ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

ANDERSON REGIONAL
JOINT WATER SYSTEM

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

YEARS ENDED JUNE 30, 2025 AND 2024

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEARS ENDED JUNE 30, 2025 AND 2024

Prepared By
Finance Department | Kendall Cleary, CPA | Accounting Manager

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

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ANDERSON, SOUTH CAROLINA

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INTRODUCTORY SECTION

ANDERSON REGIONAL
JOINT WATER SYSTEM

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Phone: 864-332-6534 Fax: 864-224-6116
www.arjwater.com

October 20, 2025

To the Commissioners and Customers
of Anderson Regional Joint Water System

We are pleased to present the Annual Comprehensive Financial Report ("ACFR") for Anderson Regional Joint Water System (the "Joint Water System") for the year ended June 30, 2025. The Joint Water System assumes responsibility for the accuracy and completeness of the information contained in this report, including all necessary disclosures. The ACFR is designed to provide the reader with a comprehensive understanding of the Joint Water System's financial activities. The enclosed information has been presented to the best of our knowledge and belief.

The Joint Water System's management has established a system of internal controls designed to provide reasonable, but not absolute, assurance for the safeguarding of assets and financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits.

Pursuant to Section 6-25-140 of the S.C. Code of Laws, an annual audit is required of each joint water system. The accompanying financial statements were audited by Greene Finney Cauley, LLP, Certified Public Accountants. Their unmodified report on the financial statements is included in the financial section of this report.

Following the Independent Auditor's Report, in the financial section of this report is the Management's Discussion and Analysis ("MD&A"). The MD&A provides an overview and analysis of the Joint Water System's financial statements. This Letter of Transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE SYSTEM

The Joint Water System was established in 2002 when thirteen separate member agencies purchased the Lake Hartwell Water Treatment Plant from Duke Power. Since the purchase of the plant, the Joint Water System has added one additional member agency and is governed by a thirteen-member Board of Commissioners. The thirteen-member Board represents fourteen member agencies including: City of Anderson, Big Creek Water District, Broadway Water District, Belton-Honea Path Water Authority, Town of Central, City of Clemson, Hammond Water District, Homeland Park Water District, Town of Pendleton, Powdersville Water, Sandy Springs Water District, Starr-Iva Water District, West Anderson Water District, and Town of Williamston. The System also services Clemson University as a non-governing wholesale customer.

The Lake Hartwell Water Treatment Plant is a 48 MGD plant that provides water on a wholesale basis to the various water districts. In addition to the water treatment plant, the Joint Water System operates the South Anderson Water Supply which is a raw water intake and pump station that supplies raw water to a local industry. With 50 miles of transmission main, the Joint Water System provides water to approximately 250,000 citizens across Anderson, Pickens, and Abbeville Counties.

FINANCIAL PROFILE OF THE SYSTEM

The Joint Water System adopts an annual budget for management and financial planning purposes. During the budgeting process, the Board reviews and assesses future financial plans including: future rate setting projections, future foreseen debt service needs, and future capital purchases. The Joint Water System adopts the budget prior to the beginning of each fiscal year, and sets rates to meet financial, debt, and contractual obligations. One financial benchmark and contractual obligation that the Joint Water System strives to maintain is a favorable debt service coverage ratio. In the Bond Resolutions, the Joint Water System agrees to maintain a debt service coverage ratio of at least 120%. For the year ended June 30, 2025, the debt service coverage ratio was 167%.

LONG TERM FINANCIAL PLANNING

Multi-Year Financial Plan:

The Joint Water System prepares a 20-year Financial Pro Forma Forecast for long-term financial planning. This tool allows the Joint Water System to estimate future capital and financial needs based on growth and other economic indicators. The results produced by the pro forma are incorporation into the Joint Water System's yearly budget and capital improvement plan, which estimates the cost, timing, and funding source of future capital projects.

Miscellaneous Revenue Policy:

The miscellaneous revenue policy allows for no more than 25% of miscellaneous revenues to be used to fund same year expenses. Unused miscellaneous revenues shall accrue to the operating fund for future year operating expenses.

Rate Stabilization Fund:

Revenues collected in the System Repair and Replacement ("R&R") Fund and the Pumped R&R Fund in excess of fund requirements are transferred to the Rate Stabilization Fund for use in mitigating future year rate spikes.

LOCAL ECONOMY

The service area continues to experience modest population growth and a stable job market. The unemployment rate in the area increased slightly to 5.1% in fiscal year 2025 compared to 4.4% in fiscal year 2024. Sustained population growth and sustained manufacturing production provides the basis for projecting increased annual water demands in the coming years. The service area is well positioned geographically and with adequate infrastructure for sustained future growth in both population and job creation.

ACKNOWLEDGEMENTS

We appreciate the hard work consistently displayed by our commissioners and employees to provide high-quality, clean, safe, reliable, and an economical flow of drinking water to our wholesale customers in Anderson, Pickens, and Abbeville Counties.

Respectively Submitted,

Chris Weber
Executive Director

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Anderson Regional Joint Water System

List of Principal Officials

As of June 30, 2025

Board of Commissioners

Commissioner		Agency
Patrick Jackson*	Chairman	Starr-Iva Water and Sewer District
Scott Banks*	Vice-Chairman	City of Anderson
Benjie McGill*	Secretary	City of Clemson
Mitch Ellenburg*	At Large	Belton-Honea Path Water Authority
Tracy Durham*	At Large	Sandy Springs Water District
Matt Ruff		Big Creek Water District and Hammond Water District
Kevin Simpson		Broadway Water District
Malinda Pettigrew		Homeland Park Water District
Murray Dodd		Powdersville Water District
Phillip Mishoe		Town of Central
Steve Miller		Town of Pendleton
Kevin Strickland		Town of Williamston
John Lollis		West Anderson Water District

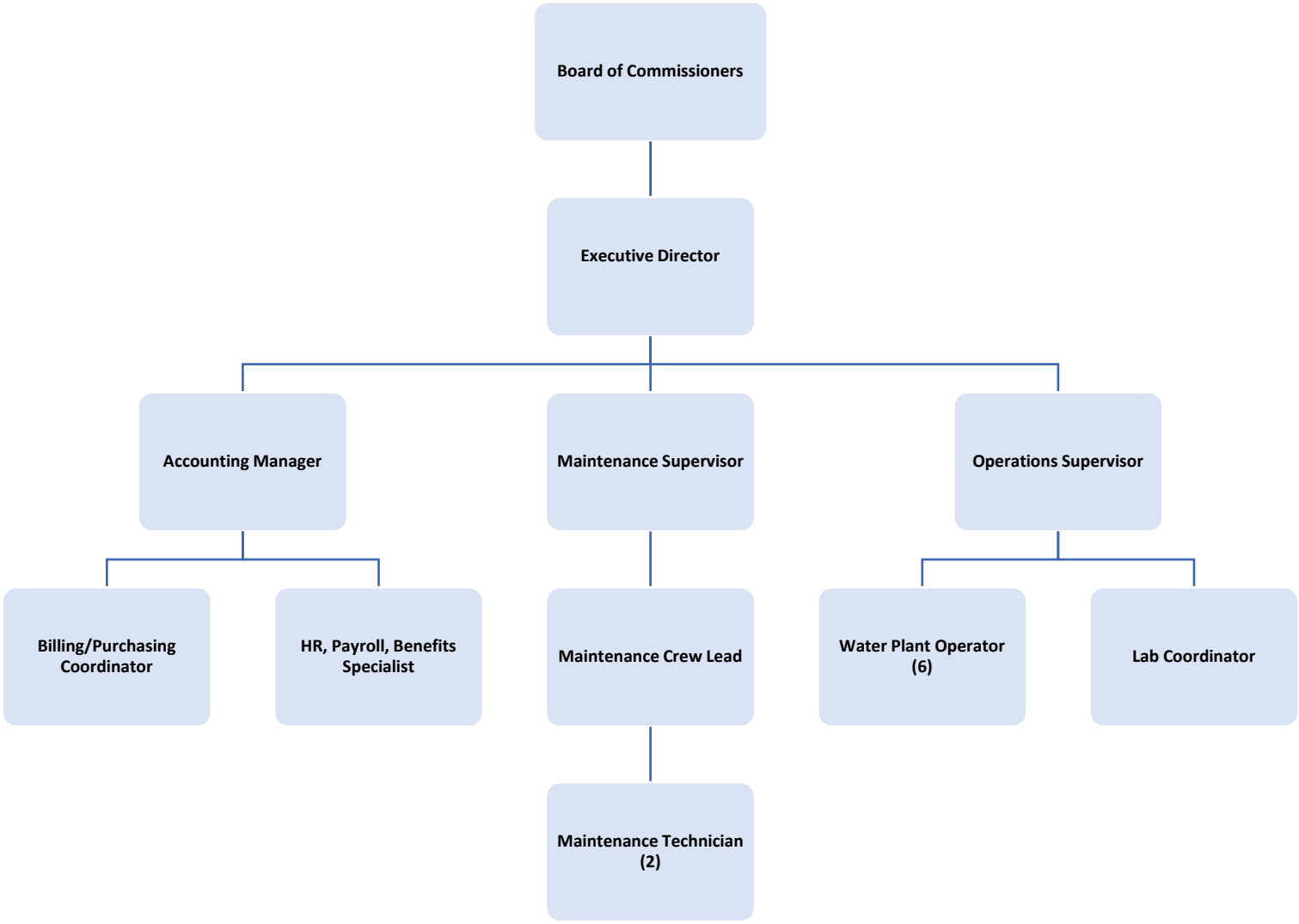
*Executive Committee

Executive Director

Chris Weber

Anderson Regional Joint Water System

Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Anderson Regional Joint Water System
South Carolina

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Anderson Regional Joint Water System
Anderson, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Anderson Regional Joint Water System, South Carolina (the "Joint Water System"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Joint Water System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Joint Water System as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *("Government Auditing Standards")*. 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 Joint Water System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Joint Water System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 GAAS 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 Joint Water System'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 Joint Water System'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 and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Joint Water System's basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 October 20, 2025 on our consideration of the Joint Water System'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 Joint Water System'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 the Joint Water System's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP
Mauldin, South Carolina
October 20, 2025

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ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDING JUNE 30, 2025 and 2024

Board of Commissioners of the Anderson Regional Joint Water System and to the community we serve:

We are pleased to transmit the Annual Comprehensive Financial Report of the Anderson Regional Joint Water System ("Joint Water System") for the fiscal years ending June 30, 2025 and 2024. Statement No. 34 of the Governmental Accounting Standards Board ("GASB") requires that management provide a discussion and analysis to accompany the financial statements. This discussion and analysis of the Joint Water System's financial performance provides an overview of financial activities for the fiscal years ending June 30, 2025 and 2024, and should be read in conjunction with the Joint Water System's financial statements.

The Joint Water System operates as a utility enterprise and maintains accounting records in accordance with the U.S. generally accepted accounting principles as prescribed by the GASB. The basic financial statements include: **Statements of Net Position**; **Statements of Revenues, Expenses, and Changes in Net Position**; **Statements of Cash Flows**; and **Notes to the Financial Statements**.

The **Statements of Net Position** present the financial position of the Joint Water System as of a specific date. These statements provide information about the nature and amount of resources (assets and deferred outflows of resources) and obligations (liabilities and deferred inflows of resources), with the difference reported as net position, some of which may be restricted in accordance with bond covenants and Board of Commissioners' policy. Over time, increases and decreases in net position may serve as indicators of whether the financial position of the Joint Water System is improving or deteriorating.

The **Statements of Revenues, Expenses, and Changes in Net Position** present the results of the business activities over the course of the fiscal year and information about how the net position changed during the 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. These statements also provide certain information on the Joint Water System's cost recovery. During fiscal year 2025, the Joint Water System recovered 94.2% of its operating revenue under a direct cost recovery formula. The remaining 5.8% of system costs were recovered under a revenue neutral wholesale rate under contracted sales to Clemson University, compared to 6.2% in both fiscal years 2024 and 2023.

The **Statements of Cash Flows** present changes in cash and cash equivalents, resulting from operational, financing, and investing activities. These statements present 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 and supplementary information contain additional financial data and though not a required part of the financial statements, this data enhances information provided to users.

