

**GEORGETOWN COUNTY
WATER AND SEWER DISTRICT**

FINANCIAL STATEMENTS

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 AND 2024**

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

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Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Independent Auditor's Report

To the Board of Directors
Georgetown County Water and Sewer District
Georgetown, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Georgetown County Water and Sewer District (the "District") as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District'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 Georgetown County Water and Sewer District 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* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 District'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 Responsibility 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 District'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 District'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, the Pension Schedules, and the Other Postemployment Benefit Plan Schedule, 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 District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 West Georgetown Interceptor True-up Calculation 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 December 5, 2025 on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
December 5, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the District's financial condition and activities for the fiscal year ended June 30, 2025. This information should be read in conjunction with the financial statements.

Financial Highlights

Management believes the District's financial condition remains strong. The District received a rating upgrade to Aa3 from Moody's Investor Service in April 2025. The District is well within its debt covenants and the more stringent financial policies and guidelines set by the Board. The following are financial highlights for Fiscal Year 2025.

- Total assets at year-end were \$159.6 million, an increase of \$16.3 million compared to FY2024. Net position increased from \$101.1 million in FY2024 to \$107.7 million in FY2025. Unrestricted net position increased by \$10.7 million.
- Debt service coverage, including capital contributions (impact fees) is 236%, exceeding the 120% required by the District's bond covenants.
- For Fiscal Year 2025, the District delivered 1.97 billion gallons of water and treated 1.62 billion gallons of wastewater, compared to 1.92 billion gallons of water and 1.66 billion gallons of wastewater in 2024.
- Operating revenues were \$22.6 million, an increase from FY2024 of \$.8 million or 3.6%.
- Operating expenses were \$25.1 million, an increase of \$2.1 million or 9.2% over FY2024. Depreciation increased 5.1% from the prior year.
- Ratios of total operating revenues to total operating expenses (including depreciation) were 90% and 95% for 2025 and 2024, respectively.
- During 2025, the District added 420 new customers. Water residential equivalent units increased by 93 units and wastewater residential equivalent units increased by 418 units.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the District's strategic plan, budget, bond resolutions, and other management tools were used for this analysis.

The financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. The financial statements include a balance sheet; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements.

The **Statement of Net Position** presents the financial position of the District on a full accrual historical cost basis. The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the District is improving or deteriorating, once the impact of recent GASB accounting standards are considered.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the **Statement of Revenues, Expenses, and Changes in Net Position** presents the results of the business activities over the course of the fiscal year and information as to 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. This statement also provides certain information about the District's recovery of its costs. Rate setting policies use different methods of cost recovery fully provided for by generally accepted accounting standards. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated based on long-term capacity needs, ensuring that growth pays for growth.

The **Statement of Cash Flows** presents changes in cash and cash equivalents, resulting from operations, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The **Notes to the Financial Statements** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information detailing revenues and expenses by systems, debt service requirements and insurance follows the notes to the financial statements.

The financial statements were prepared by the District's staff from the detailed books and records of the District. The financial statements were audited and adjusted, if material, during the independent external audit process.

Summary of Organization and Business

The District is a Special Purpose District created pursuant to provisions of Act 733 enacted during the 1967 Session of the General Assembly of the State of South Carolina as a body politic and corporate. The principal functions of the District are to acquire supplies of fresh water capable of being used for industrial and domestic purposes, to distribute such water for industrial and domestic use within its service area and to build, acquire, construct, operate and maintain such sewerage treatment and collection facilities as the District deems necessary. The service area of the District includes all of the area in Georgetown County except those areas within the incorporated boundaries of the Town of Andrews, the City of Georgetown, the Browns Ferry Water Company and the Rural Water District. It is located in the northeastern portion of the State of South Carolina, bordered by the Atlantic Ocean, Horry, Williamsburg, Marion, and Charleston Counties.

The District has no taxing power. Operational and maintenance costs are funded from customer fees and charges. The acquisition and construction of capital assets are funded by capital (cash and systems) contributions from customers, including other utilities and developers, Federal and State grants and loans, and customer revenues.

The District, Town of Andrews, City of Georgetown, and Georgetown County formed and entered into the West Georgetown County Regional Wastewater Partnership in 1997. The Partnership provides for the operation of the regional wastewater collection, treatment, and disposal system serving residents, businesses and industries in the underdeveloped and predominantly rural western sector of Georgetown County. The Partnership provides the District with 4.05 million gallons per day of sewer capacity in the expanded City of Georgetown wastewater treatment plant. This additional District sewer treatment capacity and the 18-mile wastewater transmission system connecting the Town of Andrews' system to the City of Georgetown's system, provides the District with substantial wastewater collection and treatment capability for the County's western area.

In past few years, the focus of the District had shifted from accommodating growth in the system to maintaining the system. As a result, the District put in place a program to identify areas of the system in need of capital repair and replacement as well as to provide the resources to make needed capital repairs or replacements. The goal of this program was to greatly reduce the number and severity of emergency repairs, thus improving the overall service to our customers as well as reducing the overall costs by performing scheduled maintenance as opposed to more costly reactive maintenance. However recently new interest in developing the west side of the county has shifted some of our focus back to accommodating growth.

Development

Development projects in various stages of the developmental process could significantly influence the District's customer base revenue stream in the future. These development and District initiated projects include:

- **Osprey Town Homes** – 47 multifamily units
- **The Reserve at Crown Pointe** – 128 single family units
- **Regatta Townhomes** – 41 multi-family units
- **Sweetgrass Townhomes** – 46 multi-family units
- **Kingsbury Subdivision** – 51 single family units
- **Riverview RV Resort** – 635 campsites with amenities
- **The Enclave at Crown Pointe** – 284 single family units & 90 multi-family units
- **The Tradition at Crown Pointe** – 369 single family units
- **Peru Plantation West Phase II** – 127 single family units
- **Georgetown Estates Phase 1A-4** – 248 single family units
- **Carolina Harbor** – 70 single family units
- **Pitch Pines** – 42 single family units

Georgetown County Water & Sewer District capital improvement projects planned and budgeted for FY2025 or completed in FY2025 include:

- **Sandy Island Water Treatment Plant Upgrade:** Construction of the Water Treatment Plant Upgrade, increasing the capacity to 10 MGD.
- **Red Hill Water Improvements:** The construction of a 100,000-gallon elevated water storage tank and interconnection with the Carver's Bay Water System.
- **North Litchfield Water Rehab Phase 2:** This project will replace aging water mains and water meter assemblies on Lakeshore Dr., Parker Dr., and side streets from Eutaw Ln. to Fenwick Rd.
- **Fire Hydrant Replacement Program:** Replacement of fire hydrants and post hydrants that have exceeded their expected life and require replacement.
- **Sewer Rehabilitation Projects:** These projects will include lining gravity mains in several locations throughout our system and well as rehabilitation of service connections and manholes. This will revitalize the portions of the sewer system that are coming to the end of their useful life.

- **Sampit Community Sewer Improvements:** This project will install gravity and high pressure sewer to residents in the Sampit Community in the areas of Powell Road, Columbus Road, Village Road, Knowlin Road, and surrounding streets.
- **CCTV Sewer Inspection and Cleaning:** Inspection and cleaning of existing sanitary sewer systems throughout the District.
- **Jerusalem Water Project:** This project will install water mains, services and fire hydrants in the Pleasant Hill area of Georgetown County along Jerusalem Dr., Old Pee Dee Rd., and a portion of County Line Rd.
- **West Georgetown Sewer Study:** This study will evaluate sewer capacity in force mains along the 701 and 51 corridor where the largest concentration of development is occurring in Georgetown County. The study will make recommendations to the system in order to maintain sewer availability in the area.
- **Litchfield County Club Force Main:** This project involves the design and replacement of an aging 14-inch diameter force main that conveys wastewater through Litchfield Country Club to one of Pawleys Island's highest-capacity pump stations

The following comparative Condensed Financial Statement and other selected information serve as the key financial data and indicators for management, monitoring and planning.

CONDENSED FINANCIAL STATEMENTS

FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET POSITION

	2025	2024	2023
Current Assets and Non-			
Current Restricted Assets	\$ 45,334,167	\$ 33,927,877	\$ 32,931,502
Capital Assets			
Producing Assets	104,620,798	103,118,338	99,617,412
Construction in Progress	9,600,472	6,142,359	7,833,123
Total Assets	<u>\$ 159,555,437</u>	<u>\$ 143,188,574</u>	<u>\$ 140,382,037</u>
Deferred Outflows	<u>\$ 3,037,934</u>	<u>\$ 3,352,387</u>	<u>\$ 3,092,719</u>
Related to Pensions			
Current Liabilities	\$ 5,405,703	\$ 4,233,646	\$ 4,608,586
Long Term Liabilities	45,143,902	36,692,620	37,775,484
Total Liabilities	<u>\$ 50,549,605</u>	<u>\$ 40,926,266</u>	<u>\$ 42,384,070</u>
Deferred Inflows	<u>\$ 4,377,254</u>	<u>\$ 4,537,151</u>	<u>\$ 5,333,224</u>
Related to Pensions			
Net Position:			
Net Invested in Capital			
Assets, Net of Related			
Debt	\$ 81,725,350	\$ 86,587,639	\$ 83,153,505
Restricted for Capital			
Activity and Debt Service	19,438,182	18,709,461	20,607,967
Unrestricted	6,502,980	(4,219,556)	(8,004,010)
Total Net Position	<u>\$ 107,666,512</u>	<u>\$ 101,077,544</u>	<u>\$ 95,757,462</u>
Total Liabilities & Net Position	<u>\$ 162,593,371</u>	<u>\$ 146,540,961</u>	<u>\$ 143,474,756</u>

Total assets increased \$16.4 million or over 11.4% from 2024 to 2025. Total deferred outflows of resources decreased by over \$314 thousand and total deferred inflows of resources decreased by \$160 thousand due to changes in the District's proportionate share of the net pension liability and related deferred inflows and outflows. Total liabilities increased by \$9.6 million primarily due to the addition of \$10 million in new long-term debt.

