ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2026 & 2025



GRAND STRAND
WATER & SEWER AUTHORITY

CONWAY, SOUTH CAROLINA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended June 30, 2026 and 2025

Prepared by Accounting & Finance Division
Greg Thompson | Chief of Accounting & Finance
166 Jackson Bluff Road | Conway, South Carolina

GRAND STRAND WATER AND SEWER AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2026 AND 2025

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INTRODUCTORY SECTION

GRAND STRAND WATER & SEWER AUTHORITY
P.O. Box 2368 • Conway, SC 29528-2368
www.gswsa.com

October 1, 2026

To the Customers, Board of Directors, and Employees
of Grand Strand Water and Sewer Authority:

Grand Strand Water and Sewer Authority (GSWSA or the Authority) is pleased to present its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2026. This report was prepared by GSWSA's Accounting and Finance Division in accordance with generally accepted accounting principles, applicable Governmental Accounting Standards Board pronouncements, and the principles and recommendations of the Government Finance Officers Association (GFOA). Mauldin & Jenkins, LLC, independent certified public accountants, audited the financial statements and issued an unmodified opinion. The financial statements, accompanying notes, and independent auditor's report are included in the Financial Section of this report.

Management is responsible for the accuracy, completeness, and fairness of the information presented. GSWSA maintains a comprehensive framework of internal control designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and financial reports are reliable. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance. Readers are encouraged to review Management's Discussion and Analysis (MD&A), which provides additional context and analysis of the Authority's financial position and results of operations. This letter is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE AUTHORITY

Created by Act 337 of the 1971 South Carolina General Assembly, GSWSA is a special-purpose district responsible for providing water and wastewater services that protect public health and the environment, promote economic development, and enhance quality of life. The Authority's direct retail service area includes most of Horry County outside areas served by municipal water and wastewater systems. GSWSA also provides wholesale water and wastewater services to those municipalities, meaning customers throughout Horry County are served by GSWSA either directly or indirectly. The Authority's service area also extends into portions of Marion, Dillon, Georgetown, and Columbus Counties through retail and wholesale arrangements.

The Authority continues to grow with the communities it serves. During fiscal year 2026, GSWSA added approximately 5,600 unique customers while water and wastewater volumes also increased. GSWSA operates as a single enterprise fund and finances its activities primarily through user charges, fees, capital contributions, grants, reserves, and debt issued for long-term infrastructure investment. GSWSA adopts a rolling two-year operating and capital budget as the foundation for financial planning and control. The fiscal year 2027 and 2028 budgets were adopted by the Board following a public budget process. The Authority maintains budgetary and encumbrance controls and periodically updates long-term financial projections such as growth, regulatory requirements, capital costs, and operating conditions change.

LOCAL ECONOMY AND GROWTH

Horry County and the greater Grand Strand continue to experience significant population and development growth. The U.S. Census Bureau estimated Horry County's population at approximately 427,600 in 2025, an increase of 21.8 percent from the 2020 estimates base. Residential and commercial development remains active throughout the Authority's service area, and the Myrtle Beach area continues to benefit from a large tourism economy and continued in-migration. These trends support the regional economy but also create sustained demand for additional water and wastewater capacity, system redundancy, and renewal and replacement of existing infrastructure. Growth has translated directly into increased demand for the Authority's systems. Fiscal year 2026 water sales increased approximately 4.2 percent, and treated wastewater sales increased approximately 3.2 percent. GSWSA's long-term planning therefore focuses not only on serving new customers, but also on ensuring that treatment, transmission, storage, pumping, collection, and support systems remain reliable as the region expands.

FINANCIAL CONDITION AND PERFORMANCE

GSWSA ended fiscal year 2026 in a strong financial position. Net position increased by approximately $98.3 million, or 10.2 percent, to approximately $1.06 billion. Capital assets increased by approximately $90.9 million as the Authority continued a significant program of infrastructure investment. Liquidity also remained strong, with days cash on hand increasing from 871 days at June 30, 2025, to 974 days at June 30, 2026. Revenue bond debt service coverage was 4.22 times for fiscal year 2026, well above the 1.10 times minimum required by the Authority's bond resolution.

The Authority continued to demonstrate operating discipline during the year. Operating expenses before depreciation and amortization were essentially unchanged from fiscal year 2025 even as the customer base and service demand increased. This operating performance, together with continued revenue growth, helped provide resources for debt service and the capital improvement program.

In March 2026, GSWSA issued $100 million of Waterworks and Sewer System Improvement Revenue Bonds, Series 2026, to support the Authority's capital improvement program. At June 30, 2026, GSWSA maintained credit ratings of Aa1 from Moody's Investors Service and AA+ from S&P Global Ratings. These ratings are important to the Authority because strong credit quality supports access to the capital markets at favorable borrowing costs, reducing the long-term cost of infrastructure investment for customers.

MAJOR CAPITAL AND STRATEGIC INITIATIVES

During fiscal year 2026, the Authority advanced several major projects necessary to support continued growth and regulatory compliance. The Bull Creek Surface Water Treatment Plant expansion increased treatment capacity from 45 million gallons per day to 60 million gallons per day. The plant began producing water from the expanded facilities before fiscal year-end, with final completion and remaining punch-list work expected during the first half of fiscal year 2027. The expansion provides additional capacity and reliability for one of the fastest-growing areas of South Carolina.

The Authority also continued planning and design for major water and wastewater investments, including PFAS treatment improvements at the Bull Creek and Myrtle Beach Surface Water Treatment Plants, expansion of the Bucksport Wastewater Treatment Plant, additional transmission and pumping improvements, rural water and sewer extensions, aquifer storage and recovery projects, and ongoing renewal and replacement of existing facilities. These projects are intended to increase capacity, improve resiliency, address emerging regulatory requirements, and maintain reliable service across the system.

2045 PLAN AND LONG-TERM FINANCIAL STRATEGY

In 2026, GSWSA completed its updated 2045 Strategic Plan. The plan evaluates the water and wastewater infrastructure, operational resources, technology, and financing needed to serve the region over the next 20 years. It identifies approximately $2.46 billion of projected water and wastewater infrastructure investment through 2045, driven by continued customer growth, treatment-capacity needs, renewal and replacement, inflation in construction costs, and new regulatory requirements, including PFAS treatment.

The Authority's financial strategy is designed to balance these substantial capital requirements with affordability for current and future customers. GSWSA's objective is not to maximize rates or accumulate excessive reserves, but to maintain the financial strength and liquidity necessary to provide reliable service, preserve access to low-cost financing, respond to and recover from hurricanes and other severe weather events, and fund required infrastructure at the lowest practical cost. Given the Authority's coastal location, maintaining adequate liquidity also provides an important financial safeguard against the operational and capital impacts of major storms. Management's long-term targets include maintaining debt service coverage above 2.8 times and more than 600 days cash on hand. These metrics support the Authority's goal of maintaining its strong credit ratings and borrowing at favorable interest rates.

To support the 2045 Plan, the Board approved a balanced funding approach that combines customer revenues, impact fees, available reserves, grants, State Revolving Fund loans, and revenue bonds. The adopted approach includes gradual adjustments to monthly rates and moderate increases in impact fees so that the cost of growth and system investment is shared appropriately between existing customers and new development. The Authority will continue to review these assumptions annually and adjust as needed to maintain financial strength while keeping rates as low and competitive as reasonably possible. The fiscal year 2027 operating budget totals approximately $163.9 million, while the capital budget totals approximately $188.8 million. Fiscal year 2027 marks the first time in the Authority's history that the annual capital budget is expected to exceed the operating budget, reflecting the scale of investment needed over the next several years. The capital budget includes major treatment plant, transmission, and system improvement projects. Capital spending is expected to remain elevated as several of these projects move into construction. Maintaining strong financial metrics during this period is central to the Authority's long-term funding strategy.

TECHNOLOGY AND ORGANIZATIONAL INVESTMENT

GSWSA also continued implementation of the Cayenta enterprise resource planning system during fiscal year 2026. The project will replace and modernize core financial, customer information, human capital, and work-management systems. Implementation has required extensive data conversion, system integration, testing, and process redesign and is approximately 40 percent complete. The project remains a significant organizational initiative as GSWSA works toward a more integrated and efficient technology platform capable of supporting continued growth.

INTERNAL AND BUDGETARY CONTROLS

The Authority maintains an internal control structure designed to protect assets from loss, support accurate financial reporting, and promote efficient operations. Key components include segregation of duties, authorization and approval procedures, safeguarding of assets, and regular monitoring of financial activity. GSWSA also operates under established policies for investing, financing, rate setting, cash management, procurement, and budgeting. Division Chiefs are responsible for managing departmental budgets, while the Chief of Accounting and Finance monitors financial performance and expenditures throughout the year.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association awarded a Certificate of Achievement for Excellence in Financial Reporting to GSWSA for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. This marked the 37th consecutive year the Authority received the award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the Authority and its management. GSWSA believes the current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program requirements and will submit it to GFOA for consideration.

Preparation of this report would not have been possible without the cooperation and dedication of GSWSA's employees. Special appreciation is extended to the Accounting and Finance Division for its work in preparing the financial statements and this report; to the Division Chiefs and employees throughout the organization for their assistance and stewardship during the year; and to the Board of Directors and Chief Executive Officer for their leadership, direction, and continued support.

Respectfully submitted,



Greg Thompson
Chief of Accounting and Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Grand Strand Water and Sewer Authority
South Carolina

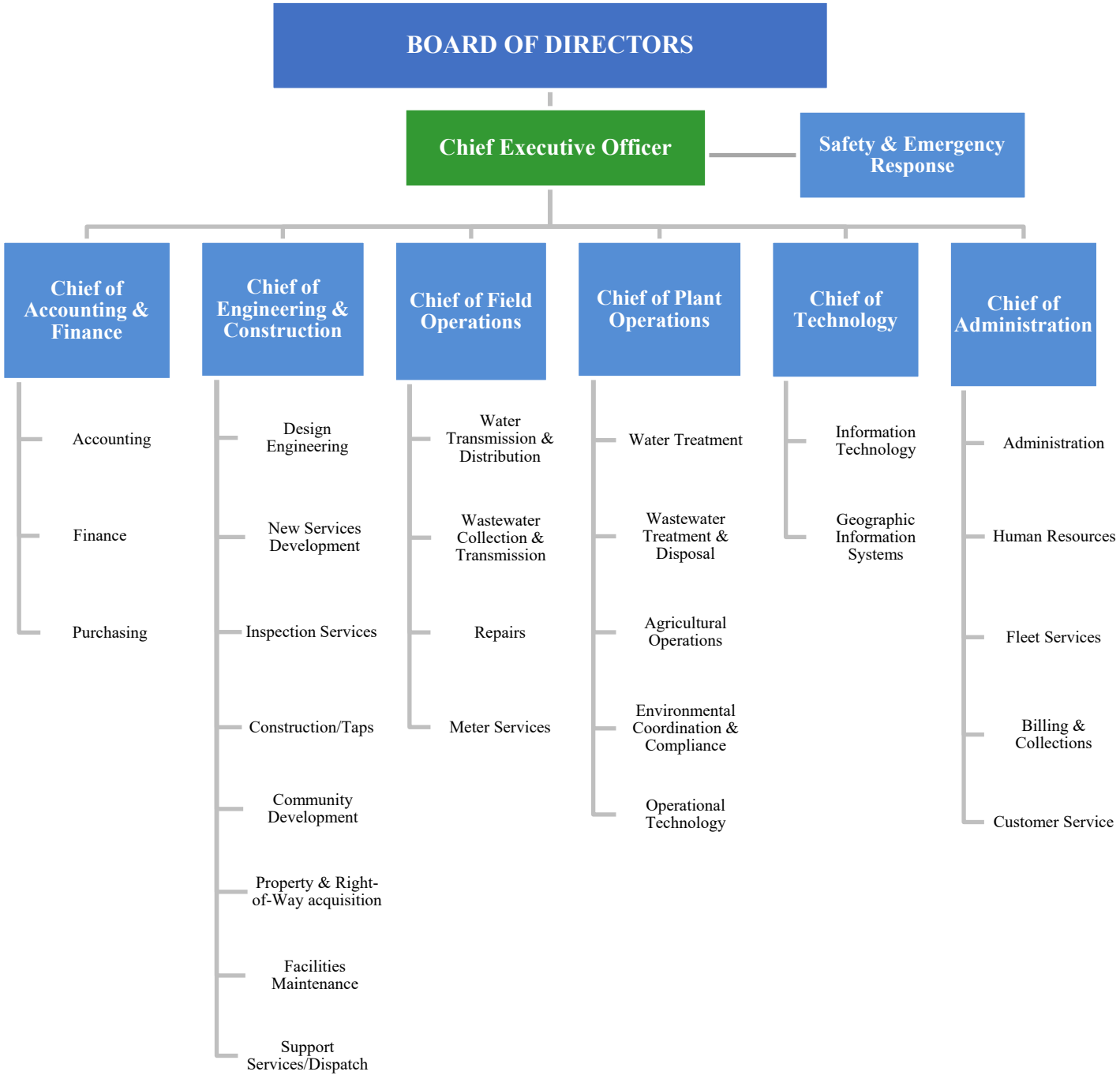
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

