

# **STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**



**WELLFORD, SOUTH CAROLINA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

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**STARTEX-JACKSON-WELLFORD-DUNCAN  
WATER DISTRICT  
WELLFORD, SOUTH CAROLINA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**



**Prepared by:**

Finance Department  
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STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

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198 WATERSHED WAY, SPARTANBURG, SC 29301  
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Letter of Transmittal

December 16, 2024

To the Commissioners, Employees, and Customers of the Startex-Jackson-Wellford-Duncan Water District, Wellford, South Carolina:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Startex-Jackson-Wellford-Duncan (SJWD) Water District (the District) for the fiscal year ended June 30, 2024. SJWD is required by state law to publish annual audited financial statements within six months of the end of the fiscal year. The financial statements must be presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as defined by the Governmental Accounting Standards Board, and audited in accordance with auditing standards generally accepted in the United States of America (GAAS) by an independent firm of licensed, certified public accountants. This ACFR is published to fulfill these requirements for the fiscal year ending June 30, 2024, by offering more robust reporting in lieu of the minimum basic financial statement requirements.

The District's management is responsible for the accounting system and for establishing and maintaining internal controls over financial reporting. The internal control system is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of the control should not exceed its likely benefits and the evaluation of costs and benefits requires estimates and judgments by management.

District management further assumes full responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the information that follows is accurate in all material respects and fairly presents the financial position of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The auditing firm of Halliday, Schwartz & Co. conducted the audit and issued an unmodified ("clean") opinion that the financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2024, and changes in financial position and its cash flows in conformity with GAAP. The independent auditor's report is located at the beginning of the financial section of this report.

Please refer to Management's Discussion and Analysis (MD&A) and the basic financial statements and notes for detailed information on SJWD's financial performance in FY 2024. This transmittal letter and the MD&A are intended to complement one another.

## Profile of the District

Startex-Jackson-Wellford-Duncan Water District, South Carolina (the “District”), is a special purpose district wholly located in Spartanburg County, South Carolina (the “County”). It was created pursuant to Act No. 1105 of the Acts of the General Assembly of the State of South Carolina of 1956, as amended, and as such, possesses all powers granted to political subdivisions by the Constitution and general laws of the State of South Carolina (the “State”), including the power to own and operate a waterworks system. Special purpose districts are limited purpose local governments created by or pursuant to Acts of the General Assembly of the State.

The District is governed by a five-member board of Commissioners who live within the taxing district and serve six-year terms. Their terms are staggered so that no more than two Commissioner positions are appointed at one time. Commissioners are appointed by the Governor of South Carolina upon recommendation by the county's legislative delegation. After appointments have been made every even-numbered year, the commissioners elect a chairman, a vice-chairman, and a secretary.

The District has a service area of approximately 128 square miles in the western portion of the County and provides drinking water to a population of more than 85,000 as of June 30, 2024. A portion of the District's service area is a taxing district as defined in the State legislative act mentioned earlier. Property taxes are levied from this tax base to service the District's general obligation bonded indebtedness. The District can only issue general obligation bonds through an ordinance by the County Council. However, the District's Commissioners have the authority to impose and fix rates to recover the costs of operations, issue revenue bond debt, and otherwise control and direct the fiscal affairs of the system. The Commissioners hire a Chief Executive Officer to handle the day-to-day operations of the system.

The District's revenues come from three principal sources: water revenues, property taxes, and miscellaneous fees and charges. An operating budget is approved each fiscal year by the Commissioners after a public hearing. In addition to the operating budget, a multi-year capital improvements plan is maintained and updated each year and approved by the Commissioners.

## Factors Affecting the Financial Condition of the District

The information presented in the following MD&A and financial statements can be better understood considering the specific environment within which the District operates.

**Location:** The District's service area generally stretches from Highway 11 in the North to Highway 417 in the South and from I-26 in the East to the Greenville-Spartanburg County line in the West. Additionally, a portion of Interstate 85, which connects Atlanta, GA, and Charlotte, NC, runs through the middle of the District's service area. This 12-mile stretch of interstate (from Hwy 101 to I-26), along with Hwy 29, Hwy 290, Hwy 101, and Hwy 357, serve as major corridors of residential and commercial growth for the area.

**Water Resources:** The Middle Tyger River (which feeds Lyman Lake), the North Tyger River (which feeds the North Tyger Reservoir), the South Tyger River (which feeds Lake Apalache and Berry's Pond), and Jordan Creek (which feeds Lake Cooley) are the primary water resources that are located within the District's service area. Currently, the District uses Lyman Lake, North Tyger Reservoir, and Lake Cooley

as its primary water resources. The District does not currently treat water from the South Tyger River, but it is considered a future water resource when needed.

**Customer Base:** Currently, the District serves over 32,000 residential, commercial, and industrial accounts.

The western portion of Spartanburg County has attracted many large employers and their suppliers, including BMW, Michelin, and Toray. Additionally, the South Carolina Ports Authority recently opened an inland port near the Greenville-Spartanburg International Airport, which is just outside of the District's service area. Historically, the District has contributed greatly to the area's economic development efforts and is committed to being an economic development-friendly partner to those seeking to locate within its service area.

In addition to commercial growth, significant growth in the area's housing market has brought many new residential customers to the District. New subdivision developments have been scattered throughout the District's service area; however, the southern portion of the District, below Interstate 85, has seen the most residential customer growth.

**Tax Base:** As previously discussed, the District uses general obligation bonds to fund a significant portion of its capital improvements and levies taxes to service that general obligation bonded indebtedness. Over the past ten years, due to growth and other economic development-related factors, the assessed value of the District's service area has gradually increased. During this time, the District has maintained a steady millage rate (averaging 11.5 mils with a range 9.4 to 12.4 mils) and invested approximately \$85.7 million in capital improvements. These capital improvements include projects that have increased the District's water treatment, pumping, and storage capacities, upgraded the District's metering infrastructure to provide more accurate and efficient water consumption data, and repaired the Lyman Lake emergency spillway after a historic flooding event. In fiscal year 2024, the District also purchased an office building and 30 acres of land on its North Tyger Reservoir and moved its headquarters there in April 2024.

## **Financial Planning and Policies**

The District's financial policies are approved by the Commissioners to provide the District staff guidance in their financial planning efforts. They ensure that rates are set to recover annual operational costs, and that debt is managed to fund the District's multi-year capital improvement plan. A more detailed description of the District's policy and planning efforts is found below:

**Cash Reserve Policy:** This policy was established to ensure sufficient reserves are in place to meet unexpected financial demands, stabilize rates and millages, and cover the cost of post-employment benefits for retirees. This policy is reviewed during the budget process to confirm that an adequate reserve ratio is maintained. The District's current cash reserve target is to maintain at least 240 days of operating expenses.

**Investments Policy:** This policy established general investment goals and objectives to ensure the District's long-term financial sustainability.

**Master Planning:** The District's Master Plan addresses the long-range planning needs relative to the operation and maintenance of the District's water system. Master Plans are



reviewed continuously and updated and revised as needed. Findings from the Master Plan updates help the District develop short-term and long-term capital improvement plans to meet the identified infrastructure needs.

**Capital Planning:** The five-year Capital Improvement Plan (CIP) serves as a guide for determining priorities, financing, planning, and constructing capital projects that support or improve the district's infrastructure, capital assets, or productive capacity. The CIP is usually based on the recommendations of the Master Plan.

**Annual Budget:** The annual budget is the primary tool and road map for accomplishing the goals of the District. By adopting the annual budget, the District makes policy decisions, sets priorities, allocates resources, and provides the framework for District operations. Each spring, the District's Commissioners hold a workshop to discuss the proposed operating budget and capital improvement plan needs for the upcoming fiscal year. Once finalized by staff, the District's operating budget and capital improvement plan are approved by the Commissioners each June following a public hearing.

## **Mission, Vision, Values, and Strategic Goals**

In early 2023, management revised the District's strategic plan, which included a fresh look at the District's mission, vision, and values. The revised plan simplified the strategic goals and set the District's direction for the next three to five years.

**Mission:** To provide high-quality, affordable water services to SJWD customers while protecting local finite water resources and promoting the overall health and welfare of our community.

**Vision:** SJWD envisions a bright future where our community has reliable and continued access to clean water. Our team unwaveringly executes careful planning, continuous improvement, and intentional focus in water resources, water treatment, water distribution, water consumption, and support.

**Values:** Efficiency, Innovation, Quality, Resiliency, and Transparency

### **Strategic Goals:**

- Ensure adequate water resources and treatment quality and capacity is available to serve SJWD's service area.
- Ensure sound financial policies to adequately recover the cost of constructing, maintaining, and operating the system to deliver high-quality water while keeping rates affordable.
- Ensure the development of a staff that is properly trained, engaged, high-performing, and committed to excellent customer service and safety.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Startex-Jackson-Wellford-Duncan Water District for its annual comprehensive financial report (ACFR) for the fiscal year ended June

30, 2023. This was the third consecutive year the District received this prestigious award. To receive a Certificate of Achievement, the District must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. Management believes that the current ACFR continues to meet the Certificate of Achievement Program’s high standards and is submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this ACFR was made possible by the dedicated service and efforts of our Finance Department, all of whom have worked many extra hours to produce an accurate and effective document. We would also like to thank all District departments for their assistance in providing the necessary data to prepare this report. Finally, we want to recognize the Commissioners' vision, leadership, support, and continued commitment to excellence.

Respectfully submitted,



Billy Y. Cothran III, P.E.  
Chief Executive Officer



Larry Christopher  
Chief Financial Officer



**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Schedule of Commissioners and Senior Management Staff**

**Commissioners**



Sanford E. Carlton, Chairman  
Frank Nutt, Vice Chairman  
Wanda Fowler, Secretary  
Barry Frost  
Brian S. Leonard

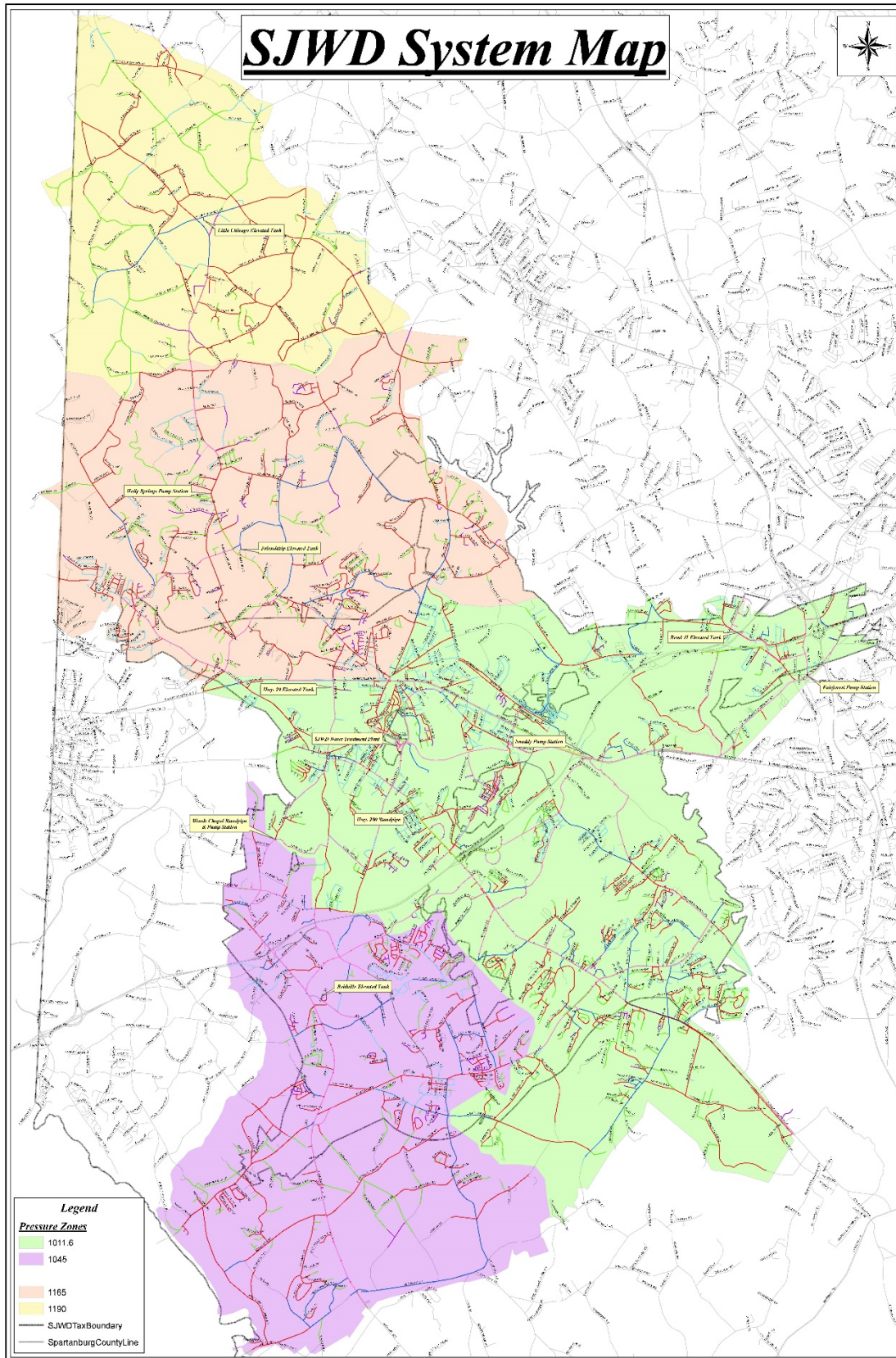
**Senior Management Staff**



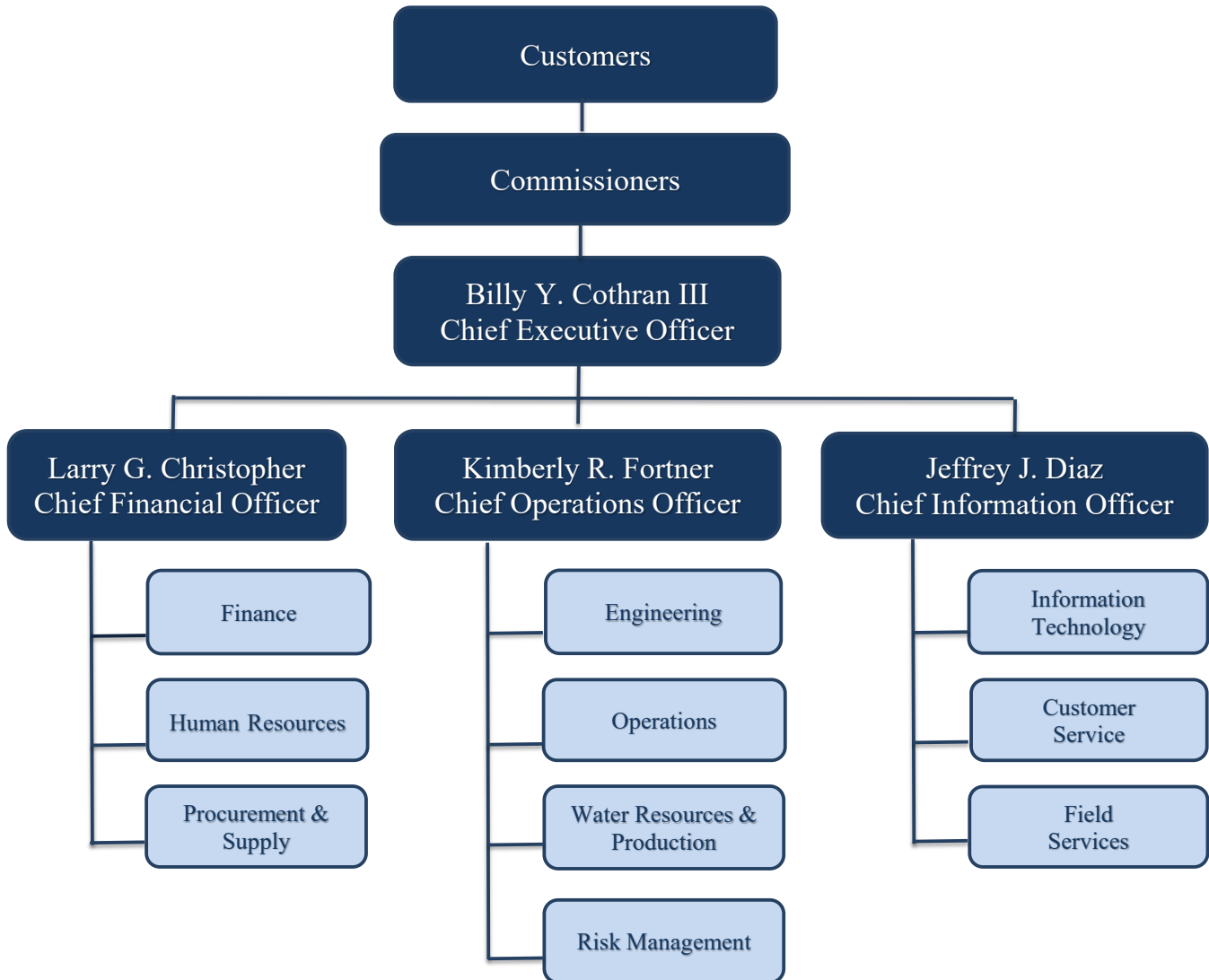
Billy Y. Cothran III, PE, Chief Executive Officer  
Larry G. Christopher, CPA, MPA, Chief Financial Officer  
Kimberly R. Fortner, PE, Chief Operation Officer  
Jeffrey J. Diaz, MBA, Chief Information Officer

# STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT

## Map of Service Area



**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Organizational Chart**





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**SJWD Water District  
South Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

## **II. FINANCIAL SECTION**

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Supplementary Information

To the Commissioners and Officers of Startex-  
Jackson-Wellford-Duncan Water District  
198 Watershed Way  
Spartanburg, South Carolina 29301

## INDEPENDENT AUDITOR'S REPORT

### **Opinion**

We have audited the financial statements of the business-type activities of Startex-Jackson-Wellford-Duncan Water District (the District), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Startex-Jackson-Wellford-Duncan Water District as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 audit. 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 the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 judgement made by a reasonable user based on the financial statements.

(1)



***Auditor's Responsibilities for the Audit of the Financial Statements - Continued***

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgement 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 judgement, 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, schedules of the District's proportionate share of the collective net pension liability and District's pension contributions and schedule of changes in the District's total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Startex-Jackson-Wellford-Duncan Water District's basic financial statements. The supplementary information, the detailed schedules of direct operating expenses, general and administrative expenses, other nonoperating revenues and expenses, principal and interest fund receipts and disbursements, and the schedule of expenditures of federal awards (SEFA), as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, 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. The supplementary 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.

To the Commissioners and Officers of  
Startex-Jackson-Wellford-Duncan Water District  
Page Three

***Supplementary Information - Continued***

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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information Included in the Annual Report**

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 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 16, 2024 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 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.

*Halliday, Schwartz & Co.*

Spartanburg, South Carolina  
December 16, 2024

# **STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

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The management of the Startex-Jackson-Wellford-Duncan (SJWD) Water District (the "District") offers the users of the District's financial statements this discussion and analysis (MD&A) of the District's financial performance for the fiscal years ending June 30, 2024 and 2023. We encourage the reader to consider this MD&A in conjunction with the District's audited financial statements, which follows this section.

The District has prepared and is responsible for the financial statements and related information included in this report. Such information has been subjected to the District's system of internal control and audited by independent external auditors. In management's opinion, the financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2024 and 2023, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

### **Financial Highlights**

- The District's net financial position increased by \$9.9 million during fiscal year 2024, while maintaining a steady millage rate and growing its customer base by 5.8%. The number of customers grew to 32,102 during the fiscal year ending June 30, 2024.
- The District continues to blend grant funding with strategic borrowing to fund capital projects. These projects support the communities we serve through economic development and provide sustainability as we grow. Capital contributions recognized in fiscal year 2024 exceeded \$6.7 million.
- Unrestricted cash and investments of \$10.3 million provides the District with a reserve of approximately 296 days of expenses as of June 30, 2024, which exceeds the District's internal target of 240 days. The reserves allow the District to keep rates affordable, provide for our employees, and meet future operational needs.
- Debt service coverage for the District's revenue bond indebtedness was 329% as of June 30, 2024, well above the District's internal target of 200% and the required coverage of 120%.

### **Overview of the Financial Statements**

The following management's discussion and analysis (MD&A) serves as an introduction to the financial statements. The MD&A represents management's examination and analysis of the District's financial condition and performance and should be read in conjunction with the independent auditor's report, the basic financial statements, and supplemental information. Summary financial statement data, key financial and operational indicators, budgets, bond resolutions, and other management tools were used for this analysis.

The *Statements of Net Position* present the financial position of the District on a full accrual, historical basis as of June 30, 2024 and 2023. The statement presents information on all the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. The statement may serve as a useful indicator of the District's financial condition, capital structure and liquidity, and future financial viability.

The *Statements of Revenues, Expenses and Changes in Net Position* present the business activity and results of operations for the fiscal years ended June 30, 2024 and 2023. The statement measures the success of the District's operations and can be used to evaluate the profitability and creditworthiness of the District.

The *Statements of Cash Flows* present the changes in cash and cash equivalents, resulting from operational, capital financing, and investing activities. The statements provide information as to the sources and uses of cash, where the cash was derived from, what the cash was used for, and the overall change in the cash balance during the fiscal years ended June 30, 2024 and 2023.

The *Notes to the Financial Statements* provide required disclosures and other information that is essential to a full understanding of 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* includes detailed schedules of operations and other required supplementary information useful to the understanding of the financial statements as a whole.

### Financial Analysis of the District

The following information provides a summary of the financial activities of the District for the past three fiscal years. Each section that follows begins with a condensed presentation of comparative information followed by management's interpretation of substantive highlights. Unless otherwise specified, dollar amounts are shown in thousands.

Note: The District restated inventory and net position for fiscal year ending June 30, 2022 as a result of inconsistencies in how inventory was valued. Certain inventory items were carried at artificially lower unit costs, which were discovered and corrected in FY 2023. The prior year corrections for these items resulted in restating inventory and net position by \$163,737 in 2022.