Total assets increased by \$2.8 million or almost 2% from 2023 to 2024. Total deferred outflows of resources increased by \$260 thousand and total deferred inflows of resources decreased by \$796 thousand due to changes in the District's proportionate share of the net pension liability. Total liabilities decreased by \$1.5 million primarily due to scheduled principal payments on outstanding long-term debt.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2025	2024	2023	Change 2024-2025	
				\$	%
REVENUES:					
Water Service Revenues	\$ 8,851,482	8,786,114	8,366,561	\$ 65,368	0.7%
Wastewater Service Rev.	10,813,693	10,221,816	9,486,245	591,877	5.8%
Other Revenues	2,970,088	2,841,450	2,699,863	128,638	4.5%
Total Operating Revenues	22,635,263	21,849,380	20,552,669	785,883	3.6%
EXPENSES:					
Operating before Depr.					
Water Operations	5,757,702	5,048,688	4,662,592	709,014	14.0%
Wastewater Operations	8,540,514	7,273,925	5,502,497	1,266,589	17.4%
General, Billing & Collect. and Engineering	4,107,699	4,295,982	4,015,270	(188,283)	-4.4%
Depreciation	6,759,956	6,434,962	6,279,041	324,994	5.1%
Total Operating Expenses	25,165,871	23,053,557	20,459,400	2,112,314	9.2%
Operating Loss	(2,530,608)	(1,204,177)	93,269	(1,326,431)	-110.2%
Non-Operating Revenue (Expenses), Net	639,805	269,241	(404,808)	370,564	-137.6%
Loss Before Contributions	(1,890,803)	(934,936)	(311,539)	(955,867)	-102.2%
Capital Contributions					
Capital Grants	7,119,035	3,629,611	34,122	3,489,424	96.1%
Customer Impact Fees	704,508	854,303	1,078,682	(149,795)	-17.5%
Water and Sewer Assessments	67,495	123,992	144,663	(56,497)	-45.6%
Developer Contributions	551,394	1,670,349	377,344	(1,118,955)	-67.0%
Total Capital Contributions	8,442,432	6,278,255	1,634,811	2,164,177	34.5%
Change in Net Position	6,551,629	5,343,319	1,323,272	1,208,310	22.6%
Beginning Net Position	101,114,883	95,771,564	94,448,292	5,343,319	5.6%
Ending Net Position	\$ 107,666,512	101,114,883	95,771,564	\$ 6,551,629	6.5%

SELECTED DATA FOR ANALYSIS

	2025	2024	2023	Change 2024-2025	
				Amount	%
Employees at Year-End	83	81	79	2	2.5%
Customers at Year-End	26,652	26,232	25,864	420	1.6%
Water & Wastewater Residential Equivalent Units at Year-End					
Water R.E.U.s	35,254	35,161	34,757	93	0.3%
Wastewater R.E.U.s	30,104	29,686	29,331	418	1.4%
Water Sales for Fiscal Year (millions of gallons)	1,974	1,925	1,966	49	2.5%
Wastewater Sales for Fiscal Year (millions of gallons)	1,616	1,662	1,595	-46	-2.8%
Per Average Employees					
Total Operating Revenues	\$ 272,714	269,745	260,160	\$ 2,969	1.1%
Total Operating Expenses	\$ 303,203	284,612	258,980	\$ 18,591	6.5%
Ratio of Operating Revenue to Operating Expenses	0.90	0.95	1.00	-0.05	-5.3%
Operating Expenses net of Depreciation	1.23	1.31	1.45	-0.08	-6.1%
Total Assets	0.14	0.15	0.15	-0.01	-6.7%
Debt Related Ratios					
Total Debt to Net Position	0.47	0.40	0.44	0.07	17.5%
Long-Term Debt to Net Position	0.42	0.36	0.39	0.06	16.7%
Debt Coverage Ratio	244%	282%	307%		

General Trends and Significant Events

Over the last 5 years, the District has experienced a customer base growth rate of 9.4%. During Fiscal Year 2025, the District experienced a 1.6% growth rate in new customers, a .3% increase in water residential equivalent users and a 1.4% increase in sewer residential equivalent users. The volume of water sold in Fiscal Year 2025 was 1.97 billion gallons, a increase of 2.5% from fiscal year 2024.

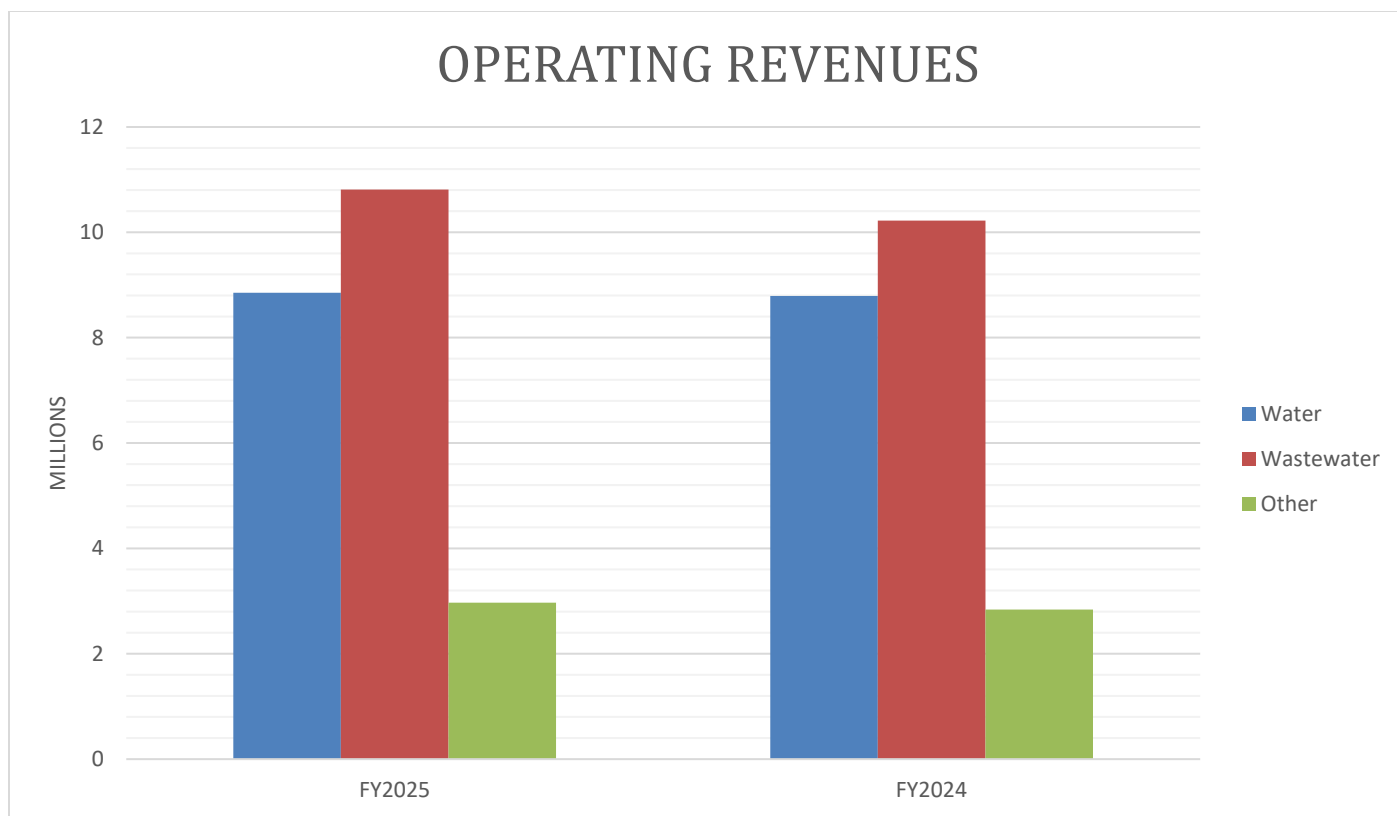
Financial Condition

The District's financial condition remained strong at year-end with adequate liquid assets, well maintained facilities and sufficient capacity to meet peak demand. The Capital Improvement Plan has been adequately funded to proactively replace and repair our capital assets. In addition, the District has built cash reserves and debt service capacity to provide for the capital projects needed to meet projected customer growth.

Total assets increased \$16.4 million or 11.4% and net position increased \$6.5 million or 6.5%, driven primarily by capital grants and the issuance of new debt.

Results of Operations

Operating Revenues: Revenues from operations fall into three general categories: water service, wastewater service, and other revenues, which include Billing & Collection and Engineering Income. The District has three classes of water and wastewater customers: Residential, Commercial, and Bulk. The following chart depicts District revenues for the last two fiscal years.

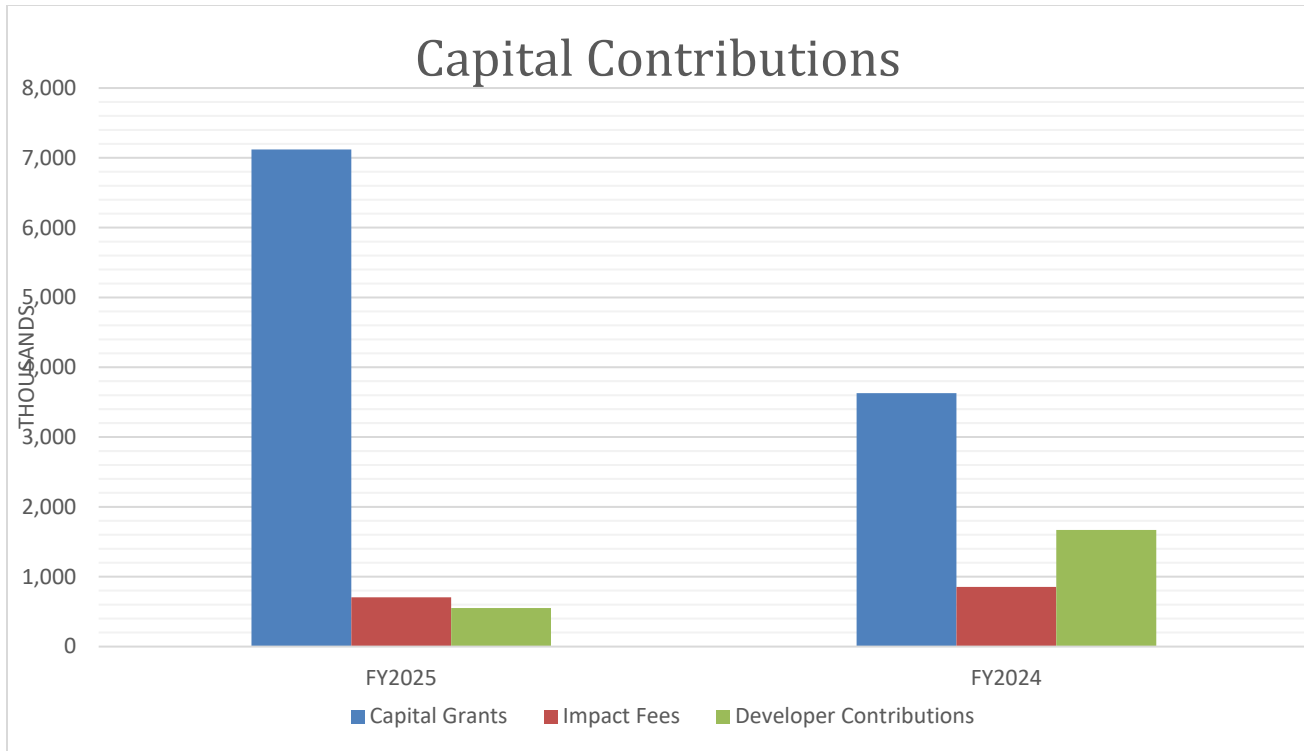


During FY2020, the District engaged Raftelis Financial Consultants, Inc. to assist with the development of a comprehensive financial plan including the rates necessary to sustain the financial plan. The plan was completed during FY2021 with implementation beginning January 1, 2021. The rate structure was modestly changed with minimal impact to customers with usage under 6,000 gallons per month per residential equivalent unit (REU). The usage tiers were adjusted to recover the costs associated with providing higher than allocated usage from the customers exceeding purchased capacity (REUs).

Capital Contributions and Grants: The District collects water and wastewater capacity fees in order to ensure that current customers do not bear the burden of growth. These fees are paid by new customers and represent, on a residential equivalent unit basis, the cost of the water and/or wastewater capacity purchased by the new account. Most of these fees are paid for blocks of capacity purchased by residential and commercial Real Estate Developers.

The District also receives additions to its collections and distribution systems from developers. Prior to GASB 34 implementation, the money and system assets received were recorded as direct contributions to the equity. GASB 34 defines these fees as non-operating revenues and requires reporting the amounts through the Statement of Revenues, Expenses and Changes in Net Position.

The following chart depicts the capital contribution activity at the District for the last two fiscal years.



Cash capital contributions (impact fees) were approximately \$854,000 for 2025, compared to \$1,079,000 in 2024.