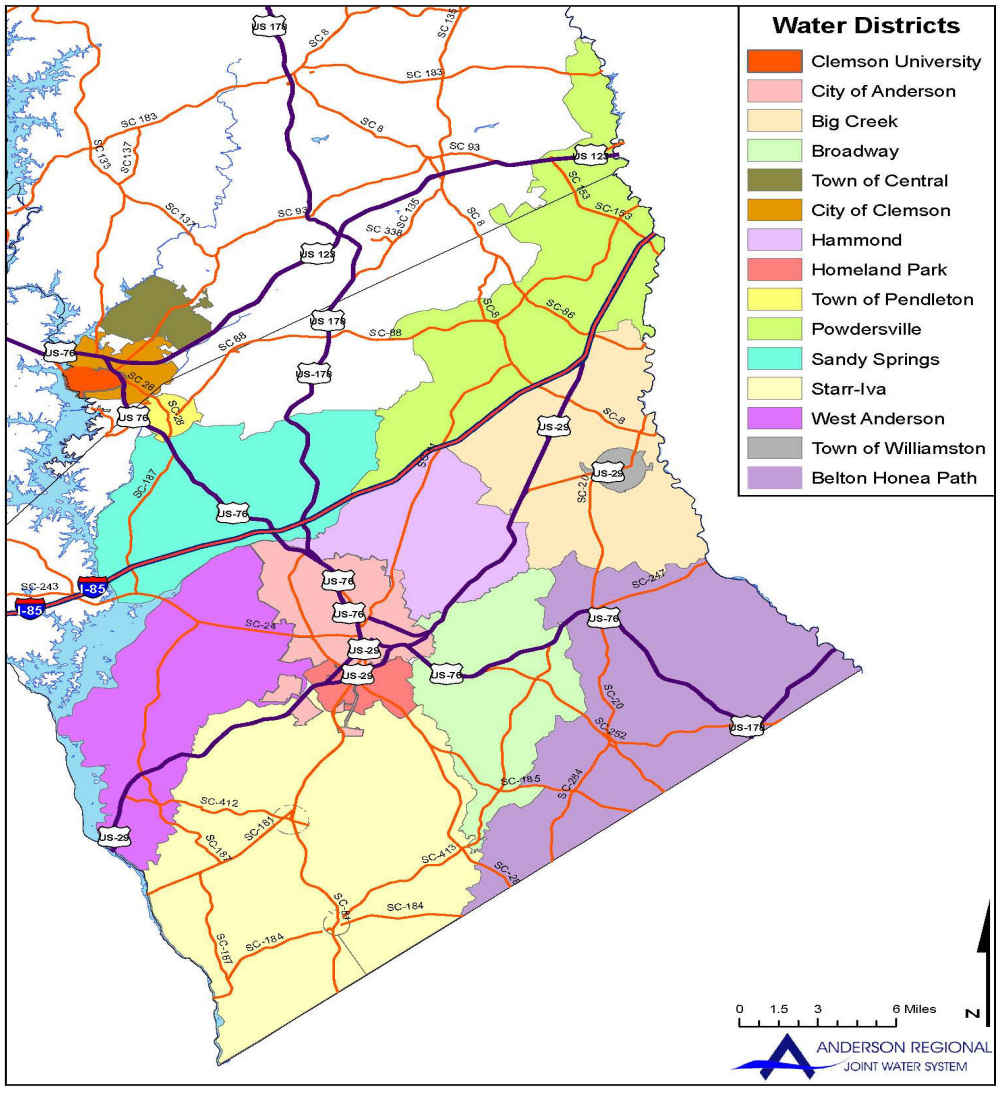
Responsibility for the accuracy of the data as well as the thoroughness of the presentation rests with the management of the Joint Water System. To the best of our knowledge, the enclosed information is accurate in all material respects and adequately presents the financial position of the Joint Water System.

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDING JUNE 30, 2025 and 2024

The Joint Water System

Pursuant to Section 6-25-50 of the S.C. Code of Laws, the Anderson County Joint Municipal Water System, subsequently renamed the Anderson Regional Joint Water System pursuant to Resolution No. 10-12-04, effective October 12, 2004, established an entity for including, but not limited to, the planning, financing acquisition and location of water supply and water distribution systems to ensure for an adequate, reliable and economical supply of water to the persons and property served by the members of the Joint Water System, and such other purposes as are or may be permitted by law.



A thirteen-member Board of Commissioners ("Board" or "Commission") representing the fourteen participating member agencies governs the Joint Water System. Clemson University is serviced as a non-governing wholesale customer. The Commissioners serve at the pleasure of their appointing Boards or Councils. The Board, under authority of state law, has and may exercise all powers which are granted to special purpose districts by the Constitution and Laws of South Carolina, except the power to levy and collect taxes.

Actions by the Commission are approved via two voting procedures: agency votes and flow-based votes. Debt issuances are approved based on agency votes, with each agency receiving 1 vote. Debt issuances resulting in increases to total capacity require unanimous consent of the agencies participating in the issue. All other debt issuances, for example, necessary to maintain system reliability or refinancing existing debt, require approval of a two thirds super-majority. Officers are selected based on simple majority of agency votes.

All other board actions, including budget adoption, contract award and policy changes require approval of a simple majority of flow-based votes. One thousand flow-based votes are allocated proportionately based on an agency's pro rata water purchases during the preceding calendar year. In addition, each commissioner is entitled to 1 vote. The vote allocation is re-computed annually.

Commission Flow-Based Vote Allocation

	2025 Votes		2024 Votes		2023 Votes	
	Flow	*Total*	*Flow*	*Total*	*Flow*	*Total*
City of Anderson	248	249	261	262	262	263
Big Creek	57	58	53	54	54	55
Broadway	44	45	47	48	43	44
Belton/Honea Path	0	1	0	1	0	1
Town of Central	0	1	0	1	0	1
City of Clemson	127	128	128	129	128	129
Hammond	132	133	128	129	132	133
Homeland Park	37	38	37	38	37	38
Pendleton	22	23	22	23	24	25
Powdersville	13	14	12	13	15	16
Sandy Springs	143	144	130	131	128	129
Starr Iva	65	66	70	71	66	67
West Anderson	83	84	81	82	81	82
Williamston	29	30	31	32	30	31
System Total	**1000**	**1014**	**1000**	**1014**	**1000**	**1014**

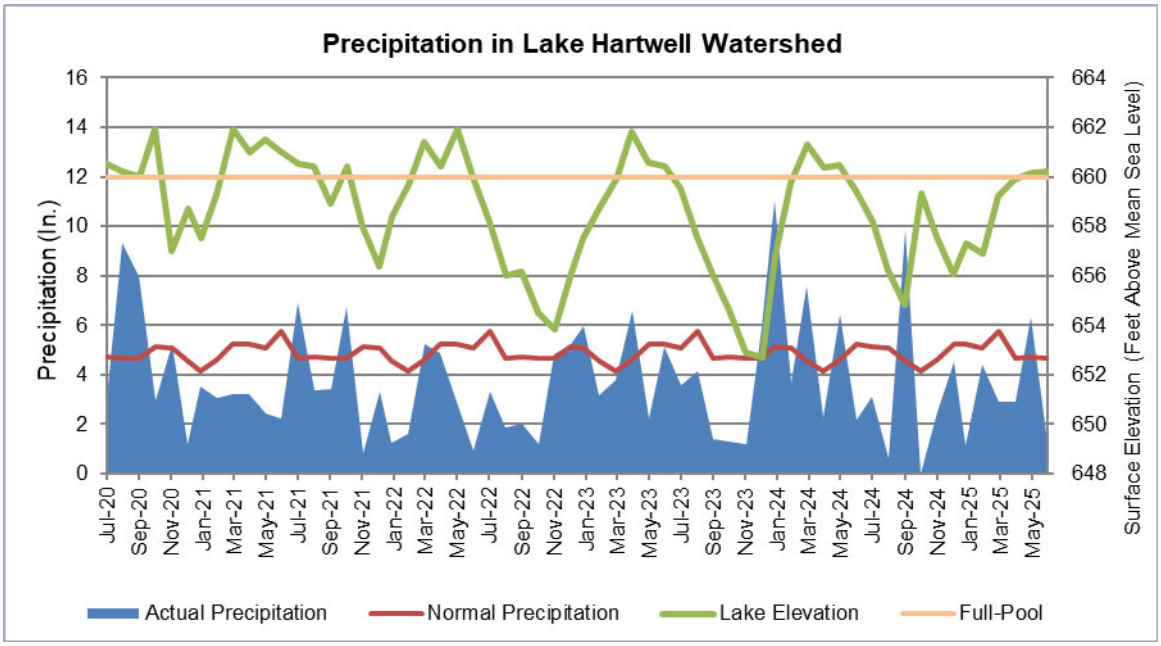
FISCAL YEAR 2025 IN REVIEW

Stable Water Resource Supplies

The Joint Water System's treatment plant pulls its water supply from the Lake Hartwell reservoir. Precipitation in the watershed was below average during fiscal year 2025, but water levels in the reservoir remained stable. The water level started the year below full-pool, which is considered 660 feet above sea level, but heavy rain in September brought the water level to near full-pool. For the remainder of the year, the water level remained stable and followed the seasonal elevation curve of lower water levels in the winter months and higher water levels in the warmer months.

Demand and Consumption

During fiscal year 2025, the immediate service area experienced heavy precipitation in September and May and experienced lower than average precipitation for the remaining ten months of the year. The overall decrease in rainfall coupled with population growth in the immediate service area resulted in slightly increased water sales compared to the prior year.



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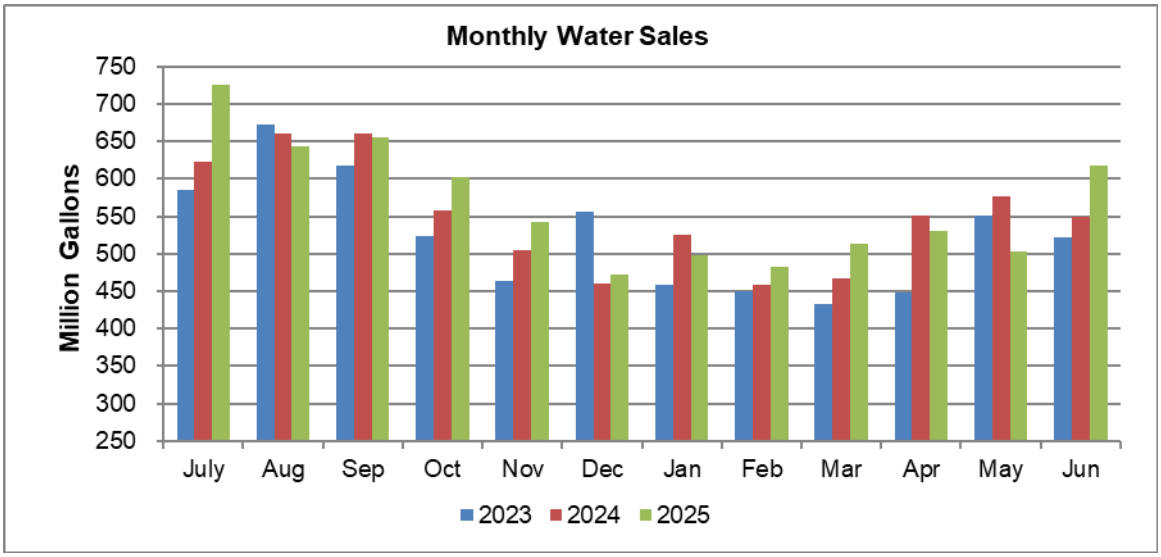


Water Purchases in Gallons and Share of Annual Deliveries

	2025		2024		2023	
Anderson	1,589,788,963	23.43%	1,581,146,324	23.98%	1,559,371,879	24.82%
Big Creek	386,716,915	5.70%	338,334,798	5.13%	313,025,294	4.98%
Broadway	279,077,936	4.11%	289,912,234	4.40%	254,644,298	4.05%
Clemson	825,263,959	12.16%	766,501,044	11.63%	778,557,408	12.39%
Clemson University	397,665,750	5.86%	402,680,131	6.11%	364,225,617	5.80%
Hammond	824,793,726	12.16%	807,569,076	12.25%	773,192,661	12.31%
Homeland Park	243,574,486	3.59%	229,253,071	3.48%	220,009,219	3.50%
Pendleton	135,150,804	1.99%	136,105,737	2.06%	132,751,215	2.11%
Powdersville	83,698,117	1.23%	76,952,617	1.17%	76,798,294	1.22%
Sandy Springs	887,677,901	13.08%	843,884,277	12.80%	743,586,157	11.83%
Starr-Iva	414,526,711	6.11%	427,695,191	6.49%	403,346,443	6.42%
West Anderson	525,554,739	7.75%	502,966,308	7.63%	485,365,832	7.72%
Williamston	191,975,440	2.83%	189,562,317	2.88%	178,301,209	2.84%
TOTAL	6,785,465,447	100.00%	6,592,563,125	100.00%	6,283,175,526	100.00%

Capital Grants

In April 2023, the Joint Water System was awarded a South Carolina Rural Infrastructure Authority Grant of $10,000,000 to be used for Lake Hartwell Filter Plant Improvements. This grant has a match requirement of 25% or $2,500,000. During fiscal year 2025, the Joint Water System had $4,960,537 in capital outlay related to these projects, offset by $3,009,161 in capital grant contributions.

PFAS Settlement

In 2024, the United States District Court approved four class action settlements between companies that manufactured PFAS chemicals, often called "forever chemicals", and various plaintiffs (primarily water systems). The Joint Water System is included in the group of plaintiffs and is expected to receive approximately $7,284,000 in gross settlement proceeds between 2025 and 2033. The net amount expected to be received by the Joint Water System after legal fees, case expenses, and other administrative costs is $5,345,914. See Note 3 in the accompanying notes to the financial statements for additional discussion of the settlement.

Additional Water Supply Storage Allocation

The Joint Water System's storage rights in the Lake Hartwell reservoir were initially contracted with the U.S. Army Corps of Engineers for 50 years with the contract expiring in 2017. During fiscal year 2018, the Joint Water System remitted the final payment of the original contract of $2,155,900 to secure the original raw water rights. Additional capacity sufficient to meet customer demands for an estimated 50 years was sought in fiscal year 2012. During fiscal year 2025, the new allocation study was not completed.

Financial Planning

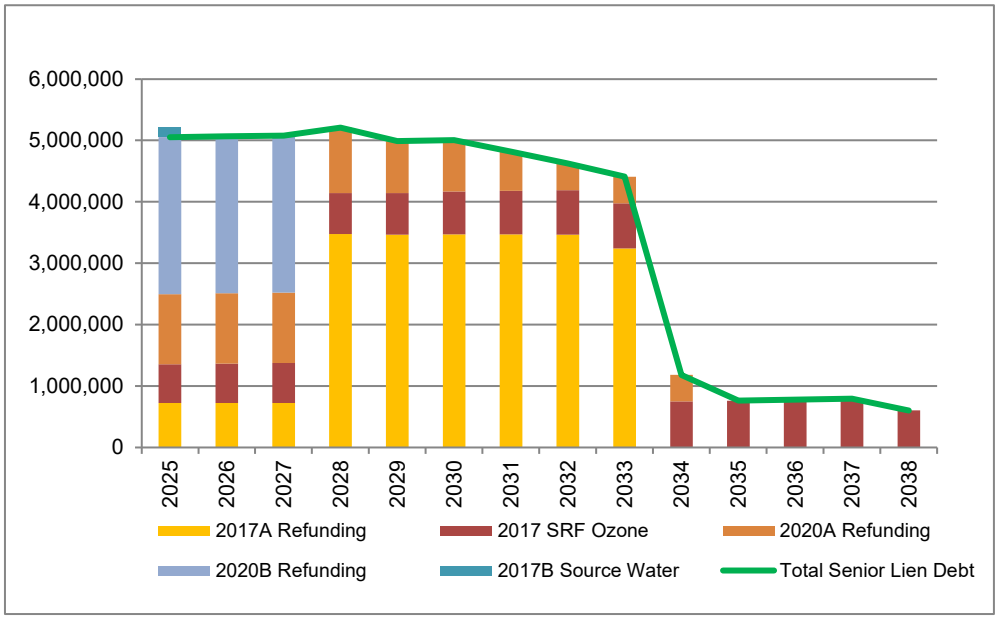
The Board has adopted a Comprehensive Financial Policy that details the parameters necessary to develop a financial model capable of evaluating multiple planning scenarios. The financial model predicts revenue, expenses and water revenue requirements of the utility allowing debt issuances to be optimized under each scenario. The financial model is annually updated to provide multiple year projections for the Joint Water System and estimated impacts on each member agency.