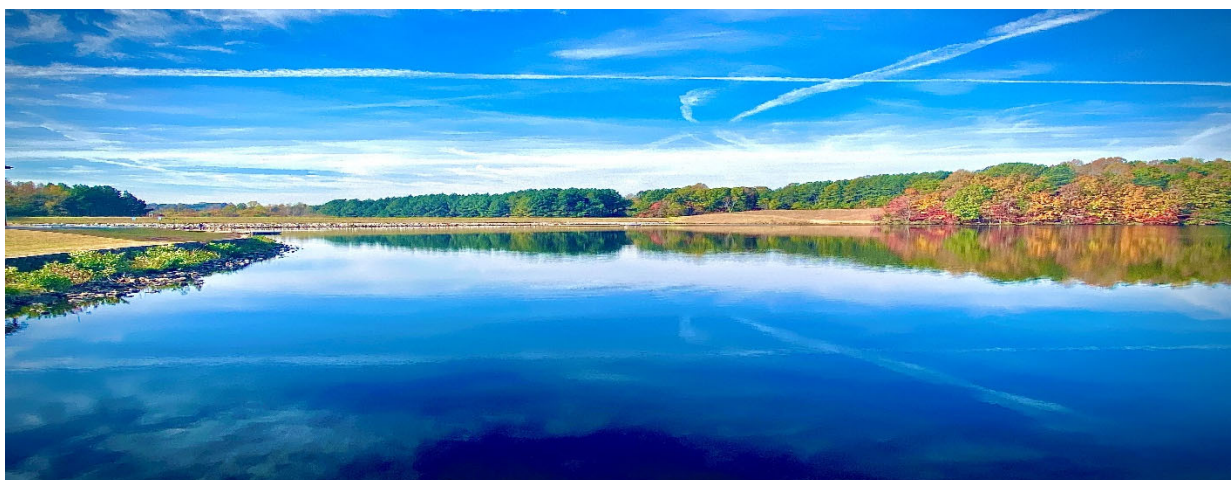
<b>Condensed Statements of Net Position</b>							
(in thousands)	Balances at June 30			Increases (Decreases)			
				Dollars		Percentages	
	2024	2023	2022 Restated	2023 to 2024	2022 to 2023	2023 to 2024	2022 to 2023
Current assets-unrestricted	\$ 13,502	\$ 11,812	\$ 11,503	\$ 1,690	\$ 309	14%	3%
Current assets-restricted	16,253	3,301	6,217	12,952	(2,916)	392%	-47%
Noncurrent assets-unrestricted	1,993	1,436	968	557	468	39%	48%
Capital assets-net of depreciation	122,256	108,917	104,312	13,339	4,605	12%	4%
<b>Total assets</b>	<b>154,004</b>	<b>125,466</b>	<b>123,000</b>	<b>28,538</b>	<b>2,466</b>	<b>23%</b>	<b>2%</b>
<b>Total Deferred Outflows of Resources</b>	<b>2,332</b>	<b>2,046</b>	<b>2,316</b>	<b>286</b>	<b>(270)</b>	<b>14%</b>	<b>-12%</b>
Current liabilities (payable from unrestricted)	2,775	2,767	2,862	8	(95)	0%	-3%
Current liabilities (payable from restricted)	12,665	3,079	11,072	9,586	(7,993)	311%	-72%
Noncurrent liabilities	41,382	31,459	28,641	9,923	2,818	32%	10%
<b>Total liabilities</b>	<b>56,822</b>	<b>37,305</b>	<b>42,575</b>	<b>19,517</b>	<b>(5,270)</b>	<b>52%</b>	<b>-12%</b>
<b>Total Deferred Outflows of Resources</b>	<b>2,067</b>	<b>2,699</b>	<b>1,940</b>	<b>(632)</b>	<b>759</b>	<b>-23%</b>	<b>39%</b>
Net Position							
Net investment in capital assets	92,324	85,162	78,698	7,162	6,464	8%	8%
Restricted	3,190	2,926	3,580	264	(654)	9%	-18%
Unrestricted	1,933	(580)	(1,477)	2,513	897	433%	-61%
<b>Total net position</b>	<b>\$ 97,447</b>	<b>\$ 87,508</b>	<b>\$ 80,801</b>	<b>\$ 9,939</b>	<b>\$ 6,707</b>	<b>11%</b>	<b>8%</b>

**Total Assets** increased 23% from 2023 to 2024 and 2% from 2022 to 2023. These changes reflect significant capital investments and unspent grant and bond funds.

- **Restricted current assets** increased significantly from 2023 to 2024 as the result of two transactions. The District was awarded a \$7.0M appropriations grant from the State of South Carolina to upgrade a tie-in with Spartanburg Water. The grant was pre-funded, and the District is holding the funds in an interest-bearing fund to be spent down as the project progresses. The balance in the fund was \$7.11M at June 30, 2024. Also, the District executed a \$12.145M general obligation bond in August 2023 to complete several projects and refinance the general obligation bond anticipation note outstanding at June 30, 2023. The unspent bond proceeds at June 30, 2024 was \$5.82M. Restricted current assets decreased from 2022 to 2023 as available bond proceeds were received and used in the completion of designated capital projects. The District also used restricted reserves to pay down a portion of the 2021 general obligation bond anticipation note.
- **Capital assets-net of depreciation** increased 12% from 2023 to 2024 mainly because of land and a building purchased as the new headquarters for the District offices of approximately \$8.0M. The District also installed meters for new customers and capitalized line extensions projects, including line extensions completed by developers and donated to the District. Capital assets increased 4% from 2022 to 2023 due to capital projects completed, line extension donated by developers, and meters for new customers.

**Total liabilities** increased 52% from 2023 to 2024 and decreased 12% from 2022 to 2023. The major changes relate to financing for capital projects, grant revenue received but not earned, and long-term liability for the District's post-employment benefits. The increase in total liabilities in 2024 includes a \$7.5M revenue bond executed in August 2023 for the purchase of the land and building for the District's new headquarters. Also for FY 2024, the appropriated grant funds received from the State of South Carolina are considered unearned until spent for their designated purpose. The unearned amount at the end of FY 2024 was \$6.9M. The decrease in 2023 relates to the repayment of bonded indebtedness, a reduction in accounts payable for long-term construction contracts, and a reduction in the liability associated with other post-employment benefits.

**Total net position** as of June 30, 2024 and 2023 increased by 11% and 8%, respectively. The greatest portion of the District's net position is **net investment in capital assets**. Over the past two years, the District has invested over \$23.0 million in improvements to the distribution system, metering infrastructure and the new District office headquarters. Funding for these improvements came from capital contributions, proceeds from bonds issued, grants, and capital reserves.



The following information summarizes the financial activities of the District and details the changes in net position for the past three fiscal years.

As noted previously, when the District discovered and corrected inconsistencies in its inventory valuation in fiscal year 2023, the subsequent restatement (shown below) decreased direct operating costs by \$163,737 in fiscal year 2022.

<b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b>							
(in thousands)	Fiscal Years Ended June 30			Increases (Decreases)			
				Dollars		Percentages	
	2024	2023	2022 Restated	2023 to 2024	2022 to 2023	2023 to 2024	2022 to 2023
<b>Operating Revenues</b>							
Water Sales	\$ 12,265	\$ 11,020	\$ 10,289	\$ 1,245	\$ 731	11%	7%
Other Operating Revenues	2,294	2,282	1,917	12	365	1%	19%
<b>Total Operating Revenues</b>	<b>14,559</b>	<b>13,302</b>	<b>12,206</b>	<b>1,257</b>	<b>1,096</b>	<b>9%</b>	<b>9%</b>
<b>Nonoperating Revenues</b>							
Property Taxes Revenue	5,191	4,148	3,776	\$ 1,043	\$ 372	25%	10%
Other Nonoperating Revenues	2,373	714	209	1,659	505	232%	242%
<b>Total Nonoperating Revenues</b>	<b>7,564</b>	<b>4,862</b>	<b>3,985</b>	<b>2,702</b>	<b>877</b>	<b>56%</b>	<b>22%</b>
<b>Total Revenues</b>	<b>22,123</b>	<b>18,164</b>	<b>16,191</b>	<b>3,959</b>	<b>1,973</b>	<b>22%</b>	<b>12%</b>
<b>Operating Expenses before Depr &amp; Amort</b>							
Direct Operating Expenses	2,998	2,374	1,923	624	451	26%	23%
Utilities and Telephone	272	252	238	20	14	8%	6%
Maintenance and Supplies	886	554	501	332	53	60%	11%
Personnel Costs	6,701	6,068	5,980	633	88	10%	1%
Fees and Services	931	673	704	258	(31)	38%	-4%
Insurance	221	218	189	3	29	1%	15%
Office Expenses	610	459	396	151	63	33%	16%
Travel and Training	109	101	80	8	21	8%	26%
Other Operating Expenses	104	117	84	(13)	33	-11%	39%
<b>Total Oper Exp before Depr and Amort</b>	<b>12,832</b>	<b>10,816</b>	<b>10,095</b>	<b>2,016</b>	<b>721</b>	<b>19%</b>	<b>7%</b>
Depreciation and Amortization	4,679	4,204	3,908	475	296	11%	8%
Nonoperating Expenses	1,337	644	503	693	141	108%	28%
<b>Increase in Net Position</b>							
<b>before Capital Contributions</b>	3,275	2,500	1,685	775	815	31%	48%
Capital Contributions	6,664	4,207	3,585	2,457	622	58%	17%
Increase in Net Position	9,939	6,707	5,270	3,232	1,437	48%	27%
Net Position, Beginning of Year	87,508	80,801	75,531	6,707	5,270	8%	7%
Net Position, End of Year	\$ 97,447	\$ 87,508	\$ 80,801	\$ 9,939	\$ 6,707	11%	8%

**Total operating revenues** for the fiscal years ending June 30, 2024 and 2023 increased 9% each year.

- **Water sales** increased 11% from FY 2023 to FY 2024. The number of customers increased by 5.8% to 32,100. The District implemented a rate modification in January 2024, which accounted for the remaining portion of the increase. Water sales increased 7% from FY 2022 to FY 2023 due to customer growth (3.6% to 30,350 customers) and the average residential bill increased with the full effect of the new rate structure implemented in February 2022.
- **Other operating revenues**, which include tap fees, contract income from sewer billings and customer service charges, remained flat for FY 2024 as compared to FY 2023 and increased 19% from FY 2022 to FY 2023. The increase in FY 2023 is the result of more taps set compared to prior fiscal years and changes made to the tap fee and installation process. These fees were increased to reflect rising material costs and supply chain issues from the pandemic.

**Total nonoperating revenues** increased 56% from fiscal year 2023 to 2024 and 22% from fiscal year 2022 to 2023. Nonoperating revenues include property tax receipts, investment earnings, gain or loss from the sale of assets, and revenue from lakes and parks. There were three main drivers to explain the increase from FY 2023 to FY 2024. First, property tax revenues, which are used solely to service general obligation bond debt, increased with reassessment and higher fee in lieu receipts; there was no increase in the millage rate. Second, the District sold a portion of its headquarters property in Wellford resulting in a gain of \$1.1M. Finally, investment earnings increased from \$473,000 in FY 2023 to \$1.225M in FY 2024 due to higher interest rates and greater investable balances. The increase from FY 2022 to FY 2023 was related primarily to an increase in property tax revenues and higher investment earnings.

**Total operating expenses** increased 19% from fiscal year 2023 to 2024 and 7% from fiscal year 2022 to 2023 and. The following comments help explain some of the changes to major expenses of the District:

- **Direct operating expenses** include costs of water production, water purchased from other systems, maintenance costs for water treatment and system infrastructure, and vehicle and equipment maintenance. Direct operating expenses have increased steadily over the last two years due to the growth of the system, increased power costs, and chemical prices. In addition, the District experienced a taste and odor event during FY 2024. In response, the District purchased water from Spartanburg Water System and incurred other expenses to mitigate the effect of the event. The increase from FY 2022 to FY 2023 relates primarily to an increase in chemical prices, the amount of chemicals used due to higher production volume and the timing of the dredging of alum sludge ponds.
- **Maintenance and supplies** include the cost to read the District's Advanced Metering Infrastructure (AMI) meters and other general maintenance costs for buildings and grounds. The District has a network-as-a-service (NaaS) contract with Sensus to read its AMI meters. Sensus supplies the reading network to the District at a fixed cost per meter. The cost continues to increase as the number of meters installed increases. The District also experienced an increase in supplies and maintenance related to the purchase of its new headquarters building and property.
- **Personnel costs** increased 10% from fiscal year 2023 to 2024 and 1% from fiscal year 2022 to 2023. The District hired ten full-time employees and four part-time employees throughout FY 2024, replacing three retirees and three other employees. The increase also reflects inflationary and merit increases, along with the benefits associated with additional employees. In FY 2024, the District continued to make structural changes to its self-funded health care plan and experienced another very favorable year of lower claims costs in fiscal year 2024. In fiscal year 2023, The number of full-time equivalent employees increased from 52 to 55. However, the increase in salaries, retirement, and payroll taxes was offset by a decrease in overall health care costs.
- **Fees and services**, which include bank charges, professional fees, and public relations expenses, increased 38% from 2023 to 2024 as the District wrapped up several studies and assessments including the final phase of a water resource master plan and a threat assessment of the new headquarters building. Fees and services decreased slightly from FY 2022 to 2023 as certain studies and assessments completed in FY 2022 were not repeated.

- **Office expenses** include processing and postage for customer bills, office supplies, and subscriptions. These expenses generally increased from FY 2023 to FY 2024 due to more customers and higher postage rates. Subscriptions included the District's participation in a collaborative pilot of satellite leak detection technology and increased participation with the United States Geological Survey in a streamflow gauging station above and below Lyman Lake. The increase from FY 2022 to FY 2023 is mainly due to an increased volume of customer bills and postage.

**Nonoperating expenses** include bond issue costs, bond interest costs, and reservoir expenses. These costs increased significantly from FY 2023 to FY 2024 as the District issued two new bonds in August 2023. A revenue bond was issued to complete the purchase of the new headquarters building, and a new general obligation bond was issued to refinance a general obligation bond anticipation note and complete several infrastructure projects. From FY 2022 to FY 2023, these costs increased with the issuance of a general obligation bond anticipation note in August 2022 and prepared to issue a revenue bond and a general obligation bond in August 2023.

**Capital contributions** have increased over the last two fiscal years. Capital contributions include system improvement fees, lines donated by developers, grant revenue, and other contributions made by developers. The District is experiencing unprecedented growth with the build out of subdivisions and the development of large tracts of land for commercial and industrial use. The District updated its waterline extension policy to meet these demands. In fiscal year 2024, the District recognized over \$3.0M in grant revenue from the 2024 grant under the American Rescue Plan Act (ARPA) and the State of South Carolina appropriations grant for the Spartanburg Water tie-in. In fiscal year 2023, the District received a \$500,000 grant from South Carolina Rural Infrastructure Authority (SC RIA) to complete an upgrade in the Jackson Mills portion of the service area.

## Cash Flows

The following information summarizes the changes in cash and cash equivalents resulting from operational, capital financing, and investing activities.

<b>Condensed Statements of Cash Flows</b>							
(in thousands)	Fiscal Years Ended June 30			Increases (Decreases)			
				Dollars		Percentages	
	2024	2023	Restated	2023 to 2024	2022 to 2023	2023 to 2024	2022 to 2023
Net Cash Flow Provided by (used for)							
Operating Activities	\$ 875	\$ 2,476	\$ 2,434	\$ (1,601)	\$ 42	-65%	2%
Capital and Related Financing Activities	10,533	(4,932)	(2,757)	15,465	(2,175)	-314%	79%
Investing Activities	1,910	(5,365)	166	7,275	(5,531)	-136%	3332%
<b>Net Cash Flow</b>	<b>13,318</b>	<b>(7,821)</b>	<b>(157)</b>	<b>21,139</b>	<b>(7,664)</b>	<b>-270%</b>	<b>4882%</b>
Cash and Cash Equivalents-Beginning of Year	6,909	14,730	14,887	(7,821)	(157)	-53%	-1%
Cash and Cash Equivalents-End of Year	20,227	6,909	14,730	13,318	(7,821)	193%	-53%
Less: Restricted Cash and Cash Equivalents	(16,199)	(3,266)	(6,185)	(12,933)	2,919	396%	-47%
Unrestricted Cash and Cash Equivalents	4,028	3,643	8,545	385	(4,902)	11%	-57%
Unrestricted Investments (marketable)	6,277	6,871	1,150	(594)	5,721	-9%	497%
Unrestricted Cash and Investments	\$ 10,305	\$ 10,514	\$ 9,695	\$ (209)	\$ 819	-2%	8%
Days Cash on Hand-Unrestricted	296	353	357				



The District's **cash and cash equivalents** increased significantly from FY 2023 to 2024 after decreasing significantly from FY 2022 to FY 2023. Cash and cash equivalents increased in FY 2024 due mainly to the unspent bond proceeds from the 2023 General Obligation bond (\$5.8M) and unspent grant funds from the State of South Carolina appropriation (\$7.1M). During fiscal year 2023, the District returned to investing in certificates of deposit and US Treasuries to take advantage of higher interest rates. Some of these investment options have maturities beyond one year and were not considered cash equivalents.

**Cash reserves**, defined as unrestricted cash and marketable investments (certificates of deposit and US Treasuries), are maintained to stabilize rates, provide security for the District's self-funded health plan, and meet the long-term operational needs of the District. One day of cash on hand is computed by dividing the cash expenses of operating and maintaining the system by 365 days. As of June 30, the days cash on hand for the past three years exceeded the District's internal goal of 240 days (see chart above).

### Investment in Capital Assets

Capital asset expenditures are made in accordance with the District's Capital Improvement Plan (CIP), and the Engineering Master Plan. In fiscal year 2016, the District completed an update of its engineering master plan. In fiscal year 2025, the District entered into an agreement with an engineering consulting firm to perform a comprehensive engineering master plan to examine system challenges, provide capacity for system growth and expansion, improve system operability and reliability, and renew and replace infrastructure that has reached the end of its effective useful life. The findings will result in a list of projects with target need dates that will be used for an update of the CIP.

The following table provides details about the major asset classes and the changes that have occurred:

<b>Capital Assets</b>							
(in thousands)	Balances at June 30			Increases (Decreases)			
				Dollars		Percentages	
	2024	2023	Restated	2023 to 2024	2022 to 2023	2023 to 2024	2022 to 2023
<b>Depreciable Capital Assets:</b>							
Water Treatment and Distribution Infrastructure	\$ 102,522	\$ 97,725	\$ 96,201	\$ 4,797	\$ 1,524	5%	2%
Reservoirs	28,246	11,180	9,728	17,066	1,452	153%	15%
Buildings and Related Improvements	7,908	2,454	2,441	5,454	13	222%	1%
Machinery and Equipment	1,708	1,692	1,566	16	126	1%	8%
Office Equipment and Furnishings	475	441	906	34	(465)	8%	-51%
Metering Infrastructure	15,463	14,454	13,359	1,009	1,095	7%	8%
Vehicles	1,215	1,327	793	(112)	534	-8%	67%
Leased Assets	459	723	570	(264)	153	-37%	27%
<b>Total Depreciable/Amortizable Assets</b>	<b>157,996</b>	<b>129,996</b>	<b>125,564</b>	<b>28,000</b>	<b>4,432</b>	<b>22%</b>	<b>4%</b>
<b>Nondepreciable Capital Assets:</b>							
Land	3,774	2,062	2,005	1,712	57	83%	3%
Construction in Progress	8,018	21,142	18,099	(13,124)	3,043	-62%	17%
<b>Total Nondepreciable Capital Assets</b>	<b>11,792</b>	<b>23,204</b>	<b>20,104</b>	<b>(11,412)</b>	<b>3,100</b>	<b>-49%</b>	<b>15%</b>
<b>Total Capital Assets</b>	<b>169,788</b>	<b>153,200</b>	<b>145,668</b>	<b>16,588</b>	<b>7,532</b>	<b>11%</b>	<b>5%</b>
Accumulated Depreciation	(47,295)	(43,963)	(41,147)	(3,332)	(2,816)	8%	7%
Accumulated Amortization (leased assets)	(237)	(321)	(209)	84	(112)	-26%	-
<b>Net Capital Assets</b>	<b>\$ 122,256</b>	<b>\$ 108,916</b>	<b>\$ 104,312</b>	<b>\$ 13,340</b>	<b>\$ 4,604</b>	<b>12%</b>	<b>4%</b>

Capital assets, net of related depreciation and amortization, increased 12% in fiscal year 2024 and 4% in fiscal year 2023. The following discusses major capital asset additions for that time, as well as future capital planning.

- The District added and upgraded approximately 13 miles of waterline in fiscal year 2024 and 11 miles of waterline in fiscal year 2023 to support the overall growth of the system. These totals include waterlines upgraded and installed by the District and waterlines installed by developers and donated to the District. As of June 30, 2024, the District maintained 789 miles of waterlines.
- In fiscal year 2024, the District paid the remaining retainage costs related to the repairs to the Emergency Spillway at Lyman Lake Dam, which significantly decreased construction in progress and increased depreciable assets classified as reservoirs.
- In fiscal year 2022, the District received approval for a matching \$500,000 grant from the South Carolina Rural Infrastructure Authority for work in the Jackson Mill area of the District. The project included the replacement of 6-inch and 2-inch waterlines and provided fire protection for over 100 customers that previously had none. The project was completed in July 2023.
- In April 2023, the District was awarded a \$10 million grant under the American Rescue Plan Act through the South Carolina Rural Infrastructure Authority (RIA) program known as the South Carolina Infrastructure Improvement Plan (SCIIP). These grant funds will be used to partially fund the replacement of two elevated storage tanks with a projected total cost of \$15 million. The remaining cost will be funded by general obligation bonds. In fiscal year 2024, the District began construction of a 1.25-million-gallon elevated storage tank (to replace the existing 300,000-gallon Friendship Storage Tank) and a 1.5-million-gallon elevated storage tank (to replace the existing 500,000-gallon Reidville Storage Tank). The Friendship Tank is scheduled to be completed in June of 2025 and the Reidville Tank is scheduled to be completed in December of 2025.
- In 2022, additional American Rescue Funds were released to the states after the South Carolina Infrastructure Improvement Plan (SCIIP) was implemented. These funds were available for selected legislatively approved projects. In 2023, the District submitted a funding request to the South Carolina State Legislature and was approved for a \$7 million appropriations grant. These funds will be used to construct a Booster Pump Station on Highway 29 that will allow the District to initially pump up to 3 million gallons per day of finished water from Spartanburg Water through the existing Fairforest tie-in location. Design of the project is underway, and construction is anticipated to begin February 2025. In July 2024, SJWD signed a long-term contract with Spartanburg Water to purchase water through this connection.
- Construction began in February of 2023 on the Middle Tyger High Service Pump Station Upgrade. The project includes the installation of a new standby generator with transfer switch and related electrical improvements as well as expansion of the pump building to allow a separate climate controlled electrical room and new pump. The project is scheduled to be completed by December of 2024. The total project cost will be approximately \$4,000,000 and be funded by general obligation bonds.

- The District was included in the fiscal year 2024 Congressional Direct Spending Appropriation for \$10 million to construct a new 7-million-gallon Clearwell at the water treatment plant. The grants program is administered through the United States Environmental Protection Agency (EPA). While funding for the project is committed through congressional appropriation, a formal application process and proof of compliance with federal regulations were required. Currently, the District has approval to proceed with design which will be completed by Garver Engineering. The National Environmental Protection Act (NEPA) notifications and requirements are under EPA review. Reviews from various agencies can take up to 6 months. The District expects the project design will be completed, and all pre-construction requirements will be approved for construction to begin before June of 2025.
- The new Friendship Elevated Storage Tank overflow elevation will be 25 feet lower than the current Friendship overflow. This change in elevation improves system hydraulics but requires the extension of an 8-inch waterline for approximately 3 miles along New Cut Road to improve pressures in the northern portion of the service area. Due to escalated material and construction cost, the District decided to use in-house personnel to install the line. The total project cost is estimated to be \$1,600,000 and material costs will be funded by general obligation bonds. The projected completion date for the projects is April of 2025.
- For the past several years, the District has targeted areas of the distribution system for potential grant funding through the South Carolina Rural Infrastructure Authority (RIA). One of the District's targeted areas is known as the Green Acres Subdivision. Currently the area is served with 2-inch galvanized lines and no fire protection. The District designed the line improvements in-house and applied for a \$1,000,000 grant to install new 6-inch and 2-inch lines capable of providing fire protection. The District's application was approved in May of 2024. The construction cost will be funded by the grant and general obligation bonds.
- In September of 2023, the District purchased a building and approximately 30 acres of land adjacent to its North Tyger Reservoir from Upward Unlimited. This building will serve as the administrative headquarters for the District for the foreseeable future. The District retained a portion of the property in Wellford as its Operations Center and sold the remaining buildings and land to the City of Wellford. The District used the proceeds from the sale of the property and from the 2023 Revenue Bond to make the purchase.

For more information on changes in capital assets, see Note 4 to the financial statements.

<b>Long-Term Debt and Debt Administration</b>
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**Long-Term Debt** consists of revenue bonds to be repaid from the net earnings of the District and general obligation bonds to be repaid by property taxes collected by Spartanburg County on behalf of the District. The District sets its water rates and tax millage to ensure payment of the bonds. The following chart shows the outstanding principal (including unamortized premiums) on the District's long-term debt:

## Long-Term Debt

(in thousands)	June 30,		
	2024	2023	2022
Revenue Bonds-payable from operations	\$ 14,502	\$ 7,043	\$ 7,445
General Obligation Bonds-payable from property tax revenue	18,563	15,470	18,149
Total Outstanding Long-Term Debt (including unamortized premiums)	\$ 33,066	\$ 22,513	\$ 25,594

In August 2021, the District issued a one-year, \$6.0 million general obligation bond anticipation note (BAN) to provide funds for repairs to the emergency spillway at the Lyman Lake Dam and replacement of the gate valve.

