OJRSA

Oconee Joint Regional

SEWER AUTHORITY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2024

OCONEE JOINT REGIONAL SEWER AUTHORITY

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2024

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Independent Auditor's Report

To the Governing Body
Oconee Joint Regional Sewer Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oconee Joint Regional Sewer Authority (the "OJRSA"), as of and for the year June 30, 2024, and the related notes to the financial statements, which collectively comprise OJRSA's 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 OJRSA as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OJRSA 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 OJRSA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension plan/OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OJRSA's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024, on our consideration of OJRSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OJRSA's internal control over financial reporting and compliance.

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

Seneca, South Carolina

November 1, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oconee Joint Regional Sewer Authority
Management Discussion and Analysis
June 30, 2024

As management of Oconee Joint Regional Sewer Authority (the "OJRSA"), we present this narrative overview and analysis of financial performance for the fiscal year which ended on June 30, 2024 (FY 2024) as well as comparison information for fiscal year June 30, 2023 (FY 2023) and June 30, 2022 (FY 2022). Please consider this information in conjunction with the financial statements and related notes which follow this section.

Financial Highlights

- Net position increased by $16,548,405 or ~80% to $37,330,978 as a result of current year operations.

- Operating revenue of $6,264,319 for FY 2024 increased by $575,017 or ~10% from FY 2023.

- Operating expenses before depreciation and amortization and other items for FY 2024 decreased $516,882, or ~11% from FY 2023.

- Operating net income before depreciation and amortization and other items for FY 2024 increased $1,091,899 over FY 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of OJRSA. The basic financial statements include the balance sheets; the statements of revenues, expenses, and changes in net position and the statements of cash flows; and the related notes to provide additional details. These basic financial statements provide information about the activities and performance of OJRSA using accounting methods similar to those found in the private sector.

The statement of net position presents information about the nature and amounts of resources (assets) and the obligations (liabilities) with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents the current fiscal years' results of operations and can be used to determine whether OJRSA is recovering costs through user fees and charges.

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents for the current year. This statement may be used to determine sources of cash, uses of cash and changes in cash from operating, capital and related financing, and investing activities. This statement may be useful in assessing OJRSA's ability to meet short-term obligations.

The notes to the financial statements provide required disclosures and other information essential to a full understanding of information reported in the statements. The notes present information about OJRSA's accounting policies and significant account balances and activities, significant risks, obligations, commitments, contingencies and subsequent events, if applicable.

Net Position

OJRSA's overall financial net position increased ~80% during FY 2024. Net position in FY 2024, FY 2023 and FY 2022 totaled $37,330,978, $20,782,573 and $20,039,408, a change of $16,548,405, $743,165 and $205,082, respectively. Approximately 80% of OJRSA's net position reflect the investment in capital assets (e.g., land, buildings, machinery, and equipment). OJRSA uses these capital assets to provide services to ratepayers. Unrestricted net position is typically used for funding day to day operations or capital projects. In FY 2024, unrestricted net position increased $3,393,787.

SUMMARY OF NET POSITION

	FY 2024	FY 2023	FY 2022
Current Assets	$ 13,306,195	$ 7,035,929	$ 5,779,122
Capital Assets	30,002,958	16,848,340	17,300,785
Deferred Outflows	599,757	707,166	845,095
Total Assets and Deferred Outflows	43,908,910	24,591,435	23,925,002
Current Liabilities	3,151,639	294,774	347,083
Non-Current Liabilities	2,614,316	2,711,627	3,244,384
Deferred Inflows	811,977	802,461	294,127
Total Liabilities and Deferred Inflows	6,577,932	3,808,862	3,885,594
Net Investment in Capital Assets	30,002,958	16,848,340	17,300,785
Unrestricted	7,328,020	3,934,233	2,738,623
Total Net Position	$ 37,330,978	$ 20,782,573	$ 20,039,408

Revenues

OJRSA's total operating revenues increased by $575,017 in FY 2024 to $6,264,319 from $5,689,302 in FY 2023. OJRSA's regulations provide for a sewer use charge that funds the operation of the system, provide a source to fund depreciation, and provide for future spending to maintain OJRSA's facilities.

The OJRSA board approved the FY 2024 budget which established sewer user fees. The combined total sewer fees from the cities totaled $5,205,103. The OJRSA and Member City agreements provide a sewer use charge that funds the operation of the system, provide funding for reasonable depreciation, and provide for future replacement of OJRSA's facilities.

Expenses

OJRSA's total expenses decreased by $500,506 in FY 2024 to $5,285,216 from $5,785,722 in FY 2023. Significant expenditures for FY 2024 include the following: Significant updates, repairs, and professional fees to service existing infrastructure facilities, capital projects, legal fees and retirement contributions.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

	FY 2024	FY 2023	FY 2022
Operating Revenues			
Wastewater Treatment Fees - Towns	$ 6,264,319	$ 5,689,302	$ 5,093,754
Non-Operating Revenues			
Interest	289,253	56,040	(32,214)
Miscellaneous	20,025	1,237	3,150
Capital Contributions	15,260,024	782,308	768,007
Total Revenue	21,833,621	6,528,887	5,832,697
Operating Expenses			
Salaries, Wages and Employee Benefits	1,622,600	1,616,882	1,696,205
Contractual Services, Materials, Supplies and Other Expenses	2,423,753	2,946,353	2,752,587
Total Operating Expenses before Depreciation and Other Items	4,046,353	4,563,235	4,448,792
Depreciation Expense	1,238,863	1,222,487	1,178,823
Total Expense	5,285,216	5,785,722	5,627,615
Increase in Net Position	16,548,405	743,165	205,082
Total Net Position, Beginning of Year	20,782,573	20,039,408	19,834,326
Total Net Position, End of Year	$ 37,330,978	$ 20,782,573	$ 20,039,408

Capital Assets

Investment in capital assets increased by $13,154,618 in FY 2024. At the end of FY 2024, OJRSA had invested $49,540,657 in infrastructure, which includes land, rights of ways, sewer lines, buildings, operating equipment, water resource recovery facility (WRRF) and vehicles as shown in Note 5 of the accompanying notes to the financial statements.

CAPITAL ASSETS

	FY 2024	FY 2023	FY 2022
Capital Assets not being Depreciated:			
Land	$ 693,819	$ 693,819	$ 688,805
Construction in Progress	14,866,679	750,498	474,105
Total Capital Assets not being Depreciated	15,560,498	1,444,317	1,162,910
Capital Assets being Depreciated:			
Plant, Lines, Stations and Related Assets	32,920,340	32,784,314	32,327,675
Equipment and Vehicles	1,059,819	918,545	886,549
Total Capital Assets being Depreciated	33,980,159	33,702,859	33,214,224
Less: Accumulated Depreciation	(19,537,699)	(18,298,836)	(17,076,349)
Total Capital Assets being Depreciated, Net	14,442,460	15,404,023	16,137,875
Net Capital Assets	$ 30,002,958	$ 16,848,340	$ 17,300,785

About the Oconee Joint Regional Sewer Authority

The Oconee Joint Regional Sewer Authority ("OJRSA") is a body politic created by the State of South Carolina in 2007 under the Joint Authority Water and Sewer Systems Act. The agency is regulated by United States Public Law 92-500 and subsequent Amendments (commonly referred to as the "Clean Water Act"), South Carolina Water Pollution Control Act, and Federal and State Regulations. Together, these laws and regulations are intended to protect public health and the environment, and the OJRSA is charged with complying with and enforcing these regulations to users of the wastewater conveyance and treatment system, which is often referred to as a Publicly-Owned Treatment Works ("POTW") by regulatory authorities.

