

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT



**WELLFORD, SOUTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**



Prepared by:

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STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

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Letter of Transmittal

November 20, 2023

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, 2023. 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 ended June 30, 2023 by offering a 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 SJWD. 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, 2023, 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 2023. 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 Commission positions are appointed at one time. Commissioners are appointed by the Governor of the State upon recommendation by the legislative delegation of the County. The Commissioners elect a chairman, a vice-chairman and a secretary after appointments have been made every even-numbered year.

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 75,000 as of June 30, 2023. A portion of SJWD 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 in the light of the specific environment within which the District operates.

Location: The SJWD service area stretches from Highway 417 in the South to Highway 11 in the North, and from I-26 in the East to the Greenville County, South Carolina line in the West. SJWD's service area also includes portions of the Middle Tyger River (Lyman Lake) and the North Tyger River (Lake Cooley and North Tiger Reservoir). SJWD treats water from these rivers at its filtration plant on Groce Road in Lyman. SJWD also includes within its boundaries the South Tyger River (Berry's Pond) but does not currently treat water from this source.

A portion of I-85 (connecting Atlanta, GA and Charlotte, NC) runs through the District to the west of the intersection with I-26. This western portion of Spartanburg County has attracted many large employers and their suppliers, including BMW, Michelin, and Toray. The District has contributed greatly to the economic development of the area and continues to be a business-friendly partner to those seeking to locate here.

In addition, the SC Ports Authority opened an inland port in the northwest portion of the County near the Greenville-Spartanburg International Airport, just outside of the District's service area. The success of the port is contributing to the success of existing businesses in the District and is also proving to be a driver for port-dependent development in the District.

Customer Base: The District has seen significant growth in the housing market. Developers have started numerous subdivisions on previously undeveloped tracts of land, especially in the southern portion of the District below I-85, bringing new residential customers to the District. The District serves more than 30,000 customer connections.

Tax Base: As discussed previously, the District levies taxes to support a significant portion of its capital improvements. Due to the number of customers and factors relating to the growth of the area served by the District, the assessed value of the District has grown allowing the District to expand without raising its millage, which has averaged 11.4 mils over the last ten years ranging from 9.4 mils to 12.0 mils each year.

The District has invested approximately \$72.6 million in capital improvements over the last ten years. This total investment includes expansion of treatment and pumping capacity, expansion of finished water storage, upgrading metering infrastructure, and stabilization of the dam and spillway at Lyman Lake.

Financial Planning and Policies

The District maintains a multi-year Capital Improvements Plan (CIP). The CIP forms the basis for setting rates to recover the cost of operations and provides direction for managing the District's debt to fund the plan. A budget is prepared annually. The Commissioners hold a workshop to discuss the budget and the financial needs for the District for the coming year. The budget, along with the CIP, is approved by the Commissioners each June following a public hearing.

The District has an internal target to maintain cash reserves of at least 240 days of operating expenses. These cash reserves allow the District to be prepared for emergencies, serve as rate and millage stabilization, and cover post-employment benefits for retirees.

The District periodically updates its master plan for its distribution system, its water treatment capacity, and its water resources. Findings from these master plans help guide the District in developing its CIP.

Mission, Vision, Values, and Strategic Goals

In early 2023, management undertook the work of revising the District's strategic plan. The effort included taking a fresh look at the District's mission, vision, and values. It also included simplifying the District's strategic goals, which set the direction for the next three to five years.

Our **Mission** is 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 the areas of water resources, water treatment, water distribution, water consumption, and support.

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

Our *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 provide delivery of high-quality water while keeping rates affordable.
- Ensure development of a staff that is properly trained, engaged, high performing, and committed to excellent customer service and safety.

Major Initiatives

In addition to the execution of the current year capital improvements plan, the District looks ahead five to ten years to develop major initiatives and incorporates those into the long-term financial model. This process is repeated every two to three years. The major initiatives for the District over the next five years are as follows:

- The District was evaluating options for upgrading its administrative building. A unique opportunity was presented to the District to purchase an existing building on the North Tyger Reservoir. This new building will give the District plenty of room to grow for many years to come. Plans are under way to sell the current administrative building.
- The District was awarded \$10.0 million in grant funding from the South Carolina Infrastructure Improvement Plan (SCIIP). These funds will be used to construct two elevated storage tanks. The tanks will upgrade the finished water storage capacity in the Reidville and Friendship pressure zones.
- Additional funding of \$7.0 million was also awarded from the state through the South Carolina Department of Health and Environmental Control (American Rescue Plan Act of 2021). These funds will allow the District to begin upgrading the existing tie-in with a neighboring water utility, increase the reliability of the connection, and secure a higher volume of water, in case of emergency, while the District considers expansion of its own treatment capacity.
- The District has plans to expand the membrane capacity of the water treatment plant as the reliable capacity of the conventional plant diminishes. The District continually assesses demands and will begin design work on the expansion at the appropriate time.

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, 2022. This was the second year in a row the District submitted and achieved 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 a period of 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 would like to recognize the Commissioners for their vision, leadership, support, and continued commitment to excellence.

Respectfully submitted,



Billy Y. Cothran, III
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

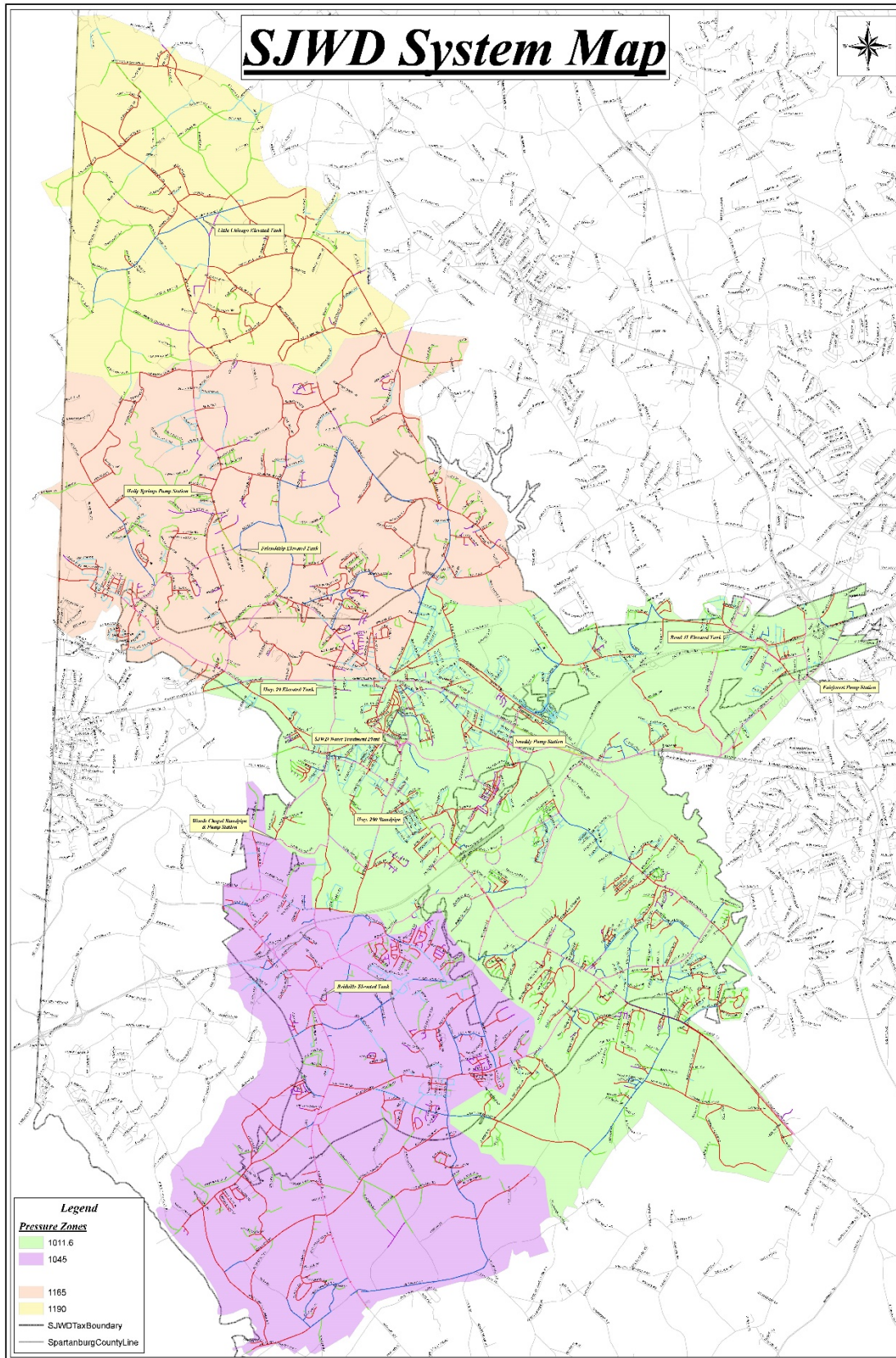
Senior Management Staff



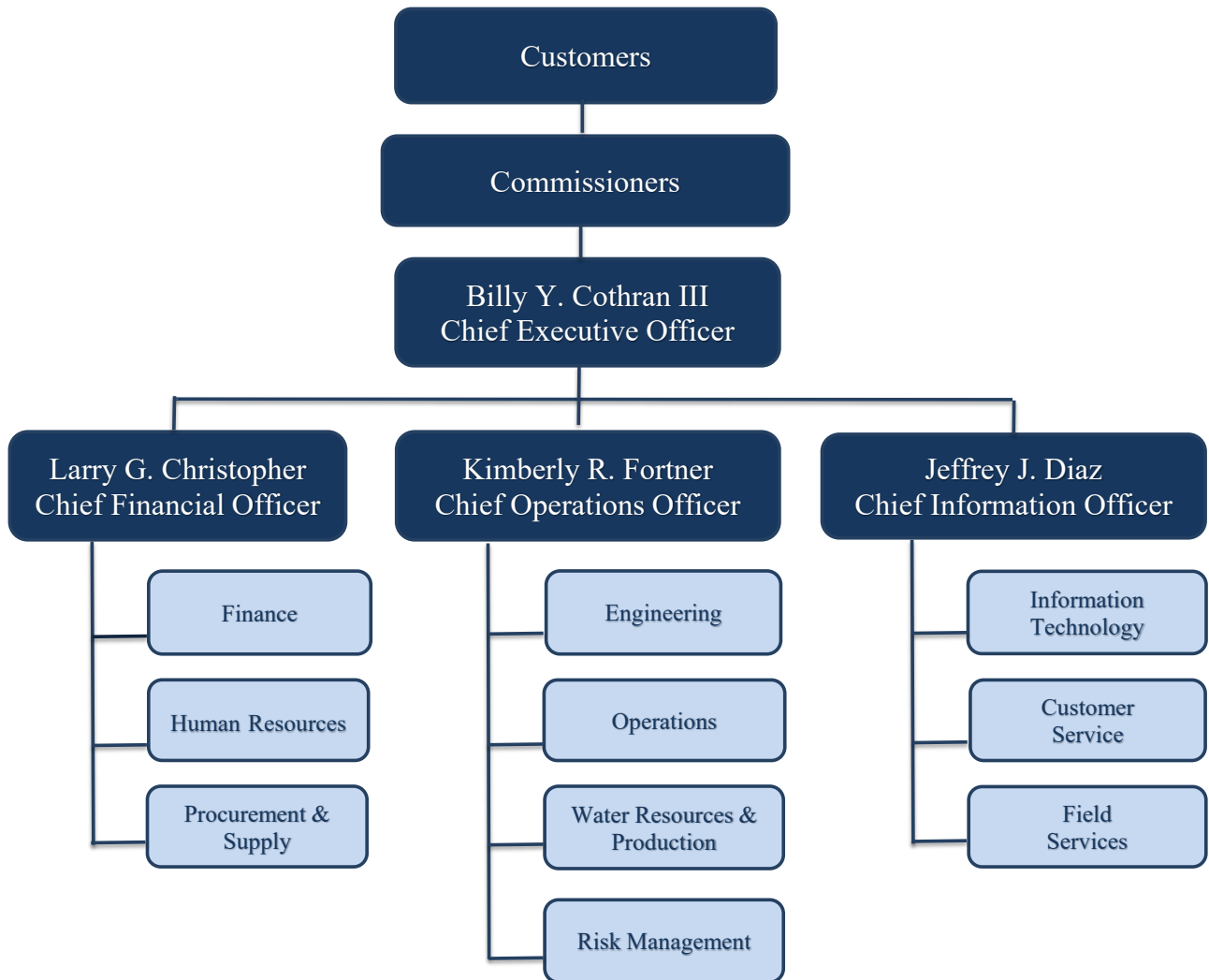
Billy Y. Cothran III, PE, Chief Executive Officer
Larry G. Christopher, CPA, MPA, Chief Financial Officer
Kimberly R. Fortner, PE, Chief Operation Officer
Jeffrey J. Diaz, MBA, Chief Information Officer

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, 2022

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
307 Spartanburg Highway
Wellford, South Carolina 29385

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, 2023 and 2022, 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, 2023 and 2022, 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). 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 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, 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, and principal and interest fund receipts and disbursements, 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.

Halliday, Schwartz & Co.

Spartanburg, South Carolina
November 20, 2023

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

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, 2023 and 2022. 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, 2023 and 2022, 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 \$6.7 million during fiscal year 2023, maintaining a steady millage rate and growing its customer base by 4%. The District ended fiscal year 2023 with 30,350 active customer accounts.
- Capital contributions exceeded \$4.2 million in fiscal year 2023, including grant funding for an economic development project and impact fees. The District continues to expand its system to keep up with significant growth and development.
- Unrestricted cash and investments of \$10.5 million provides the District with a reserve of approximately 350 days of expenses as of June 30, 2023, which exceeds the District's internal target of 240 days.
- Debt service coverage for the District's revenue bond indebtedness was 774% as of June 30, 2023, 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, 2023 and 2022. 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, 2023 and 2022. The statement measures the success of the District's operations and can be used to evaluate the profitability and credit worthiness 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, 2023 and 2022.

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 detail 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 years ending June 30, 2022 and 2021 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 \$163,885 in 2021 and (\$148) in 2022.

Condensed Statements of Net Position							
(in thousands)	Balances at June 30			Increases (Decreases)			
				Dollars		Percentages	
	2023	2022 Restated	2021 Restated	2022 to 2023	2021 to 2022	2022 to 2023	2021 to 2022
Current assets-unrestricted	\$ 11,812	\$ 11,503	\$ 10,555	\$ 309	\$ 948	3%	9%
Current assets-restricted	3,301	6,217	7,302	(2,916)	(1,085)	-47%	-15%
Noncurrent assets-unrestricted	1,436	968	1,134	468	(166)	48%	-15%
Capital assets-net of depreciation	108,917	104,312	93,524	4,605	10,788	4%	12%
Total assets	125,466	123,000	112,515	2,466	10,486	2%	9%
Total Deferred Outflows of Resources	2,046	2,316	2,390	(270)	(74)	-12%	-3%
Current liabilities (payable from unrestricted)	2,767	2,862	2,631	(95)	231	-3%	9%
Current liabilities (payable from restricted)	3,079	11,072	3,225	(7,993)	7,847	-72%	243%
Noncurrent liabilities	31,459	28,641	32,844	2,818	(4,203)	10%	-13%
Total liabilities	37,305	42,575	38,700	(5,270)	3,875	-12%	10%
Total Deferred Outflows of Resources	2,699	1,940	674	759	1,266	39%	188%
Net Position							
Net investment in capital assets	85,162	78,698	75,236	6,464	3,463	8%	5%
Restricted	2,926	3,580	2,103	(654)	1,477	-18%	70%
Unrestricted	(580)	(1,477)	(1,808)	897	331	61%	-18%
Total net position	\$ 87,508	\$ 80,801	\$ 75,531	\$ 6,707	\$ 5,271	8%	7%

Total Assets on June 30, 2023 and 2022 increased by 2% and 9%, respectively. The increase represents significant capital investments to the distribution system, metering infrastructure, and the rehabilitation of the dam and spillway at Lyman Lake.