In August 2022, the District issued another one-year, \$6.0 million general obligation BAN to refinance the 2021 BAN. The deal was restructured to provide \$2.0 million in additional funds for the completion of the repairs to the emergency spillway at the Lyman Lake Dam and replacement of the gate valve.

In August 2023, the District issued a \$12.145 million general obligation bond with a \$842,000 premium. The premium was used to defray future general obligation bond debt. The remaining proceeds were used to pay off the outstanding 2022 BAN and will be used to match SCIIP grant funds for the two elevated water storage tanks and complete the upgrades to the Middle Tyger high service finished water pump station.

In August 2023, the District also issued a \$7.505 million revenue bond with a \$713,000 premium. The proceeds plus the premium were used to purchase the new administrative building and land and make the necessary improvements.

For more information on changes in long-term debt, see Note 5 to the financial statements.

### Debt Coverage

The District is required by covenant to cover revenue bond principal and interest payments with net earnings of at least 120%. Net earnings are calculated by adjusting net operating revenues for certain non-cash expenses and including certain non-operating revenues and expenses. Debt coverage was 329%, 774%, and 709% for the last three years, which exceeded the District's internal goal of 200%.

### Bond Ratings

The District continues to maintain an excellent bond rating. In July 2023, the rating from Standard and Poor's was upgraded from AA- to AA, while Moody's (Aa3) remained unchanged.

### Other Significant Matters

- In October 2024, the District issued a \$1.8 million general obligation bond. The proceeds of the bond will be used to provide the matching funds the District needs for the South Carolina Rural Infrastructure Authority grant for the Green Acres Subdivision. The bond will be repaid in April 2025 from restricted cash reserves.

- The District will also use a portion of the 2024 general obligation bond proceeds to complete an Engineering Master Plan. In October 2024, the District entered into an agreement with Garver Engineering for a comprehensive water master plan. The findings from the study will result in a list of projects with target need dates that will be used for an update of the long-range capital plan. The total cost for the master plan is approximately \$557,000.
- The District signed a contract with HRH Engineering Services in the amount of \$2,086,350 to complete the Green Acres Project. Construction will begin in November of 2024 and be completed in May of 2025.

### **Requests for Information**

Questions concerning any of the information contained in this report should be directed to:

Larry Christopher  
Chief Financial Officer  
SJWD Water District  
P.O. Box 607  
Lyman, SC 29365  
(864) 949-2805



STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
STATEMENTS OF NET POSITION  
JUNE 30, 2024 AND 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2024	2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,027,560	\$ 3,642,506
Cash and cash equivalents - restricted	16,199,385	3,266,239
Investments	4,284,081	5,434,921
Accounts receivable - net of allowance for doubtful accounts of \$94,000 and \$133,000 as of 2024 and 2023, respectively	1,835,024	1,318,599
Property taxes receivable - net of allowance for doubtful accounts of \$153,255 and \$259,131 as of 2024 and 2023, respectively	53,317	34,982
Grant receivable	1,899,065	
Inventories	1,102,026	1,069,549
Accrued interest receivable	26,532	31,455
Other current assets	328,104	314,942
<b>Total current assets</b>	29,755,094	15,113,193
<b>Noncurrent assets</b>		
Investments	1,993,179	1,436,505
Capital assets - nondepreciable	11,791,853	23,204,476
Capital assets - net of accumulated depreciation and amortization	110,463,882	85,711,391
<b>Total noncurrent assets</b>	124,248,914	110,352,372
<b>Total Assets</b>	154,004,008	125,465,565
<b>Deferred Outflows of Resources</b>		
Deferred amounts related to pensions	1,507,388	1,134,546
Deferred amounts related to OPEB	824,464	911,745
<b>Total Deferred Outflows of Resources</b>	2,331,852	2,046,291

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
STATEMENTS OF NET POSITION - CONTINUED  
JUNE 30, 2024 AND 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2024	2023
Liabilities		
Current liabilities (payable from operating fund)		
Revenue bonds payable - current portion	752,916	427,928
Accounts payable	680,293	957,852
Accrued salaries and wages	148,525	159,165
Accrued compensated absences - current portion	83,303	84,250
Accrued interest expense - revenue bonds	146,309	65,043
State retirement payable	115,696	93,583
Customer meter and tap deposits	244,550	328,375
Other accrued expenses	67,485	60,324
Sewer collections payable to others	478,094	453,746
Lease payable - current portion	57,510	136,996
	2,774,681	2,767,262
Current liabilities (payable from restricted assets)		
General obligation bonds - current portion	2,868,640	1,734,651
Accounts payable - construction	2,548,542	968,911
Accrued interest expense - general obligation bonds	164,384	207,434
Unearned revenue	6,907,950	-
Customer deposits	175,540	167,645
	12,665,056	3,078,641
Total current liabilities	15,439,737	5,845,903
Noncurrent liabilities		
General obligation bonds	15,694,825	13,735,278
Revenue bonds	13,749,538	6,614,820
Lease payable - noncurrent portion	78,129	135,587
Accrued compensated absences	69,685	68,196
Total OPEB liability	4,464,000	4,089,000
Net pension liability	7,326,401	6,816,004
Total noncurrent liabilities	41,382,578	31,458,885
Total Liabilities	56,822,315	37,304,788
Deferred Inflows of Resources		
Deferred amounts related to pension	49,791	70,520
Deferred amounts related to OPEB	2,017,000	2,629,000
Total Deferred Inflows of Resources	2,066,791	2,699,520
Net Position		
Net investment in capital assets	92,323,597	85,161,695
Restricted for:		
Debt service	2,986,059	2,926,141
Capital projects	203,931	-
Unrestricted	1,933,167	(580,288)
Total Net Position	\$ 97,446,754	\$ 87,507,548

The accompanying notes are an integral part of the financial statements.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Water sales		
Metered rates	\$ 11,587,564	\$ 10,377,757
Flat rates	677,361	642,409
	<u>12,264,925</u>	<u>11,020,166</u>
Miscellaneous operating revenues		
Tap and meter revenues	1,338,050	1,352,351
Customer service charges	89,316	86,233
Reconnect and late payment charges	346,944	353,360
Sewer billing charges	444,567	399,371
Other	75,610	90,295
Total Operating Revenues	<u>14,559,412</u>	<u>13,301,776</u>
Operating Expenses		
Direct operating expenses	2,998,458	2,373,863
General and administrative expenses	9,834,853	8,442,110
Depreciation	4,559,436	4,081,353
Amortization	119,570	122,627
Total Operating Expenses	<u>17,512,317</u>	<u>15,019,953</u>
Net Operating Loss	<u>(2,952,905)</u>	<u>(1,718,177)</u>
Nonoperating Revenues and Expenses		
Property tax revenue	5,191,174	4,147,734
Net other nonoperating revenues and expenses	1,036,941	69,783
Total Nonoperating Revenues and Expenses	<u>6,228,115</u>	<u>4,217,517</u>
Increase in Net Position, Before Capital Contributions	3,275,210	2,499,340
Capital Contributions	<u>6,663,996</u>	<u>4,206,875</u>
Increase in Net Position	9,939,206	6,706,215
Net Position - Beginning of Year	<u>87,507,548</u>	<u>80,801,333</u>
Net Position - End of Year	<u>\$ 97,446,754</u>	<u>\$ 87,507,548</u>

The accompanying notes are an integral part of the financial statements.



STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows Provided (Used) by Operating Activities		
Cash received from customers	\$ 14,210,958	\$ 13,500,546
Cash paid to suppliers for goods and services	(6,661,359)	(5,051,638)
Cash paid to or for the benefit of employees	(6,674,191)	(5,973,272)
	875,408	2,475,636
 Cash Flows Provided (Used) by Capital and Related Financing Activities		
Acquisition and construction of capital assets	(14,847,050)	(8,326,518)
Capital contributions	2,647,290	2,709,650
Property tax collections	5,172,839	4,144,451
Repayments of bonds payable - general obligation bonds	(9,560,000)	(8,410,000)
Repayments of bonds payable - revenue bonds	(675,000)	(370,000)
Bond issuance costs	(257,398)	(65,712)
Repayment of lease payable	(136,944)	(141,566)
Interest and paying agent fees	(1,268,980)	(658,896)
Proceeds from issuance of general obligation bonds	12,970,102	6,000,000
Proceeds from issuance of revenue bonds	8,175,942	-
Unearned revenue	7,000,000	-
Proceeds from sale of capital assets	1,312,500	186,965
	10,533,301	(4,931,626)
 Cash Flows Provided (Used) by Investing Activities		
Interest income	1,229,928	433,725
Proceeds from sale of investments	7,193,704	3,169,775
Purchase of investments	(6,514,141)	(8,968,917)
	1,909,491	(5,365,417)
 Net Increase (Decrease) in Cash and Cash Equivalents	13,318,200	(7,821,407)
 Cash and Cash Equivalents - Beginning of Year	6,908,745	14,730,152
 Cash and Cash Equivalents - End of Year	\$ 20,226,945	\$ 6,908,745

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
STATEMENTS OF CASH FLOWS - CONTINUED  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Net operating loss	\$ (2,952,905)	\$ (1,718,177)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	4,559,436	4,081,353
Amortization	119,570	122,627
Increase (decrease) in allowance for doubtful accounts	(39,000)	38,000
Pension expense	929,828	714,715
OPEB expense (gain)	(81,255)	67,846
Nonoperating income	54,229	32,059
(Increase) decrease in assets:		
Accounts receivable	(477,425)	29,226
Inventories	(32,477)	(2,653)
Other current assets	(13,162)	5,952
Deferred outflows related to pensions	(813,002)	(672,767)
Deferred outflows related to OPEB	(68,464)	(110,745)
Increase (decrease) in liabilities:		
Accounts payable	(253,211)	41,594
Accrued salaries and wages	(10,640)	25,887
Accrued compensated absences	542	16,613
State retirement payable	22,113	27,379
Meter and tap deposits	(83,825)	(190,800)
Customer deposits	7,895	3,210
Other accrued expenses	7,161	(35,683)
Net Cash Provided by Operating Activities	\$ 875,408	\$ 2,475,636
Noncash Investing, Capital and Financing Activities		
Contribution of capital assets	\$ 2,117,641	\$ 1,497,225
Capital assets acquired through leases	\$ -	\$ 154,285
Amortization included in interest expense	\$ 418,360	\$ 300,366
Increase (decrease) in fair value of investments	\$ 85,397	\$ (77,811)
Proceeds from general obligation bonds	\$ 16,885	\$ -
Proceeds from revenue bonds	\$ 41,963	\$ -
Bond issuance costs	\$ (58,848)	\$ -

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 STATEMENTS OF CASH FLOWS - CONTINUED  
 FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Cash and Investments as Shown on the Statements of Net Position and Cash Flows		
Statement of net position classifications		
Current assets		
Cash and cash equivalents	\$ 4,027,560	\$ 3,642,506
Cash and cash equivalents - restricted	<u>16,199,385</u>	<u>3,266,239</u>
	<u>\$ 20,226,945</u>	<u>\$ 6,908,745</u>
Cash flow classifications		
Petty cash	\$ 1,523	\$ 1,624
Cash deposits	3,758,675	3,497,565
US Treasury money market funds	1,144,866	410,104
Local government investment pool	<u>15,321,881</u>	<u>2,999,452</u>
Total cash and cash equivalents	<u>\$ 20,226,945</u>	<u>\$ 6,908,745</u>

The accompanying notes are an integral part of the financial statements.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Startex-Jackson-Wellford-Duncan Water District (the District) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the District's management, which are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (US GAAP) and have been consistently applied in the preparation of the financial statements.

**Reporting Entity**

The District is a special purpose district created by Act 1105 in the year 1956 passed by the General Assembly of the State of South Carolina. The District was established for the purpose of building, constructing, operating, and maintaining water lines and water mains throughout the District. The District is a primary government with no component units. The District is governed by a five-member board of commissioners appointed by the Governor upon recommendation of the legislative delegation of Spartanburg County. The commissioners serve six year terms.

**Basis of Accounting**

Under US GAAP, the District is considered to be a self-supporting enterprise, and these financial statements are presented accordingly. Enterprise funds are used to account for operations 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. The basis of accounting employed is the accrual method whereby revenues are recognized when they are earned and expenses are recognized when they are incurred. Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Use of Restricted Resources**

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

**Revenues and Expenses**

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions and ancillary activities.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less at the time of purchase are considered to be cash equivalents.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Investments**

Investments, equity and debt securities are reported at fair value.

**Receivables and Allowance for Doubtful Accounts**

Accounts receivable are stated net of their allowance for uncollectible accounts. Unbilled revenue, in the amount of \$1,080,000 and \$771,000 at June 30, 2024 and 2023, respectively, is included in the accounts receivable balance on the Statements of Net Position.

**Inventories**

Inventories are valued at cost, using the average cost method. Inventories consist of expendable materials and supplies held for consumption and materials to be used to expand or improve the distribution system.

**Capital Assets**

Capital assets are stated at cost. Donated capital assets are recorded at estimated acquisition value on the date donated. Assets are recorded as capital assets when the initial individual cost or an item is comprised of individual components that are \$1,500 or more or bulk purchase of assets with a cost of more than \$50,000 and have an estimated useful life of more than one year.

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

	Years
Water treatment and distribution infrastructure	5 - 66 2/3
Reservoirs	10 - 100
Buildings and related improvements	5 - 40
Machinery and equipment	5
Office equipment and furnishings	5 - 10
Metering infrastructure	15
Vehicles	5

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Compensated Absences**

The District provides eligible employees annual leave based on the number of years of service. When an employee separates from employment, he/she is compensated for any unused annual leave. At June 30, 2024 and 2023, accrued annual leave amounted to \$83,303 and \$84,250, respectively. Accrued annual leave is included as accrued compensated absences - current portion in current liabilities.

Employees also accumulate sick leave based upon months of service. Sick leave does not vest and is lost upon termination of employment. A portion of accumulated sick leave, not to exceed 30 days, is included in compensation at the time of eligible retirement. This liability is estimated to be \$69,685 and \$68,196 at June 30, 2024 and 2023, respectively, and is included in accrued compensated absences in noncurrent liabilities.

**Long-Term Liabilities**

Bond premiums and discounts are deferred and equally amortized over the life of the bonds.

**Deferred Outflows and Inflows of Resources**

In the Statements of Net Position, in addition to assets and liabilities, separate sections for deferred outflows and deferred inflows of resources are reported. Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an expense until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as revenue until that time. The District's deferred outflows and deferred inflows of resources are deferred amounts arising from amounts related to the District's defined benefit pension and OPEB plans.

**Net Position**

Net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted net position. Net investment in capital assets consist of all capital assets, net of accumulated depreciation and reduced by outstanding debt and other liabilities that are attributable to the acquisition, construction and improvement of those assets; unspent debt proceeds or other restricted cash and investments are excluded from the determination. Restricted consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation less any related liabilities. Unrestricted net position consists of all other net position not included in the above categories.

**Capital Contributions**

The District periodically receives contributions of distribution systems, principally water lines, from developers, as well as contributions from individual residents for the construction of water lines. In addition, the District receives grant monies for construction of improvements or extensions to its District at various times. Capital contributions are recognized in the Statements of Revenues, Expenses and Changes in Net Position when earned.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

*Custodial credit risk - deposits* - the District's policy requires all cash deposits to be insured and collateralized to limit the risk that in the event of a bank failure, the deposits may not be returned to the District.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 2 - CASH DEPOSITS AND INVESTMENTS - CONTINUED

*Custodial credit risk - deposits - continued* - Cash deposits are maintained within guidelines that require all cash deposits either be secured by the Federal Deposit Insurance Corporation (FDIC) or be collaterally secured by obligations of the United States and agencies or by general obligations of the State of South Carolina or any of its political units. As of June 30, 2024 and 2023, the District was not exposed to custodial credit risk.

The District's investment policy allows funds to be invested as allowed by the South Carolina Codes of Laws. The following represents legally authorized investments:

- a. Obligations of the United States and agencies thereof;
- b. General obligations or revenue obligations of the State of South Carolina or any of its political units;
- c. Savings and loan associations to the extent that the same are secured by the Federal Deposit Insurance Corporation;
- d. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit, so secured, including interest;
- e. Deposit accounts with banking institutions with maturities consistent with the time or times when the invested monies will be needed in cash;
- f. A common trust fund known as the South Carolina Pooled Investment Fund (SC Pool) in which public monies may be deposited;
- 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 investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include markets that are not considered active. Level 2 securities are valued using a matrix pricing technique, based on the securities' relationship to benchmark quote prices.

Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as a particular investment's risk. Assets classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The SC Pool, established pursuant to Section 6-6-10 of the South Carolina Code, is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any governing body of a political subdivision of the State, may be deposited.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 2 - CASH DEPOSITS AND INVESTMENTS - CONTINUED

The SC Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. In accordance with governmental accounting statements, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the SC Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by SC Pool participants at any time and may be withdrawn up to 24 hours' notice. Financial statements for the SC Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

*Credit risk* - state law and the District's policy limits investments to securities as noted above. As of June 30, 2024 and 2023, all investments were either in FDIC insured certificates of deposit, U.S. treasury money market funds, U.S. government bonds, U.S. Treasury securities, or the SC Pool.

*Concentration of credit risk* - the District places no limit on the amount the District may invest in any issuer. For the years ended June 30, 2024 and 2023, the concentration of investments were as follows:

	2024	2023
Certificates of deposit - FDIC insured	17%	29%
U.S. treasury money market funds	5%	4%
State treasurer's investment pool	67%	29%
U.S. government bonds	4%	38%
U.S. Treasury securities	7%	-
	100%	100%

*Interest rate risk* - the District's policy has a maturity duration target for investments of 10 years or less, unless matched to a specific cash flow, to help manage its exposure to fair value losses from increasing interest rates.

The District had the following investments, all of which were held by custodians in the District's name, as of June 30, 2024 and 2023:

	2024				
Investment Type	Maturity	Fair Value	Rating	Fair Value Hierarchy	
<b>Cash equivalents</b>					
State treasurer's investment pool	<60 days	\$ 15,321,881	Not rated	N/A	
US Treasury money market funds					
First American Treasury Obligation	<90 days	431,295	Aaa-mf	N/A	
Invesco ST Treasury	<90 days	713,571	Aaa-mf	N/A	
		1,144,866			
<b>Total cash equivalents</b>		\$ 16,466,747			



STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 2 - CASH DEPOSITS AND INVESTMENTS - CONTINUED

2024				
Investment Type	Maturity	Fair Value	Rating	Fair Value Hierarchy
<b>Investments</b>				
<b>Current</b>				
Certificates of deposit	1 year	\$ 1,956,796	N/A	Level 2
US Government bonds	1 year	846,546	Aaa	Level 2
US Government Treasury securities	1 year	1,480,739	Aaa	Level 1
		<u>4,284,081</u>		
<b>Noncurrent</b>				
Certificates of deposit	2-10 years	1,993,179	N/A	Level 2
<b>Total Investments</b>		<u>\$ 6,277,260</u>		
2023				
Investment Type	Maturity	Fair Value	Rating	Fair Value Hierarchy
<b>Cash equivalents</b>				
State treasurer's investment pool	<60 days	\$ 2,999,452	Not rated	N/A
US Treasury money market funds				
First American Treasury Obligation	<90 days	186,492	Aaa-mf	N/A
Invesco ST Treasury	<90 days	223,612	Aaa-mf	N/A
		<u>410,104</u>		
<b>Total cash equivalents</b>		<u>\$ 3,409,556</u>		
<b>Investments</b>				
<b>Current</b>				
Certificates of deposit	1 year	\$ 1,482,536	N/A	Level 2
US Government bonds	1 year	3,952,385	Aaa	Level 2
		<u>5,434,921</u>		
<b>Noncurrent</b>				
Certificates of deposit	2-10 years	1,436,505	N/A	Level 2
<b>Total Investments</b>		<u>\$ 6,871,426</u>		

The District is required under bond indenture agreements in connection with the issuance of bonds, to segregate certain assets. The following assets have been segregated and are restricted in use for the acquisition and construction of capital assets and debt service/debt service reserve funds.

Assets restricted in use to fulfill customer deposits have also been segregated. The assets listed below are shown in their respective categories in the accompanying statements of net position.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 2 - CASH DEPOSITS AND INVESTMENTS - CONTINUED

	2024	2023
Restricted Assets for Customer Deposits Cash and Cash Equivalents	\$ 172,415	\$ 167,645
Restricted Assets for the Acquisition and Construction of Capital Assets Cash and Cash Equivalents	12,929,843	-
Restricted Assets for Debt Service Reserve and Debt Service Funds Cash and Cash Equivalents	3,097,127	3,098,594
	\$ 16,199,385	\$ 3,266,239

NOTE 3 - PROPERTY TAXES

Property taxes are levied against all real and tangible personal property located within the District. Taxes are levied on real estate and personal property, other than vehicles, on assessed values as of December 31 of the preceding year. Tax bills are mailed as soon after October 1st of each year as possible. Taxes are payable without penalty until January 15th. Property goes into execution after March 15th. Taxes are levied on motor vehicles throughout the year in the month designated by the South Carolina Department of Motor Vehicles for annual license renewal.

Tax bills on vehicles are normally mailed during the month prior to the month designated for vehicle license renewal. Payment of the vehicle taxes must be made before the annual vehicle license renewal process can be completed.

The County Treasurer collects the property taxes on behalf of the District. The County Treasurer periodically remits the amounts collected to the District's designated agent for the principal and interest fund. Taxes receivable (current and delinquent) represent property taxes that have been collected and remitted to the County Treasurer's office for its distribution to the District.

At June 30, 2024 and 2023, property taxes receivable amounted to \$53,317 and \$34,982, respectively.

