



OJRSA

Oconee Joint Regional SEWER AUTHORITY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2025

OCONEE JOINT REGIONAL SEWER AUTHORITY

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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, 2025, 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, 2025, 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.

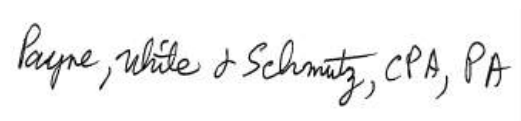
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, 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

Seneca, South Carolina

October 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oconee Joint Regional Sewer Authority
Management Discussion and Analysis
June 30, 2025

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, 2025 (FY 2025) as well as comparison information for fiscal year June 30, 2024 (FY 2024) and June 30, 2023 (FY 2023). Please consider this information in conjunction with the financial statements and related notes which follow this section.

Financial Highlights

- Net position increased by \$2,562,976 or ~7% to \$39,893,954 as a result of current year operations.
- Operating revenue of \$6,529,628 for FY 2025 increased by \$265,309 or ~4% from FY 2024.
- Operating expenses before depreciation and amortization and other items for FY 2025 increased \$78,858, or ~2% from FY 2024.
- Operating net income before depreciation and amortization and other items for FY 2025 increased \$186,451 over FY 2024.

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 ~7% during FY 2025. Net position in FY 2025, FY 2024 and FY 2023 totaled \$39,893,954, \$37,330,978 and \$20,782,573, a change of \$2,562,976, \$16,548,405 and \$743,165, respectively. Approximately 76% 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 2025, unrestricted net position increased \$2,292,113.

SUMMARY OF NET POSITION

	FY 2025	FY 2024	FY 2023
Current Assets	\$ 14,034,598	\$ 13,306,195	\$ 7,035,929
Capital Assets	30,273,821	30,002,958	16,848,340
Deferred Outflows	1,160,109	599,757	707,166
Total Assets and Deferred Outflows	45,468,528	43,908,910	24,591,435
Current Liabilities	2,677,862	3,151,639	294,774
Non-Current Liabilities	2,124,959	2,614,316	2,711,627
Deferred Inflows	771,753	811,977	802,461
Total Liabilities and Deferred Inflows	5,574,574	6,577,932	3,808,862
Net Investment in Capital Assets	30,273,821	30,002,958	16,848,340
Unrestricted	9,620,133	7,328,020	3,934,233
Total Net Position	<u>\$ 39,893,954</u>	<u>\$ 37,330,978</u>	<u>\$ 20,782,573</u>

Revenues

OJRSA's total operating revenues increased by \$265,309 in FY 2025 to \$6,529,628 from \$6,264,319 in FY 2024. 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 2025 budget which established sewer user fees. The combined total sewer fees from the cities totaled \$5,878,213. 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 increased by \$232,977 in FY 2025 to \$5,518,193 from \$5,285,216 in FY 2024. Significant expenditures for FY 2025 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 2025	FY 2024	FY 2023
Operating Revenues			
Wastewater Treatment Fees - Towns	\$ 6,529,628	\$ 6,264,319	\$ 5,689,302
Non-Operating Revenues			
Interest	384,113	289,253	56,040
Miscellaneous	-	20,025	1,237
Capital Contributions	1,167,428	15,260,024	782,308
Total Revenue	8,081,169	21,833,621	6,528,887
Operating Expenses			
Salaries, Wages and Employee Benefits	623,277	1,622,600	1,616,882
Contractual Services, Materials, Supplies and Other Expenses	3,501,934	2,423,753	2,946,353
Total Operating Expenses before Depreciation and Other Items	4,125,211	4,046,353	4,563,235
Depreciation Expense	1,392,982	1,238,863	1,222,487
Total Expense	5,518,193	5,285,216	5,785,722
Increase in Net Position	2,562,976	16,548,405	743,165
Total Net Position, Beginning of Year	37,330,978	20,782,573	20,039,408
Total Net Position, End of Year	<u>\$ 39,893,954</u>	<u>\$ 37,330,978</u>	<u>\$ 20,782,573</u>

Capital Assets

Investment in capital assets increased by \$270,863 in FY 2025. At the end of FY 2025, OJRSA had invested \$51,204,502 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 2025	FY 2024	FY 2023
Capital Assets not being Depreciated:			
Land	\$ 693,819	\$ 693,819	\$ 693,819
Construction in Progress	968,903	14,866,679	750,498
Total Capital Assets not being Depreciated	1,662,722	15,560,498	1,444,317
Capital Assets being Depreciated:			
Plant, Lines, Stations and Related Assets	48,203,189	32,920,340	32,784,314
Equipment and Vehicles	1,338,591	1,059,819	918,545
Total Capital Assets being Depreciated	49,541,780	33,980,159	33,702,859
Less: Accumulated Depreciation	(20,930,681)	(19,537,699)	(18,298,836)
Total Capital Assets being Depreciated, Net	28,611,099	14,442,460	15,404,023
Net Capital Assets	<u>\$ 30,273,821</u>	<u>\$ 30,002,958</u>	<u>\$ 16,848,340</u>