The agency is governed by a Board of Commissioners ("Board") as appointed by the cities of Seneca, Walhalla, and Westminster (collectively referred to as the "Member Cities").

Internal and External Policies

The Board of Commissioners has adopted various internal and external policies governing funding, finance, and other related matters over the years, including[1]:

1. *Development Policy* (May 6, 2024)
2. *Ethics Policy* (September 11, 2023)
3. *Financial and Accounting Policy* (August 7, 2023)
4. *Impact Fee Policy* (October 2, 2023)
5. *Personnel Policy Manual* (December 21, 2020)
6. *Procurement and Property Disposal Policy* (June 3, 2024)
7. *Purchasing Card Policy* (June 3, 2024)
8. *Schedule of Fees* (July 1, 2022)
9. *Sewer Use Regulation* (October 1, 2023)

In June 2022, the Board approved the agency's mission, vision, and values, which serve as guidance in policy and decision making by organization leaders.

> MISSION: The OJRSA's Mission is to efficiently provide environmentally sound wastewater collection and treatment, while meeting or exceeding all regulatory requirements, for the present and future needs of Oconee County.
>
> VISION: OJRSA will provide excellent water resource recovery services that meet the evolving customer needs and support economic development while enhancing the quality of life for its residents.
>
> VALUES
>
> - Service: Our core purpose is to provide our customers with safe and reliable water resource recovery services in compliance with regulatory requirements. We strive to treat every customer fairly and respectfully and to address their needs quickly and effectively.
> - Accountability: Our organization is a steward of public funds collected to provide a defined service to our constituents. We manage these funds responsibly, fairly, and with integrity and believe that our constituents are best served through continuous improvement and value enhancement.
> - Community Partnership: We recognize that a healthy environment supports our community's economy and goals. We forge community partnerships to ensure efficient use of public funds, to gain a greater understanding of our constituency, and to enhance quality of life in the county and protect its water resources.
> - Environmental Stewardship: We recognize and take seriously the responsibility of managing limited and precious environmental resources that are vital to human life and the economic

[1] Dates listed are the most recent revisions in effect during this budget year. Some policies may have been revised more than once during the year but only the most recent version is listed.

health of our community. We are committed to safely complying with all applicable regulations to preserve the environment, aesthetic beauty, and economy in and around our service area.

- Culture of Progress: Dedication to developing a culture that supports, acknowledges, and values the contributions of all employees while proactively building an environment that consistently embraces creativity, initiative, and innovation and creates a standard of excellence within the organization.

Economic Factors

The OJRSA can be moderately-to-severely impacted by economic trends, especially during times of high inflation and/or when local development drastically increases or decreases. As seen in *Figure 1*,[2] the number of residential and nonresidential (commercial and industrial) permits to discharge wastewater to the OJRSA Coneross Creek Water Reclamation Facility ("WRF"), as well as the gallons per day (GPD) permitted for treatment at the WRF, has varied over the last five years; however, this is likely because the agency changed the permitting process for subdivisions during this period.[3]

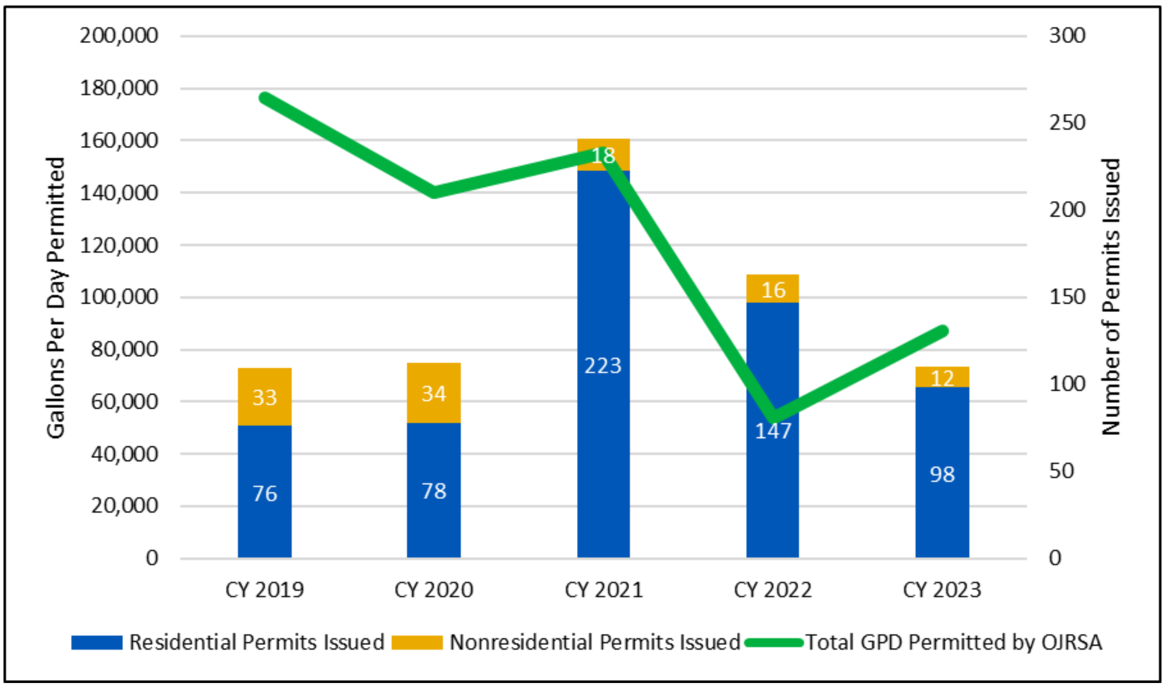

Figure 1: Volume of flow and number of Permits for OJRSA Wastewater System Capacity approved over last five calendar years.

Calendar Year ("CY") 2023 system flows to the Coneross Creek WRF decreased by 4.88% from the previous year to a total of 919.1 million gallons. As illustrated in *Figure 2*, flows can drastically change from year-to-year due to several factors, including: inflow and infiltration due to wet weather (or lack thereof), gain or loss of a large wastewater contributor (e.g., industry), and active or passive water conservation measures. Changes in flow impact sewer revenues for the OJRSA as most of the income generated is determined by metered use as billed by the Member Cities and Town of West Union.

[2] NOTE: Beginning in CY 2022, total GPD permitted by OJRSA was calculated by water meter size and/or industrial specific process-related matters. This method of permitting is different than previous years, which was based on SCDHEC Regulation 61-67 Appendix A (Unit Contributory Loadings to All Domestic Wastewater Treatment Facilities). Additional information can be found in the applicable policies for period, as well as by viewing the permits for applicable facilities.

[3] OJRSA began permitting subdivisions based on the number of buildable lots in their entirety on July 1, 2021, regardless of whether any homes were built at the time or not. Prior to this date the agency permitted individual lots only when building permits were applied for within a development.