The District's uncollected assessed taxes that have been transferred to the County Delinquent Tax Collector were \$153,255 and \$259,131 at June 30, 2024 and 2023, respectively. The District has established an offsetting allowance for uncollectible taxes of the same amount.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets follows:

	2024			Balance June 30, 2024
	Balance June 30, 2023	Additions	Transfers/ Disposals	
<b>Capital Assets</b>				
<b>Nondepreciable</b>				
Land	\$ 2,062,443	\$ 1,711,885	\$ -	\$ 3,774,328
Construction in progress	21,142,033	15,863,381	28,987,889	8,017,525
<b>Total nondepreciable</b>	<u>23,204,476</u>	<u>17,575,266</u>	<u>28,987,889</u>	<u>11,791,853</u>
<b>Depreciable/Amortizable</b>				
Water treatment and distribution infrastructure	97,725,357	4,806,387	9,450	102,522,294
Reservoirs	11,180,252	17,123,359	58,835	28,244,776
Buildings and related improvements	2,453,479	6,566,435	1,111,954	7,907,960
Machinery and equipment	1,692,125	124,867	108,881	1,708,111
Office equipment and furnishings	440,972	137,978	103,575	475,375
Metering infrastructure	14,453,375	1,009,099	-	15,462,474
Vehicles	1,326,876	96,769	208,276	1,215,369
Lease assets (Right to Use)	723,296		264,146	459,150
<b>Total depreciable/amortizable</b>	<u>129,995,732</u>	<u>29,864,894</u>	<u>1,865,117</u>	<u>157,995,509</u>
<b>Total Capital Assets</b>	<u>153,200,208</u>	<u>47,440,160</u>	<u>30,853,006</u>	<u>169,787,362</u>
<b>Accumulated Depreciation/Amortization</b>				
Water treatment and distribution infrastructure	34,079,912	2,765,021	5,400	36,839,533
Reservoirs	2,858,394	204,494	49,445	3,013,443
Buildings and related improvements	1,807,121	228,484	847,048	1,188,557
Machinery and equipment	1,184,721	137,448	24,419	1,297,750
Office equipment and furnishings	281,118	58,899	92,067	247,950
Metering infrastructure	3,029,046	997,195		4,026,241
Vehicles	722,975	167,895	209,256	681,614
Lease assets (amortization)	321,054	119,570	204,085	236,539
	<u>44,284,341</u>	<u>4,679,006</u>	<u>1,431,720</u>	<u>47,531,627</u>
<b>Capital Assets - Net of Accumulated Depreciation and Amortization</b>	<u><u>\$ 108,915,867</u></u>			<u><u>\$ 122,255,735</u></u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 4 - CAPITAL ASSETS - CONTINUED

	2023			
	Balance June 30, 2022	Additions	Transfers/ Disposals	Balance June 30, 2023
Capital Assets				
<b>Nondepreciable</b>				
Land	\$ 2,005,188	\$ 57,255	\$ -	\$ 2,062,443
Construction in progress	18,099,136	6,067,347	3,024,450	21,142,033
<b>Total nondepreciable</b>	<u>20,104,324</u>	<u>6,124,602</u>	<u>3,024,450</u>	<u>23,204,476</u>
<b>Depreciable/Amortizable</b>				
Water treatment and distribution infrastructure	96,201,126	1,653,851	129,620	97,725,357
Reservoirs	9,727,755	1,614,230	161,733	11,180,252
Buildings and related improvements	2,440,729	12,750	-	2,453,479
Machinery and equipment	1,566,160	437,036	311,071	1,692,125
Office equipment and furnishings	905,943	120,095	585,066	440,972
Metering infrastructure	13,359,063	1,094,312	-	14,453,375
Vehicles	792,833	637,554	103,511	1,326,876
Lease assets (Right to Use)	570,424	172,743	19,871	723,296
<b>Total depreciable/amortizable</b>	<u>125,564,033</u>	<u>5,742,571</u>	<u>1,310,872</u>	<u>129,995,732</u>
<b>Total Capital Assets</b>	<u>145,668,357</u>	<u>11,867,173</u>	<u>4,335,322</u>	<u>153,200,208</u>
Accumulated Depreciation/Amortization				
Water treatment and distribution infrastructure	31,573,812	2,633,245	127,145	34,079,912
Reservoirs	2,892,448	127,680	161,734	2,858,394
Buildings and related improvements	1,731,557	75,564	-	1,807,121
Machinery and equipment	1,366,367	125,716	307,362	1,184,721
Office equipment and furnishings	742,867	103,429	565,178	281,118
Metering infrastructure	2,101,965	927,081	-	3,029,046
Vehicles	737,848	88,638	103,511	722,975
Lease assets (amortization)	209,003	122,627	10,576	321,054
	<u>41,355,867</u>	<u>4,203,980</u>	<u>1,275,506</u>	<u>44,284,341</u>
Capital Assets - Net of Accumulated Depreciation	<u>\$ 104,312,490</u>			<u>\$ 108,915,867</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$4,559,436 and \$4,081,353, respectively. Amortization expense for the year ended June 30, 2024 and 2023 was \$119,570 and \$122,627, respectively.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 5 - LONG-TERM DEBT

2024					
	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Bonds and Other Noncurrent Liabilities Payable					
General obligation bond anticipation note**	\$ 6,000,000	\$ -	\$ (6,000,000)	\$ -	\$ -
General obligation bonds	8,470,000	12,145,000	(3,560,000)	17,055,000	2,535,000
Plus deferred amounts:					
Bond premium	999,928	841,987	(333,450)	1,508,465	333,640
Revenue bonds	5,960,000	7,505,000	(675,000)	12,790,000	640,000
Plus deferred amounts:					
Bond premium	1,082,748	712,906	(83,200)	1,712,454	112,916
Accrued compensated absences	152,446	413,455	(412,913)	152,988	83,303
Lease liabilities	272,583	-	(136,944)	135,639	57,510
	<u>\$ 22,937,705</u>	<u>\$ 21,618,348</u>	<u>\$ (11,201,507)</u>	<u>\$ 33,354,546</u>	<u>\$ 3,762,369</u>
2023					
	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Bonds and Other Noncurrent Liabilities Payable					
General obligation bond anticipation note**	\$ 6,000,000	\$ 6,000,000	\$ (6,000,000)	\$ 6,000,000	\$ -
General obligation bonds	10,880,000	-	(2,410,000)	8,470,000	1,490,000
Plus deferred amounts:					
Bond premium	1,269,235	-	(269,307)	999,928	244,651
Revenue bonds	6,330,000	-	(370,000)	5,960,000	385,000
Plus deferred amounts:					
Bond premium	1,115,360	-	(32,612)	1,082,748	42,928
Accrued compensated absences	135,833	345,079	(402,783)	78,129	84,250
Lease liabilities	259,864	154,285	(141,566)	272,583	136,996
	<u>\$ 25,990,292</u>	<u>\$ 6,499,364</u>	<u>\$ (9,626,268)</u>	<u>\$ 22,863,388</u>	<u>\$ 2,383,825</u>

Bond Anticipation Note

On August 9, 2023, the District issued \$12,145,000 of General Obligation Bonds, Series 2023 to pay off the 2022 \$6,000,000 BAN with an interest rate of 2.83%, issued August 12, 2022.

\*\*In accordance with GASB 62, Classification of Short-Term Obligations Expected to be Refinanced, the District reclassified the 2022 BAN into long-term general obligation bonds in the statements of net position for the year ended June 30, 2023.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 5 - LONG-TERM DEBT - CONTINUED

General Obligation Bonds

Bonds payable at June 30, 2024 and 2023 were comprised of the following issues:

	2024	2023
\$11,905,000 General Obligation Bond dated August 19, 2020. Annual maturities of \$435,000 to \$1,490,000 and semi-annual interest of 2% to 5%. The bond payable includes an original issue premium of \$1,740,158. The bonds were issued to defray the cost of District improvements and pay off 2020 General Obligation Bond Anticipation Note.	\$ 6,980,000	\$ 8,470,000
\$12,145,000 General Obligation Bond dated August 9, 2023. Annual maturities of \$390,000 to \$2,070,000 and semi-annual interest of 4%. The bond payable includes an original issue premium of \$841,987. The bonds were issued to pay off a portion of the General Obligation Bond Anticipation Note, Series 2022 and to defray the cost of District improvements.	10,075,000	-
Less: current portion	17,055,000 (2,535,000)	8,470,000 (1,490,000)
Total long-term general obligation bonds payable	\$ 14,520,000	\$ 6,980,000

Debt service requirements to maturity including interest and issue premium on the general obligation bonds as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 2,535,000	\$ 661,150	\$ 3,196,150
2026	1,930,000	572,400	2,502,400
2027	1,685,000	507,950	2,192,950
2028	1,845,000	440,550	2,285,550
2029	1,940,000	366,750	2,306,750
2030-2034	5,865,000	945,350	6,810,350
2035-2036	1,255,000	50,200	1,305,200
	\$ 17,055,000	\$ 3,544,350	\$ 20,599,350

The South Carolina constitution permits the District to incur general obligation bonded indebtedness not to exceed eight percent of the assessed value of taxable property in the District. At June 30, 2024 and 2023, the District was in compliance with this requirement.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 5 - LONG-TERM DEBT - CONTINUED

Revenue Bonds

	2024	2023
\$7,030,000 Waterworks System Revenue Bond dated November 26, 2019. Payments of principal and interest at 3.0% to 5.0% per annum are due semi-annually with annual maturities of \$350,000 to \$620,000. The bonds were issued to finance the expansion, improvement, repair and replacement of the District's infrastructure.	\$ 5,575,000	\$ 5,960,000
\$7,505,000 Waterworks System Revenue Bond dated August 8, 2023. Payments of principal and interest at 4.0% to 5.0% per annum are due semi-annually with annual maturities of \$240,000 to \$560,000. The bonds were issued to defray the costs of various capital improvements including the acquisition of and renovations to new administration facilities.	7,215,000	-
Less: current portion	12,790,000 (640,000)	5,960,000 (385,000)
Total long-term revenue bonds payable	\$ 12,150,000	\$ 11,535,000

Debt service requirements to maturity including interest and issue premium on the outstanding bonds as of June 30, 2024 is as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 640,000	\$ 588,450	\$ 1,228,450
2026	665,000	562,850	1,227,850
2027	700,000	529,600	1,229,600
2028	735,000	494,600	1,229,600
2029	770,000	457,850	1,227,850
2030-2034	4,430,000	1,578,850	6,008,850
2035-2039	2,750,000	799,300	3,549,300
2040-2044	2,100,000	219,500	2,319,500
	\$ 12,790,000	\$ 5,231,000	\$ 18,021,000

There are a number of limitations and restrictions contained in the various debt instruments. The District is in compliance with all significant limitations and restrictions.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 5 - LONG-TERM DEBT - CONTINUED

Leases

Lease payable at June 30, 2024 and 2023 were comprised of the following:

	2024	2023
\$278,245 for 11 vehicles leased during fiscal year 2020. Monthly lease payments range from \$432 to \$616 per month. Lease terms are for 4 years. Interest rates for the vehicles ranges from 4.4% to 5.4%.	\$ -	\$ 43,941
\$141,066 for 3 vehicles leased during fiscal year 2021. Monthly lease payments range from \$998 to \$1,123 per month. Lease terms are for 4 years. Interest rates for the vehicles are 4.5%.	-	37,045
\$73,197 for 3 vehicles leased during fiscal year 2022. Monthly lease payments range from \$183 to \$771 per month. Lease terms are for 4 years. Interest rates for the vehicles range from 4.05 to 4.24%.	32,616	50,475
\$154,285 for 4 vehicles leased during fiscal year 2023. Monthly lease payments range from \$514 to \$1,094 per month. Lease terms are for 4 years. Interest rates for the vehicles range from 1.00 to 7.20%.	103,023	141,122
Less: current portion	135,639 (57,510)	272,583 (136,996)
Total long-term lease payable	\$ 78,129	\$ 135,587

Lease requirements to maturity including interest on the leases as of June 30, 2024 is as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 57,510	\$ 327	\$ 57,837
2026	53,690	104	53,794
2027	24,439	-	24,439
	\$ 135,639	\$ 431	\$ 136,070



STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 6 - CAPITAL CONTRIBUTIONS

Donated assets, grants and participation fees are provided to finance capital expenditures and are accounted for as capital contributions. During the years ended June 30, 2024 and 2023, the District received the following as donated assets or to partially finance plant extensions or additions:

	2024	2023
Donated line extensions	\$ 2,117,641	\$ 1,497,225
System improvement fees	1,286,200	2,149,650
Grants	3,260,155	560,000
	\$ 6,663,996	\$ 4,206,875

NOTE 7 - PENSION PLAN

**Plan Description** - The District, as the employer, participates in the South Carolina Retirement System (SCRS) Plan - a cost-sharing multiple-employer defined benefit pension plan administered and managed by the South Carolina Public Employee Benefit Authority (PEBA), a state agency. PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

**Benefits Provided/Membership** - SCRS provides retirement and other benefits for teachers and employees of the state, its public school districts, and political subdivisions. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. 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. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary.

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 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 member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member. 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.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 7 - PENSION PLAN - CONTINUED

**Benefits Provided/Membership - Continued** - The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement 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.

**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, SCRS 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% for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, until reaching 18.56% for SCRS. The legislation included further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified 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 plan. 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 plan. Finally, under the revised statute, the contribution rate for SCRS may not be decreased until the plan is at least 85% funded.

Required employee (both Class II and III) contribution rates for the years ended June 30, 2024 and 2023 was 9%. The required employer contribution rate for the years ended June 30, 2024 and 2023 was 18.41% and 17.41%, respectively. Both required employee and employer contribution rates are calculated on earnable compensation as defined by Title 9 of the South Carolina Code of Laws. Employers also contribute an additional .15% of earnable compensation, if participating in the incidental death benefit program.

Contributions to the Plan from the District for the years ended June 30, 2024 and 2023 were \$813,002 and \$672,767, respectively.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2024, the District reported a net pension liability of \$7,326,401 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability, net pension liability and sensitivity information are based on an actuarial valuation performed as of July 1, 2022. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2023, using generally accepted actuarial procedures. The allocation of the District's proportionate shares of the collective net pension liability and pension expense were calculated on the basis of the District's contributions actually remitted to the plan relative to the total contributions remitted to the plan for all participating employers, less employer contributions that are not a representative of future contributions efforts, as of June 30, 2023. Based upon this information, the District's proportion of the collective net pension liability at June 30, 2024 and 2023 was .030303% and .028116%, respectively, an increase of .00219% since June 30, 2022, the prior measurement date.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 7 - PENSION PLAN - CONTINUED

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued*** - For the years ended June 30, 2024 and 2023, the District recognized pension expense of \$929,327 and \$714,715, respectively. At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the pension as follows:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 120,629	\$ 20,317
Changes in assumptions	112,251	
Net difference between projected and actual earnings on pension plan investments	-	10,028
Changes in proportion and differences between the District's contributions and proportionate share of contributions	461,506	19,446
System contributions subsequent to the measurement date	813,002	
<b>Total</b>	<b>\$ 1,507,388</b>	<b>\$ 49,791</b>
	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,218	\$ 29,704
Change in assumptions	218,605	-
Net difference between projected and actual earnings on pension plan investments	10,512	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	173,444	40,816
System contributions subsequent to the measurement date	672,767	-
<b>Total</b>	<b>\$ 1,134,546</b>	<b>\$ 70,520</b>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2024 AND 2023

NOTE 7 - PENSION PLAN - CONTINUED

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued** - \$813,002 reported as deferred outflows of resources related to pensions in 2024, resulted from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30		
2024	\$	298,479
2025		41,207
2026		309,206
2027		(4,297)
	\$	<u>644,595</u>

**Actuarial Assumptions** - Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. South Carolina state statute required that an actuarial experience study be completed at least once in each five-year period. An experience report on the System was most recently issued for the period ending June 30, 2019.

The June 30, 2023 total pension liability, net pension liability, and sensitivity information were determined by and are based on an actuarial valuation performed as of the July 1, 2022. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2023, using general accepted actuarial methods.

There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2023.

Actuarial cost method	Entry age normal
Inflation	2.25%
Salary increases	3.0% to 11.0% (varies by service and includes 2.25% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.00% (includes 2.25% inflation)

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 System's mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2024 AND 2023

NOTE 7 - PENSION PLAN – CONTINUED

**Actuarial Assumptions - Continued** - The long-term expected rate of return on pension plan investments is based upon the 20-year capital market assumptions. The long-term expected rates of return 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.

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% assumed annual investment rate of return used in the calculation of the total pension liability includes 4.75% real rate of return and a 2.25% inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-term Expected 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 Return	<u>100.0%</u>		<u>5.31%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u>7.56%</u>

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on actuarially determined rates based on the provisions of the South Carolina State Code of Laws. Based on those assumptions, the 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 total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District’s proportionate share of the collective net pension liability calculated using the discount rate of 7.00% for the years ended June 30, 2024 and 2023, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2024 AND 2023

NOTE 7 - PENSION PLAN - CONTINUED

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Continued**

	2024		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
System's proportionate share of the collective net pension liability	\$ 9,466,409	\$ 7,326,401	\$ 5,547,701

	2023		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
System's proportionate share of the collective net pension liability	\$ 8,738,958	\$ 6,816,004	\$ 5,217,317

**Pension Plan Fiduciary Net Position** - Detailed information regarding the fiduciary net position of the plan, administered by PEBA, is available in the Systems' audited financial statements for the fiscal year ended June 30, 2023 (including the unmodified opinion on the financial statements). Information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the accrual basis of accounting. Additional actuarial information is available in the actuarial valuation report as of July 1, 2022. The additional information is publicly available on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov).

NOTE 8 - POST-RETIREMENT HEALTH CARE BENEFITS

**Plan Description and Benefits Provided**

The District sponsors a single-employer defined benefit health care plan (the Plan) that provides post-retirement health, dental and life insurance premium benefits for eligible employees and Commissioners. Eligible employees are defined as a retired employee who is participating in the District's medical program and who is eligible to retire under the South Carolina Retirement System. Eligible employees must have 15 years of continuous service with the District.

Eligible commissioners must have 18 years of service with the District and be 65 or older. Prior to age 65, retirees can stay on the District's plan free of charge. Spouses of eligible retirees can stay on the District's plan for an annual fee of \$5,905. For retirees 65 and above, the District pays the full cost of Medicare Supplement. During the fiscal years ended June 30, 2024 and 2023, 23 and 20 individuals, respectively met these eligibility requirements. The District has not made any contributions to an irrevocable trust as of June 30, 2024 and 2023, and assets are not accumulated in a trust as defined by GAAP.

The District, upon majority vote of the five member Commission, has the authority to establish and amend benefit provisions.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2024 AND 2023

NOTE 8 - POST-RETIREMENT HEALTH CARE BENEFITS - CONTINUED

**Plan Description and Benefits Provided – Continued**

**Plan Membership**

Membership in the plan as of June 30, 2024 and 2023 was:

	2024	2023
Inactive plan members or beneficiaries		
currently receiving benefits	23	20
Active plan members	57	55
Total plan members	80	75

**Contributions**

The contribution requirements of the Plan are established and may be amended by the District and it is the policy of the District to contribute annually an amount sufficient to satisfy benefit payment requirements to participants. The Plan is financed on a pay-as-you-go basis and the District paid \$68,464 and \$110,745 in contributions for the years ended June 30, 2024 and 2023, respectively, for premiums and claims.

**Total OPEB Liability**

The District's total OPEB liability of \$4,464,000 as of June 30, 2024 was based on a measurement date of July 1, 2023 determined by an actuarial valuation as of July 1, 2023. The June 30, 2023 total OPEB liability of \$4,089,000 was based on a measurement date of July 1, 2022 and determined by an actuarial valuation as of July 1, 2021.

*Actuarial assumptions and other inputs* - the Total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age actuarial cost method
Expected return on assets	N/A - there are no assets accumulated for the Plan
Discount rate	3.86%
Salary scale	2.50%
Healthcare cost trend rates	<b>Medical:</b> 6.50% for fiscal year end 2024, decreasing .25% per year to an ultimate rate of 5.00%.
	<b>Dental and vision:</b> 5.00% for fiscal year end 2024 and later.
Mortality	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

*Discount rate* - the discount rate used to measure the total OPEB liability was set equal to 3.86% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date, an increase from 3.69% from July 1, 2022 the prior measurement date.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 8 - POST-RETIREMENT HEALTH CARE BENEFITS - CONTINUED

**Changes in the Total OPEB Liability**

	2024	Total OPEB Liability
Balance as of July 1, 2023		\$ 4,089,000
Changes for the Year		
Service cost		124,000
Interest		153,000
Difference between expected and actual experience		147,000
Benefit payments		(111,000)
Assumption changes		62,000
Net Changes		375,000
Balance as of June 30, 2024*		\$ 4,464,000

\*Measurement date is July 1, 2023

	2023	Total OPEB Liability
Balance as of July 1, 2022		\$ 6,031,000
Changes for the Year		
Service cost		339,000
Interest		121,000
Difference between expected and actual experience		(477,000)
Benefit payments		(173,000)
Assumption changes		(1,752,000)
Net Changes		(1,942,000)
Balance as of June 30, 2023*		\$ 4,089,000

\*Measurement date is July 1, 2022

*Sensitivity of the total OPEB liability to changes in the discount rate* - the following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1.0% lower or 1.0% higher than the current discount rate:

	2024		
	1% Decrease 2.86%	Discount Rate 3.86%	1% Increase 4.86%
Total OPEB Liability	\$ 5,180,000	\$ 4,464,000	\$ 3,894,000

	2023		
	1% Decrease 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Total OPEB Liability	\$ 4,727,000	\$ 4,089,000	\$ 3,575,000



STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 8 - POST-RETIREMENT HEALTH CARE BENEFITS - CONTINUED

**Changes in the Total OPEB Liability – Continued**

*Sensitivity of the total OPEB liability to changes in the health care cost trend rates* - the following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using health care cost trend rates that are 1.0% lower or 1.0% higher than the current health care cost trend rates:

2024			
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 3,924,000	\$ 4,464,000	\$ 5,158,000
2023			
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 4,757,000	\$ 4,089,000	\$ 3,567,000

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the years ended June 30, 2024 and 2023, the District recognized OPEB gain of \$81,255 and an OPEB expense of \$67,846, respectively. At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2024		
	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 148,000	\$ 885,000
Change in assumptions	608,000	1,132,000
District contributions subsequent to the measurement date	68,464	-
	\$ 824,464	\$ 2,017,000
2023		
	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,000	\$ 1,174,000
Change in assumptions	750,000	1,455,000
District contributions subsequent to the measurement date	110,745	-
	\$ 911,745	\$ 2,629,000

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2024 AND 2023

NOTE 8 - POST-RETIREMENT HEALTH CARE BENEFITS - CONTINUED

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued**

\$68,464 reported as deferred outflows of resources for FY 2024 related to OPEB resulted from District contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2025	\$ (355,000)
2026	(372,000)
2027	(358,000)
2028	(215,000)
2029	34,000
Thereafter	5,000
	<u>\$ (1,261,000)</u>

NOTE 9 - DEFERRED COMPENSATION PLANS

Two deferred compensation plans are available to District employees. The multiple-employer plans, created under Internal Revenue Code Sections 401(k) and 457, are administered and accounted for by the State of South Carolina. Employees may withdraw the current year value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ between the two plans. The plans, available to all District employees, permit them to defer a portion of their salary until future years. Participation in the plans is optional and participants elect how their salary deferrals are invested. The District matches 401(k) contributions for all participating employees. The match is 50% of the employee contribution up to a maximum of 3% of base pay. The District's deferred compensation match is included in retirement expense. Deferred compensation expense for the fiscal years ended June 30, 2024 and 2023 was \$60,286 and \$50,214, respectively.

Contributions deferred under the Section 401 (k) and 457 plans are placed in trust for the contributing employees. The District has no liability for losses under the plans.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured under policies with commercial insurance companies. The District did not have settled claims that exceeded the District's insurance coverage during the past three years.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 10 - RISK MANAGEMENT - CONTINUED

The District established a self-funded health insurance program effective December 1, 1989. Specific stop loss coverage for each claim in excess of \$50,000 for both the years ended June 30, 2024 and 2023, respectively and minimum annual aggregate stop loss coverage for claims in excess of \$814,030 and \$963,885 as of June 30, 2024 and 2023, respectively, is provided by a commercial insurance company. Total expenses incurred for claims and stop loss coverage, net of any refunds for claims paid in excess of stop loss amounts, for the fiscal years ended June 30, 2024 and 2023 amounted to \$1,123,605 and \$1,186,715, respectively. Total cumulative funds set aside by the District and designated to meet future claims amounted to \$2,208,473 and \$1,965,832 as of June 30, 2024 and 2023, respectively. The following represents the change in unfiled, unpaid claims from July 1, 2023 to June 30, 2024 and July 1, 2022 to June 30, 2023:

	2024	2023
Beginning of the year liability	\$ 44,000	\$ 85,000
Claims	545,640	666,362
Claims payments - net of refunds	(545,640)	(707,362)
End of the year liability	\$ 44,000	\$ 44,000

The liability is included in other accrued expenses on the Statements of Net Position.

NOTE 11 - TAX ABATEMENTS

The District's property tax revenues were reduced by \$596,423 and \$693,795 under Fee in Lieu of Ad Valorem Tax (FILOT) agreements and Special Source Revenue Credits (SSRC) entered into by Spartanburg County for the year ended June 30, 2024 and 2023, respectively. The District received a total of \$810,901 and \$599,067 under both FILOT and SSRC tax agreements for the year ended June 30, 2024 and 2023, respectively. Under FILOT agreements, taxpayers receive a reduction in ad valorem property taxes through reduced assessed values and locked millage rates. Due to these agreements, the taxpayers realized a benefit of \$470,918 and \$618,137 for the years ended June 30, 2024 and 2023, respectively. Under the SSRC program, taxpayers receive a percentage reduction off their total property tax bill if their property qualified for the program. Due to this program, the taxpayers realized a benefit of \$125,504 and \$75,657 for the years ended June 30, 2024 and 2023, respectively.