Restricted current assets decreased over the past two years 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.

Unrestricted current assets increased over the last two years due to changes in the District's rate structure and impact fees.

Total liabilities decreased 12% from 2022 to 2023 and increased 10% from 2021 to 2022. The decrease in FY 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. The increase in FY 2022 was related to a short-term General Obligation Bond Anticipation Note to help fund the Lyman Lake Dam and Spillway project, and an increase in other payables for long-term construction contracts.

Total net position as of June 30, 2023 and 2022 increased by 8% and 7%, 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 \$20.8 million in improvements to the distribution system, metering infrastructure and the Lyman Lake dam and spillway. 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 restatements (shown below) decreased direct operating costs by \$163,885 in fiscal year 2021 and increased direct operating expenses \$148 in fiscal year 2022.

Condensed Statements of Revenues, Expenses and Changes in Net Position							
(in thousands)	Fiscal Years Ended June 30			Increases (Decreases)			
	2023	2022 Restated	2021 Restated	Dollars		Percentages	
				2022 to 2023	2021 to 2022	2022 to 2023	2021 to 2022
Operating Revenues							
Water Sales	\$ 11,020	\$ 10,289	\$ 9,323	\$ 731	\$ 966	7%	10%
Other Operating Revenues	2,282	1,917	1,465	365	452	19%	31%
Total Operating Revenues	13,302	12,206	10,788	1,096	1,418	9%	13%
Nonoperating Revenues							
Property Taxes Revenue	4,148	3,776	3,611	\$ 372	\$ 165	10%	5%
Other Nonoperating Revenues	714	209	65	505	144	242%	222%
Total Nonoperating Revenues	4,862	3,985	3,676	877	309	22%	8%
Total Revenues	18,164	16,191	14,464	1,973	1,727	12%	12%
Operating Expenses before Depr & Amort							
Direct Operating Expenses	2,374	1,923	1,735	451	188	23%	11%
Utilities and Telephone	252	238	359	14	(121)	6%	-34%
Maintenance and Supplies	554	501	453	53	48	11%	11%
Personnel Costs	6,068	5,980	5,459	88	521	1%	10%
Fees and Services	673	704	460	(31)	244	-4%	53%
Insurance	218	189	178	29	11	15%	6%
Office Expenses	459	396	380	63	16	16%	4%
Travel and Training	101	80	21	21	59	26%	281%
Other Operating Expenses	117	84	57	33	27	39%	47%
Total Oper Exp before Depr and Amort	10,816	10,095	9,102	721	993	7%	11%
Depreciation and Amortization	4,204	3,908	3,666	296	242	8%	7%
Nonoperating Expenses	645	503	733	142	(230)	28%	-31%
Increase in Net Position							
before Capital Contributions	2,499	1,685	963	814	722	48%	75%
Capital Contributions	4,207	3,585	2,537	622	1,048	17%	41%
Increase in Net Position	6,706	5,270	3,500	1,436	1,770	27%	51%
Net Position, Beginning of Year	80,801	75,531	72,031	5,270	3,500	7%	5%
Net Position, End of Year	\$ 87,507	\$ 80,801	\$ 75,531	\$ 6,706	\$ 5,270	8%	7%

Total operating revenues for the fiscal years ending June 30, 2023 and 2022 increased 9% and 13%, respectively.

- **Water sales** increased 7% from fiscal year 2022 to 2023. During fiscal year 2023, the number of customers increased 3.6% to 30,350 and the average residential bill increased with the full effect of the new rate structure. Water sales increased 10% during fiscal year 2022 due to customer growth, lower rainfall totals, and the partial effect of a rate structure change. The District implemented the rate structure change in February 2022 for the first time in many years.
- **Other operating revenues**, which include tap fees, contract income from sewer billings and customer service charges, increased 19% and 31%, respectively, over the last two years. The increase is the result of changes made to the tap fee and installation process. These fees were increased as material costs increased and supply chain issues were addressed.

Total nonoperating revenues increased 22% from fiscal year 2022 to 2023 and 8% from fiscal year 2021 to 2022. Nonoperating revenues include property tax receipts, investment earnings, and revenue from lakes and parks. The major portion of the increase is related to **property tax receipts**, which are used to service general obligation bond principal and interest payments. Property tax receipts increased because of higher property values rather than an increase in the District's milage, which fluctuated very little over the years. Additionally, the District's investment earnings increased significantly with additional investing and rising interest rates.

Total Operating Expenses increased 7% from fiscal year 2022 to 2023 and 11% from fiscal year 2021 to 2022. The following comments help explain some of the major expenses of the District:

- **Direct operating expenses** include costs of water production, maintenance costs for water treatment and system infrastructure, and vehicle and equipment maintenance. These expenses remained relatively constant from 2021 to 2022. The increase from 2022 to 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. The District has a network-as-a-service (NaaS) contract with Sensus to read the 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.
- **Personnel costs** increased 1% from fiscal year 2022 to 2023 and 10% from fiscal year 2021 to 2022. The number of full-time equivalent employees increased from 52 to 55 during fiscal year 2023. The increase in salaries, retirement, and payroll taxes was offset by a decrease in overall health care costs. The District made a few structural changes to its self-funded health care plan and experienced a very favorable trend of lower claims costs in fiscal year 2023. In fiscal year 2022, the District added the equivalent of two full-time positions and made inflationary salary adjustments. Also in fiscal year 2022, costs related to the District's health care plan increased along with charges associated with net pension liability (GASB 68) and post-employment benefits liability (GASB 75) and the related deferred inflows and outflows.
- **Fees and services** increased significantly from 2021 to 2022 as the District wrapped up several studies and assessments including satellite monitoring of dams, a risk and resiliency assessment, and the first phase of a water resource master plan. Fees and services decreased slightly in fiscal year 2023 as these studies were not repeated or continued.

Nonoperating Expenses include bond issue costs, bond interest costs, and reservoir expenses. These costs increased in fiscal year 2023 because the District issued a General Obligation bond anticipation note in August 2022 and prepared to issue a revenue bond and a general obligation bond in August 2023. The costs decreased in fiscal year 2022 with a smaller general obligation bond anticipation note as compared to the larger general obligation bond issued in fiscal year 2021 (August 2020).

Capital Contributions have increased dramatically 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. During the last two years, the District approved changes to update its waterline

extension policy and to increase impact (system improvement) fees to meet these demands. 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. In fiscal year 2022, the District received a \$500,000 economic development grant from SC RIA to upgrade water lines to support industrial development on Highway 129 in Wellford. In fiscal year 2021, the District received a \$500,000 grant from SC RIA to complete an upgrade to water lines in the Wellford area of the District.

Cash Flows

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

Condensed Statements of Cash Flows							
(in thousands)	Fiscal Years Ended June 30			Increases (Decreases)			
				Dollars		Percentages	
	2023	2022 Restated	2021 Restated	2022 to 2023	2021 to 2022	2022 to 2023	2021 to 2022
Net Cash Flow Provided by (used for)							
Operating Activities	\$ 2,476	\$ 2,434	\$ 2,986	\$ 42	\$ (552)	2%	-18%
Capital and Related Financing Activities	(4,932)	(2,758)	2,029	(2,174)	(4,787)	79%	-236%
Investing Activities	(5,365)	166	458	(5,531)	(292)	-3332%	64%
Net Cash Flow	(7,821)	(158)	5,473	(7,663)	(5,631)	4850%	-103%
Cash and Cash Equivalents-Beginning of Year	14,729	14,887	9,414	(158)	5,473	-1%	58%
Cash and Cash Equivalents-End of Year	6,908	14,729	14,887	(7,821)	(158)	-53%	-1%
Less: Restricted Cash and Cash Equivalents	(3,266)	(6,185)	(7,169)	2,919	984	-47%	-14%
Unrestricted Cash and Cash Equivalents	3,642	8,544	7,718	(4,902)	826	-57%	11%
Unrestricted Investments (marketable)	6,871	1,150	1,387	5,721	(237)	497%	-17%
Unrestricted Cash and Investments	\$ 10,513	\$ 9,694	\$ 9,105	\$ 819	\$ 589	8%	6%
Days Cash on Hand-Unrestricted	350	348	361				

The District's **cash and cash equivalents** decreased significantly from fiscal year 2022 to fiscal year 2023 after remaining relatively unchanged from fiscal year 2021 to 2022. During fiscal year 2023, the District returned to investing in certificates of deposit and US Treasuries to take advantage of higher interest rates. These investment options have maturities beyond one year and are not considered cash equivalents. The changes over the last two years in **capital and related financing activities** relate to the sources and uses of proceeds from the 2020 general obligation bond and the 2021 and 2022 general obligation bond anticipation notes. **Investing activities** for 2022 and 2021 were mainly comprised of earnings from deposits to the South Carolina Local Government Investment Pool (LGIP), which are considered cash equivalents due to the short investment duration. The decrease in 2023 represents the move from the LGIP to investments discussed above.

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 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 which analyzed the District's current condition, considered future projections, and presented recommendations for improvements. The District normally updates the CIP annually and the Engineering Master Plan on a 10-year cycle.

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

Capital Assets							
(in thousands)	Balances at June 30			Increases (Decreases)			
				Dollars		Percentages	
	2023	2022 Restated	2021 Restated	2022 to 2023	2021 to 2022	2022 to 2023	2021 to 2022
Depreciable Capital Assets:							
Water Treatment and Distribution Infrastructure	\$ 97,725	\$ 96,201	\$ 92,521	\$ 1,524	\$ 3,680	2%	4%
Reservoirs	11,180	9,728	9,626	1,452	102	15%	1%
Buildings and Related Improvements	2,454	2,441	2,439	13	2	1%	0%
Machinery and Equipment	1,692	1,566	1,577	126	(11)	8%	-1%
Office Equipment and Furnishings	441	906	1,051	(465)	(145)	-51%	-14%
Metering Infrastructure	14,454	13,359	12,110	1,095	1,249	8%	10%
Vehicles	1,327	793	873	534	(80)	67%	-9%
Leased Assets	723	570	449	153	121	27%	-
Total Depreciable/Amortizable Assets	129,996	125,564	120,646	4,432	4,918	4%	4%
Nondepreciable Capital Assets:							
Land	2,062	2,005	2,005	57	0	3%	0%
Construction in Progress	21,142	18,099	8,638	3,043	9,461	17%	110%
Total Nondepreciable Capital Assets	23,204	20,104	10,643	3,100	9,461	15%	89%
Total Capital Assets	153,200	145,668	131,289	7,532	14,379	5%	11%
Accumulated Depreciation	(43,963)	(41,147)	(37,652)	(2,816)	(3,495)	7%	9%
Accumulated Amortization (leased assets)	(321)	(209)	(112)	(112)	(97)	54%	-
Net Capital Assets	\$ 108,916	\$ 104,312	\$ 93,525	\$ 4,604	\$ 10,787	4%	12%

Capital assets, net of related depreciation and amortization, increased 4% in fiscal year 2023 and 12% in 2022. Major capital asset additions for that time, as well as future capital planning, are discussed below.

- The District added and upgraded approximately 16 miles of waterline in fiscal year 2023 and 9 miles of waterline in fiscal year 2022 to support the overall growth of the system. These totals include waterlines upgraded and installed by District and waterlines installed by developers and donated to the District. As of June 30, 2023, the District maintains 776 miles of waterlines.
- The District owns and operates its fixed network AMI (Advanced Metering Infrastructure) technology. The District pays an annual fee for the reading network based on the number of meters read. In the aftermath of the 2020 COVID pandemic, the District encountered supply chain issues with some of the AMI reading components and installed some manual read meters in the interim. These meters were strategically placed in certain areas to minimize the number of drive-by readings. The District expected these supply chain issues to be resolved in fiscal year 2023. While there has been some improvement, the issue has not been fully resolved and the District continues to read approximately 800 meters manually per month. The supply issues are expected to be resolved by the end of 2024.

- In February 2020, the emergency spillway at the Lyman Lake Dam suffered significant damage due to a historic weather event which included a tornado and heavy rainfall. The President of the United States issued a major disaster declaration. The District worked with the South Carolina Department of Health and Environmental Control (DHEC), Black & Veatch and the Federal Emergency Management Agency (FEMA) to get the spillway repaired in accordance with DHEC’s design and FEMA’s funding requirements. November 9, 2022, despite the District seeking legal counsel to fight the claim, FEMA determined the District failed to comply with its Environmental Historic Preservation (EHP) review requirement by commencing work before FEMA had an opportunity to conduct its EHP review and the District was therefore ineligible for funding. The construction was completed under a Construction Manager at Risk (CMAR) Contract with a total cost of approximately \$16.0 million. Under the CMAR agreement method, the contractor submits a pay request each month with detailed cost data and can be very time-consuming, often lagging several months behind the actual completion of work. While the construction is complete, there is still approximately \$552,000 in billings and retainage that have not been paid. The total project cost will be paid out in 2024.
- 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 and 2-inch waterlines and provided fire protection for over 100 customers that previously had none. The project was approximately 96% complete as of June 30, 2023.
- September of 2022, the District applied for a \$10,000,000 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) grant. The District was awarded the grant, and the project kickoff meeting was held June 23, 2023. The District plans to construct a new 1.25-million-gallon elevated storage tank to replace the existing 300,000-gallon Friendship Storage Tank and a new 1.5-million-gallon elevated storage tank to replace the existing 500,000-gallon Reidville Storage Tank. The design was completed as of June 30, 2023, and construction should begin in February of 2024.
- April of 2023, the District made a significant change to its’ tap policy. With the rapid growth the District has experienced, there have been challenges to keep up with the demand for new taps in the new residential development customer segment. Several developers did not feel the District was installing the taps at the pace they needed them and requested permission to install the taps themselves or have a licensed contractor install them. The engineering department reviewed the request and made a recommendation to the commission to revise the tap fee and process and allow private installation of taps in large residential developments. The commission approved the policy revision, and the District coordinates the process with developers and inspects the installation of all taps. This drastically reduced the operations department backlog of taps that needed to be installed and has allowed them to address other maintenance and construction tasks.

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

Long-Term Debt and Debt Administration

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:

(in thousands)	Long-Term Debt		
	June 30,		
	2023	2022	2021
Revenue Bonds-payable from operations	\$ 7,043	\$ 7,445	\$ 7,818
General Obligation Bonds-payable from property tax revenue	15,470	18,149	14,356
Total Outstanding Long-Term Debt (including unamortized premiums)	\$ 22,513	\$ 25,594	\$ 22,174

In August 2020 (fiscal year 2021), the District issued a general obligation bond in the amount of \$11.905 million, including a \$1.74 million premium. The premium on this bond was used to defray future general obligation bond payments. The remaining proceeds from the 2020 general obligation bond were used to retire the 2019 general obligation bond anticipation note (BAN) and partially fund the repairs to the emergency spillway at the Lyman Lake Dam.

In August 2021, the District issued a one-year, \$6.0 million general obligation 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 a 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. See other significant matters regarding repayment of the 2022 BAN.

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 774%, 709% and 477% 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 August 2023, the District issued a \$12.145 million general obligation bond with a \$842,000 premium. The premium will be used to defray future general obligation bond debt. The remaining proceeds will be used to match SCIIP grant funds for the two elevated water storage tanks, complete the upgrades to the Middle Tyger high-service finished water pump station, and to retire the 2022 BAN.