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, including¹:

1. *Development Policy* (May 6, 2024)
2. *Ethics Policy* (September 11, 2023)
3. *Financial and Accounting Policy* (February 3, 2025)
4. *Impact Fee Policy* (October 2, 2023)
5. *Personnel Policy Manual* (October 8, 2024)
6. *Procurement and Property Disposal Policy* (June 3, 2024)
7. *Purchasing Card Policy* (June 3, 2024)
8. *Records Retention Schedule and Policy* (July 6, 2020)
9. *Schedule of Fees* (July 1, 2024)
10. *Sewer Use Regulation* (April 8, 2025)

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.

¹ Effective 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.

- **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 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 nonresidential³ 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.⁴

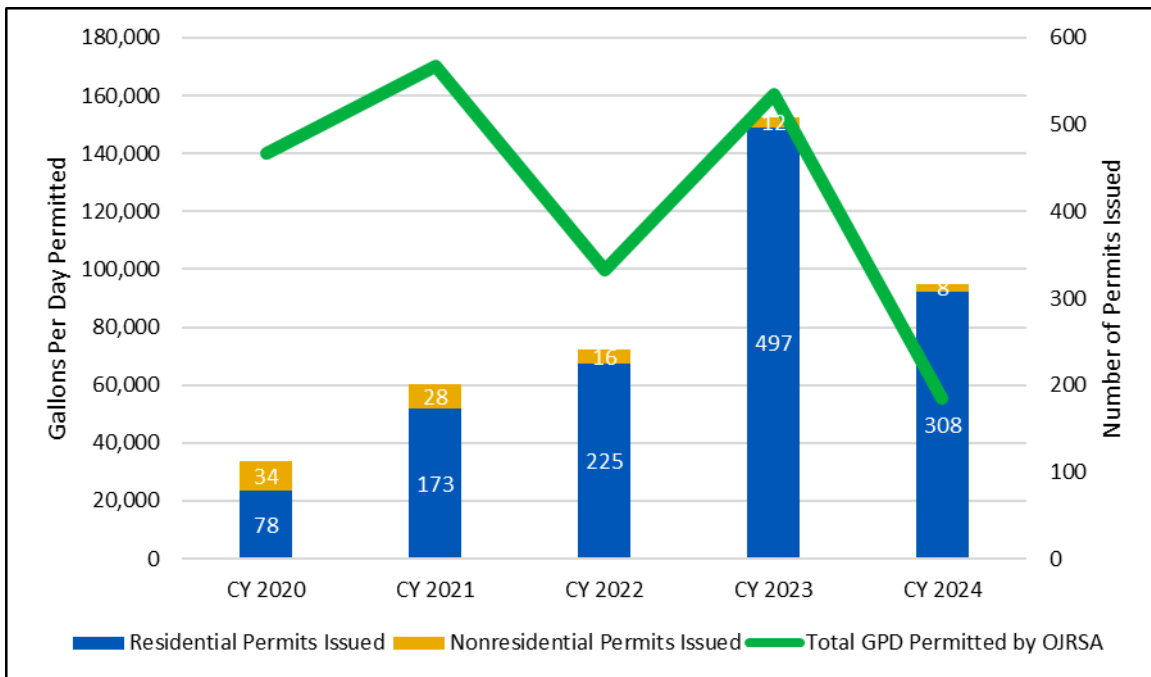


Figure 1: Volume of flow and number of Permits for OJRSA Wastewater System Capacity approved over last five calendar years.

Calendar Year (“CY”) 2024 system flows to the Coneross Creek WRF increased by 18.2% from the previous year to a total of 1,131.1 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), system expansion and growth, and active or passive water conservation measures.

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 Commercial, industrial, and institutional developments

⁴ 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.