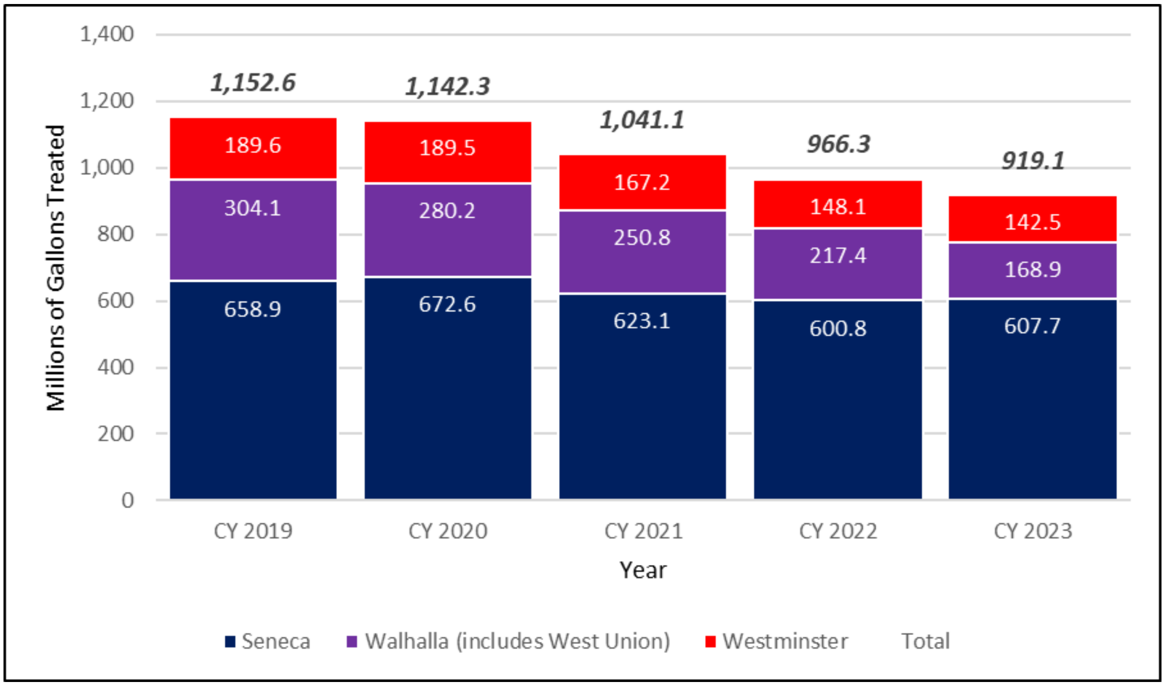

Figure 2: Wastewater treated for Member Cities for last five calendar years. The volume treated is based on the contribution of flow to the Coneross Creek Water Reclamation Facility as captured on strategically located wastewater meters in the conveyance system.

Shortages in the supply chain, labor challenges, and high levels of inflation continued to cause price increases for many functions performed by the agency with the two most likely contributors being (1) the residual effects of Coronavirus Disease 2019 ("COVID-19") pandemic and (2) $1.369 billion dollars made available in South Carolina as part of the South Carolina Infrastructure Investment Program ("SCIIP") competitive grants for infrastructure improvements. Costs for consumables such as fuel and chemicals, as well as capital-related components (e.g., motors, pumps, and pipe), remained high throughout the period, which led to having to delay some planned projects due to budget constraints.

Current economic conditions and indicators are considered by OJRSA's Commissioners and administration when developing plans and budgets for the upcoming fiscal year.

Fiscal Year Budget Approval

The Fiscal Year ("FY") 2024 was approved by the Board of Commissioners on June 5, 2023. Information regarding the budget, including a narrative summary, is included in the meeting minutes for that date and are available for public review upon request. The meetings for the proposed budget were open to the public and advertised in accordance with the South Carolina Freedom of Information Act.

There were no budget amendments presented to the Board for consideration during FY 2024.

Funds

The OJRSA maintains five separate funds, and each has a specific purpose. Information regarding these accounts and authorized uses can be found in the *Financial and Accounting Policy*. The funds include:

1. Wholesale Operations & Maintenance Fund ("O&M")
2. Retail Operations & Maintenance Fund ("RO&M")
3. Projects & Contingency Fund ("P&CF")
4. Wholesale Impact Fund ("WIF")
5. Retail Impact Fund ("RIF")

Revenue

The day-to-day operating revenues for FY 2024 were derived mostly from user fees[4] paid by wastewater customers, which is a considerably different rate model from previous years when the Member Cities themselves paid fees for their customers based on a "pro rata share model."[5] Besides the user fees, the agency also has several other sources for revenue as seen in Figure 3.

The OJRSA budgeted for the following revenues (per fund):

- O&M – $6,748,203
- RO&M – $13,390,177 (grants and intergovernmental reimbursements)
- P&CF – $11,269,985 (includes grants and transfers into fund from other funds)
- WIF – $411,000
- RIF – $0

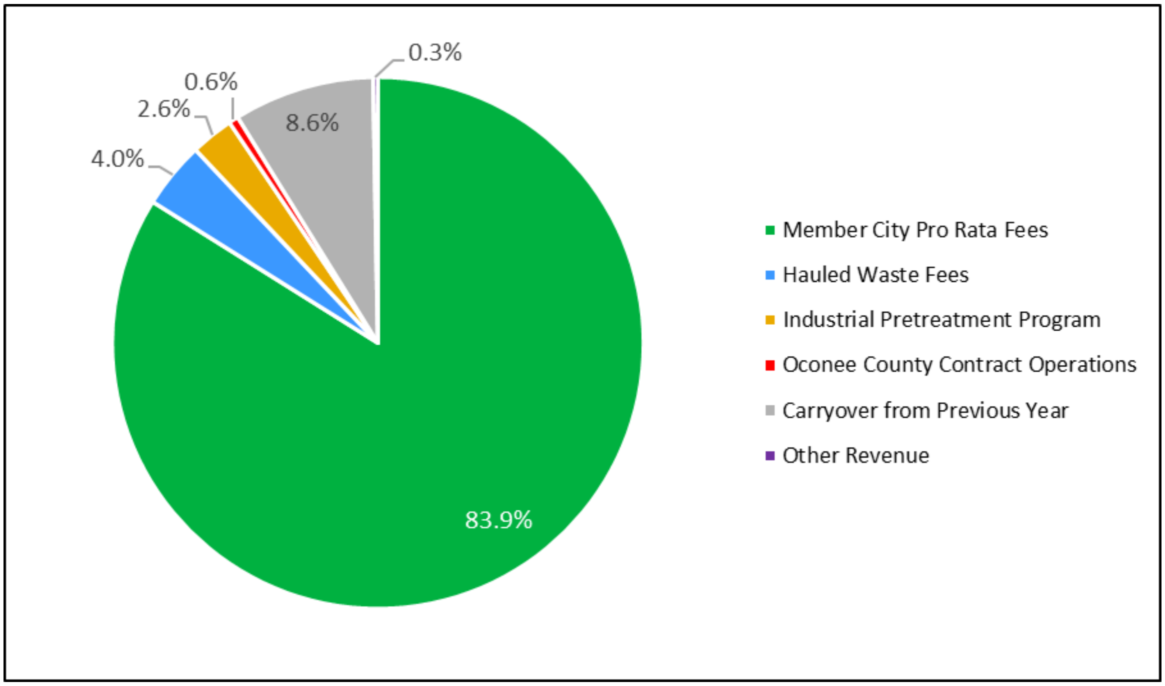

Figure 3: Breakdown of budgeted revenue for FY 2024 O&M Budget

It was announced by the South Carolina Rural Infrastructure Authority ("SCRIA") that the OJRSA was a recipient of a SCIIP Grant totaling $9,599,975 to address (1) rehabilitation projects in the wastewater conveyance system, (2) the replacement of the Flat Rock Pump Station, and (3) the replacement of dewatering equipment at the Coneross Creek WRF.