The Joint Water System adheres to SC state guidelines requiring insured or collateralized accounts with respect to investment policies for all funds. While the Joint Water System's bylaws allow the use of limited variable interest rate debt, the Commission has elected to utilize only fixed rate debt issuances. Debt issuances have been made seeking to minimize the total debt outstanding as well as year-over-year debt service cost increases wherever possible.

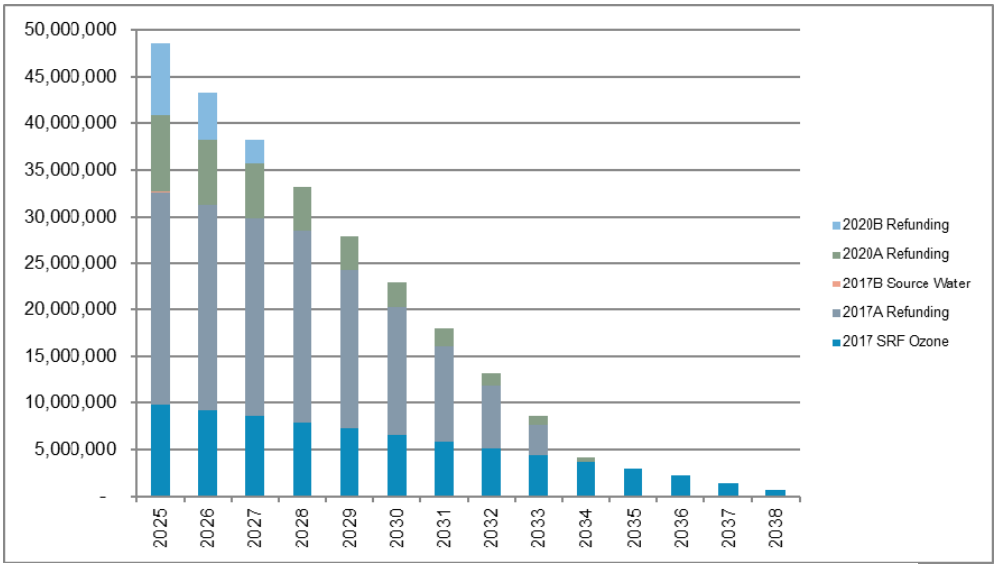
The Joint Water System's bond covenants are strong with step-up provisions and absolute repayment obligations. All of the Joint Water System's debt payments, regarding revenue bonds and other loan and repayment contracts, are made in accordance with prescribed requirements. In addition to the strong financial planning during the budget preparation cycle, the Joint Water System has an excellent record of executing the adopted annual budget. As a result, the Joint Water System is able to maintain an AA- rating on its outstanding bonds from Standard & Poor's and an Aa3 rating from Moody's.

The chart below depicts the Joint Water System's existing and planned annual debt repayment plans.

Annual Debt Service



Total Debt Service Outstanding



Joint Water System Annual Revenue*

FY	O&M Revenue	Debt Service	R&R Revenue	Total Revenue	Demand (kGals)	
2016	$4,228,816	$4,652,903	$1,422,323	$10,304,042	6,345,893	$1.62
2017	4,695,656	4,614,029	1,417,697	10,727,382	6,428,531	1.67
2018	4,683,984	4,658,154	1,497,837	10,839,975	6,054,547	1.79
2019	4,405,153	5,264,847	1,623,394	11,293,394	6,104,910	1.85
2020	4,637,725	5,272,163	1,630,008	11,539,896	6,212,754	1.86
2021	4,737,178	5,334,608	1,644,753	11,716,539	5,945,503	1.97
2022	5,537,323	5,318,511	1,607,758	12,463,592	6,272,210	1.99
2023	6,141,564	5,227,620	1,609,736	12,978,920	6,283,176	2.07
2024	6,704,996	5,222,912	1,611,427	13,539,335	6,592,563	2.05
2025	$7,727,746	$5,224,485	$1,614,483	$14,566,714	6,785,465	$2.15

*Does not include miscellaneous revenue.

In lieu of fully funding depreciation, the Joint Water System collects funds for Repair and Replacement ("R&R"). The Water Sale and Purchase Agreement stipulates that an amount equivalent to 30% of the annual gross debt service payments on senior lien bonds be set aside to fund capital refurbishments.

Joint Water System Depreciation

FY	Annual Depreciation*	Cumulative Depreciation	Annual R&R	Cumulative R&R	Cumulative Depreciation Funding (%)
2016	$2,238,239	$22,117,101	$1,422,323	$17,489,004	79.07%
2017	2,259,007	24,376,108	1,417,697	18,906,701	77.55%
2018	2,424,418	26,800,526	1,497,837	20,404,538	76.13%
2019	2,644,014	29,444,541	1,623,394	22,027,932	74.81%
2020	2,690,616	32,135,157	1,630,008	23,657,940	73.62%
2021	2,573,032	34,708,189	1,644,753	25,302,699	72.90%
2022	2,590,770	37,298,959	1,607,758	26,910,457	72.14%
2023	2,142,455	39,441,414	1,609,736	28,520,193	72.31%
2024	2,544,013	41,985,427	1,611,427	30,131,620	71.77%
2025	$2,749,278	$44,734,705	$1,614,483	$31,746,103	70.97%

*Annual depreciation is shown net of fiscal year asset deletions. See Note 4 in the notes to the financial statements for additional information.

FINANCIAL STATEMENTS

Statements of Net Position

The Statements of Net Position are a financial snapshot of the Joint Water System at June 30, 2025, 2024, and 2023 for both the potable and raw water activities. It presents the fiscal resources of the Joint Water System (assets and deferred outflows of resources), the claims against those resources (liabilities and deferred inflows of resources) and the residual available for future operations (net position). Net position is classified by the way these resources may be used for future operations.

The Joint Water System's total assets on June 30, 2025, 2024, and 2023 were $103,946,955, $92,969,617, and $93,209,385, respectively. Assets consisted primarily of net capital assets, which accounted for $78,733,292 of total assets during fiscal year 2025. Comparable figures for total capital assets the two previous years were $75,598,718 for fiscal year 2024 and $76,676,216 for fiscal year 2023.

Depreciation provides an ongoing mechanism for accumulating sufficient reserves to replace plant capital when it reaches the end of its useful life. Depreciation is an annual expense that recognizes the cost of assets over their useful lives to reflect the decline in value over time. Accumulated depreciation was $44,734,705 through fiscal year 2025, $41,985,427 through fiscal year 2024, and $39,441,414 through fiscal year 2023. In lieu of funding depreciation, the Joint Water System utilizes a set of Repair and Replacement accounts. Presently, these accounts have collected 70.97% of cumulative depreciation, compared to 71.77% in fiscal year 2024 and 72.31% in fiscal year 2023.

The Joint Water System's total liabilities on June 30, 2025 totaled $46,371,892, of which $31,649,967 was Bond debt (which includes a premium on the bonds) used to fund capital projects. Comparably, the Joint Water System's total liabilities on June 30, 2024 totaled $49,102,423, of which $35,435,478 was Bond debt (which includes a premium on the bonds), and on June 30, 2023 totaled $53,597,807, of which $39,329,989 was Bond debt used to fund capital projects.

Anderson Regional Joint Water System
Condensed Statements of Net Position

	June 30,		
	2025	**2024**	**2023**
Current assets, restricted assets, investments	$ 24,253,663	$ 17,370,899	$ 16,533,169
Noncurrent assets	79,693,292	75,598,718	76,676,216
Total Assets	103,946,955	92,969,617	93,209,385
Deferred losses on refundings	1,315,981	1,675,330	2,034,680
Deferred pension charges	554,092	582,489	675,898
Total deferred outflows of resources	1,870,073	2,257,819	2,710,578
Current liabilities	7,200,984	5,351,911	5,427,930
Noncurrent liabilities	39,170,908	43,750,512	48,169,877
Total liabilities	46,371,892	49,102,423	53,597,807
Deferred pension credits	207,831	48,470	79,108
Total deferred inflows of resources	207,831	48,470	79,108
Net investment in capital assets	39,536,344	32,380,056	29,338,024
Restricted	12,719,685	13,111,741	12,006,901
Unrestricted	6,981,276	584,746	898,123
Total net position	$ 59,237,305	$ 46,076,543	$ 42,243,048

The Joint Water System's net position is separated into three categories. The first category, net investment in capital assets, consists of capital assets (net of depreciation) less related outstanding debt (including deferred losses on refundings), construction payables, and retainage payables incurred to purchase or produce those assets. The net investment in capital assets balances for 2025, 2024, and 2023 were $39,536,344, $32,380,056, and $29,338,024, respectively. The second category, restricted, consists of restricted assets less accrued interest on construction related long-term debt. The restricted balances for 2025, 2024, and 2023 were $12,719,685, $13,111,741 and $12,006,901, respectively. The third category, unrestricted, consists of all other balance sheet amounts unrelated to acquisition of capital assets. The unrestricted balances for 2025, 2024, and 2023 were $6,981,276, $584,746, and $898,123, respectively.

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses and changes in net position present the financial activity of the Joint Water System for the years ended June 30, 2025, 2024, and 2023. The Joint Water system operates two separate activities: a potable water system comprising 98.0% of total revenues and a raw water system comprising the balance. Detailed information by activity can be found in the Combining Schedule of Revenues, Expenses and Changes in Net Position. The focus of the following discussion is on operating revenues and expenses that have a significant effect on the provision of water to the customers of the Joint Water System.

Anderson Regional Joint Water System
Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30,		
	2025	2024	2023
Operating Revenues			
Operations and maintenance	$ 7,727,746	$ 6,704,996	$ 6,141,564
Debt service	5,224,485	5,222,912	5,227,620
Renewal and replacement	1,614,483	1,611,427	1,609,736
Miscellaneous	208,035	193,004	143,526
Total operating revenues	14,774,749	13,732,339	13,122,446
Operating Expenses			
Operations and maintenance	4,058,843	3,825,210	3,362,286
Administrative expenses	2,838,627	2,617,993	2,438,078
Depreciation	2,819,606	2,696,281	2,646,918
Total operating expenses	9,717,076	9,139,484	8,447,282
Net operating income	5,057,673	4,592,855	4,675,164
Nonoperating revenues (expenses)			
Interest income	638,434	612,264	422,240
Interest expense	(1,220,641)	(1,297,528)	(1,370,384)
Settlement proceeds	5,345,914	-	-
Other revenues (expenses)	(255,667)	(74,096)	(593,504)
Net non-operating income (expenses)	4,508,040	(759,360)	(1,541,648)
Income before capital contributions	9,565,713	3,833,495	3,133,516
Capital contributions	3,595,049	-	-
Increase in net position	13,160,762	3,833,495	3,133,516
Net position, beginning of year	46,076,543	42,243,048	39,109,532
Net position, end of year	$ 59,237,305	$ 46,076,543	$ 42,243,048

Operating Revenues

Total Operating Revenue is generated under four categories: operations and maintenance, debt service, renewal and replacement, and miscellaneous. The potable water activity contributed 98.0% of the $14,774,749 in total operating revenues for fiscal year 2025. In comparison, potable water actively contributed 97.9% and 97.8% in both fiscal years 2024 and 2023, respectively. As shown in the financial statements, total operating revenue for 2025 increased 7.6% from 2024 and operating revenue for 2024 increased 4.6% from 2023. The increase in revenue is primarily attributable to the budgeted increase in the revenue requirement collected from the members of 6.0%. This increase is approved by the member agencies during the budget approval process.

Operating Expenses

The condensed statements of revenues, expenses and changes in net position show the three main categories of operating expenses. On the full statement of net position presented with the Basic Financial Statements and during the budget process, operating expenses are further categorized into six functional budget groups. Operations and maintenance expenses detail the major costs of operating the water treatment plant such as chemicals, electricity, laboratory costs, and routine maintenance. Administrative expenses cover most general expenses of doing business, including payroll and employee benefits. Operating expenses for fiscal year 2025 were $9,717,076, an increase of 6.3% from fiscal year 2024. Operating expenses for fiscal year 2024 were $9,139,484, an increase of 8.2% from fiscal year 2023. The increase in expenses is primarily attributable to an increase in the cost of chemicals, professional services, and depreciation expense during fiscal year 2025.

Non-operating Revenues and (Expenses)

Non-operating revenues and (expenses) are made up of the cumulative of interest income, proceeds from the sale of assets, settlement revenues, and grant revenues, less interest paid on debt and any applicable water credits. For fiscal year 2025 net non-operating revenue was $4,508,040, compared to an expense of ($759,360) and ($1,541,648) for 2024 and 2023, respectively. The increase in non-operating revenues is primarily related to the revenues from the PFAS settlement (see PFAS Settlement section earlier for more details).