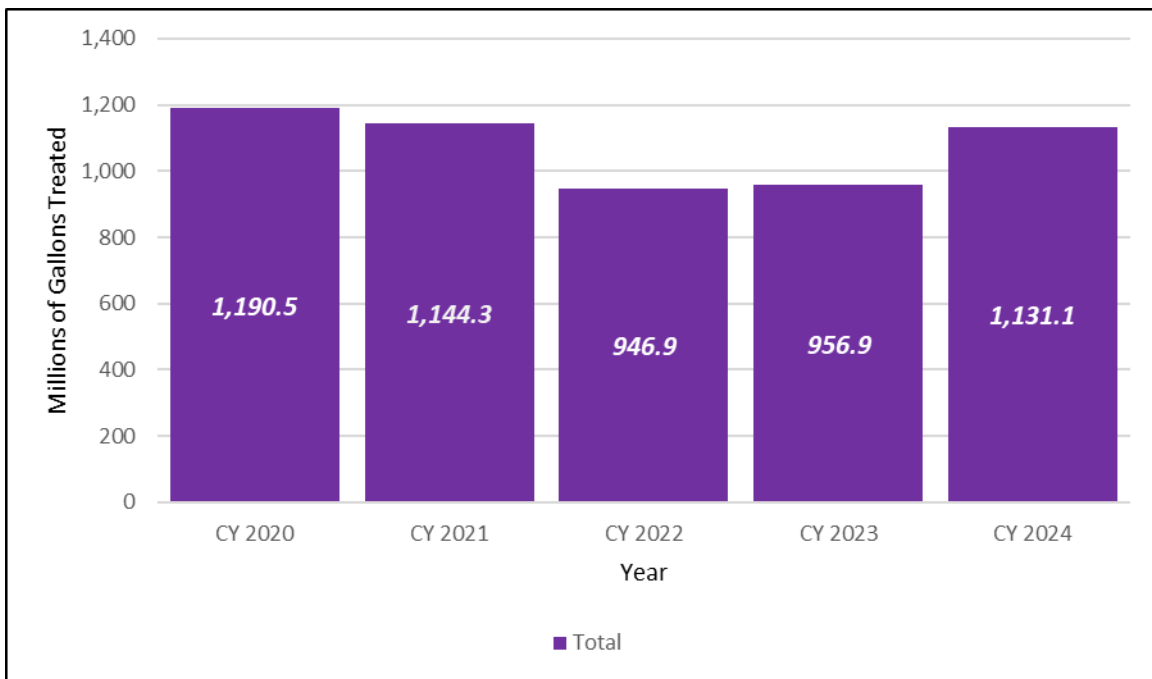


Figure 2: Wastewater treated the last five calendar years.

The OJRSA has experienced a normalization of inflation to pre-COVID-19 levels. However, the organization, in alignment with broader industry trends, continues to face challenges related to labor availability and costs. For wastewater utilities such as the OJRSA, inflation has a direct effect on both operating and capital expenditures. Rising labor costs impact the ability to recruit and retain qualified operators and technical staff, while increases in the price of treatment chemicals, fuel, and replacement parts such as pumps, motors, and piping place can significantly impact the operating budget. With respect to capital improvements, higher costs for construction materials and contracted services can drive bid prices upward, influencing both the timing and scope of planned rehabilitation and expansion projects.

Although expenditures for consumables and capital-related components have largely stabilized, inflationary pressures remained an important consideration in financial planning. Due to the recent stabilization of prices, the agency was able to execute nearly all budgeted projects during Fiscal Year (FY) 2025.

Fiscal Year Budget Approval

The FY 2025 was approved by the Board of Commissioners on May 6, 2024. Information regarding the budget, including a narrative summary, is included in the meeting minutes for that date and is available for public review on the OJRSA website or 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 during the year.

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

Day-to-day operating revenues for FY 2025 were derived primarily from user fees⁵ paid directly by wastewater customers. This represents a significant shift from prior years, when revenues were collected from Member Cities under a “pro rata share” model⁶, whereby municipalities remitted fees on behalf of their customers. 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 for each fund:

- WO&M – \$6,359,382
- RO&M – \$6,052,012 (primarily from grants and intergovernmental reimbursements)
- P&CF – \$9,482,357 (includes grants and transfers into account from other funds)
- WIF – \$1,250,000
- RIF – \$5,000