- 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 a new administration building (\$7.522 million) in September 2023, on one of the District's reservoirs and make the necessary improvements to move into the building in early 2024.
- The District has a grant application submitted to RIA for approval for up to \$1,000,000 for replacement of aged 2-inch galvanized waterlines in the Green Acres Area with new 6- and 2-inch lines capable of providing fire protection. If the application is approved, construction of the project will begin in FY 2024.
- As part of the American Rescue Plan Act funds, the South Carolina Legislature had funds available to allocate to specific infrastructure needs throughout the state. The District submitted a request for funding of a project for treatment capacity replacement and as a potential offset of the funds expended on the spillway project that were not reimbursed by FEMA. The District was successful in its' request and was awarded \$7,000,000. These funds will be used to design and construct a new interconnection with Spartanburg Water System (SWS) capable of delivering up to 4 million gallons per day. This not only provides emergency service, but it also is the first step in the District plans for improvements to purchase up to 12 million gallons a day from SWS.

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, 2023 AND 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2023	Restated 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 3,642,506	\$ 8,545,339
Cash and cash equivalents - restricted	3,266,239	6,184,813
Investments	5,434,921	181,897
Accounts receivable - net of allowance for doubtful accounts of \$133,000 and \$95,000 as of 2023 and 2022, respectively	1,318,599	1,385,825
Property taxes receivable - net of allowance for doubtful accounts of \$259,131 and \$165,865 as of 2023 and 2022, respectively	34,982	31,699
Inventories	1,069,549	1,066,896
Accrued interest receivable	31,455	1,968
Other current assets	314,942	320,894
Total current assets	15,113,193	17,719,331
Noncurrent assets		
Investments	1,436,505	968,198
Capital assets - nondepreciable	23,204,476	20,104,324
Capital assets - net of accumulated depreciation and amortization	85,711,391	84,208,166
Total noncurrent assets	110,352,372	105,280,688
Total Assets	125,465,565	123,000,019
Deferred Outflows of Resources		
Deferred amounts related to pensions	1,134,546	1,122,398
Deferred amounts related to OPEB	911,745	1,193,846
Total Deferred Outflows of Resources	2,046,291	2,316,244

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
 STATEMENTS OF NET POSITION - CONTINUED
 JUNE 30, 2023 AND 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2023	Restated 2022
Liabilities		
Current liabilities (payable from operating fund)		
Revenue bonds payable - current portion	427,928	402,612
Accounts payable	957,852	936,735
Accrued salaries and wages	159,165	133,278
Accrued compensated absences - current portion	84,250	80,898
Accrued interest expense - revenue bonds	65,043	68,722
State retirement payable	93,583	66,204
Customer meter and tap deposits	328,375	519,175
Other accrued expenses	60,324	96,007
Sewer collections payable to others	453,746	433,269
Lease payable - current portion	136,996	125,016
	<u>2,767,262</u>	<u>2,861,916</u>
Current liabilities (payable from restricted assets)		
General obligation bond anticipation note - current portion	-	6,000,000
General obligation bonds - current portion	1,734,651	2,676,572
Accounts payable - construction	968,911	2,113,414
Accrued interest expense - general obligation bonds	207,434	117,971
Customer deposits	167,645	164,435
	<u>3,078,641</u>	<u>11,072,392</u>
Total current liabilities	<u>5,845,903</u>	<u>13,934,308</u>
Noncurrent liabilities		
General obligation bonds	13,735,278	9,472,663
Revenue bonds	6,614,820	7,042,748
Lease payable - noncurrent portion	135,587	134,848
Accrued compensated absences	68,196	54,935
Net OPEB liability	4,089,000	6,031,000
Net pension liability	6,816,004	5,904,559
Total noncurrent liabilities	<u>31,458,885</u>	<u>28,640,753</u>
Total Liabilities	<u>37,304,788</u>	<u>42,575,061</u>
Deferred Inflows of Resources		
Deferred amounts related to pension	70,520	927,869
Deferred amounts related to OPEB	2,629,000	1,012,000
Total Deferred Inflows of Resources	<u>2,699,520</u>	<u>1,939,869</u>
Net Position		
Net investment in capital assets	85,161,695	78,698,423
Restricted for:		
Debt service	2,926,141	3,580,300
Unrestricted	(580,288)	(1,477,390)
Total Net Position	<u>\$ 87,507,548</u>	<u>\$ 80,801,333</u>

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, 2023 AND 2022

	<u>2023</u>	<u>Restated 2022</u>
Operating Revenues		
Water sales		
Metered rates	\$ 10,377,757	\$ 9,742,646
Flat rates	642,409	546,023
	<u>11,020,166</u>	<u>10,288,669</u>
Miscellaneous operating revenues		
Tap and meter revenues	1,352,351	1,074,370
Customer service charges	86,233	95,600
Reconnect and late payment charges	353,360	291,125
Sewer billing charges	399,371	368,020
Other	90,295	87,872
Total Operating Revenues	<u>13,301,776</u>	<u>12,205,656</u>
Operating Expenses		
Direct operating expenses	2,373,863	1,922,678
General and administrative expenses	8,442,110	8,171,809
Depreciation	4,081,353	3,811,071
Amortization	122,627	96,615
Total Operating Expenses	<u>15,019,953</u>	<u>14,002,173</u>
Net Operating Loss	<u>(1,718,177)</u>	<u>(1,796,517)</u>
Nonoperating Revenues and Expenses		
Property tax revenue	4,147,734	3,776,131
Net other nonoperating revenues and expenses	69,783	(294,275)
Total Nonoperating Revenues and Expenses	<u>4,217,517</u>	<u>3,481,856</u>
Increase in Net Position, Before Capital Contributions	2,499,340	1,685,339
Capital Contributions	<u>4,206,875</u>	<u>3,585,233</u>
Increase in Net Position	6,706,215	5,270,572
Net Position - Beginning of Year (2022 Restated)	<u>80,801,333</u>	<u>75,530,761</u>
Net Position - End of Year	<u>\$ 87,507,548</u>	<u>\$ 80,801,333</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, 2023 AND 2022

	2023	Restated 2022
Cash Flows Provided (Used) by Operating Activities		
Cash received from customers	\$ 13,500,546	\$ 12,175,475
Cash paid to suppliers for goods and services	(5,051,638)	(4,099,822)
Cash paid to or for the benefit of employees	(5,973,272)	(5,641,416)
	<u>2,475,636</u>	<u>2,434,237</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Acquisition and construction of capital assets	(8,326,518)	(12,505,748)
Capital contributions	2,709,650	2,866,589
Property tax collections	4,144,451	3,876,940
Repayments of bonds payable - general obligation bonds	(8,410,000)	(1,915,000)
Repayments of bonds payable - revenue bonds	(370,000)	(350,000)
Bond issuance costs	(65,712)	(44,253)
Repayment of lease payable	(141,566)	(108,610)
Interest and paying agent fees	(658,896)	(676,310)
Proceeds from issuance of bonds	6,000,000	6,000,000
Proceeds from sale of capital assets	186,965	98,871
	<u>(4,931,626)</u>	<u>(2,757,521)</u>
Cash Flows Provided (Used) by Investing Activities		
Interest income	433,725	66,004
Proceeds from sale of investments	3,169,775	250,000
Purchase of investments	(8,968,917)	(150,000)
	<u>(5,365,417)</u>	<u>166,004</u>
Net Decrease in Cash and Cash Equivalents	(7,821,407)	(157,280)
Cash and Cash Equivalents - Beginning of Year	<u>14,730,152</u>	<u>14,887,432</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,908,745</u>	<u>\$ 14,730,152</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	Restated 2022
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Net operating loss	\$ (1,718,177)	\$ (1,796,517)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	4,081,353	3,811,070
Amortization	122,627	96,615
Increase (decrease) in allowance for doubtful accounts	38,000	(18,000)
Pension expense	714,715	572,599
OPEB expense	67,846	419,939
Nonoperating income	32,059	92,398
(Increase) decrease in assets:		
Accounts receivable	29,226	(213,270)
Inventories	(2,653)	34,165
Other current assets	5,952	3,741
Deferred outflows related to pensions	(672,767)	(549,405)
Deferred outflows related to OPEB	(110,745)	(172,846)
Increase (decrease) in liabilities:		
Accounts payable	41,594	(68,600)
Accrued salaries and wages	25,887	21,181
Accrued compensated absences	16,613	5,284
State retirement payable	27,379	(5,025)
Meter and tap deposits	(190,800)	201,975
Customer deposits	3,210	(30,990)
Other accrued expenses	(35,683)	29,923
Net Cash Provided by Operating Activities	\$ 2,475,636	\$ 2,434,237
Noncash Investing, Capital and Financing Activities		
Contribution of capital assets	\$ 1,497,225	\$ 718,644
Capital assets acquired through leases	\$ 154,285	\$ 73,198
Amortization included in interest expense	\$ 300,366	\$ 314,394
Decrease in fair value of investments	\$ (77,811)	\$ (136,969)

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
 STATEMENTS OF CASH FLOWS - CONTINUED
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	Restated 2022
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	\$ 3,642,506	\$ 8,545,339
Cash and cash equivalents - restricted	3,266,239	6,184,813
	\$ 6,908,745	\$ 14,730,152
Cash flow classifications		
Petty cash	\$ 1,624	\$ 1,624
Cash deposits	3,497,565	4,234,126
US Treasury money market funds	410,104	173,170
Local government investment pool	2,999,452	10,321,232
Total cash and cash equivalents	\$ 6,908,745	\$ 14,730,152

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

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 AND 2022

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 \$771,000 and \$785,000 at June 30, 2023 and 2022, 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 is \$1,500 or more or are comprised on individual component units that total more than \$1,500 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, 2023 AND 2022

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, 2023 and 2022, accrued annual leave amounted to \$84,250 and \$80,898, 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 \$68,196 and \$54,935 at June 30, 2023 and 2022, 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. The contributions are recorded at acquisition value (an entry price) and 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, 2023 AND 2022

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, 2023 and 2022, 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 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, 2023 AND 2022

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, 2023 and 2022, all investments were either in FDIC insured certificates of deposit, U.S. treasury money market funds, 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, 2023 and 2022, the concentration of investments were as follows:

	2023	2022
Certificates of deposit - FDIC insured	29%	10%
U.S. treasury money market funds	4%	1%
State treasurer's investment pool	29%	89%
U.S. government agency securities	38%	0%
	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, 2023 and 2022:

2023				
Investment Type	Maturity	Fair Value	Rating	Fair Value Hierarchy
Cash equivalents				
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
Total cash equivalents		\$ 3,409,556		
Investments				
Current				
Certificates of deposit	1 year	\$ 1,482,536	N/A	Level 2
US Government agency securities	1 year	3,952,385	Aaa	Level 2
		5,434,921		
Noncurrent				
Certificates of deposit	2-10 years	1,436,505	N/A	Level 2
Total Investments		\$ 6,871,426		

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 2 - CASH DEPOSITS AND INVESTMENTS - CONTINUED

2022				
Investment Type	Maturity	Fair Value	Rating	Fair Value Hierarchy
Cash equivalents				
State treasurer's investment pool	<60 days	\$ 10,321,232	Not rated	N/A
US Treasury money market funds				
First American Treasury Obligation	<90 days	173,170	Aaa-mf	N/A
Total cash equivalents		<u>\$ 10,494,402</u>		
Investments				
Current				
Certificates of deposit	1 year	\$ 181,897	N/A	Level 2
Noncurrent				
Certificates of deposit	2-10 years	968,198	N/A	Level 2
Total Investments		<u>\$ 1,150,095</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.

	2023	2022
Restricted Assets for Customer Deposits		
Cash and Cash Equivalents	<u>\$ 167,645</u>	<u>\$ 164,435</u>
Restricted Assets for the Acquisition and Construction of Capital Assets		
Cash and Cash Equivalents	<u>-</u>	<u>2,353,806</u>
Restricted Assets for Debt Service Reserve and Debt Service Funds		
Cash and Cash Equivalents	<u>3,098,594</u>	<u>3,666,572</u>
	<u>\$ 3,266,239</u>	<u>\$ 6,184,813</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

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, 2023 and 2022, property taxes receivable amounted to \$34,982 and \$31,699, respectively.

The District's uncollected assessed taxes that have been transferred to the County Delinquent Tax Collector were \$259,131 and \$165,865 at June 30, 2023 and 2022, respectively. The District has established an offsetting allowance for uncollectible taxes of the same amount.

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets follows:

	2023			Balance June 30, 2023
	Balance June 30, 2022	Additions	Transfers/ Disposals	
Capital Assets				
Nondepreciable				
Land	\$ 2,005,188	\$ 57,255	\$ -	\$ 2,062,443
Construction in progress	18,099,136	6,067,347	3,024,450	21,142,033
Total nondepreciable	<u>20,104,324</u>	<u>6,124,602</u>	<u>3,024,450</u>	<u>23,204,476</u>
Depreciable/Amortizable				
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
Total depreciable/amortizable	<u>125,564,033</u>	<u>5,742,571</u>	<u>1,310,872</u>	<u>129,995,732</u>
Total Capital Assets	<u>145,668,357</u>	<u>11,867,173</u>	<u>4,335,322</u>	<u>153,200,208</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 4 - CAPITAL ASSETS - CONTINUED

	2023			
	Balance June 30, 2022	Additions	Transfers/ Disposals	Balance June 30, 2023
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 and Amortization	<u>\$ 104,312,490</u>			<u>\$ 108,915,867</u>
	2022			
	Balance June 30, 2021	Additions	Transfers/ Disposals	Balance June 30, 2022
Capital Assets				
Nondepreciable				
Land	\$ 2,005,188		\$ -	\$ 2,005,188
Construction in progress	8,637,552	12,685,401	3,223,817	18,099,136
Total nondepreciable	<u>10,642,740</u>	<u>12,685,401</u>	<u>3,223,817</u>	<u>20,104,324</u>
Depreciable/Amortizable				
Water treatment and distribution infrastructure	92,520,893	3,685,279	5,046	96,201,126
Reservoirs	9,625,987	101,768	-	9,727,755
Buildings and related improvements	2,438,869	13,750	11,890	2,440,729
Machinery and equipment	1,576,831	68,486	79,157	1,566,160
Office equipment and furnishings	1,051,420	27,306	172,783	905,943
Metering infrastructure	12,110,580	1,248,483	-	13,359,063
Vehicles	873,046	-	80,213	792,833
Lease assets (Right to Use)	448,848	121,576	-	570,424
Total depreciable/amortizable	<u>120,646,474</u>	<u>5,266,648</u>	<u>349,089</u>	<u>125,564,033</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 4 - CAPITAL ASSETS - CONTINUED

	2022			Balance June 30, 2022
	Balance June 30, 2021	Additions	Transfers/ Disposals	
Accumulated Depreciation				
Water treatment and distribution infrastructure	29,112,467	2,466,391	5,046	31,573,812
Reservoirs	2,780,520	111,928	-	2,892,448
Buildings and related improvements	1,659,530	83,917	11,890	1,731,557
Machinery and equipment	1,361,830	76,055	71,518	1,366,367
Office equipment and furnishings	790,559	123,487	171,179	742,867
Metering infrastructure	1,252,977	848,988	-	2,101,965
Vehicles	694,191	100,304	56,647	737,848
Lease assets (amortization)	112,388	96,615	-	209,003
	<u>37,764,462</u>	<u>3,907,685</u>	<u>316,280</u>	<u>41,355,867</u>
Capital Assets - Net of Accumulated Depreciation	<u>\$ 93,524,752</u>			<u>\$ 104,312,490</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$4,081,353 and \$3,811,070, respectively. Amortization expense for the year ended June 30, 2023 and 2022 was \$122,627 and \$96,615, respectively.

