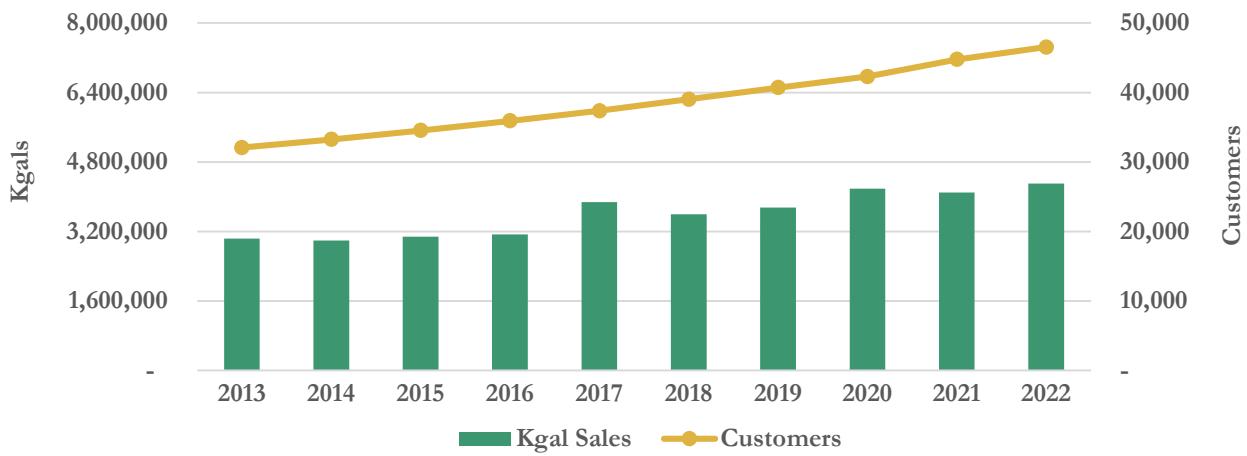
BILLINGS AT FISCAL YEAR-END
Reported in kgals (thousands of gallons)

Year	Water	% Change	Wastewater	% Change
2008	8,046,684		3,091,499	
2009	7,726,434	-4.0%	2,942,817	-4.8%
2010	7,583,604	-1.8%	2,878,369	-2.2%
2011	8,553,637	12.8%	3,141,176	9.1%
2012	8,559,110	0.1%	3,192,127	1.6%
2013	8,133,658	-5.0%	3,038,945	-4.8%
2014	7,443,912	-8.5%	2,995,058	-1.4%
2015	7,521,292	1.0%	3,083,632	3.0%
2016	7,363,927	-2.1%	3,131,220	1.5%
2017	9,206,677	25.0%	3,876,937	23.8%
2018	8,546,186	-7.2%	3,593,769	-7.3%
2019	8,682,045	1.6%	3,747,870	4.3%
2020	9,058,248	4.3%	4,183,326	11.6%
2021	9,180,944	1.4%	4,097,543	-2.1%
2022	9,065,416	-1.3%	4,302,416	5.0%

WATER SALES AND CUSTOMER HISTORY



WASTEWATER SALES AND CUSTOMER HISTORY



WATER RATE COMPARISONS

Effective date

		FY23										
		FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Budget	
Commercial	Minimum Usage	\$6.00 \$3.46	\$9.00 \$3.46	\$9.00 \$3.51	\$12.00 \$3.41	\$12.00 \$3.41	\$13.00 \$3.41	\$13.40 \$3.58	\$13.40 \$3.58	\$13.40 \$3.58	\$13.80 \$3.69	Basic Facilities Charge per Thousand gallons
Residential	Minimum Usage	\$6.00 \$3.46	\$7.00 \$3.46	\$7.00 \$3.51	\$8.00 \$3.41	\$8.00 \$3.41	\$8.50 \$3.41	\$8.75 \$3.55	\$8.75 \$3.55	\$9.25 \$3.55	\$9.55 \$3.66	Basic Facilities Charge per Thousand gallons