Statements of Cash Flows

Net cash provided by operating activities was $7,418,215 in fiscal year 2025 compared to $7,133,745 in 2024 and $7,030,323 in 2023. The Joint Water System spent $3,903,286 on the acquisition and construction of capital assets in fiscal year 2025 compared to $1,618,783 in 2024 and $388,188 in 2023. Capital asset construction in fiscal year 2025 was offset by capital grant proceeds of $958,267 compared to no capital grant proceeds in fiscal year 2024 or 2023. Normal debt service payments resulted in principal payments of $4,257,552 and interest payments of $1,015,456 for revenue bonds and other long-term debt during fiscal year 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Joint Water System upgrades the Water Treatment Plant and supporting facilities on an ongoing basis. Total capital assets as of June 30, 2025 were $78,733,292, an increase of $3,134,574 from fiscal year 2024. Capital asset additions during the year consisted of construction in progress of $4,967,588 primarily related to the South Carolina Rural Infrastructure Authority Grant and $986,592 related to various equipment upgrades at the treatment plant. These additions were offset by depreciation expense of $2,819,606.

Total capital assets as of June 30, 2024 were $75,598,718, a decrease of $1,077,498 from fiscal year 2023. Capital asset additions during the year consisted of construction in progress of $957,581 and $661,202 related to various equipment upgrades at the treatment plant. These additions were offset by $158,268 in capital asset disposals and depreciation expense of $2,696,281.

See Note 4 in the accompanying notes to the financial statements for additional discussion of capital asset activity.

Debt Administration

The Joint Water System currently has several revenue bonds outstanding. The Joint Water System made regular principal and interest payments during the fiscal year 2025.

In February 2017, the Joint Water System entered into a loan agreement with the State Revolving Fund for an amount of $13,500,000 to fund the construction of the Advanced Oxidation (Ozone) Treatment Process. The balance on the 2017 SRF Loan is $8,862,962.

In October 2017, the Joint Water System issued $20,712,000 in revenue bonds to refund the remaining balance of the 2012A Bond issue. The balance on the 2017A bond issue as of June 30, 2025 is $19,441,000.

In September 2020, the Joint Water System issued $9,270,000 in revenue bonds to refund the remaining balances of the 2005, 2009A, and 2012B revolving fund loans. The balance of the 2020A Bond Issue as of June 30, 2025 is $6,135,000. During the same September 2020 issuance, the Joint Water System also issued $12,515,000 in revenue bonds to partially refund the 2011A Bond Issue. The balance of the 2020B Bond Issue as of June 30, 2025 is $5,055,000.

	2025	2024	2023
Series 2017, SRF	$ 8,862,962	$ 9,458,514	$ 10,042,883
Series 2017A, Refunding	19,441,000	19,638,000	19,829,000
Series 2017B, Jr Lien	-	80,000	320,000
Series 2020A, Refunding	6,135,000	7,025,000	7,885,000
Series 2020B, Advance Refunding	5,055,000	7,550,000	10,030,000
Total Debt Outstanding	$ 39,493,962	$ 43,751,514	$ 48,106,883

See Note 6 in the accompanying notes to the basic financial statements for additional discussion of long-term debt activity.

Debt Service Coverage Requirements

In the Bond Resolutions, the Joint Water System covenants and agrees that it will, at all times, maintain rates sufficient to yield annual Net Earnings in the fiscal year equal to at least one hundred twenty percent of the sum of the annual debt service payments for all senior lien bonds outstanding (1.20x). Net earnings are derived by adjusting the change in net position. For fiscal year 2025, the debt service ratio was 1.67x, compared to 1.61x in 2024 and 1.48x in 2023.

Rate Covenant Compliance

	2025	2024	2023
Increase in Net Position	$ 13,160,762	$ 3,833,495	$ 3,133,516
Less Settlement Revenues	(5,345,914)	-	-
Less Grants	(3,049,361)	-	-
Less Contributions in Aid	(585,888)	-	-
Plus Interest Expense	1,220,641	1,297,528	1,370,384
Plus Water Credits	295,867	74,096	145,369
Plus Gain/Loss on Capital Assets	-	-	448,135
Plus Depreciation	2,819,606	2,696,281	2,646,918
Plus Contingency Reserve Draws	230,000	482,300	-
Plus Change in Net Pension Balances	(14,387)	24,469	(17,369)
Net Earnings	$ 8,731,326	$ 8,408,169	$ 7,726,953
Debt Service	$ 5,224,485	$ 5,227,912	$ 5,227,620
Debt Service Coverage Ratio	**1.67X**	**1.61X**	**1.48X**
1.20X Required			

Requests for Information

This report is provided as a general overview of the Anderson Regional Joint Water System finances and demonstrates the Joint Water System's accountability for the money it receives and the stewardship of the facilities it maintains. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Executive Director
Anderson Regional Joint Water System
998 Hunters Trail
Anderson, SC 29625

BASIC FINANCIAL STATEMENTS

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,241,006	$ 2,394,542
Restricted cash and cash equivalents	491,354	638,295
Investments	989,642	-
Restricted investments	12,640,834	12,916,602
Receivables		
Trade	1,251,650	1,281,246
Grants	2,091,094	-
Settlement	3,397,000	-
Accrued interest	72,306	72,279
Prepaid expenses	78,777	67,935
Total current assets	24,253,663	17,370,899
Noncurrent assets:		
Settlement receivables, less current portion	960,000	-
Capital assets, net:		
Non-depreciable	18,347,351	13,788,065
Depreciable	60,385,941	61,810,653
Total noncurrent assets	79,693,292	75,598,718
Total assets	103,946,955	92,969,617
DEFERRED OUTFLOWS OF RESOURCES		
Deferred losses on refundings	1,315,981	1,675,330
Deferred pension charges	554,092	582,489
	1,870,073	2,257,819
LIABILITIES		
Current liabilities:		
Accounts payable	1,987,331	335,003
Retainage payable	300,916	-
Accrued interest	412,503	443,156
Accrued expenses and other liabilities	224,774	316,200
Unearned revenue	21,512	-
Current portion of revenue bonds	3,647,000	3,662,000
Current portion of other long-term debt	606,948	595,552
Total current liabilities	7,200,984	5,351,911
Noncurrent liabilities:		
Revenue bonds, less current portion	28,002,967	31,773,478
Other long-term debt, less current portion	8,256,014	8,862,962
Net pension liability	2,911,927	3,114,072
Total noncurrent liabilities	39,170,908	43,750,512
Total liabilities	46,371,892	49,102,423
DEFERRED INFLOWS OF RESOURCES		
Deferred pension credits	207,831	48,470
NET POSITION		
Net investment in capital assets	39,536,344	32,380,056
Restricted for debt service	7,199,711	6,801,471
Restricted for renewal and replacement	2,235,065	2,276,470
Restricted for capital improvements	3,284,909	4,033,800
Unrestricted	6,981,276	584,746
Total net position	$ 59,237,305	$ 46,076,543

The notes to the financial statements are an integral part of these statements.
See accompanying independent auditor's report.

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Operations and maintenance	$ 7,727,746	$ 6,704,996
Debt service	5,224,485	5,222,912
Renewal and replacement		
Water system	1,546,719	1,543,605
Pump station	67,764	67,822
Miscellaneous	208,035	193,004
Total operating revenues	14,774,749	13,732,339
OPERATING EXPENSES		
Salaries and wages	1,826,187	1,772,280
Payroll taxes and employee benefits	716,108	722,170
Operations and maintenance	4,058,843	3,825,210
Professional fees	180,419	27,653
Insurance	115,913	95,890
Total operating expenses before depreciation	6,897,470	6,443,203
Depreciation	2,819,606	2,696,281
Total operating expenses	9,717,076	9,139,484
Net operating income	5,057,673	4,592,855
NON-OPERATING REVENUES (EXPENSES)		
Interest income	638,434	612,264
Settlement proceeds	5,345,914	-
Federal grant	40,200	-
Water credits	(295,867)	(74,096)
Interest expense	(1,220,641)	(1,297,528)
Net non-operating income (expenses)	4,508,040	(759,360)
INCOME BEFORE CAPITAL CONTRIBUTIONS	9,565,713	3,833,495
Capital grants	3,009,161	-
Contributions in aid of construction	585,888	-
Increase in net position	13,160,762	3,833,495
NET POSITION, beginning of year	46,076,543	42,243,048
NET POSITION, end of year	$ 59,237,305	$ 46,076,543

The notes to the financial statements are an integral part of these statements.
See accompanying independent auditor's report.

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	$ 14,529,990	$ 13,473,884
Paid to suppliers for goods and services	(5,372,460)	(4,605,074)
Paid to employees for services	(1,739,315)	(1,735,065)
Net cash provided by operating activities	7,418,215	7,133,745
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Settlement proceeds	988,914	-
Net cash provided by non-capital financing activities	988,914	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,903,286)	(1,618,783)
Contributions in aid of construction	585,888	-
Capital grant proceeds	958,267	-
Principal payments on revenue bonds	(3,662,000)	(3,771,000)
Principal payments on long-term debt	(595,552)	(584,369)
Interest paid	(1,015,456)	(1,090,057)
Net cash used in capital and related financing activities	(7,632,139)	(7,064,209)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale (purchase) of investments	(713,874)	(762,529)
Interest received	638,407	612,264
Net cash used in investing activities	(75,467)	(150,265)
Net increase (decrease) in cash and cash equivalents	699,523	(80,729)
CASH AND CASH EQUIVALENTS, beginning of year	3,032,837	3,113,566
CASH AND CASH EQUIVALENTS, end of year	$ 3,732,360	$ 3,032,837
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	$ 5,057,673	$ 4,592,855
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	2,819,606	2,696,281
Water credits	(295,867)	(74,096)
Changes in assets and liabilities:		
Accounts receivable	29,596	(184,265)
Prepaid expenses	(10,842)	28,335
Accounts payable	(97,650)	11,086
Accrued expenses and other liabilities	(91,426)	39,080
Unearned revenue	21,512	-
Net pension liability	(202,145)	(38,302)
Changes in deferred outflows and inflows:		
Deferred pension charges	28,397	93,409
Deferred pension credits	159,361	(30,638)
Net cash provided by operating activities	$ 7,418,215	$ 7,133,745
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and cash equivalents	$ 3,241,006	$ 2,394,542
Restricted cash and cash equivalents	491,354	638,295
	$ 3,732,360	$ 3,032,837
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Acquisition of capital assets not yet paid for	$ 2,050,894	$ -

The notes to the financial statements are an integral part of these statements.
See accompanying independent auditor's report.

The Anderson Regional Joint Water System (the "Joint Water System") is a special purpose district created by the General Assembly of the State of South Carolina on February 28, 2000. A thirteen-member Board of Commissioners representing the fourteen participating member agencies governs the Joint Water System. Clemson University also purchases water from the System, but because of state statute is exempt from membership on the Board. The fourteen member agencies who serve on the Board of Commissioners are as follows:

- Anderson, City of (Electric City Utilities)
- Belton-Honea Path Water Authority
- Big Creek Water & Sewerage District
- Broadway Water & Sewerage District
- Central, Town of
- Clemson, City of
- Hammond Water District
- Homeland Park Water District
- Pendleton, Town of
- Powdersville Water
- Sandy Springs Water District
- Starr-Iva Water and Sewer District
- West Anderson Water District
- Williamston, Town of

The Joint Water System's function is to plan and finance acquisition and location of water supply and water distribution systems to ensure for an adequate, reliable and economical supply of water to the persons and property served by the members of the Joint Water System. During April 2002, water treatment facilities, equipment and trunk lines were acquired by the Joint Water System's issuance of Series 2002 Revenue Bonds. It is the Joint Water System's policy to maintain customer user rates sufficient to meet operational and maintenance expenses and to pay debt service on debt issued to finance acquiring, upgrading and maintaining the System.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

REPORTING ENTITY

This report includes all operations of the Joint Water System for which the Joint Water System's Commissioners are financially accountable. The Joint Water System does not have any component units.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

Fund Accounting

The Joint Water System maintains a single enterprise fund (one of the proprietary fund types) to record its activities which consists of a self-balancing set of accounts. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

Basis of Accounting

The financial statements of the Joint Water System have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Joint Water System's accounting policies are described below.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting as required by GAAP. Basis of accounting refers to the timing of recording revenues and expenses. Under the accrual basis of accounting, revenues and receivables are recognized when earned and expenses and liabilities are recognized when incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Joint Water System's principal ongoing operations. The principal operating revenues of the Joint Water System are charges to customers for water. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Joint Water System's policy to use restricted resources first, and then unrestricted resources as needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

The Joint Water System considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months when initially purchased and investments in the South Carolina Local Government Investment Pool are reported as investments.

Certain cash and cash equivalents are classified as restricted on the balance sheet because their use is limited by debt covenants, agreements, or by external parties.

Investments

The Joint Water System's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the Joint Water System to invest in the following:

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

(b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a fair value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(f) Repurchase agreements when collateralized by securities as set forth in this section.

(g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Joint Water System's cash and investment objectives are preservation of capital, liquidity and yield. The Joint Water System's guaranteed investment contract is reported at contract value. The Joint Water System reports its other cash and investments at fair value which is normally determined by quoted market prices.

RECEIVABLES AND REVENUES

All trade and other receivables are shown net of an allowance for uncollectible amounts (if material). Trade receivables are generally comprised of amounts due from a member agency, grantor, and other fees and charges. Revenues and receivables, based on water consumption, are recognized when services are provided and are billed monthly. Once a claim has been adjudicated/settled in court, the Joint Water System will recognize a receivable for the estimated net proceeds expected to be received. Settlement receivables will be reviewed each year and any changes in estimates will be recognized in the year of change.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

INVENTORIES AND PREPAID ITEMS

The Joint Water System accounts for inventories and prepaid items under the consumption method as they are expensed when consumed (except when immaterial). Inventory items are reflected at average cost, determined generally on a first-in, first-out basis.

CAPITAL ASSETS

The Joint Water System defines capital assets as assets with an initial, individual cost of more than $5,000. Capital assets are recorded at cost. Contributions in aid of construction (donated capital assets) are recorded at estimated acquisition value (as estimated by the Joint Water System) at the date of donation. Capital assets are depreciated on the straight-line method over the estimated useful lives.