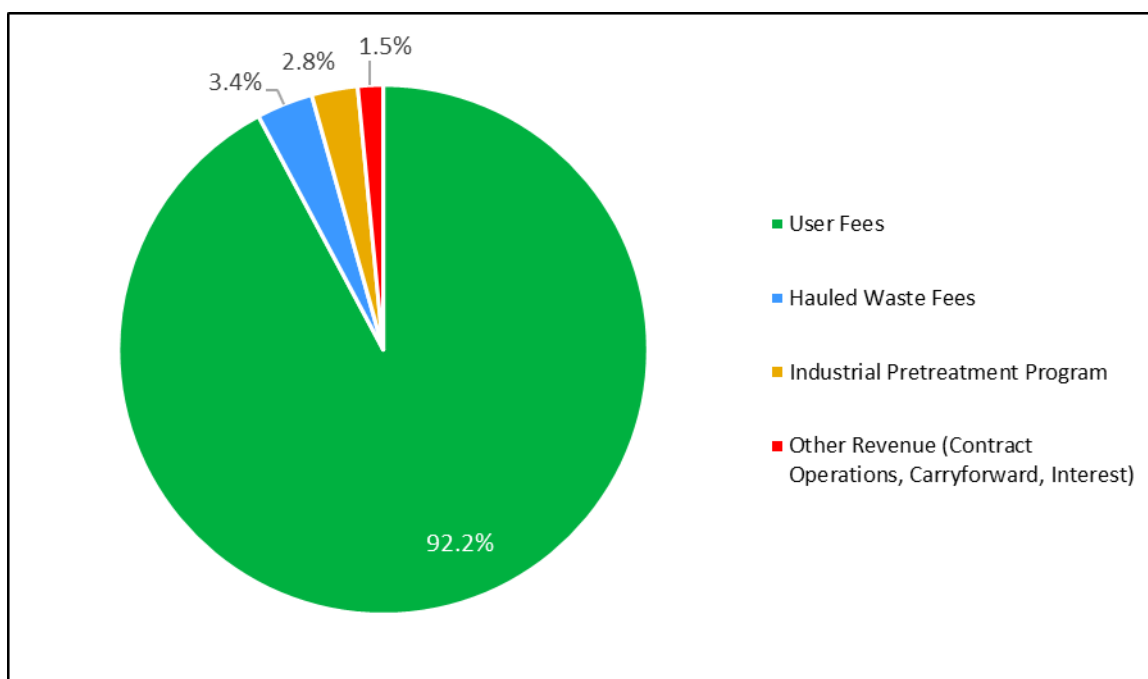


Figure 3: Breakdown of budgeted revenue for FY 2024 O&M Budget

In 2023, the South Carolina Rural Infrastructure Authority (SCRIA) awarded the OJRSA with a South Carolina Infrastructure Investment Program (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. These are identified in the P&CF budgeted revenues.

The OJRSA continued work on Phase II of the Interstate 85 Corridor Sewer Project, commonly referred to as “Sewer South,” in FY 2025. The grant and intergovernmental reimbursement funds were included in the RO&M budget.

Unless otherwise noted, the OJRSA does not receive appropriations from Oconee County⁷ or the Member Cities for operating expenses or capital improvements nor does the agency assess *ad valorem* taxes on properties.

⁵ 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.

⁶ Pro rata share model was determined by the percentage of flow each Member City contributed to the OJRSA.

⁷ Other than for contract operation and maintenance of county-owned assets associated with the Golden Corner Commerce Park Pump Station.

Long-Term Debt

OJRSA does not have any material long-term debt.

Capital Improvement Projects and Expenses

Included in the FY 2025 Budget were several capital and rehabilitation projects funded from various OJRSA accounts. Certain projects represent continuations from the prior fiscal year and, in some cases, may extend beyond the close of the accounting period covered by this report. Key projects in the budget were:

NEW OR CONTINUED CONSTRUCTION DUE TO GROWTH

- Completed construction of Sewer South Phase II (multi-year project⁸) – Construction costs are reimbursable by grants from the United States Economic Development Administration⁹ (\$3,700,000) and SCRIA¹⁰ (\$3,044,875), as well as Oconee County government (the remainder of project expenses).

REPLACEMENT AND REHABILITATION OF EXISTING INFRASTRUCTURE

- Conveyance System Improvements to Address South Carolina Department of Environmental Services (DES) Consent Order:
 - Completed CMOM/Consent Order Project Construction Phase I replacement of approximately 340± linear feet (LF) of 15-inch sanitary sewer and point repairs on 10-inch and 30-inch gravity sewer as identified during 2022 sanitary sewer evaluation survey (SSES).
 - Completed the replacement of the Flat Rock Pump Station (funded by SCIIP Grant).
 - Completed design and began construction for CMOM/Consent Order Project Construction Phase II, which included 20,685± LF of gravity sewer ranging from 8-inch to 30-inch and associated manholes (funded by SCIIP Grant). This is to address issues identified during 2023 SSES.
 - Performed SSES on 151,850± LF feet of gravity sewer in the Martin Creek basin and 26,020± LF on the Southern Westminster Trunk Sewer and completed initial engineering system assessment (project collectively referred to as CMOM/Consent Order Project Construction Phase IV). Pipe diameters ranged from 8-inch to 30-inch.
- Awarded contract for replacement of dewatering equipment at WRF (funded by SCIIP Grant).
- Replaced nonfunctioning equipment at WRF.
- Replaced roof on disinfection building and repaired building envelope at the Operations & Administration Building.

ENGINEERING AND ASSESSMENTS

- Completed the following:
 - Oconee County and Western Anderson County Sewer Master Plan
 - Regional Sewer Feasibility Planning Study
- Martin Creek Pump Station Sewer Basin Flow Study and SSES Investigation
- Southern Westminster Trunk Sewer SSES Investigation

Non-Budgeted Emergency Expenses

The OJRSA incurred significant expenses in response to Hurricane Helene. Disaster-related work was funded through the O&M account, and the agency submitted documentation to the Federal Emergency Management Agency (FEMA) to seek reimbursement for eligible costs.