NOTE 5 - LONG-TERM DEBT

	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	(328,466)	152,446	84,250
Lease assets	259,864	154,285	(141,566)	272,583	136,996
	<u>\$ 25,990,292</u>	<u>\$ 6,499,364</u>	<u>\$ (9,551,951)</u>	<u>\$ 22,937,705</u>	<u>\$ 2,383,825</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 5 - LONG-TERM DEBT - CONTINUED

	2022			Balance June 30, 2022	Due Within One Year
	Balance June 30, 2021	Additions	Reductions		
Bonds and Other Noncurrent					
Liabilities Payable					
General obligation bond					
anticipation note	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000	\$ 6,000,000
General obligation bonds	12,795,000	-	(1,915,000)	10,880,000	2,410,000
Plus deferred amounts:					
Bond premium	1,561,439	-	(292,204)	1,269,235	266,572
Revenue bonds	6,680,000	-	(350,000)	6,330,000	370,000
Plus deferred amounts:					
Bond premium	1,137,550	-	(22,190)	1,115,360	32,612
Accrued compensated					
absences	130,549	360,975	(355,691)	135,833	80,898
Lease assets	295,276	73,198	(108,610)	259,864	125,016
	<u>\$ 22,599,814</u>	<u>\$ 6,434,173</u>	<u>\$ (3,043,695)</u>	<u>\$ 25,990,292</u>	<u>\$ 9,285,098</u>

Bond Anticipation Note

On August 13, 2022, the 2021 BAN was paid in full with the issuance of the 2022 BAN of \$6,000,000, in anticipation of the issuance of general obligation bonds to provide for the acquisition and construction improvements to a certain area of the District, with an interest rate of 2.83% payable upon maturity on August 12, 2023. On August 9, 2023, subsequent to year end, the District issued \$12,145,000 of General Obligation Bonds, Series 2023 to pay off the 2022 BAN, to provide for various capital improvements, and pay costs of issuance, with annual maturities of \$985,000 to \$2,070,000 and semi-annual interest of 4%.

**In accordance with GASB 62, Classification of Short-Term Obligations Expected to be Refinanced, the District has classified the 2022 BAN in long-term general obligation bonds in the statements of net position.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 5 - LONG-TERM DEBT - CONTINUED

General Obligation Bonds

Bonds payable at June 30, 2023 and 2022 were comprised of the following issues:

	2023	2022
<p>\$3,095,000 General Obligation Bond dated April 12, 2017. Annual maturities of \$140,000 to \$1,120,000 and semi-annual interest of 2%. The bond payable includes an original issue premium of \$43,004. The bonds were issued to defray the cost of District improvements.</p>	\$ -	\$ 1,120,000
<p>\$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.</p>	8,470,000	9,760,000
<p>Less: current portion</p>	(1,490,000)	(2,410,000)
<p>Total long-term general obligation bonds payable</p>	\$ 6,980,000	\$ 8,470,000

Debt service requirements to maturity including interest and issue premium on the general obligation bonds as of June 30, 2023, are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,490,000	\$ 287,950	\$ 1,777,950
2025	1,265,000	258,150	1,523,150
2026	1,275,000	220,200	1,495,200
2027	1,295,000	181,950	1,476,950
2028	1,335,000	130,150	1,465,150
2029	1,375,000	76,750	1,451,750
2030	435,000	21,750	456,750
	\$ 8,470,000	\$ 1,176,900	\$ 9,646,900

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, 2023 and 2022, the District was in compliance with this requirement.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 5 - LONG-TERM DEBT - CONTINUED

Revenue Bonds

	2023	2022
\$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.	\$ 5,960,000	\$ 6,330,000
Less: current portion	(385,000)	(370,000)
Total long-term revenue bonds payable	\$ 5,575,000	\$ 5,960,000

Debt service requirements to maturity including interest and issue premium on the outstanding bonds as of June 30, 2023 is as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 385,000	\$ 261,600	\$ 646,600
2025	400,000	246,200	646,200
2026	415,000	230,200	645,200
2027	440,000	209,450	649,450
2028	460,000	187,450	647,450
2029	480,000	164,450	644,450
2030	505,000	140,450	645,450
2031	525,000	120,250	645,250
2032	555,000	94,000	649,000
2033	575,000	71,800	646,800
2034	600,000	48,800	648,800
2035	620,000	24,800	644,800
	\$ 5,960,000	\$ 1,799,450	\$ 7,759,450

On August 8, 2023, the District issued \$7,505,000 in Waterworks System Revenue Bonds, Series 2023 with annual maturities of \$240,000 to \$560,000 and semi-annual interest payments at 4.0% to 5.0%. The bonds were issued to defray the costs of various capital improvements including the acquisition of and renovations to new administration facilities and to pay costs of issuance.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 5 - LONG-TERM DEBT - CONTINUED

Leases

Lease payable at June 30, 2023 and 2022 were comprised of the following:

	2023	2022
\$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	\$ 118,941
\$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	73,326
\$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%.	50,475	67,597
\$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%.	141,122	-
Less: current portion	(136,996)	(125,016)
Total long-term lease payable	\$ 135,587	\$ 134,848

Lease requirements to maturity including interest on the leases as of June 30, 2023 is as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 136,996	\$ 7,612	\$ 144,608
2025	57,064	327	57,391
2026	53,690	104	53,794
2027	24,833	-	24,833
	\$ 272,583	\$ 8,043	\$ 280,626

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, 2023 AND 2022

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, 2023 and 2022, the District received the following as donated assets or to partially finance plant extensions or additions:

	2023	2022
Donated line extensions	\$ 1,497,225	\$ 718,644
Capital contributed - outside source	-	400,000
System improvement fees	2,149,650	1,891,600
Grants	560,000	574,989
	\$ 4,206,875	\$ 3,585,233

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, 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 first-term individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. 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.

An employee 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, 2023 AND 2022

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. The Retirement Funding and Administrative Act of 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the 1% increase in the SCRS employer contribution rate that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by 1 percentage point each year until reaching 18.56% for SCRS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

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, 2023 and 2022 was 9%. The required employer contribution rate for the years ended June 30, 2023 and 2022 was 17.41% and 16.41%, 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, 2023 and 2022 were \$672,768 and \$549,405, respectively.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 7 - PENSION PLAN - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the District reported a net pension liability of \$6,816,004 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability, net pension liability and sensitivity information are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2022, 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, 2022. Based upon this information, the District's proportion of the collective net pension liability at June 30, 2023 and 2022 was .027284% and .028116%, respectively, an increase of .00083% since June 30, 2021, the prior measurement date.

For the years ended June 30, 2023 and 2022, the District recognized pension expense of \$714,715 and \$572,599, respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the pension as follows:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,218	\$ 29,704
Changes 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	-
Total	<u>\$ 1,134,546</u>	<u>\$ 70,520</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 7 - PENSION PLAN - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued -

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 100,577	\$ 7,969
Change in assumptions	323,196	-
Net difference between projected and actual earnings on pension plan investments	-	857,715
Changes in proportion and differences between the District's contributions and proportionate share of contributions	149,220	62,185
System contributions subsequent to the measurement date	549,405	-
Total	\$ 1,122,398	\$ 927,869

\$672,767 reported as deferred outflows of resources related to pensions in 2023 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, 2024. 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	\$ 212,821
2025	122,473
2026	(121,792)
2027	177,757
	\$ 391,259

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, 2022 total pension liability, net pension liability, and sensitivity information determined by and are based on an actuarial valuation performed as of the July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2022, using general accepted actuarial methods.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 7 - PENSION PLAN - CONTINUED

Actuarial Assumptions - Continued

There was no legislation enacted during the 2022 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, 2022.

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.

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 2022 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Return	<u>100.0%</u>		<u>4.79%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u>7.04%</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 7 - PENSION PLAN - CONTINUED

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, 2023 and 2022, 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:

	2022		
	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

	2021		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
System's proportionate share of the collective net pension liability	\$ 7,734,238	\$ 5,904,559	\$ 4,383,718

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, 2022 (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 accounting and financial reporting actuarial valuation as of June 30, 2022. The additional information is publicly available on PEBA's website at 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 \$5,083.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2023 AND 2022

NOTE 8 - POST-RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Plan Description and Benefits Provided – Continued

For retirees 65 and above, the District pays the full cost of Medicare Supplement. During the fiscal years ended June 30, 2023 and 2022, 20 and 23 individuals, respectively met these eligibility requirements. The District has not made any contributions to an irrevocable trust as of June 30, 2023 and 2022, 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.

Plan Membership

Membership in the plan as of June 30, 2023 and 2022 was:

	2023	2022
Inactive plan members or beneficiaries		
currently receiving benefits	20	23
Active plan members	55	49
Total plan members	75	72

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 \$110,745 and \$172,846 in contributions for the years ended June 30, 2023 and 2022, respectively, for premiums and claims.

Total OPEB Liability

The District's total OPEB liability of \$4,089,000 as of June 30, 2023 was based on a measurement date of July 1, 2022 determined by an actuarial valuation as of July 1, 2021. The June 30, 2022 total OPEB liability of \$6,031,000 was determined and measured by an actuarial valuation as of July 1, 2021.

Actuarial assumptions and other inputs - the Total OPEB liability in the July 1, 2022 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	3.69%
Salary scale	2.50%
Healthcare cost trend rates	Medical: (6.66%) for pre-65 and .15% for post-65 for fiscal year ended 2022 (to reflect actual experience), then 5.00% for fiscal year end 2023 and later.
	Dental and vision: 4.10% for fiscal year ended 2022 (to reflect actual experience), then 5.00% for fiscal year end 2023 and later.
Mortality	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

NOTE 8 - POST-RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Total OPEB Liability – Continued

Discount rate - the discount rate used to measure the total OPEB liability was set equal to 3.69% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date, an increase from 1.92% from July 1, 2021, the prior measurement date.

Changes in the Total OPEB Liability

	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

	2022	Total OPEB Liability
Balance as of July 1, 2021		\$ 5,943,000
Changes for the Year		
Service cost		265,000
Interest		149,000
Difference between expected and actual experience		(579,000)
Benefit payments		(214,000)
Assumption changes		467,000
Net Changes		88,000
Balance as of June 30, 2022*		\$ 6,031,000

*Measurement date is July 1, 2021

Sensitivity of the net 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:

	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, 2023 AND 2022

NOTE 8 - POST-RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Changes in the Total OPEB Liability – Continued

	2022		
	1% Decrease	Discount Rate	1% Increase
	0.92%	1.92%	2.92%
Total OPEB Liability	\$ 7,064,000	\$ 6,031,000	\$ 5,211,000

Sensitivity of the net 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:

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

	2022		
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 5,178,000	\$ 6,031,000	\$ 7,151,000

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

For the years ended June 30, 2023 and 2022, the District recognized OPEB expense of \$67,846 and \$419,939, respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	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, 2023 AND 2022

NOTE 8 - POST-RETIREMENT HEALTH CARE BENEFITS - CONTINUED

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

	2022	
	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,000	\$ 986,000
Change in assumptions	944,000	26,000
District contributions subsequent to the measurement date	172,846	-
	\$ 1,193,846	\$ 1,012,000

\$110,745 reported as deferred outflows of resources for FY 2023 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, 2024. 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:	
2024	\$ (392,000)
2025	(389,000)
2026	(406,000)
2027	(392,000)
2028	(249,000)
	\$ (1,828,000)

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, 2023 and 2022 was \$50,214 and \$44,065, 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.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2023 AND 2022

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.

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 and \$45,000 for the years ended June 30, 2023 and 2022, respectively and minimum annual aggregate stop loss coverage for claims in excess of \$963,885 and \$966,636 as of June 30, 2023 and 2022, 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, 2023 and 2022 amounted to \$1,131,762 and \$1,416,267, respectively. Total cumulative funds set aside by the District and designated to meet future claims amounted to \$1,965,832 and \$1,150,095 as of June 30, 2023 and 2022, respectively. The following represents the change in unfiled, unpaid claims from July 1, 2022 to June 30, 2023 and July 1, 2021 to June 30, 2022:

	2023	2022
Beginning of the year liability	\$ 85,000	\$ 50,000
Claims	666,362	986,693
Claims payments - net of refunds	(707,362)	(951,693)
End of the year liability	\$ 44,000	\$ 85,000

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 \$693,795 and \$546,274 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, 2023 and 2022, respectively. The District received a total of \$599,067 and \$524,197 under both FILOT and SSRC tax agreements for the year ended June 30, 2023 and 2022, respectively. Under FILOT agreements, taxpayers receive a reduction in ad valorem taxes through reduced assessed values and locked millage rates. Due to these agreements, the taxpayers realized a benefit of \$618,137 and \$455,500 for the years ended June 30, 2023 and 2022, 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 \$75,657 and \$90,774 for the years ended June 30, 2023 and 2022, 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.

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2023 AND 2022

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

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.

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 \$4,469,104 and \$6,954,393 at June 30, 2023 and 2022, respectively.

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, 2023 AND 2022

NOTE 14 - SUBSEQUENT EVENT

In September 2023, the District purchased new administrative facilities for \$7,522,064 using the proceeds from the revenue bond issued after year end as mentioned in note 5.

NOTE 15 - RESTATEMENT

For the fiscal year ending June 30, 2022, the District restated beginning net position to include additional inventory costs due to erroneous software adjustments resulting in an increase in beginning net position of \$163,885. The District has also restated its previously issued financial statements for the year ended June 30, 2022 in connection with the same inventory software adjustments. The accompanying financial statements for 2022 have been restated to reflect the correction that resulted in the decrease in net position of \$148. The effect on the previously issued 2022 financial statements is summarized as follows and the affected statements and schedules have been labeled restated:

	Previously Reported 2022	Beginning of Year 2022	Increase (Decrease)	Restated 2022
Statements of Net Position				
Inventories	\$ 903,159	\$ 163,885	\$ (148)	\$ 1,066,896
Total current assets	17,555,594	163,885	(148)	17,719,331
Total assets	122,836,282	163,885	(148)	123,000,019
Unrestricted net position	(1,641,127)	163,885	148	(1,477,094)
Total net position	80,637,596	163,885	(148)	80,801,333
Statements of Revenues, Expenses and Changes in Net Position				
Direct operating expenses	1,922,530	-	148	1,922,678
Total operating expenses	14,002,025	-	148	14,002,173
Net operating loss	(1,796,369)	-	(148)	(1,796,517)
Increase in net position, before capital contributions	1,685,487	-	(148)	1,685,339
Increase in net position	5,270,720	-	(148)	5,270,572
Net position - beginning of Year	75,366,876	163,885	-	75,530,761
Net position - end of year	80,637,596	163,885	(148)	80,801,333
Statements of Cash Flows				
Net operating loss	(1,796,369)	-	(148)	(1,796,517)
Inventories	34,017	-	148	34,165
Schedules of Direct Operating Expenses				
Automobile and truck expenses	97,577	-	13,442	111,019
Maintenance and repairs	511,252	-	(13,294)	497,958
Total direct operating expenses	1,922,530	-	148	1,922,678

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*

	2023	2022	2021	2020	2019	2018**	2017	2016	2015
District's Proportion of the Collective Net Pension Liability	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	\$ 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	\$ 3,347,995	\$ 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	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	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. July 31, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.