Unless otherwise noted, the OJRSA does not receive appropriations from Oconee County[6] or the Member Cities for operating expenses or capital improvements nor does the agency assess *ad valorem* taxes on properties.

Long-Term Debt

OJRSA does not have any material long-term debt.

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[4] Includes a base rate plus a volumetric fee per 1,000 gallons of usage, which varies depending on if the customer is a residential or nonresidential user. Fees are billed by the retail water/sewer provider and then transferred to OJRSA monthly.

[5] Pro rata share model was determined by the percentage of flow each Member City contributed to the OJRSA.

[6] Other than for contract operation and maintenance of county-owned assets associated with the Golden Corner Commerce Park Pump Station.

Capital Improvement Projects and Expenses

Included in the FY 2024 Budget were several capital and rehabilitation projects to be paid from various OJRSA accounts. Some of the key projects in the budget were:

NEW CONSTRUCTION FOR SYSTEM EXPANSION OR ACCOMMODATION OF GROWTH

Begin construction of Sewer South Phase II (multi-year project[7]) – Construction costs are reimbursable by grants from the United States Economic Development Administration (up to $3,700,000) and SCRIA (up to $935,566), as well as Oconee County government (the remainder of project expenses). Other costs, such as engineering, easement acquisition, and legal expenses, are to be reimbursed by Oconee County.

- Construction – RO&M $12,886,947
- Engineering and Other Professional Services – RO&M $424,500

REPLACEMENT AND REHABILITATION

- Conveyance System Improvements to Address South Carolina Department of Health and Environmental Control ("SCDHEC") Consent Order:
    - Seneca Creek Pump Station and Force Main Replacement Design – O&M $120,000
    - Flat Rock Pump Station Replacement
        - Engineering – P&CF $100,000
        - Construction – P&CF $1,737,500 (to be reimbursed by SCIIP Grant)
    - Phase I of CMOM/Consent Order Projects Construction – P&CF $360,850
    - Phase II of CMOM/Consent Order Projects
        - Engineering – P&CF $400,000
        - Construction – P&CF $5,062,475 (to be reimbursed by SCIIP Grant)
- Dewatering Equipment Replacement at WRF – P&CF $2,800,000 (to be reimbursed by SCIIP Grant)

ENGINEERING AND ASSESSMENTS

- Central Oconee County Sewer Master Plan – P&CF $350,000 (with a $100,000 reimbursement pledge from Blue Ridge Electric Cooperative)
- Regional Sewer Feasibility Planning Study – P&CF $100,000 (to be reimbursed by SCRIA Grant)

Non-Budgeted Emergency Expenses

The OJRSA experienced several unexpected emergencies during FY 2024; however, necessary repairs were performed using departmental funds from the approved O&M annual budget.

Capital Projects and Related Expenses Budgeted for FY 2025

Capital projects can span the time of one accounting period. The OJRSA plans to undertake the following large tasks during FY 2025 as approved by the Board of Commissioners on May 6, 2024:

NEW CONSTRUCTION FOR SYSTEM EXPANSION OR ACCOMMODATION OF GROWTH

- Sewer South Phase II Construction Completion – RO&M $3,713,031

REPLACEMENT AND REHABILITATION

- Conveyance System Improvements to Address SCDHEC Consent Order:
    - Inspection and Cleaning for Martin Creek Pump Station Gravity Sewer Basin and Southern Westminster Trunk Sewer – O&M $264,202
    - Flat Rock Pump Station Construction Completion – P&CF $485,000 ($450,000 to be reimbursed by SCIIP Grant)
    - Phase II of CMOM/Consent Order Project Construction and Engineering
        - Construction – P&CF $4,927,357 (to be reimbursed by SCIIP Grant)
        - Engineering – P&CF $260,000

[7] A "multi-year project" may span multiple fiscal years.

- Dewatering Equipment Replacement at WRF
    - Construction – P&CF $3,100,000 (to be reimbursed by SCIIP Grant)
    - Engineering – P&CF $340,000
- Conveyance System Improvements, Including Engineering, to Address SCDHEC Consent Order for FY 2024 – PCF $5,062,745[8]

<u>ENGINEERING AND ASSESSMENTS</u>

- Regional Sewer Feasibility Planning Implementation
    - Rate and Fee Study – O&M $60,000
- Oconee County and Western Anderson County Sewer Master Plan Completion – P&CF $25,000
- Regional Sewer Feasibility Planning Study Completion – P&CF $20,000 (to be reimbursed by SCRIA Grant)

Contacting the OJRSA's Financial Department

This financial report is designed to provide the users and creditors of the OJRSA with a general overview of the agency's finances and to demonstrate its accountability for funds. If you have any questions about this report or need additional information, please contact the Oconee Joint Regional Sewer Authority at 623 Return Church Road, Seneca, South Carolina 29678. The OJRSA can also be reached by phone at 864-972-3900 or email at info@ojrsa.org.

Additional information, including the agency's annual budget and Board meeting minutes, can be found at www.ojrsa.org.

[8] A considerable portion of this anticipated expense is to be funded by a SCIIP Grant.

BASIC FINANCIAL STATEMENTS

OCONEE JOINT REGIONAL SEWER AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2024

ASSETS	
CURRENT ASSETS:	
Cash	$ 3,630,893
Investments	6,045,780
Accounts Receivable	662,333
Due from Other Governments	2,814,031
Inventory	153,158
TOTAL CURRENT ASSETS	13,306,195
NON-CURRENT ASSETS:	
CAPITAL ASSETS:	
Land and Land Rights	693,819
Plant, Lines, Stations and Related Assets	32,920,340
Equipment and Vehicles	1,059,819
Construction in Progress	14,866,679
Less Accumulated Depreciation	(19,537,699)
TOTAL NON-CURRENT ASSETS	30,002,958
TOTAL ASSETS	43,309,153
DEFERRED OUTFLOWS OF RESOURCES	
Deferred OPEB Charges	287,700
Deferred Pension Charges	312,057
TOTAL DEFERRED OUTFLOWS OF RESOURCES	599,757
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable	$ 3,002,124
Accrued Liabilities	76,598
Compensated Absences	72,917
TOTAL CURRENT LIABILITIES	3,151,639
NON-CURRENT LIABILITIES:	
Net OPEB Liability	549,200
Net Pension Liability	1,992,199
Compensated Absences	72,917
TOTAL NON-CURRENT LIABILITIES	2,614,316
TOTAL LIABILITIES	5,765,955
DEFERRED INFLOWS OF RESOURCES	
Deferred OPEB Credits	654,300
Deferred Pension Credits	157,677
TOTAL DEFERRED INFLOWS OF RESOURCES	811,977
NET POSITION	
Net Investment in Capital Assets	30,002,958
Unrestricted	7,328,020
TOTAL NET POSITION	$ 37,330,978