NOTE 12 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

Sick Pay

As described more fully in Note 1, no estimate of any potential liability has been made except for those employees eligible to retire.

Unemployment Compensation

The District is required to pay unemployment compensation on covered employees. It has chosen the alternative of paying claims as billed by the South Carolina Employment Security Commission. However, under this method of funding, no accurate estimate of any potential liability has been made.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 12 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS - CONTINUED

Lake Cooley Recreation Facility

The District and Spartanburg County entered into an agreement in 2013 whereby Spartanburg County agreed to fund the construction of a recreation facility in exchange for use of the facility for twenty years. If the District decides to terminate the agreement in the first ten years of the agreement term, the District will reimburse Spartanburg County for the full appraised value of the improvements. If the District decides to terminate the agreement in the last ten years of the agreement term, the District will reimburse Spartanburg County one-half of the appraised value of the improvements.

Federal and State Assisted Programs

The District has received proceeds from Federal loans, grants, and State grants. Periodic audits of these loans and grants are required and certain costs may be questioned as not being appropriate expenditures under the loan and grant agreements. Such audits could result in the refund of loan or grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of any loan or grant monies.

Construction Commitments

Outstanding commitments on construction contracts totaled \$14,451,065 and \$4,469,104 at June 30, 2024 and 2023, respectively. Subsequent to year end, an additional \$3,417,632 of contract commitments were entered into by the District for various projects.

Other Contingencies

The District is routinely involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the District.

Arbitrage Rebate Liabilities

Arbitrage represents the difference of "spread" between lower interest rates on tax-exempt government securities and the higher interest rates on taxable investment securities. The Internal Revenue Code requires local governments to rebate arbitrage earnings to the federal government every five years for those bonds that do not meet the spend down exception. In the opinion of management such rebates, if any rebates are required to be paid, will not have a material effect upon the financial position of the District.

NOTE 13 - RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentations in the current year financial statements

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2024 AND 2023

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2024, the District changed its capitalization policy to include bulk purchases of assets less than the individual capitalization threshold to be capitalized, if the total amount is over \$50,000. This change is a result of clarification in the Governmental Accounting Standards Board (GASB) Implementation Guide 2021-01 for capital assets. This change had no impact on beginning net position.

NOTE 15 - SUBSEQUENT EVENT

On October 1, 2024, the District issued \$1,800,000 in General Obligation Bonds, Series 2024, with an interest rate of 4.07% and principal and interest payable April 1, 2025. The bonds were issued to defray the costs of improvements and cost of issuance.

**REQUIRED SUPPLEMENTARY INFORMATION**

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
 THE COLLECTIVE NET PENSION LIABILITY  
 SOUTH CAROLINA RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS\*

	2024	2023	2022	2021	2020	2019	2018**	2017	2016	2015
District's Proportion of the Collective Net Pension Liability	0.030303%	0.028116%	0.027284%	0.027637%	0.027106%	0.025509%	0.024528%	0.024612%	0.024612%	0.025337%
District's Proportionate Share of the Collective Net Pension Liability	\$ 7,326,401	\$ 6,816,004	\$ 5,904,559	\$ 7,061,638	\$ 6,189,420	\$ 5,715,822	\$ 5,521,647	\$ 5,257,087	\$ 5,257,087	\$ 4,805,284
District's Covered Payroll	\$ 3,831,252	\$ 3,347,995	\$ 3,084,181	\$ 3,083,237	\$ 2,862,317	\$ 2,643,473	\$ 2,302,206	\$ 2,386,303	\$ 2,434,539	\$ 2,611,160
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Payroll	191.23%	203.58%	191.45%	229.03%	216.24%	216.22%	239.84%	220.30%	215.94%	184.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.65%	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

\*The amounts presented were determined as of the prior fiscal years ending June 30.

**Notes to Schedule:**

\*\*The District's covered payroll as of June 30, 2017 reflects 11 months related to the transition from the July 31 fiscal year to the June 30 fiscal year.

Prior to June 30, 2017, the District's fiscal year ending was July 31.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS  
 SOUTH CAROLINA RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017**	2016	2015
Statutorially Required Contributions <sup>1</sup>	\$ 813,002	\$ 672,767	\$ 554,428	\$ 479,899	\$ 479,752	\$ 416,753	\$ 334,144	\$ 262,682	\$ 261,208	\$ 248,759
Contributions in Relation to the Statutorially Required Contributions	813,002	672,767	554,428	479,899	479,752	416,753	334,144	262,682	261,208	248,759
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,380,400	\$ 3,831,252	\$ 3,347,995	\$ 3,084,181	\$ 3,083,237	\$ 2,862,317	\$ 2,643,473	\$ 2,302,206	\$ 2,386,303	\$ 2,434,539
Contributions as a Percentage of Covered Payroll	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	12.64%	11.41%	10.95%	10.22%

<sup>1</sup> Required contributions are net of a 1% credit applied of \$24,311 paid by the State General Assembly directly to the SCRS on behalf of the District for 2018.

**Notes to Schedule:**

\*\*The District's covered payroll as of June 30, 2017 reflects 11 months related to the transition from the July 31 fiscal year to the June 30 fiscal year.

Prior to June 30, 2017, the District's fiscal year ending was July 31. July 31, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.



STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
 LAST TEN FISCAL YEARS ENDING JUNE 30

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 124,000	\$ 339,000	\$ 265,000	\$ 228,000	\$ 164,000	\$ 157,000	\$ 153,000
Interest on total OPEB liability	153,000	121,000	149,000	176,000	201,000	184,000	176,000
Changes in benefit terms	-	-	-	-	-	100,000	-
Difference between expected and actual experience	147,000	(477,000)	(579,000)	(281,000)	(528,000)	181,000	-
Changes of assumptions or other inputs	62,000	(1,752,000)	467,000	502,000	348,000	(66,000)	-
Benefit payments	(111,000)	(173,000)	(214,000)	(176,000)	(184,000)	(124,000)	(109,000)
Net Change in Total OPEB Liability	375,000	(1,942,000)	88,000	449,000	1,000	432,000	220,000
Total OPEB Liability - Beginning of Year	4,089,000	6,031,000	5,943,000	5,494,000	5,493,000	5,061,000	4,841,000
Total OPEB Liability - End of Year (a)	\$ 4,464,000	\$ 4,089,000	\$ 6,031,000	\$ 5,943,000	\$ 5,494,000	\$ 5,493,000	\$ 5,061,000
Covered-Employee Payroll	\$ 3,447,000	\$ 2,778,000	\$ 2,778,000	\$ 2,493,000	\$ 2,493,000	\$ 2,414,000	\$ 2,414,000
Total OPEB Liability as a Percentage of Covered-Employee Payroll	129.50%	147.19%	217.10%	238.39%	220.38%	227.55%	209.65%

**Notes to Schedule:**

June 30, 2018 was the first year of GASB 75 implementation, therefore 10-year data is not yet available.

No assets are accumulated in a trust that meets all the criteria set forth in GASB No. 75 to pay related benefits.

**SUPPLEMENTARY INFORMATION**

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
SCHEDULES OF DIRECT OPERATING EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Water Purchased	\$ 103,411	\$ -
Automobile and Truck Expenses	121,590	126,147
Power-distribution and Filter Plant	646,159	573,043
Maintenance and Repairs	784,973	567,469
Maintenance of Water Tanks	161,499	161,588
Equipment Rental	48,969	4,434
Chemicals and Sludge Removal	1,031,877	820,703
Lab Expense	115,423	131,063
Less Construction Equipment Cost Capitalized	<u>(15,443)</u>	<u>(10,584)</u>
Total Direct Operating Expenses	<u>\$ 2,998,458</u>	<u>\$ 2,373,863</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Salaries and Wages	\$ 4,501,759	\$ 3,956,340
Insurance - Employees	973,901	1,159,783
Retirement Expense	989,613	780,608
Payroll Taxes	348,925	304,194
Data Processing	182,618	148,915
Postage	187,044	165,475
Office Expense and Supplies	74,530	58,975
Bank Charges	233,031	191,289
Dues and Subscriptions	165,828	85,717
Consultants' Fees	274,166	282,874
Legal and Accounting Fees	239,170	35,135
Commissioners' Fees	39,600	39,600
Public Relations	97,821	77,495
Telephone	176,801	202,137
Utilities - Office and Maintenance Facility	95,331	49,932
Insurance - General	221,205	217,564
Maintenance Expense	849,174	531,475
Miscellaneous Expense	77,171	57,318
Small Tools	37,800	22,468
Permits	47,400	46,584
Travel and Related Expenses	37,728	35,100
Training	71,071	65,995
Bad Debts	26,010	59,802
Uniform Expense	35,756	32,724
Fringe Benefits	34,398	20,715
Less Salaries and Fringes Capitalized	<u>(182,998)</u>	<u>(186,104)</u>
Total General and Administrative Expenses	<u>\$ 9,834,853</u>	<u>\$ 8,442,110</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 SCHEDULES OF OTHER NONOPERATING REVENUES AND EXPENSES  
 FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Other Nonoperating Revenues		
Interest earned on investments		
Principal and interest funds	\$ 86,611	\$ 59,291
General obligation bond proceeds	374,471	69,508
Designated funds	763,923	334,413
Increase (decrease) in fair value of investments	85,397	(77,811)
Other miscellaneous income	27,867	43,598
Lake Cooley income	20,715	25,315
Lake Lyman income	63,750	55,075
Rents	73,061	42,682
Gain(loss) from sale of assets	877,393	162,350
Total Other Nonoperating Revenues	<u>2,373,188</u>	<u>714,421</u>
Other Nonoperating Expenses		
Bonded debt interest expense	883,006	435,308
Bond issue costs	316,246	65,712
Lease interest expense	5,831	9,007
Lake Cooley expenses	32,534	58,304
Lake Lyman expenses	88,303	67,650
Other lake expenses	10,327	8,657
Total Other Nonoperating Expenses	<u>1,336,247</u>	<u>644,638</u>
Net Other Nonoperating Revenues and Expenses	<u>\$ 1,036,941</u>	<u>\$ 69,783</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
 SCHEDULES OF PRINCIPAL AND INTEREST FUND RECEIPTS AND DISBURSEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Receipts		
Property tax revenue	\$ 5,191,174	\$ 4,147,734
Bonded anticipation note issuance	-	6,000,000
Bonded note issuance - including premium	12,970,102	-
Investment income	86,611	59,291
	<u>18,247,887</u>	<u>10,207,025</u>
Disbursements		
Bonded debt principal	9,560,000	8,410,000
Bonded debt interest	770,821	375,150
Capital assets	2,327,039	1,999,893
	<u>12,657,860</u>	<u>10,785,043</u>
Excess Receipts over Disbursements	5,590,027	(578,018)
Total Assets Available - Beginning of Year	<u>2,947,083</u>	<u>3,525,101</u>
Total Assets Available - End of Year	<u>\$ 8,537,110</u>	<u>\$ 2,947,083</u>
Statements of Net Position		
Investments (P & I Fund) - Cash Equivalents	\$ 2,665,831	\$ 2,912,101
Investments (LGIP) - Cash Equivalents	5,817,962	\$ -
Property taxes receivable	53,317	34,982
	<u>\$ 8,537,110</u>	<u>\$ 2,947,083</u>

### **III. STATISTICAL SECTION (UNAUDITED)**

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information

# Statistical Section

**This part of the Startex-Jackson-Wellford-Duncan Water District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.**

## Contents

### Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

### Revenue Capacity

These schedules contain information to help the reader assess the District's most significant revenue sources, user charges and property taxes.

### Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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



# Financial Trends

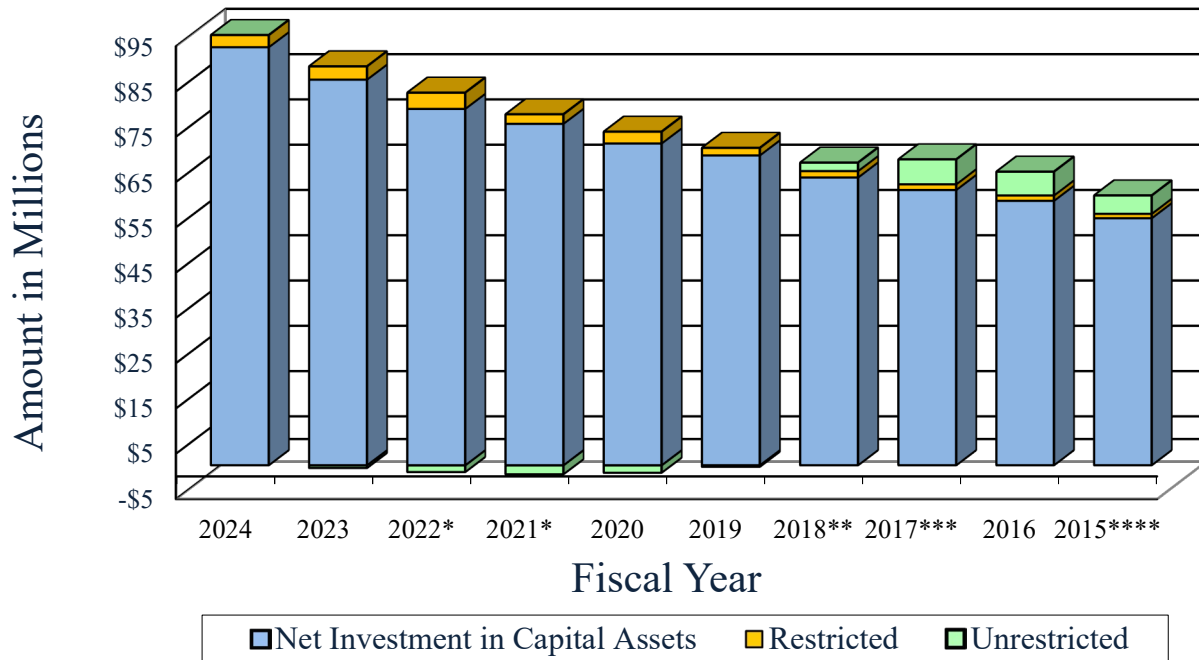
**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**

Table 1

**Net Position by Component  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total Net Position</b>
2024	\$ 92,323,597	\$ 3,189,990	\$ 1,933,167	\$ 97,446,754
2023	85,161,695	2,926,141	(580,288)	87,507,548
2022*	78,698,423	3,580,300	(1,477,390)	80,801,333
2021*	75,399,793	2,103,044	(1,972,076)	75,530,761
2020	71,063,641	2,596,209	(1,628,881)	72,030,969
2019	68,428,500	1,657,749	(304,706)	69,781,543
2018**	63,552,838	1,409,368	1,872,030	66,834,236
2017***	60,791,042	1,253,520	5,503,946	67,548,508
2016	58,392,665	1,185,621	5,251,348	64,829,634
2015****	54,551,422	971,269	4,054,063	59,576,754

**Net Position by Component**



\* Restated 2022 and 2021 for a prior period adjustment with regards to inventory

\*\* In fiscal year 2018, the significant decrease in unrestricted net position was due to the implementation of GASB 75 - Accounting and Financial Reporting for Post Employment Benefits other than Pensions

\*\*\* In fiscal year 2017, the District changed its fiscal year end to June 30 from July 31, therefore fiscal year 2017 is a short year (11 months)

\*\*\*\* The significant decrease in unrestricted net position in Fiscal Year 2015 was due to the implementation of GASB 68 - Accounting and Financial Reporting for Pensions.

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

Table 2

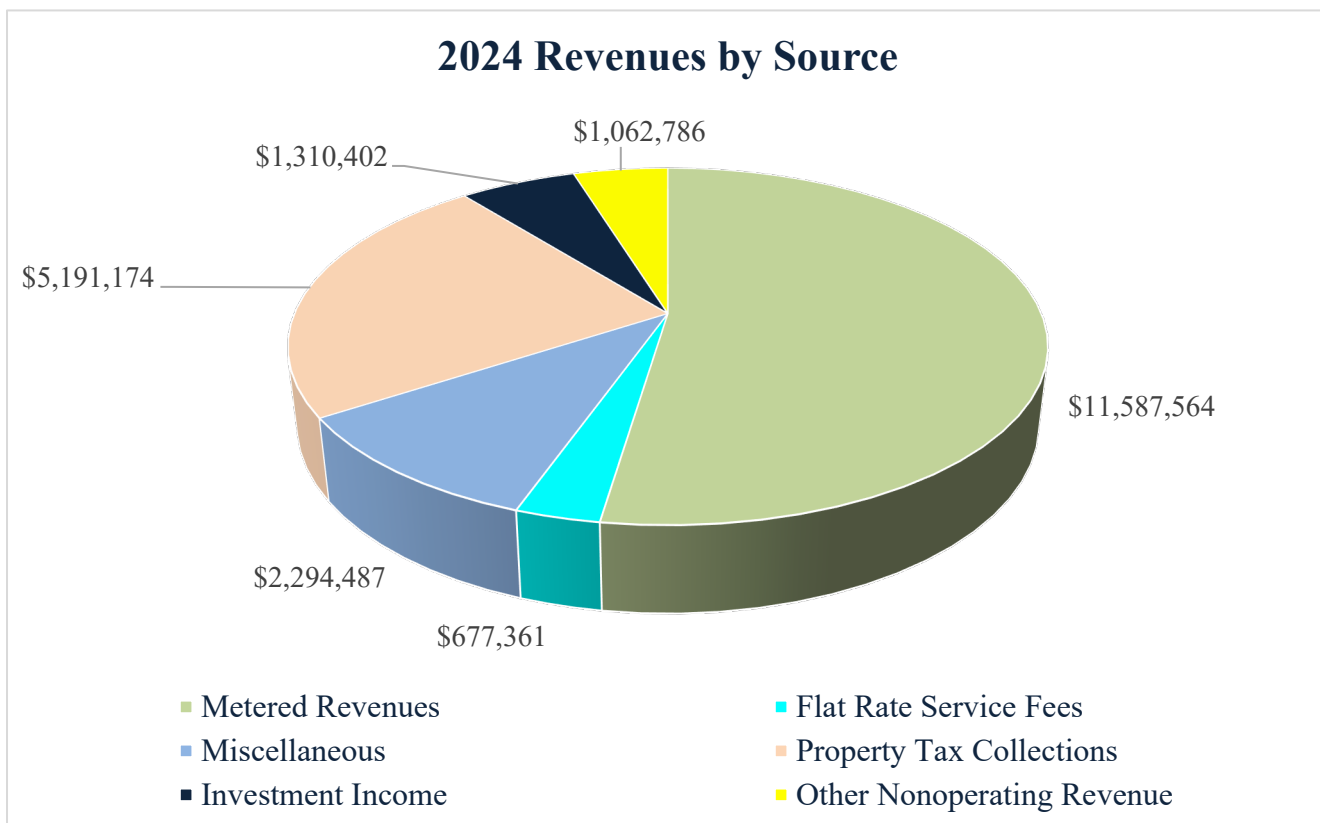
	FY 2024	FY 2023	FY 2022**	FY 2021**	FY 2020	FY 2019	FY 2018	FY 2017*	FY 2016	FY 2015
<b>Revenues</b>										
Operating revenues										
User charge revenues	\$ 12,264,925	\$ 11,020,166	\$ 10,288,669	\$ 9,323,058	\$ 9,141,933	\$ 8,641,069	\$ 8,228,330	\$ 7,434,305	\$ 8,299,400	\$ 7,901,056
Other operating revenues	2,294,487	2,281,610	1,916,987	1,464,857	1,459,978	1,465,836	1,531,201	1,242,454	1,182,886	1,117,938
Total operating revenues	14,559,412	13,301,776	12,205,656	10,787,915	10,601,911	10,106,905	9,759,531	8,676,759	9,482,286	9,018,994
Nonoperating revenues										
Property tax collections	5,191,174	4,147,734	3,776,131	3,611,289	2,999,297	2,340,932	2,652,954	2,486,121	2,063,530	2,275,256
Other nonoperating revenues	2,373,188	714,421	209,025	64,905	375,930	616,361	219,023	143,119	607,925	219,414
Total nonoperating revenues	7,564,362	4,862,155	3,985,156	3,676,194	3,375,227	2,957,293	2,871,977	2,629,240	2,671,455	2,494,670
<b>Total Revenues</b>	<b>22,123,774</b>	<b>18,163,931</b>	<b>16,190,812</b>	<b>14,464,109</b>	<b>13,977,138</b>	<b>13,064,198</b>	<b>12,631,508</b>	<b>11,305,999</b>	<b>12,153,741</b>	<b>11,513,664</b>
<b>Expenses</b>										
Operating expenses, before depreciation and amortization	12,833,311	10,815,973	10,094,487	9,102,797	9,485,688	8,262,154	8,569,595	7,239,741	7,265,166	7,234,592
Depreciation and amortization	4,679,006	4,203,980	3,907,686	3,665,627	3,296,585	2,720,644	2,470,435	2,015,647	1,995,564	1,863,280
Nonoperating expenses	1,336,247	644,638	503,300	733,285	605,044	213,127	207,404	259,747	256,635	316,367
<b>Total Expenses</b>	<b>18,848,564</b>	<b>15,664,591</b>	<b>14,505,473</b>	<b>13,501,709</b>	<b>13,387,317</b>	<b>11,195,925</b>	<b>11,247,434</b>	<b>9,515,135</b>	<b>9,517,365</b>	<b>9,414,239</b>
<b>Change in Net Position Before Capital Contributions</b>	<b>3,275,210</b>	<b>2,499,340</b>	<b>1,685,339</b>	<b>962,400</b>	<b>589,821</b>	<b>1,868,273</b>	<b>1,384,074</b>	<b>1,790,864</b>	<b>2,636,376</b>	<b>2,099,425</b>
Capital Contributions	6,663,996	4,206,875	3,585,233	2,537,392	1,659,605	1,079,034	997,130	928,010	2,616,503	701,031
<b>Change in Net Position</b>	<b>9,939,206</b>	<b>6,706,215</b>	<b>5,270,572</b>	<b>3,499,792</b>	<b>2,249,426</b>	<b>2,947,307</b>	<b>2,381,204</b>	<b>2,718,874</b>	<b>5,252,879</b>	<b>2,800,456</b>
Net Position - Beginning of Year	87,507,548	80,801,333	75,530,761	72,030,969	69,781,543	66,834,236	67,548,508	64,829,634	59,576,755	61,748,779
Change in Accounting Principle	-	-	-	-	-	-	(3,095,476)	-	-	(4,972,480)
<b>Net position - end of year</b>	<b>\$ 97,446,754</b>	<b>\$ 87,507,548</b>	<b>\$ 80,801,333</b>	<b>\$ 75,530,761</b>	<b>\$ 72,030,969</b>	<b>\$ 69,781,543</b>	<b>\$ 66,834,236</b>	<b>\$ 67,548,508</b>	<b>\$ 64,829,634</b>	<b>\$ 59,576,755</b>

\* In fiscal year 2017, the District changed its fiscal year end to June 30 from July 31, therefore fiscal year 2017 is a short year (11 months)  
 \*\* Restated 2022 and 2021 for a prior period adjustment with regards to inventory

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Revenues by Source**  
**Last Ten Fiscal Years**