Expenses: The District operates and maintains a potable water treatment and delivery system and a wastewater collection and treatment system. The bulk of the water production occurs at its 8.0 million gallon per day surface water treatment plant. Twenty-eight (28) wells are also used for certain remote service areas, for peak management and emergency use. The wastewater system includes five (5) wastewater treatment plants that range in size from below 52,000 gallons per day to 5.5 million gallons per day, for a combined total capacity of 12.8 million gallons per day.

Total operating expenses of the District during FY2025 increased \$1,526,000 from FY2024, and operating revenues increased \$786,000. Operating expenses including depreciation for water and wastewater operations for the last two years are listed below.

OPERATING EXPENSES						
	2025	%	2024	%	Variance	% Change
Personnel Costs	\$ 7,762,559	30.8%	\$ 7,601,502	33.0%	\$ 161,057	2.12%
Contractual Services	4,470,746	17.8%	3,743,303	16.2%	\$ 727,443	19.43%
Supplies and Materials	5,796,322	23.0%	4,859,212	21.1%	\$ 937,110	19.29%
Business and Travel Expenses	281,933	1.1%	259,996	1.1%	\$ 21,937	8.44%
Depreciation	6,759,956	26.9%	6,434,962	27.9%	\$ 324,994	5.05%
Other Expenses	94,355	0.4%	154,582	0.7%	\$ (60,227)	-38.96%
Total Expenses	\$ 25,165,871	100.0%	\$ 23,053,557	100.0%	\$ 2,112,314	9.16%

Personnel costs increased \$161,000 or 2.1% from 2024 to 2025. In January 2025, compensation was adjusted by a 3.0% across-the-board increase of the gross base salaries. Contractual services increased \$727,000 or 19.4%. Supplies and materials increased \$937,000 or 19.29% on higher chemical, fuel and material costs. Depreciation and amortization were up \$325,000 or 5.1%.

Rate Covenant

In 2015 Bond Resolution, the District covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the District, together with other income, that will yield annual Net Earnings in the fiscal year equal to at least one hundred twenty percent (120%) of the sum of the principal and interest requirements of the current fiscal year for all bonds and prior lien bonds. Net earnings for debt service are defined as the sum, which remain from the entire revenues after deduction of the cost of operating and maintaining the systems. No account is taken of the principal of and interest on long-term indebtedness, grants or of depreciation. The rate covenant in the Bond Resolution obligates the District to levy, maintain, revise and collect such fees and changes at all times sufficient to maintain the required 120% coverage. The bond debt service coverage for 2025 was 236% and 282% in 2024.

Capital Assets and Long-Term Debt

The District's Plant and Equipment increased by \$10.2 million in FY2025. There were also \$0.6 million in developer contributions to Capital Assets. The District entered into a SC State Revolving Loan Fund agreement in FY2021 to build a new water tank in the Murrells Inlet area. The project was substantially completed in FY2022, but the loan had not closed due to a contract dispute and carried into 2025. This issue was resolved during FY2025. The District issued long-term debt of \$10 million in FY2025.

Final Comments

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, LaDain Port, Georgetown County Water and Sewer District, P.O. Box 2748, Georgetown, SC 29442

Basic Financial Statements

GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Unrestricted assets:		
Unrestricted cash and cash equivalents	\$ 14,300,324	\$ 7,927,915
Accounts receivable, net	3,352,606	3,251,250
Grants receivable	5,271,740	1,171,837
Lease receivable, short-term	40,156	39,113
Impact fees receivable	-	35,078
Prepaid expenses	37,488	36,442
Inventories	1,616,709	1,439,663
Restricted assets:		
Restricted cash and cash equivalents	6,844,385	4,070,040
Restricted Investments	8,866,521	10,624,947
Total Current Assets	<u>40,329,929</u>	<u>28,596,285</u>
Noncurrent Assets:		
Service agreements receivable, restricted	1,462,926	1,517,958
Assessments receivable, restricted	2,264,349	2,496,515
Lease receivable, long-term	1,276,963	1,317,119
Capital assets, net:		
Non-depreciable	10,363,880	6,905,767
Depreciable	103,857,390	102,354,930
Total Noncurrent Assets	<u>119,225,508</u>	<u>114,592,289</u>
TOTAL ASSETS	<u>159,555,437</u>	<u>143,188,574</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension charges	1,445,690	1,271,318
Deferred other postemployment benefit charges	1,592,244	2,081,069
Total Deferred Outflows of Resources	<u>\$ 3,037,934</u>	<u>\$ 3,352,387</u>

(Continued)

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

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES		
Current Liabilities:		
Payables from current assets:		
Accounts payable	\$ 404,410	\$ 686,257
Construction contracts payable	1,458,311	342,580
Compensated absences	346,099	364,973
Accrued salaries and related expenses	417,817	370,155
Other accrued liabilities	229,913	12,590
Payables from restricted assets:		
Accrued interest payable	83,193	63,524
Customer deposits payable	365,258	377,799
Current portion of revenue bonds payable	1,624,675	1,512,897
Current portion of notes payable	476,027	465,532
Total Current Liabilities	<u>5,405,703</u>	<u>4,196,307</u>
Noncurrent Liabilities:		
Revenue bonds payable, net	24,554,288	16,210,683
Notes payable - less current portion	4,382,619	4,149,995
Total other postemployment benefits liability	7,690,628	7,623,756
Net pension liability	8,516,367	8,708,186
Total Noncurrent Liabilities	<u>45,143,902</u>	<u>36,692,620</u>
TOTAL LIABILITIES	<u>50,549,605</u>	<u>40,888,927</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension credits	482,478	312,210
Deferred other postemployment credits	2,577,658	2,868,710
Deferred lease income	1,317,118	1,356,231
	<u>4,377,254</u>	<u>4,537,151</u>
NET POSITION		
Net investment in capital assets	81,725,350	86,587,639
Restricted for debt service reserve	829,585	5,848,524
Restricted for good neighbor contributions	44,865	43,503
Restricted for systems improvements	18,563,732	12,817,434
Unrestricted	6,502,980	(4,182,217)
TOTAL NET POSITION	<u>\$ 107,666,512</u>	<u>\$ 101,114,883</u>

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

GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Water sales	\$ 8,851,482	\$ 8,786,114
Sewer sales	10,813,693	10,221,816
Billing and collections charges	2,537,166	2,436,383
Services line protection program	343,835	310,115
Other fees and charges	89,087	94,952
TOTAL OPERATING REVENUES	22,635,263	21,849,380
OPERATING EXPENSES		
Water operations	5,757,702	5,048,688
Sewer operations	8,540,514	7,273,925
Billing and collection	2,606,727	2,718,241
Services line protection program	223,002	180,969
Engineering	1,277,970	1,396,772
Depreciation expense	6,759,956	6,434,962
TOTAL OPERATING EXPENSES	25,165,871	23,053,557
OPERATING INCOME (LOSS)	(2,530,608)	(1,204,177)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	998,658	550,995
Gain (loss) on disposal of capital assets	93,277	(97,695)
Other miscellaneous revenues and expenses	207,473	439,163
Interest expense	(659,603)	(623,222)
TOTAL NON-OPERATING REVENUES (EXPENSES)	639,805	269,241
DECREASE IN NET POSITION BEFORE		
CONTRIBUTED CAPITAL, GRANTS AND OTHER	(1,890,803)	(934,936)
CONTRIBUTED CAPITAL, GRANTS AND OTHER		
Capital grants	7,119,035	3,629,611
Water and sewer impact fees	704,508	854,303
Water and sewer assessments	67,495	123,992
Developer contributions of systems	551,394	1,670,349
TOTAL CAPITAL CONTRIBUTIONS, GRANTS AND OTHER	8,442,432	6,278,255
CHANGE IN NET POSITION	6,551,629	5,343,319
NET POSITION, BEGINNING OF YEAR	101,114,883	95,771,564
NET POSITION, END OF YEAR	\$ 107,666,512	\$ 101,114,883

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

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 22,576,398	\$ 21,282,834
Payments to suppliers	(10,943,405)	(9,607,912)
Payments to employees	(7,607,616)	(7,027,590)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,025,377	4,647,332
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(10,930,615)	(7,219,914)
Proceeds from sale of capital assets	970,488	13,699
Proceeds from notes payable	708,651	-
Proceeds from bonds	9,997,366	-
Principal payments on revenue bonds payable	(1,513,274)	(1,471,885)
Principal payments on notes payable	(465,532)	(478,507)
Interest paid on long-term borrowings	(668,643)	(660,231)
Intergovernmental receipts from capital grants	3,019,132	2,457,774
Proceeds from assessments	299,661	312,904
Interest received on assessments	48,235	47,247
Impact fees received	739,586	847,726
Miscellaneous	207,473	439,162
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	2,412,528	(5,712,025)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale/(purchase) of investments	1,758,426	2,624,991
Interest income	950,423	503,748
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,708,849	3,128,739
NET INCREASE IN CASH AND CASH AND CASH EQUIVALENTS	9,146,754	2,064,046
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,997,955	9,933,909
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 21,144,709	\$ 11,997,955
RECONCILIATION TO THE STATEMENT OF NET POSITION:		
Unrestricted cash and cash equivalents	\$ 14,300,324	\$ 7,927,915
Restricted cash and cash equivalents	6,844,385	4,070,040
Total Cash and Cash Equivalents	\$ 21,144,709	\$ 11,997,955

(Continued)

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (2,530,608)	\$ (1,204,177)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Depreciation Expense	6,759,956	6,434,962
Changes In Balance Sheet Accounts:		
Increase in accounts receivable	(101,356)	(554,406)
Decrease in service agreements receivable	55,032	52,615
(Increase) in inventory	(177,046)	(101,348)
Decrease (Increase) in prepaid expenses	(1,046)	(2,465)
Decrease in deferred outflows of resources	314,453	(259,668)
Increase in accounts payable and accrued expenses	(16,862)	196,454
Decrease in customer deposits payable	(12,541)	(64,755)
Increase (decrease) in accrued compensated absences	(18,874)	(18,299)
Increase (decrease) in net pension liability	(191,819)	(199,799)
(Decrease) in total OPEB liability	66,872	1,126,504
Increase in deferred inflows of resources	(120,784)	(758,286)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 4,025,377</u></u>	<u><u>\$ 4,647,332</u></u>
Non-Cash Capital and Related Financing Activities:		
Capital Contributions	\$ 551,394	\$ 1,670,349
Capital Acquisitions in accounts payable	\$ 1,458,311	\$ 342,580

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

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Georgetown County Water and Sewer District (the “District”) is a political subdivision of the State of South Carolina created by Act No. 733 of the legislature on July 22, 1967. This enabling legislation authorized the District to provide water and sewer services to generally all areas of Georgetown County with the exception of the Town of Andrews and the City of Georgetown. The District is governed by a seven-member board appointed by the governor based upon recommendations from the Georgetown County legislative delegation. The District provides and accounts for the provision of water and sewer services to the residents of Georgetown County with the exception of the Town of Andrews and the City of Georgetown.

The financial statements of the District 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 District’s accounting policies are described below.

As required by GAAP, the financial statements present the District’s financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity’s governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the District; and (c) issue bonded debt without approval by the District. An entity has a financial benefit or burden relationship with the District if, for example, any one of the following conditions exists: (a) the District is legally entitled to or can otherwise access the entity’s resources, (b) the District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the District’s financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the District. Based on the criteria above, the District does not have any component units.