Christopher P. Morrill

Executive Director/CEO

GSWSA ORGANIZATIONAL CHART



GRAND STRAND WATER AND SEWER AUTHORITY

LIST OF PRINCIPAL OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2026

BOARD OF DIRECTORS

Benjy Hardee | Chairman
Arnold Johnson | Vice-Chairman
Richard Singleton | Secretary
Sidney F. Thompson | Member
B. Kemp Floyd Jr | Member
J. Liston Wells | Member
Mark K. Lazarus | Member
L. Morgan Martin| Member
Radha B. Herring| Member

STAFF

Christy S. Holder |Chief Executive Officer



GRAND STRAND WATER AND SEWER AUTHORITY

2026 | Board of Directors



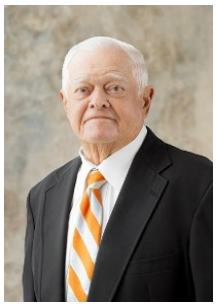
Benjy A. Hardee
Chairman
Term Expires: 8-15-2027



Arnold T. Johnson
Vice-Chairman
Term Expires: 8-15-2027



Richard G. Singleton, II
Secretary
Term Expires: 8-15-2031



Sidney F. Thompson
Member
Term Expires: 8-15-2023



J. Liston Wells
Member
Term Expires: 8-15-2029



Mark K. Lazarus
Member
Term Expires: 8-15-2027



L. Morgan Martin
Member
Term Expires: 8-15-2025



Radha B. Herring
Member
Term Expires: 8-15-2029



B. Kemp Floyd
Member
Term Expires: 8-15-2031

Officers

Christy S. Holder, Chief Executive Officer
Greg T. Thompson, Chief of Accounting and Finance
Matthew T. Minor, Chief of Construction & Engineering
Neeraj C. Patel, Chief of Plant Operations
Chrystal J. Skipper, Chief of Administration
Wade D. Lewis, Chief of Field Operations
Thomas A. Neat, Chief of Technology

FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

To the Board of Directors
Grand Strand Water and Sewer Authority
Conway, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of **Grand Strand Water and Sewer Authority** (the "Authority") as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of June 30, 2026 and 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the Authority 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Authority's Proportionate Share of Net Pension Liability, the Schedule of Authority's Pension Contributions – South Carolina Retirement System, the Schedule of Changes in Net OPEB Liability and Related Ratios – Retiree Health Care Benefit Plan, and the Schedule of Plan Contributions – Retiree Health Care Benefit Plan 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Cash Receipts and Disbursements for Restricted Accounts Required by Revenue Bond and State Revolving Loan Provisions and the Schedule of Operating Expenses by Department are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
October 1, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) provides an overview and analysis of Grand Strand Water and Sewer Authority's (the "Authority" or GSWSA) financial activities for the fiscal year ended June 30, 2026. It should be read in conjunction with the Authority's basic financial statements and accompanying notes, which immediately follow the MD&A.

GSWSA accounts for all activities in a single proprietary (enterprise) fund using the economic resources measurement focus and the accrual basis of accounting. The basic financial statements include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; and the notes to the financial statements.

The Statement of Net Position presents the Authority's financial position at year-end, including assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the resulting net position. The Statement of Revenues, Expenses, and Changes in Net Position reports the results of operations for the fiscal year and explains the change in net position from the beginning to the end of the year.

The Statement of Cash Flows reports cash receipts and payments by operating, noncapital financing, capital and related financing, and investing activities. It provides information about how the Authority generated and used cash during the year and reconciles operating income to net cash provided by operating activities.

The notes to the financial statements provide additional information necessary to understand significant accounting policies, account balances, capital assets, debt and other long-term obligations, commitments, contingencies, and other matters affecting the financial statements.

Financial Summary

The following condensed financial information compares fiscal years 2026 and 2025 and provides the financial data used in the analysis that follows. Fiscal year 2026 reflects the Authority's implementation of GASB Statement No. 103, including revised operating and non-operating classifications. Fiscal year 2025 amounts are presented using the same classifications for comparison.

Financial Summary, Continued

Grand Strand Water and Sewer Authority Condensed Statements of Net Position June 30, 2026 and 2025				
	2026	2025	Change	% Change
Assets				
Current assets	$ 277,813,763	$ 254,151,946	$ 23,661,817	9.3%
Restricted assets - current	79,340,884	2,025,745	77,315,139	3816.6%
Restricted assets - noncurrent	44,872,546	27,919,327	16,953,219	60.7%
Capital assets	1,066,347,529	975,490,772	90,856,757	9.3%
Other assets	4,750	4,751	(1)	0.0%
Total assets	1,468,379,472	1,259,592,541	208,786,931	16.6%
Deferred outflows of resources				
Deferred charge on refundings	8,789,546	9,280,222	(490,676)	-5.3%
Pensions	8,634,073	7,870,868	763,205	9.7%
Other Postemployment Benefits	6,009,429	7,288,981	(1,279,552)	-17.6%
Total deferred outflows of resources	23,433,048	24,440,071	(1,007,023)	-4.1%
Liabilities				
Current liabilities	48,309,786	46,691,691	1,618,095	3.5%
Noncurrent liabilities	370,836,488	264,587,332	106,249,156	40.2%
Total liabilities	419,146,274	311,279,023	107,867,251	34.7%
Deferred inflows of resources				
Pensions	3,630,053	3,252,470	377,583	11.6%
Other Postemployment Benefits	7,496,003	6,186,985	1,309,018	21.2%
Leases	1,164,319	1,254,345	(90,026)	-7.2%
Total deferred inflows of resources	12,290,375	10,693,800	1,596,575	14.9%
Net Position				
Net investment in capital assets	806,892,693	754,926,731	51,965,962	6.9%
Restricted for capital projects	24,733,207	13,949,772	10,783,435	77.3%
Restricted for debt service	12,156,461	2,025,745	10,130,716	500.1%
Unrestricted	216,593,510	191,157,541	25,435,969	13.3%
Total Net Position	$ 1,060,375,871	$ 962,059,789	$ 98,316,082	10.2%

Financial Summary, Continued

Grand Strand Water and Sewer Authority Condensed Statements of Revenues, Expenses and Changes in Net Position For the Fiscal Years Ended June 30, 2026 and 2025				
	2026	2025	Change	% Change
Operating revenues				
Retail water and sewer revenues	$ 80,128,016	$ 71,647,023	$ 8,480,993	11.8%
Wholesale and contract revenues	34,130,543	32,967,853	1,162,690	3.5%
Customer and service charges	29,437,557	28,098,944	1,338,613	4.8%
Impact fees	17,169,712	18,252,590	(1,082,878)	-5.9%
Other operating revenues	5,530,096	5,076,196	453,900	8.9%
Total operating revenues	166,395,924	156,042,606	10,353,318	6.6%
Operating expenses				
Operating expenses before dep. and amort.	91,630,444	91,662,945	(32,501)	0.0%
Depreciation & amortization	48,692,595	39,938,984	8,753,611	21.9%
Total operating expenses	140,323,039	131,601,929	8,721,110	6.6%
Operating income	26,072,885	24,440,677	1,632,208	6.7%
Non-operating revenues (expenses)				
Investment income	10,093,356	13,745,599	(3,652,243)	-26.6%
Capital subsidy received	3,196,215	13,263,668	(10,067,453)	-75.9%
Capital contributions	67,363,215	69,990,088	(2,626,873)	-3.8%
Interest and other non-operating expenses, net	(8,409,589)	(4,508,969)	(3,900,620)	-86.5%
Total non-operating revenues, net	72,243,197	92,490,386	(20,247,189)	-21.9%
Change in net position	98,316,082	116,931,063	(18,614,981)	-15.9%
Total net position, beginning of year	962,059,789	845,128,726	116,931,063	13.8%
Total net position, end of year	$ 1,060,375,871	$ 962,059,789	$ 98,316,082	10.2%

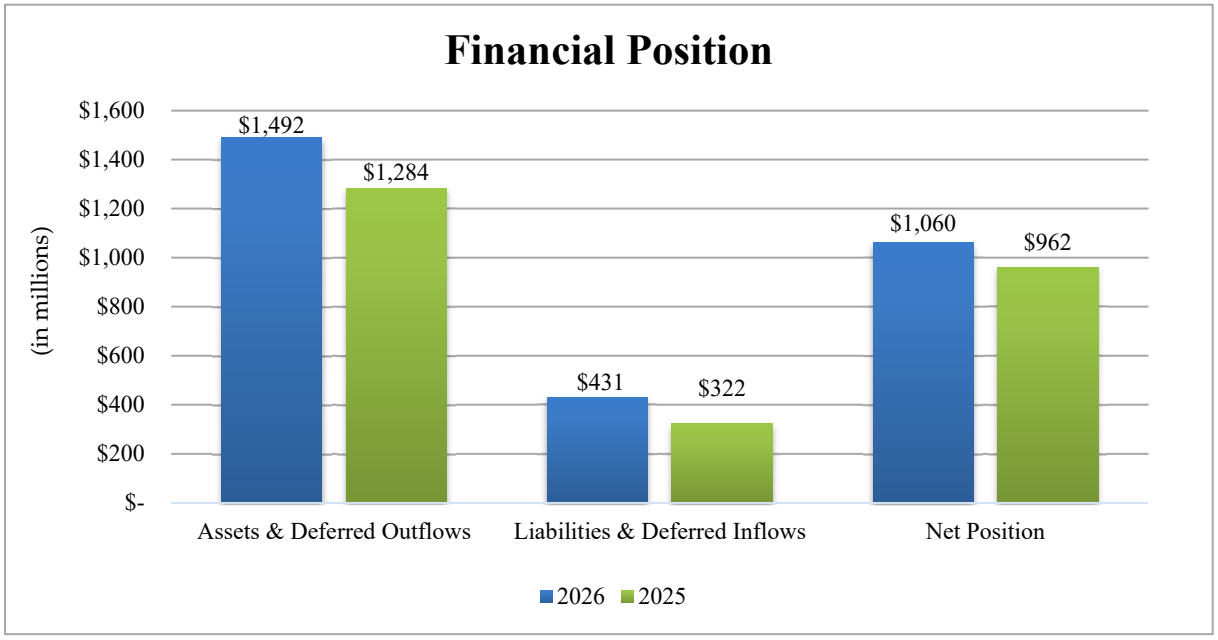
Detailed Analyses

Financial Position: At June 30, 2026, GSWSA's assets and deferred outflows of resources totaled approximately $1.49 billion, while liabilities and deferred inflows of resources totaled approximately $431.4 million. Net position was approximately $1.06 billion.

Assets and deferred outflows increased by approximately $207.8 million, or 16.2%, during fiscal year 2026. The increase was driven primarily by a $90.9 million increase in capital assets and a $94.3 million combined increase in restricted current and noncurrent assets. The increase in restricted assets primarily reflects unspent bond proceeds and other resources restricted for capital projects and debt service.

Liabilities and deferred inflows increased by approximately $109.5 million, primarily as a result of additional revenue bonds and notes payable used to finance the Authority's capital improvement program. Net position increased by approximately $98.3 million, or 10.2%, to $1.06 billion. Unrestricted net position increased by $25.4 million to $216.6 million, while amounts restricted for capital projects and debt service increased by a combined $20.9 million. Net investment in capital assets increased by approximately $52.0 million mostly from the increase in capital-related financing during the year.

The Authority's liquidity, as measured by days cash on hand, increased to 974 days at June 30, 2026, from 871 days at June 30, 2025. Cash, cash equivalents, and investments included in the calculation increased by approximately $25.7 million, as a $38.1 million increase in investments more than offset a $12.4 million decrease in cash and cash equivalents. Operating and maintenance expenses remained essentially flat, which also contributed to the increase in days cash on hand.



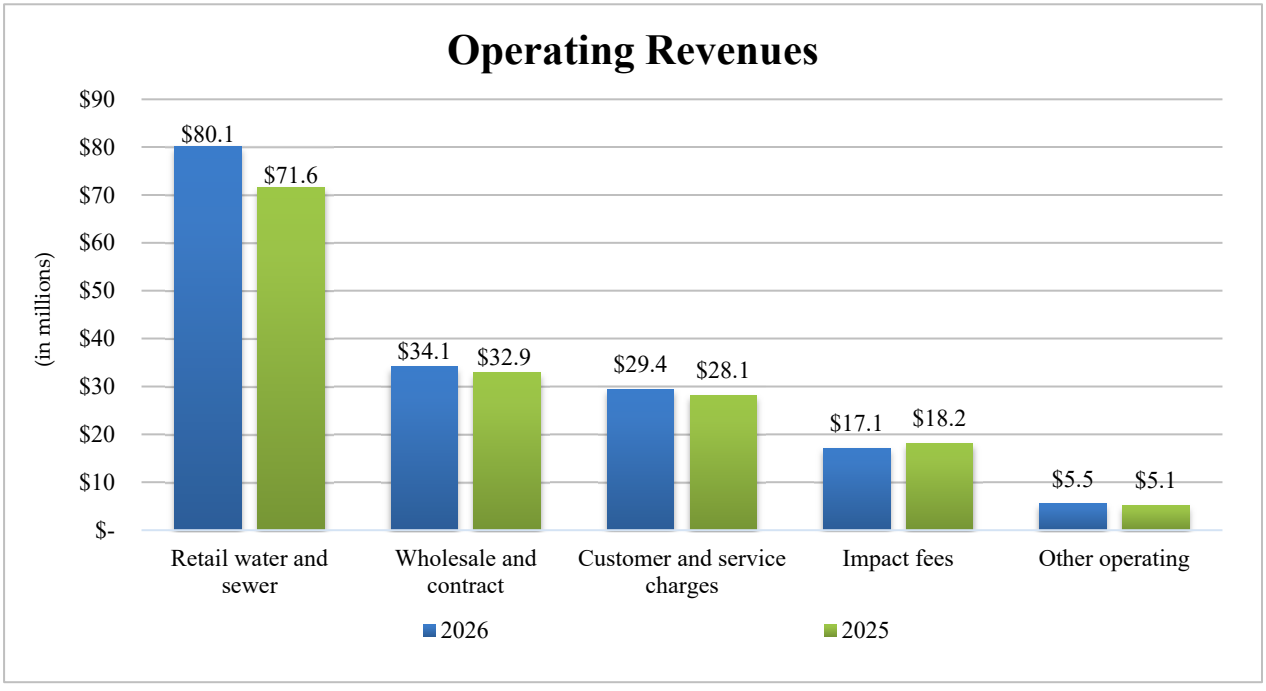
Detailed Analyses, Continued

Operating Revenues: Operating revenues increased by approximately $10.4 million, or 6.6%, to $166.4 million in fiscal year 2026. Under the Authority's GASB 103 presentation, operating revenues include impact fees and certain capacity-related revenues that are part of the Authority's ongoing utility activities.