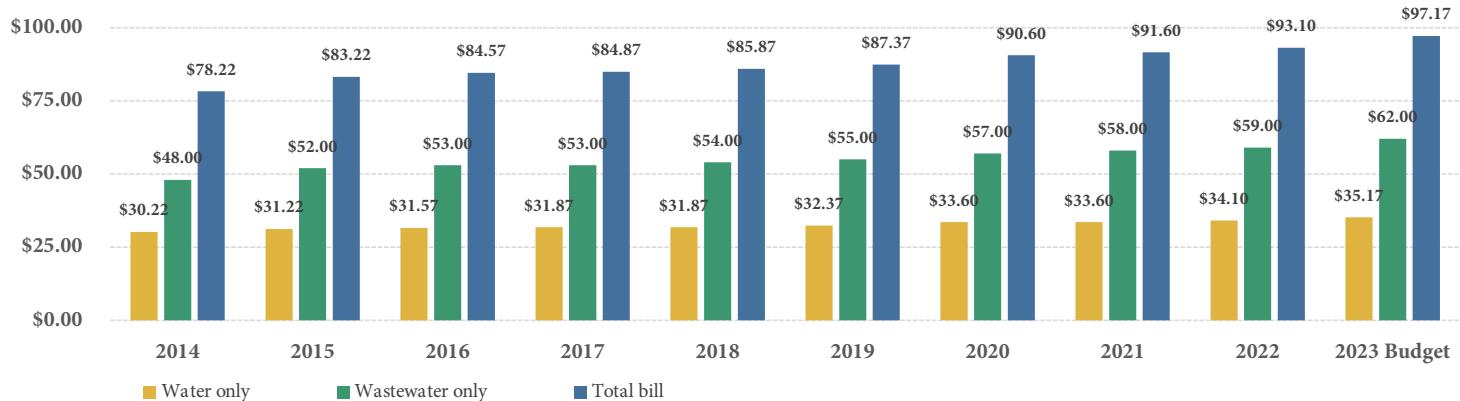
WASTEWATER RATE COMPARISONS

Effective date

		FY23										
		FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Budget	
Commercial	Minimum Per thousand gallons	\$6.00 \$6.05	\$9.00 \$6.10	\$9.00 \$6.28	\$12.00 \$6.28	\$13.00 \$6.28	\$14.00 \$6.59	\$14.00 \$6.59	\$14.00 \$6.59	\$14.00 \$6.59	\$14.70 \$6.92	Basic Facilities Charge per Thousand gallons
Residential	Minimum	\$6.00 \$6.05	\$9.00 \$6.10	\$9.00 \$6.28	\$10.00 \$6.18	\$11.00 \$6.18	\$12.00 \$6.18	\$12.00 \$6.49	\$13.00 \$6.49	\$14.00 \$6.49	\$14.70 \$5.84	Basic Facilities Charge per Thousand gallons
	Maximum per month	\$48.00	\$52.00	\$53.00	\$53.00	\$54.00	\$55.00	\$57.00	\$58.00	\$59.00	\$62.00	Residential Maximum

MONTHLY WATER & WASTEWATER BILL FOR 7KGAL RESIDENTIAL CUSTOMER

The following chart shows the change in rates for an average customer (defined as 7 thousand gallons per month residential water usage) from fiscal year 2014 to fiscal year 2023 Budget, utilizing the fiscal year 2014 through 2022 rates as adopted, and the budgeted rate effective July 1, 2022, for fiscal year 2023.