B. Fund Accounting

The District uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The fund presented in this report is a Proprietary Fund Type - *Enterprise Fund*. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

All activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary fund types are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The District does not have any internal service funds and has one enterprise fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges for goods and services provided. Operating expenses of the District include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are generally reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

D. Management Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

The District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

The District's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the District to invest in the following:

- (a) Obligations of the United States and agencies thereof.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

- (b) General obligations of the State of South Carolina or any of its political units; 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 and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts 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 market value, not less than the amount of the certificates or funds in deposit accounts 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), and (e) 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 District's cash investment objectives are preservation of capital, liquidity, and yield. The District reports its cash and investments at fair value which is normally determined by quoted market prices. The District currently has the following investments:

- US Treasury Notes ("T-notes") are government securities with maturities ranging from less than one year to 10 years. Notes are sold at auction and may be equal to, less than, or greater than the note's face value. Interest is paid every six months until the notes mature. When a bill matures, the District is paid the face value of the T-bills.

GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

- South Carolina Local Government Investment Pool (“SCLGIP”) investments 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 SCLGIP 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 SCLGIP 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.

2. Inventories

Inventories of materials and supplies are stated at cost, which approximates market, using the first-in, first-out (FIFO) method. The District uses the consumption method of accounting for inventory, in that as materials are purchased, they are coded to inventory and then as subsequently used, they are expensed.

3. Customer Accounts Receivable

Customer accounts receivable includes billed, but not collected as of year-end. The District renders bills to residential, commercial, and industrial customers for water consumption on billing cycles that end on various days throughout the month (“Billed Services”). The District also accrues a receivable for estimated water consumption earned from the last billing cycle in the year up through the year end date (“Earned but Unbilled”). Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

4. Restricted Assets

Restricted assets represent cash, investments and receivables maintained in accordance with bond resolutions, loan agreements, grant awards, and other resolutions or formal actions of the District for the purpose of funding certain debt service payments, depreciation and contingency activities and improvements to the system.

5. Lease Receivable

The District’s lease receivable is measured primarily at the present value of fixed lease payments expected to be received during the lease terms. A deferred inflow of resources has also been recorded related to these leases. The deferred inflow is recorded at the initiation of the lease in an amount equal to the initial value of the lease receivable. The deferred inflow of resources is amortized using the effective interest method over the term of the lease.

6. Capital Assets

Capital assets are carried at cost. Donated capital assets are recorded at acquisition value at the date of donation. These assets are depreciated over the estimated useful life using the strait-line method. The District defines its capitalization policy as assets costing \$5,000 and having an estimated useful life of greater than three years.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

6. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Classification</u>	<u>Useful Life</u>
Land improvements	20 years
Buildings and improvements	10-25 years
Water systems	40 years
Sewer systems	40 years
Machinery, equipment, and vehicles	5-10 years
Furniture and fixtures	5-10 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports 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 District currently has two types of deferred outflows of resources: (1) The District reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) The District reports deferred OPEB charges in its Statement of Net Position in connection with its OPEB plan. These deferred pension and OPEB charges are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB 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 Statement of Net Position reports 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 until that time. The District currently has three types of deferred inflows of resources. (1) The District reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) The District reports deferred OPEB credits in its Statement of Net Position in connection with its OPEB plan. These deferred pension and OPEB credits are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP. (3) The District reports deferred lease revenue in its Statement of Net Position in accordance with GASB Statement No. 87 “Leases” (“GASB #87”), as previously described.

8. Compensated Absences

It is the District’s policy to allow employees to accumulate unused vacation leave and sick leave in varying amounts. Employees may only carry over 240 hours of unused vacation to the next year. Employees may accumulate up to 720 hours of unused sick leave. The District will pay out up to 240 hours of unused vacation leave if an employee leaves or retires from the District in good standing. The District will not pay out any unused amounts of sick leave as it can only be used for a valid illness. The District reports compensated absences in accordance with the provisions of GASB Statement No. 101 “Compensated Absences.”

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

9. Long-Term Obligations

Bond discounts and premiums are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. If material, gains or losses on debt refundings are deferred and amortized over the life of the new debt or the remaining life of the refunded debt, whichever is shorter, using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond discounts or premiums. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

10. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. Unrestricted net position consists of all other amounts not included in the above categories.

11. Pensions and Other Postemployment Benefits

In the District's financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see Notes III.A and III.B and the required supplementary information immediately following the notes to the financial statements for more information). The District recognizes net pension and OPEB liabilities for each plan in which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the District's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities 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 plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

12. 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 District 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 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 District 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.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Certain deposits and investments of the District are legally restricted for specified purposes. The District's restricted balances were comprised of the following as of June 30, 2025 and 2024:

	2025	2024
Restricted cash and investments:		
Capital and replacement impact fees	\$ 2,219,404	\$ 4,837,756
Debt service	2,243,448	2,186,335
Depreciation and capital replacement	5,954,772	4,709,706
Economic development	500,000	500,000
Rural Line Extension	1,215,393	500,000
Contingency	1,172,234	1,110,000
Utility relocation	2,159,381	800,000
Developers' reservation	201,409	7,688
Good neighbor	44,865	43,502
	<u>\$ 15,710,906</u>	<u>\$ 14,694,987</u>

Deposits

Total deposits as of June 30, 2025 and 2024, are summarized as follows:

	2025	2024
Statement of Net Position:		
Unrestricted cash and cash equivalents	\$ 14,300,324	\$ 7,927,915
Restricted cash and cash equivalents	6,844,385	4,070,040
Restricted investments	8,866,521	10,624,947
Total Cash, Cash Equivalents and Investments	<u>\$ 30,011,230</u>	<u>\$ 22,622,902</u>
Carrying amount of deposits	\$ 2,819,335	\$ 2,492,884
Fair value of investments	27,191,895	20,130,018
Total Deposits and Investments	<u>\$ 30,011,230</u>	<u>\$ 22,622,902</u>

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2025 and 2024, the District did not have any deposits which were uninsured or under collateralized.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Investments

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

Investment Type	Fair Value	Fair Value Level ⁽¹⁾	Credit Ratings			Weighted Average Maturity	
			S&P	Moody's	Fitch	<1 Year	1-3 Years
US Treasury Notes	\$ 8,866,521	Level 1	AAA	AAA	F1+	\$ 1,929,580	\$ 6,936,941
SC LGIP	18,325,374	N/A	NR	NR	NR	18,325,374	-
	<u>\$ 27,191,895</u>					<u>\$ 20,254,954</u>	<u>\$ 6,936,941</u>

⁽¹⁾ See Note I.E.12 for details of the District's fair value hierarchy.

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

Investment Type	Fair Value	Fair Value Level ⁽¹⁾	Credit Ratings			Weighted Average Maturity	
			S&P	Moody's	Fitch	<1 Year	1-3 Years
US Treasury Notes	\$ 10,624,947	Level 1	AAA	AAA	F1+	\$ 4,750,630	\$ 5,874,317
SC LGIP	9,505,071	N/A	NR	NR	NR	9,505,071	-
	<u>\$ 20,130,018</u>					<u>\$ 14,255,701</u>	<u>\$ 5,874,317</u>

⁽¹⁾ See Note I.E.12 for details of the District's fair value hierarchy.

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

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a counterparty 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 District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2025 and 2024, none of the District's investments were exposed to custodial credit risk for investments.

Concentration of Credit Risk for Investments: The District places no limit on the amount it 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.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables

Accounts Receivable

Accounts receivable, including the applicable allowance for doubtful accounts, were composed of the following at June 30, 2025 and 2024:

	2025	2024
Billed Services	\$ 1,472,702	\$ 1,545,380
Meters read in June, billed in July	797,556	837,126
Estimated unread usage	1,245,611	1,015,044
Other accounts receivable	28,406	45,369
Less allowance for uncollectibles	(191,669)	(191,669)
Net total receivables	<u>\$ 3,352,606</u>	<u>\$ 3,251,250</u>

Assessments Receivable

Front foot assessments were levied on properties abutting on new laterals in certain areas in order to provide adequate funds to construct the systems. The assessments are pledged to secure bond issues and collections as received are required to be deposited in the Current Debt Service restricted account to be used to pay bond principal and interest.

The assessments may be paid in full or at each anniversary billing date at the option of the property owner. Annual installments not yet billed to property owners are presented as Assessments Receivable, a non-current restricted asset. The assessments at June 30, 2025 and 2024, are summarized as follows:

Area	Date levied	Original assessment	Outstanding June 30, 2025
North Causeway	9/1/2003	\$ 433,221	\$ 15,839
Brock Road	3/15/2005	256,665	6,038
Cherokee Drive Water	6/12/2006	206,532	13,769
Beaumont Drive Water	7/14/2006	95,430	6,473
South Causeway Sewer	9/1/2008	1,345,690	175,099
Grinder Pump & Step Units	8/1/2010	21,200	491,823
Pleasant Hill Water	9/1/2010	1,743,528	520,844
Plantersville Sewer	8/1/2013	1,853,901	837,724
Comanche Drive Water	5/30/2015	53,754	674
Apache Road Water	8/11/2022	237,167	175,367
Waverly Mills Sewer	3/4/2024	27,532	20,699
		<u>\$ 6,274,620</u>	<u>\$ 2,264,349</u>

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables (Continued)

<u>Area</u>	<u>Date levied</u>	<u>Original assessment</u>	<u>Outstanding June 30, 2024</u>
North Causeway	9/1/2003	\$ 433,221	\$ 15,839
Brock Road	3/15/2005	256,665	17,557
Cherokee Drive Water	6/12/2006	206,532	20,426
Beaumont Drive Water	7/14/2006	95,430	12,181
South Causeway Sewer	9/1/2008	1,345,690	224,488
Grinder Pump & Step Units	8/1/2010	21,200	462,174
Pleasant Hill Water	9/1/2010	1,743,528	598,226
Plantersville Sewer	8/1/2013	1,853,901	918,594
Comanche Drive Water	5/30/2015	53,754	5,769
Apache Road Water	8/11/2022	237,167	194,981
Waverly Mills Sewer	3/4/2024	27,532	26,280
		<u>\$ 6,274,620</u>	<u>\$ 2,496,515</u>

Service Agreement Receivable

The District entered into a Service Agreement with the Town of Andrews whereby the Town pays a debt service charge to the District for allocation of capacity of the West Georgetown County Regional Sewer Interceptor. The agreement calls for the Town to make 480 monthly payments of \$10,185 including principal and interest at a 4.50% beginning November 2002. The District reported outstanding receivables of \$1,462,926 and \$1,517,958 as of June 30, 2025 and 2024, respectively. The District has pledged these receipts for debt service on the District's Series 2015 Revenue Refunding Bonds.