Retail water and sewer revenues increased by approximately $8.5 million, or 11.8%, to $80.1 million. The increase was driven by retail rate adjustments, continued customer growth, and higher water and wastewater sales. GSWSA added approximately 5,593 unique customers during fiscal year 2026, including 5,144 additional water accounts and 5,028 additional wastewater accounts, as many customers receive both services.

Water sales increased by approximately 4.2% to 18.72 billion gallons, while treated wastewater sales increased by approximately 3.2% to 15.29 billion gallons. Retail customers accounted for approximately 53% of water sales and 62% of treated wastewater sales. GSWSA increased retail water and wastewater rates by 5.92% and 5.56%, respectively, during fiscal year 2026.

Wholesale and contract revenues increased by approximately $1.2 million, or 3.5%, to $34.1 million, reflecting changes in sales and contractual rates. Customer and service charges increased by approximately $1.3 million, or 4.8%, to $29.4 million, consistent with continued growth in the customer base. Impact fees decreased by approximately $1.1 million, or 5.9%, to $17.2 million, representing a slight decline in development activity from the record level experienced in 2025, while continuing to reflect strong growth within the Authority's service area. Meanwhile, other operating revenues increased by approximately $0.5 million to $5.5 million.



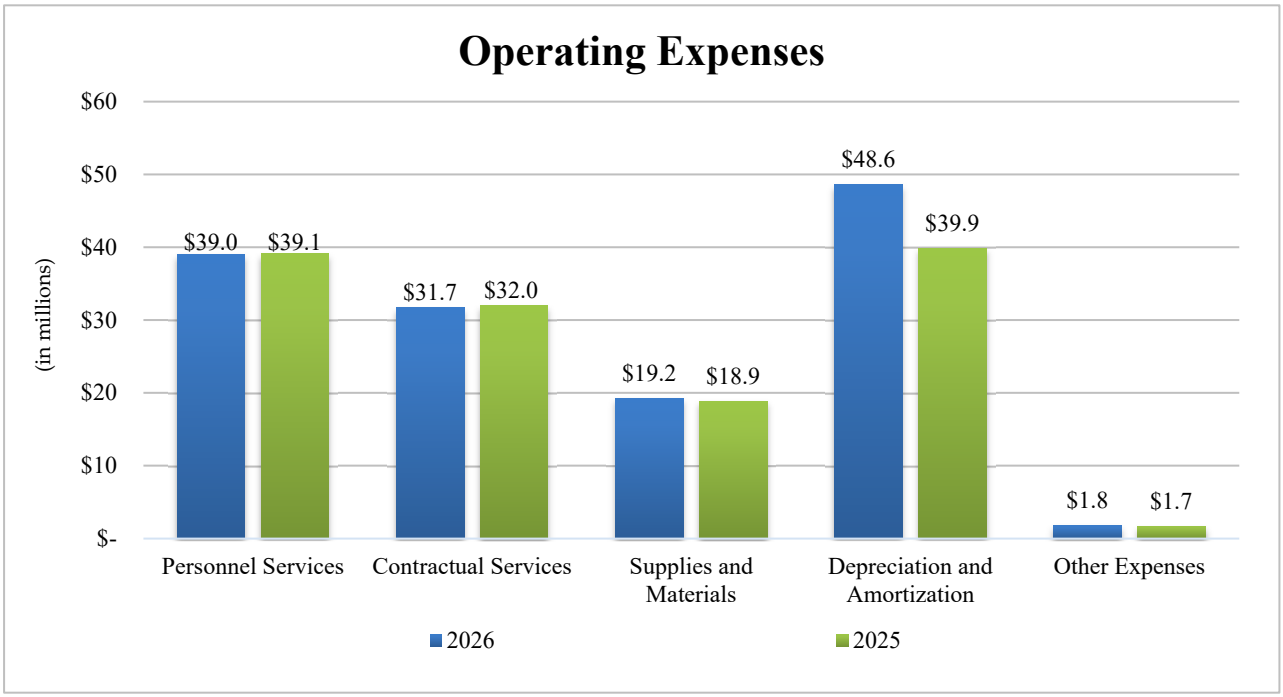
Detailed Analyses, Continued

Operating Expenses and Operating Income: Total operating expenses increased by approximately $8.7 million, or 6.6%, to $140.3 million in fiscal year 2026. However, operating expenses before depreciation and amortization were $91.6 million and were essentially unchanged from fiscal year 2025. This occurred despite continued growth in the Authority's customer base and increases in both water and wastewater volumes. As a result, the year-over-year increase in total operating expenses was almost entirely attributable to depreciation and amortization rather than increased costs of day-to-day operations.

Personnel costs decreased by approximately $0.1 million and contractual services decreased by approximately $0.3 million. Supplies and materials increased by approximately $0.4 million, primarily due to higher fuel and treatment-supply costs, while other expenses increased by approximately $0.04 million. Taken together, these categories demonstrate that the Authority's underlying operating costs remained relatively stable during fiscal year 2026 even as service demand and the number of customers continued to increase.

Depreciation and amortization increased by approximately $8.8 million, or 21.9%, and accounted for substantially all of the increase in total operating expenses. Depreciation increased as additional water and wastewater infrastructure was completed and placed into service, including the Bull Creek Surface Water Treatment Plant expansion, which was completed during fiscal year 2026 and began being depreciated. Amortization of right-to-use assets also increased, primarily as a result of the Authority's new ERP software. These increases reflect the effect of continued capital investment on reported operating expenses rather than a comparable increase in the cost of operating and maintaining the system.

Operating income increased by approximately $1.6 million, or 6.7%, from $24.4 million in fiscal year 2025 to $26.1 million in fiscal year 2026. Growth in operating revenues was sufficient to absorb the $8.8 million increase in depreciation and amortization while the Authority's underlying operating costs remained essentially unchanged. Before depreciation and amortization, operating revenues exceeded operating expenses by approximately $74.8 million in fiscal year 2026 compared with $64.4 million in fiscal year 2025, providing additional resources to support debt service and the Authority's capital improvement program.



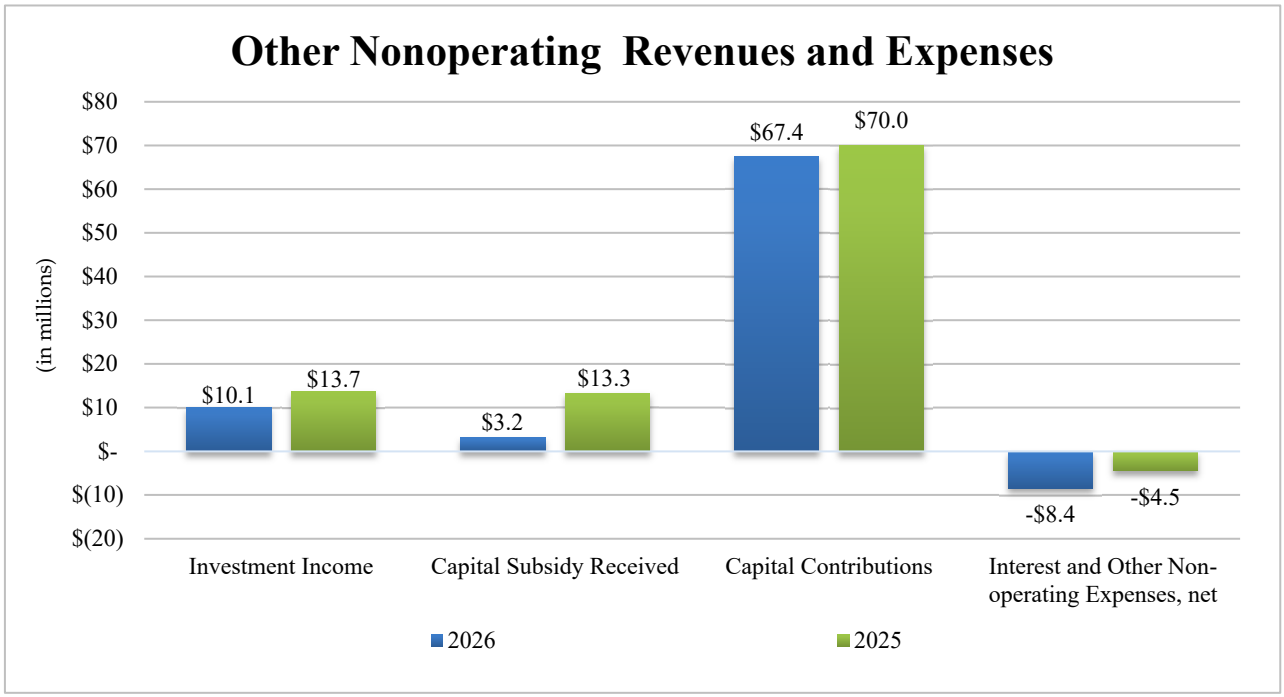
Detailed Analyses, Continued

Other Non-operating Revenues and Expenses: Other non-operating revenues and expenses consist primarily of investment income, gains and losses on the disposal of capital assets, interest expense, capital subsidies received, and developer and other contributions. Net non-operating revenues decreased by approximately $20.2 million, from $92.5 million in fiscal year 2025 to $72.2 million in fiscal year 2026.

Investment income decreased by approximately $3.7 million to $10.1 million. Interest rates increased during the final quarter of fiscal year 2026, reducing the fair value of the Authority's Treasury securities and other fixed-income investments because bond values generally move inversely to interest rates. The Authority also recognized an approximate $0.9 million loss on the disposal of capital assets in fiscal year 2026 compared with an approximately $1.0 million gain in fiscal year 2025. Interest expense increased by approximately $2.0 million to $7.5 million, primarily due to additional debt issued to finance the Authority's capital improvement program.

Capital subsidies received decreased by approximately $10.1 million, from $13.3 million in fiscal year 2025 to $3.2 million in fiscal year 2026. These amounts represent funding associated with the construction, replacement, or improvement of capital assets and are therefore reported as non-operating revenue. Fiscal year 2026 capital subsidies consisted primarily of approximately $1.4 million of Hurricane Florence reimbursements and $1.8 million related to the Bull Creek Surface Water Treatment Plant expansion. Fiscal year 2025 included a higher level of capital funding for several projects, including approximately $8.2 million for the Bull Creek Surface Water Treatment Plant expansion and $3.8 million for the Conway to Bucksport Flow Diversion, along with Hurricane Florence and other capital-related reimbursements.

Developer and other contributions decreased by approximately $2.6 million to $67.4 million but remained relatively consistent with the high level recognized in fiscal year 2025. Developer contributions primarily represent completed water and wastewater infrastructure constructed by developers and conveyed to the Authority for ownership and operation. Other contributions primarily consist of reimbursements from SCDOT and other governmental entities for qualifying utility relocations associated with transportation projects.



Detailed Analyses, Continued

Change in Net Position: Net position increased by approximately $98.3 million in fiscal year 2026 compared with an increase of $116.9 million in fiscal year 2025. The smaller increase in fiscal year 2026 primarily resulted from lower capital subsidies received, lower investment income, higher interest and other nonoperating expenses, and lower capital contributions. These decreases were partially offset by higher operating income.

Significant Capital Asset and Long-term Financing Activity

Capital Assets: Capital assets increased by $90.9 million during 2026. Gross capital additions, net of asset deletions and before depreciation, amortization, and other capital adjustments, were approximately $137 million and the depreciation and amortization of capital assets was $48.7 million. Some of the largest additions to capital assets in 2026 included:

Bull Creek SWTP Expansion	$ 43,119,195
Conway to Bucksport Flow Diversion	11,250,757
Rural Water	9,672,409
Rural Sewer	9,294,874
Bull Creek Renewal & Replacement	2,283,075
WWTP Renewal & Replacement	2,272,570

Developer contributions to capital assets were approximately $67.3 million, and capital asset disposals after depreciation and amortization totaled approximately $6.8 million. The Authority began recording amortization related to its new ERP subscription during the year, though the system was still being implemented at year-end. Additional information on capital assets is provided in the notes to the financial statements.