Estimated useful lives of the respective capital assets as follows:

Treatment facilities, trunk lines, and equipment	15 - 40 years
Operations and maintenance equipment	5 - 15 years
Office furniture and fixtures	3 - 7 years
Vehicles	5 years

COMPENSATED ABSENCES

It is the Joint Water System's policy to permit employees to accumulate vacation and sick leave. Unused vacation are accumulated in varying amounts based on years of service up to a maximum of 240 hours of vacation (with those within three years of retirement allowed to accumulate up to 360 hours). Regular full-time employees accumulate 12 days of sick leave per year with a maximum of 720 hours to start each fiscal year.

Earned vacation will be paid out when used, at separation, or retirement up to the maximum limits. Sick leave will only be paid out when used by an employee for personal illness and any remaining unused sick leave balances will be forfeited upon separation of employment. The Joint Water System believes that approximately 30% of the unused sick leave will be paid out when used in future years..

The Joint Water System reports compensated absences in accordance with the provisions of GASB Statement No. 101 "*Compensated Absences*." The entire compensated absence liability and expense is reported on the Joint Water System's financial statements. The Joint Water System estimates what will be paid out related to its compensated absences liability based on a last-in first-out basis.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the Joint Water System's financial statements when incurred. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts. Issuance costs are expensed when incurred.

UNEARNED REVENUE

Unearned revenues in the Joint Water System represent amounts collected, but not earned (if any).

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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 Joint Water System currently has two types of deferred outflows of resources: (1) The Joint Water System reports deferred losses on refundings which are the differences between the reacquisition prices and the net carrying amount of the defeased debt. These losses are deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortization of deferred losses on refundings is included in interest expense in the Statements of Revenues, Expenses and Changes in Net Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

The Joint Water System also reports deferred pension charges in connection with its participation in the South Carolina Retirement System. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial 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 or a reduction of an expense) until that time. The Water System currently has one type of deferred inflows of resources. The Joint Water System reports deferred pension credits in connection with its participation in the South Carolina Retirement System. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

PENSIONS

The Joint Water System recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Joint Water System's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Joint Water System's fiscal year-end (see Note 7 and the required supplementary information immediately following the notes to the financial statements for more information). Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

NET POSITION

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statements of Net Position. Net position is classified into three components as follows:

- *Net Investment in Capital Assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of items that do not meet the definition of "restricted" or "net investment in capital assets."

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Joint Water System's deposits might not be recovered. The Joint Water System does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2025, none of the Joint Water System's bank balances of $4,570,579 (with a carrying value of $3,732,360) were exposed to custodial credit risk. Comparatively, as of June 30, 2024, none of the Joint Water System's bank balances of $3,060,295 (with a carrying value of $3,032,837) were exposed to custodial credit risk.

INVESTMENTS

The Joint Water System funds held in the South Carolina Local Government Investment Pool ("LGIP" or "Pool") are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72 "*Fair Value Measurement and Application*," investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

As of June 30, 2025, the Joint Water System had the following investments:

Investment Type	Credit Rating ^	Fair Value Level	Fair Value	Investment Maturities in Years < 1 yr	Investment Maturities in Years > 5 yrs
LGIP	NR, NR	N/A	$ 6,018,261	$ 6,018,261	$ -
Guaranteed Investment Contract	NR, NR	N/A	2,604,165	-	2,604,165
Government Money Market Funds	AAAm, Aaamf	Level 1	5,008,050	5,008,050	-
Total			$ 13,630,476	$ 11,026,311	$ 2,604,165

^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.
NR – Not rated.
N/A -- Not applicable.

As of June 30, 2024, the Joint Water System had the following investments:

Investment Type	Credit Rating ^	Fair Value Level	Fair Value	Investment Maturities in Years < 1 yr	Investment Maturities in Years > 5 yrs
LGIP	NR, NR	N/A	$ 5,671,975	$ 5,671,975	$ -
Guaranteed Investment Contract	NR, NR	N/A	2,538,582	-	2,538,582
Government Money Market Funds	AAAm, Aaamf	Level 1	4,706,045	4,706,045	-
Total			$ 12,916,602	$ 10,378,020	$ 2,538,582

^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.
NR – Not rated.
N/A -- Not applicable.

Interest Rate Risk: The Joint Water System does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Joint Water System does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The Joint Water System places no limit on the amount the Joint Water System may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures. The Joint Water System's Guaranteed Investment Contract ("GIC") with Morgan Stanley exceeds 5% of the Joint Water System's investments for the years ended June 30, 2025 and 2024.

Fair Value: The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Joint Water System can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Joint Water System believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

RESTRICTED CASH, CASH EQUIVALENTS, AND INVESTMENTS

Provisions of the revenue bonds require the Joint Water System to establish various funds and restrict the use of certain cash, cash equivalents, and investments. A brief description follows:

Current principal and interest payments funds - reports resources accumulated for the next principal and interest payments.

Debt service reserves funds - reports resources set aside to cover potential future deficiencies in the current principal and interest payments funds.

Renewal and replacement ("R&R") funds - reports resources collected in the current year from its participating members agencies that are restricted primarily to fund capital asset replacements.

Capital improvement funds – reports R&R resources collected in prior years that are restricted primarily for future capital replacements or improvements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

RESTRICTED CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Cash, cash equivalents, and investments are restricted as follows at June 30:

	2025	2024
Current principal and interest payments	$ 5,008,049	$ 4,557,404
Debt service reserves	2,604,165	2,687,223
Capital improvements	3,284,909	4,033,800
Renewal and replacement	2,235,065	2,276,470
Total restricted cash, cash equivalents, and investments	$ 13,132,188	$ 13,554,897

NOTE 3 – SETTLEMENT RECEIVABLES

In 2024, the United States District Court for the District of South Carolina approved a class action settlement between various plaintiffs (primarily water systems) and 3M Company ("3M") in the Aqueous Film-Forming Foam ("AFFF") Products Liability Litigation. 3M has agreed to pay a settlement amount between $10.5 to $12.5 billion in exchange for receiving releases from the impacted public water systems. This settlement will be repaid in 10 payments beginning in 2025 and concluding in 2033 and will be net of estimated legal fees, case expenses, and other administration costs. The Joint Water System's estimated gross and net proceeds from this settlement are approximately $6,121,000 and $4,492,000, respectively. The Joint Water System received $988,914 in net settlement proceeds in fiscal year 2025.

In 2024, the United States District Court for the District of South Carolina approved a class action settlement between various plaintiffs (primarily water systems) and Dupont, Chemours, and Corteva ("Dupont") in the AFFF Products Liability Litigation. Dupont has agreed to pay a settlement amount of approximately $1.185 billion in exchange for receiving releases from the impacted water systems. This settlement will be repaid in one lump sum in fiscal year 2026 and will be net of estimated legal fees, case expenses, and other administration costs. The Joint Water System's estimated gross and net proceeds from this settlement are approximately $612,000 and $449,000, respectively.

In 2024, the United States District Court for the District of South Carolina approved class action settlements between various plaintiffs (primarily water systems) and Tyco and BASF in the AFFF Products Liability Litigation. Tyco and BASF have agreed to pay settlement amounts of approximately $750.0 million and $316.5 million in exchange for receiving releases from the impacted water systems. Each settlement will be repaid in one lump sum in fiscal year 2026 and will be net of estimated legal fees, case expenses, and other administration costs. The Joint Water System's estimated gross and net proceeds from these settlements are approximately $551,000 and $405,000, respectively.

The Joint Water System recognized total settlement proceeds of $5,345,914 for the year ended June 30, 2025. The Joint Water System settlement receivables at June 30, 2025 are expected to be received as follows:

June 30,	Net Amount
2026	$ 3,397,000
2027	216,000
2028	252,000
2029	225,000
2030	153,000
2031-2033	114,000
	$ 4,357,000

In addition to the above settlements, the Joint Water System is participating and is considering to participate in other class actions lawsuits that are still in process as of June 30, 2025. Since these claims have not been adjudicated/settled as of June 30, 2025, no amounts have been recognized in these financial statements.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the Joint Water System for the year ended June 30, 2025, was as follows:

	Balance at June 30, 2024	Increases	Decreases	Transfers	Balance at June 30, 2025
Capital assets not being depreciated:					
Land	$ 3,203,896	$ -	$ -	$ -	$ 3,203,896
Construction In progress	987,140	4,967,588	-	(408,302)	5,546,426
Water storage agreement	9,597,029	-	-	-	9,597,029
Total capital assets not being depreciated	13,788,065	4,967,588	-	(408,302)	18,347,351
Capital assets being depreciated:					
Facilities and improvements	101,920,506	936,892	(27,177)	408,302	103,238,523
Buildings	1,067,238	5,600	-	-	1,072,838
Machinery and equipment	808,336	44,100	(43,151)	-	809,285
Total capital assets being depreciated	103,796,080	986,592	(70,328)	408,302	105,120,646
Less accumulated depreciation for:					
Facilities and improvements	40,803,622	2,766,646	(27,177)	-	43,543,091
Buildings	429,825	27,496	-	-	457,321
Machinery and equipment	751,980	25,464	(43,151)	-	734,293
Total accumulated depreciation	41,985,427	2,819,606	(70,328)	-	44,734,705
Total capital assets being depreciated, net	61,810,653	(1,833,014)	-	408,302	60,385,941
Total Capital Assets, Net	$ 75,598,718	$ 3,134,574	$ -	$ -	$ 78,733,292

Depreciation expense for the year ended June 30, 2025 was $2,819,606.

Capital asset activity for the Joint Water System for the year ended June 30, 2024, was as follows:

	Balance at June 30, 2023	Increases	Decreases	Transfers	Balance at June 30, 2024
Capital assets not being depreciated:					
Land	$ 3,203,896	$ -	$ -	$ -	$ 3,203,896
Construction In progress	221,048	957,581	-	(191,489)	987,140
Water storage agreement	9,597,029	-	-	-	9,597,029
Total capital assets not being depreciated	13,021,973	957,581	-	(191,489)	13,788,065
Capital assets being depreciated:					
Facilities and improvements	101,245,086	617,709	(133,778)	191,489	101,920,506
Buildings	1,067,238	-	-	-	1,067,238
Machinery and equipment	783,333	43,493	(18,490)	-	808,336
Total capital assets being depreciated	103,095,657	661,202	(152,268)	191,489	103,796,080
Less accumulated depreciation for:					
Facilities and improvements	38,274,928	2,662,472	(133,778)	-	40,803,622
Buildings	402,515	27,310	-	-	429,825
Machinery and equipment	763,971	6,499	(18,490)	-	751,980
Total accumulated depreciation	39,441,414	2,696,281	(152,268)	-	41,985,427
Total capital assets being depreciated, net	63,654,243	(2,035,079)	-	191,489	61,810,653
Total Capital Assets, Net	$ 76,676,216	$ (1,077,498)	$ -	$ -	$ 75,598,718

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2024 was $2,696,281.

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Construction in progress at June 30, 2025 primarily consists of two projects related to the South Carolina Rural Infrastructure Authority Grant and a generator project. Construction in progress at June 30, 2024 primarily consisted of two projects related to the South Carolina Rural Infrastructure Authority Grant, large pump upgrades, and various plant improvements.

NOTE 5 – DEFERRED LOSSES ON REFUNDINGS

Deferred losses on refunding debt consisted of the following at June 30:

	2025	2024
Deferred losses on refundings	$ 3,954,325	$ 3,954,325
Less: accumulated amortization	(2,638,344)	(2,278,995)
Deferred losses on refundings, net	$ 1,315,981	$ 1,675,330

Amortization expense was $359,349 for the year ended June 30, 2025, compared to $359,350 for the year ended June 30, 2024.

NOTE 6 – LONG-TERM OBLIGATIONS

REVENUE BONDS PAYABLE

The Joint Water System is obligated on various series of revenue bonds issued for purposes of acquiring water treatment facilities, equipment, and trunk lines. Each debt issue is either publicly traded (“PT”) or direct borrowings/placements (“DB/DP”). The revenue bonds are generally secured/collateralized by the underlying property and contain acceleration clauses in an event of default (as defined). The debt also requires various restricted accounts (i.e. debt service reserve, renewal and replacement, etc.) to be established and maintained by the Joint Water System. Revenue bonds outstanding are as follows:

	2025	2024
Series 2017A serial bonds (DB/DP) dated October 25, 2017 with annual principal payments ranging from $167,000 to $3,198,000, plus interest at 2.69% payable annually through June 30, 2033.	$ 19,441,000	$ 19,638,000
Series 2017B serial bonds (DB/DP) dated October 25, 2017 with annual principal payments ranging from $19,822 to $20,762, plus interest at 2.70% payable monthly through October 25, 2024 (junior lien debt).	-	80,000
Series 2020A serial bonds (PT) dated September 3, 2020 with annual principal payments ranging from $132,348 to $1,148,350, plus interest at 3.00% to 4.00% payable semi-annually through July 15, 2033.	6,135,000	7,025,000
Series 2020B serial bonds (PT) dated September 3, 2020 with annual principal payments ranging from $36,635 to $2,558,548, plus interest at 0.47% to 1.11% payable semi-annually through July 15, 2026.	5,055,000	7,550,000
Gross debt	30,631,000	34,293,000
Premium on bonds	1,018,967	1,142,478
Net debt	31,649,967	35,435,478
Less current portion	(3,647,000)	(3,662,000)
Long-term portion	$ 28,002,967	$ 31,773,478

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

REVENUE BONDS PAYABLE (CONTINUED)

Interest expense on revenue bonds totaled $812,115 for the year ended June 30, 2025, compared to $877,756 for the year ended June 30, 2024. Amortization of the 2020A bond premiums totaled $123,511 for the years ended June 30, 2025 and 2024.

The revenue bonds are payable solely from and secured by a pledge of the gross revenues of the Joint Water System.

Provisions of the revenue bond agreements require the Joint Water System to maintain sufficient user rates to generate net earnings, as defined by the agreements, of at least 120 percent of the combined annual principal and interest payments, make timely payment of principal and interest on all outstanding debt, maintain required funds for debt service reserves, and meet various other general requirements specified in the bond agreements. Net earnings as defined in the revenue bond agreements provides that the Joint Water System can add back as income amounts transferred from the R&R fund to defray the costs of unforeseen contingencies. Management believes that the Joint Water System was in compliance with these covenants at June 30, 2025 and June 30, 2024.