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

OCONEE JOINT REGIONAL SEWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2024

OPERATING REVENUES	
Wastewater Treatment Fees	$ 6,227,019
Other Fees and Charges	37,300
TOTAL OPERATING REVENUES	6,264,319
OPERATING EXPENSES	
Salaries, Wages and Employee Benefits	1,622,600
Contractual Services, Materials, Supplies and Other Expenses	2,423,753
Depreciation Expense	1,238,863
TOTAL OPERATING EXPENSES	5,285,216
OPERATING INCOME (LOSS)	979,103
NON-OPERATING REVENUES (EXPENSES)	
Sale of Equipment	20,025
Income (Loss) on Investments	289,253
TOTAL CAPITAL NON-OPERATING REVENUES (EXPENSES)	309,278
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,288,381
CAPITAL CONTRIBUTIONS	
Capital Grants and Contributions	13,626,524
Impact Fees	1,633,500
TOTAL CAPITAL CONTRIBUTIONS	15,260,024
CHANGE IN NET POSITION	16,548,405
NET POSITION, BEGINNING	20,782,573
NET POSITION, ENDING	$ 37,330,978

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

OCONEE JOINT REGIONAL SEWER AUTHORITY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATIONS:	
Received from Customers	$ 3,355,606
Payments to Employees and Related Benefits	(1,581,152)
Payments to Suppliers for Goods and Services	400,594
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2,175,048
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and Construction of Capital Assets	(14,393,481)
Sale of Equipment and Other Income	20,025
Capital Contributions	15,260,024
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	886,568
CASH FLOWS FROM INVESTING ACTIVITIES:	
Income (Loss) from Investments	289,253
Proceeds from Sale of Investments	9,630,597
Purchase of Investments	(10,225,980)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(306,130)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,755,486
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	875,407
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,630,893
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:	
Current Assets	$ 3,630,893
Restricted Assets	-
TOTALS	$ 3,630,893
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
OPERATING INCOME (LOSS)	$ 979,103
ADJUSTMENTS NOT AFFECTING CASH:	
Depreciation	1,238,863
CHANGE IN ASSETS AND LIABILITIES:	
Accounts Receivable	(94,682)
Due from Other Governments	(2,814,031)
Inventory	(10,684)
Accounts Payable	2,835,031
Accrued Liabilities	10,914
Compensated Absences	21,840
Net Pension Liability	(155,931)
OPEB Liability	47,700
CHANGE IN DEFERRED OUTFLOWS/INFLOWS OF RESOURCES:	
Deferred Pension Charges	82,909
Deferred Pension Credits	79,716
Deferred OPEB Charges	24,500
Deferred OPEB Credits	(70,200)
TOTAL ADJUSTMENTS	1,195,945
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 2,175,048

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF ENTITY:

The Oconee Joint Regional Sewer Authority (the "OJRSA") began operations as OJRSA during the 2008/2009 year. The purpose of the OJRSA is to provide for the treatment and disposal of residential, commercial, and industrial wastewater in Oconee County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. The Reporting Entity

This report includes all operations of the OJRSA for which the OJRSA Commissioners are financially accountable. The OJRSA does not have any component units.

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

Fund Accounting

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

Basis of Accounting

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

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

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

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

C. Cash, Cash Equivalents, and Investments

OJRSA considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED):

C. Cash, Cash Equivalents, and Investments (continued):

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

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

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

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

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

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

OJRSA's cash and investment objectives are preservation of capital, liquidity, and yield. OJRSA reports its cash and investments at fair value which is normally determined by quoted market prices. OJRSA currently or in the past year has primarily used the following investments in its operating activities:

Certificate of Deposits of $6,045,780 are valued using quoted market prices (Level 1 inputs).

D. Accounts Receivable

Accounts receivable represents the uncollected billings as of the fiscal year-end and are shown net of an allowance for uncollectible amounts (if material). Due from other governments consists of grant monies and reimbursements due but uncollected at year-end.

E. Inventory and Prepaid Items

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED):

F. Capital Assets

Property, plant and equipment purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. OJRSA's capitalization level is $5,000 per unit item. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

	Years
Buildings, including substantial aboveground structures or enclosures	40
Consultation and engineering studies	5
Consultation services and engineering design (if implemented or constructed)	20
Consultation services and engineering design (if not implemented or constructed)	5
Control systems (computers, SCADA, PLCs, programming, etc.)	10
Covered storage	40
Electrical equipment (motors, generators, motor control centers, lighting, conduit, etc.)	20
Furniture and fixtures	7
Gravity collection and trunk sewer lines	40
Heavy construction and off-road equipment	10
Inflow and infiltration repairs	20
Inflow and infiltration replacement	40
Leasehold assets and improvements	Term of lease
Mechanical equipment (pumps, chains, fans, HVAC, valves, etc.)	20
Office equipment and machines	4
On-road and all-terrain vehicles	7
Pressurized pipes and force mains	40
Sewer appurtenances (manholes, air release valves, vaults, etc.)	40
Sewer inspection and maintenance equipment (CCTV, cleaning and testing, etc.)	7

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. OJRSA follows the guidance of GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. Accordingly, interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Construction in progress at June 30, 2024 represents engineering and construction costs of ongoing projects.

G. Compensated Absences

It is OJRSA's policy to permit employees to accumulate earned but unused vacation, compensatory, and sick pay benefits. Unused vacation and compensatory time is accumulated in varying amounts based on years of service. Earned vacation and compensatory time will be paid out when used or at retirement up to the maximum limits. Sick leave will only be paid out when used by an employee for personal illness and any remaining unused sick leave balances will be forfeited upon separation of employment.

OJRSA reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." The entire compensated absence liability and expense is reported on OJRSA's financial statements.

H. Accrued Liabilities and Long-Term Obligations

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED):

until then. The government has two types of deferred outflow of resources, (1) *Deferred Pension Charges* and (2) *Deferred Other Post Employment Benefit (OPEB) Charges*. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of deferred inflow of resources, (1) *Deferred Pension Credits* and (2) *Deferred Other Post Employment Benefit (OPEB) Charges*. The *deferred pension* and *OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

J. Net Position

Net position represents the difference between assets and deferred outflows (if any) and liabilities and deferred inflows (if any) in the statement of net position. Net position is classified into three components as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted - This component of net position consists of items that do not meet the definition of "restricted" or "net investment in capital assets."

K. Revenues and Rate Structure

Revenues from wastewater treatment services are recognized on the accrual basis. Services are supplied to users under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, debt service, reserves and debt service coverage. Operating revenues primarily consist of wastewater treatment fees and other miscellaneous revenues. Income from investments and other revenue sources are classified as non-operating in the financial statements.