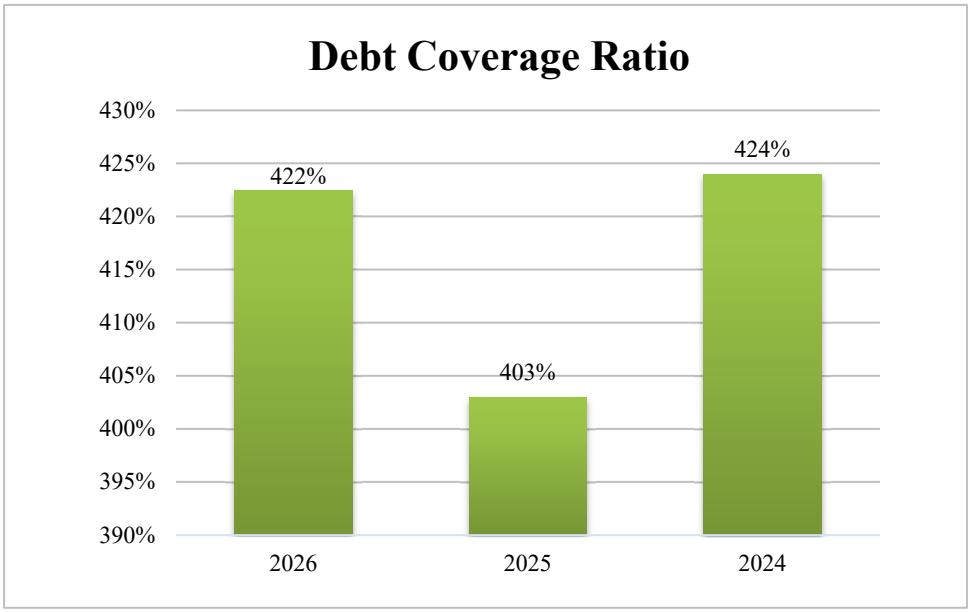
Long-term Debt: The amount of outstanding notes and bonds increased from $218.1 million in 2025 to $327.2 million in 2026. GSWSA's long-term debt continues to maintain a balanced mix of revenue bonds and notes payable. In 2026, approximately 28% of outstanding long-term debt consisted of notes payable, which generally carry lower interest rates than revenue bonds. This mix helps manage overall borrowing costs while preserving the Authority's flexibility and capacity to access the capital markets through future bond issuances as needed.

The increase in outstanding debt in fiscal year 2026 was primarily attributable to the issuance of $100 million in revenue bonds to support the Authority's capital improvement program and address infrastructure needs associated with continued growth throughout the service area. Despite the increase in total debt, GSWSA continues to manage its debt structure strategically to support long-term capital needs while maintaining financial flexibility.

Rate Covenant: In the Bond Resolution, GSWSA covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by GSWSA, together with other income, that will yield annual net earnings in the fiscal year equal to at least 110% of the sum of the annual debt service payments. Net earnings for debt service are defined as gross revenue including customer impact fees, less operating expenses adjusted for depreciation and amortization. The rate covenant in the Bond Resolution obligates GSWSA to review rates at least once a year and to revise such rates and charges as necessary to meet the coverage test. Revenue bond debt service coverage for fiscal years 2026, 2025 and 2024 was 422%, 403%, and 424% respectively.

Bond Ratings: At June 30, 2026, GSWSA's credit ratings were Aa1 from Moody's Investors Service and AA+ from S&P Global Ratings. Additional information on the Authority's long-term debt and related obligations is provided in the notes to the financial statements.

Significant Capital Asset and Long-term Financing Activity, Continued



Currently Known Facts, Decisions, or Conditions

Horry County continues to experience significant population and development growth. The U.S. Census Bureau estimated the County's population at approximately 427,600 in 2025, an increase of 21.8% from the 2020 estimates base. Residential and commercial development continues throughout GSWSA's service area. Continued population growth, development and service demand are expected to require additional water and wastewater capacity as well as ongoing renewal and replacement of existing treatment, distribution and collection infrastructure. As a result, these conditions are expected to affect future capital spending, infrastructure financing needs, and operating costs.

The Authority's fiscal year 2027 budget provides for operating revenues and operating expenses of approximately $163.9 million each. Budgeted operating revenues reflect anticipated rate increases, customer growth, and increased service demand. Budgeted operating expenses reflect ten additional positions and higher treatment-supply costs. The fiscal year 2027 budget also reflects increased debt-service requirements associated with the Authority's capital financing program. The budget assumes approximately 4,000 additional customers and residential equivalent units and a 0.9% increase in treated water volume during fiscal year 2027.

Capital expenditures of approximately $188.8 million are budgeted for fiscal year 2027 to expand treatment capacity, address water-quality requirements, improve system reliability, and renew and replace existing infrastructure. Significant planned projects include EPA required improvements, expansion of the Bucksport Wastewater Treatment Plant and Bull Creek Surface Water Treatment Plant, transmission improvements, and continued rural water and sewer projects. Budgeted capital expenditures exceed projected capital revenues by approximately $36.2 million, reflecting the planned use of available capital resources and long-term financing.

Management incorporates anticipated growth and development into GSWSA's long term master planning, capital planning, financial forecasting, and annual budgeting processes. These planning efforts are used to identify future capacity requirements, appropriately phase infrastructure improvements, and evaluate the financial resources necessary to support those improvements. Management also continues to monitor operating costs and financial resources to maintain the flexibility necessary to respond to changing economic conditions and future service demands.

BASIC FINANCIAL STATEMENTS

GRAND STRAND WATER AND SEWER AUTHORITY

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents	**$ 29,809,543**	$ 42,163,208
Investments	**214,744,535**	176,658,734
Receivables:		
Customer accounts, net of allowance of $228,422 in 2026 and $197,776 in 2025	**18,943,792**	16,673,759
Assessments	**3,427,515**	3,623,217
Interest	**847,065**	795,922
Leases	**1,327,185**	1,387,766
Other	**167,952**	3,856,196
Inventories	**6,119,314**	6,717,246
Prepaids	**2,426,862**	2,275,898
Restricted assets:		
Cash and cash equivalents	**2,200,085**	2,025,745
Investments	**77,140,799**	-
Total current assets	**357,154,647**	256,177,691
Noncurrent assets		
Restricted investments	**44,872,546**	27,919,327
Container and security deposits	**4,750**	4,751
Capital assets:		
Nondepreciable	**89,044,403**	125,471,640
Depreciable, net of depreciation and amortization	**977,303,126**	850,019,132
Total noncurrent assets	**1,111,224,825**	1,003,414,850
Total assets	**1,468,379,472**	1,259,592,541
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refundings	**8,789,546**	9,280,222
Pensions	**8,634,073**	7,870,868
Other postemployment benefits	**6,009,429**	7,288,981
Total deferred outflows of resources	**$ 23,433,048**	$ 24,440,071

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

	2026	2025
LIABILITIES		
Current liabilities		
Accounts payable	**$ 4,959,057**	$ 4,092,458
Accrued salaries and benefits	**2,032,681**	1,887,569
Accrued compensated absences	**994,024**	988,030
Construction contracts payable	**9,413,614**	11,556,517
Revenue bonds payable	**9,430,000**	9,235,000
Notes payable	**4,999,736**	4,181,969
Subscription payable	**909,834**	173,269
Accrued interest on revenue bonds	**383,665**	423,881
Accrued interest on notes payable	**334,992**	297,151
Customer security and tap deposits	**13,448,391**	12,635,230
Unearned customer contributions	**1,281,448**	1,208,108
Accrued Interest on subscriptions	**122,344**	12,509
Total current liabilities	**48,309,786**	46,691,691
Noncurrent liabilities		
Revenue bonds payable	**226,090,442**	127,240,276
Notes payable	**86,660,993**	77,457,232
Subscription payable	**3,204,521**	-
Net pension liability	**38,002,815**	40,433,888
Net other postemployment benefits liability	**14,869,914**	17,764,087
Accrued compensated absences	**2,007,803**	1,691,849
Total noncurrent liabilities	**370,836,488**	264,587,332
Total liabilities	**419,146,274**	311,279,023
DEFERRED INFLOWS OF RESOURCES		
Pensions	**3,630,053**	3,252,470
Other postemployment benefits	**7,496,003**	6,186,985
Leases	**1,164,319**	1,254,345
Total deferred inflows of resources	**12,290,375**	10,693,800
NET POSITION		
Net investment in capital assets	**806,892,693**	754,926,731
Restricted for:		
Capital projects	**24,733,207**	13,949,772
Debt service	**12,156,461**	2,025,745
Unrestricted	**216,593,510**	191,157,541
Total net position	**$ 1,060,375,871**	$ 962,059,789

GRAND STRAND WATER AND SEWER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Operating revenues		
Water and sewer volume and availability fees	**$ 108,056,234**	$ 99,171,339
Customer charges	**17,371,548**	16,649,756
Surface water charges	**12,066,009**	11,449,188
Surface water treatment plant contract revenues	**4,989,629**	4,272,541
Other revenue	**5,530,096**	5,076,196
Surface water treatment plant capacity fees	**1,212,696**	1,170,996
Customer impact fees	**17,169,712**	18,252,590
Total operating revenues	**166,395,924**	156,042,606
Operating expenses		
Personnel costs	**38,950,817**	39,091,249
Contractual services	**31,674,877**	31,972,584
Supplies and materials	**19,228,063**	18,862,695
Depreciation on assets acquired with:		
Authority funds	**22,748,747**	19,437,527
Contributed capital	**24,201,972**	20,324,676
Amortization on right-to-use assets	**1,741,875**	176,781
Other expenses	**1,776,687**	1,736,417
Total operating expenses	**140,323,038**	131,601,929
Operating income	**26,072,886**	24,440,677
Non-operating revenues (expenses)		
Investment income	**10,093,356**	13,745,599
Gain (loss) on disposal of capital assets	**(894,276)**	958,920
Interest expense	**(7,515,314)**	(5,467,889)
Capital subsidy received - grants	**3,196,215**	13,263,668
Capital contributions - developer contributions	**67,285,583**	69,881,570
Capital contributions - other	**77,632**	108,518
Total non-operating revenues, net	**72,243,196**	92,490,386
Change in net position	**98,316,082**	116,931,063
Total net position, beginning of year	**962,059,789**	845,128,726
Total net position, end of year	**$ 1,060,375,871**	$ 962,059,789

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

GRAND STRAND WATER AND SEWER AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	**$ 165,105,309**	$ 158,717,079
Cash paid to suppliers	**(53,041,524)**	(49,675,637)
Cash paid to employees	**(41,300,452)**	(38,422,804)
Cash paid to OPEB trust	**(305,603)**	(1,361,360)
Net cash provided by operating activities	**70,457,730**	69,257,278
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	**(71,148,941)**	(79,193,561)
Capital contributions and grant proceeds	**3,761,584**	9,941,547
Interest paid on debt	**(8,902,765)**	(7,060,884)
Proceeds from issuance of debt	**124,390,689**	15,456,251
Principal paid on debt	**(13,338,408)**	(12,466,356)
Payments on subscription obligations	**(1,143,583)**	(168,385)
Proceeds from sale of capital assets	**5,881,974**	3,463,914
Net cash provided by (used in) capital and related financing activities	**39,500,550**	(70,027,474)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(154,754,959)**	(58,690,222)
Proceeds from sale of investments	**18,273,880**	37,886,127
Interest and investment income	**14,343,473**	21,144,603
Net cash and cash equivalents provided by (used in) investing activities	**(122,137,606)**	340,508
Net change in cash and cash equivalents	**(12,179,326)**	(429,688)
Cash and cash equivalents, beginning of year	**44,188,953**	44,618,641
Cash and cash equivalents, end of year	**$ 32,009,627**	$ 44,188,953

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

	2026	2025
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	**$ 26,072,886**	$ 24,440,677
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**46,950,719**	39,762,203
Amortization expense - subscriptions	**1,741,875**	176,781
(Increase) decrease in operating assets and deferred outflows:		
Receivables - customers and assessments	**(2,074,331)**	2,024,064
Inventories	**597,932**	(994,008)
Leases receivable, net	**(29,445)**	(31,907)
Prepaids	**(150,964)**	(112,870)
Increase (decrease) in operating liabilities and deferred inflows:		
Accounts payable	**(808,865)**	4,002,937
Accrued salaries and compensated absences	**467,060**	(248,773)
Net pension liability	**(2,816,695)**	(1,026,741)
Net postemployment liability	**(305,603)**	582,599
Customer security and tap deposits	**813,161**	682,316
Net cash provided by operating activities	**70,457,730**	69,257,278
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developer contributions	**67,285,583**	69,881,570
Other contributions	**77,632**	108,518
Subscriptions issued	**5,084,669**	-
Subscription assets acquired	**7,825,474**	-
Increase (decrease) in construction contracts payable	**(2,142,903)**	5,780,503
Unrealized decrease in fair value of investments	**(4,301,260)**	(7,494,809)
Total noncash capital and related financing activities	**73,829,195**	68,275,782
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Unrestricted cash and investments - beginning	**218,821,942**	204,929,264
Restricted cash and investments - beginning	**29,945,072**	30,958,152
	248,767,014	235,887,416
Investments with original maturity dates over ninety days	**(204,578,061)**	(191,268,775)
Cash and cash equivalents - beginning	**44,188,953**	44,618,641
Unrestricted cash and investments - ending	**244,554,078**	218,821,942
Restricted cash and investments - ending	**124,213,430**	29,945,072
	368,767,508	248,767,014
Investments with original maturity dates over ninety days	**(336,757,880)**	(204,578,061)
Cash and cash equivalents - ending	**$ 32,009,628**	$ 44,188,953