Schedule 2

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

	2023	2022	2021	2020	2019	2018	2017**	2016	2015
Statutorially Required Contributions ¹	\$ 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	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	\$ 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	17.56%	16.56%	15.56%	15.56%	14.56%	12.64%	11.41%	10.95%	10.22%

¹ 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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 339,000	\$ 265,000	\$ 228,000	\$ 164,000	\$ 157,000	\$ 153,000
Interest on total OPEB liability	121,000	149,000	176,000	201,000	184,000	176,000
Changes in benefit terms	-	-	-	-	100,000	-
Difference between expected and actual experience	(477,000)	(579,000)	(281,000)	(528,000)	181,000	-
Changes of assumptions or other inputs	(1,752,000)	467,000	502,000	348,000	(66,000)	-
Benefit payments	(173,000)	(214,000)	(176,000)	(184,000)	(124,000)	(109,000)
Net Change in Total OPEB Liability	(1,942,000)	88,000	449,000	1,000	432,000	220,000
Total OPEB Liability - Beginning of Year	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)	\$ 4,089,000	\$ 6,031,000	\$ 5,943,000	\$ 5,494,000	\$ 5,493,000	\$ 5,061,000
Covered-Employee Payroll	\$ 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	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, 2023 AND 2022

	2023	Restated 2022
Water Purchased	\$ -	\$ 216
Automobile and Truck Expenses	126,147	111,019
Power-distribution and Filter Plant	573,043	498,477
Maintenance and Repairs	567,469	497,958
Maintenance of Water Tanks	161,588	167,550
Equipment Rental	4,434	836
Chemicals and Sludge Removal	820,703	524,387
Lab Expense	131,063	124,874
Less Construction Equipment Cost Capitalized	<u>(10,584)</u>	<u>(2,639)</u>
Total Direct Operating Expenses	<u>\$ 2,373,863</u>	<u>\$ 1,922,678</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Salaries and Wages	\$ 3,956,340	\$ 3,429,333
Insurance - Employees	1,159,783	1,794,817
Retirement Expense	780,608	621,696
Payroll Taxes	304,194	264,617
Data Processing	148,915	144,365
Postage	165,475	140,590
Office Expense and Supplies	58,975	48,818
Bank Charges	191,289	176,963
Dues and Subscriptions	85,717	62,096
Consultants' Fees	282,874	351,775
Legal and Accounting Fees	35,135	24,280
Commissioners' Fees	39,600	38,950
Public Relations	77,495	66,650
Telephone	202,137	195,718
Utilities - Office and Maintenance Facility	49,932	42,798
Insurance - General	217,564	188,668
Maintenance Expense	531,475	477,464
Miscellaneous Expense	57,318	58,134
Small Tools	22,468	23,716
Permits	46,584	45,694
Travel and Related Expenses	35,100	35,120
Training	65,995	44,404
Bad Debts	59,802	25,672
Uniform Expense	32,724	27,166
Fringe Benefits	20,715	14,600
Less Salaries and Fringes Capitalized	<u>(186,104)</u>	<u>(172,295)</u>
Total General and Administrative Expenses	<u>\$ 8,442,110</u>	<u>\$ 8,171,809</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
 SCHEDULES OF OTHER NONOPERATING REVENUES AND EXPENSES
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Other Nonoperating Revenues		
Interest earned on investments		
Principal and interest funds	\$ 59,291	\$ 4,993
General obligation bond proceeds	69,508	15,453
Designated funds	334,413	44,519
Increase (decrease) in fair value of investments	(77,811)	(136,969)
Other miscellaneous income	43,598	67,344
Lake Cooley income	25,315	21,531
Lake Lyman income	55,075	37,759
Rents	42,682	41,505
Gain(loss) from sale of assets	162,350	112,890
	<u>714,421</u>	<u>209,025</u>
Total Other Nonoperating Revenues		
Other Nonoperating Expenses		
Bonded debt interest expense	435,308	371,845
Bond issue costs	65,712	44,253
Lease interest expense	9,007	11,461
Lake Cooley expenses	58,304	26,727
Lake Lyman expenses	67,650	42,289
Other lake expenses	8,657	6,725
	<u>644,638</u>	<u>503,300</u>
Total Other Nonoperating Expenses		
Net Other Nonoperating Revenues and Expenses	<u>\$ 69,783</u>	<u>\$ (294,275)</u>

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
 SCHEDULES OF PRINCIPAL AND INTEREST FUND RECEIPTS AND DISBURSEMENTS
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Receipts		
Property tax revenue	\$ 4,147,734	\$ 3,776,131
Bonded anticipation note issuance	6,000,000	6,000,000
Bonded note issuance	-	-
Investment income	59,291	4,993
	<u>10,207,025</u>	<u>9,781,124</u>
Disbursements		
Bonded debt principal	8,410,000	1,915,000
Bonded debt interest	375,150	374,450
Capital assets	1,999,893	5,999,999
	<u>10,785,043</u>	<u>8,289,449</u>
Excess Receipts over Disbursements	(578,018)	1,491,675
Total Assets Available - Beginning of Year	<u>3,525,101</u>	<u>2,033,426</u>
Total Assets Available - End of Year	<u>\$ 2,947,083</u>	<u>\$ 3,525,101</u>
Statements of Net Position		
Investments (P & I Fund) - Cash Equivalents	\$ 2,912,101	\$ 3,493,402
Property taxes receivable	34,982	31,699
	<u>\$ 2,947,083</u>	<u>\$ 3,525,101</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.

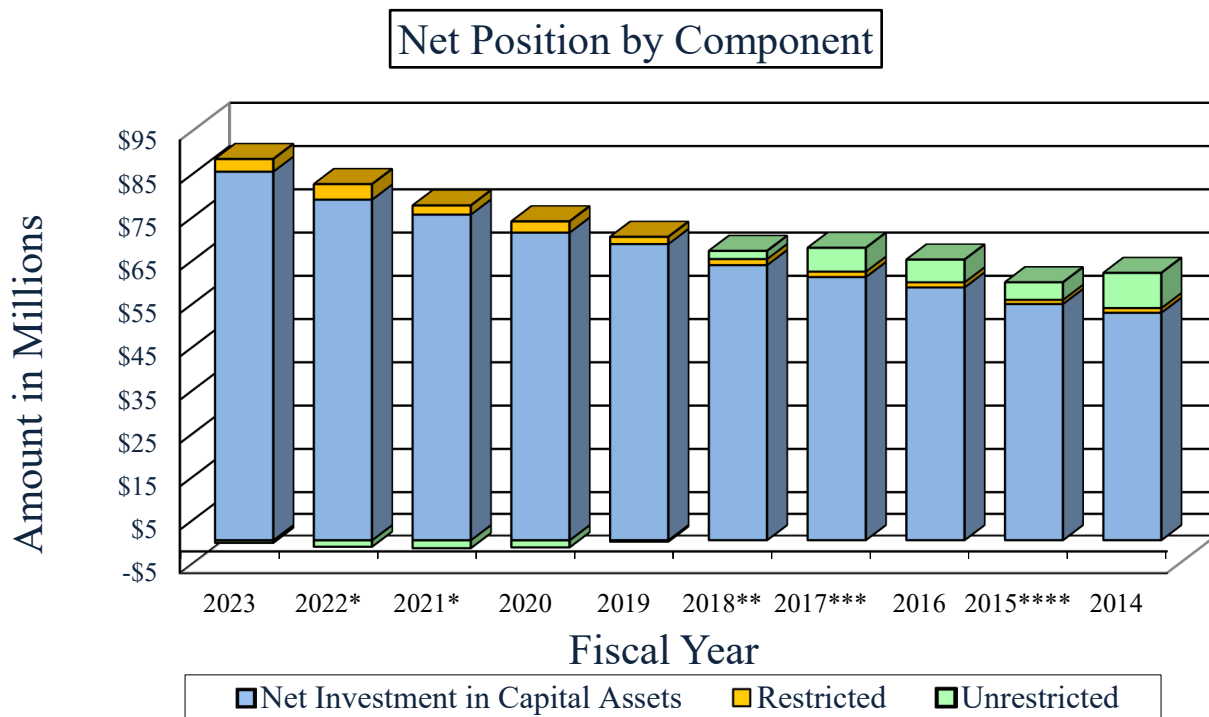
Financial Trends

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT

Table 1

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

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
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*	75,235,908	2,103,044	(1,808,191)	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
2014	52,535,827	1,082,969	8,129,983	61,748,779



* 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

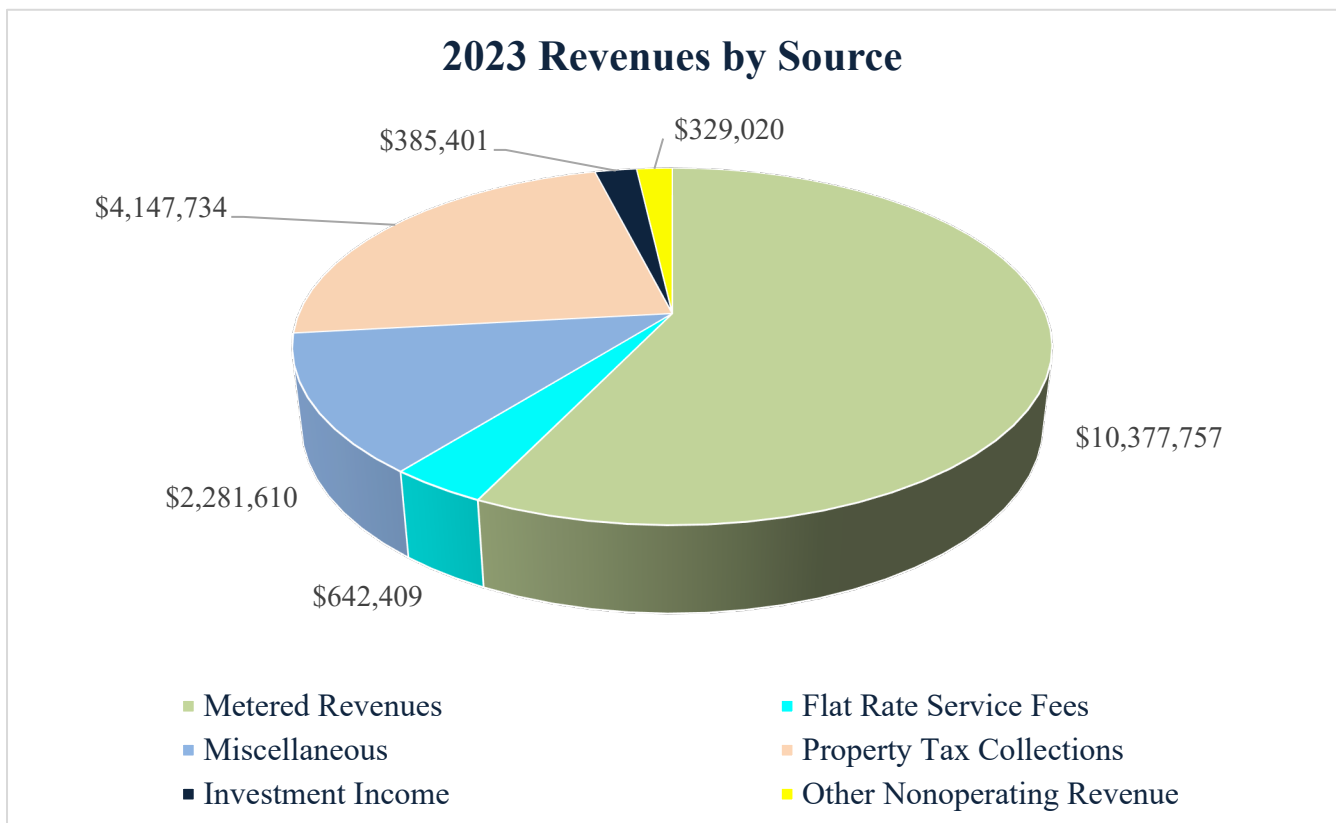
	FY 2023	FY 2022**	FY 2021**	FY 2020	FY 2019	FY 2018	FY 2017*	FY 2016	FY 2015	FY 2014
Revenues										
Operating revenues										
User charge revenues	\$ 11,020,166	\$ 10,288,669	\$ 9,323,058	\$ 9,141,933	\$ 8,641,069	\$ 8,228,330	\$ 7,434,305	\$ 8,299,400	\$ 7,901,056	\$ 7,392,278
Other operating revenues	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	1,010,461
Total operating revenues	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	8,402,739
Nonoperating revenues										
Property tax collections	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	2,244,173
Other nonoperating revenues	714,421	209,025	64,905	375,930	616,361	219,023	143,119	607,925	219,414	194,234
Total nonoperating revenues	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	2,438,407
Total Revenues	18,163,931	16,190,812	14,464,109	13,977,138	13,064,198	12,631,508	11,305,999	12,153,741	11,513,664	10,841,146
Expenses										
Operating expenses, before depreciation and amortization	10,815,972	10,094,487	9,102,797	9,485,688	8,262,154	8,569,595	7,239,741	7,265,166	7,234,592	7,690,026
Depreciation and amortization	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	1,869,324
Nonoperating expenses	644,638	503,301	733,285	605,044	213,127	207,404	259,747	256,635	316,367	259,839
Total Expenses	15,664,590	14,505,474	13,501,709	13,387,317	11,195,925	11,247,434	9,515,135	9,517,365	9,414,239	9,819,189
Change in Net Position Before Capital Contributions										
Capital Contributions	2,499,340	1,685,339	962,400	589,821	1,868,273	1,384,074	1,790,864	2,636,376	2,099,425	1,021,957
Capital Contributions	4,206,875	3,585,233	2,537,392	1,659,605	1,079,034	997,130	928,010	2,616,503	701,031	223,303
Change in Net Position	6,706,215	5,270,572	3,499,792	2,249,426	2,947,307	2,381,204	2,718,874	5,252,879	2,800,456	1,245,260
Net Position - Beginning of Year	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	60,503,519
Change in Accounting Principle	-	-	-	-	-	(3,095,476)	-	-	(4,972,480)	-
Net position - end 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

* 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	
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
2014	7,042,418	349,860	1,010,462	2,244,173	63,291	130,943	10,841,147

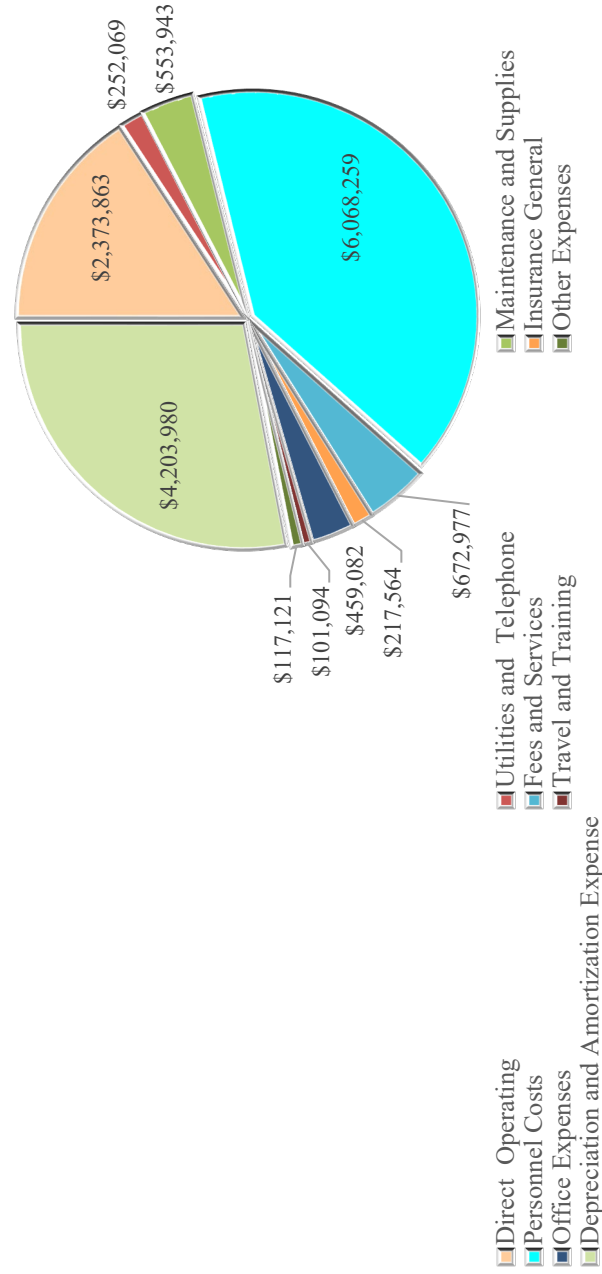


* In fiscal year 2017, the District changed its fiscal year end to June 30 from July 31, therefore fiscal year 2017 is a short year (11 months)

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
2023	\$ 2,373,863	\$ 252,069	\$ 553,943	\$ 6,068,259	\$ 672,977	\$ 217,564	\$ 459,082	\$ 101,094	\$ 117,121	\$ 4,203,980	\$ 15,019,952
2022*	1,922,678	238,516	501,180	5,979,934	704,312	188,668	395,870	79,524	83,807	3,907,686	14,002,173
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	10,952,586
2017**	2,089,189	185,745	196,069	3,622,133	457,015	141,411	332,615	64,937	150,627	2,015,647	9,255,387
2016	1,918,385	183,657	223,870	4,036,099	322,884	155,752	235,729	90,080	98,711	1,995,564	9,260,730
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
2014	2,087,433	172,256	245,245	4,268,222	378,921	147,484	248,687	76,775	65,002	1,869,324	9,559,349