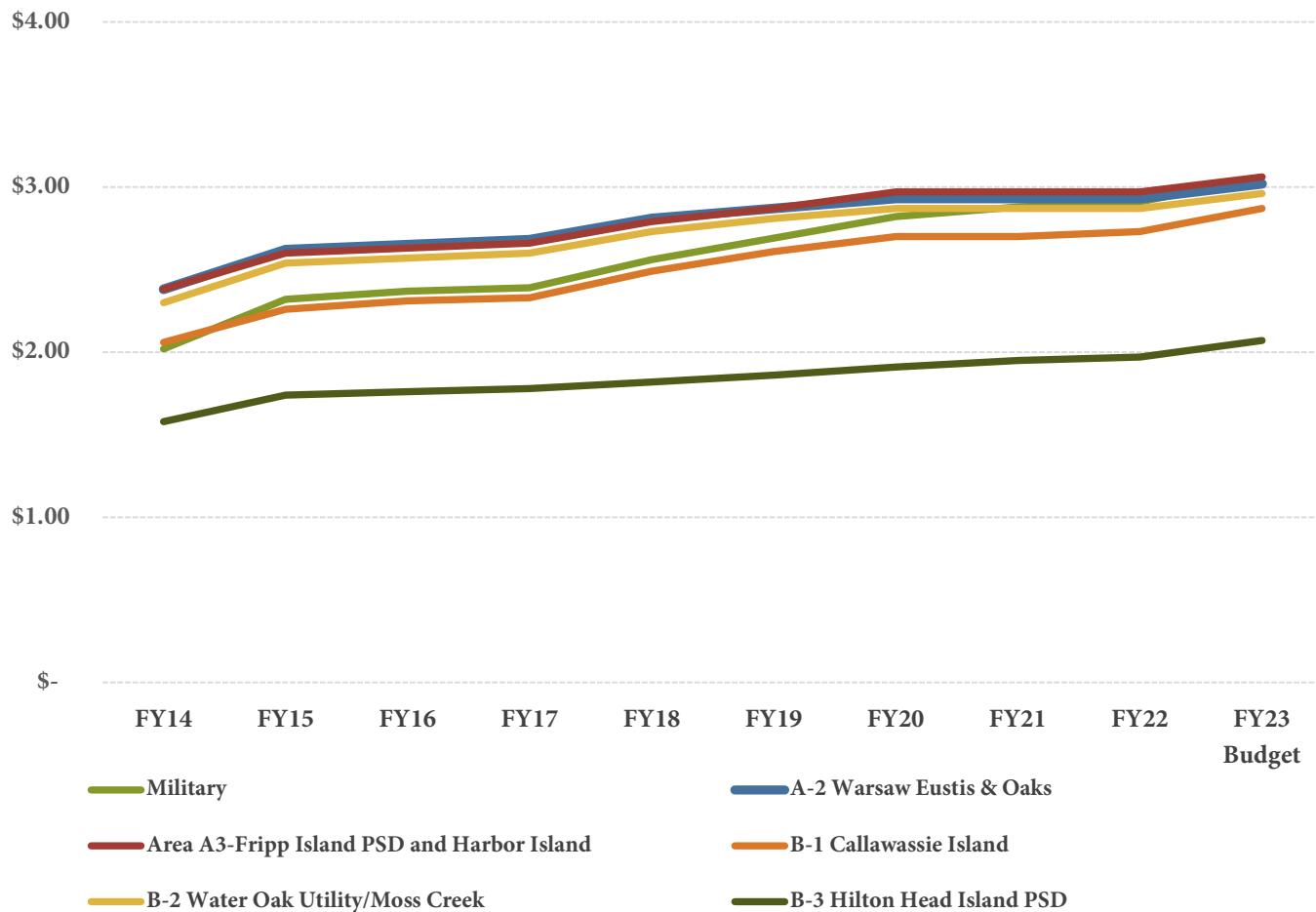


WHOLESALE WATER RATES BY AREA

Effective date

<u>Area</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>Budget</u>
Military	\$2.02	\$2.32	\$2.37	\$2.39	\$2.56	\$2.69	\$2.82	\$2.88	\$2.91	\$3.06	
A-2 Warsaw Eustis & Oaks	2.38	2.62	2.65	2.68	2.81	2.87	2.93	2.93	2.93	2.93	3.02
Area A3-Fripp Island PSD and Harbor Island	2.38	2.60	2.63	2.66	2.79	2.87	2.97	2.97	2.97	2.97	3.06
B-1 Callawassie Island	2.06	2.26	2.31	2.33	2.49	2.61	2.70	2.70	2.73	2.87	2.87
B-2 Water Oak Utility/Moss Creek	2.30	2.54	2.57	2.60	2.73	2.81	2.87	2.87	2.87	2.96	
B-3 Hilton Head Island PSD	1.58	1.74	1.76	1.78	1.82	1.86	1.91	1.95	1.97	2.07	