GRAND STRAND WATER AND SEWER AUTHORITY

STATEMENTS OF FIDUCIARY NET POSITION
OTHER POSTEMPLOYMENT BENEFIT PENSION TRUST FUND
AS OF JUNE 30, 2026 AND 2025

	2026	2025
Assets		
Cash and cash equivalents	**$ 371,275**	**$ 221,793**
Investments:		
U.S. Treasury Note	**14,870,726**	**14,112,227**
U.S. Government Agency	**626,271**	**1,022,930**
Federal Agency	**1,776,512**	**231,870**
U.S. Treasury Bond		
Total investments	**17,273,509**	**15,367,027**
Receivables:		
Employee contributions	**4,735**	**11,486**
Accrued interest	**122,556**	**84,241**
Total receivables	**127,291**	**95,727**
Total assets	**17,772,075**	**15,684,547**
Net position restricted for other postemployment benefits other than pensions	**$ 17,772,075**	**$ 15,684,547**

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

GRAND STRAND WATER AND SEWER AUTHORITY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
OTHER POSTEMPLOYMENT BENEFIT PENSION TRUST FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Additions		
Investment income		
Net increase in fair value of investments	**$ 44,562**	$ 563,257
Interest income	**408,006**	314,596
Total investment income	**452,568**	877,853
Contributions		
Employer	**2,103,171**	1,526,471
Plan members	**123,729**	167,162
Total contributions	**2,226,900**	1,693,633
Total additions	**2,679,468**	2,571,486
Deductions		
Benefits paid	**591,940**	609,429
Total deductions	**591,940**	609,429
Net increase in net position	**2,087,528**	1,962,057
Net position restricted for other postemployment benefits		
Beginning of year	**15,684,547**	13,722,490
End of year	**$ 17,772,075**	$ 15,684,547

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government Unit

The Grand Strand Water and Sewer Authority (GSWSA) was created pursuant to the provisions of Act No. 337 enacted during the 1971 Session of the General Assembly of the State of South Carolina as a body politic and corporate. The principal functions of GSWSA are to acquire supplies of fresh water, distribute the water for industrial and domestic use within its service area and to acquire, construct, operate and maintain sewage treatment and collection facilities as GSWSA deems necessary.

The direct service area of GSWSA is presently defined to include all of the geographic area of Horry County except for those areas included (1) within an incorporated municipality which owns and operates a water and/or sewer system and (2) within the areas immediately adjacent to the Bucksport Water System, Inc. water service area. Pursuant to agreements entered into between GSWSA and certain municipalities, such municipalities currently provide water and sewer service to limited unincorporated areas contiguous to such municipalities.

Reporting Entity

GSWSA has established criteria for determining the scope of the reporting entity for financial statement presentation in accordance with certain accounting standards related to the financial reporting entity. GSWSA's Board is appointed by the Governor of the State of South Carolina based upon recommendation by local delegation. Accordingly, an accountability perspective has been the basis for defining the financial reporting entity. These financial statements present the government and all of its activities for which GSWSA's Board is accountable. There are no other political subdivisions or entities which should be included in the reporting entity of GSWSA.

Basis of Presentation, Accounting and Measurement Focus

GSWSA's financial statements are presented on the full accrual basis, as are the fiduciary fund statements, in accordance with generally accepted accounting principles. Under full accrual accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. GSWSA applies all relevant Government Accounting Standards Board (GASB) pronouncements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Accounting and Measurement Focus (Continued)

The accounting and financial reporting treatment applied is determined by its measurement focus. The transactions of GSWSA are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with operations are included on the balance sheet. Net position (i.e. total assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) are segregated between net investment in capital assets; net position restricted for capital projects and for debt service; and unrestricted net position. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. The principal operating revenues of GSWSA are charges to customers for sales and services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, depreciation on capital assets, and amortization on right-to-use leased assets. Nonoperating revenues and expenses are defined as subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the statement of net position date and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other accounts. Actual results could differ from those estimates.

GSWSA also maintains a fiduciary fund to report certain other postemployment benefits (OPEB). The OPEB Pension Trust Fund accounts for the activities of an OPEB trust fund that accumulates resources for the OPEB plan and pays benefits to qualified former employees.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Board of Directors adopts a current expense budget and a capital budget for GSWSA. The current expense budget details GSWSA's plans to receive and expend funds for charges incurred for operation, maintenance, interest and other charges for the ensuing fiscal year. The capital budget details the plan to receive and expend funds for capital projects. Prior to July 1, the budget is enacted by the passage of a resolution.

The Chief Executive Officer is authorized to transfer appropriations between departments and divisions in the current operating budget. Transfers of appropriations between capital projects in the capital budget may be authorized by the Board of Directors by resolution.

All unexpended and unencumbered appropriations in the current expense budget remaining at the end of the fiscal year will lapse. No appropriation for a capital project in the capital budget lapses until the purpose, for which the appropriation was made, has been accomplished or abandoned.

Budgets are adopted on a basis that approximates generally accepted accounting principles, except for debt service payments, capital expenditures and departmental transfers, which are budgeted on a cash basis.

Deposits and Investments

For purposes of reporting cash flows, GSWSA's policy is to include in cash and cash equivalents, all cash on hand, cash on deposit, and all investments with an original maturity of 90 days or less.

GSWSA invests through various investment advisors. It also invests in a pool managed by the South Carolina State Treasurer. Investments of GSWSA include certificates of deposit, repurchase agreements, United States or State of South Carolina general obligations, and other governmental debt securities.

GSWSA has adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. As required by GASB Statement No. 31, investments are reported at fair value in the financial statements. Related changes in the fair value of investments are included as an element of investment income.

GSWSA has funds invested in the South Carolina Local Government Investment Pool which is encouraged by the South Carolina State Treasurer. Funds deposited by legally defined entities into the pool are used to purchase investment securities as follows: direct obligations of U.S. Government securities; federal agency securities; repurchase agreements secured by the U.S. Government and/or federal agency securities; and A1/P1 commercial paper.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Customer accounts are reported net of allowance for doubtful accounts and represent various volume, availability and service fees earned but not yet collected. Cycle billings at year-end are estimated to record revenues earned through year-end. Receivables include $13,799,201 and $12,023,072 in revenues earned through year-end but not yet billed as of June 30, 2026 and 2025, respectively. Recurring consumption and capacity fees from residential and commercial customers are recognized as operating revenues, whereas Bull Creek Surface Water Treatment Plant bulk consumption and capacity sales to other service providers (generally other local governments) are recognized as operating revenues and capital contributions.

Inventories

Materials and supply inventories are stated at the average cost and are accounted for according to the consumption method.

Restricted Assets

Restricted asset accounts were established to account for assets reserved for specific purposes. Funds designated by certain revenue bond indentures and revolving loan agreements are recorded as restricted assets. The bond and loan agreements require the establishment of construction accounts, current debt service accounts, future debt service accounts, and depreciation and contingency accounts. Deposits are made to the restricted asset accounts in amounts determined by the bond indenture.

Capital Assets, Capacity Rights and Depreciation

Capital assets if acquired by purchase or constructed by GSWSA are recorded at cost. Assets acquired through contributions from developers or other entities are capitalized at their acquisition value, or at the engineers' estimated value or cost to construct at the date of the contribution. Acquired utility systems assets from other service providers (typically local governments) are recorded at the lower of the prior service provider's net book value or fair value, with the cost and accumulated depreciation recorded. GSWSA allocates overhead to construction projects based on the direct labor charges to each project. GSWSA's policy is to capitalize assets in excess of $5,000. All GSWSA assets and right to use assets are depreciated and amortized using the straight-line method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets, Capacity Rights and Depreciation (Continued)

Depreciation and amortization is calculated using the following estimated useful lives:

	Years
Utility, plant and equipment	7 - 45
Buildings and leaseholds	14 - 50
Vehicles	3 -10
Machinery, equipment and furniture	5 - 10
Right-to-use software	1 - 5

Costs of studies that directly result in specific construction projects are capitalized. Significant costs applicable to long range projects and amounts not specifically chargeable to individual projects are charged to operations.

GSWSA records the entire cost of water and wastewater systems which it owns, operates and controls. This includes the cost of certain capacity rights purchased from other utilities. The cost of these capacity rights is included in utility plants and are depreciated over a useful life of 7 - 45 years.

Prepaid Expenses

Certain payments to vendors reflect expenses applicable to future accounting periods and are recorded as prepaids. Prepaid expenses are accounted for using the consumption method.

Long-term Obligations

Long-term obligations are reported at face value. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are recorded net of applicable premiums and discounts.

Compensated Absences

It is GSWSA's policy to permit its employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay are attributable to past service and the employees will be compensated; therefore, the vacation and sick pay are accrued in the period earned. The current portion of compensation for future absences liability is an estimate based upon the average annual vacation and sick time used by employees.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and additions to/deductions from SCRS's fiduciary net position have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Grand Strand Water and Sewer Authority Retiree Healthcare Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments.

Investments are reported at fair value in an irrevocable trust, which, for the Plan, is determined by the mean of the most recent bid and ask prices as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian under the direction of the GSWSA Board of Directors.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. GSWSA has three items that qualify for reporting in this category: deferred charges on refundings, the net change in net pension liability not included in pension expense, net change in the other postemployment liability not included in other postemployment expense, including employer contributions subsequent to the measurement date. A deferred charge on refunding results from the difference in carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Deferred Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position includes a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. GSWSA has three items that qualify for reporting in this category, the change in net pension liability not included in pension expense, the change in other postemployment liability not included in other postemployment expense, and the deferred inflow of resources related to lease receivables for transactions in which GSWSA is the lessor.

Non-exchange Transactions

During the fiscal year ended June 30, 2001, GSWSA implemented the provisions of accounting standards related to accounting and financial reporting for non-exchange transactions. Non-exchange transactions involve financial or capital resources in which a government either gives value to another party without receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The standards established by the statement require that capital contributions, such as government grants, customer impact fees and developer contributions, be recorded in the financial statements as revenues.

Capital Contributions - Contributions include impact fees, developer contributions of systems, and other capacity and supplemental support by other utilities and governments. Impact fees represent charges against new development to recover capital costs previously incurred for available system capacity or to develop new service capacity. Developers contribute completed systems they have constructed under state and local guidelines. Developers generally do not desire and are not permitted to operate water and wastewater systems. Contributed capital is recorded at acquisition value.

Impact fees and developer contributions of systems represent imposed nonexchange transactions and voluntary nonexchange transactions, respectively. Impact fees are recognized in the *Statements of Revenues, Expenses, and Changes in Net Position* when legally enforceable or probable of legal enforcement, or if no restrictions, when use of the resources is first permitted. Impact fees received from developers and commercial entities are permitted to be used upon receipt, and subject to refund prior to initiation of construction. Accordingly, impact fees are recognized in the financial statements upon receipt. An allowance is recorded in anticipation of refunds, when applicable. Historically, refunds of impact fees have been negligible and assessed as highly remote.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and the Rate Structure

Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital costs related to non-replacement oriented assets (utility plants), depreciation expense on capital replacement assets (vehicles, pumps, motors), and principal and interest expenditures.

Availability Fees - This charge is related to the potential demand that each customer places on the system. The costs are allocated to non-bulk customers (residential and others) and bulk customers. Non-bulk customer's costs are divided by the appropriate number of residential equivalent units to arrive at a monthly availability charge. Net capital costs allocated to bulk customers are recovered through its volume charge. This is a monthly charge and provides no minimum usage allowance. The basic philosophy behind this charge is to equitably match cost with usage at lower consumption levels.

Surface Water Charges - During fiscal year 1988, GSWSA initiated the surface water charge to customers which represents a monthly fixed charge per residential equivalent unit to recover the cost of compliance with the Safe Drinking Water Act. The revenues are available for the construction and operation of the Bull Creek Surface Water Treatment Plant and maintenance of the system.

Surface Water Treatment Plant Contract Revenues and Capacity Fees - These sales represent water sales from GSWSA's Bull Creek Regional Water Treatment and Transmission System [referred to as the Surface Water Treatment Plant (SWTP)] to other local government utilities who resell water to its customers. Sales based on water consumption are recorded as operating revenues. Sales based on capacity sold to participants are recorded as capital contributions. The revenues have not been reduced for certain water sold back to GSWSA under transmission and distribution arrangements. Such repurchased water is recorded in the expense accounts.

Net Position

Net position is comprised of various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified into the following three components: (1) net investment in capital assets; (2) restricted for capital projects and debt service; and, (3) unrestricted.

Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt and other liabilities that are attributable to the acquisition, construction and improvement of those assets. Debt related to unspent proceeds is excluded from the determination.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Net position restricted for capital projects and debt service consists of net position for which constraints are placed thereon by external parties such as lenders, services for grantors, contributors, laws, regulations and enabling legislation.

Unrestricted net position consists of all other net position not included in the above two categories. The unrestricted net position at June 30, 2026 and 2025 include $3,850,158 and $3,739,663, respectively, maintained in a rate stabilization account as designated by the Board of Directors. This fund consists of excess operating and maintenance revenues at year end which are not re-budgeted and may only be used or expended by the Board to provide for unanticipated emergencies (e.g., major natural disaster or loss of a major customer) which could otherwise result in spiked rate (i.e., revenue) increases. This fund is periodically reviewed to ensure that it is adequate.