In addition, OJRSA faced several unforeseen emergencies during FY 2025. All necessary repairs were completed and financed through departmental allocations within the approved O&M annual budget.

⁸ A “multi-year project” may span multiple fiscal years

⁹ EDA Grant Number 04-79-07358

¹⁰ Two SCRIA grants were awarded. Grant Number R-19-2040 totaled \$935,566 and Grant Number S-23-2067 awarded an additional \$2,109,309 for the project.

Capital Projects and Related Expenses Budgeted for FY 2026

Capital projects can span the time of one accounting period. The OJRSA plans to undertake the following large tasks during FY 2026 as approved by the Board of Commissioners on June 2, 2025:

NEW CONSTRUCTION FOR SYSTEM EXPANSION OR ACCOMMODATION OF GROWTH

- Accept the replacement of the Seneca Creek Pump Station force main, which is a project performed by a third party to allow for a limited gain in capacity in the upstream service basin. This also addresses a DES Consent Order item.
- Initiate minor items associated with the I-85 Corridor Sewer Phase II project, including the installation of a potable water service to the Welcome Center Pump Station and the permanent stabilization of a creekbank near the Broomway Lane Pump Station.

REPLACEMENT AND REHABILITATION

- Conveyance System Improvements to Address the DES Consent Order:
 - Complete CMOM/Consent Order Project Construction Phase II to address issues identified during 2023 SSES. (funded by SCIIP).
 - Begin engineering evaluation of SSES data obtained during CMOM/Consent Order Project Construction Phase III assessment, which includes 9,525± LF of 36-inch trunk sewer.
- Substantially complete the replacement of WRF dewatering equipment (funded by SCIIP Grant).
- Continue replacement of nonfunctioning equipment at WRF and offsite pump stations.

ENGINEERING AND ASSESSMENTS

- Award contracts for up to two qualified civil or environmental engineering firms to serve in an on-call capacity, which will allow the OJRSA to more rapidly begin the design system improvements, including the replacement of the Speeds Creek Pump Station force main and an assessment of several large pump stations to determine whether they should be rehabilitated or replaced.
- Select a computerized maintenance management system (CMMS) to allow for better management of assets.

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.

BASIC FINANCIAL STATEMENTS

OCONEE JOINT REGIONAL SEWER AUTHORITY**STATEMENT OF NET POSITION****JUNE 30, 2025****ASSETS****CURRENT ASSETS:**

Cash	\$ 3,191,321
Restricted Assets - Cash and Other Cash Deposits	1,982,040
Investments	8,018,726
Accounts Receivable	571,301
Due from Other Governments	120,977
Inventory	150,233
TOTAL CURRENT ASSETS	14,034,598

NON-CURRENT ASSETS:**CAPITAL ASSETS:**

Land and Land Rights	693,819
Plant, Lines, Stations and Related Assets	48,203,189
Equipment and Vehicles	1,338,591
Construction in Progress	968,903
Less Accumulated Depreciation	(20,930,681)
TOTAL NON-CURRENT ASSETS	30,273,821

TOTAL ASSETS	44,308,419
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DEFERRED OUTFLOWS OF RESOURCES

Deferred OPEB Charges	847,800
Deferred Pension Charges	312,309

TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,160,109
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LIABILITIES**CURRENT LIABILITIES:**

Accounts Payable	\$ 551,063
Due to Other Government	1,982,040
Accrued Liabilities	87,611
Compensated Absences	57,148
TOTAL CURRENT LIABILITIES	2,677,862

NON-CURRENT LIABILITIES:

Net OPEB Liability	205,800
Net Pension Liability	1,862,011
Compensated Absences	57,148
TOTAL NON-CURRENT LIABILITIES	2,124,959

TOTAL LIABILITIES	4,802,821
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DEFERRED INFLOWS OF RESOURCES

Deferred OPEB Credits	561,500
Deferred Pension Credits	210,253

TOTAL DEFERRED INFLOWS OF RESOURCES	771,753
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NET POSITION

Net Investment in Capital Assets	30,273,821
Unrestricted	9,620,133

TOTAL NET POSITION	\$ 39,893,954
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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, 2025****OPERATING REVENUES**

Wastewater Treatment Fees	\$ 6,454,526
Other Fees and Charges	75,102
TOTAL OPERATING REVENUES	6,529,628

OPERATING EXPENSES

Salaries, Wages and Employee Benefits	623,277
Contractual Services, Materials, Supplies and Other Expenses	3,501,934
Depreciation Expense	1,392,982
TOTAL OPERATING EXPENSES	5,518,193