Table 3

Fiscal Year	Operating Revenues			Non Operating Revenues			Total Revenues
	Metered Revenues	Flat Rate Service Fees	Miscellaneous	Property Tax Collections	Investment Income	Other Nonoperating Revenue	
2024	\$11,587,564	\$ 677,361	\$ 2,294,487	\$ 5,191,174	\$ 1,310,402	\$ 1,062,786	\$22,123,774
2023	10,377,757	642,409	2,281,610	4,147,734	385,401	329,020	18,163,931
2022	9,742,646	546,023	1,916,987	3,776,131	(72,004)	281,029	16,190,812
2021	8,825,056	498,002	1,464,857	3,611,289	7,458	57,447	14,464,109
2020	8,640,612	501,321	1,459,978	2,999,297	240,680	135,250	13,977,138
2019	8,226,203	414,866	1,465,836	2,340,932	474,278	142,083	13,064,198
2018	7,836,527	391,803	1,531,201	2,652,954	91,124	127,899	12,631,508
2017*	7,089,272	345,034	1,242,453	2,486,121	30,298	112,821	11,305,999
2016	7,937,733	361,667	1,182,886	2,063,530	136,654	471,271	12,153,741
2015	7,546,670	354,386	1,117,937	2,275,256	111,298	108,116	11,513,663

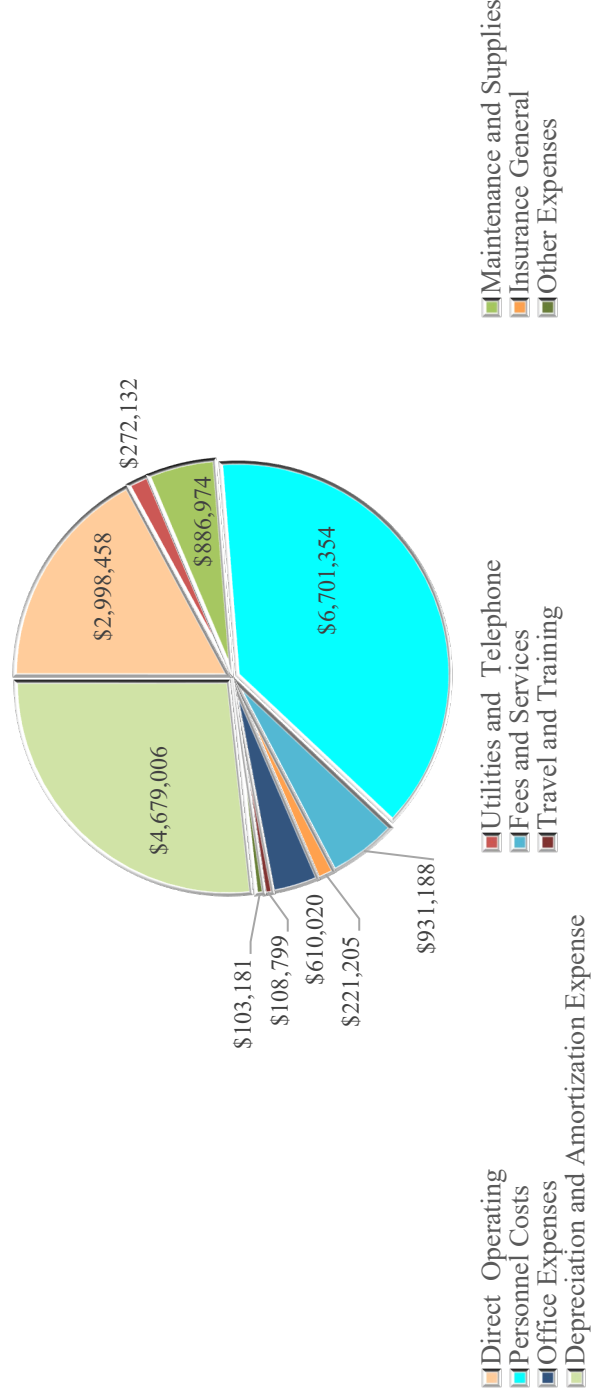


\* In fiscal year 2017, the District changed its fiscal year end to June 30 from July 31, therefore fiscal year 2017 is a short year (11 months)

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Operating Expenses by Function**  
**Last Ten Fiscal Years**

Fiscal Year	Direct Operating	Utilities and Telephone	Maintenance and Supplies	Personnel Costs	Fees and Services	Insurance General	Office Expenses	Travel and Training	Other Expenses	Depreciation and Amortization Expense		Total Operating Expenses
										Expense	Expense	
2024	\$ 2,998,458	\$ 272,132	\$ 886,974	\$ 6,701,354	\$ 931,188	\$ 221,205	\$ 610,020	\$ 108,799	\$ 103,181	\$ 4,679,006	\$ 17,512,317	
2023	2,373,863	252,069	553,943	6,068,260	672,977	217,564	459,082	101,094	117,121	4,203,980	15,019,953	
2022*	1,922,678	238,516	501,180	5,979,934	704,312	188,668	395,870	79,524	83,807	3,907,685	14,002,174	
2021*	1,735,418	359,083	453,261	5,458,772	460,180	178,486	380,441	20,494	56,662	3,665,627	12,768,424	
2020	1,911,258	372,209	303,177	5,474,914	573,806	187,101	393,791	70,187	199,245	3,296,585	12,782,273	
2019	1,591,299	227,100	302,272	4,853,580	532,342	167,414	373,188	99,092	115,867	2,720,644	10,982,798	
2018	2,391,144	199,045	242,685	4,537,162	495,792	174,690	304,297	95,492	129,287	2,382,991	10,952,585	
2017**	2,089,189	185,745	196,069	3,622,133	457,015	141,411	332,615	64,937	150,627	2,015,647	9,255,388	
2016	1,918,385	183,657	223,870	4,036,099	322,884	155,752	235,729	90,080	98,711	1,995,564	9,260,731	
2015	2,193,672	169,996	212,350	3,895,523	220,373	141,539	246,411	72,715	82,013	1,863,280	9,097,872	

Operating Expenses by Function



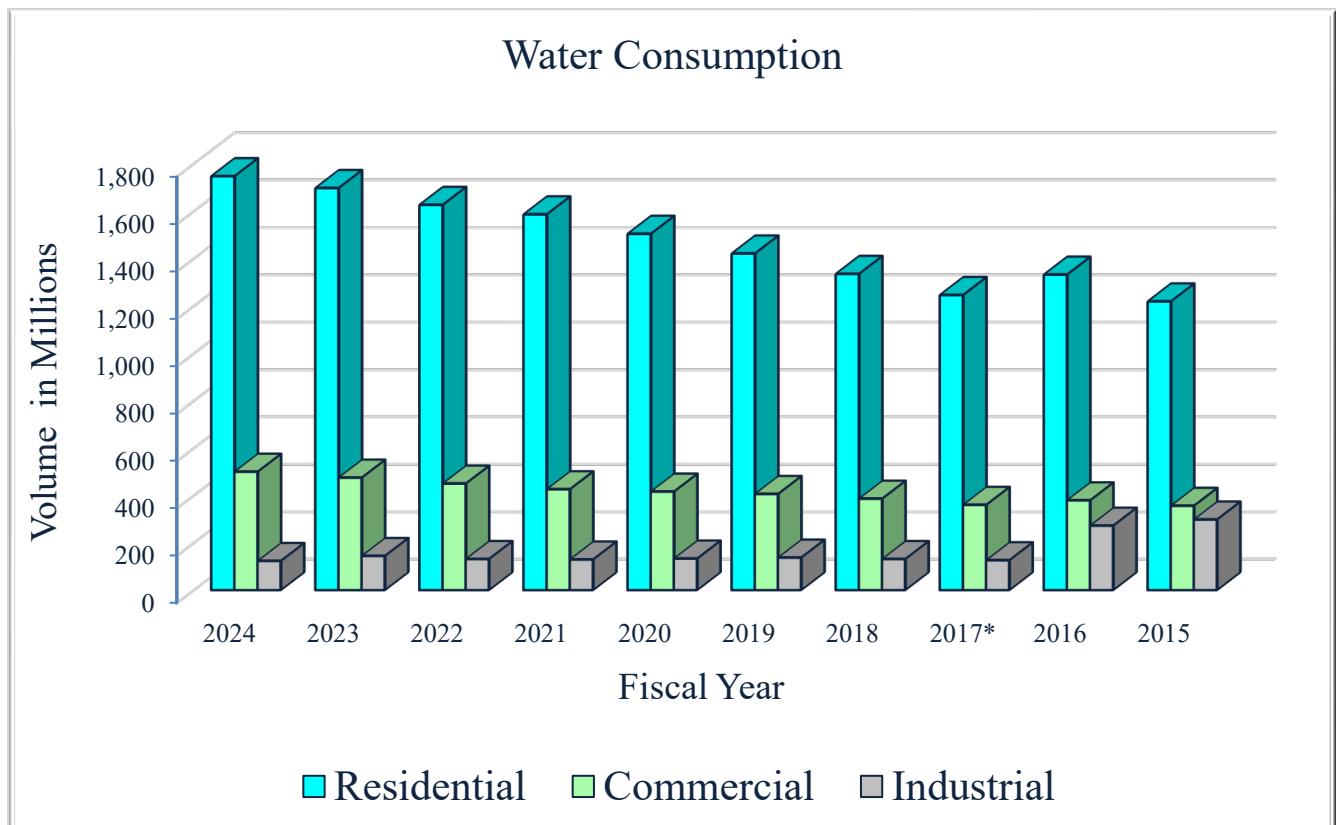
\* Fiscal years 2022 and 2021 have been restated for a prior period adjustment with regards to inventory  
 \*\* In fiscal year 2017, the District changed the fiscal year end to June 30 from July 31, therefore fiscal year 2017 is a short year (11 months)

# Revenue Capacity

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Water Consumption**  
**Last Ten Fiscal Years**

Table 5

<b>Fiscal Year Ended June 30</b>	<b>Volume in Million Gallons</b>			<b>Total</b>
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	
<b>2024</b>	1,747	500	123	2,370
<b>2023</b>	1,697	475	144	2,316
<b>2022</b>	1,626	450	131	2,207
<b>2021</b>	1,586	426	129	2,141
<b>2020</b>	1,504	416	133	2,053
<b>2019</b>	1,421	406	137	1,964
<b>2018</b>	1,335	386	131	1,852
<b>2017*</b>	1,246	360	126	1,732
<b>2016</b>	1,332	379	272	1,983
<b>2015</b>	1,219	356	298	1,873



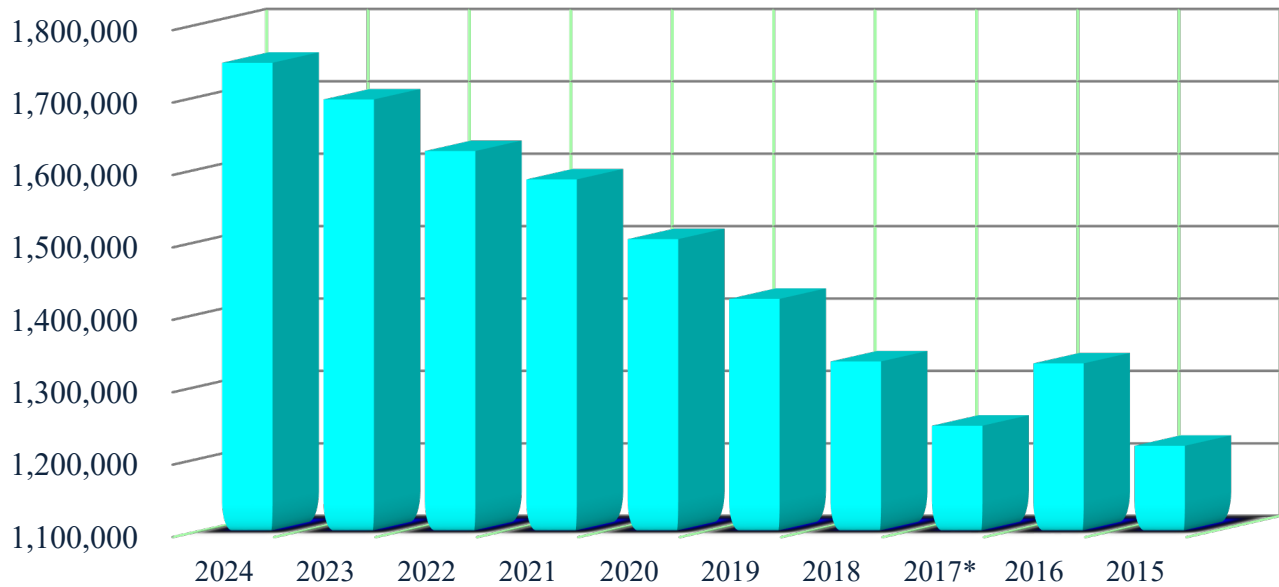
\* Tthe District changed the fiscal year end to June 30 from July 31, therefore fiscal year 2017 is a short year (11 months)

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Historical Residential Rate Information**  
**Last Ten Fiscal Years**

Table 6

<b>Fiscal Year</b>	<b>Ad Valorem Tax Millage</b>	<b>Average Residential Rate History</b>	<b>Volume Billed (per 1000 gal)</b>
2024	12.4	\$5.06	1,747,440
2023	11.6	4.85	1,696,824
2022	12.0	4.23	1,625,589
2021	11.9	4.47	1,586,409
2020	11.5	4.53	1,503,928
2019	9.4	4.59	1,421,447
2018	12.0	4.61	1,335,011
2017*	12.0	4.54	1,246,308
2016	10.0	4.53	1,332,375
2015	11.5	4.58	1,218,590

**Volume Billed (per 1000 gal)**



\*The District changed the fiscal year end to June 30 from July 31, therefore fiscal year 2017 is a short year (11 months)



**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
Property Tax Collections  
Last Ten Fiscal Years**

<b>Year End</b>	<b>Property Taxes Levy**</b>	<b>Property Taxes Collected</b>	<b>Percent Collected</b>	<b>Delinquent Taxes Collected</b>	<b>Percent Delinquent Collected</b>	<b>Total Collections to Date</b>	<b>Total Percent Collected</b>	<b>Bond Millage</b>	<b>Total Direct Rate*</b>
2024	\$ 3,272,621	\$ 5,010,718	153.11%	\$ 180,456	3.60%	\$ 5,191,174	158.62%	12.4	12.4
2023	3,222,050	4,058,750	125.97%	88,984	2.19%	4,147,734	128.73%	11.6	11.6
2022	2,882,297	3,713,163	128.83%	62,968	1.70%	3,776,131	131.01%	12.0	12.0
2021	2,706,222	3,412,453	126.10%	198,836	5.83%	3,611,289	133.44%	11.9	11.9
2020	2,493,391	2,920,755	117.14%	78,542	2.69%	2,999,297	120.29%	11.5	11.5
2019	1,782,396	2,324,832	130.43%	16,100	0.69%	2,340,932	131.34%	9.4	9.4
2018	2,131,144	2,590,618	121.56%	62,336	2.41%	2,652,954	124.48%	12.0	12.0
2017	2,160,774	2,431,384	112.52%	54,737	2.25%	2,486,121	115.06%	12.0	12.0
2016	1,650,418	2,003,264	121.38%	60,266	3.01%	2,063,530	125.03%	10.0	10.0
2015	1,866,855	2,176,772	116.60%	98,484	4.52%	2,275,256	121.88%	11.5	11.5

\* Total Direct Rate is equivalent to the Ad Valorem Tax Millage

\*\* Property taxes levy is based on collections required for the calendar year to service the District's debt.

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Ten Largest Taxpayers**  
**Fiscal Year 2024 and 2015**

Table 8

<b>Customer</b>	<b>2024</b>			<b>2015</b>		
	<b>Assessed Value</b>	<b>Taxes Paid*</b>	<b>2024 Ranking</b>	<b>Assessed Value</b>	<b>Taxes Paid*</b>	<b>2015 Ranking</b>
Duke Energy Carolinas LLC	\$ 8,355,350	\$ 2,895,794	1	\$ 2,742,260	\$ 956,421	5
Dell Equipment Funding LP	6,725,440	2,438,012	2	-	-	
Spartanburg Dc Inc	6,062,480	2,174,005	3	5,494,516	1,967,586	1
Stag Industrial Holdings LLC	4,973,100	1,698,811	4	1,530,720	532,633	10
DSI Draexlmaier Service Inc	4,282,741	1,499,816	5	2,331,525	820,697	7
Sew Eurodrive Inc	4,119,280	1,426,185	6	4,955,671	1,764,703	2
Cryovac Inc	4,016,843	1,385,007	7	3,268,696	1,163,983	4
Plasman SC Inc	3,804,260	1,280,514	8	-	-	
AFL Telecommunications LLC	3,278,913	1,145,354	9	2,068,381	710,300	9
Q FFR Holdings LLC	3,043,460	1,103,559	10	-	-	
BMW Manufacturing CO LLC	-	-		4,167,017	1,437,364	3
DAA Draexlmaier Automotive	-	-		2,544,714	895,739	6
CBRE Operating Partnership	-	-		2,235,830	792,150	8
<b>TOTAL</b>	<b>\$ 48,661,867</b>	<b>\$ 17,047,057</b>		<b>\$ 31,339,330</b>	<b>\$ 11,041,576</b>	

Source: Spartanburg County Auditor's Office

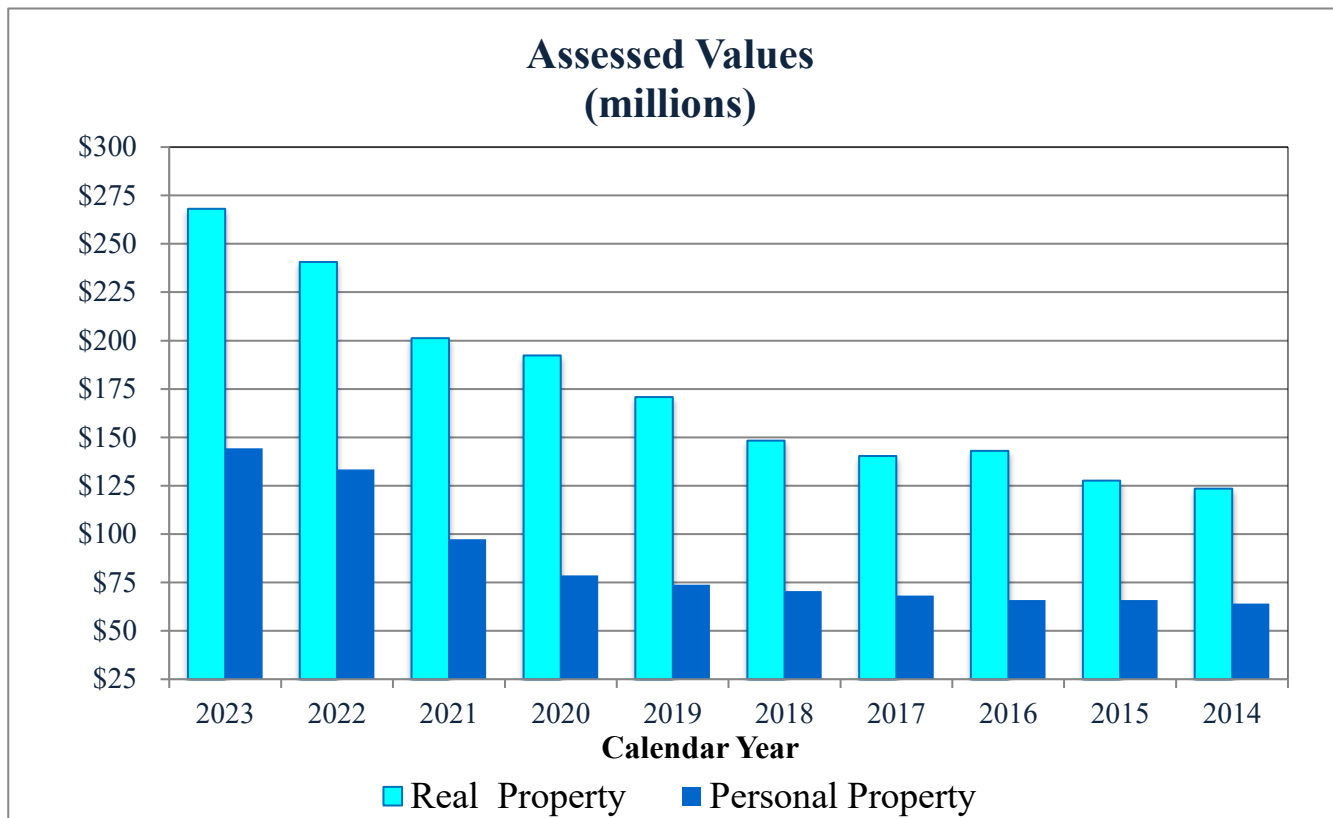
\*Taxes paid represents total taxes paid to Spartanburg County

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Assessed Values**  
**Last Ten Calendar Years**

Table 9

<b>Calendar Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Assessed Value</b>	<b>Total Market Value</b>	<b>Ratio of Total Assessed to Total Market Value</b>
2023	\$ 268.1	\$ 144.3	\$ 412.4	\$ 7,285.6	5.66%
2022	240.6	133.5	374.1	6,456.9	5.79%
2021	201.3	97.3	298.5	4,849.7	6.16%
2020	192.4	78.7	271.1	4,898.0	5.53%
2019	170.9	73.8	244.7	4,459.0	5.49%
2018	148.3	70.5	218.8	3,980.1	5.50%
2017	140.3	68.3	208.6	3,711.6	5.62%
2016	143.1	65.9	209.0	3,496.8	5.98%
2015	127.6	66.0	193.6	3,227.1	6.00%
2014	123.5	64.1	187.6	3,120.8	6.01%

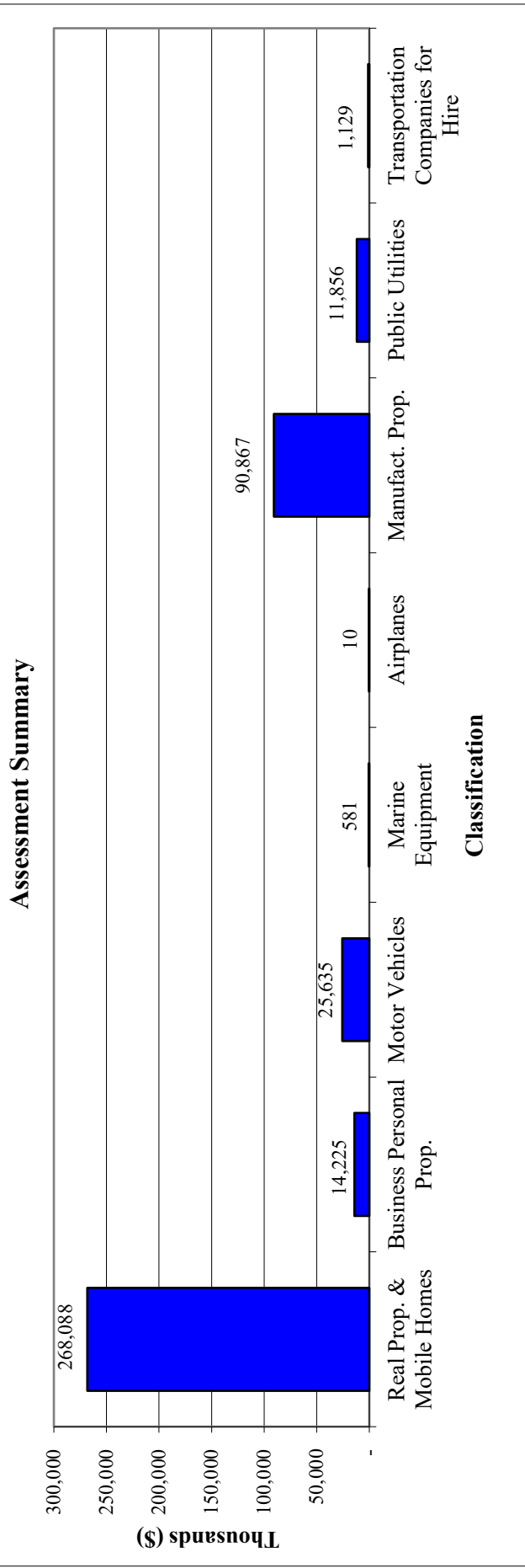
Assessed values are shown in million



Source: Spartanburg County Auditor

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Assessed Value Summary**  
**Calendar Year 2023**