Use of Estimates

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

NOTE 2. DEPOSITS AND INVESTMENTS

Cash and cash equivalents consisted of the following at June 30:

	2026	2025
Petty cash	**$ 5,650**	$ 5,650
Cash deposits	**24,801,501**	42,769,579
Money market deposit	**983,711**	1,413,724
Repurchase agreements	**6,218,766**	-
Total cash and cash equivalents	**$ 32,009,628**	$ 44,188,953

Deposits

At June 30, 2026 and 2025, the carrying amounts of GSWSA's deposits in financial institutions were $32,009,628 and $44,188,953. The financial institutions' balances totaled $33,355,731 and $47,586,599, which were insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities, held by agents and/or by pledging financial institutions trust departments or agents, both in GSWSA's name. Petty cash on hand was $5,650 for fiscal years 2026 and 2025.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial credit risk is the risk that in the event of a bank failure GSWSA's deposits may not be returned. GSWSA's deposit policy for custodial credit risk is that no cash balances exceed the amount covered by FDIC insurance or collateralized with securities.

Investments

Custodial credit risk. For an investment, this is the risk that, in the event of the failure of the counterparty, GSWSA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. GSWSA's investment policy addresses custodial credit risk by requiring that investment balances are held by a third-party custodian.

At June 30, 2026 and 2025, GSWSA had the following investments, at fair value, which were uninsured, unregistered and held by GSWSA's brokerage firm which is also the counterparty for those particular securities.

	2026	2025
Federal Home Loan Mortgage	**$ 10,721,555**	$ 11,676,721
Federal National Mortgage	**14,009,856**	17,814,627
Federal Home Loan Bank	**556,400**	1,051,060
Government National Mortgage Association	**2,574,166**	3,006,024

Credit risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations. GSWSA has adopted an investment policy which limits investments according to South Carolina State Statute 6-5-10 as may be amended from time to time for investments by political subdivisions. According to the investment and securities schedule below, GSWSA had certain investments which were rated by Standard and Poor's.

Concentration of credit risk. The risk of overexposure to a single asset or market. GSWSA's investment policy is to instruct the Investment Managers to structure the portfolio based on principles of diversification. As presented in the schedule below, GSWSA had certain investments with issuers that were as much as 47% of its investment portfolio.

Interest rate risk. The risk that changes in interest rates will adversely affect the fair value of an investment. GSWSA's investment policy permits investment terms ranging from overnight to twelve years with the exception of mortgage pass through securities with normal maturities greater than ten years, if their average life is expected to be ten years or less.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of June 30, 2026, GSWSA had the following investments and maturities:

		Investment Maturities (Years)					
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More than 10	Credit Rating	% of Total Investment
U.S. Treasuries	$ 115,902,291	$ 6,370,241	$ 62,675,609	$ 46,856,441	$ -	AA+	34.42%
Federal Home Loan Bank	556,400	-	556,400	-	-	AA+	0.17%
Federal Home Loan	10,721,555	7,404	4,977,739	3,948,001	1,788,411	AA+	3.18%
Federal National	14,009,856	-	3,721,653	1,811,276	8,476,927	AA+	4.16%
Government National	2,574,166	10,511	-	718,284	1,845,371	AA+	0.76%
Certificate of Deposit	58,485,391	11,985,391	46,500,000	-	-	N/R	17.37%
Investment Pool	134,508,221	134,508,221	-	-	-	N/R	39.94%
	$ 336,757,880	$ 152,881,768	$ 118,431,401	$ 53,334,002	$ 12,110,709		100.00%

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

		Investment Maturities (Years)					
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More than 10	Credit Rating	% of Total Investment
U.S. Treasuries	$ 96,338,595	$ 8,033,580	$ 69,049,736	$ 19,255,279	$ -	AA+	47.09%
Federal Home Loan Bank	1,051,060	496,445	554,615	-	-	AA+	0.51%
Federal Home Loan	11,676,721	56,789	5,861,525	3,343,645	2,414,762	AA+	5.71%
Federal National	17,814,627	2,630,496	3,320,716	1,783,545	10,079,870	AA+	8.71%
Government National	3,006,024	-	36,718	607,466	2,361,840	AA+	1.47%
Certificate of Deposit	36,627,960	36,627,960	-	-	-	N/R	17.90%
Investment Pool	38,063,074	38,063,074	-	-	-	N/R	18.61%
	$ 204,578,061	$ 85,908,344	$ 78,823,310	$ 24,989,935	$ 14,856,472		100.00%

Investment Valuation

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Grand Strand Water and Sewer Authority's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include input markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources, however there are no level 3 inputs as of June 30, 2026 and 2025.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Valuation (Continued)

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

Fair value measurements are as follows at June 30, 2026:

Description	Total	Level 1	Level 2	Level 3
Money Market Mutual Funds	$ 983,711	$ 983,711	$ -	$ -
U.S. Treasuries	115,902,291	115,902,291	-	-
U.S. Gov't Agency Obligations	556,400	-	556,400	-
U.S. Gov't Agency Mortgage-Backed Pools	27,305,577	-	27,305,577	-
Certificates of Deposit[1]	58,485,391	n/a	n/a	n/a
Investments Measured at Net Asset Value[1]	134,508,221	n/a	n/a	n/a
	$ 337,741,591	$ 116,886,002	$ 27,861,977	$ -

[1] Certain investments in the South Carolina Local Government Investment Pool are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. Certificates of Deposit are reported at amortized cost which approximates fair value and have not been categorized in the fair value hierarchy.

Fair value measurements are as follows at June 30, 2025:

Description	Total	Level 1	Level 2	Level 3
Money Market Mutual Funds	$ 1,413,724	$ 1,413,724	$ -	$ -
U.S. Treasuries	96,338,595	96,338,595	-	-
U.S. Gov't Agency Obligations	1,051,060	496,445	554,615	-
U.S. Gov't Agency Mortgage-Backed Pools	32,497,372	5,909,754	26,587,618	-
Certificates of Deposit	36,627,960	n/a	n/a	n/a
Investments Measured at Net Asset Value[1]	38,063,074	n/a	n/a	n/a
	$ 205,991,785	$ 104,158,518	$ 27,142,233	$ -

[1] Certain investments in the South Carolina Local Government Investment Pool are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

NOTE 3. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2026, was as follows:

	Balance June 30, 2025	Additions	Retirements	Disposals/ Transfers	Balance June 30, 2026
Capital assets not being depreciated:					
Land and easements	$ 56,254,038	$ 240,000	$ (17,564)	$ -	$ 56,476,474
Construction-in-progress	69,217,602	21,814,066	(5,626,454)	(52,837,285)	32,567,929
	125,471,640	22,054,066	(5,644,018)	(52,837,285)	89,044,403
Capital assets being depreciated or amortized:					
Utility plant	1,382,332,056	109,749,825	(1,650,965)	51,841,206	1,542,272,122
Buildings and leaseholds	13,766,218	250,158	-	945,598	14,961,974
Site improvements	3,143,456	160,385	-	27,828	3,331,669
Vehicles	19,270,813	3,761,485	(1,103,133)	-	21,929,165
Machinery, equipment and furniture	32,102,024	2,524,210	(395,203)	22,653	34,253,684
Subscription assets	523,579	7,825,474	(523,579)	-	7,825,474
	1,451,138,146	124,271,537	(3,672,880)	52,837,285	1,624,574,088
Accumulated depreciation and amortization for:					
Utility plant	(551,877,833)	(42,199,221)	548,682	-	(593,528,372)
Buildings	(7,374,772)	(676,059)	-	-	(8,050,831)
Site improvements	(1,376,278)	(166,799)	-	-	(1,543,077)
Vehicles	(13,973,283)	(1,924,685)	1,077,157	-	(14,820,811)
Machinery, equipment and furniture	(26,181,431)	(1,983,956)	391,229	-	(27,774,158)
Subscription assets	(335,417)	(1,741,875)	523,579	-	(1,553,713)
	(601,119,014)	(48,692,595)	2,540,647	-	(647,270,962)
Total capital assets, net	$ 975,490,772	$ 97,633,008	$ (6,776,251)	$ -	$ 1,066,347,529

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

	Balance June 30, 2024	Additions	Retirements	Disposals/ Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land and easements	$ 56,088,843	$ 165,195	$ -	$ -	$ 56,254,038
Construction-in-progress	55,631,328	51,404,608	(1,833,684)	(35,984,650)	69,217,602
	111,720,171	51,569,803	(1,833,684)	(35,984,650)	125,471,640
Capital assets being depreciated or amortized:					
Utility plant	1,254,909,610	94,012,477	(2,574,681)	35,984,650	1,382,332,056
Buildings and leaseholds	13,072,738	693,480	-	-	13,766,218
Site improvements	2,141,586	1,001,870	-	-	3,143,456
Vehicles	17,559,812	2,781,727	(1,070,726)	-	19,270,813
Machinery, equipment and furniture	30,857,773	1,657,164	(412,913)	-	32,102,024
Subscription assets	523,579	-	-	-	523,579
	1,319,065,098	100,146,718	(4,058,320)	35,984,650	1,451,138,146
Capital assets being depreciated or amortized:					
Utility plant	(518,352,703)	(35,474,934)	1,949,804	-	(551,877,833)
Buildings	(6,901,682)	(473,090)	-	-	(7,374,772)
Site improvements	(1,230,457)	(145,821)	-	-	(1,376,278)
Vehicles	(13,378,676)	(1,637,977)	1,043,370	-	(13,973,283)
Machinery, equipment and furniture	(24,544,887)	(2,030,381)	393,837	-	(26,181,431)
Subscription assets	(158,636)	(176,781)	-	-	(335,417)
	(564,567,041)	(39,938,984)	3,387,011	-	(601,119,014)
Total capital assets, net	$ 866,218,228	$ 111,777,537	$ (2,504,993)	$ -	$ 975,490,772

NOTE 3. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Certain direct and indirect costs of GSWSA's construction and engineering departments were capitalized in the amount of $6,529,793 and $5,954,779 during 2026 and 2025, respectively.

Utility plant includes all of GSWSA's water and wastewater systems, including those systems for which capacity rights or systems have been purchased or sold.

NOTE 4. LEASES

Lessor

GSWSA is a lessor for noncancelable leases of certain real property. GSWSA recognizes a lease receivable and deferred inflows of resources for deferred lease receipts in the Statements of Net Position.

At the commencement of a lease, GSWSA initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to a lease include how GSWSA determines (1) the discount rate it used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- GSWSA uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that GSWSA is reasonably certain to exercise.

GSWSA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 5. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

GSWSA is a party to certain noncancelable Subscription-Based Information Technology Arrangements (SBITAs). GSWSA recognizes a subscription liability and an intangible right-to-use asset in the statement of net position. GSWSA recognizes subscription liabilities with an initial, individual value of $60,000 or more.

At the commencement of a SBITA, GSWSA initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjustment for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to SBITAs include how GSWSA determines (1) the discount rate it used to discount the expected payments to present value, (2) subscription term, and (3) payments.

GSWSA uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, GSWSA generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

The subscription term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that GSWSA is reasonably certain to exercise.

GSWSA monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statements of Net Position.

NOTE 5. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

Subscription asset activity for the year ended June 30, 2026, was as follows:

	Balance June 30, 2025	Additions	Remeasurements	Deductions	Balance June 30, 2026
Subscription assets:					
Software	$ 523,579	$ 7,825,474	$ -	$ (523,579)	$ 7,825,474
Total	523,579	7,825,474	-	(523,579)	7,825,474
Less accumulated amortization for:					
Software	(335,417)	(1,741,875)	-	523,579	(1,553,713)
Total	(335,417)	(1,741,875)	-	523,579	(1,553,713)
Total subscription assets, net	$ 188,162	$ 6,083,599	$ -	$ -	$ 6,271,761

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

	Balance June 30, 2024	Additions	Remeasurements	Deductions	Balance June 30, 2025
Subscription assets:					
Software	$ 523,579	$ -	$ -	$ -	$ 523,579
Total	523,579	-	-	-	523,579
Less accumulated amortization for:					
Software	(158,636)	(176,781)	-	-	(335,417)
Total	(158,636)	(176,781)	-	-	(335,417)
Total subscription assets, net	$ 364,943	$ (176,781)	$ -	$ -	$ 188,162

Annual principal and interest requirements to maturity for the subscription liability as of June 30, 2026, are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2027	$ 909,834	$ 112,651	$ 1,022,485
2028	985,869	87,740	1,073,609
2029	1,066,542	60,747	1,127,289
2030	1,152,110	31,545	1,183,655
	$ 4,114,355	$ 292,683	$ 4,407,038

NOTE 6. LONG-TERM DEBT

Bonds, notes payable and state revolving loans at June 30, 2026 and 2025 are composed of the following individual issuances:

	2026	2025
Series 2016D, $14,205,000 waterworks and sewer system refunding revenue bond, the final remaining semi-annual principal and interest payment was made in June 2026.	**$ -**	$ 220,000
Series 2017, $15,010,000 refunding revenue bond, remaining annual principal and semi-annual interest installments of $432,113 to $1,687,894 (principal of $80,000 to $1,630,000) through June 2041, interest only due each December 1, principal and interest due each June 1, interest at 2.5% to 5%.	**11,965,000**	12,920,000
Bonds 2019, $30,000,000 waterworks and sewer system improvement revenue bond, remaining annual principal and semi-annual interest installments of $1,791,700 to $1,796,900 (principal of $810,000 to $1,735,0000) through June 2048, interest only due each December 1, principal and interest due each June 1, interest at 3% to 5%.	**27,130,000**	27,900,000
Bonds 2020, $24,195,000 waterworks and sewer system improvement revenue bond, remaining annual principal and semi-annual interest installments of $907,800 to $2,972,450 (principal of $890,000 to $2,430,000) through June 2034, interest only due each December 1, principal and interest due each June 1, interest at 2% to 5%.	**12,835,000**	15,145,000
Bonds 2021, $86,775,000 waterworks and sewer system improvement and refunding revenue bonds, remaining annual principal and semi-annual interest installments of $994,400 to $8,616,100 (principal of $475,000 to $7,065,000) through June 2051, interest only due each December 1, principal and interest due each June 1, interest at 3% to 5%.	**59,090,000**	64,070,000
Bonds 2026, $100,000,000 waterworks and sewer system improvement revenue bond, remaining principal and semi-annual interest installments of $1,027,778 to $6,714,000 (principal of $1,710,000 to $6,390,000) through June 2056, interest only due each December 1, principal and interest due each June 1, interest at 5%.	**100,000,000**	-
Total Revenue Refunding and Improvement Bonds	**211,020,000**	120,255,000

NOTE 6. LONG-TERM DEBT (CONTINUED)

	2026	2025
Highway 501 to Highway 544 Force Main SRF, $1,492,111 loan at 1.54% interest with quarterly principal and interest payments of $21,711 beginning August 2010 through May 2030	**$ 335,160**	$ 415,570
Highway 501 to International Drive Water SRF, $4,504,199 loan at 1.90% interest with quarterly principal and interest payments of $67,808 beginning October 2014 through July 2034.	**2,066,568**	2,295,806
Bull Creek to MB Water System Interconnect Phase 2 SRF, $5,467,048 loan at 1.80% with quarterly principal and interest payments of $81,527 beginning November 2016 through August 2036.	**3,046,151**	3,314,406
Myrtle Beach SWTP Ozone System Improvements SRF; $3,179,669 loan at 1.80% interest with quarterly principal and interest payments of $47,414 beginning June 2017 through March 2037.	**1,849,905**	2,004,519
South WW Transmission Upgrade SRF, $11,416,474 loan at a blended 2.10% interest with quarterly principal and interest payments of $147,244 beginning June 2020 through June 2021; Quarterly principal and interest payments were reduced to $138,378 beginning December 2021 through March 2040; then $103,713 beginning June 2040 through the balance of the loan.	**9,326,777**	9,679,780
Longs WWTP Upgrade SRF, $15,023,932 loan at a blended 2.40% interest with quarterly principal and interest payments of $199,766 beginning January 2021 through October 2040; then $119,515 beginning January 2041 through the balance of the loan.	**12,563,619**	13,036,446
Highway 701 to Highway 544 Water Transmission Line SRF, $14,140,834 loan at 2.60% interest with quarterly principal and interest payments of $170,077 beginning October 2021 through July 2051.	**12,565,610**	12,913,538
International Drive Booster Pump Station SRF, $6,390,258 loan at blended 1.80% interest with quarterly principal and interest payments of $82,047 beginning July 2022 through April 2052.	**5,082,344**	5,277,395
Old Highway 90 Elevated Tank SRF, $3,011,960 loan at 1.00% interest with quarterly principal and interest payments of $41,587 beginning December 2022 through December 2024; Quarterly principal and interest payments were reduced to $37,822 beginning June 2025 through the balance of the loan.	**2,266,452**	2,394,274

NOTE 6. LONG-TERM DEBT (CONTINUED)

	2026	2025
Myrtle Beach WWTP Influent Pump Station and Headworks SRF, $15,119,846 loan at 1.50% interest with quarterly principal and interest payments of $219,115 beginning June 2024 through September 2024; Quarterly principal and interest payments were reduced to $209,133 beginning March 2025 through the balance of the loan.	**$ 13,014,825**	$ 13,571,607
Bull Creek Surface WTP Drainage Improvements SRF, $745,144 loan at 1.50% interest with quarterly principal and interest payments of $10,799 beginning May 2023 through February 2043.	**551,855**	580,626
SC Marine Park SRF, Marine Industrial Park Loan, $5,000,000 loan payable to South Carolina Public Service Authority. Annual principal and interest payments beginning April 2022 through April 2028; interest at a variable rate set annually. Collateralized by the property on which the Industrial Park is being developed as well as a $120,000 certificate of deposit.	**1,430,000**	2,144,000
Conway to Bucksport Flow Diversion SRF, $8,500,000 loan at 1.4% interest with quarterly principal and interest payments of $122,003 beginning July 2025 through April 2045.	**6,694,987**	4,901,477
Bull Creek SWTP Expansion, $24,612,000 loan at a blended 2.10% interest with quarterly principal and interest payments of $340,609 beginning June 2026 through March 2046; then $119,368 beginning June 2046 through the balance of the loan.	**19,665,846**	9,109,757
Central WWTP Expansion Planning and Design SRF, $1,200,630 loan at 2.5% interest with quarterly principal and interest payments of $46,875 beginning December 2026 through September 2056.	**1,200,630**	-
Total notes payable	**91,660,729**	81,639,201
Total debt, before deferrals	**302,680,729**	201,894,201
Unamortized revenue bond discount/premium	**24,500,442**	16,220,276
Total debt, net	**327,181,171**	218,114,477
Less current portion	**(14,429,736)**	(13,416,969)
Total long term portion of debt	**$ 312,751,435**	$ 204,697,508

NOTE 6. LONG-TERM DEBT (CONTINUED)

Remaining debt service payments at June 30, 2026, are as follows:

	Revenue Bonds		Notes Payable		Total	Total Principal
	Principal	Interest	Principal	Interest	Principal	and Interest
2027	$ 9,430,000	$ 9,602,063	$ 4,999,736	$ 2,000,239	$ 14,429,736	$ 26,032,038
2028	9,490,000	9,130,563	5,122,300	1,920,211	14,612,300	25,663,074
2029	11,045,000	8,657,363	4,495,159	1,793,045	15,540,159	25,990,567
2030	11,130,000	8,107,113	4,584,881	1,703,323	15,714,881	25,525,317
2031	11,385,000	7,561,663	4,589,092	1,612,268	15,974,092	25,148,023
2032 - 2036	25,075,000	33,114,868	23,351,548	6,664,978	48,426,548	88,206,394
2037 - 2041	27,960,000	27,962,575	21,580,297	4,443,972	49,540,297	81,946,844
2042 - 2046	33,460,000	21,482,300	15,245,765	2,387,332	48,705,765	72,575,397
2047 - 2051	42,985,000	13,342,329	7,371,353	505,702	50,356,353	64,204,384
2052 - 2056	29,060,000	4,500,500	320,598	3,189	29,380,598	33,884,287
Totals	$ 211,020,000	$ 143,461,337	$ 91,660,729	$ 23,034,259	$ 302,680,729	$ 469,176,325

Remaining debt service payments at June 30, 2025, are as follows:

	Revenue Bonds		Notes Payable		Total	Total Principal
	Principal	Interest	Principal	Interest	Principal	and Interest
2026	$ 9,235,000	$ 5,046,101	$ 4,181,969	$ 1,632,938	$ 13,416,969	$ 20,096,008
2027	9,430,000	4,602,063	4,867,747	1,969,981	14,297,747	20,869,791
2028	9,490,000	4,130,563	4,949,566	1,888,148	14,439,566	20,458,277
2029	9,335,000	3,657,363	4,318,101	1,766,306	13,653,101	19,076,770
2030	9,330,000	3,192,613	4,403,390	1,680,017	13,733,390	18,606,020
2031 - 2035	21,305,000	10,839,725	22,701,876	7,076,517	44,006,876	61,923,118
2036 - 2040	13,305,000	8,832,244	16,188,181	3,564,118	29,493,181	41,889,543
2041 - 2045	15,250,000	6,325,338	10,830,291	1,761,141	26,080,291	34,166,770
2046 - 2050	18,580,000	3,269,125	7,827,399	703,542	26,407,399	30,380,066
2051 - 2052	4,995,000	199,804	1,370,681	26,113	6,365,681	6,591,598
Totals	$ 120,255,000	$ 50,094,939	$ 81,639,201	$ 22,068,821	$ 201,894,201	$ 274,057,961

NOTE 6. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended June 30, 2026, is as follows:

	Balance June 30, 2025	Additions	Reductions	Balance June 30, 2026	Due within One Year
Bonds payable	$ 120,255,000	$ 100,000,000	$ 9,235,000	$ 211,020,000	$ 9,430,000
Notes payable	81,639,201	14,124,936	4,103,408	91,660,729	4,999,736
Compensated absences	2,679,879	1,257,697	935,749	3,001,827	994,024
Subscription payable	173,269	5,084,669	1,143,583	4,114,355	909,834
Net pension liability	40,433,888	4,119,934	6,551,007	38,002,815	-
Net OPEB liability	17,764,087	2,523,138	5,417,311	14,869,914	-
Total liabilities	262,945,324	127,110,374	27,386,058	362,669,640	16,333,594
Plus deferred amounts:					
Issuance premiums	16,220,276	10,265,752	1,985,586	24,500,442	-
Total	$ 279,165,600	$ 137,376,126	$ 29,371,644	$ 387,170,082	$ 16,333,594

Long-term liability activity for the year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due within One Year
Bonds payable	$ 129,200,000	$ -	$ 8,945,000	$ 120,255,000	$ 9,235,000
Notes payable	69,704,306	15,456,251	3,521,356	81,639,201	4,181,969
Compensated absences	3,008,159	786,397	1,114,677	2,679,879	988,030
Subscription payable	341,654	-	168,385	173,269	173,269
Net pension liability	42,247,089	5,983,404	7,796,605	40,433,888	-
Net OPEB liability	14,923,801	5,411,772	2,571,486	17,764,087	-
Total liabilities	259,425,009	27,637,824	24,117,509	262,945,324	14,578,268
Plus deferred amounts:					
Issuance premiums	18,291,966	-	2,071,690	16,220,276	-
Total	$ 277,716,975	$ 27,637,824	$ 26,189,199	$ 279,165,600	$ 14,578,268

GSWSA has pledged future revenues derived from the operation of the water and wastewater systems, net of operating and maintenance expenses, to repay $301,250,731 in water and wastewater bonds. Proceeds from the bonds provided financing for improvements to the water and wastewater systems, as well as refunding of water and wastewater revenue bonds. The bonds are payable solely from the net earnings of the Water and Wastewater Systems and are payable through 2056. The total principal and interest remaining to be paid on the bonds is $467,667,698, with annual payments expected to require approximately 25 percent of net revenues. Principal and interest paid for the current year and net system revenues were $21,097,726 and $62,928,892, respectively.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Net system revenues for the year ended June 30, 2026 and 2025 are calculated in the table below:

	2026	2025
Net Income	**$ 98,316,082**	$ 116,931,063
Add:		
Depreciation and amortization expense	**48,692,595**	39,938,984
Interest on bonds	**7,515,313**	5,467,889
Loss on sale of capital assets	**894,276**	-
Less:		
Gain on sale of capital assets	**-**	(958,920)
Investment income earned on construction funds	**(3,547,536)**	(5,024,362)
Capital contributions	**(88,941,838)**	(102,677,342)
Net Earnings	**$ 62,928,892**	$ 53,677,312

The revenue bonds also require the establishment of the following restricted bank accounts:

- Construction Accounts.
- Current Debt Service Accounts – for payment of bond principal and interest.
- Future Debt Service Accounts – a reserve for future payment of principal and interest.
- Depreciation and Contingency Fund – for restoring depreciated or obsolete capital assets.
- Capitalized Interest Account – for payment of bond interest until the project is completed at which time the current debt service will be used to pay principal and interest.
- Rebate Account – for the estimated liability to the federal government for interest earnings in excess of interest expense on tax-free revenue bonds.

On March 29, 2024, GSWSA was approved for a note payable to the South Carolina State Budget and Control Board from the South Carolina State Water Pollution Control Revolving Fund for $8,500,000 with an interest rate of 1.40%. The proceeds will be for the Conway to Bucksport Water Treatment Plant Flow Diversion project. As of June 30, 2026, GSWSA received $7,065,940.

On April 26, 2024, GSWSA was approved for a note payable to the South Carolina State Budget and Control Board from the South Carolina State Water Pollution Control Revolving Fund for $24,612,000 with an interest rate of 2.10%. The proceeds will be for the Bull Creek Surface Water Treatment Plant Expansion. As of June 30, 2026, GSWSA received $19,869,599.

On March 31, 2026, GSWSA was approved for a note payable to the South Carolina State Budget and Control Board from the South Carolina State Water Pollution Control Revolving Fund for $1,200,630 with an interest rate of 2.50%. The proceeds will be for the Central Wastewater Treatment Plant Planning and Design Engineering. As of June 30, 2026, GSWSA received $1,200,630.