OPERATING INCOME (LOSS)	1,011,435
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NON-OPERATING REVENUES (EXPENSES)

Income (Loss) on Investments	384,113
TOTAL CAPITAL NON-OPERATING REVENUES (EXPENSES)	384,113

INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,395,548
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CAPITAL CONTRIBUTIONS

Capital Grants and Contributions	366,917
Impact Fees	800,511
TOTAL CAPITAL CONTRIBUTIONS	1,167,428

CHANGE IN NET POSITION	2,562,976
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NET POSITION, BEGINNING	37,330,978
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NET POSITION, ENDING	\$ 39,893,954
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The accompanying notes are an integral part of the financial statements.

OCONEE JOINT REGIONAL SEWER AUTHORITY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATIONS:

Received from Customers	\$ 9,313,714
Payments to Employees and Related Benefits	(1,717,966)
Payments to Suppliers for Goods and Services	(3,968,030)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>3,627,718</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and Construction of Capital Assets	(1,663,845)
Capital Contributions	1,167,428
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(496,417)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Income (Loss) from Investments	384,113
Proceeds from Sale of Investments	6,116,000
Purchase of Investments	(8,088,946)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(1,588,833)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 1,542,468

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 3,630,893

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 5,173,361

RECONCILIATION OF CASH AND CASH EQUIVALENTS

TO STATEMENT OF NET POSITION:

Current Assets	\$ 3,191,321
Restricted Assets	1,982,040
TOTALS	<u><u>\$ 5,173,361</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES:**

OPERATING INCOME (LOSS) \$ 1,011,435

ADJUSTMENTS NOT AFFECTING CASH:

Depreciation 1,392,982

CHANGE IN ASSETS AND LIABILITIES:

Accounts Receivable	91,032
Due from Other Governments	2,693,054
Inventory	2,925
Accounts Payable	(2,451,061)
Due to Other Government	1,982,040
Accrued Liabilities	11,013
Compensated Absences	(31,538)
Net Pension Liability	(130,188)
OPEB Liability	(343,400)

CHANGE IN DEFERRED OUTFLOWS/INFLOWS OF RESOURCES:

Deferred Pension Charges	(252)
Deferred Pension Credits	52,576
Deferred OPEB Charges	(560,100)
Deferred OPEB Credits	(92,800)
TOTAL ADJUSTMENTS	<u>2,616,283</u>

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES \$ 3,627,718

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

NOTES TO FINANCIAL STATEMENTS

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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 \$8,018,726 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.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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, 2025 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)

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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.

OCONEE JOINT REGIONAL SEWER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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 October 31, 2025, 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, 2025, OJRSA had the following investments and maturities:

Investment	Credit Rating ^	Fair Value	Investment Maturities (in years)		
			less than 1	1-5	5-10
Certificates of Deposit	NR	\$ 8,018,726	\$ 6,551,313	\$ 1,467,413	-

^ 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, 2025 were those imposed by OJRSA.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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 \$9,620,133 at June 30, 2025. This amount was designated by OJRSA for specific use.

NOTE 5 – CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2025, 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	14,866,679	855,247	(14,753,023)	968,903
Total Capital Assets not being Depreciated	15,560,498	855,247	(14,753,023)	1,662,722
Capital Assets being Depreciated:				
Property, Plant, & Equipment	32,920,340	15,282,849	-	48,203,189
Automotive Equipment	745,870	77,444	-	823,314
Equipment	313,949	201,328	-	515,277
Total Capital Assets being Depreciated	33,980,159	15,561,621	-	49,541,780
Less Accumulated Depreciation for:				
Property, Plant, & Equipment	(18,995,615)	(1,240,762)	-	(20,236,377)
Automotive Equipment	(391,673)	(92,565)	-	(484,238)
Equipment	(150,411)	(59,655)	-	(210,066)
Total Accumulated Depreciation	(19,537,699)	(1,392,982)	-	(20,930,681)
Total Capital Assets being Depreciated, Net	14,442,460	14,168,639	-	28,611,099
Capital Assets, net	\$ 30,002,958	\$ 15,023,886	\$ (14,753,023)	\$ 30,273,821

Depreciation expense for the year totaled \$1,392,982.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 6 – LONG-TERM LIABILITIES:

Changes in long-term liabilities was as follows:

	<u>Balance at June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2025</u>	<u>Due Within One Year</u>
Net Pension Liability	\$ 1,992,199	\$ -	\$ (130,188)	\$ 1,862,011	\$ -
Net OPEB Liability	549,200	-	(343,400)	205,800	-
Compensated Absences	145,834	-	(31,538)	114,296	57,148
Total Long-Term Liabilities	<u>\$ 2,687,233</u>	<u>\$ -</u>	<u>\$ (505,126)</u>	<u>\$ 2,182,107</u>	<u>\$ 57,148</u>

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:

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 7 – PENSION PLAN (CONTINUED):

Required employee contribution rates are as follows:

	Fiscal Year 2025	Fiscal Year 2024
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 2025	Fiscal Year 2024
SCRS		
Employer Class Two	18.56%	18.56%
Employer Class Three	18.56%	18.56%
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. The GASB Statement No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023, and will be used for future valuations.