Classification	Assessed Value	Assessment Ratio	Market Value
1. Real Property and Mobile Homes	\$ 268,087,937	4-6%	\$ 5,726,890,975
2. Business Personal Property	14,225,380	10.5%	135,479,810
3. Motor Vehicles	25,635,192	6.0%	427,253,200
4. Marine Equipment	580,889	10.5%	5,532,276
5. Airplanes	10,300	4.0%	257,500
6. Manufacturing Property	90,866,567	10.5%	865,395,876
7. Public Utilities	11,856,480	10.5%	112,918,857
8. Transportation Companies for Hire	1,129,480	9.5%	11,889,263
<b>TOTALS</b>	<b>\$ 412,392,225</b>		<b>\$ 7,285,617,757</b>



**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
Ten Largest Retail Customers  
Fiscal Year 2024 and 2015**

Customer	2024				2015			
	Consumption	Total Annual Operating Revenue	Percentage of Total Revenue	Rank	Consumption	Total Annual Operating Revenue	Percentage of Total Revenue	Rank
Woodruff-Roebuck Water	85,989,700	\$ 171,979	1.40%	1	-	\$ -	-	-
Starchem LLC	18,740,900	40,633	0.33%	2	25,438,797	44,164	0.56%	2
Minghua	14,938,352	30,114	0.25%	3	-	-	-	-
Aramark Uniform Svc	14,758,350	30,902	0.25%	4	-	-	-	-
Huntington Foam LLC	12,482,380	24,737	0.20%	5	18,580,007	33,053	0.42%	4
Albis Barnett Polymers	10,782,380	23,118	0.19%	6	-	-	-	-
Southwood Realty	9,817,700	29,233	0.24%	7	-	-	-	-
Triangle Real Estate	7,050,000	20,792	0.17%	8	-	-	-	-
Fah Cuipepper LLC	7,041,900	16,401	0.13%	9	-	-	-	-
Ashford Park LLC	6,994,600	20,605	0.17%	10	-	-	-	-
Springfield LLC	-	-	-	-	150,396,000	308,988	3.91%	1
Leigh Fibers Inc	-	-	-	-	20,760,000	36,584	0.46%	3
Coyne Textile Services	-	-	-	-	13,938,419	25,533	0.32%	5
Cryovac Plant	-	-	-	-	12,075,900	22,640	0.29%	6
Inman Mills	-	-	-	-	10,249,900	16,400	0.21%	7
Autolite	-	-	-	-	8,618,400	16,915	0.21%	8
Culpepper Landing	-	-	-	-	8,560,565	16,821	0.21%	9
River Falls Apartment Homes	-	-	-	-	8,188,700	18,505	0.23%	10
<b>Totals</b>	<b>188,596,262</b>	<b>\$ 408,514</b>	<b>3.33%</b>		<b>276,806,688</b>	<b>\$ 539,603</b>	<b>6.82%</b>	

# Debt Capacity

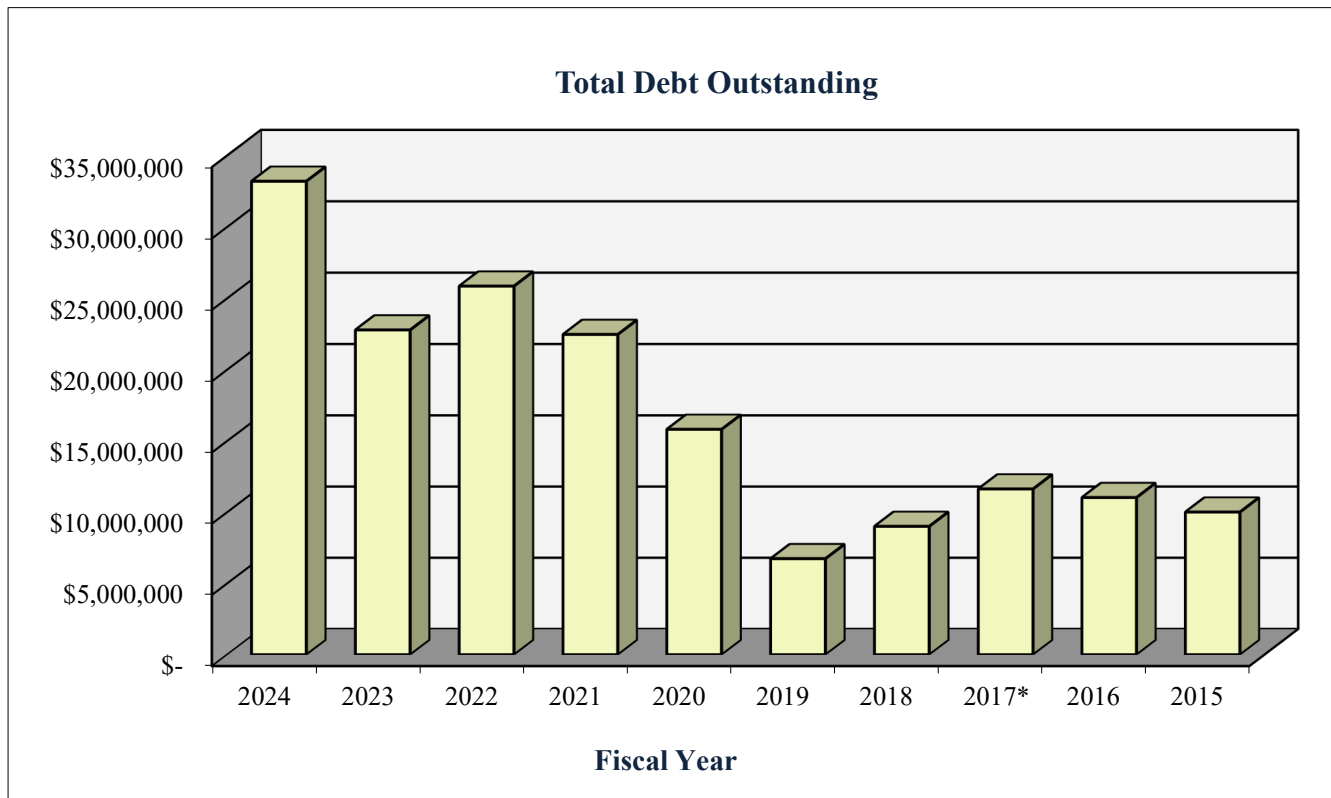
**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Debt Outstanding**  
**Last Ten Fiscal Years**

Table 12

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Bond Anticipation Note</b>	<b>Leases</b>	<b>Total Debt Outstanding</b>	<b>Per Capita**</b>	<b>As Share of Personal Income</b>
2024	\$ 18,563,465	\$ 14,502,454	\$ -	\$ 135,639	\$ 33,201,558	\$ 446	0.83%
2023	9,469,929	7,042,749	6,000,000	272,583	22,785,261	324	0.62%
2022	12,149,235	7,445,360	6,000,000	259,863	25,854,458	381	0.75%
2021	14,356,439	7,817,550	-	295,276	22,469,265	349	0.75%
2020	4,361,611	8,175,940	3,029,000	251,598	15,818,149	256	0.58%
2019	6,391,341	345,230	-	-	6,736,571	114	0.26%
2018	8,393,271	612,276	-	-	9,005,547	158	0.38%
2017*	10,759,760	871,458	-	-	11,631,218	214	0.56%
2016	9,969,080	1,060,824	-	-	11,029,904	210	0.58%
2015	8,702,306	1,306,799	-	-	10,009,105	199	0.57%

\* The District changed the fiscal year end to June 30 from July 31, therefore fiscal year 2017 is a short year (11 months)

\*\*Per capita number is based on estimate of SJWD Water District's residential customers as compared to Spartanburg County Population



**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Table 13

<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>Less: Amounts Available for Debt Service (2)</b>	<b>Total</b>	<b>Percentage of Taxable Market Value (3)</b>	<b>Per Capita (4)</b>
2024	\$ 18,563,465	\$ 2,986,059	\$ 15,577,406	0.25%	\$ 209
2023	9,469,929	2,926,141	6,543,788	0.15%	93
2022	12,149,235	3,580,300	8,568,935	0.25%	126
2021	14,356,439	2,103,044	12,253,395	0.29%	190
2020	4,361,611	2,596,209	1,765,402	0.10%	29
2019	6,391,341	1,657,749	4,733,592	0.16%	80
2018	8,393,271	1,409,368	6,983,903	0.23%	123
2017	10,759,760	1,253,520	9,506,240	0.31%	175
2016	9,969,080	1,185,621	8,783,459	0.31%	167
2015	8,702,306	971,269	7,731,037	0.28%	154

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

- (1) General bonded debt, net of related premium
- (2) This is the amount restricted for debt service principal payments
- (3) See the Schedule of Assessed Values (Table 9) for property value data
- (4) Per capita number is based on estimate of SJWD Water District's residential customers as compared to Spartanburg County Population



**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Legal Debt Margin**  
**Last Ten Fiscal Years**

Table 14

Assessed Valuation	
Latest assessed valuation less manufacturing depreciation reduction	<u>\$357,222,604</u>
Legal Debt Limit - 8% of assessed valuation	\$ 28,577,808
Amount of Debt Applicable to Debt Limit:	
General obligation bonds outstanding June 30, 2024	<u>18,563,465</u>
Legal Debt Margin*	<u>\$ 10,014,343</u>

\*The District may issue general obligation debt up to an amount equal to 8% of the last certified District assessment, without the requirement of conducting a referendum.

<b>Fiscal Year</b>	<b>Debt Limit*</b>	<b>Net Debt Subject to Limit</b>	<b>Legal Debt Margin</b>	<b>Outstanding Net Debt/ Debt Ceiling</b>	<b>Legal Debt Margin/ Debt Ceiling</b>
2024	\$ 28,577,808	\$ 18,563,465	\$ 10,014,343	64.96%	35.04%
2023	25,597,869	9,469,929	16,127,940	36.99%	63.01%
2022	23,391,392	12,149,235	11,242,157	51.94%	48.06%
2021	21,249,594	14,356,439	6,893,155	67.56%	32.44%
2020	19,700,073	4,361,611	15,338,462	22.14%	77.86%
2019	18,461,321	6,391,341	12,069,980	34.62%	65.38%
2018	15,962,792	8,393,271	7,569,521	52.58%	47.42%
2017	14,714,907	10,759,760	3,955,147	73.12%	26.88%
2016	14,646,776	9,969,080	4,677,696	68.06%	31.94%
2015	14,170,612	8,702,306	5,468,306	61.41%	38.59%

\* Amounts provided by Spartanburg County Auditor's Office

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Historical Statements of Revenues, Expenses, Debt Service and Debt Service Coverage**  
**Last Ten Fiscal Years**

	2024	2023	Restated 2022	Restated 2021	2020	2019	2018	2017	2016	2015
Net Income	\$ 14,559,412	\$ 13,301,776	\$ 12,205,656	\$ 10,787,915	\$ 10,601,911	\$ 10,106,905	\$ 9,759,531	\$ 8,676,759	\$ 9,482,286	\$ 9,018,993
Operating revenues	(12,833,311)	(10,815,973)	(10,094,487)	(9,102,797)	(9,485,688)	(8,262,154)	(8,569,595)	(7,239,741)	(7,265,166)	(7,234,592)
Operating expenses before depreciation and amortization	1,726,101	2,485,803	2,111,169	1,685,118	1,116,223	1,844,751	1,189,936	1,437,018	2,217,120	1,784,401
Operating income before depreciation and amortization	(4,679,006)	(4,203,980)	(3,907,686)	(3,665,627)	(3,296,585)	(2,720,644)	(2,470,435)	(2,015,647)	(1,995,564)	(1,863,280)
Depreciation	(2,952,905)	(1,718,177)	(1,796,517)	(1,980,509)	(2,180,362)	(875,893)	(1,280,499)	(578,629)	221,556	(78,879)
Operating Income (Loss)	5,191,174	4,147,734	3,776,131	3,611,289	2,999,297	2,340,932	2,652,954	2,486,121	2,063,530	2,275,256
Nonoperating Revenues	2,373,188	714,421	209,025	64,905	375,930	616,361	219,023	143,119	607,925	219,414
Ad valorem taxes	(1,336,247)	(644,638)	(503,300)	(733,285)	(605,044)	(213,127)	(207,405)	(259,747)	(256,635)	(316,367)
Other nonoperating revenues	6,663,996	4,206,875	3,585,233	2,537,392	1,659,605	1,079,034	997,130	928,010	2,616,503	701,032
Nonoperating Expenses										
Capital Contributions	\$ 9,939,206	\$ 6,706,215	\$ 5,270,572	\$ 3,499,792	\$ 2,249,426	\$ 2,947,307	\$ 2,381,203	\$ 2,718,874	\$ 5,252,879	\$ 2,800,456
Net Income (Loss) Per Financial Statements	\$ 9,939,206	\$ 6,706,215	\$ 5,270,572	\$ 3,499,792	\$ 2,249,426	\$ 2,947,307	\$ 2,381,203	\$ 2,718,874	\$ 5,252,879	\$ 2,800,456
Net Income (Loss) Per Financial Statements	(877,393)	(162,350)	(112,890)	-	(29,008)	(29,321)	(23,000)	(3,000)	(371,458)	(4,000)
Less: (Gain) loss on sale of capital assets	(461,082)	(128,799)	(20,446)	(19,241)	(43,599)	(78,821)	(88,231)	(39,301)	(24,197)	(12,301)
Less: Restricted investment income	(5,377,796)	(2,057,225)	(1,293,633)	(1,156,021)	(631,380)	(504,884)	(464,255)	(614,355)	(2,361,295)	(490,066)
Less: Grants and donated line extensions	(5,191,174)	(4,147,734)	(3,776,131)	(3,611,289)	(2,999,297)	(2,340,932)	(2,652,954)	(2,486,121)	(2,063,530)	(2,275,256)
Less: Ad valorem used for GO debt service (1)	(85,397)	-	-	(53,076)	(53,076)	(198,520)	-	-	-	-
Less: Increase in fair value of investments	-	-	-	50,139	-	-	-	-	-	-
Plus: Loss on disposal of capital assets	-	77,811	136,969	48,784	-	-	175,845	160,150	50,704	80,695
Plus: Decrease in fair value of investments	4,679,006	4,203,980	3,907,686	3,665,627	3,296,585	2,720,644	2,470,435	2,015,647	1,995,564	1,863,280
Plus: Depreciation and amortization	888,837	444,315	383,306	487,888	329,571	127,328	144,612	95,135	88,542	142,794
Plus: Interest expense	316,246	65,712	44,253	141,537	221,465	12,242	-	94,217	92,954	83,016
Plus: Bond issuance costs										
Net Earnings per Revenue Bond Covenant	\$ 3,830,453	\$ 5,001,925	\$ 4,539,686	\$ 3,107,216	\$ 2,340,687	\$ 2,655,043	\$ 1,943,655	\$ 1,941,246	\$ 2,660,163	\$ 2,188,618
Debt Service Requiring Coverage, Per Covenant										
Revenue Bond Debt Service	\$ 1,165,620	\$ 646,400	\$ 640,400	\$ 650,900	\$ 386,908	\$ 282,429	\$ 282,429	\$ 282,429	\$ 282,429	\$ 929,817
Debt Service Coverage Ratio Based on Revenue Bond Coverage (2) (3)	3.29	7.74	7.09	4.77	6.05	9.40	6.88	6.87	9.42	2.35

(1) Based on millage to service GO Bond debt only.

(2) The coverage is determined by dividing the Net Earnings per Revenue Bond Covenant by the Total Revenue Bond Debt Service

(3) The Revenue Bond Coverage must be at least 120% to be in compliance with the Revenue Bond Covenant

# Demographic and Economic Information

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Spartanburg County Demographic Statistics**  
**Last Ten Calendar Years**

Table 16

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (1)</b>		<b>Median Age (1)</b>	<b>Total Labor Force (2)</b>	<b>Unemployment Rate (3)</b>
		<b>Total</b>	<b>Per Capita</b>			
2023	383,327	\$19,154,828	\$ 53,700	38.1	159,148	3.0%
2022	345,831	18,197,864	52,621	37.9	155,810	3.2%
2021	335,864	16,993,490	50,596	38.0	157,485	4.1%
2020	326,205	15,182,676	46,543	38.2	156,494	6.5%
2019	319,785	14,124,521	44,169	38.2	166,127	2.5%
2018	313,888	13,543,549	43,148	37.8	160,277	3.1%
2017	306,854	12,798,599	41,709	38.2	157,221	4.1%
2016	301,463	11,501,469	38,152	38.5	153,389	4.7%
2015	297,302	10,738,530	36,120	38.4	151,336	5.8%
2014	293,542	10,252,621	34,927	38.5	148,365	6.3%

Data Sources:

(1) U.S. Census Bureau of Economic Analysis

(2) SC Works Online (6/30/23)- <https://dew.sc.gov/data-and-statistics/data-dashboard>

(3) U.S. Department of Labor, Bureau of Labor Statistics

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
Spartanburg County, South Carolina Major Employers and Changes  
Fiscal Year 2024 and 2015**

Table 17

Company Name	Business/Product	Employees and % of Workforce	
		2024	2015
BMW Manufacturing Corporation	Automotive manufacturer	11,000	8,000
Spartanburg Regional Healthcare System	Hospital	10,000	5,992
Spartanburg County Schools	Public school system	7,198	6,351
State of South Carolina	State government	2,186	2,164
Spartanburg County	County government, courts, law enforcement	1,696	1,508
Michelin North America	Radial truck tire manufacturer	1,396	1,060
Adidas	Sporting and recreational goods and supplies	1,278	N/A*
Plastic Omnium	Plastic injection molded interiors	1,100	N/A*
Draexlmaier Automotive of America LLC	Automobile component supplier	1,062	N/A*
Benore Logistics Systems	Logistics	1,000	N/A*

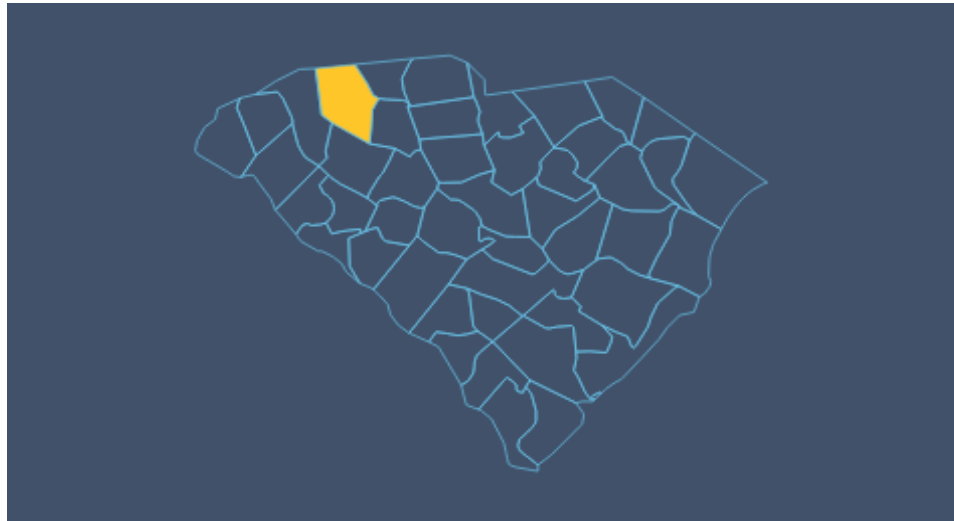
Data Sources:

OneSpartanburg, Inc. and individual employers

(N/A\*) Data unavailable

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
2023 Special Purpose Districts and Counties Rate Survey  
Monthly Water Service Charge 668 CF (5,000 gal)**

Table 18



<b>Spartanburg</b>	<b>Water</b>	<b>Sewer</b>
Campobello, Town of	\$ 34.41	
Central Pacolet, Town of	\$ 45.90	\$ 39.45
Cowpens, Town of	\$ 45.90	\$ 39.45
Duncan, Town of	\$ 19.25	\$ 45.47
Inman, City of	\$ 34.41	\$ 38.25
Landrum, City of	\$ 45.90	\$ 39.45
Lyman, Town of	\$ 19.25	\$ 28.61
Pacolet, Town of	\$ 45.90	\$ 39.45
Spartanburg, City of	\$ 27.30	\$ 39.45
Wellford, City of	\$ 19.25	\$ 50.15
Woodruff, City of	\$ 54.92	\$ 47.90
Inman-Campobello Water District	\$ 34.41	
Liberty Chesnee Fingerville Water District	\$ 48.50	
Spartanburg Sanitary Sewer System		\$ 39.45
Startex-Jackson-Wellford-Duncan Water District	\$ 19.25	
Woodruff Roebuck Water District	\$ 54.50	

\*This annual rate survey summary is based on the most recent rate surveys received from local providers, but may no longer be current. The monthly average rate is based on 5,000 gallons usage. Due to the possibility of errors in individual survey forms and data entry, the RIA does not guarantee the accuracy of this survey. Should any errors be found, please contact this office, as we do strive for maximum accuracy.