Operating Expenses by Function



* Fiscal years 2022 and 2021 have been restated for a prior period adjustment with regards to inventory

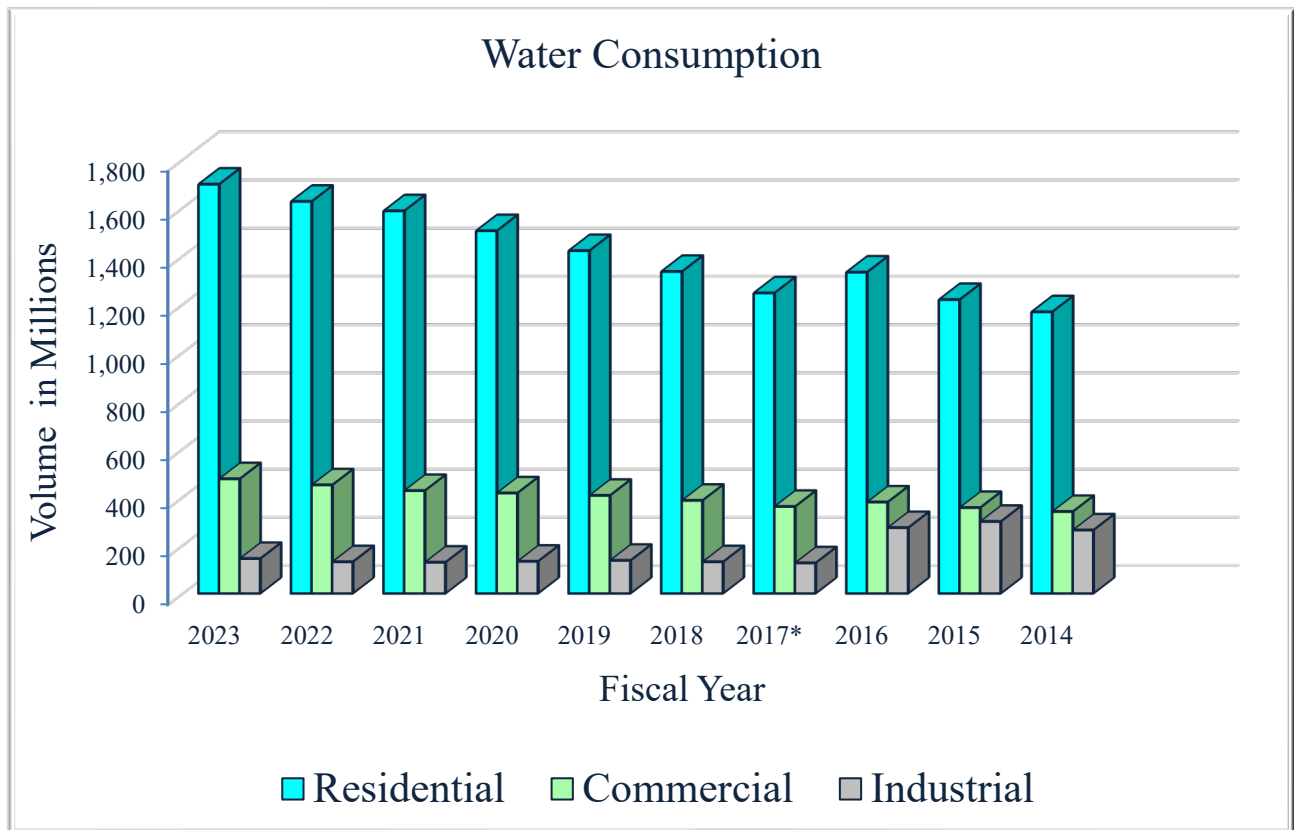
** In fiscal year 2017, the District changed the fiscal year end to June 30 from July 31, therefore fiscal year 2017 is a short year (11 months)

Revenue Capacity

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

Table 5

Fiscal Year Ended June 30	Volume in Million Gallons			Total
	Residential	Commercial	Industrial	
2023	1,697	475	144	2,316
2022	1,626	450	131	2,206
2021	1,586	426	129	2,142
2020	1,504	416	133	2,053
2019	1,421	406	137	1,965
2018	1,335	386	131	1,852
2017*	1,246	360	126	1,733
2016	1,332	379	272	1,983
2015	1,219	356	298	1,872
2014	1,168	339	263	1,770

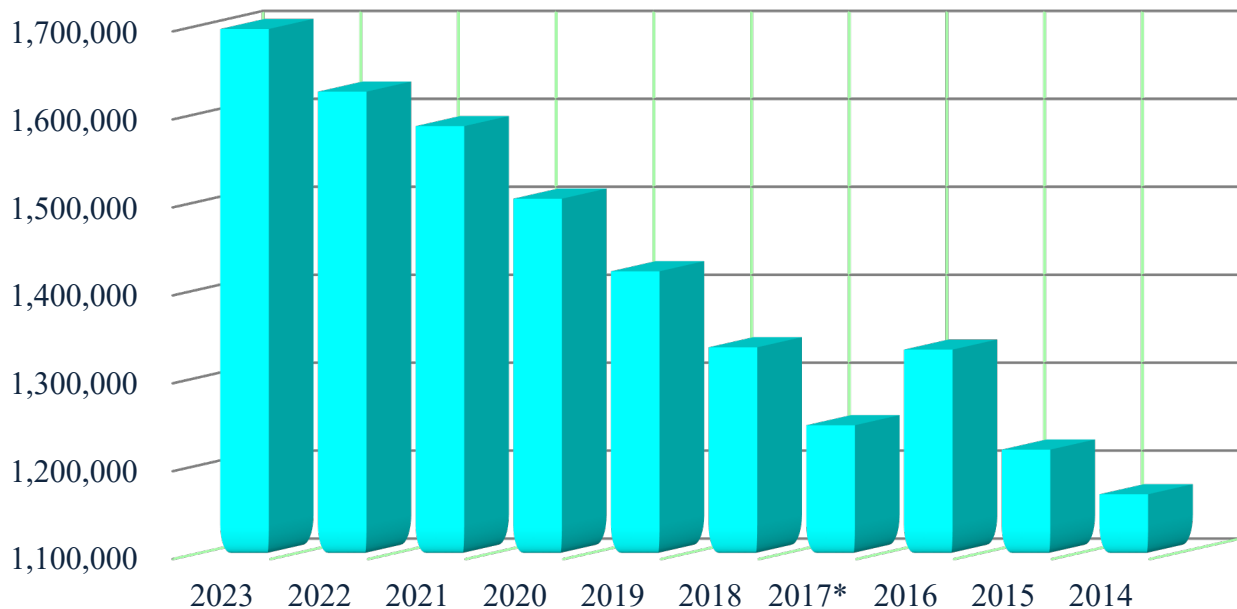


STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
Historical Residential Rate Information
Last Ten Fiscal Years

Table 6

Fiscal Year	Ad Valorem Tax Millage	Average Residential Rate History	Volume Billed (per 1000 gal)
2023	11.6	\$4.85	1,696,824
2022	12	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	4.61	1,335,011
2017*	12	4.54	1,246,308
2016	10	4.53	1,332,375
2015	11.5	4.58	1,218,590
2014	12	4.61	1,167,814

Volume Billed (per 1000 gal)



* 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)

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

Year End	Property Taxes Levy**	Property Taxes Collected	Percent Collected	Delinquent Taxes Collected	Percent Delinquent Collected	Total Collections to Date	Total Percent Collected	Bond Millage	Total Direct Rate*
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	12
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	12
2017	2,160,774	2,431,384	112.52%	54,737	2.25%	2,486,121	115.06%	12	12
2016	1,650,418	2,003,264	121.38%	60,266	3.01%	2,063,530	125.03%	10	10
2015	1,866,855	2,176,772	116.60%	98,484	4.52%	2,275,256	121.88%	11.5	11.5
2014	1,861,750	2,187,814	117.51%	56,359	2.58%	2,244,173	120.54%	12	12

* 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 2023 and 2014

Table 8

Customer	2023			2014		
	Assessed Value	Taxes Paid*	2023 Ranking	Assessed Value	Taxes Paid*	2014 Ranking
Duke Energy Corp	\$ 8,217,910	\$ 2,832,051	1	\$ 2,918,240	\$1,021,830	4
Stag Industrial Holdings LLC	4,973,100	1,700,800	2			
Sew Eurodrive Inc	4,417,720	1,531,160	3	5,377,910	1,924,746	1
DSI Draexlmaier Service Inc	4,206,922	1,474,947	4	2,260,498	797,956	6
AFL Telecommunications LLC	3,818,994	1,342,145	5	1,809,909	624,038	10
Cryovac Inc	3,788,311	1,302,421	6	3,161,836	1,131,621	3
Plasman ALA LLC	3,626,910	1,246,932	7			
Colt Greenville Owner LP	3,540,000	1,212,096	8			
Spartanburg SF RRL LLC	2,997,270	1,052,042	9			
Benteler Automotive Corp	2,947,662	1,033,451	10			
American Fund Us Investments				2,750,011	968,004	5
BMW Manufacturing Co LLC				1,940,830	671,399	9
CBRE Operating Partnership LP				2,235,830	785,233	7
General Motors LLC				3,265,530	1,151,988	2
DAA Draexlmaier Automotive				2,104,161	742,769	8
TOTAL	\$ 42,534,799	\$14,728,045		\$ 27,824,755	\$9,819,584	

Source: Spartanburg County Auditor's Office

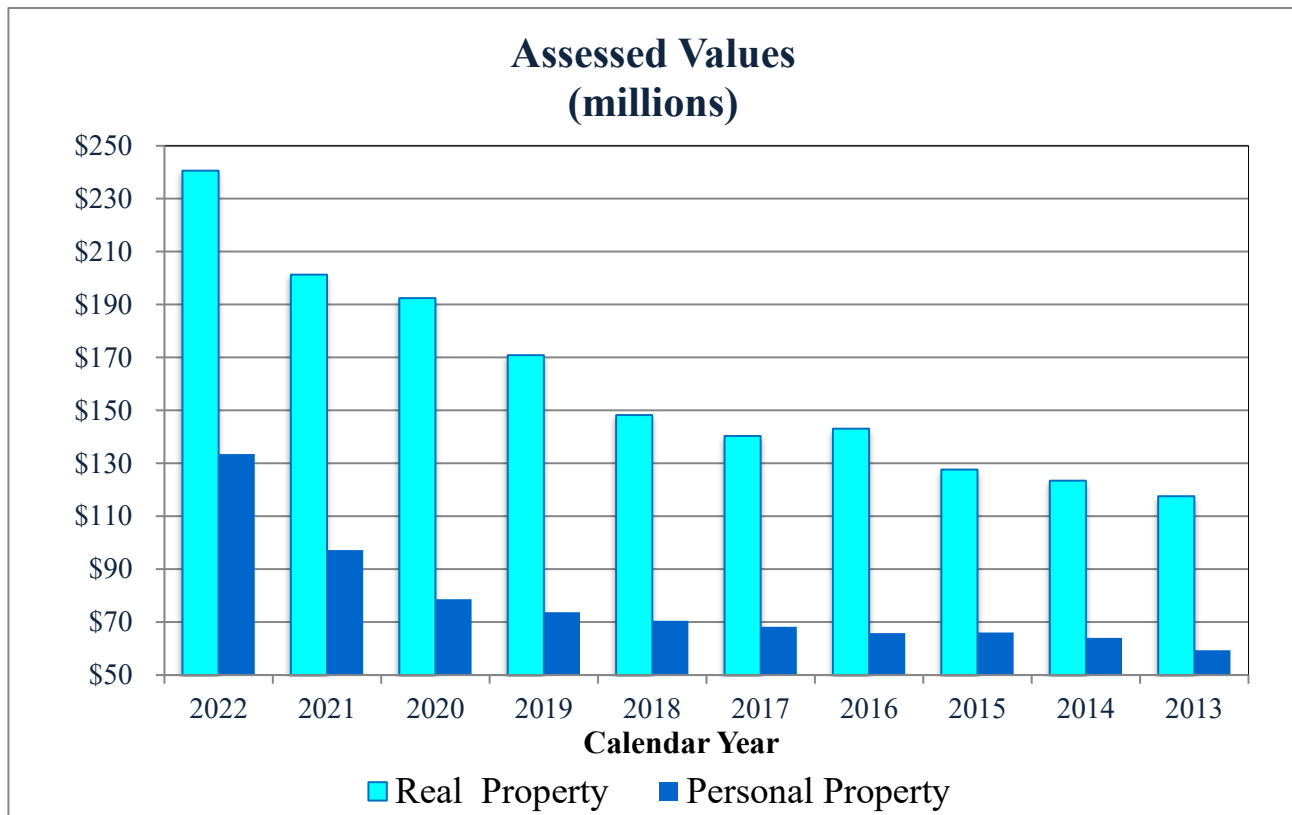
*Taxes paid represents total taxes paid, not including fee in lieu payments, to Spartanburg County

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

Table 9

Calendar Year	Real Property	Personal Property	Total Assessed Value	Total Market Value	Ratio of Total Assessed to Total Market Value
2022	\$ 240.6	\$ 133.5	\$ 374.1	\$ 6,457	5.79%
2021	201.3	97.3	298.5	4,850	6.16%
2020	192.4	78.7	271.1	4,898	5.53%
2019	170.9	73.8	244.7	4,459	5.49%
2018	148.3	70.5	218.8	3,980	5.50%
2017	140.3	68.3	208.6	3,712	5.62%
2016	143.1	65.9	209.0	3,497	5.98%
2015	127.6	66.0	193.6	3,227	6.00%
2014	123.5	64.1	187.6	3,121	6.01%
2013	117.6	59.4	177.0	3,289	5.38%

Assessed values are shown in million



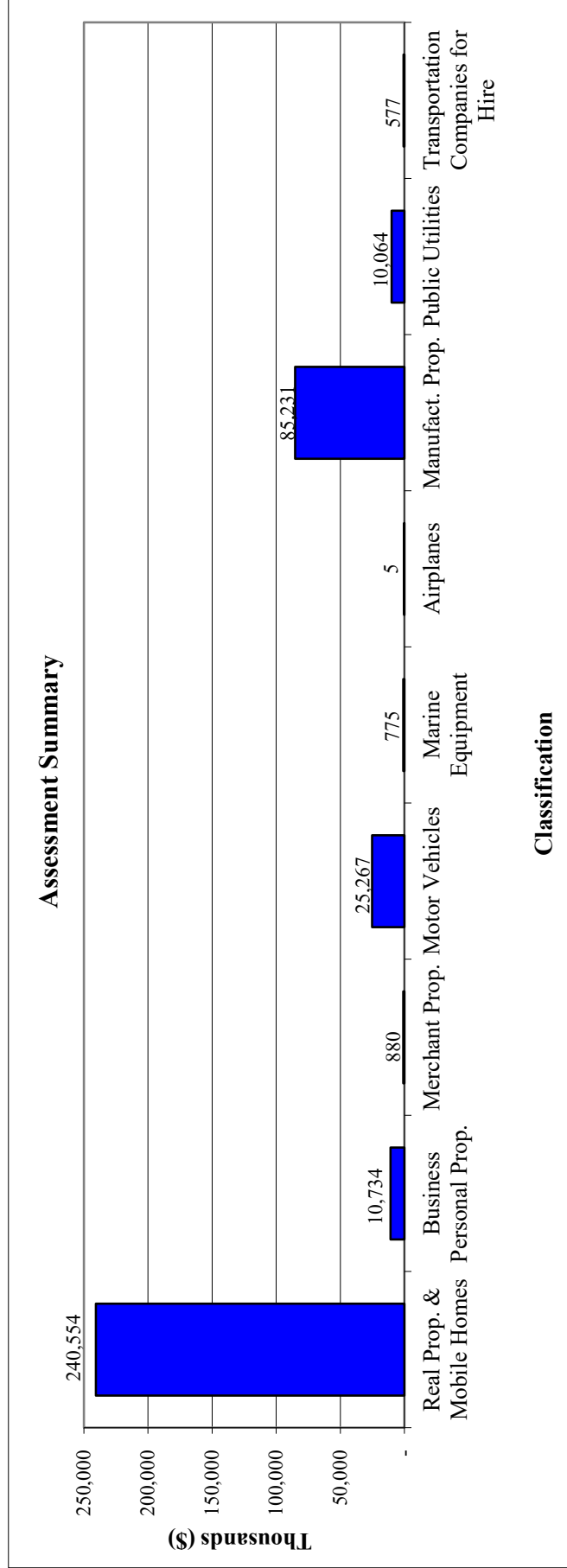
Source: Spartanburg County Auditor

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
Assessed Value Summary
Calendar Year 2022