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024.

	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 annually

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.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 7 – PENSION PLAN (CONTINUED):

Assumptions used in the June 30, 2024, 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, 2024, 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	\$61,369,806,968	\$37,919,492,371	\$23,450,314,597	61.8%

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 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the 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.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 7 – PENSION PLAN (CONTINUED):

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private Equity ¹	9.0%	9.60%	0.86%
Private Debt ¹	7.0%	6.90%	0.48%
Real Assets	12.0%		
Real Estate ¹	9.0%	4.30%	0.39%
Infrastructure ¹	3.0%	7.30%	0.22%
Total Expected Return ²	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Expected Rate of Return			7.74%

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%)
\$2,412,956	\$1,862,011	\$1,354,635

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

At June 30, 2025, OJRSA reported a liability of \$1,862,011 for its proportionate share of the SCRS net pension liability. The net pension liabilities were measured as of June 30, 2024, 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, 2024, OJRSA's SCRS proportion was 0.007940%.

For the year ended June 30, 2025, OJRSA recognized pension expense of approximately \$143,000. At June 30, 2025, OJRSA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE 7 – PENSION PLAN (CONTINUED):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 61,192	\$ 2,311
Changes of assumptions	32,827	-
Net difference between projected and actual investment earnings	-	71,743
Change in allocated proportion	-	136,199
Contributions after the measurement date	218,290	-
Total	<u>\$ 312,309</u>	<u>\$ 210,253</u>

The amount of \$218,290 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, 2025. 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	\$ (103,606)
2026	20,333
2027	(14,120)
2028	(18,841)
Thereafter	-
Total	<u>\$ (116,234)</u>

Payable to Plans

OJRSA reported a payable of approximately \$24,495 to PEBA as of June 30, 2025, representing required employer and employee contributions for the month of June 2025 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 \$7,000,000 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.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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).

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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	Employer pays the premium for the retiree only.	Retiree pays the spousal premium.
➤ Coverage ceases	Coverage stops at age 65.	Coverage stops at Spouse age 65.
Dental & Vision Coverage		
➤ Retiree Cost Sharing	Employer pays the premium for the retiree only.	Retiree pays the spousal premium.
➤ Coverage ceases	Coverage stops at age 65.	Coverage stops at Spouse age 65.

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, 2024. Update procedures were used to roll forward the total OPEB liability to June 30, 2025.

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, 2024:

Med Tier	Active	Inactive
Employee	11	1
Employee + Spouse	2	0
Employee + Children	0	0
Employee + Family	4	0
None	0	0
Total	17	1

OCONEE JOINT REGIONAL SEWER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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:	4.09%
Salary Scale:	2.50%
Healthcare Cost Trend Rates:	7.93% for fiscal year end 2025 (to reflect actual experience), then 7.00% for fiscal year end 2026, decreasing 0.25% per year to an ultimate rate of 5.00%
Mortality:	<u>Employees:</u> PUB – 2010 Amount-Weighted General Mortality Table – Employees, projected using two-dimensional mortality improvement scale MP-2021 <u>Retirees:</u> PUB – 2010 Amount-Weighted General Mortality Table – Retirees, projected using two-dimensional mortality improvement scale MP-2021 <u>Surviving Spouse:</u> PUB – 2010 Amount-Weighted Mortality Table – Contingent Survivors, 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 4.09% and represents the Municipal GO AA 20-year yield curve rate as the measurement date.

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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

Net OPEB Liability

The employer's net OPEB liability of \$205,800 is reported herein as of June 30, 2025 for the employer fiscal year and reporting period of June 30, 2024 to June 30, 2025. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2024.

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.