L. Capital Contributions

Contributions are recognized in the statement of revenues, expenses and changes in fund net position when earned. Contributions include impact fees, sale of equipment, and capital grants.

M. Special and Extraordinary Items

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in fund net position.

N. Claims and Judgments

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED):

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

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

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

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

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

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED):

R. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

S. Subsequent Events

Management has evaluated subsequent events through November 1, 2024, the date the financial statements were available to be issued.

NOTE 3 – DEPOSITS AND INVESTMENTS:

Deposits

Custodial credit risk for Deposits - Custodial credit risk is the risk that OJRSA's deposits will not be returned to it. OJRSA has no formal policy regarding custodial credit risk. The total cash balances are insured by the FDIC up to $250,000 per bank. From time to time during the year, OJRSA may have cash on deposit with banks that exceeds the balance insured by the FDIC.

Investments – As of June 30, 2024, OJRSA had the following investments and maturities:

			Investment Maturities (in years)		
Investment	**Credit Rating ^**	**Fair Value**	**less than 1**	**1-5**	**5-10**
Certficates of Deposit	NR	$ 6,045,780	$ 4,398,002	$ 1,647,779	-

^ If available, credit ratings are from Standard & Poor’s and Moody’s Investors Service

NR – Not Rated

Interest rate risk - Investments - OJRSA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Credit risk – Investments - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the United States Government and government agencies unconditionally guaranteed by the United States Government. OJRSA has no investment policy that would further restrict its choices.

Concentration of credit risk - Investments - Concentration of credit risk is the risk of loss attributed to the magnitude of OJRSA 's investments in a single issuer. OJRSA does not have a policy that limits the amount that may be invested in any one issuer.

Certain deposits and investments of OJRSA are designated for specified purposes. The major types of designations at June 30, 2024 were those imposed by OJRSA.

NOTE 4 – DESIGNATED ASSETS:

OJRSA has designated certain resources in order to meet future obligations. These resources are classified as unrestricted assets in the statements of net position, however, the OJRSA has designated them for specific use.

The capital upgrades and expansion, contingency, capital replacement and special expansion fund accounts are used to accumulate resources to be used for improvements, betterments, and extensions of the system. Total unrestricted net position totaled $7,328,020 at June 30, 2024. This amount was designated by OJRSA for specific use.

NOTE 5 – CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets not being Depreciated:				
Land and Land Rights	$ 693,819	$ -	$ -	$ 693,819
Construction in Progress	750,498	14,116,181	-	14,866,679
Total Capital Assets not being Depreciated	1,444,317	14,116,181	-	15,560,498
Capital Assets being Depreciated:				
Property, Plant, & Equipment	32,784,314	136,026	-	32,920,340
Automotive Equipment	716,446	29,424	-	745,870
Equipment	202,099	111,850	-	313,949
Total Capital Assets being Depreciated	33,702,859	277,300	-	33,980,159
Less Accumulated Depreciation for:				
Property, Plant, & Equipment	(17,875,551)	(1,120,064)	-	(18,995,615)
Automotive Equipment	(308,106)	(83,567)	-	(391,673)
Equipment	(115,179)	(35,232)	-	(150,411)
Total Accumulated Depreciation	(18,298,836)	(1,238,863)	-	(19,537,699)
Total Capital Assets being Depreciated, Net	15,404,023	(961,563)	-	14,442,460
Capital Assets, net	$ 16,848,340	$ 13,154,618	$ -	$ 30,002,958

Depreciation expense for the year totaled $1,238,863.

NOTE 6 – LONG-TERM LIABILITIES:

Changes in long-term liabilities was as follows:

	Balance at June 30, 2023	Additions	Reductions	Balance at June 30, 2024	Due Within One Year
Net Pension Liability	$ 2,148,130	$ -	$ (155,931)	$ 1,992,199	$ -
Net OPEB Liability	501,500	47,700	-	549,200	-
Compensated Absences	123,994	21,840	-	145,834	72,917
Total Long-Term Liabilities	$ 2,773,624	$ 69,540	$ (155,931)	$ 2,687,233	$ 72,917

NOTE 7 – PENSION PLAN:

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

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

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. PEBA is a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the state.

Plan Description

The South Carolina Retirement System (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

Membership

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

NOTE 7 – PENSION PLAN (CONTINUED):

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

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member’s age and the member’s creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

NOTE 7 – PENSION PLAN (CONTINUED):

Required employee contribution rates are as follows:

	Fiscal Year 2024	Fiscal Year 2023
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%

- Required employer contributions rates (1) for the fiscal year ended June 30 are as follows:

	Fiscal Year 2024	Fiscal Year 2023
SCRS		
Employer Class Two	18.41%	17.41%
Employer Class Three	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%

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

Actuarial Assumptions and Methods

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 with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023:

	SCRS
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.0% to 11.0%
Benefit adjustments	lesser of 1% or $500

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), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

NOTE 7 – PENSION PLAN (CONTINUED):

Assumptions used in the June 30, 2023, valuations for SCRS are as follows:

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

Net Pension Liability of the Plan

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

Plan	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$58,464,402,454	$34,286,961,942	$24,177,440,512	58.6%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected 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.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

NOTE 7 – PENSION PLAN (CONTINUED):

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity[1]	9.0%	10.91%	0.98%
Private Debt[1]	7.0%	6.16%	0.43%
Real Assets	**12.0%**		
Real Estate[1]	9.0%	6.41%	0.58%
Infrastructure[1]	3.0%	6.62%	0.20%
Total Expected Return[2]	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
			7.56%

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the proportionate share of the NPL of the plans calculated using the discount rate of 7.00 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
1.00% Decrease (6.00%)	**Current Discount Rate (7.00%)**	**1.00% Increase (8.00%)**
$2,574,112	$1,992,199	$1,508,534

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

At June 30, 2024, OJRSA reported a liability of $1,992,199 for its proportionate share of the SCRS net pension liability. The net pension liabilities were measured as of June 30, 2023, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2023 that was projected forward to the measurement date. OJRSA's proportion of the net pension liabilities were based on a projection of OJRSA's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2023, OJRSA's SCRS proportion was 0.008240%.

For the year ended June 30, 2024, OJRSA recognized pension expense of approximately $214,000. At June 30, 2024, OJRSA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 7 – PENSION PLAN (CONTINUED):

	Deferred Outflows of	Deferred Inflows of Resources
Difference between expected and actual experience	$ 34,588	$ 5,525
Changes of assumptions	30,523	-
Net difference between projected and actual investment earnings	-	2,727
Change in allocated proportion	47,190	149,425
Contributions after the measurement date	199,756	-
Total	$ 312,057	$ 157,677

The amount of $199,756 reported as deferred outflows of resources related to pensions resulting from OJRSA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
2025	$ 19,587
2026	(95,607)
2027	31,812
2028	(1,168)
Thereafter	-
Total	$ (45,376)

Payable to Plans

OJRSA reported a payable of approximately $23,380 to PEBA as of June 30, 2024, representing required employer and employee contributions for the month of June 2024 for the SCRS.