Lease Receivable

The District leases property to various businesses for commercial use with agreements ranging from 20 years to 99 years with interest rates between 1.29% and 3.13%. The District recognized approximately \$65,000 of revenue in the year ended June 30, 2025, including interest revenue of \$25,700. The District recognized approximately \$64,000 of revenue in the year ended June 30, 2024, including interest revenue of \$26,500. Note that lease revenue includes amortization of deferred lease income. The District reported outstanding lease receivables of approximately \$1,277,000 and \$1,317,000 as of June 30, 2025 and 2024, respectively.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 763,408	-	-	-	\$ 763,408
Construction In Progress	6,142,359	7,476,980	(859,417)	(3,159,450)	9,600,472
Total Capital Assets, Non-Depreciable	<u>6,905,767</u>	<u>7,476,980</u>	<u>(859,417)</u>	<u>(3,159,450)</u>	<u>10,363,880</u>
Capital Assets, Depreciable					
Land Improvements	144,878	-	-	-	144,878
Buildings and Improvements	3,933,923	-	-	-	3,933,923
Water Systems	85,493,164	3,097,816	(196,054)	3,159,450	91,554,376
Sewer Systems	148,164,309	892,177	(100,991)	-	148,955,495
Machinery, equipment and vehicles	6,221,948	1,096,065	(444,604)	-	6,873,409
Furniture and fixtures	461,053	34,703	(17,955)	-	477,801
Total Capital Assets, Depreciable	<u>244,419,275</u>	<u>5,120,761</u>	<u>(759,604)</u>	<u>3,159,450</u>	<u>251,939,882</u>
Less: Accumulated Depreciation for:					
Land Improvements	(38,959)	(2,754)	-	-	(41,713)
Buildings and Improvements	(3,079,884)	(113,618)	-	-	(3,193,502)
Water Systems	(45,896,033)	(2,437,606)	196,054	-	(48,137,585)
Sewer Systems	(87,398,535)	(3,783,533)	90,891	-	(91,091,177)
Machinery, equipment and vehicles	(5,198,481)	(415,432)	436,908	-	(5,177,005)
Furniture and fixtures	(452,453)	(7,013)	17,956	-	(441,510)
Total Accumulated Depreciation	<u>(142,064,345)</u>	<u>(6,759,956)</u>	<u>741,809</u>	<u>-</u>	<u>(148,082,492)</u>
Total Capital Assets, Depreciable, Net	<u>102,354,930</u>	<u>(1,639,195)</u>	<u>(17,795)</u>	<u>3,159,450</u>	<u>103,857,390</u>
Total Capital Assets, Net	<u>\$ 109,260,697</u>	<u>5,837,785</u>	<u>(877,212)</u>	<u>-</u>	<u>\$ 114,221,270</u>

Depreciation expense for the year ended June 30, 2025 was \$6,759,956.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Capital Assets (Continued)

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 763,408	-	-	-	\$ 763,408
Construction In Progress	7,833,123	4,432,626	(198)	(6,123,192)	6,142,359
Total Capital Assets, Non-Depreciable	8,596,531	4,432,626	(198)	(6,123,192)	6,905,767
Capital Assets, Depreciable					
Land Improvements	144,878	-	-	-	144,878
Buildings and Improvements	3,933,923	-	-	-	3,933,923
Water Systems	81,939,995	1,588,273	(380,952)	2,345,848	85,493,164
Sewer Systems	142,570,902	2,188,369	(372,306)	3,777,344	148,164,309
Machinery, equipment and vehicles	6,325,870	147,250	(251,172)	-	6,221,948
Furniture and fixtures	461,942	-	(889)	-	461,053
Total Capital Assets, Depreciable	235,377,510	3,923,892	(1,005,319)	6,123,192	244,419,275
Less: Accumulated Depreciation for:					
Land Improvements	(36,205)	(2,754)	-	-	(38,959)
Buildings and Improvements	(2,956,103)	(123,781)	-	-	(3,079,884)
Water Systems	(43,891,131)	(2,335,664)	330,762	-	(45,896,033)
Sewer Systems	(84,145,823)	(3,564,012)	311,300	-	(87,398,535)
Machinery, equipment and vehicles	(5,044,712)	(404,941)	251,172	-	(5,198,481)
Furniture and fixtures	(449,532)	(3,810)	889	-	(452,453)
Total Accumulated Depreciation	(136,523,506)	(6,434,962)	894,123	-	(142,064,345)
Total Capital Assets, Depreciable, Net	98,854,004	(2,511,070)	(111,196)	6,123,192	102,354,930
Total Capital Assets, Net	\$ 107,450,535	1,921,556	(111,394)	-	\$ 109,260,697

Depreciation expense for the year ended June 30, 2024 was \$6,434,962.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations

The following is a summary of changes in the District's long-term obligations for the year ended June 30, 2025:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 17,572,145	9,780,000	(1,513,274)	25,838,871	\$ 1,624,675
Premium on revenue bonds	151,439	217,336	(28,683)	340,092	27,620
Total bonds payable	17,723,584	9,997,336	(1,541,957)	26,178,963	1,652,295
Notes payable from direct borrowings	4,615,527	708,651	(465,532)	4,858,646	476,027
Compensated absences	364,973	140,603	(159,477)	346,099	346,099
Total Long-Term Obligations	\$ 22,704,084	10,846,590	(2,166,966)	31,383,708	\$ 2,474,421

The following is a summary of changes in the District's long-term obligations for the year ended June 30, 2024:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 19,044,029	-	(1,471,884)	17,572,145	\$ 1,512,897
Premium on revenue bonds	181,845	-	(30,406)	151,439	-
Total bonds payable	19,225,874	-	(1,502,290)	17,723,584	1,512,897
Notes payable from direct borrowings	5,070,797	-	(455,270)	4,615,527	465,532
Compensated absences	383,272	87,444	(105,743)	364,973	364,973
Total Long-Term Obligations	\$ 24,679,943	87,444	(2,063,303)	22,704,084	\$ 2,343,402

Revenue Bonds

Revenue bonds payable consist of bonded indebtedness secured by statutory liens on the pledged revenues.

During 2012, the District issued \$4,170,000 in Series 2012A Revenue Bonds. The proceeds from these bonds were used to provide the funds necessary to redeem and retire the District's 1996 bonds. The serial bonds are due in annual installments of \$215,000 to \$350,000 through March 1, 2027. Interest is payable semiannually on March 1 and September 1 at a rate of 2.79%. The outstanding balance on the bond was approximately \$690,000 at June 30, 2025.

During 2012, the District issued \$4,034,500 in Series 2012B Revenue Bonds. The proceeds from these bonds were used to provide the funds necessary to defray the cost of acquiring, constructing, expanding and improving the wastewater collection system for the Plantersville Community of Georgetown County. The serial bonds are due in monthly installments of \$5,400 to \$12,500 through 2052. Interest is payable monthly over the term of the bonds at a rate of 2.125%. The outstanding balance on the bond was approximately \$3,099,000 at June 30, 2025.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Revenue Bonds (Continued)

During 2015, the District issued \$21,050,000 in Series 2015 Revenue Refunding Bonds. The proceeds from these bonds were used to provide for the advance refunding of outstanding principal amounts associated with the series 1990A bonds, the 1990C bonds, the 1996A bonds, 1996C bonds, 1996D bonds, the 1996E bonds, the 1996F bonds, the 1999A bonds, the 2000A bonds, 2001B bonds, the 2002B bonds, the 2002C bonds, the 2003A bonds, the 2005A bonds, the 2007A bonds, the 2009A bonds, the 2010A bonds, the 2010B bonds, the 2012C bonds, and the 2012D bonds as well as to pay the costs of issuance of the 2015 bonds. The serial bonds are due in annual installments of \$845,000 to \$1,865,500 through June 1, 2033. Interest is payable semiannually on December 1 and June 1 at a rate of 2.00% to 5.00%. The outstanding balance on the bond was approximately \$12,270,000 at June 30, 2025.

During 2025, the District issued \$9,780,000 in Series 2025 Revenue Bonds. The proceeds from these bonds were used to provide the funds necessary to defray the cost of acquiring, constructing, expanding and improving the wastewater collection systems of Georgetown County. The serial bonds are due in annual installments of \$65,000 to \$835,000 through 2045. Interest is payable semiannually over the term of the bonds at a rate of 4.00% to 5.00%. The outstanding balance on the bond was approximately \$9,780,000 at June 30, 2025.

Following is a summary of the debt service requirements to maturity for the District's revenue bonds as of June 30, 2025:

Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2026	\$ 1,624,675	935,841	\$ 2,560,516
2027	1,706,492	854,287	2,560,779
2028	1,773,348	790,966	2,564,314
2029	1,825,244	736,620	2,561,864
2030	1,882,181	678,590	2,560,771
2031-2035	7,406,436	2,416,328	9,822,764
2036-2040	4,011,475	1,432,614	5,444,089
2041-2045	4,597,677	629,812	5,227,489
2046-2050	675,734	73,336	749,070
2051-2055	335,609	8,819	344,428
Totals	<u>\$ 25,838,871</u>	<u>8,557,213</u>	<u>\$ 34,396,084</u>

Notes Payable

During 2011, the District entered into a financing agreement with the South Carolina State Revolving Loan Fund Program in the amount of \$4,179,020 titled Series 2011A. Principal and interest payments on the note are due in quarterly installments through March 1, 2032. The note bears interest of 3.50%. Additionally, the District entered into a financing agreement with the South Carolina State Revolving Loan Fund Program in the amount of \$2,453,793 titled Series 2011B. Principal and interest payments on the note are due in quarterly installments through June 1, 2032. The note bears interest of 3.50%. The outstanding balances on the notes Series 2011A and Series 2011B were approximately \$1,574,000 and \$900,000, respectively, at June 30, 2025.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long-Term Obligations (Continued)

Notes Payable (Continued)

During 2020, the District entered into a financing agreement with the South Carolina State Revolving Loan Fund Program in the amount of \$3,104,820 titled Series 2020A. Principal and interest payments on the note are due in quarterly installments beginning on May 1, 2021 through May 1, 2041. The note bears interest of 2.20%. As of June 30, 2025, the note remained in the drawdown phase with \$2,936,082 drawn including additional draws of \$708,651 through June 30, 2025. For the fiscal years ended June 30, 2025 and 2024, the District made principal payments of \$134,499 and \$131,581, respectively. The outstanding balance based on the amount drawn down as of June 30, 2024, amounted to \$1,810,140. The outstanding balance on the note was approximately \$2,384,000 at June 30, 2025.

The formal approval of each note payable was provided for under a master revenue bond resolution passed by the District's Board which stipulates that the notes are payable solely from the revenues of the operations of the system. All issuances of the notes are considered parity notes and have equal standing. The notes are secured by all revenues, which remain after paying off the costs of the operation and maintenance of the system of the District. The master ordinance requires the District to maintain various funds as long as the notes are outstanding.

Following is a summary of the debt service requirements to maturity for the District as of June 30, 2025:

Year Ended June 30,	Notes Payable		Total
	Principal	Interest	
2026	\$ 476,028	107,983	\$ 584,011
2027	486,758	97,252	584,010
2028	500,871	83,139	584,010
2029	509,023	74,988	584,011
2030	520,497	63,513	584,010
2031-2035	1,505,341	177,573	1,682,914
2036-2040	860,128	68,810	928,938
Totals	<u>\$ 4,858,646</u>	<u>673,258</u>	<u>\$ 5,531,904</u>

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION

A. Retirement Plan

The District participates in 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 System's 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.

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.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented on the following page.

- 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.

GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

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 (“Plans”) 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 and 9.75 percent for the PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both the SCRS until reaching 18.56 percent for the SCRS and 21.24 percent for the PORS. 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 SCRS to 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 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 Plans. Finally, under the revised statute, the contribution rates for SCRS may not be decreased until the Plans are at least 85 percent funded.

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

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

^ 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 approximately \$972,000, and \$926,000, for the years ended June 30, 2025 and June 30, 2024 respectively.

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NOTES TO THE FINANCIAL STATEMENTS

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III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

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 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 an actuarial valuation performed as of July 1, 2023. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems.

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

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)
Benefit Adjustments	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.