WHOLESALE WATER RATE COMPARISON



POPULATION/PER CAPITA INCOME

Last ten available years

<u>Year</u>	South Carolina		Beaufort County		Jasper County	
	<u>Population</u>	<u>Per Capita</u>	<u>Population</u>	<u>Per Capita</u>	<u>Population</u>	<u>Per Capita</u>
2011	4,673,348	34,183	164,684	43,584	25,195	23,110
2012	4,723,417	35,056	168,049	45,122	25,833	23,033
2013	4,771,929	35,831	171,569	45,222	26,710	23,747
2014	4,829,160	36,860	175,852	46,137	27,170	24,301
2015	4,894,834	38,783	179,589	48,134	27,824	25,951
2016	4,959,822	40,312	183,149	50,078	28,071	26,274
2017	5,024,369	41,633	186,844	52,763	28,458	27,762
2018	5,084,127	43,702	188,715	56,711	28,971	29,242
2019	5,148,714	45,438	192,122	59,318	30,073	31,488
2020	5,218,040	48,021	195,656	61,298	31,588	34,446

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</u>	<u>Beaufort</u>	<u>% of</u>	<u>Jasper</u>	<u>%</u>
	<u>Carolina</u>	<u>County</u>	<u>South Carolina</u>	<u>County</u>	<u>South Carolina</u>
2013	1,991,908	61,016	3.07%	9,842	0.50%
2014	2,050,128	63,123	3.08%	10,231	0.50%
2015	2,112,034	68,118	3.23%	11,162	0.53%
2016	2,185,181	71,435	3.27%	11,836	0.54%
2017	2,213,831	72,842	3.29%	12,088	0.55%
2018	2,226,062	74,515	3.35%	12,316	0.55%
2019	2,291,363	78,558	3.43%	12,743	0.56%
2020	2,222,144	76,246	3.43%	12,373	0.56%
2021	2,307,087	76,995	3.34%	12,863	0.56%
2022	2,439,611	82,934	3.40%	13,885	0.57%

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>
2013	8.1%	7.9%	8.1%
2014	5.3%	5.6%	5.3%
2015	6.6%	6.0%	5.9%
2016	5.4%	5.2%	5.0%
2017	4.0%	4.0%	3.6%
2018	3.8%	3.4%	3.1%
2019	3.5%	3.3%	3.3%
2020	8.7%	7.4%	7.3%
2021	3.3%	3.7%	2.5%
2022	3.2%	3.2%	3.2%

Source: SC Department of Employment and Workforce

PRINCIPAL EMPLOYERS

Current year and nine years ago

	2022			2013		
	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	*	*	*	*	*	*
DEPT OF DEFENSE	*	*	*	*	*	*
FOOD LION LLC	*	*	*	*	*	*
GREGORY M PARKER INC	*	*	*	*	*	*
HARGRAY COMMUNICATIONS GROUP INC	*	*	*	*	*	*
HES FACILITIES LLC	*	*	*	*	*	*
LOWES HOME CENTERS INC	*	*	*	*	*	*
MARINE CORPS COMMUNITY SERVICES	*	*	*	*	*	*
MARRIOTT RESORTS HOSP CORP	*	*	*	*	*	*
MONTAGE PALMETTO BLUFF	*	*	*	*	*	*
PUBLIX SUPER MARKETS INC	*	*	*	*	*	*
SEA PINES RESORT LLC	*	*	*	*	*	*
SITEL OPERATING CORPORATION	*	*	*	*	*	*
TENET PHYSICIAN SVCS OF HILTON HEAD	*	*	*	*	*	*
TG ADMINISTRATION LLC	*	*	*	*	*	*
THE KROGER COMPANY	*	*	*	*	*	*
UNIVERSITY OF SOUTH CAROLINA	*	*	*	*	*	*
WAL-MART ASSOCIATES INC	*	*	*	*	*	*