NOTE 8 – RISK MANAGEMENT:

OJRSA is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To insure against casualty risks, OJRSA is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments in South Carolina. Settled claims resulting from these risks have not exceeded the insurance coverage limits in any of the past three fiscal years.

NOTE 9 – COMMITMENTS AND CONTINGENCIES:

The construction work in progress amounts in Note 5 relate to engineering, legal, and other construction costs. OJRSA has approximately $18,000,000 in construction commitments at year-end.

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS:

The OJRSA sponsors a single employer defined benefit healthcare plan (the “OPEB Plan”) to provide certain postretirement benefits to eligible retirees. The OJRSA pays at least a portion of the monthly premiums for employees, depending upon an employee’s length of service. Retirees may, at their option, include spouse coverage. The OJRSA’s regular insurance benefit providers underwrite the retiree’s policies.

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS (CONTINUED):

Plan Description

A retired employee under the South Carolina State Retirement (SCRS) plan who is participating in the OJRSA's medical and dental program, is eligible to elect post-retirement coverage if, at retirement, the participant meets the following conditions.

Eligibility Conditions

A retiring employee, who is participating in the employer's medical program and who is eligible to retire under the South Carolina Retirement System, is eligible to elect postemployment coverage.

Regular Employees – Class 2

- Retirees with 60 years of age and 5 years of service.
- Retirees with 55 years of age and 25 years of service.
- Retirees with 65 years of age and 5 years of service.
- Retirees with 28 years of service.

Regular Employees – Class 3

- Retirees with 60 years of age and 8 years of service.
- Retirees with age plus years of service equal 90 points.
- Retirees with 65 years of age and 8 years of service.

Covered Employees

All full time employees (must be covered by the active plan at time of retirement).

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS (CONTINUED):

Type of Coverage	Retiree	Spouse
Life Insurance	Employer provides $3,000 of Basic Life Insurance coverage. Employer pays the premium.	Not Applicable
Coverage ceases	Coverage stops at age 65.	Not Applicable.
Medical Coverage		
➢ Retiree Cost Sharing	Retirees pay a portion of the premium. See Retiree Premium Discount table below.	Retiree pays a portion of the spousal premium. See Retiree Premium Discount table below.
➢ Coverage ceases	Coverage stops at date of death.	Coverage stops at Spouse date of death.
Dental & Vision Coverage		
➢ Retiree Cost Sharing	Retirees pay a portion of the premium. See Retiree Premium Discount table below.	Retiree pays a portion of the spousal premium. See Retiree Premium Discount table below.
➢ Coverage ceases	Coverage stops at date of death.	Coverage stops at Spouse date of death.

Retiree Premium Discount			
Service at Retirement:	10 + years	15-25 years	25 + years
Retiree & Spouse hired Prior to May 2, 2008	61.86%	N/A	N/A
Retiree & Spouse hired on or after May 2, 2008	N/A	23.72%	61.86%

Dependent (non-spouse) Coverage

Dependents not covered.

Amendments

The Employer reserves the right to amend the Plan at any time subject to Board action.

Rollforward disclosure

The actuarial valuation was performed as of July 1, 2023. Update procedures were used to roll forward the total OPEB liability to June 30, 2024.

Plan assets

There are no Plan assets accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. Plan.

Membership

The following employees were covered by the benefit terms at the valuation date of July 1, 2023:

Med Tier	Active	Inactive
Employee	14	0
Employee + Spouse	2	0
Employee + Children	0	0
Employee + Family	2	0
None	0	0
Total	**18**	**0**

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS (CONTINUED):

Contributions

The funding policy of the OJRSA is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

Actuarial Assumptions and Methods

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

Discount Rate:	3.86%
Salary Scale:	2.50%
Healthcare Cost Trend Rates:	5.75% for fiscal year end 2023 and 9.21% for fiscal year end 2024 (to reflect actual experience), then 6.50% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Mortality:	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021
Actuarial Cost Method:	Entry Age Actuarial Cost Method

Expected Return on Assets

None

Discount Rate

The discount rate has been set equal to 3.86% and represents the Municipal GO AA 20-year yield curve rate as the measurement date.

Net OPEB Liability

The employer's net OPEB liability of $549,200 is reported herein as of June 30, 2024 for the employer fiscal year and reporting period of June 30, 2023 to June 30, 2024. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2023.

Changes in the Net OPEB Liability

The District's OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS (CONTINUED):

The following details the change in OPEB liability for the year ended June 30, 2024:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (a) – (b)
Balances at July 1, 2023	$ 501,500	$ 0	$ 501,500
Changes for the year:			
Service cost	37,600		37,600
Interest	19,900		19,900
Differences between expected and actual experience	12,800		12,800
Contributions – employer		0	0
Contributions – employee		0	0
Net investment income		0	0
Benefit payments	0	0	0
Changes of benefit terms	0	0	0
Administrative expense		0	0
Assumption changes	(22,600)	0	(22,600)
Net changes	$ 47,700	$ 0	$ 47,700
Balances at June 30, 2024*	$ 549,200	$ 0	$ 549,200

***Measurement date is July 1, 2023**

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability/(asset) of the employer as of the measurement date calculated using the discount rate, as well as what the employer's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Employer's Net OPEB Liability/(Asset)	$698,000	$549,200	$436,200

Sensitivity of the net OPEB liability to changes in the trend rate

The following presents the net OPEB liability/(asset) of the employer as of the measurement date calculated using the trend rate, as well as what the employer's net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Employer's Net OPEB Liability/(Asset)	$422,000	$549,200	$721,700

NOTE 10 - POST-EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS (CONTINUED):

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

For the year ended June 30, 2024, under GASB 75 the employer OPEB expense is $5,500. The Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB as of June 30, 2024 from various sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 45,800	$ (335,000)
Changes of assumptions	241,900	(319,300)
Net difference between projected and actual earnings on OPEB plan investments	0	0
Employer contributions after Measurement Date but prior to fiscal year end	TBD[1]	0
Total	$ 287,700	$ (654,300)

Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

Year ended June 30:	Amount:
2025	$ (55,500)
2026	(55,500)
2027	(55,500)
2028	(55,500)
2029	(55,300)
Thereafter	(89,300)

NOTE 11 – LITIGATION

OJRSA is from time-to-time subject to various claims, legal actions and other matters arising out of the normal operations conducted by the Utility. In the opinion of management, based on prior experience and available information, the disposition of any lawsuits will not materially affect OJRSA's financial position.