Information provided by RIA South Carolina Rural Infrastructure Authority: <https://ria.sc.gov/loans/rates/>

# Operating Information

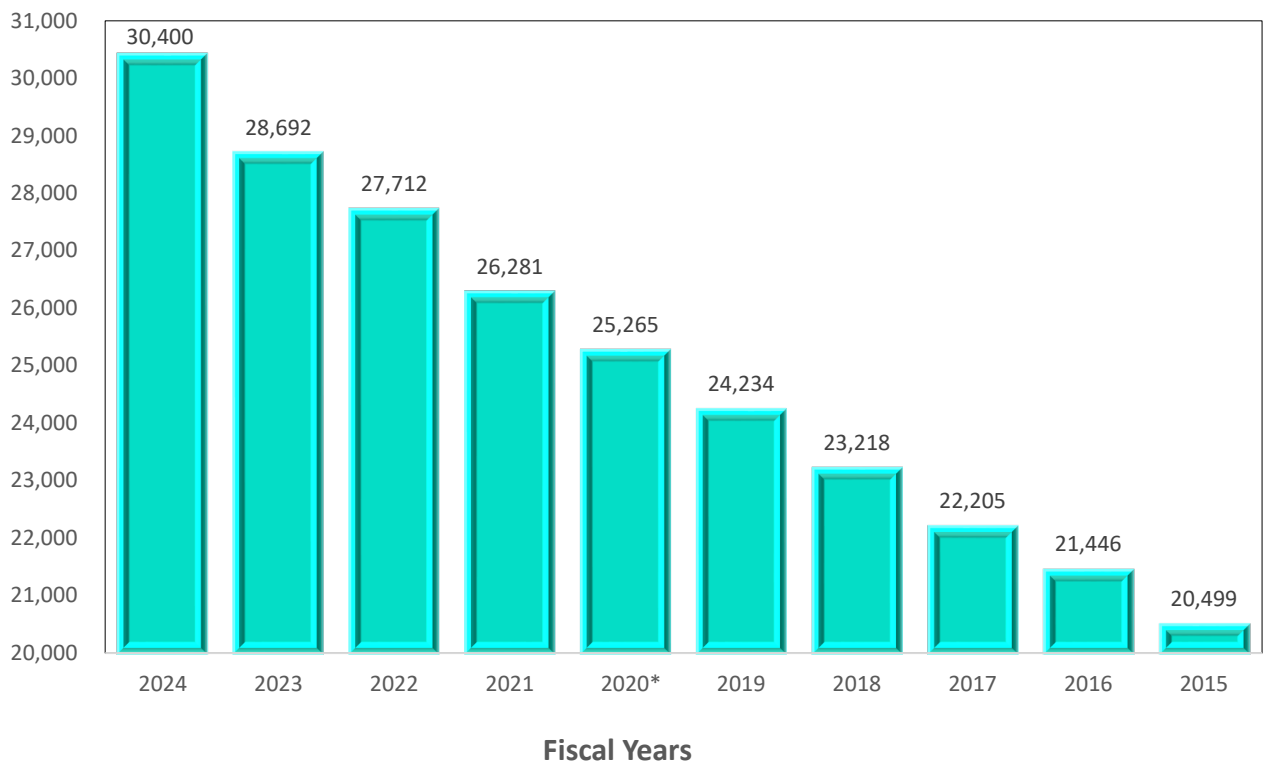
**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Number of Customers**  
**Last Ten Fiscal Years**

Table 19

<b>Fiscal Year</b>	<b>Number of Customers</b>		
	<b>Residential</b>	<b>Other</b>	<b>Total</b>
2024	30,400	1,702	32,102
2023	28,692	1,658	30,350
2022	27,712	1,581	29,293
2021	26,281	1,539	27,820
2020*	25,265	1,802	27,067
2019	24,234	1,544	25,778
2018	23,218	1,503	24,721
2017	22,205	1,452	23,657
2016	21,446	1,410	22,856
2015	20,499	1,388	21,887

\* Estimate due to meter change out program

**Number of Residential Customers**





**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Monthly Water Charges**  
**Fiscal Year 2024**

Table 20

**Meter / Tap Rate Charges**

Meter Size	Meter Equivalent	SIF Inside Tax District	SIF Outside Tax District
5/8"	1	\$ 500	\$ 1,000
1"	2.5	\$ 1,250	\$ 2,500
2"	8	\$ 4,000	\$ 8,000
3"	15	\$ 7,500	\$ 15,000
4"	25	\$ 12,500	\$ 25,000
6"	50	\$ 25,000	\$ 50,000
8"	80	\$ 40,000	\$ 80,000
10"	115	\$ 57,500	\$ 115,000
12"	215	\$ 107,500	\$ 215,000

**Base Charge**

Meter Size	Monthly Base Charge	
	Inside District	Outside District
5/8"	\$ 11.00	\$ 14.85
1"	\$ 27.50	\$ 37.13
1 1/2 - 2"	\$ 88.00	\$ 118.80
3"	\$ 176.00	\$ 237.60
4"	\$ 275.00	\$ 371.25
6"	\$ 550.00	\$ 742.50
8"	\$ 880.00	\$ 1,188.00
10"	\$ 1,265.00	\$ 1,707.75

**Water Usage Charge**

	Usage (gallons)	Charge per 1,000 gallons	
		Inside District	Outside District
Residential & Irrigation	0-4,000	\$ 1.65	\$ 2.23
	4,001-15,000	\$ 3.58	\$ 4.83
	15,001 and up	\$ 4.40	\$ 5.94
Non- Residential	0-15,000	\$ 3.58	\$ 4.83
	15,001-500,000	\$ 2.20	\$ 2.97
	500,001 and up	\$ 1.82	\$ 2.46

**Private Fire Protection Charge** (*Billed seperately from normal water usage*)

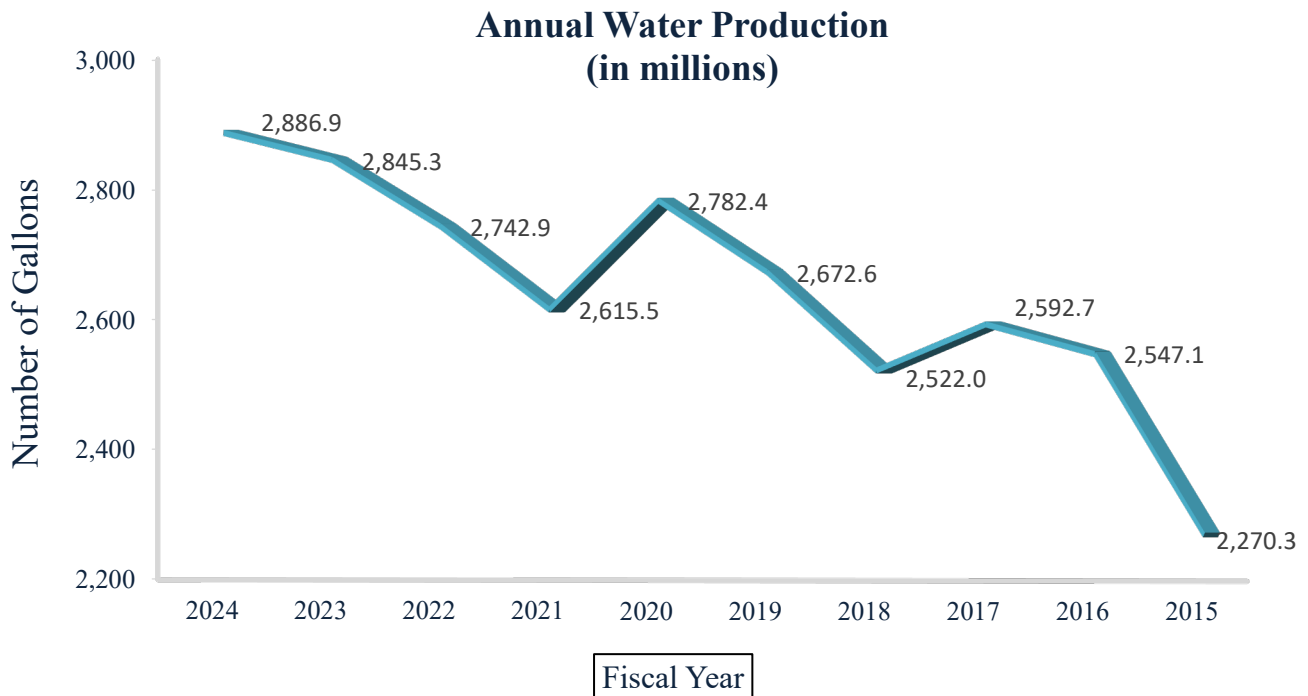
Fire Line Size	Inside District	Outside District
2"	\$ 4.85	\$ 6.06
3"	\$ 14.70	\$ 18.38
4"	\$ 84.36	\$ 100.75
6"	\$ 80.60	\$ 108.81
8"	\$ 168.72	\$ 227.78
10"	\$ 290.07	\$ 391.59
12"	\$ 458.80	\$ 619.38

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Annual Water Production**  
**Last Ten Fiscal Years**

Table 21

Month	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
July	298.0	291.5	265.4	290.6	287.9	247.3	248.3	276.8	261.2	218.7
August	307.2	295.0	264.6	268.4	268.4	240.6	248.8	245.0	239.9	219.6
September	278.1	263.8	237.5	244.9	272.4	237.3	225.6	261.9	224.2	198.4
October	263.6	253.4	225.7	233.2	251.8	233.6	219.4	256.7	195.2	190.3
November	202.8	212.9	196.2	195.0	197.5	201.3	190.8	214.7	185.2	160.6
December	189.6	215.1	187.0	190.3	193.4	187.5	189.2	175.3	167.9	156.4
January	190.2	198.0	202.0	183.0	216.4	195.2	198.0	177.2	180.9	155.9
February	170.7	185.4	180.1	160.2	177.5	185.8	165.6	159.3	169.4	147.0
March	203.4	211.4	186.5	170.2	201.2	191.3	185.6	175.3	187.8	166.4
April	225.2	217.8	210.4	196.5	224.8	201.5	187.7	185.0	225.2	184.4
May	254.7	243.4	277.5	245.9	234.2	281.6	217.3	219.9	241.3	235.9
June	303.4	257.6	310.0	237.3	256.9	269.6	245.7	245.6	268.9	236.7
<b>Total Annual Production</b>	<b>2,886.9</b>	<b>2,845.3</b>	<b>2,742.9</b>	<b>2,615.5</b>	<b>2,782.4</b>	<b>2,672.6</b>	<b>2,522.0</b>	<b>2,592.7</b>	<b>2,547.1</b>	<b>2,270.3</b>

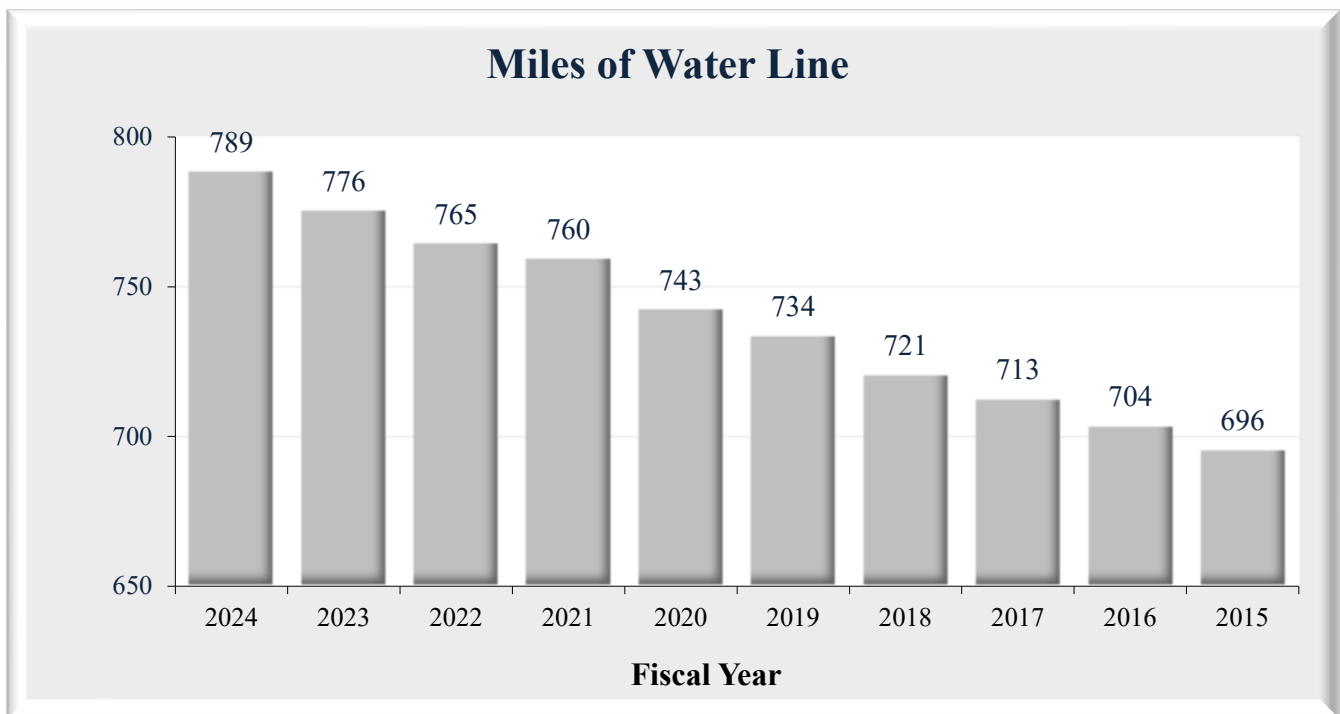
\* Amounts shown in millions of gallons



**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Miles of Water Line**  
**Last Ten Fiscal Years**

Table 22

<u>Fiscal Year</u>	<u>Miles of Water Line</u>	<u>Percent Increase</u>
2024	789	1.65%
2023	776	1.42%
2022	765	0.65%
2021	760	2.24%
2020	743	1.21%
2019	734	1.77%
2018	721	1.11%
2017	713	1.26%
2016	704	1.14%
2015	696	1.01%



**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Schedule of Treatment Plants**  
**Fiscal Year 2024**

Table 23

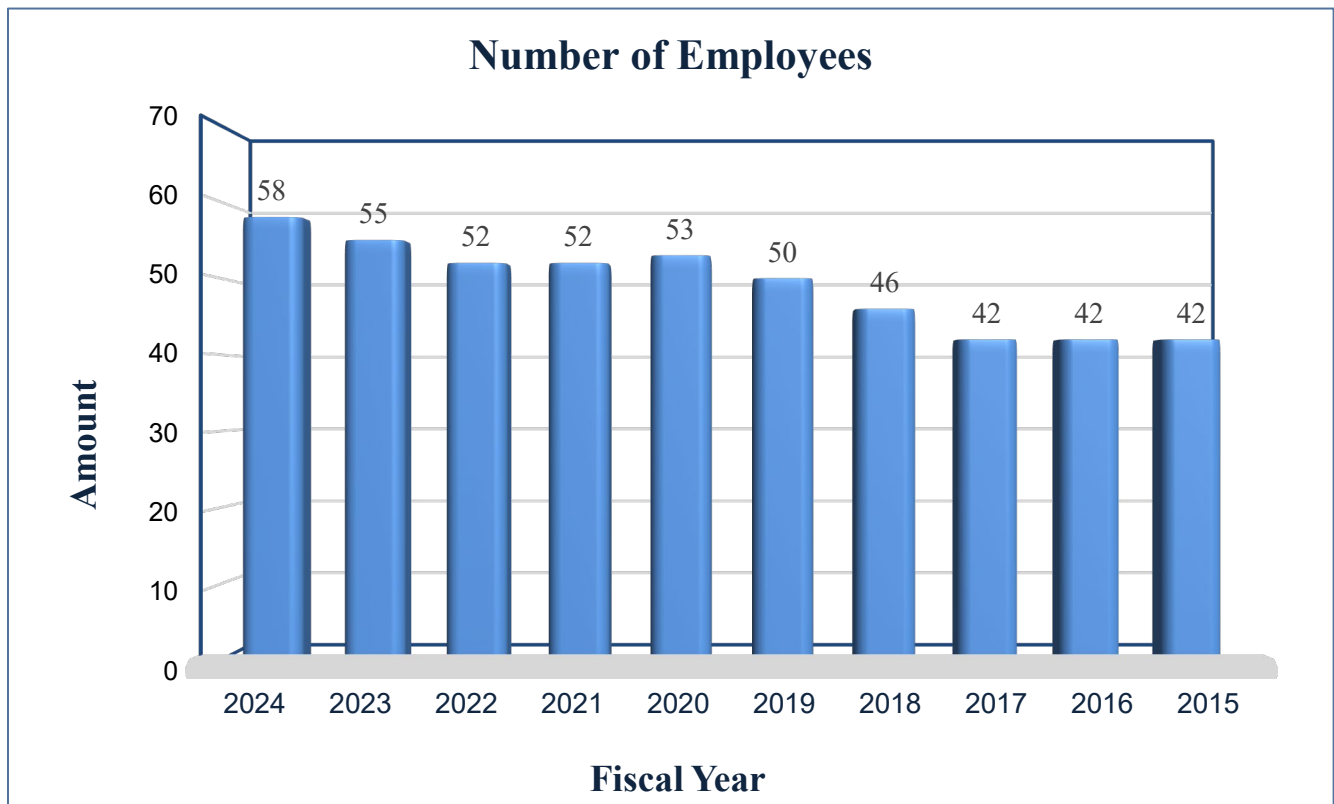
<u>Treatment Plant</u>	<u>Permitted Capacity (MGD)</u>	<u>Average Flow (MGD)</u>
Membrane	8.000	5.560
Conventional	12.000	3.030
	<u>20.000</u>	<u>8.590</u>



**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Number of Employees**  
**Last Ten Fiscal Years**

Table 24

<u>Fiscal Year</u>	<u>Number of Employees</u>
2024	58
2023	55
2022	52
2021	52
2020	53
2019	50
2018	46
2017	42
2016	42
2015	42

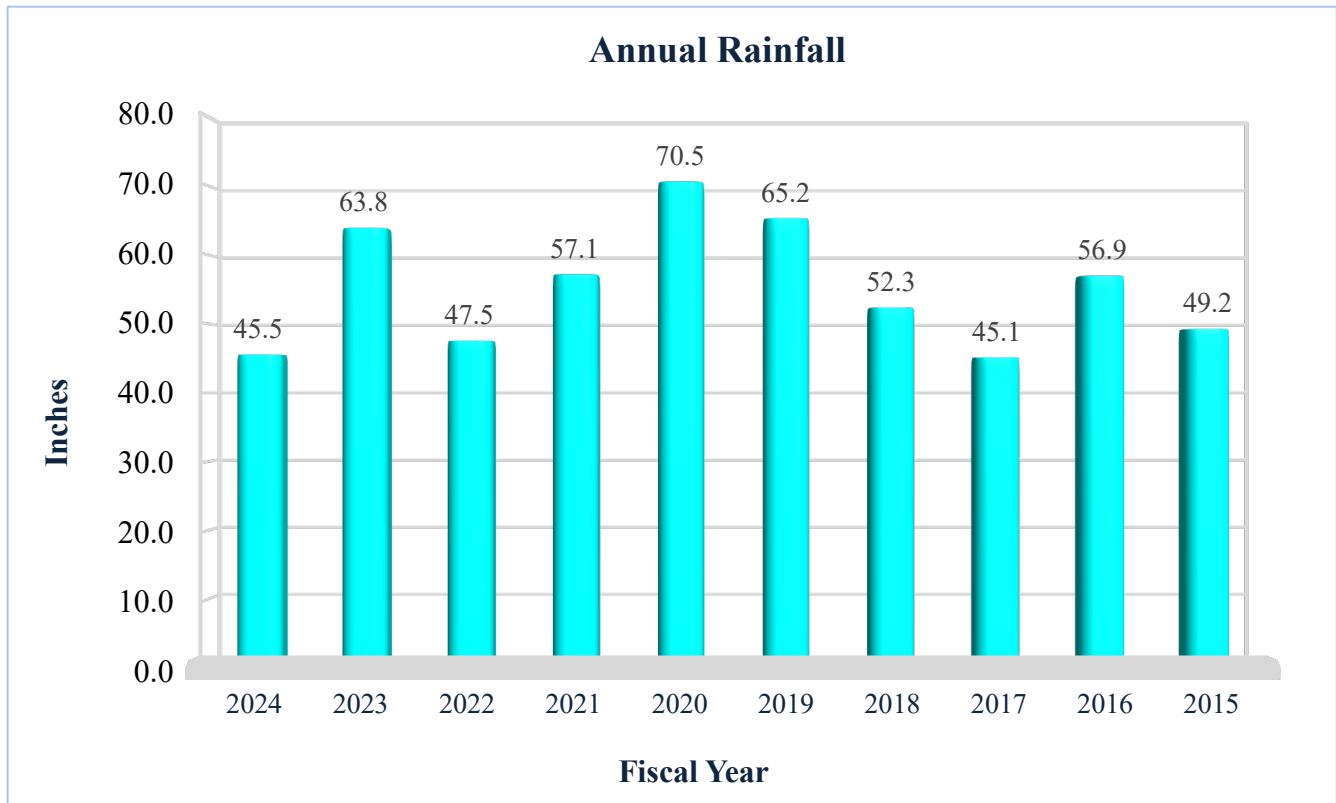


**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT**  
**Annual Rainfall**  
**Last Ten Fiscal Years**

Table 25

<b>Fiscal Year</b>	<b>Annual Rainfall*</b>
2024	45.5
2023	63.8
2022	47.5
2021	57.1
2020	70.5
2019	65.2
2018	52.3
2017	45.1
2016	56.9
2015	49.2

\* Data collected from Spartanburg Herald-Journal - Amounts shown in inches



## **IV. SINGLE AUDIT SECTION**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Schedule of Expenditures of Federal Awards

Notes to Schedule of Expenditures of Federal Awards

Schedule of Prior Findings and Questioned Costs

Schedule of Findings and Questioned Costs

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

To the Commissioners of  
Startex-Jackson-Wellford-Duncan Water District  
Spartanburg, South Carolina

*Independent Auditor's Report*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of Startex-Jackson-Wellford-Duncan Water District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Startex-Jackson-Wellford-Duncan Water District's basic financial statements, and have issued our report thereon dated December 16, 2024.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Startex-Jackson-Wellford-Duncan Water 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 Startex-Jackson-Wellford-Duncan Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Startex-Jackson-Wellford-Duncan Water 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Startex-Jackson-Wellford-Duncan Water District'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Cost as Finding 2024-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Startex-Jackson-Wellford-Duncan Water 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*.



To the Commissioners of  
Startex-Jackson-Wellford-Duncan Water District  
Page Two

### **Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Startex-Jackson-Wellford-Duncan Water District's response to the findings identified in our audit and described in the accompanying schedule of finding and questioned costs. Startex-Jackson-Wellford-Duncan Water District's response was not subjected to other auditing procedures applied in the audit of the financial statements and accordingly, we expressed no opinion on the response.

### **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 Startex-Jackson-Wellford-Duncan Water District'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 Startex-Jackson-Wellford-Duncan Water District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Halliday, Schwartz & Co.*

Spartanburg, South Carolina  
December 16, 2024

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Commissioners of  
Startex-Jackson-Wellford-Duncan Water District  
Spartanburg, South Carolina

*Independent Auditor's Report*

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Startex-Jackson-Wellford-Duncan Water 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, 2024. 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, Startex-Jackson-Wellford-Duncan Water 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, 2024.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the 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.

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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 considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the 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 over compliance may exist that were not identified.

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

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

*Halliday, Schwartz & Co.*

Spartanburg, South Carolina  
December 16, 2024

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal ALN</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>
<b>U.S. Department of the Treasury</b>			
Passed through S.C. Rural Infrastructure Authority			
COVID 19: Coronavirus State & Local Fiscal			
Recovery Funds (CSLFRF)	21.027	A-23-C187	<u>\$ 3,161,855</u>
<b>Total U.S. Department of the Treasury</b>			<u>3,161,855</u>
<b>Total Federal Financial Assistance Expended</b>			<u>\$ 3,161,855</u>

See accompanying notes to schedule of expenditures of federal awards.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Startex-Jackson-Wellford-Duncan Water District (the "District") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has elected to not use the de minimis 10% indirect cost rate as allowed under the Uniform Guidance.

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2024**

No prior audit findings.

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

Fiscal Year Ended June 30, 2024:

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  X  Yes   No

Significant deficiencies 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 deficiencies identified that are not considered to be material weaknesses?   Yes  X  None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200?   Yes  X  No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee?   Yes  X  No

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
JUNE 30, 2024**

**Section II - Financial Statement Findings - Continued**

***Finding 2024-001 - Internal Controls over Financial Reporting***

**Condition:** The District's unadjusted financial statements reported material misstatements in certain financial statement accounts for the period under audit. These misstatements were not prevented or detected by the District's internal control over financial reporting and were not corrected by the District prior to the financial statements being presented for audit. These material misstatements arose from daily, monthly and annual reconciliations not being completed in a reasonable time frame after the reporting period.

**Reason Improvement Needed:** The financial statements are a critical component of the financial environment of the District. The District, through internal controls over financial reporting, should not present unaudited financial statements which contain material misstatements.

**Cause of Condition:** During the fiscal year and the months subsequent to year-end, the District did not ensure that all revenue earned during the fiscal year was recorded in the financial records. The District did not report \$1,899,065 of grant receivables and capital contributions earned as of the fiscal year ended June 30, 2024. This error resulted in a material misstatement of the unaudited financial statements.

**Effect of Condition:** The District's failure to properly record receivables and revenues correctly, in a timely manner, results in the unadjusted financial statements at year-end being materially misstated. This material misstatement could cause the District to make inappropriate or unwise financial decisions based in inaccurate and incomplete financial information.

**Perspective Information:** During fiscal year 2024 the District began projects that had reimbursable grants to help defray costs. Because the District does not routinely have such large grants and that cross over from one fiscal year to the next, recording of the capital contributions (grant reimbursements) were recorded when received instead of when earned.

**Identification of Repeat Findings:** This is not a repeat finding.

**Recommendation:** We recommend that the District create a monthly or quarterly checklist and for year-end to ensure that all expenses eligible for grant reimbursement are accounted for in the proper reporting period. In addition, we recommend that the District ensure timely communications between the finance department and project managers with regards to grant activity.

**Benefits of Recommended Action:** By ensuring that the internal controls for the District address the key controls above, the District will reduce the likelihood that material misstatements will occur in future periods and that relevant, accurate information will be made available in a timely manner to make accurate District decisions.

**Client Response:** The District has implemented a monthly control procedure to ensure that a receivable is recorded in the month the contractor invoice is processed. During the annual closing process, the accounting staff will work with project managers to ensure that all progress billings for work performed in the prior fiscal year are recorded along with a matching grant receivable, if the amount is reimbursable under conditions of the grant.

**Section III - Federal Awards Findings and Questioned Costs**

None.