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%

GEORGETOWN COUNTY WATER & SEWER DISTRICT
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III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, 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%

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, 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%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity	9.0%	10.91%	0.98%
Private Debt	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
Total Expected Real Rate of Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

GEORGETOWN COUNTY WATER & SEWER DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Pension Liability, 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 for the SCRS are presented in the following table:

Measurement Date	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%

The TPL is calculated by the Systems' actuary, and each Plans' 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 Plans' funding requirements.

At June 30, 2025 and 2024, the District reported liabilities of approximately \$8,516,000 and \$8,708,000 for its proportionate share of the NPL for the SCRS. The NPL were measured as of June 30, 2024 and June 30, 2023, and the TPL for the Plan used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2023 that was projected forward to the measurement date. The District's proportion of the NPL were based on a projection of the District'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 District's SCRS proportion was 0.036317 percent, which was an increase of 0.000307 from its proportion measured as of June 30, 2023. At the June 30, 2023 measurement date, the District's SCRS proportion was 0.036010 percent, which was a decrease of 0.000736 percent from its proportion measured as of June 30, 2022.

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NOTES TO THE FINANCIAL STATEMENTS

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III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

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

For the year ended June 30, 2025, the District recognized pension expense of approximately \$776,000 for the SCRS. At June 30, 2025, the District 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	\$ 279,878	\$ 10,569
Change in Assumptions	150,142	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	328,138
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	43,828	143,771
Employer Contributions Subsequent to the Measurement Date	971,842	-
Total SCRS	<u>1,445,690</u>	<u>482,478</u>

For the year ended June 30, 2024, the District recognized pension expense of approximately \$720,000 for the SCRS. At June 30, 2024, the District 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	\$ 151,189	\$ 24,149
Change in Assumptions	133,422	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	11,919
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	60,463	276,142
Employer Contributions Subsequent to the Measurement Date	926,244	-
Total SCRS	<u>1,271,318</u>	<u>312,210</u>

GEORGETOWN COUNTY WATER & SEWER DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

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

Approximately \$972,000 and \$926,000 that were reported as deferred outflows of resources related to the District'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 and 2025, respectively. 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	\$ -	94,761
2026	(210,405)	(274,728)
2027	292,296	224,502
2028	2,213	(5,108)
2029	(86,171)	-
Total	<u>\$ (2,067)</u>	<u>39,427</u>

Discount Rate

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, each System'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 District's proportionate share of the NPL of the Plans to changes in the discount rate for the year ended June 30, 2025, 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%)
District's proportionate share of the net pension liability of the SCRS	\$ 11,036,249	8,516,367	\$ 6,195,755

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

Sensitivity Analysis (Continued)

The following table presents the sensitivity of the District’s proportionate share of the NPL of the Plan to changes in the discount rate for the year ended 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%)
District’s proportionate share of the net pension liability of the SCRS	\$ 11,251,806	8,708,186	\$ 6,594,016

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 District reported a payable of approximately \$114,000 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 Salaries and Related Expenses on the financial statements and was paid in July 2025.

B. Other Postemployment Benefit Plan

Plan Description

District administers the Georgetown County Water and Sewer District Other Postemployment Benefits Plan, a single-employer defined benefit other postemployment benefits plan (“OPEB Plan”). This plan provides healthcare insurance for eligible retirees and their spouses under the Medicare eligible age through the District’s group health insurance plan which covers both active and retired members. Section 2-198 of the Code of Ordinances of the District grants the authority to establish and amend the benefit terms of the OPEB Plan to the Board of Directors. No assets are accumulated in a trust as defined by GAAP. The OPEB Plan does not issue a stand-alone financial report.

GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Plan Membership

As of June 30, 2023, the date of the actuarial valuation used for the June 30, 2023 and 2024 measurement date, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	23
Active Members	<u>77</u>
Total Membership	<u><u>100</u></u>

Plan Benefits and Contributions

Section 2-198 of the Code of Ordinances of the District grants the authority to establish and amend the contribution requirements of the OPEB Plan to the Board of Directors. Current employees and non-Medicare eligible retirees on the standard plan pay the same rates for coverage. Rates are based on the tier of elected coverage. Eligibility and benefit provisions are different for each of the following groups:

For those hired prior to January 1, 2009:

<u>Minimum Age of Retirement</u>	<u>District Service Years at Retirement</u>	<u>Percent of Premium Paid by District</u>
58	10 - 14	50%
58	15 - 19	75%
58	20 or more	100%

For those hired on or after January 1, 2009:

<u>Minimum Age of Retirement</u>	<u>District Service Years at Retirement</u>	<u>Percent of Premium Paid by District</u>
60	15 - 24	50%
60	25 or more	100%

Employees who retire from SCRS after meeting the service requirements but prior to meeting the age requirements may purchase coverage at their own expense. Once the retiree reaches the age requirement, the District will pay a portion of the premium, as described above.

During the years ended June 30, 2025 and 2024, the District made contributions of approximately \$67,000 and \$109,000 respectively.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions and Method

Actuarial valuations of the OPEB 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, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the total OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and its members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table provides a summary of the significant actuarial assumptions and methods used in the 2023 actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.25%
Discount Rate	3.65%
Healthcare Cost Trend Rate:	7.00% - 4.50% Ultimate Trend by 2033 (Pre-Medicare) 5.25% - 4.50% Ultimate Trend by 2029 (Medicare)
Payroll Growth	3.00% - 9.50%, including inflation
Participation Rate:	
Hired Prior to January 1, 2009	50% with 10 - 14 years of service at retirement 75% with 15 - 19 years of service at retirement 100% with 20 years of service or more at retirement
Hired on or after January 1, 2009	50% with 15 - 24 years of service at retirement 100% with 20 years of service or more at retirement
Active Participation/Marriage	100% of all active employees are assumed to be married with female spouses assumed to be 3 years younger
Mortality Table	PUB-2010 Mortality Tables for Employees with a 135% multiplier
Implicit Subsidy	Total cost of coverage for pre-65 retirees is 35% higher than the average premium rate to account for implicitly subsidized costs

The actuarial assumptions used above were based on the results of an actuarial experience study done concurrently with the June 30, 2023 valuation.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

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

For the fiscal year ended June 30, 2025, the District's total OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2023.

	Total OPEB Liability (a)
Balances as of June 30, 2023	\$ 7,623,756
Changes for the year:	
Service Cost	302,991
Interest	277,026
Difference Between Expected/Actual Experience	(33,396)
Changes of Assumptions or Other Inputs	(411,152)
Benefit Payments	(68,597)
Net Changes	66,872
Balances as of June 30, 2024	\$ 7,690,628

For the fiscal year ended June 30, 2024, the District's total OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2023.

	Total OPEB Liability
Balances as of June 30, 2022	\$ 6,497,252
Changes for the year:	
Service Cost	233,778
Interest	228,640
Difference Between Expected/Actual Experience	740,395
Changes of Assumptions or Other Inputs	1,362
Benefit Payments	(77,671)
Net Changes	1,126,504
Balances as of June 30, 2023	\$ 7,623,756

The required schedule of changes in the District's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

GEORGETOWN COUNTY WATER & SEWER DISTRICT
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NOTES TO THE FINANCIAL STATEMENTS

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III. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

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

For the years ended June 30, 2025 and 2024, the District recognized OPEB expense of approximately \$293,000 and \$198,000, respectively.

At June 30, 2025, the District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 546,132	\$ 785,416
Changes of Assumptions	977,515	1,792,242
Employer Contributions Subsequent to the Measurement Date	68,597	-
Total	<u>\$ 1,592,244</u>	<u>\$ 2,577,658</u>

At June 30, 2024, the District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 643,741	\$ 1,009,423
Changes of Assumptions	1,328,158	1,859,287
Employer Contributions Subsequent to the Measurement Date	109,170	-
Total	<u>\$ 2,081,069</u>	<u>\$ 2,868,710</u>

GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

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

For the year ended June 30, 2025, approximately \$69,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ended June 30, 2026. For the year ended June 30, 2024, approximately \$109,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date were recognized as a reduction of the NOL in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

Year Ended June 30,	June 30, 2025	June 30, 2024
2025	\$ -	\$ (228,855)
2026	(210,395)	(151,902)
2027	(179,366)	(120,873)
2028	(177,915)	(119,422)
2029	(333,170)	(274,677)
2030	(118,139)	(1,082)
Thereafter	(35,026)	-
Total	<u>\$ (1,054,011)</u>	<u>\$ (896,811)</u>

At June 30, 2025 and 2024, the District used the discount rates used to measure the total OPEB liability of 3.93% and 3.65%, respectively. These rates are based on the General Obligation 20-year Municipal Bond Rates published at the end of the last week during the month of June for the respective years.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the District's net OPEB liability 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 3.93%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.93%) or 1% point higher (4.93%) than the current rate:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Net OPEB Liability	\$ 9,304,339	7,690,628	\$ 6,435,139

GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

The following table presents the sensitivity of the District's net OPEB liability 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 3.65%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.65%) or 1% point higher (4.65%) than the current rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Net OPEB Liability	\$ 9,268,214	7,623,756	\$ 6,347,265

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the District's net OPEB liability to changes in the healthcare cost trend rate for the year ended June 30, 2025 (measurement date of June 30, 2024), calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.50%) or 1% point higher (8.00% decreasing to 5.50%) than the current rate:

	1% Decrease (6.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Net OPEB Liability	\$ 6,252,306	7,690,628	\$ 9,613,893

The following table presents the sensitivity of the District's net OPEB liability to changes in the healthcare cost trend rate for the year ended June 30, 2024 (measurement date of June 30, 2023), calculated using the healthcare cost trend rate of 7.00% decreasing to 4.50%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.50%) or 1% point higher (8.00% decreasing to 5.50%) than the current rate:

	1% Decrease (6.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Net OPEB Liability	\$ 6,215,382	7,623,756	\$ 9,503,913

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

C. Risk Management

The District is exposed to various risks of loss related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a participant in the South Carolina Insurance Reserve Fund, which is a cooperative group of governmental entities joining together to finance insurance exposure, liability, and risk. The District's risks covered are property (both building and personal), builder's risk, inland marine, torts, and automobile.

The South Carolina Insurance Reserve Fund does not cover risks associated with a whistle-blower action, breaches of contract, debt guarantee of others, property tax appeals, automobile/aircraft/watercraft in excess of 26 feet in length, liability from pre-arranged speed contest, pollution liability (except sudden and accidental), war, workers' compensation, bodily injury to fellow employees, and professional liability of medical practitioners and architects.

For all covered risks, the transfer of risk culminates upon filing a claim. Consequently, for items not covered, the members separately purchase policies to bear the risk up to policy premiums. The separately purchased policies include the District's workers' compensation policy through the State Accident Fund. For the years ended June 30, 2025 and 2024, there were no liabilities which exceeded the coverage available through the South Carolina Insurance Reserve Fund and separate purchased carriers.

D. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amount already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The District is a party to various matters in litigation in the due course of business. The assertions relating to these matters, while taken seriously by management, when resolved are not expected to cause any material adverse effect on the financial position of the District.

At June 30, 2025 and 2024, the District had construction commitments related to various capital projects for approximately \$9,015,000 and \$343,000, respectively.

The Grand Strand Water and Sewer Authority (the "Authority") agreed to allow the District to connect to the Authority's Garden City water system for the purpose of providing stand-by water supply and pressure. The District shall pay the Authority for water delivered in accordance with the bulk water rate established by the Authority. The Authority has also agreed by contract to assume the responsibility of providing, maintaining and operating the transmission of wastewater, the treatment of wastewater and the disposal of treated wastewater for the District. The District shall pay the Authority in accordance with the contract.