Table 10

Classification	Assessed Value	Assessment Ratio	Market Value
1. Real Property and Mobile Homes	\$ 240,554,187	4-6%	\$ 5,004,038,331
2. Business Personal Property	10,734,250	10.5%	102,230,952
3. Merchants' Furniture, Fixtures, and Equipment	880,040	10.5%	8,381,333
4. Motor Vehicles	25,267,278	6.0%	421,121,300
5. Marine Equipment	774,520	10.5%	7,376,381
6. Airplanes	4,840	4.0%	121,000
7. Manufacturing Property	85,231,495	10.5%	811,728,524
8. Public Utilities	10,064,036	10.5%	95,847,962
9. Transportation Companies for Hire	577,003	9.5%	6,073,716
TOTALS	\$ 374,087,649		\$ 6,456,919,499

(67)



Source: Spartanburg County Auditor

STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT

Ten Largest Retail Customers

Fiscal Year 2023 and 2014

Customer	2023				2014			
	Consumption	Total Annual Operating Revenue	Percentage of Total Revenue	Rank	Consumption	Total Annual Operating Revenue	Percentage of Total Revenue	Rank
Woodruff-Roebuck Water	71,385,800	\$ 142,772	1.30%	1				
Starchem Lic	23,716,250	47,373	0.43%	2	17,894,331	31,942	0.43%	3
Southwood Realty	16,577,900	47,436	0.43%	3				
Huntington Foam LLC	14,794,938	27,613	0.25%	4	11,519,250	21,614	0.29%	5
Aramark Uniform Svc	14,635,780	29,390	0.27%	5				
Cmc Recycling	13,765,470	30,951	0.28%	6				
Minghua	12,800,293	25,282	0.23%	7				
Albis Barnet Polymers	12,734,270	25,173	0.23%	8				
Ashford Park Lic	7,802,200	21,115	0.19%	9				
Fah Culpepper LLC	7,190,200	16,013	0.15%	10				
Springfield LLC					128,234,300	264,000	3.57%	1
Leigh Fibers Inc					22,770,600	39,812	0.54%	2
Coyne Textile Services					14,036,566	25,692	0.35%	4
Autolite					10,035,200	19,210	0.26%	6
Inman Mills					9,440,800	15,105	0.20%	7
Chartwell Berry Shoals					9,336,700	32,113	0.43%	8
River Falls Apartment Homes					8,145,100	19,245	0.26%	9
Culpepper Landing					7,996,026	15,369	0.21%	10
Totals	195,403,101	\$ 413,115	3.75%		239,408,873	\$ 484,102	6.55%	

Debt Capacity

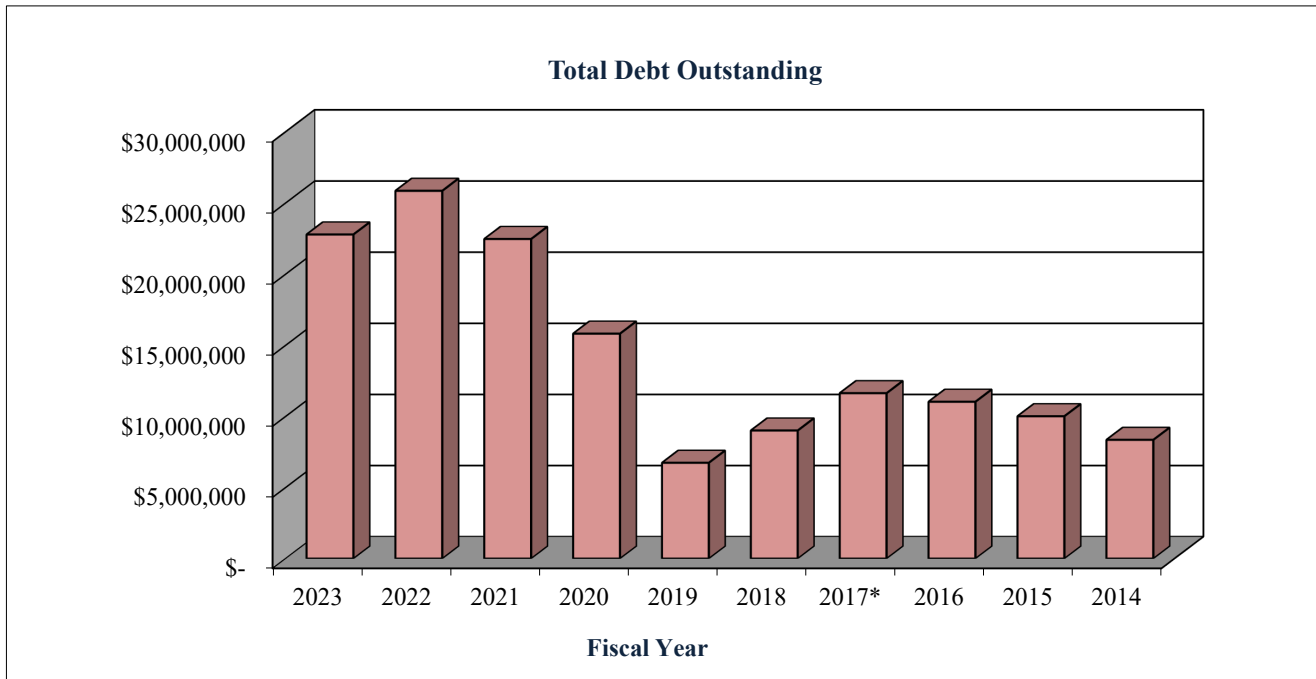
STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
Debt Outstanding
Last Ten Fiscal Years

Table 12

Fiscal Year	General Obligation Bonds	Revenue Bonds	Bond Anticipation Note	Lease Assets	Total Debt Outstanding	Per Capita**	As Share of Personal Income
2023	\$ 9,469,929	\$ 7,042,748	\$ 6,000,000	\$ 272,583	\$ 22,785,260	\$ 324	0.64%
2022	12,149,235	7,445,360	6,000,000	259,863	25,854,458	381	0.82%
2021	14,356,439	7,817,550	-	295,276	22,469,265	349	0.79%
2020	4,361,611	8,175,940	3,029,000	251,598	15,818,149	256	0.59%
2019	6,391,341	345,230	-	-	6,736,570	114	0.27%
2018	8,393,271	612,276	-	-	9,005,546	158	0.41%
2017*	10,759,760	871,458	-	-	11,631,218	214	0.64%
2016	9,969,080	1,060,824	-	-	11,029,904	210	0.60%
2015	8,702,306	1,306,799	-	-	10,009,105	199	0.57%
2014	6,174,388	2,175,530	-	-	8,349,918	169	0.50%

* 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)

**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

Fiscal Year	General Obligation Bonds (1)	Percentage of Taxable Market Value (2)	Per Capita (3)
2023	\$ 9,469,929	0.15%	\$ 135
2022	12,149,235	0.25%	179
2021	14,356,439	0.29%	223
2020	4,361,611	0.10%	71
2019	6,391,341	0.16%	108
2018	8,393,271	0.23%	148
2017	10,759,760	0.31%	198
2016	9,969,080	0.31%	190
2015	8,702,306	0.28%	173
2014	6,174,388	0.19%	125

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) See the Schedule of Assessed Values (Table 9) for property value data
- (3) 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>\$ 319,973,358</u>
Legal Debt Limit - 8% of assessed valuation	\$ 25,597,869
Amount of Debt Applicable to Debt Limit:	
General obligation bonds outstanding June 30, 2023	<u>9,469,929</u>
Legal Debt Margin*	<u>\$ 16,127,940</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.

<u>Fiscal Year</u>	<u>Debt Limit*</u>	<u>Net Debt Subject to Limit</u>	<u>Legal Debt Margin</u>	<u>Outstanding Net Debt/ Debt Ceiling</u>	<u>Legal Debt Margin/ Debt Ceiling</u>
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	3,955,148	73.12%	26.88%
2016	14,646,776	9,969,080	4,677,697	68.06%	31.94%
2015	14,170,612	8,702,306	5,468,306	61.41%	38.59%
2014	13,307,301	6,174,388	7,132,914	46.40%	53.60%

* 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

Table 15

	2023	Restated 2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014
Net Income	\$ 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	\$ 8,402,740
Operating revenues	(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)	(7,690,026)
Operating expenses before depreciation and amortization	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	712,714
Operating income before depreciation and amortization	(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)	(1,869,324)
Depreciation and amortization	(1,718,177)	(1,796,517)	(1,980,509)	(2,180,362)	(875,893)	(1,280,499)	(578,629)	221,556	(78,879)	(1,156,610)
Operating Income (Loss)	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	2,244,173
Nonoperating Revenues	714,421	209,025	64,905	375,930	616,361	219,023	143,119	607,925	219,414	194,234
Ad valorem taxes	(644,638)	(503,300)	(733,285)	(605,044)	(213,127)	(207,405)	(259,747)	(256,635)	(316,367)	(259,839)
Other nonoperating revenues	4,206,875	3,585,233	2,537,392	1,659,605	1,079,034	997,130	928,010	2,616,503	701,032	223,303
Nonoperating Expenses										
Capital Contributions	\$ 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	\$ 1,245,261
Net Income (Loss) Per Financial Statements	\$ 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	\$ 1,245,261
Net Income (Loss) Per Financial Statements	(162,350)	(112,890)	-	(29,008)	(29,321)	(23,000)	(3,000)	(371,458)	(4,000)	(39,300)
Less: (Gain) loss on sale of capital assets	(128,799)	(20,447)	(19,241)	(43,599)	(78,821)	(88,231)	(39,301)	(24,197)	(12,301)	(5,696)
Less: Restricted investment income	(2,057,225)	(1,293,633)	(1,156,021)	(631,380)	(504,884)	(464,255)	(614,355)	(2,361,295)	(490,066)	(223,303)
Less: Grants and donated line extensions	(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)	(2,244,173)
Less: Ad valorem used for GO debt service (1)	-	-	-	(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	163,285
Plus: Decrease in fair value of investments	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	1,869,324
Plus: Depreciation and amortization	444,315	383,306	487,888	329,571	127,328	144,612	95,135	88,542	142,794	179,918
Plus: Interest expense	65,712	44,253	141,537	221,465	1,242	-	94,217	92,954	83,016	12,051
Plus: Bond issuance costs										
Net Earnings per Revenue Bond Covenant	\$ 5,001,925	\$ 4,539,685	\$ 3,107,216	\$ 2,340,687	\$ 2,655,043	\$ 1,943,655	\$ 1,941,246	\$ 2,660,163	\$ 2,188,618	\$ 957,367
Debt Service Requiring Coverages, Per Covenant										
Revenue Bond Debt Service	\$ 646,400	\$ 640,400	\$ 650,900	\$ 386,908	\$ 282,429	\$ 282,429	\$ 282,429	\$ 282,429	\$ 929,817	\$ 911,239
Debt Service Coverage Ratio Based on Revenue Bond Coverage (2)(3)	7.74	7.09	4.77	6.05	9.40	6.88	6.87	9.42	2.35	1.05

(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

Calendar Year	Population (1)	Personal Income (1)		Median Age (1)	Total Labor Force (2)	Unemployment Rate (3)
		Total	Per Capita			
2021	335,864	\$ 16,993,490	\$ 50,596	38.1	160,315	3.5%
2020	326,205	15,182,676	46,543	38.0	156,494	4.8%
2019	319,785	14,124,521	44,169	38.2	166,127	2.5%
2018	314,137	13,543,549	43,148	37.8	160,277	3.1%
2017	306,740	12,798,599	41,709	38.2	157,221	4.0%
2016	300,867	11,501,469	38,686	38.5	153,389	4.7%
2015	296,558	10,738,530	33,600	38.4	151,336	5.8%
2014	292,981	10,252,621	34,946	38.5	148,365	6.3%
2013	290,414	10,033,000	35,040	38.5	147,740	7.8%
2012	288,176	9,819,000	33,518	35.5	146,956	9.6%

Data Sources:

(1) U.S. Census Bureau of Economic Analysis (Last update: November 16, 2022)

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

(3) SC Works Online (6/30/23)- <https://www.dew.sc.gov/news/2023-06/south-carolinas-employment-situation>

*Calendar year 2023 was not yet available

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
Spartanburg County, South Carolina Major Employers and Changes
Fiscal Year 2023 and 2014**

Table 17

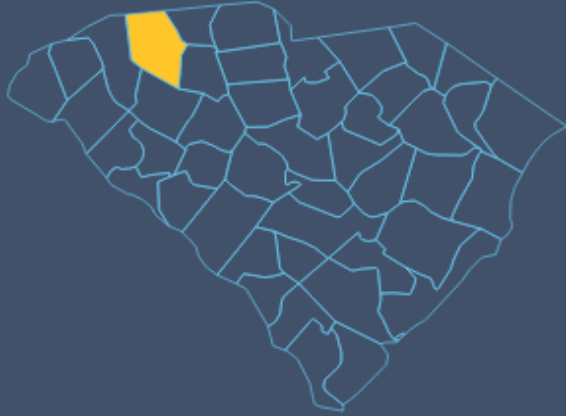
Company Name	Business/Product	Employees and % of Workforce		
		2023	%	2014
BMW Manufacturing Corporation	Automotive manufacturer	11,000	7.3%	7,200
Spartanburg Regional Medical Center	Hospital	9,648	6.4%	5,624
Spartanburg County Schools	Public school system	7,851	5.2%	6,560
State of South Carolina	State government	2,593	1.7%	2,275
Spartanburg County	County government, courts, law enforcement	1,568	1.0%	1,453
Adidas	Sporting and recreational goods and supplies	1,450	1.0%	N/A*
Draexlmaier Automotive of America LLC	Automobile component supplier	1,225	0.8%	N/A*
Michelin Tire Company	Radial truck tire manufacturer	1,150	0.8%	1,070
Benore Logistics Systems	Logistics	1,100	0.7%	N/A*
Plastic Omnium	Plastic injection molded interiors	1,100	0.7%	N/A*

Data Sources:
OneSpartanburg, Inc. and individual employers

(N/A*) Data unavailable

**STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
2022 Special Purpose Districts and Counties Rate Survey
Monthly Water Service Charge 668 CF (5,000 gal)**

Table 18



Spartanburg	Water	Sewer
Campobello, Town of	\$ 32.91	
Central Pacolet, Town of	\$ 45.90	\$ 39.45
Cowpens, Town of	\$ 45.90	\$ 39.45
Duncan, Town of	\$ 19.25	\$ 40.26
Inman, City of	\$ 32.91	\$ 38.25
Landrum, City of	\$ 45.90	\$ 39.45
Lyman, Town of	\$ 19.25	\$ 26.84
Pacolet, Town of	\$ 45.90	\$ 39.45
Spartanburg, City of	\$ 27.30	\$ 39.45
Wellford, City of	\$ 19.25	\$ 37.17
Woodruff, City of	\$ 54.92	\$ 46.00
Inman-Campobello Water District	\$ 32.91	
Liberty Chesnee Fingerville Water District	\$ 46.25	
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