Future amounts required to pay principal and interest on publicly traded revenue bonds outstanding at June 30, 2025 are as follows:

June 30,	Principal	Interest	Total
2026	$ 3,445,000	$ 256,361	$ 3,701,361
2027	3,505,000	193,134	3,698,134
2028	925,000	141,250	1,066,250
2029	735,000	108,050	843,050
2030	760,000	78,150	838,150
2031-2034	1,820,000	127,275	1,947,275
	$ 11,190,000	$ 904,220	$ 12,094,220

Future amounts required to pay principal and interest on direct borrowing/placement revenue bonds outstanding at June 30, 2025 are as follows:

June 30,	Principal	Interest	Total
2026	$ 202,000	$ 520,246	$ 722,246
2027	208,000	514,732	722,732
2028	3,003,000	471,544	3,474,544
2029	3,074,000	389,808	3,463,808
2030	3,167,000	305,866	3,472,866
2031-2034	9,787,000	393,425	10,180,425
	$ 19,441,000	$ 2,595,621	$ 22,036,621

On September 3, 2020, $12,515,000 in waterworks system revenue bonds Series 2020B were issued to advance refund $12,225,000 of outstanding Series 2011A bonds. The net proceeds of $12,797,370 (after a transfer of $526,009 from existing debt escrow accounts and payment of $242,581 in underwriting fees and other issuance costs) were used to purchase SLGS Treasury securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds have been removed from the financial statements. These advanced refunded bonds will ultimately be paid off in July 2026. At June 30, 2025 and 2024, the outstanding balance on the defeased debt was $5,250,000 and $7,690,000, respectively.

The Joint Water System's 2017, 2011, and 2020 bond refundings resulted in deferred losses on refundings. The losses are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. Amortization is expensed over the term as a component of interest expense. The unamortized balance follows the debt for purposes of calculating the various components of net position. See Note 5 for more details on the outstanding balances of the deferred losses on refundings at June 30, 2025 and June 30, 2024.

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

OTHER LONG-TERM DEBT

The Joint Water System is obligated on various other long-term debt issued for purposes of upgrading water treatment facilities, equipment, and trunk lines. Each of the other long-term debt issues are considered direct borrowings/placements and are generally secured/collateralized by the underlying property and contain acceleration clauses in an event of default (as defined). Revolving fund loans outstanding are as follows:

	2025	2024
On February 12, 2017, the Joint Water System entered into an agreement with the South Carolina Water Quality Revolving Fund Authority to borrow up to $13,500,000, plus capitalized interest, if any, to fund cost of construction of an Ozone addition. The Joint Water System will be reimbursed for costs during construction. On July 1, 2018, the Joint Water System began making quarterly principal and interest payments of $203,234 at 1.90 percent interest through April 1, 2038.	$ 8,862,962	$ 9,458,514
Gross debt	8,862,962	9,458,514
Less current portion	(606,948)	(595,552)
Long-term portion	$ 8,256,014	$ 8,862,962

Interest expense on the long-term debt totaled $172,688 for the year ended June 30, 2025, compared to $183,922 for the year ended June 30, 2024.

Future amounts required to pay principal and interest on other long-term debt outstanding at June 30, 2025 are as follows:

June 30,	Principal	Interest	Total
2026	$ 606,948	$ 164,089	$ 771,037
2027	618,563	152,474	771,037
2028	630,399	140,638	771,037
2029	642,462	128,575	771,037
2030	654,756	116,281	771,037
2031-2035	3,466,585	388,599	3,855,184
2036-2038	2,243,249	69,861	2,313,110
	$ 8,862,962	$ 1,160,517	$ 10,023,479

CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term debt for the year ended June 30, 2025.

	2025			
	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Revenue Bonds - PT	$ 14,575,000	$ -	$ (3,385,000)	$ 11,190,000
Revenue Bonds - DB/DP	19,718,000	-	(277,000)	19,441,000
Net Premium on Revenue Bonds - PT	1,142,478	-	(123,511)	1,018,967
State Revolving Loans - DB/DP	9,458,514	-	(595,552)	8,862,962
	$ 44,893,992	$ -	$ (4,381,063)	$ 40,512,929

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term debt for the year ended June 30, 2024.

	2024			
	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Revenue Bonds - PT	$ 17,915,000	$ -	$ (3,340,000)	$ 14,575,000
Revenue Bonds - DB/DP	20,149,000	-	(431,000)	19,718,000
Net Premium on Revenue Bonds - PT	1,265,989	-	(123,511)	1,142,478
State Revolving Loans - DB/DP	10,042,883	-	(584,369)	9,458,514
	$ 49,372,872	$ -	$ (4,478,880)	$ 44,893,992

NOTE 7 – RISK MANAGEMENT AND EMPLOYEE BENEFITS

RISK MANAGEMENT

The Joint Water System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Joint Water System continues to carry commercial insurance coverage for property and casualty insurance and has effectively managed risk through various employee education and prevention programs. Expenses and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions of coverage compared to the prior year.

HEALTH INSURANCE

The Joint Water System offers medical and life insurance through the State of South Carolina. The Joint Water System pays the entire cost of the employee portion of medical and dental coverage, and will pay a portion of dependent coverage if elected by the employee. Medical and life insurance totaled $228,878 for the year ended June 30, 2025, compared to $227,203 for the year ended June 30, 2024. The Joint Water System does not provide medical insurance to retirees.

RETIREMENT PLAN

The Joint Water System participates in one of the State of South Carolina's retirement plans. The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit pension plans. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

NOTE 7 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Plan Description

The South Carolina Retirement System ("SCRS"), a cost–sharing multiple-employer defined benefit pension plan, was 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under the SCRS is presented below.

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

Plan 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 brief summary of benefit terms for each system is presented below.

- SCRS – 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 one percent or five hundred dollars 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 provisions 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.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, the SCRS ("Plan") contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9.00 percent for the SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for the SCRS until reaching 18.56 percent. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified the statute such that the employer contribution rates for the SCRS can be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of the SCRS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the Plan. Finally, under the revised statute, the contribution rates for the SCRS may not be decreased until the Plans are at least 85 percent funded.

NOTE 7 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Plan Contributions (Continued)

As noted earlier, both employees and the Joint Water System are required to contribute to the Plan at rates established and as amended by the PEBA. The Joint Water System's contributions are actuarially determined but are communicated to and paid by the Joint Water System as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past two years are as follows:

	SCRS	
	2025	2024
Employer Contribution Rate: ^		
Retirement	18.41%	18.41%
Incidental Death Benefit	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%
	18.56%	18.56%
Employee Contribution Rate ^	9.00%	9.00%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The actual and required contributions to the SCRS were $335,868 for the year ended June 30, 2025. The actual and required contributions to the SCRS were $316,703 for the year ended June 30, 2024.

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. The GASB No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024 and 2023 total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on actuarial valuations performed as of July 1, 2023 and July 1, 2022. The TPL was rolled-forward from the valuation date to the Plan's fiscal year end, June 30th, using generally accepted actuarial principles. There was no legislation enacted during the 2024 and 2023 legislative session that had a material change in the benefit provisions for any of the systems.

The following tables provide a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024 and 2023 (measurement date) for the SCRS.

	June 30, 2024	June 30, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)	3.0% to 11% (varies by service)
Benefit Adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table ("2020 PRSC"), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

NOTE 7 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 and 2023 fiscal years. 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 following table. For the June 30, 2024 and 2023 measurement dates, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	**46.0%**	6.23%	2.86%
Bonds	**26.0%**	2.60%	0.68%
Private Equity	**9.0%**	9.60%	0.86%
Private Debt	**7.0%**	6.90%	0.48%
Real Assets	**12.0%**		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Real Rate of Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.74%

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The NPL is calculated separately for each System and represents that particular System's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2024 and June 30, 2023 measurement dates, for the SCRS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	$ 61,369,806,968	37,919,492,371	$ 23,450,314,597	61.8%
June 30, 2023	$ 58,464,402,454	34,286,961,942	$ 24,177,440,512	58.6%

NOTE 7 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The TPL is calculated by the Systems' actuary, and each retirement plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plan's funding requirements.

At June 30, 2025 and 2024, the Joint Water System reported a liability of $2,911,927 and $3,114,072 for its proportionate share of the NPL for the SCRS, respectively. The NPL were measured as of June 30, 2024 and 2023, and the TPL for the Plan used to calculate the NPL were determined based on the most recent actuarial valuation reports of July 1st of the preceding year that was projected forward to the measurement date. The Joint Water System's proportion of the NPL were based on a projection of the Joint Water System's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2024 measurement date, the Joint Water System's SCRS proportion was 0.012417 percent, which was a decrease of 0.000463 from its proportion measured as of June 30, 2023. At the June 30, 2023 measurement date, the Joint Water System's SCRS proportion was 0.012880 percent, which was a decrease of 0.000124 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2025, the Joint Water System recognized pension expense of $321,482 for the SCRS. At June 30, 2025, the Joint Water System reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	$ 95,696	$ 3,614
Change in Assumptions	51,337	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	112,197
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	71,191	92,020
Employer Contributions Subsequent to the Measurement Date	335,868	-
Total SCRS	$ 554,092	$ 207,831

For the year ended June 30, 2024, the Joint Water System recognized pension expense of $341,835 for the SCRS. At June 30, 2024, the Joint Water System reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	$ 54,066	$ 8,636
Change in Assumptions	47,712	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,263
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	164,008	35,571
Employer Contributions Subsequent to the Measurement Date	316,703	-
Total SCRS	$ 582,489	$ 48,470

NOTE 7 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2025, $335,868 that were reported as deferred outflows of resources related to the Joint Water System's contributions subsequent to the measurement date to the SCRS will be recognized as a reduction of the NPL in the year ended June 30, 2026. For the year ended June 30, 2024, $316,703 that were reported as deferred outflows of resources related to the Joint Water System's contributions subsequent to the measurement date to the SCRS were recognized as a reduction of the NPL in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year Ended June 30,	2025	2024
2025	$ -	$ 127,776
2026	(6,941)	5,206
2027	68,641	86,161
2028	(21,842)	(1,827)
2029	(29,465)	-
Total	$ 10,393	$ 217,316

Discount Rate

For the years ended June 30, 2025 and 2024, the discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the 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 Plan's fiduciary net position was projected to be available to make all 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.

Sensitivity Analysis

The following table presents the sensitivity of the Joint Water System's proportionate share of the NPL of the Plan to changes in the discount rate, for the year ended June 30, 2025 (measurement date of June 30, 2024), calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Joint Water System's proportionate share of the net pension liability of the SCRS	$ 3,773,529	2,911,927	$ 2,118,461

The following table presents the sensitivity of the Joint Water System's proportionate share of the NPL of the Plan to changes in the discount rate for the year ended June 30, 2024 (measurement date of June 30, 2023), calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Joint Water System's proportionate share of the net pension liability of the SCRS	$ 4,023,678	3,114,072	$ 2,358,039

NOTE 7 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS. The ACFR is publicly available through the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to Plan

The Joint Water System reported a payable of $32,228 to the PEBA as of June 30, 2025, representing required employer and employee contributions for the month of June 2025 for the SCRS. This amount is included in Accrued Expenses and Other Liabilities on the financial statements and was paid in July 2025. The Joint Water System reported a payable of $36,632 to the PEBA as of June 30, 2024, representing required employer and employee contributions for the month of June 2024 for the SCRS. This amount is included in Accrued Expenses and Other Liabilities on the financial statements and was paid in July 2024.

NOTE 8 - COMMITMENT

In April 2023, the Joint Water System was awarded a South Carolina Rural Infrastructure Authority Grant of $10,000,000 which has begun to be used for Lake Hartwell Filter Plant Improvements. This grant has a match requirement of approximately 25% or $2,500,000. This project was started in fiscal year 2024 and is expected to be completed by fiscal year 2026. The Joint Water System has outstanding construction commitments on the project of approximately $5,497,000 at June 30, 2025.

In October 2024, the Joint Water System was approved for a SC Drinking Water Revolving Loan for $823,000 for engineering costs associated with the Clemson Booster Station Five Million Gallon Ground Storage Tank Addition project. This loan is expected to be drawn down in fiscal year 2026 and will be repaid in 56 quarterly payments of $16,659, which includes interest at 1.80%.

NOTE 9 - MAJOR CUSTOMERS

At June 30, 2025, the Joint Water System had four customers which accounted for 25 percent, 13 percent, 11 percent, and 10 percent of operating revenue and 24 percent, 13 percent, 10 percent, and 10 percent of trade accounts receivable. At June 30, 2024, the Joint Water System had four customers which accounted for 26 percent, 13 percent, 11 percent, and 10 percent of operating revenue and 24 percent, 17 percent, 12 percent, and 9 percent of trade accounts receivable.

NOTE 10 – SUBSEQUENT EVENT

The Water System received the 2nd disbursement from the 3M Settlement at the end of September 2025. The gross and net disbursement received in this 2nd disbursement was $3,074,566 and $2,255,918, respectively. See Note 3 for more details on this settlement.