E. Subsequent Event

Effective July 1, 2025, the District increased their rates for water and sewer charges. The average residential customer using 6,000 gallons will see an increase of 4.01% per month.

**GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024

III. OTHER INFORMATION (CONTINUED)

F. Allocation of General Administrative Costs

The District includes in its Statement of Revenues, Expenses, and Changes in Net Position an allocation of general administration operating expenses to its other cost centers. Included in this allocation are certain other income and expenses related to general administration, such as interest income, gain or loss on disposal of capital assets, and interest expense on debt secured by general administration capital assets.

The calculation of expenses that have been allocated to other cost centers for the year ended June 30, 2025, is disclosed below:

	<u>2025</u>
General administration operating expense:	
Personnel services	\$ 1,736,117
Contractual services	1,110,272
Supplies and materials	563,358
Other expenses	72,922
Depreciation	538,816
Total general administrative operating expense	<u>4,021,485</u>
Other (income) expense allocated:	
General administrative income	(1,157,896)
Interest expense on Georgetown administration building	39,987
Net other (income) expense allocated	<u>(1,117,909)</u>
Total expenses allocated	<u>\$ 2,903,576</u>

The calculation of expenses that have been allocated to other cost centers for the year ended June 30, 2024, is disclosed below:

	<u>2024</u>
General administration operating expense:	
Personnel services	\$ 1,639,764
Contractual services	852,343
Supplies and materials	524,573
Other expenses	242,690
Depreciation	535,286
Total general administrative operating expense	<u>3,794,656</u>
Other (income) expense allocated:	
General administrative income	(389,843)
Interest expense on Georgetown administration building	42,729
Net other (income) expense allocated	<u>(347,114)</u>
Total expenses allocated	<u>\$ 3,447,542</u>

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Required Supplementary Information

GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE DISTRICT'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
District's Proportion of the Net Pension Liability	0.036317%	0.036010%	0.036746%	0.038137%	0.036903%	0.038373%	0.038103%	0.036595%	0.037267%	0.037822%
District's Proportionate Share of the Net Pension Liability	\$ 8,516,367	8,708,186	8,907,985	8,253,331	9,429,483	8,762,257	8,537,751	8,238,123	7,960,176	\$ 7,173,125
District's Covered Payroll	\$ 4,990,542	4,553,839	4,375,569	4,311,037	4,117,080	4,052,135	3,948,567	3,608,848	3,546,240	\$ 3,224,803
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.65%	191.23%	203.58%	191.45%	229.03%	216.24%	216.22%	228.28%	224.47%	222.44%
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 year were determined as of June 30th of the year presented.

The discount rate was lowered from 7.25% to 7.00% beginning with the year ended June 30, 2020 measurement date.

GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, 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	\$ 971,842	926,244	799,007	724,594	665,477	635,298	584,670	530,106	421,511	\$ 399,139
Contributions in Relation to the Contractually Required Contribution	971,842	926,244	799,007	724,594	665,477	635,298	584,670	530,106	421,511	399,139
Contributions from the District	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ 5,236,220	4,990,542	4,553,839	4,375,569	4,311,037	4,117,080	4,052,135	3,948,567	3,608,848	\$ 3,546,240
District's Covered Payroll	18.56%	18.56%	17.55%	16.56%	15.44%	15.43%	14.43%	13.43%	11.68%	11.26%
Contributions as a Percentage of Covered Payroll										

GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULE

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

LAST EIGHT FISCAL YEARS

	Year Ended							
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:								
Service Cost	\$ 302,991	\$ 233,778	360,357	440,059	280,193	225,502	241,475	\$ 279,432
Interest	277,026	228,640	173,424	199,598	229,657	240,020	220,909	196,301
Differences Between Expected and Actual Experience	(33,396)	740,395	(4,046)	(1,168,606)	1,522	(785,472)	(5,802)	(3,655)
Changes of Assumptions	(411,152)	1,362	(2,018,832)	(388,505)	2,051,713	773,027	(375,493)	(708,509)
Benefit Payments, Including Refunds of Member Contributions	(68,597)	(77,671)	(84,597)	(85,933)	(87,188)	(87,188)	(81,598)	(78,299)
Other Changes	-	-	-	-	(12,708)	-	-	-
Net Change in Total OPEB Liability	66,872	1,126,504	(1,573,694)	(1,003,387)	2,463,189	365,889	(509)	(314,730)
Total OPEB Liability - Beginning of Year	7,623,756	6,497,252	8,070,946	9,074,333	6,611,144	6,245,255	6,245,764	6,560,494
Total OPEB Liability - End of Year (a)	7,690,628	7,623,756	6,497,252	8,070,946	9,074,333	6,611,144	6,245,255	6,245,764
Covered-Employee Payroll	\$ 4,519,425	\$ 4,519,425	4,059,510	4,059,510	3,894,600	3,894,600	3,535,410	\$ 3,535,410
Total OPEB Liability as a Percentage of Covered-Employee Payroll	170.17%	168.69%	160.05%	198.82%	233.00%	169.75%	176.65%	176.66%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).
The District adopted GASB #75 during the year ended June 30, 2018. Information is not available for prior years.
The discount rate increase from 3.65% to 3.93% for the year ended June 30, 2025.

Supplementary Information

GEORGETOWN COUNTY WATER AND SEWER DISTRICT

SCHEDULE OF REVENUES AND EXPENSES BY SYSTEM

YEAR ENDED JUNE 30, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	Water	Wastewater	General Operations				Total	2024
			General Administration	Billing and Collection	Engineering	Service Line Protection		
Revenues:								
Availability Charges	\$ 2,629,583	3,877,474	-	-	-	-	6,507,057	\$ 6,218,458
Volume Charges	5,557,299	6,517,076	-	-	-	-	12,074,375	11,572,010
Service Connection	351,661	161,124	-	-	-	-	512,785	581,680
Meter Fees	10,130	-	-	-	-	-	10,130	2,171
Backflow Inspection Charge	123,942	-	-	-	-	-	123,942	115,640
Demand Charge	100,838	158,066	-	-	-	-	258,903	268,660
Impact Fees	384,756	548,552	-	-	-	-	933,308	807,301
Administrative Recoveries	78,029	76,371	-	-	-	-	154,400	240,531
Sewer Service Inspection	-	23,582	-	-	-	-	23,582	27,243
Assessment:								
Interest	17,762	30,473	-	-	-	-	48,235	47,247
Levy	116,478	147,357	-	-	-	-	263,835	276,917
Developer Contributions	146,709	404,271	-	-	-	-	550,980	1,670,349
Capital Grants	6,331,828	591,608	-	-	-	-	6,923,436	3,675,625
Interest Income	-	-	950,423	-	-	-	950,423	503,748
Discounts Earned	-	-	287	-	-	-	287	178
Credit Card Fees & Charges	-	-	(192,133)	-	-	-	(192,133)	(159,999)
Lease Revenue	-	-	(25,688)	-	-	-	(25,688)	(26,434)
Unrealized Gain/Loss in Investments	-	-	216,904	-	-	-	216,904	506,552
Miscellaneous Income	-	-	208,103	-	-	-	208,103	118,866
Customer Charges	-	-	-	2,300,524	-	-	2,300,524	2,192,749
Service Charges	-	-	-	117,086	-	-	117,086	125,614
Reconnects	-	-	-	33,815	-	-	33,815	40,299
Penalties	-	-	-	72,091	-	-	72,091	63,050
Returned Check Fees	-	-	-	13,650	-	-	13,650	14,670
Engineering Income	-	-	-	-	89,087	-	89,087	96,053
Service Line Protection-Water	-	-	-	-	-	122,777	122,777	110,684
Service Line Protection-Sewer	-	-	-	-	-	221,059	221,059	199,432
Total Revenues	\$ 15,849,016	12,535,954	1,157,896	2,537,166	89,087	343,835	32,512,953	\$ 29,289,294

(Continued)

GEORGETOWN COUNTY WATER AND SEWER DISTRICT

SCHEDULE OF REVENUES AND EXPENSES BY SYSTEM

YEAR ENDED JUNE 30, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	Water	Wastewater	General Operations				Total	2024
			General Administration	Billing and Collection	Engineering	Service Line Protection		
Expenses:								
Personnel Services:								
Salaries and Wages:								
Regular	\$ 1,220,914	1,192,335	1,081,125	1,031,567	497,747	43,561	5,067,248	\$ 4,802,767
Overtime	86,687	53,211	859	12,002	2,083	-	154,843	162,153
FICA Tax Expense	107,650	92,257	78,341	75,097	35,651	2,943	391,939	370,945
Personnel Insurance	235,506	229,993	190,119	223,457	94,460	18,049	991,585	930,779
Retirement	202,195	202,502	142,285	156,879	73,092	6,500	783,453	1,138,604
Workmen's Compensation	-	-	56,703	-	-	-	56,703	57,811
Post Employee Benefits	-	-	264,645	-	-	-	264,645	108,644
Other Payroll Expenses	55,584	47,770	66,115	19,930	5,690	1,130	196,220	171,956
Less: Labor used in Construction	-	-	(144,075)	-	-	-	(144,075)	(142,155)
Total Personnel Services	1,908,536	1,818,068	1,736,117	1,518,933	708,722	72,183	7,762,561	7,601,504
Contractual Services:								
Rents and Leases:								
Vehicles	-	-	11,205	-	-	-	11,205	6,923
Other	-	10,707	15,826	8,472	9,462	-	44,467	70,916
Utilities	423,287	934,260	37,581	-	-	-	1,395,128	1,354,693
Sewer Service Charges	-	1,119,084	-	-	-	-	1,119,084	709,343
Telephone	-	-	67,477	60,901	4,042	-	132,420	159,580
Insurance- Operations	-	-	341,551	-	-	-	341,551	331,463
Professional Services	-	-	334,618	-	1,623	-	336,240	46,748
Employee Uniforms	-	-	32,890	20,562	7,532	-	60,984	19,645
Service and Maintenance	204,686	296,070	269,124	59,103	176,375	24,308	1,029,666	1,043,995
Total Contractual Services	627,973	2,360,122	1,110,272	149,038	199,033	24,308	4,470,745	3,743,306
Supplies and Materials:								
Operating Supplies and Materials	36,334	97,598	75,946	5,747	10,221	-	225,845	291,004
Water Purchased for Resale	498,564	-	-	-	-	-	498,564	439,390
Automotive Supplies	-	-	150,175	19,407	9,802	-	179,385	183,084
Printing and Office Supplies	2,009	960	27,091	38,947	512	-	69,520	61,148
Laboratory and Trt. Supplies	938,092	267,656	-	-	-	-	1,205,748	1,204,026
Maintenance and Repair:								
Buildings	37,142	47,323	83,577	-	-	-	168,042	122,603
Facilities	1,265,624	1,772,040	-	-	-	472	3,038,137	2,762,413
Equipment	568	166,709	179,113	-	-	-	346,390	252,849
Vehicles	-	3,912	163,436	9,917	3,406	-	180,671	164,633
Less: Equipment used in Construction	-	-	(115,980)	-	-	-	(115,980)	(110,233)
Total Supplies and Materials	\$ 2,778,333	2,356,199	563,558	74,019	23,942	472	5,796,322	\$ 5,370,917

(Continued)