Source: SC Department of Employment & Workforce

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

	2022			2013		
	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	*	*	*	*	*	*
BLYTHE	*	*	*	*	*	*
CHARLES LEA CENTER LEASING COMPANY	*	*	*	*	*	*
CITY OF HARDEEVILLE	*	*	*	*	*	*
CLELAND SITE PREP INC	*	*	*	*	*	*
COASTAL CAROLINA MEDICAL CENTER INC	*	*	*	*	*	*
COMPASSION HEALTHCARE INC	*	*	*	*	*	*
CONGAREE GOLF PARTNERS LLC	*	*	*	*	*	*
COUNTY OF JASPER	*	*	*	*	*	*
EYM PIZZA OF SC LLC	*	*	*	*	*	*
JASPER COUNTY SCHOOL DISTRICT	*	*	*	*	*	*
L & R SHERMAN LLC	*	*	*	*	*	*
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	*	*	*	*	*	*
SMYRNA READY MIX CONCRETE LLC	*	*	*	*	*	*
TOLL BROTHERS INC	*	*	*	*	*	*
WAL-MART ASSOCIATES INC.	*	*	*	*	*	*

Source: SC Department of Employment & Workforce

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

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
 Last ten fiscal years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water										
Water Source of Supply	2.3	2.4	2.5	2.6	2.6	2.9	3.0	2.4	1.7	4.4
Water Treatment Ops	20.5	17.0	19.8	20.3	20.3	20.3	21.6	23.0	25.3	26.6
Transmission & Distribution	26.6	26.4	27.0	28.7	33.9	32.2	31.8	30.9	35.8	41.8
Wastewater										
Wastewater Treatment Ops	15.5	12.2	11.9	14.3	14.5	15.8	15.4	14.8	15.2	16.4
Collection & Transmission	30.1	30.3	32.1	33.2	37.8	35.3	35.7	33.4	37.5	39.5
Sludge Management Ops	1.0	0.7	0.7	0.9	0.9	1.0	1.0	1.0	1.0	0.8
Laboratory and Testing	5.0	5.0	5.0	5.0	6.0	4.5	4.5	4.5	4.5	4.5
Engineering	11.0	12.0	12.0	13.0	10.0	12.0	13.0	13.0	15.0	15.0
Customer Service	17.0	17.0	14.0	15.0	14.0	15.0	14.0	16.0	15.0	17.0
Billing and Meter Reading	7.0	7.0	11.0	11.0	4.0	8.0	8.0	8.0	9.0	8.0
Financial and Support Services	8.0	8.0	8.0	8.0	11.0	9.0	8.0	12.0	12.0	12.0
General & Administrative	11.0	11.0	12.0	12.0	12.0	13.0	13.0	13.0	14.0	18.0
Asset Management	-	-	-	-	-	-	-	3.0	3.0	3.0
Information Technology	5.0	5.0	5.0	4.0	7.0	9.0	9.0	6.0	7.0	6.0
Total	160.0	154.0	161.0	168.0	174.0	178.0	178.0	181.0	196.0	213.0

TEN LARGEST WASTEWATER USERS

Fiscal year ended June 30, 2022

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

	User Name	User's Service Or Business	2022 Billed Revenues	% of Total 2022 Billed Revenues
1 CR Bluestone, LLC		Multifamily Residential	101,938	0.37%
2 Estate at Westbury		Multifamily Residential	98,033	0.35%
3 Palms Association		Multifamily Residential	95,629	0.34%
4 Powers Properties		Multifamily Residential	89,752	0.32%
5 Resort Services (bulk customer)		Laundry	83,860	0.30%
6 Broad River-MP, LLC		Multifamily Residential	81,242	0.29%
7 Oaks at Broad River Holdings, LLC		Multifamily Residential	78,453	0.28%
8 NEPSA Admin Service		Multifamily Residential	78,111	0.28%
9 Beaufort Memorial		Hospital	77,510	0.28%
10 Bluffton Otswo LLC		Multifamily Residential	76,664	0.27%
Other			27,031,719.16	96.92%
Total wastewater revenues			\$27,892,912	

Bulk sewer customers:

Total bulk customers	2
Total operating revenues	\$27,892,912
Wholesale (bulk) customer revenues	\$111,675
% of billed revenue	0.4%