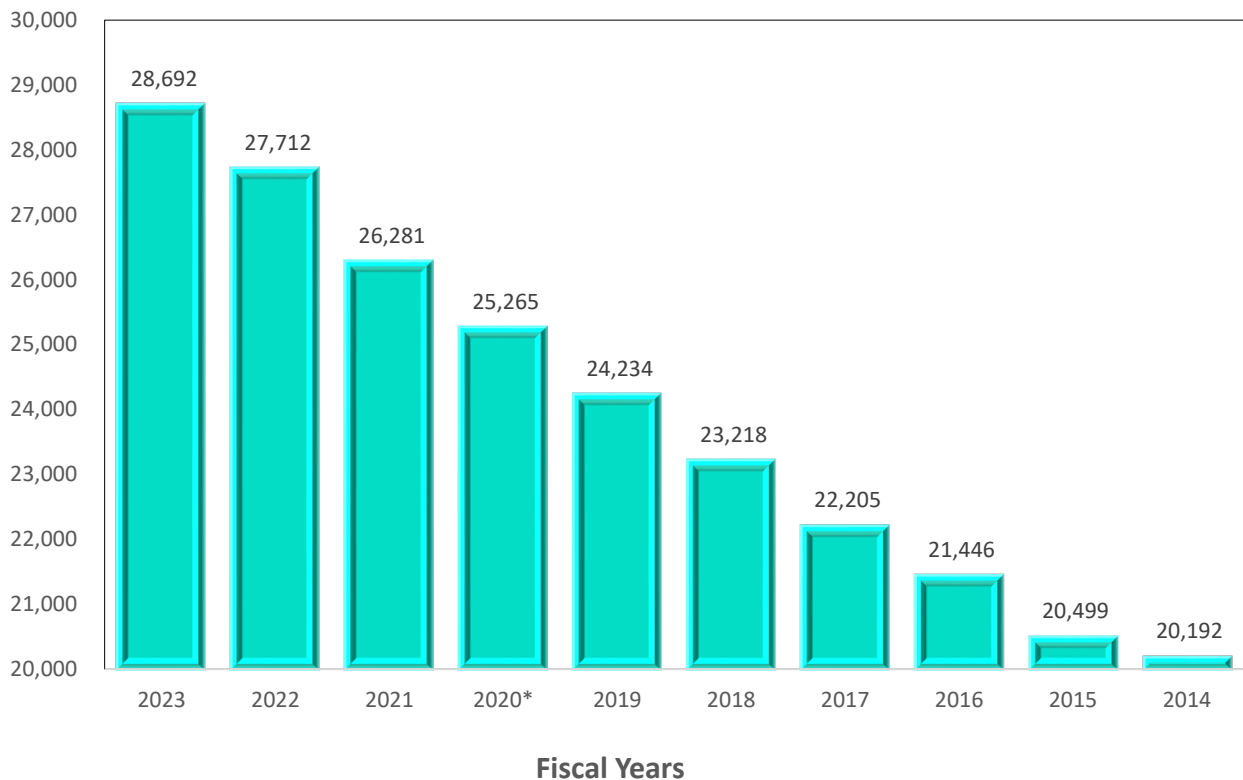
STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
Number of Customers
Last Ten Fiscal Years

Table 19

Fiscal Year	Number of Customers		
	Residential	Other	Total
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
2014	20,192	1,350	21,542

* Estimate due to meter change out program

Number of Residential Customers



STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
Monthly Water Charges
Fiscal Year 2023

Table 20

Meter / Tap Rate Charges

Meter Size	Meter Equivalent	SIF	
		Inside Tax District	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"	\$ 10.00	\$ 13.50
1"	\$ 25.00	\$ 33.75
2"	\$ 80.00	\$ 108.00
3"	\$ 160.00	\$ 216.00
4"	\$ 250.00	\$ 337.50
6"	\$ 500.00	\$ 675.00
8"	\$ 800.00	\$ 1,080.00

Water Usage Charge

	Usage (gallons)	Charge per 1,000 gallons	
		Inside District	Outside District
Residential & Irrigation	0-4,000	\$ 1.50	\$ 2.03
	4,001-15,000	\$ 3.25	\$ 4.39
	15,001 and up	\$ 4.00	\$ 5.40
Non-Residential	0-4,000	\$ 1.50	\$ 2.03
	4,001-15,000	\$ 3.25	\$ 4.39
	15,001-500,000	\$ 2.00	\$ 2.70
	500,001 and up	\$ 1.65	\$ 2.23

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

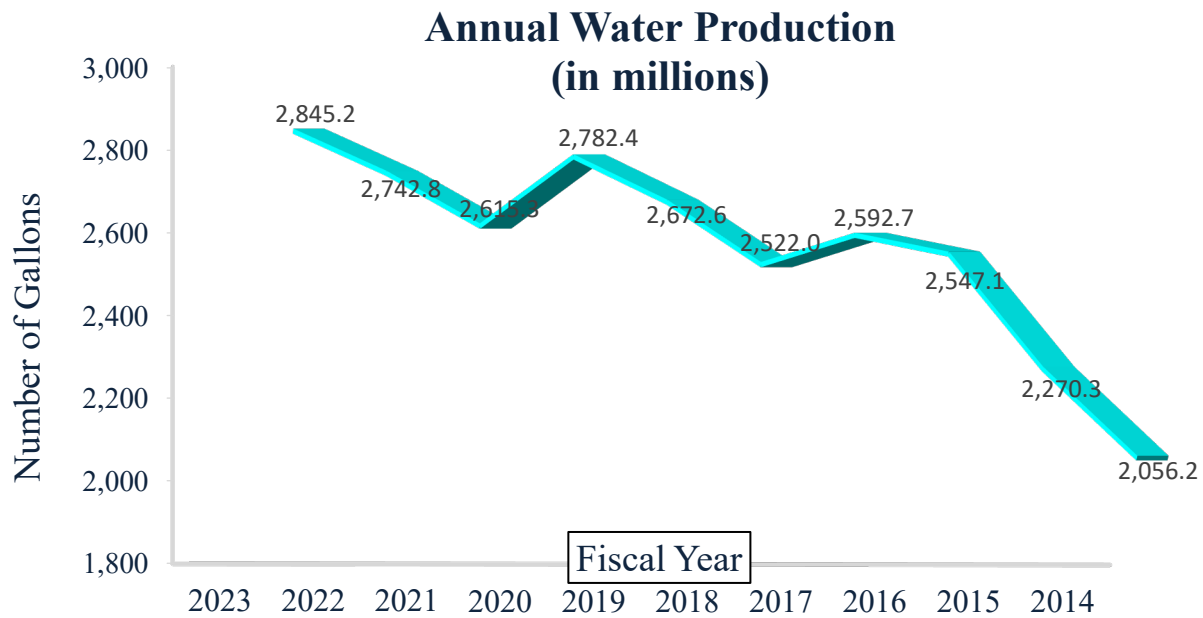
Fire Line Size	Inside District	Outside District
2"	\$ 4.85	\$ 6.06
3"	\$ 14.70	\$ 18.38
4"	\$ 80.60	\$ 100.75
6"	\$ 80.60	\$ 108.81
8"	\$ 168.72	\$ 227.78
10"	\$ 290.07	\$ 391.59
12"	\$ 458.80	\$ 619.38

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

Table 21

Month	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
July	291.5	265.4	290.6	287.9	247.3	248.3	276.8	261.2	218.7	175.6
August	295.0	264.6	268.4	268.4	240.6	248.8	245.0	239.9	219.6	193.2
September	263.8	237.5	244.9	272.4	237.3	225.6	261.9	224.2	198.4	171.2
October	253.4	225.7	233.2	251.8	233.6	219.4	256.7	195.2	190.3	176.7
November	212.9	196.2	195.0	197.5	201.3	190.8	214.7	185.2	160.6	172.7
December	215.1	187.0	190.3	193.4	187.5	189.2	175.3	167.9	156.4	154.2
January	198.0	202.0	183.0	216.4	195.2	198.0	177.2	180.9	155.9	153.0
February	185.4	180.1	160.2	177.5	185.8	165.6	159.3	169.4	147.0	132.4
March	211.4	186.5	170.2	201.2	191.3	185.6	175.3	187.8	166.4	152.3
April	217.8	210.4	196.5	224.8	201.5	187.7	185.0	225.2	184.4	161.3
May	243.4	277.5	245.9	234.2	281.6	217.3	219.9	241.3	235.9	209.9
June	257.6	310.0	237.3	256.9	269.6	245.7	245.6	268.9	236.7	203.7
Total Annual Production	2,845.2	2,742.8	2,615.3	2,782.4	2,672.6	2,522.0	2,592.7	2,547.1	2,270.3	2,056.2

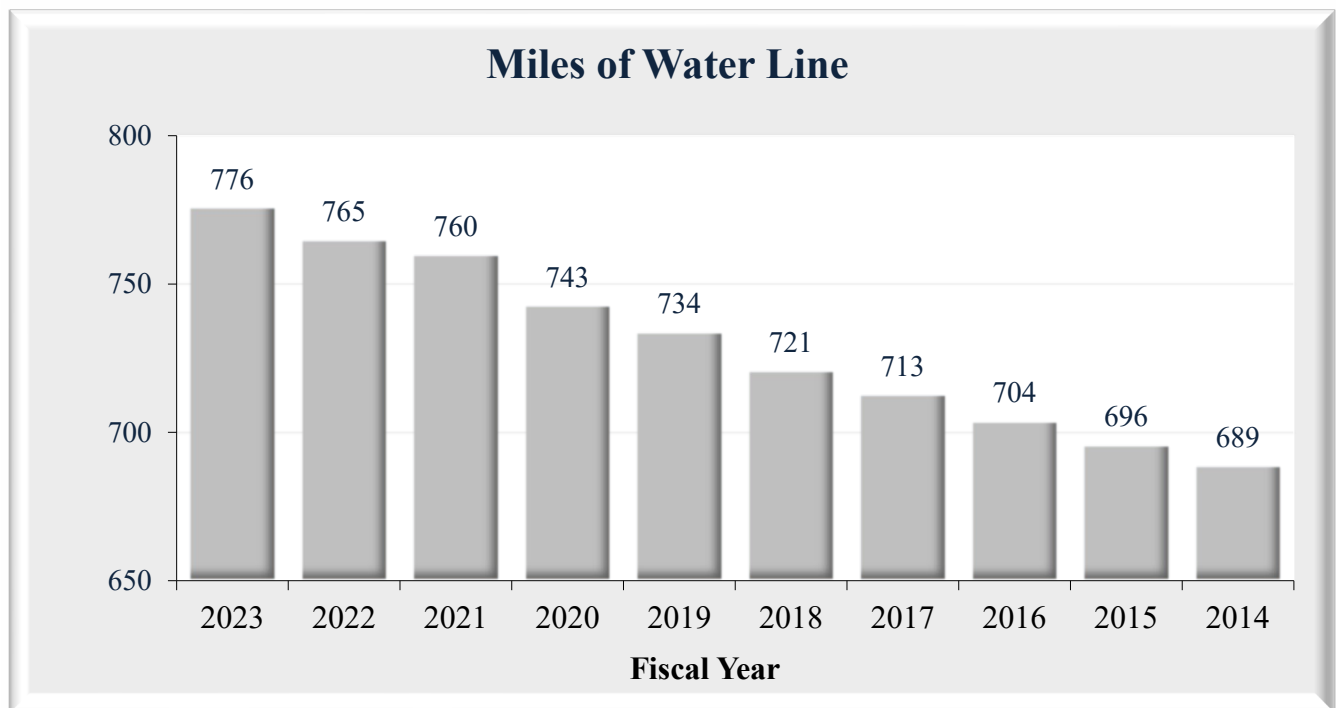
* Amounts shown in millions of gallons



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>
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%
2014	689	1.16%



STARTEX-JACKSON-WELLFORD-DUNCAN WATER DISTRICT
Schedule of Treatment Plants
Fiscal Year 2023

Table 23

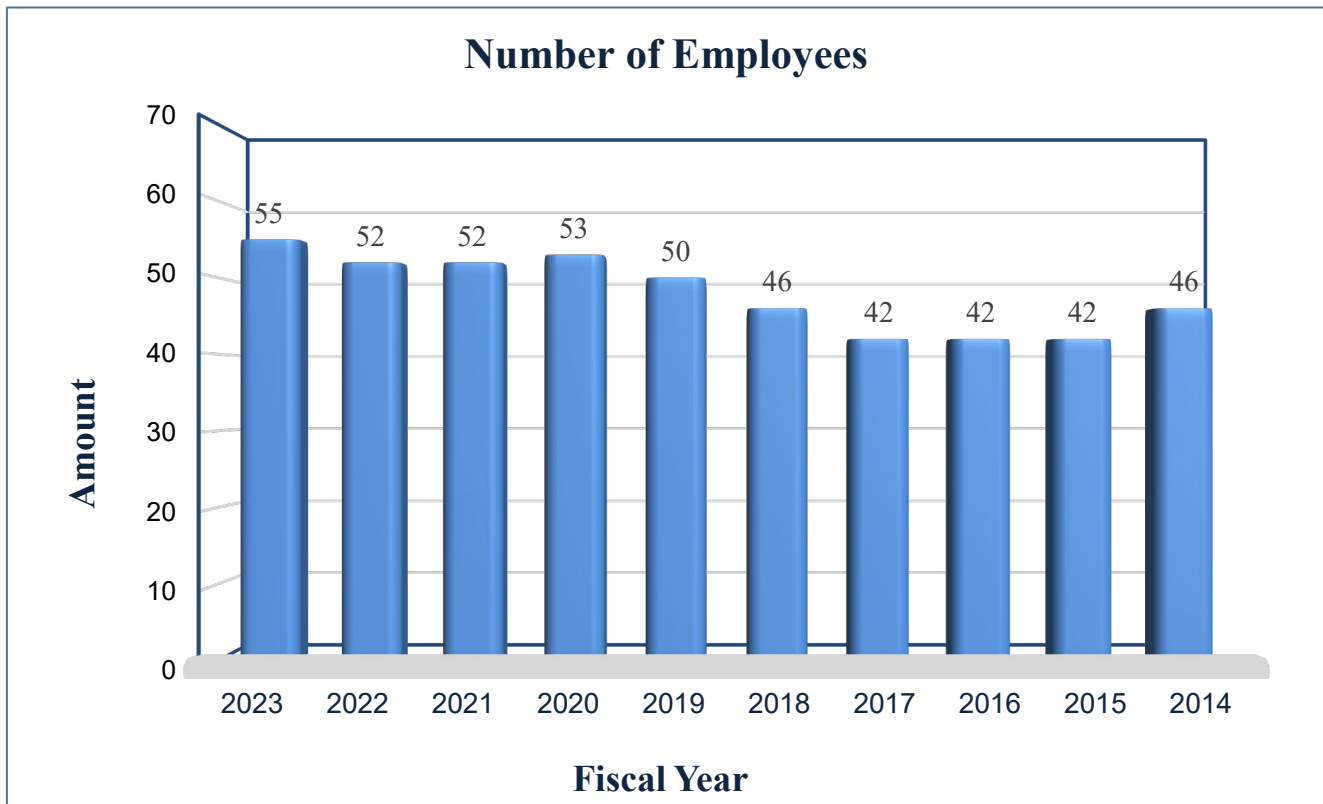
<u>Treatment Plant</u>	<u>Permitted Capacity (MGD)</u>	<u>Average Flow (MGD)</u>
Membrane	8.000	5.220
Conventional	12.000	3.280
	<u>20.000</u>	<u>8.500</u>



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

Table 24

Fiscal Year	Number of Employees
2023	55
2022	52
2021	52
2020	53
2019	50
2018	46
2017	42
2016	42
2015	42
2014	46



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

Table 25

Fiscal Year	Annual Rainfall*
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
2014	59.6

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