GEORGETOWN COUNTY WATER AND SEWER DISTRICT

SCHEDULE OF REVENUES AND EXPENSES BY SYSTEM

YEAR ENDED JUNE 30, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	Water	Wastewater	General Operations				Total	2024
			General Administration	Billing and Collection	Engineering	Service Line Protection		
Business and Travel:								
Travel Expense	\$ -	-	16,910	50	1,405	-	18,365	\$ 16,968
Private Vehicle Expense	-	-	7,659	2,280	19	-	9,958	10,109
Postage and Delivery	-	-	11,061	128,436	-	-	139,497	128,956
Employee Training	780	-	31,690	1,600	1,663	-	35,732	41,265
Memberships and Meetings	-	-	44,266	45	1,484	-	45,795	45,422
Board Member Compensation	-	-	10,500	-	-	-	10,500	9,849
Professional Books	-	-	-	-	-	-	-	1,066
Public Information	-	-	22,056	-	29	-	22,085	6,360
Total Business and Travel	780	-	144,143	132,411	4,599	-	281,932	259,995
Other Expenses:								
Miscellaneous	-	-	22,056	-	29	-	113,346	56,646
Bad Debts	-	-	-	-	-	-	-	241
Net (Gain) Loss on Disposal of Property and Equipment	-	-	(93,277)	-	-	-	(93,277)	97,695
Total Other Expenses	-	-	(71,221)	-	29	-	20,069	154,582
Depreciation	2,437,605	3,783,533	538,817	-	-	-	6,759,956	6,434,962
Debt Service:								
Bond Interest:								
Special Assessment	19,099	46,007	-	-	-	-	65,106	69,858
Other	313,698	240,812	39,987	-	-	-	594,497	553,364
Total Debt Service	332,797	286,819	39,987	-	-	-	659,603	623,222
Total Direct Expenses	8,086,025	10,604,741	4,061,473	1,874,400	936,326	188,224	25,751,189	24,188,488
Allocation of General Administrative Costs	919,545	875,956	(2,903,577)	731,831	341,467	34,778	-	-
Total Expenses	9,005,570	11,480,697	1,157,896	2,606,231	1,277,793	223,002	25,751,188	24,188,488
Change in Net Position	\$ 6,843,446	1,055,257	-	(69,065)	(1,188,705)	120,833	6,761,766	\$ 5,100,806

SCHEDULE OF REVENUES AND EXPENSES BY INDIVIDUAL WATER AND WASTEWATER SYSTEM

	Water				Wastewater						
	Georgetown		Waccamaw Neck		Total Water	Georgetown		West Gtn. Reg. Interceptor	Waccamaw Neck		Total Wastewater
	T & D	Treatment	T & D	Treatment		T & D	Treatment				
Revenues:											
Availability Charges	\$ 468,140	-	2,161,443	-	2,629,583	658,016	-	122,214	3,097,244	-	\$ 3,877,474
Volume Charges	992,976	-	4,564,323	-	5,557,299	1,126,683	-	56,597	5,333,796	-	6,517,076
Service Connection	102,053	-	249,608	-	351,661	103,830	-	-	57,294	-	161,124
Meter Fees	855	-	9,275	-	10,130	-	-	-	-	-	-
Backflow Inspection Charge	726	-	123,216	-	123,942	-	-	-	-	-	-
Demand Charge	23,583	-	77,255	-	100,838	75,388	-	-	82,678	-	158,066
Impact Fees	142,400	-	242,356	-	384,756	362,452	-	-	186,100	-	548,552
Administrative Recoveries	10,892	-	67,138	-	78,029	67,897	-	-	8,474	-	76,371
Sewer Service Inspection Assessments:	-	-	-	-	-	7,931	-	-	15,651	-	23,582
Interest	18,361	-	(599)	-	17,762	21,185	-	-	9,287	-	30,473
Levy	110,769	-	5,708	-	116,478	92,388	-	-	54,969	-	147,357
Developer Contributions	-	-	146,709	-	146,709	99,262	-	-	305,009	-	404,271
Capital Grants	1,286,612	-	-	5,045,216	6,331,828	591,608	-	-	-	-	591,608
Total Revenues	3,157,367	-	7,646,433	5,045,216	15,849,016	3,206,640	-	178,811	9,150,503	-	12,535,954
Expenses:											
Personnel Services:											
Salaries and Wages:											
Regular	226,290	-	356,147	638,478	1,220,914	262,352	76,715	1,333	507,106	344,829	1,192,335
Overtime	22,676	-	27,351	36,660	86,687	7,097	-	-	18,594	27,521	53,211
FICA Tax Expense	31,996	-	27,213	48,441	107,650	17,659	5,771	279	39,437	29,110	92,257
Personnel Insurance	43,650	-	68,698	123,158	235,506	50,606	14,798	257	97,817	66,515	229,993
Retirement	37,692	-	60,566	103,936	202,195	38,341	14,770	46	86,704	62,641	202,502
Other Payroll Expenses	12,110	-	18,216	25,258	55,584	6,969	3,784	76	21,657	15,284	47,770
Total Personnel Services	374,413	-	558,192	975,931	1,908,536	383,023	115,838	1,991	771,315	545,900	1,818,068
Contractual Services:											
Rents and Leases:											
Other	-	-	-	-	-	-	-	9,355	-	1,352	10,707
Utilities	252,042	-	50,828	120,417	423,287	122,040	47,704	60,197	387,379	316,940	934,260
Sewer Service Charges	-	-	-	-	-	-	1,009,344	-	-	109,740	1,119,084
Service and Maintenance	1,733	53,201	35,056	114,696	204,686	24,604	25,138	615	624	245,089	296,070
Total Contractual Services	\$ 253,775	53,201	85,885	235,113	627,973	146,644	1,082,187	70,167	388,003	673,121	\$ 2,360,122

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SCHEDULE OF REVENUES AND EXPENSES BY INDIVIDUAL WATER AND WASTEWATER SYSTEM

	Georgetown			Water			Wastewater			Total
	T & D	Treatment	Waccamaw Neck	Total Water	T & D	Treatment	West Gtn. Reg.	T & D	Treatment	
Expenses (Continued):										
Supplies and Materials:										
Operating Supplies and Materials	\$ 16	17,218	1,567	36,334	10,587	1,294	645	35,146	49,926	\$ 97,598
Water Purchased for Resale	2,523	-	496,041	498,564	-	-	-	-	-	-
Printing and Office Supplies	-	-	-	2,009	-	-	-	-	960	960
Laboratory and Treatment Supplies	-	513	-	938,092	-	1,018	-	-	266,637	267,656
Maintenance and Repair:										
Building	-	6,500	2,750	37,142	845	-	-	584	45,894	47,323
Facilities	76,187	196,240	889,708	1,265,624	240,420	133,555	26,981	1,141,831	229,253	1,772,040
Equipment	-	-	-	568	-	-	1,240	-	165,469	166,709
Vehicles	-	-	-	-	-	-	3,912	-	-	3,912
Less: Equipment used in Construction	-	-	-	-	-	-	-	-	-	-
Total Supplies and Materials	78,725	220,471	1,390,066	2,778,333	251,851	135,868	32,779	1,177,561	758,140	2,356,199
Business and Travel:										
Employee Training	-	-	-	780	-	-	-	-	-	-
Memberships and Meetings	-	-	-	-	-	-	-	-	-	-
Total Business and Travel Expenses	-	-	-	780	-	-	-	-	-	-
Other (Income) Expenses:										
Bad Debts	-	-	-	-	-	-	-	-	-	-
Total Other Expenses	-	-	-	-	-	-	-	-	-	-
Depreciation	860,440	-	1,103,707	473,458	1,127,186	121,199	155,300	1,719,022	660,827	3,783,533
Debt Service:										
Bond Interest:										
Special Assessment	19,099	-	-	19,099	16,977	-	-	29,030	-	46,007
Other	137,591	-	60,445	313,698	70,549	-	74,274	23,186	72,803	240,812
Total Debt Service	156,690	-	60,445	332,797	87,526	-	74,274	52,216	72,803	286,819
Total Direct Expenses	1,724,044	273,671	3,198,295	2,890,014	1,996,230	1,455,091	334,511	4,108,118	2,710,791	10,604,741
Allocation of General Administrative Costs	180,395	-	268,940	470,210	184,543	55,811	959	371,624	263,018	875,955
Total Expenses	1,904,439	273,671	3,467,235	3,360,224	2,180,773	1,510,902	335,470	4,479,742	2,973,809	11,480,696
Net Income (Loss)	\$ 1,252,929	(273,671)	4,179,197	1,684,992	1,025,867	(1,510,902)	(156,659)	4,670,761	(2,973,809)	\$ 1,055,258

Other Information

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

WEST GEORGETOWN INTERCEPTOR TRUE-UP CALCULATION

YEAR ENDED JUNE 30, 2025

Interceptor Operating Expenses:

Personnel	\$ 1,679
Contractual services	70,167
Supplies and Materials	645
Maintenance and repair	32,134
Indirect cost allocation	959
Total operating expenses to be allocated	\$ 105,584

Allocation of Expenses to Partners	Flows (Actual Mgs)	Allocation Ratio	Allocation Expense
Town of Andrews	185,484,900	32.36%	\$ 34,168
Georgetown County Water and Sewer District	387,692,929	67.64%	71,416
	<u>573,177,829</u>	<u>100.00%</u>	<u>\$ 105,584</u>

Calculation of Amounts Due to Town of Andrews from District

Actual operating expenses allocated to Town of Andrews	\$ 34,168
Less: volume charges billed to Town of Andrews	(56,597)
Adjustment due to Town of Andrews	\$ (22,429)

Compliance Section

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number or Grant/Contract Number	Federal Expenditures
Department of Treasury			
Passed-Through SC Department of Administration Coronavirus State and Local Fiscal Recovery - RIA SCIIP	21.027	A-23-C078	5,257,216
Department of Homeland Security			
Passed-Through SC Emergency Management Division Hazard Mitigation Grant	97.039	N/A	1,877
Total Expenditures of Federal Awards			<u><u>\$ 5,259,093</u></u>

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, 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 Georgetown County Water and Sewer District (the "District") 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 full accrual basis of accounting.

C. RELATIONSHIP TO FINANCIAL STATEMENTS

Federal award expenditures are reported in the District's financial statements as expenditures in the District's proprietary fund.

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. MATCHING COSTS

Matching costs, i.e., the non-federal share of certain program costs, are not included in the accompanying Schedule.

F. SUB-RECIPIENTS

The District did not provide any federal awards to sub-recipients during fiscal year 2025.

G. INDIRECT COST RATE

The amount expended does not include any amounts claimed as an indirect cost recovery, as the District elected not to use the 10% *de minimis* cost rate.

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Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

To the Board of Directors
Georgetown County Water and Sewer District
Georgetown, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Georgetown County Water and Sewer District, South Carolina (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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
December 5, 2025



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

Independent Auditor's Report

To the Board of Directors
Georgetown County Water and Sewer District
Georgetown, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Georgetown County Water and Sewer District's (the "District") 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 District's major federal programs for the year ended June 30, 2025. The District'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 District 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; 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 District 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 District'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 District'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 District'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 District'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 District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design 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 District'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 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 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
December 5, 2025

**GEORGETOWN COUNTY WATER AND SEWER DISTRICT
GEORGETOWN, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2025

There were no findings reported in the prior year.

GEORGETOWN COUNTY WATER & SEWER DISTRICT
GEORGETOWN, 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 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 2 CFR 200.516 (Uniform Guidance)?	_____ Yes	_____ X _____ No
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Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery - RIA SCIIP

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	_____ Yes	_____ X _____ No
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Section II - Findings - Current Year Financial Statements Audit

No matters to report.

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

No matters to report.