REQUIRED SUPPLEMENTARY INFORMATION

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF ANDERSON REGIONAL JOINT WATER SYSTEM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Anderson Regional Joint Water System's Proportion of the Net Pension Liability	0.012417%	0.012880%	0.013004%	0.011500%	0.011762%	0.012400%	0.012090%	0.012095%	0.019200%	0.011083%
Anderson Regional Joint Water System's Proportionate Share of the Net Pension Liability	$ 2,911,927	$ 3,114,072	$ 3,152,374	$ 2,488,746	$ 3,005,422	$ 2,831,434	$ 2,709,028	$ 2,722,779	$ 2,332,496	$ 2,101,944
Anderson Regional Joint Water System's Covered Payroll	$ 1,706,372	$ 1,624,691	$ 1,548,435	$ 1,299,970	$ 1,312,221	$ 1,309,406	$ 1,252,881	$ 1,220,323	$ 1,057,430	$ 1,039,146
Anderson Regional Joint Water System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.65%	191.67%	203.58%	191.45%	229.03%	216.24%	216.22%	223.12%	220.58%	202.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.79%	58.65%	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 335,868	$ 316,703	$ 285,296	$ 256,421	$ 202,275	$ 204,182	$ 190,650	$ 169,891	$ 141,070	$ 116,952
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the Anderson Regional Joint Water System	335,868	316,703	285,296	256,421	202,275	204,182	190,650	159,105	141,070	116,952
Contributions from the State	-	-	-	-	-	-	-	10,786	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Anderson Regional Joint Water System's Covered Payroll	$ 1,809,632	$ 1,706,372	$ 1,624,691	$ 1,548,435	$ 1,299,970	$ 1,312,221	$ 1,309,406	$ 1,252,881	$ 1,220,323	$ 1,057,430
Contributions as a Percentage of Covered Payroll	18.56%	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%

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SUPPLEMENTARY INFORMATION

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

	Potable Water	Raw Water	Total
OPERATING REVENUES			
Operations and maintenance	$ 7,480,026	$ 247,720	$ 7,727,746
Debt service	5,224,485	-	5,224,485
Renewal and replacement			
Water system	1,502,166	44,553	1,546,719
Pump station	67,764	-	67,764
Miscellaneous	208,035	-	208,035
Total operating revenues	14,482,476	292,273	14,774,749
OPERATING EXPENSES			
Salaries and wages	1,826,187	-	1,826,187
Payroll taxes and employee benefits	716,108	-	716,108
Operations and maintenance	3,855,839	203,004	4,058,843
Professional fees	180,419	-	180,419
Insurance	115,913	-	115,913
Total operating expenses before depreciation	6,694,466	203,004	6,897,470
Depreciation	2,468,124	351,482	2,819,606
Total operating expenses	9,162,590	554,486	9,717,076
Net operating income (loss)	5,319,886	(262,213)	5,057,673
NON-OPERATING REVENUES (EXPENSES)			
Interest income	638,434	-	638,434
Settlement proceeds	5,345,914	-	5,345,914
Federal grant	40,200		40,200
Water credits	(295,867)	-	(295,867)
Interest expense	(1,220,641)	-	(1,220,641)
Net non-operating expenses	4,508,040	-	4,508,040
INCOME BEFORE CAPITAL CONTRIBUTIONS	9,827,926	(262,213)	9,565,713
Capital grants	3,009,161	-	3,009,161
Contributions in aid of construction	585,888	-	585,888
Increase (decrease) in net position	13,422,975	(262,213)	13,160,762
NET POSITION, beginning of year	41,990,773	4,085,770	46,076,543
NET POSITION, end of year	$ 55,413,748	$ 3,823,557	$ 59,237,305

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

	Potable Water	Raw Water	Total
OPERATING REVENUES			
Operations and maintenance	$ 6,457,276	$ 247,720	$ 6,704,996
Debt service	5,222,912	-	5,222,912
Renewal and replacement			
Water system	1,499,052	44,553	1,543,605
Pump station	67,822	-	67,822
Miscellaneous	193,004	-	193,004
Total operating revenues	13,440,066	292,273	13,732,339
OPERATING EXPENSES			
Salaries and wages	1,772,280	-	1,772,280
Payroll taxes and employee benefits	722,170	-	722,170
Operations and maintenance	3,622,206	203,004	3,825,210
Professional fees	27,653	-	27,653
Insurance	95,890	-	95,890
Total operating expenses before depreciation	6,240,199	203,004	6,443,203
Depreciation	2,344,799	351,482	2,696,281
Total operating expenses	8,584,998	554,486	9,139,484
Net operating income (loss)	4,855,068	(262,213)	4,592,855
NON-OPERATING REVENUES (EXPENSES)			
Interest income	612,264	-	612,264
Gain/Loss on the sale of assets	-	-	-
Water credits	(74,096)	-	(74,096)
Interest expense	(1,297,528)	-	(1,297,528)
Net non-operating expenses	(759,360)	-	(759,360)
Increase (decrease) in net position	4,095,708	(262,213)	3,833,495
NET POSITION, beginning of year	37,895,065	4,347,983	42,243,048
NET POSITION, end of year	$ 41,990,773	$ 4,085,770	$ 46,076,543

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STATISTICAL SECTION

STATISTICAL SECTION
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This part of Anderson Regional Joint Water System's ("Joint Water System") annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Joint Water System's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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Anderson Regional Joint Water System
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year									
	2016	**2017^**	**2018**	**2019**	**2020(1)**	**2021**	**2022**	**2023**	**2024**	**2025**
Net investment in capital assets	$ 14,989,451	$ 19,878,163	$ 20,985,489	$ 23,982,911	$ 25,701,780	$ 26,784,682	$ 28,019,430	$ 29,338,024	$ 32,380,056	$ 39,536,344
Restricted for debt service	-	-	-	-	5,450,478	5,626,850	6,408,688	6,043,074	6,801,472	7,199,711
Restricted for renewal and replacement	-	-	-	-	2,301,753	1,842,367	2,370,737	2,488,303	2,276,470	2,235,065
Restricted for capital improvements	6,653,008	7,006,699	7,932,707	8,420,416	506,765	1,964,440	2,329,592	3,475,524	4,033,800	3,284,909
Unrestricted	(331,653)	(402,082)	470,898	(853,995)	(122,587)	(106,648)	(18,915)	898,123	584,745	6,981,276
Total net position	$ 21,310,806	$ 26,482,780	$ 29,389,094	$ 31,549,332	$ 33,838,189	$ 36,111,691	$ 39,109,532	$ 42,243,048	$ 46,076,543	$ 59,237,305

^As restated
(1) Restated due to a change in the presentation of restricted funds on the Statements of Net Position.

Anderson Regional Joint Water System
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2016	**2017^**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
OPERATING REVENUES										
Operation and maintenance	$ 4,228,816	$ 4,695,657	$ 4,683,984	$ 4,405,153	$ 4,637,725	$ 4,737,178	$ 5,537,323	$ 6,141,564	$ 6,704,996	$ 7,727,746
Debt service	4,652,903	4,614,029	4,658,154	5,264,847	5,272,163	5,334,608	5,318,511	5,227,620	5,222,912	5,224,485
Renewal and replacement										
Water system	1,350,834	1,347,009	1,426,240	1,555,184	1,561,647	1,575,260	1,537,910	1,541,908	1,543,605	1,546,719
Pump station	71,489	70,688	71,597	68,210	68,361	69,493	69,848	67,828	67,822	67,764
Miscellaneous	85,634	99,678	121,179	93,994	138,747	163,608	107,998	143,526	193,004	208,035
Total operating revenues	10,389,676	10,827,061	10,961,154	11,387,388	11,678,643	11,880,147	12,571,590	13,122,446	13,732,339	14,774,749
OPERATING EXPENSES										
Salaries and wages	1,068,753	1,210,804	1,170,826	1,352,999	1,374,560	1,374,535	1,643,212	1,689,296	1,772,280	1,826,187
Payroll taxes and employee benefits	403,306	456,396	592,894	538,854	668,166	654,296	548,465	617,018	722,170	716,108
Operations and maintenance	2,834,616	2,698,472	2,197,611	2,489,320	2,512,128	2,794,862	3,067,502	3,362,286	3,825,210	4,058,843
Professional fees	145,737	194,928	151,769	23,600	39,030	38,556	43,921	26,375	27,653	180,419
Insurance	88,388	84,244	88,729	97,075	94,201	92,361	113,728	105,389	95,890	115,913
Total operating expenses before deprecation	4,540,800	4,644,844	4,201,829	4,501,848	4,688,085	4,954,610	5,416,828	5,800,364	6,443,203	6,897,470
Depreciation	2,456,714	2,259,007	2,424,418	2,644,014	2,690,616	2,676,259	2,680,205	2,646,918	2,696,281	2,819,606
Total operating expenses	6,997,514	6,903,851	6,626,247	7,145,862	7,378,701	7,630,869	8,097,033	8,447,282	9,139,484	9,717,076
Net operating income	3,392,162	3,923,210	4,334,907	4,241,526	4,299,942	4,249,278	4,474,557	4,675,164	4,592,855	5,057,673
NON-OPERATING REVENUES										
Interest income	157,646	160,739	182,033	211,579	208,484	98,957	219,085	422,240	612,264	638,434
Settlement revenue	-	-	-	-	-	-	-	-	-	5,345,914
Federal grants	-	-	-	-	-	-	-	-	-	40,200
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	(448,135)	-	-
Water credits	(144,164)	(144,171)	(147,396)	(149,341)	(147,748)	(86,898)	(202,678)	(145,369)	(74,096)	(295,867)
Debt issuance costs	-	-	-	-	-	(422,481)	-	-	-	-
Interest expense	(2,257,700)	(2,197,538)	(1,929,505)	(2,193,873)	(2,071,821)	(1,565,354)	(1,493,123)	(1,370,384)	(1,297,528)	(1,220,641)
Net non-operating expenses	(2,244,218)	(2,180,970)	(1,894,868)	(2,131,635)	(2,011,085)	(1,975,776)	(1,476,716)	(1,541,648)	(759,360)	4,508,040
INCOME BEFORE CONTRIBUTIONS	1,147,944	1,742,240	2,440,039	2,109,891	2,288,857	2,273,502	2,997,841	3,133,516	3,833,495	9,565,713
Capital Grants	-	-	-	-	-	-	-	-	-	3,009,161
Contributions in aid of construction	-	-	466,275	50,347	-	-	-	-	-	585,888
Change in net position	1,147,944	1,742,240	2,906,314	2,160,238	2,288,857	2,273,502	2,997,841	3,133,516	3,833,495	13,160,762
NET POSITION, beginning of year	**20,162,862**	**21,310,806**	**26,482,780**	**29,389,094**	**31,549,332**	**33,838,189**	**36,111,691**	**39,109,532**	**42,243,048**	**46,076,543**
Prior period adjustment/Restatement	-	3,429,734	-	-	-	-	-	-	-	-
NET POSITION, end of year	**$ 21,310,806**	**$ 26,482,780**	**$ 29,389,094**	**$ 31,549,332**	**$ 33,838,189**	**$ 36,111,691**	**$ 39,109,532**	**$ 42,243,048**	**$ 46,076,543**	**$ 59,237,305**

^As restated

Anderson Regional Joint Water System
Customers in Gallons and Dollars
Last Ten Fiscal Years

In Gallons	Fiscal Year 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City of Anderson	1,692,085,040	1,675,420,886	1,550,307,863	1,601,455,883	1,551,010,429	1,487,145,721	1,578,551,343	1,559,371,879	1,581,146,324	1,589,788,963
Sandy Springs Water District	693,464,000	676,145,000	644,365,000	646,722,002	677,007,000	686,813,097	739,475,713	743,586,157	843,884,277	887,677,901
Hammond Water District	742,951,907	817,724,414	721,836,600	719,674,319	802,207,708	754,681,463	756,536,956	773,192,661	807,569,076	824,793,726
City of Clemson	684,002,810	719,833,496	678,279,597	709,287,155	767,367,509	700,835,520	749,835,182	778,557,408	766,501,044	825,263,959
West Anderson Water District	488,211,643	499,088,397	476,433,623	497,168,675	487,684,885	487,134,568	473,445,183	485,365,832	502,966,308	525,554,739
Starr-Iva Water District	335,393,612	344,136,647	347,549,155	356,585,786	362,248,451	362,189,399	389,099,132	403,346,443	427,695,191	414,526,711
Clemson University	334,739,199	372,396,234	339,557,047	368,504,193	357,523,888	312,670,406	381,310,285	364,225,617	402,680,131	397,665,750
Big Creek Water District	319,300,000	329,500,000	346,400,000	341,000,000	315,500,000	315,200,000	315,000,000	313,025,294	338,334,798	386,716,915
Broadway Water District	265,805,885	266,481,792	260,901,281	254,509,570	255,064,351	250,190,881	260,069,604	254,644,298	289,912,234	279,077,936
Homeland Park Water	260,162,000	235,569,245	242,189,114	233,363,541	238,282,493	247,881,902	225,291,383	220,009,219	229,253,071	243,574,486
Town of Williamston	199,366,923	201,995,056	180,843,845	192,152,054	189,669,235	160,101,443	177,955,984	178,301,209	189,562,317	191,975,440
Town of Pendleton	110,180,000	103,540,000	85,184,693	132,686,522	147,377,208	122,223,161	138,409,033	132,751,215	136,105,737	135,150,804
Powdersville Water District	220,230,000	168,700,000	180,700,000	51,800,000	61,810,837	58,435,701	87,230,423	76,798,294	76,952,617	83,698,117

In Dollars	Fiscal Year 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City of Anderson	$ 2,802,047	$ 2,861,114	$ 2,909,988	$ 3,071,297	$ 3,088,871	$ 3,177,801	$ 3,302,075	$ 3,408,346	$ 3,495,798	$ 3,635,419
Sandy Springs Water District	1,258,638	1,280,991	1,305,225	1,360,301	1,394,760	1,468,730	1,546,315	1,613,709	1,778,000	1,902,683
City of Clemson	1,039,026	1,087,300	1,087,486	1,155,688	1,224,273	1,229,974	1,306,927	1,392,915	1,429,751	1,573,944
Hammond Water District	999,185	1,099,190	1,057,912	1,112,860	1,177,184	1,213,362	1,232,053	1,306,946	1,374,327	1,465,312
West Anderson Water District	677,507	724,872	734,071	770,078	779,940	810,945	811,667	862,464	895,076	962,781
Clemson University	585,767	687,497	617,994	681,733	672,145	587,820	781,686	815,865	853,682	862,935
Starr-Iva Water District	583,391	607,711	630,307	655,026	672,084	700,680	741,678	785,614	827,215	851,344
Big Creek Water District	547,475	563,446	595,746	611,431	600,271	625,308	639,415	661,119	713,266	803,780
Broadway Water District	376,588	391,688	403,150	418,561	427,805	444,766	454,504	469,275	508,383	525,000
Homeland Park Water	316,774	311,761	326,381	324,699	336,689	361,707	361,094	374,832	391,519	427,352
Town of Williamston	334,333	344,850	337,965	356,705	359,852	353,160	372,494	373,446	413,967	435,893
Town of Pendleton	205,410	202,753	197,450	242,112	259,268	253,914	270,142	274,883	289,333	299,713
Powdersville Water District	$ 273,812	$ 262,532	$ 269,084	$ 169,595	$ 171,728	$ 172,714	$ 198,053	$ 195,007	$ 202,109	$ 216,238