REQUIRED SUPPLEMENTAL INFORMATION

OCONEE JOINT REGIONAL SEWER AUTHORITY

REQUIRED SUPPLEMENTAL INFORMATION – PENSION PLAN SCHEDULES

SCHEDULE OF OJRSA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF OJRSA CONTRIBUTIONS TO THE COST SHARING PENSION PLAN

JUNE 30, 2024

OJRSA's proportionate share of the net pension liability is as follows:

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
OJRSA's proportion of the net pension liability (asset)	0.008240%	0.008861%	0.009262%	0.008396%	0.007867%	0.007398%	0.007459%	0.007306%	0.007271%	0.007658%
OJRSA's proportion share of the net pension liability (asset)	$ 1,992,199	$ 2,148,130	$ 2,004,469	$ 2,145,353	$ 1,796,322	$ 1,657,552	$ 1,679,141	$ 1,560,551	$ 1,378,980	$ 1,318,454
OJRSA's covered payroll	$ 1,050,473	$ 1,055,151	$ 1,047,012	$ 889,904	$ 829,341	$ 713,370	$ 752,119	$ 707,532	$ 676,128	$ 682,497
OJRSA's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	189.65%	203.59%	191.45%	241.08%	216.60%	232.36%	223.25%	220.56%	203.95%	193.18%
Plan fiduciary net position as a percentage of the total pension liability	58.60%	57.10%	60.70%	50.70%	54.40%	54.01%	53.30%	52.90%	57.00%	59.90%

OJRSA's contributions to the cost sharing pension plan was as follows:

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 202,513	$ 184,463	$ 174,733	$ 162,915	$ 138,469	$ 120,752	$ 96,733	$ 86,945	$ 78,253	$ 73,698
Contributions in relation to the contractually required contribution	(202,513)	(184,463)	(174,733)	(162,915)	(138,469)	(120,752)	(96,733)	(86,945)	(78,253)	(73,698)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OJRSA's covered payroll	$ 1,091,126	$ 1,050,473	$ 1,055,151	$ 1,047,012	$ 889,904	$ 829,341	$ 713,370	$ 752,119	$ 707,532	$ 676,128
Contributions as a percentage of covered payroll	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The City adopted GASB #68/71 during the year ended June 30, 2015. Information before 2015 is not available.

Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years (as information becomes available):

Last 10 Fiscal Years (as information becomes available)

Fiscal Year Ending June 30,	2019	2020	2021	2022
Total OPEB liability				
Service cost	$ 28,600	$ 29,300	$ 35,400	$ 46,000
Interest	22,200	24,500	25,600	24,900
Changes of benefit terms	0	0	0	0
Differences between expected and actual experience	0	(1,800)	53,200	(60,900)
Changes of assumptions	0	83,800	72,800	199,700
Benefit payments, including refunds of employee contributions	0	0	0	0
Net change in total OPEB liability	$ 50,800	$ 135,800	$ 187,000	$ 209,700
Total OPEB liability – beginning	$ 595,600	$ 646,400	$ 782,200	$ 969,200
Total OPEB liability – ending (a)	646,400	782,200	969,200	1,178,900
Plan fiduciary net position				
Contributions – employer	$ 0	$ 0	$ 0	$ 0
Contributions – employee	0	0	0	0
Net investment income	0	0	0	0
Benefit payments, including refunds of employee contributions	0	0	0	0
Administrative expenses	0	0	0	0
Other	0	0	0	0
Net change in plan fiduciary net position	$ 0	$ 0	$ 0	$ 0
Plan fiduciary net position – beginning	$ 0	$ 0	$ 0	$ 0
Plan fiduciary net position – ending (b)	0	0	0	0
Employer's net OPEB liability – ending (a)-(b)	$ 646,400	$ 782,200	$ 969,200	$ 1,178,900
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 786,200	$ 786,200	$ 940,900	$ 940,900
Employer's net OPEB liability as a percentage of covered-employee payroll	82.22%	99.49%	103.01%	125.29%

Notes to Schedule: None

Last 10 Fiscal Years (as information becomes available)

Fiscal Year Ending June 30,	2023	2024
Total OPEB liability		
Service cost	$ 57,000	$ 37,600
Interest	23,700	19,900
Changes of benefit terms	0	0
Differences between expected and actual experience	(372,900)	12,800
Changes of assumptions	(385,200)	(22,600)
Benefit payments, including refunds of employee contributions	0	0
Net change in total OPEB liability	$ (677,400)	$ 47,700
Total OPEB liability – beginning	$ 1,178,900	$ 501,500
Total OPEB liability – ending (a)	501,500	549,200
Plan fiduciary net position		
Contributions – employer	$ 0	$ 0
Contributions – employee	0	0
Net investment income	0	0
Benefit payments, including refunds of employee contributions	0	0
Administrative expenses	0	0
Other	0	0
Net change in plan fiduciary net position	$ 0	$ 0
Plan fiduciary net position – beginning	$ 0	$ 0
Plan fiduciary net position – ending (b)	0	0
Employer's net OPEB liability – ending (a)-(b)	$ 501,500	$ 549,200
Plan fiduciary net position as a percentage of the total OPEB liability	0	0.00%
Covered-employee payroll	$ 1,033,400	$ 1,033,400
Employer's net OPEB liability as a percentage of covered-employee payroll	48.53%	53.14%

Notes to Schedule: None

The following details District contributions during the last 10 fiscal years (as information becomes available):

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Actuarial Determined Contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the Actuarial required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
OJRSA's covered payroll	$ 1,091,126	$ 1,050,473	$ 1,055,151	$ 1,047,012	$ 889,904	$ 829,341
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The first valuation under GASB 75 used expected “pay-as-you-go” cost.

Notes to Schedule

The OJRSA has elected to make an annual contribution equal to the benefit payments. The OJRSA share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as “pay-as-you-go.”

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the expected “pay-as-you-go” cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

COMPLIANCE SECTION

OCONEE JOINT REGIONAL SEWER AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant/Award Number	Eligible Expenditures
US Department of Commerce*			
Economic Development Administration's Economic Adjustment Program	11.307	04-79-07356	$ 3,494,389
US Department of Treasury*			
Passed through the South Carolina Rural Infrastructure Authority, Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP5410 A-23-C153	1,244,629
Total Expenditures of Federal Awards			$ 4,739,018

* Indicates Major Program

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting.

Program Type Determination
Type A programs are defined as federal programs with federal expenditures exceeding $750,000. The threshold of $750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection
The risk-based approach was used in the selection of federal programs to be tested as major programs. OJRSA did not qualify as a low-risk auditee for the fiscal year ended June 30, 2024.

De Minimis Indirect Cost Rate
OJRSA did not use the de Minimis indirect cost rate.

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

Independent Auditor's Report

To the Governing Body
Oconee Joint Regional Sewer Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oconee Joint Regional Sewer Authority (the "OJRSA") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise OJRSA's basic financial statements, and have issued our report thereon dated November 1, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

Seneca, South Carolina

November 1, 2024

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

Independent Auditor's Report

To the Governing Body
Oconee Joint Regional Sewer Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oconee Joint Regional Sewer Authority's (the "OJRSA") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of OJRSA's major federal programs for the year ended June 30, 2024. OJRSA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, OJRSA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on OJRSA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about OJRSA's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

Seneca, South Carolina

November 1, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	______ yes	X	no
• Significant deficiency(ies) identified?	______ yes	X	none reported
Noncompliance material to financial statements noted?	______ yes	X	no

Federal Awards

Internal control over major federal programs:			
• Material weakness(es) identified?	______ yes	X	no
• Significant deficiency(ies) identified?	______ yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ yes	X	no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
11.307	US Department of Commerce Economic Adjustment Program
21.027	US Department of Treasury Coronavirus Local Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000		
Auditee qualified as low-risk auditee?	_____yes	X	no

Oconee Joint Regional Sewer Authority

Summary Schedule of Prior Year Findings

Year Ended June 30, 2024

There were no federal award related findings in the prior year.