The following details the change in OPEB liability for the year ended June 30, 2025:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (a) – (b)
Balances at July 1, 2024	\$ 549,200	\$ 0	\$ 549,200
Changes for the year:			
Service cost	37,500		37,500
Interest	22,500		22,500
Differences between expected and actual experience	588,400		588,400
Contributions – employer		7,100	(7,100)
Contributions – employee		0	0
Net investment income		0	0
Benefit payments	(7,100)	(7,100)	0
Changes of benefit terms	(1,123,000)	0	(1,123,000)
Administrative expense		0	0
Assumption changes	138,300	0	138,300
Net changes	\$ (343,400)	\$ 0	\$ (343,400)
Balances at June 30, 2025*	\$ 205,800	\$ 0	\$ 205,800

*Measurement date is July 1, 2024

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)	\$220,100	\$205,800	\$192,500

OCONEE JOINT REGIONAL SEWER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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

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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Employer's Net OPEB Liability/(Asset)	\$189,700	\$205,800	\$223,900

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

For the year ended June 30, 2025, under GASB 75 the employer OPEB expense is \$(985,700), due to significant plan changes. The Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB as of June 30, 2025 from various sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 523,400	\$ (287,700)
Changes of assumptions	324,400	(273,800)
Net difference between projected and actual earnings on OPEB plan investments	0	0
Employer contributions after Measurement Date but prior to fiscal year end	<u>TBD¹</u>	<u>0</u>
Total	<u>\$ 847,800</u>	<u>\$ (561,500)</u>

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:
2026	\$ 73,800
2027	73,800
2028	73,800
2029	74,000
2030	24,900
Thereafter	(34,000)

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, 2025

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

	June 30, 2025	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)	0.007940%	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)	\$ 1,862,011	\$ 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	\$ 1,091,126	\$ 1,050,473	\$ 1,055,151	\$ 1,047,012	\$ 889,904	\$ 829,341	\$ 713,370	\$ 752,119	\$ 707,532	\$ 666,347	\$ 682,497
OJRSA's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	170.65%	189.65%	203.59%	191.45%	241.08%	216.60%	232.36%	223.25%	220.56%	206.95%	193.18%
Plan fiduciary net position as a percentage of the total pension liability	61.80%	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, 2025	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	\$ 218,947	\$ 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	(218,947)	(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	\$ 1,179,671	\$ 1,091,126	\$ 1,050,473	\$ 1,055,151	\$ 1,047,012	\$ 889,904	\$ 829,341	\$ 713,370	\$ 752,119	\$ 707,532	\$ 666,347
Contributions as a percentage of covered payroll	18.56%	18.56%	17.56%	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	11.06%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

OCONEE JOINT REGIONAL SEWER AUTHORITY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2025

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

Last 10 Fiscal Years (as information becomes available):

Fiscal Year Ending June 30,	Last 10 Fiscal Years (as information becomes available)			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
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

Fiscal Year Ending June 30,	Last 10 Fiscal Years (as information becomes available)		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total OPEB liability			
Service cost	\$ 57,000	\$ 37,600	\$ 37,500
Interest	23,700	19,900	22,500
Changes of benefit terms	0	0	(1,123,000)
Differences between expected and actual experience	(372,900)	12,800	588,400
Changes of assumptions	(385,200)	(22,600)	138,300
Benefit payments, including refunds of employee contributions	0	0	(7,100)
Net change in total OPEB liability	\$ (677,400)	\$ 47,700	\$ (343,400)
Total OPEB liability – beginning	\$ 1,178,900	\$ 501,500	\$ 549,200
Total OPEB liability – ending (a)	501,500	549,200	205,800
Plan fiduciary net position			
Contributions – employer	\$ 0	\$ 0	\$ 7,100
Contributions – employee	0	0	0
Net investment income	0	0	0
Benefit payments, including refunds of employee contributions	0	0	(7,100)
Administrative expenses	0	0	0
Other	0	0	0
Net change in plan fiduciary net position	\$ 0	\$ 0	\$ 0
Plan fiduciary net position – beginning	\$ 0	\$ 0	\$ 0
Plan fiduciary net position – ending (b)	0	0	0
Employer's net OPEB liability – ending (a)-(b)	\$ 501,500	\$ 549,200	\$ 205,800
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 1,033,400	\$ 1,033,400	\$ 1,146,200
Employer's net OPEB liability as a percentage of covered-employee payroll	48.53%	53.14%	17.95%

Notes to Schedule: None

OCONEE JOINT REGIONAL SEWER AUTHORITY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2025

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Actuarial Determined Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the							
Actuarial required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OJRSA's covered payroll	\$ 1,179,671	\$ 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%	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



**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, 2025, and the related notes to the financial statements, which collectively comprise OJRSA's basic financial statements, and have issued our report thereon dated October 31, 2025.

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.

A handwritten signature in black ink that reads "Payne, White & Schmutz, CPA, PA". The signature is written in a cursive, flowing style. The text is contained within a rectangular box that has a thin black border on the top and right sides, and a thin grey border on the bottom and left sides.

Payne, White & Schmutz, CPA, PA

Seneca, South Carolina

October 31, 2025

OCONEE JOINT REGIONAL SEWER AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2025

A. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements were disclosed during the audit.
3. No material weaknesses relating to the audit of the financial statements were disclosed during the audit.
4. No instances of noncompliance relating to the financial statements were disclosed during the audit.