Anderson Regional Joint Water System
Ten Largest Businesses
Last Ten Fiscal Years

In Gallons	Fiscal Year 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Clemson University	334,739,199	385,745,471	339,557,047	368,504,193	357,523,888	312,670,406	381,310,285	364,225,617	402,680,131	397,665,750
Michelin (Sandy Springs)	145,248,800	139,164,600	140,023,800	222,301,600	133,258,500	110,901,000	134,747,600	129,648,700	123,331,200	128,292,300
AnMed Health (City of Anderson)	54,138,744	49,830,264	48,756,884	43,254,620	41,881,268	38,697,780	58,186,172	48,028,332	51,706,248	69,506,404
Milliken								28,098,400	60,827,300	57,265,200
Michelin (City of Anderson)	58,219,084	54,603,910	54,039,260	59,875,156	65,877,108	61,956,092	69,388,220	68,501,092	66,722,348	52,603,848
Glen Raven Mills	60,195,300	65,070,700	66,003,000	63,463,200	52,062,500	60,749,700	68,768,000	39,900,400	42,255,800	45,287,800
Anderson University	30,143,652	23,597,904	32,294,900	33,502,172	28,288,612		32,627,760	37,256,384	39,734,493	41,720,448
Robert Bosch Corporation	40,356,000	41,489,000	41,610,000	43,168,000	38,993,000	39,939,000	37,691,000		38,291,000	39,016,000
Anderson County							27,132,204	28,212,316	30,470,528	35,100,648
First Quality Tissue SE LLC										33,740,784
JPS Composite Materials Corp	30,138,416	26,600,376	29,920,000	38,250,476	31,529,696	34,968,252	42,358,492	43,877,680	40,398,732	
Owens Corning Fiberglass	79,341,856	45,749,176	48,577,364	69,273,028	33,314,424	47,003,572	71,041,300	29,215,384		
AnMed Health (Hammond)	30,182,000		33,887,000	25,870,000	26,698,000	34,409,000				
Plastic Omnium Industries						34,958,528				
Electrolux Home Products*		20,894,000								

In Dollars	Fiscal Year 2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Clemson University	$ 585,767	$ 687,497	$ 617,994	$ 681,733	$ 672,145	$ 587,820	$ 781,686	$ 815,865	$ 853,682	$ 862,935
Michelin (Sandy Springs)	290,729	319,973	331,630	344,566	318,215	477,841	358,284	498,442	382,324	323,698
AnMed Health (City of Anderson)	114,317	104,268	104,519	98,558	101,386	100,879	148,928	136,871	146,523	188,488
Milliken								227,986	550,704	474,334
Michelin (City of Anderson)	159,898	153,784	147,594	164,015	188,629	189,222	222,658	233,030	228,984	183,184
Glen Raven Mills	316,745	420,463	447,734	430,722	359,709	479,824	567,113	369,683	348,496	415,913
Anderson University	95,978	73,500	103,502	112,712	108,488		142,751	172,709	186,116	193,552
Robert Bosch Corporation	153,208	175,682	162,051	168,352	158,182	169,203	171,870		202,978	223,060
Anderson County							149,839	170,188	176,046	194,388
First Quality Tissue SE LLC										$ 133,809
JPS Composite Materials Corp	55,461	49,359	55,084	73,335	64,720	76,059	96,284	105,799	$ 98,864	
Owens Corning Fiberglass	199,280	145,629	183,220	197,029	199,880	214,577	$ 240,232	$ 238,514		
AnMed Health (Hammond)	$ 121,082		$ 141,545	$ 90,796	$ 107,425	161,297				
Plastic Omnium Industries						$ 75,782				
Electrolux Home Products*		$ 146,942								

Anderson Regional Joint Water System
Ratios of Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Revenue bonds*	State revolving loans	Note Payable	Personal income (in thousands)	Estimated Population (1)	As a share of personal income	Per capita
2016	$ 47,230,642	$ 14,665,796	$ 41,269	$ 6,855,779	200,506	0.90%	$ 309
2017	44,687,195	16,882,731	-	6,953,875	202,140	0.89%	305
2018	45,189,150	25,680,383	-	7,244,229	206,527	0.98%	343
2019	42,058,898	24,223,215	-	7,774,898	207,924	0.85%	319
2020	38,823,640	22,735,049	-	5,676,996	214,097	1.08%	288
2021	46,467,138	11,178,910	-	6,181,639	216,497	0.93%	266
2022	43,158,501	10,616,280	-	7,057,634	217,372	0.76%	247
2023	39,329,989	10,042,883	-	6,807,218	219,616	0.73%	225
2024	35,435,478	9,458,513	-	8,086,078	248,406	0.56%	181
2025	$ 31,649,967	$ 8,862,962	$ -	$ 8,587,146	249,164	0.47%	$ 163

(1) Source: Appalachian Council of Governments
* Debt balances include premiums and discounts

Anderson Regional Joint Water System
Debt Service Coverage Ratio
Last Ten Fiscal Years

	Fiscal Year									
	2016	**2017^**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Change in Net Position	$ 1,147,944	$ 1,742,240	$ 2,906,314	$ 2,160,238	$ 2,288,857	$ 2,273,502	$ 2,942,590	$ 3,133,105	$ 3,833,495	$ 13,160,762
Less Settlement Revenues	-	-	-	-	-	-	-	-	-	(5,345,914)
Less Grants	-	-	-	-	-	-	-	-	-	(3,049,361)
Less Contributions in Aid	-	-	(466,275)	(50,347)	-	-	-	-	-	(585,888)
Plus Interest Expense	2,257,700	2,197,538	1,929,505	2,193,873	2,071,821	1,565,354	1,493,123	1,370,384	1,297,528	1,220,641
Plus Water Credits	144,164	144,171	147,396	149,341	147,748	86,898	202,678	145,369	74,096	295,867
Plus Gain/Loss on Capital Assets	-	-	-	-	-	-	-	448,135	-	-
Plus Depreciation	2,456,714	2,259,007	2,424,418	2,644,014	2,690,616	2,676,259	2,680,205	2,646,292	2,696,281	2,819,606
Plus Contingency Reserve Draws	180,000	25,500	132,000	466,000	271,000	98,000	41,000	-	482,300	230,000
Plus Changes in Pension Related Balances	11,401	34,884	130,162	96,893	179,423	169,238	(51,971)	(17,369)	24,469	(14,387)
Plus Debt Issue Costs	-	-	-	-	-	422,481	-	-	-	-
Net Earnings	$ 6,197,923	$ 6,403,340	$ 7,203,520	$ 7,660,012	$ 7,649,465	$ 7,291,732	$ 7,307,625	$ 7,725,916	$ 8,408,169	$ 8,731,326
Debt Service	$ 4,652,903	$ 4,614,092	$ 4,658,154	$ 5,264,847	$ 5,272,163	$ 5,334,608	$ 5,318,511	$ 5,227,620	$ 5,222,912	$ 5,224,485
Debt Service Coverage Ratio*	1.33X	1.39X	1.55X	1.45X	1.45X	1.37X	1.37X	1.48X	1.61X	1.67X

*1.20X Required
^As restated

Anderson Regional Joint Water System
Principal Employers (Anderson and Pickens County)
Current Fiscal Year and Nine Fiscal Years Ago

	Fiscal Year 2025			Fiscal Year 2016		
Employer	Employees	Rank	% of System Employment	Employees	Rank	% of System Employment
Clemson University	6,639	1	2.67%	5,219	1	2.60%
Anderson County School Districts	4,340	2	1.75%	4,119	2	2.05%
Anderson Area Medical Center	4,015	3	1.62%	3,466	3	1.73%
Arthrex	2,300	4	0.93%			
Michelin Tire Corporation	2,050	5	0.83%	800	8	0.40%
Electrolux Home Products, Inc.	1,700	6	0.68%			
Vertiv	1,600	7	0.64%			
Techtronic Industries	1,450	8	0.58%	2,179	4	1.09%
Anderson County	1,430	9	0.58%	860	7	0.43%
Robert Bosch Corporation	1,100	10	0.44%	1,350	6	0.67%
Glen Raven				772	9	0.39%
State of South Carolina				1,631	5	0.81%
Wal-Mart Supercenters				610	10	0.30%

Sources: Anderson County Economic Development, Anderson County Finance, and City of Clemson

Anderson Regional Joint Water System
Demographic and Economic Data
Last Ten Fiscal Years

Fiscal Year	Estimated Population	Personal income	Unemployment Rate
2016	200,506	$ 35,083	5.0%
2017	202,140	35,297	4.1%
2018	206,527	36,147	3.8%
2019	207,924	38,271	3.2%
2020	214,097	26,516	8.5%
2021	216,497	28,553	4.3%
2022	217,372	32,468	3.2%
2023	219,616	30,996	4.2%
2024	248,406	32,552	4.4%
2025	249,164	$ 34,464	5.1%

Source: Appalachian Council of Governments

Anderson Regional Joint Water System
Departmental Breakdown of System Employees
Last Ten Fiscal Years

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Department										
Administrative	4	4	4	5	5	5	5	5	4	4
Engineering	0	1	1	1	1	1	1	1	1	1
Maintenance	4	5	5	5	5	5	5	6	6	6
Operations	8	10	10	10	10	9	9	9	8	8
	16	20	20	21	21	20	20	21	19	19

Anderson Regional Joint Water System
Capital Assets
Last Ten Fiscal Years

	Fiscal Year									
Water Distribution System	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Appurtenances										
Elevated Tanks	10	10	10	10	10	10	10	10	10	10
Ground Storage Tanks	3	3	3	3	3	3	3	3	3	3
Booster Pump Stations	2	2	2	2	2	2	2	2	2	2
Master Meters	41	41	41	41	41	41	41	41	41	41
Plant Capacity	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD
Water Mains										
Total Linear Feet	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000
Total Linear Miles	50	50	50	50	50	50	50	50	50	50

Anderson Regional Joint Water System
Wholesale and Retail Level of Effort
For the Year Ended June 30, 2025

	Wholesale Water Rate (per 5,000 gals)	Retail Water Rate (per 5,000 gals)	Median Household Income	Wholesale Level of Effort	Retail Level of Effort
City of Anderson	$ 11.43	$ 28.84	$ 51,646	0.27%	0.67%
Big Creek Water District	10.39	64.25	64,563	0.19%	1.19%
Broadway Water & Sewer District	9.41	63.00	69,564	0.16%	1.09%
City of Clemson	9.54	36.27	50,721	0.23%	0.86%
Clemson University[1]	10.85	N/A	N/A	N/A	N/A
Hammond Water District	8.88	45.66	91,133	0.12%	0.60%
Homeland Park Water & Sewer District	8.77	29.35	44,011	0.24%	0.80%
Town of Pendleton	11.09	47.06	69,822	0.19%	0.81%
Powdersville Water District	12.92	44.83	90,930	0.17%	0.59%
Sandy Springs Water District	10.72	50.72	83,024	0.15%	0.73%
Starr-Iva Water & Sewer District	10.27	56.38	55,907	0.22%	1.21%
West Anderson Water District	9.16	52.60	73,267	0.15%	0.86%
Town of Williamston	$ 11.35	40.03	61,579	0.22%	0.78%
Town of Central[2]	N/A	$ 33.50	$ 50,057	N/A	0.80%

Per the Rural Infrastructure Authority, any amount above a 2% level of effort for retail water rates is considered unaffordable.

[1] Clemson University is a state agency that does not bill water to consumers based on consumption.

[2] Town of Central sits on the Board of Anderson Regional Joint Water System, but they are not billed directly for wholesale water. The Town of Central receives wholesale water via the City of Clemson and are billed by them accordingly.

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COMPLIANCE SECTION

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

Program	Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF TREASURY			
Pass-Through SC Rural Infrastructure Authority:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act)	21.027	A-23-C006	$ 3,009,161
TOTAL US DEPARTMENT OF TREASURY			**3,009,161**
US DEPARTMENT OF HOMELAND SECURITY			
Pass-Through SC Adjutant General:			
South Carolina Emergency Management Division	97.036	4829DRSCP00008001	40,200
TOTAL US DEPARTMENT OF HOMELAND SECURITY			**40,200**
TOTAL FEDERAL ASSISTANCE EXPENDED			**$ 3,049,361**

There were no expenditures to subrecipients for the year ended June 30, 2025.

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

A – General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of the Anderson Regional Joint Water System (the "Joint Water System") for the year ended June 30, 2025. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting, which is described in the notes to the Joint Water System's financial statements.

C – Relationship to Financial Statements

Federal award expenditures are reported as expenses or as capital asset additions in the Joint Water System's financial statements.

D – Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

E – Indirect Cost Rate

The Joint Water System has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Anderson Regional Joint Water System
Anderson, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the Anderson Regional Joint Water System, South Carolina (the "Joint Water System"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Joint Water System's basic financial statements, and have issued our report thereon dated October 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Joint Water System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Joint Water System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Joint Water System's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
October 20, 2025

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Anderson Regional Joint Water System
Anderson, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Anderson Regional Joint Water System, South Carolina's (the "Joint Water System") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Joint Water System's major federal programs for the year ended June 30, 2025. The Joint Water System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Joint Water System's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Joint Water System's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
October 20, 2025

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2025

There were no audit findings in the prior year.

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	X	None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516 (Uniform Guidance)?	____	Yes	X	No

Identification of major programs:

Assistance Listing Number(s)	*Name of Federal Program or Cluster*
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan Act)

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee?	____	Yes	X	No

Section II - Current Year Financial Statement Findings

No matters to report.

Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit

No matters to report.