TEN LARGEST WATER USERS

Fiscal year ended June 30, 2022

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	2022 Billed Revenues	% of Total 2022 Billed Revenues
1 Dominion Energy	Regulated Utility	\$402,086	1.25%
2 CR Bluestone, LLC	Multifamily Residential	\$112,577	0.35%
3 Palmetto Bluff	Residential Community	\$107,291	0.33%
4 The Oaks at Broad River Landing	Multifamily Residential	\$87,440	0.27%
5 NEPSA Admin Service	Multifamily Residential	\$85,253	0.27%
6 Sun City Hilton Head Community Association	Residential Community	\$80,908	0.25%
7 RAI A Self Storage Mahwah LLC	Multifamily Residential	\$79,259	0.25%
8 Estate at Westbury	Multifamily Residential	\$74,630	0.23%
9 Village Park Homes	Multifamily Residential	\$59,025	0.18%
10 American Homes 4 Rent	Multifamily Residential	\$57,910	0.18%
Other (including Bulk Customers)		30,896,548	96.42%
Total water revenues		\$32,042,926	

IR - Denotes Irrigation service meters

Bulk Water Users:

Hilton Head PSD	Public Service District	\$1,222,326	3.81%
Parris Island Recruit Depot	Military Installation	\$581,917	1.82%
Fripp Island PSD	Public Service District	\$508,365	1.59%
Moss Creek/Water Oak Utility	Private Utility	\$488,733	1.53%
Callawassie CUC, Inc.	Private Utility	\$256,105	0.80%
Laurel Bay Housing	Military Installation	\$204,683	0.64%
MCAS Beaufort	Military Installation	\$183,111	0.57%
Harbor Island	Private Utility	\$97,940	0.31%
Warsaw-Eustis & Oaks	Private Utility	\$93,102	0.29%
Naval Hospital	Military Installation	\$57,681	0.18%
Total wholesale revenues		3,693,963	11.53%
Other water operating revenues		28,348,963	
Total water revenues, including other		\$32,042,926	

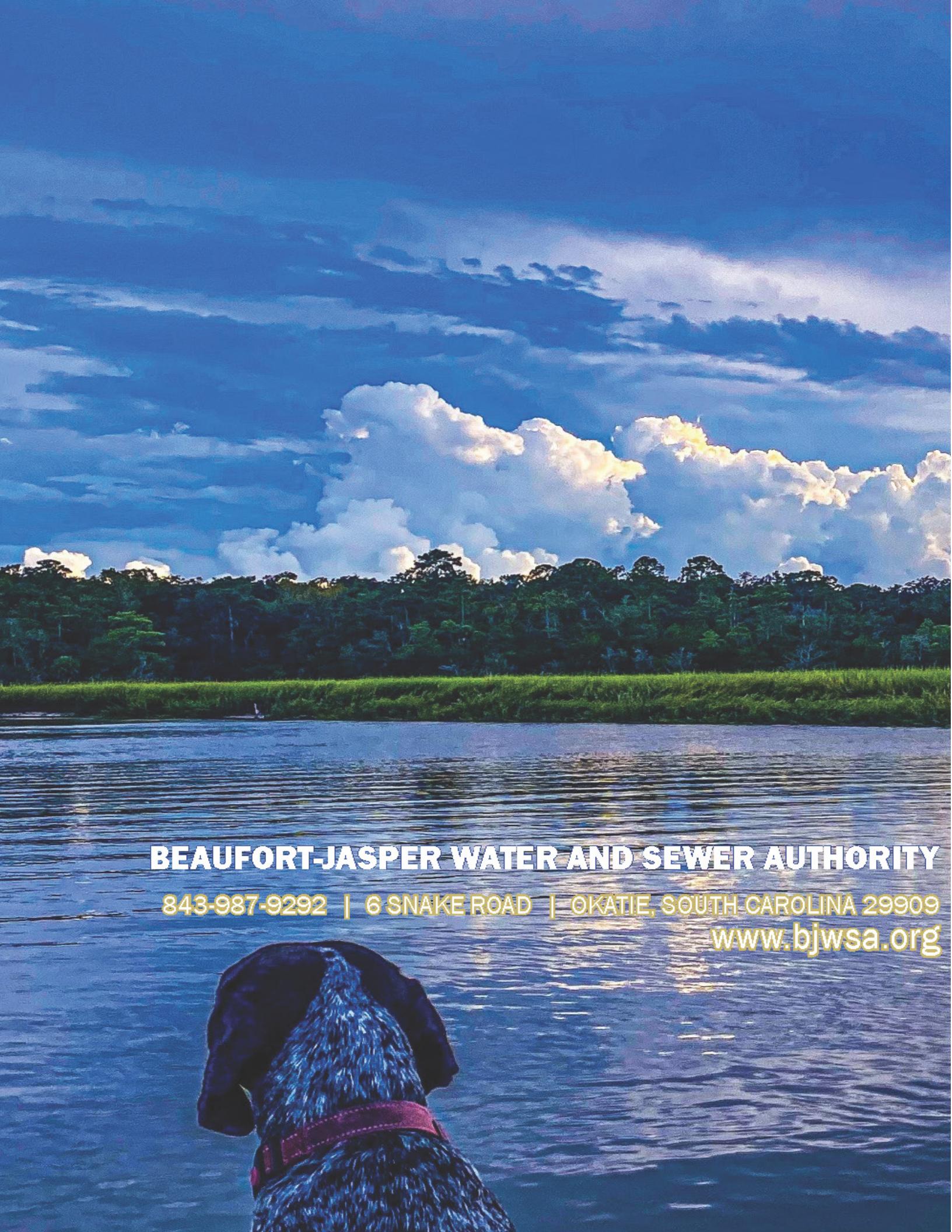
Bulk water customers:

Total bulk customers	7
Total operating revenues	\$32,042,926
Wholesale (bulk) customer revenues	\$3,693,963
% of billed revenue	11.5%

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

INSURANCE IN FORCE

Type of Coverage & Insurance Provider	Policy Number Policy Period	Details of Coverage	Limits of Liability
COMMERCIAL CRIME BOND			
Selective Insurance Co. of America	B6012126 1/23/22–1/23/2023	Employee dishonesty & theft of money and securities	\$100,000 bond \$40,000 inside premise \$20,000 outside premise
DATA PROCESSING			
SC State Budget & Control Board Insurance Reserve Fund	D130079722 1/24/22–1/24/2023	“All risk” coverage on computer equipment	\$3,448,000 limit \$1,000 deductible
BUILDING & PERSONAL PROPERTY			
SC State Budget & Control Board Insurance Reserve Fund	F130079722; F130079722A 1/24/22–1/24/2023	“All risk” coverage for direct physical loss or damage to covered property	\$5,000 per boiler/machinery accident; \$100,000 per ordinance & law; \$3,000 deductible
AUTOMOBILE LIABILITY & COLLISION			
SC State Budget & Control Board Insurance Reserve Fund	L130079722; C130079722 1/24/22–1/24/2023	Vehicle comprehensive, collision & liability	\$1,000,000 each accident; \$500 deductible per occurrence; \$1,000 medical each person
INLAND MARINE (MOBILE EQUIPMENT AND WELLS & BRIDGE LINES)			
SC State Budget & Control Board Insurance Reserve Fund	M130079722; M130079722A; M130079722B 1/24/22–1/24/2023	Heavy equipment, trailers, pumps and generators, wells & bridge lines, water craft	\$2,934,912 limit; deductible of 2% with \$500 minimum per occurrence; \$500 deductible per occurrence (wells & bridge lines)
CYBER LIABILITY			
Travelers Insurance Enterprise Development	106307514 9/21/21–7/4/2022	Network & information security, communications & media liability, regulatory defense expenses	\$1,000,000 network & information Security; \$1,000,000 communications & media liability; \$1,000,000 regulatory defense
GENERAL TORT LIABILITY			
SC State Budget & Control Board Insurance Reserve Fund	T130079721 1/24/22–1/24/2023	Person injured, reputation marred, property damaged	\$1,000,000 per occurrence; \$250 deductible; \$15,000 basic legal defense; \$5,000 max sewer backup
WORKER'S COMPENSATION			
Accident Fund Ins. Co. of America	WCV6178632 1/1/22–1/1/2023	Employee injured on the job	Statutory coverage pursuant to Article 1, Chapter 7, title 42 of the SC Code of Laws
POLLUTION LEGAL LIABILITY			
Starr Surplus Lines Willis Group	1000067665211 8/1/21–8/1/2024	Environmental liability	\$25,000 deductible each incident & \$10,000,000 limit each incident
MANAGEMENT LIABILITY POLICY			
Travelers Insurance Enterprise Development	107281816 7/4/21–7/4/2022	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



BEAUFORT-JASPER WATER AND SEWER AUTHORITY

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