NOTE 7. NET POSITION

Net position represents assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Net position amounts were as follows at June 30:

	2026	2025
Capital assets, net of depreciation	**$ 1,066,347,529**	$ 975,490,772
Add:		
Deferred charge on refunding	**8,789,546**	9,280,222
Less:		
Revenue bonds payable, net of amortization	**(235,520,442)**	(136,475,276)
Notes payable	**(91,660,729)**	(81,639,201)
Subscription payable	**(4,114,355)**	(173,269)
Contractors payable	**(9,413,614)**	(11,556,517)
Unspent bond proceeds	**72,464,758**	-
Total	**806,892,693**	754,926,731
Restricted for:		
Capital projects	**24,733,207**	13,949,772
Debt service	**12,156,461**	2,025,745
Unrestricted	**216,593,510**	191,157,541
Total net position	**$ 1,060,375,871**	$ 962,059,789

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NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. 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. 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. PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the South Carolina Retirement 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 South Carolina Public Employee Benefit Authority, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR of the state.

Plan Description

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

GSWSA's annual covered payroll for fiscal years 2026 and 2025 for active members covered by the SCRS was $26,770,164 and $25,850,922, respectively.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. 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 newly elected to the South Carolina General Assembly beginning with the November 2012 general election. 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.

NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN (CONTINUED)

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 Class Two member who has separated from service with at least five 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 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.

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, contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased but also established a ceiling for employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent. The legislation also increased employer contribution rates beginning July 1, 2017, until reaching 18.56 percent. 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.

NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN (CONTINUED)

Contributions (Continued)

Pension reform legislation modified statute such that the employer contribution rates 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 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 may not be decreased until the plans are at least 85 percent funded.

The required employee contribution rate for both Class Two and Class Three members to the South Carolina Retirement System for fiscal years 2025 and 2026 is 9.00% of earnable compensation.

The required employer contribution rate for both Class Two and Class Three members to the South Carolina Retirement System for fiscal years 2025 and 2026 is 18.41% of earnable compensation. In addition, GSWSA has elected to contribute 0.15% of each member's earnable compensation for the Incidental Death Benefit to provide group life insurance benefits for their participants.

The contributions to the SCRS for employer portions for 2026 and 2025 were $4,968,542 and $4,797,931, respectively.

Net Pension Liability

At June 30, 2026, GSWSA reported a liability of $38,002,815 for its proportionate share of the SCRS net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024, projected forward to June 30, 2025. GSWSA's proportionate share of the net pension liability was based on a projection of GSWSA's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2026, GSWSA's proportionate share of the SCRS plan was 0.175866%. At June 30, 2025, GSWSA's proportionate share of the SCRS plan was 0.172424%.

Pension Expense

For the years ended June 30, 2026 and 2025, GSWSA recognized pension expense for the SCRS plan of $2,151,849 and $3,771,192, respectively.

NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN (CONTINUED)

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2026, GSWSA reported deferred outflows of resources and deferred inflows of resources related to its pension liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability experience	$ 1,783,006	$ -
Changes of assumptions	449,140	-
Net difference between projected and actual earnings on pension plan investments	-	2,439,922
Changes in proportion and differences between GSWSA contributions and proportionate share of contributions	1,433,385	1,190,131
GSWSA contributions subsequent to the measurement date	4,968,542	-
Total	$ 8,634,073	$ 3,630,053

The $4,968,542 reported as deferred outflows of resources resulting from GSWSA contributions paid subsequent to the measurement date for the SCRS plan, during the year ended June 30, 2026, will be recognized as a reduction of the net pension liability in the year ending June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension obligation will be recognized as a component of pension expense for the years ended June 30 are as follows:

2027	$ 1,342,646
2028	(47,197)
2029	(697,464)
2030	(562,507)
Total	$ 35,478

NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN (CONTINUED)

Deferred Inflows of Resources and Deferred Outflows of Resources (Continued)

At June 30, 2025, GSWSA reported deferred outflows of resources and deferred inflows of resources related to its pension liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability experience	$ 1,328,800	$ 50,181
Changes of assumptions	712,843	-
Net difference between projected and actual earnings on pension plan investments	-	1,557,930
Changes in proportion and differences between GSWSA contributions and proportionate share of contributions	1,031,294	1,644,359
GSWSA contributions subsequent to the measurement date	4,797,931	-
Total	$ 7,870,868	$ 3,252,470

The $4,797,931 reported as deferred outflows of resources resulting from GSWSA contributions paid subsequent to the measurement date for the SCRS plan, during the year ended June 30, 2025 were recognized as a reduction of the net pension liability in the year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension obligation will be recognized as a component of pension expense for the years ended June 30 are as follows:

2026	$ (852,778)
2027	1,221,221
2028	(138,847)
2029	(409,129)
Total	$ (179,533)

Actuarial Assumptions and Methods

Actuarial valuations 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.

NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

The GASB Statement No. 67 valuation report prepared as of June 30, 2025, is based on the experience study report for the period ending June 30, 2023. The June 30, 2026 (June 30, 2025 measurement date), total pension liability, net pension liability, and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2024. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2025, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate total pension liability as of June 30, 2026 (June 30, 2025 measurement date):

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.0% to 11.25% (varies by service)
Includes inflation at	2.25%
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 System's mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2026 (June 30, 2025 measurement date), total pension liability are as follows.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees & 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%

NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN (CONTINUED)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2025 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 on the following page. For actuarial purposes, the 7.0% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.25% inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public equity	**46.0%**	5.87%	2.70%
Bonds	**26.0%**	3.20%	0.83%
Private equity	**9.0%**	8.50%	0.77%
Private debt	**7.0%**	7.40%	0.52%
Real assets	**12.0%**		
Real Estate	9.0%	5.00%	0.45%
Infrastructure	3.0%	7.70%	0.23%
	100%		
		Total expected real return	5.50%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.75%

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN (CONTINUED)

Sensitivity Analysis

The following table presents GSWSA's June 30, 2026 proportionate share of the net pension liability of the SCRS plan calculated using the discount rate of 7.0%, as well as what GSWSA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.0%) or 1.00% higher (8.0%) than the current rate.

	1% Decrease	Current	1% Increase
Net Pension Liability	$ 51,354,823	$ 38,002,815	$ 26,891,935

The following table presents GSWSA's June 30, 2025 proportionate share of the net pension liability of the SCRS plan calculated using the discount rate of 7.0%, as well as what GSWSA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.0%) or 1.00% higher (8.0%) than the current rate.

	1% Decrease	Current	1% Increase
Net Pension Liability	$ 52,397,751	$ 40,433,888	$ 29,416,118

Pension Plan Fiduciary Net Position

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2026 (June 30, 2025 measurement date), net pension liability amounts for SCRS are as follows:

Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
$ 63,956,318,760	$ 42,347,352,061	$ 21,608,966,699	66.20%

As of June 30, 2025 (June 30, 2024 measurement date), net pension liability amounts for SCRS are as follows:

Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
$ 61,369,806,968	$ 37,919,492,371	$ 23,450,314,597	61.80%

NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position (Continued)

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the System's 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 plan's funding requirements.

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS which can be accessed via the contact information provided.

Other Employee Benefits

GSWSA provides post-employment healthcare benefits mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by GSWSA. At June 30, 2026, GSWSA had no beneficiaries and one employee that had elected coverage under the Act. At June 30, 2025, GSWSA had no beneficiaries and no employees that had elected coverage under the Act.

GSWSA offers a defined contribution plan to its employees under a plan administered by the South Carolina Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 401K. Employees are permitted to defer portions of their salaries which are subject to annual IRS limitations until future years. Only upon reaching 59 ½ years of age, termination, retirement, disability, death or an approved hardship is the deferred compensation available to an employee.

GSWSA recognizes the value of long-term employment and wishes to reward this loyalty by increasing the amount it matches to an employee's Deferred Compensation Program as the years of employment increase. GSWSA's contributions to its employees' 401(k)/457 for the last two years are as follows:

Fiscal Year Ended	Annual Employer Contribution
June 30, 2026	$ 1,015,593
June 30, 2025	$ 969,723

NOTE 8. EMPLOYEE BENEFIT PLANS AND DEFERRED COMPENSATION PLAN (CONTINUED)

Other Employee Benefits (Continued)

GSWSA offers a deferred compensation plan to its employees under a plan administered by the South Carolina Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 457. Employees are permitted to defer portions of their salaries which are subject to annual IRS limitations until future years. Only upon termination, retirement, disability, death or an approved unforeseeable emergency withdrawal is the deferred compensation available to an employee.

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN

Plan Description

GSWSA, the Plan sponsor, administers a defined benefit postemployment healthcare plan, the Grand Strand Water and Sewer Authority Retiree Health Care Benefit Plan (the "Plan"). Assets of the Plan may be used only for the payment of administrative costs incurred by the Plan and benefits of the members of the Plan, in accordance with the terms of the Plan.

Management of the Plan is vested in the GSWSA Board of Directors, which consists of nine members who are resident electors of Horry County, South Carolina, appointed by the Governor, upon the recommendation of the resident members of the Horry County Legislative Delegation including the resident Senator.

The membership of the Plan consisted of the following at July 1, 2025, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	55
Active plan members	374
Total	429

The Plan is a single employer defined benefit postemployment healthcare plan that covers retired employees of GSWSA. The Plan provides health and dental insurance benefits to eligible retirees and their spouses. The Plan Agreement and Declaration of Trust assigns the authority to establish and amend the benefit provisions of the Plan to GSWSA.

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Grand Strand Water and Sewer Authority Retiree Healthcare Benefit Plan financial statements and required supplementary information. The report may be obtained on GSWSA's website at www.gswsa.com; by writing the Chief of Accounting and Finance, Grand Strand Water and Sewer Authority, P.O. Box 2368, Conway, South Carolina 29528-2368; or by calling (843) 443-8200.

Benefits Provided

Eligible employees will include employees retiring through the South Carolina Retirement System and meeting any of the various conditions described below.

1. If the retiring employee has 28 or more years of continuous full-time service with GSWSA on the date of retirement, GSWSA will pay 75% of the premium for the employee's health insurance coverage through GSWSA's insurance company. The employee is responsible for the balance and is solely responsible for 100% of dependent coverage if coverage is available.

2. If the retiring employee is age 65 or older on the date of retirement with a minimum of five years of continuous full-time service with GSWSA, the employee may purchase health insurance coverage through GSWSA's insurance company. The employee is responsible for 100% of the health insurance premium and is responsible for 100% of dependent coverage if coverage is available.

3. If the retiring employee has 25 or more years of continuous full-time service with GSWSA and is age 55 or older on the date of retirement, the percentage of the employer paid portion will decrease by 4% for every year of service less than 28 years. The employee is responsible for the balance, and the employee is solely responsible for 100% of dependent coverage if coverage is available.

    - Age 55 or older with 25 years of experience = 63% employer paid portion
    - Age 55 or older with 26 years of experience = 67% employer paid portion
    - Age 55 or older with 27 years of experience = 71% employer paid portion

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Benefits Provided (Continued)

Employees who were hired prior to July 1, 1999, can also become eligible through the following guidelines:

1. If, the retiring employee has 20 years of full-time (meaning 30 or more hours each week during the year) continuous service with GSWSA and is retiring from GSWSA after age 60, GSWSA will pay 75% of the premium for the employee's medical/dental insurance coverage through GSWSA's insurance company. The employee is responsible for the balance, and the employee is solely responsible for 100% of dependent coverage if coverage is available.

2. If, the employee has a minimum of five years of full-time continuous service with GSWSA at age 60, the employee may purchase insurance coverage through GSWSA's insurance company (if permitted by the insurance company) and the Employee pays 100% of the premium of the employee's medical/dental insurance. The employee is also responsible for 100% of dependent coverage if coverage is available.

Disability Retirement

Employees must have received approval for Social Security disability benefits prior to receiving evaluation and approval of disability through the South Carolina Retirement System.

1. If the retiring employee is a Class Two Member, has five years of continuous full-time service with GSWSA and becomes medically disabled, GSWSA will pay 75% of the premium for the employee's health insurance coverage through GSWSA's insurance company. The employee is responsible for the balance, and the employee is solely responsible for 100% of dependent coverage if coverage is available.

2. If the retiring employee is a Class Three Member, has eight years of continuous full-time service with GSWSA and becomes medically disabled, GSWSA will pay 75% of the premium for the employee's health insurance coverage through GSWSA's insurance company. The employee is responsible for the balance, and the employee is solely responsible for 100% of dependent coverage if coverage is available.

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Contributions

The contribution requirements of plan members and GSWSA are established and may be amended by the Board of Directors. GSWSA has been contributing at a rate that is based on an actuarial valuation that is prepared in accordance with certain parameters. Premiums may be adjusted annually based on a contract between GSWSA and the insurance carrier. The monthly contribution for retirees to opt into the medical plan is based on plan and tier election, date of hire, age at retirement and service at retirement. For the year ended June 30, 2026, the Plan's average contribution rate was 8.86% of covered payroll. Following is a chart detailing premiums and contribution amounts for coverage as of January 1, 2026:

Copay Plan Monthly Insurance Premiums

	Medical	Vision	Dental	Total
Single	$ 1,000.98	$ 4.38	$ 33.46	$ 1,038.82
Retiree/Children	1,899.05	8.73	71.14	1,978.92
Retiree/Spouse	2,298.22	8.30	68.44	2,374.96
Family	2,797.10	12.84	113.16	2,923.10

HDHP Plan Monthly Insurance Premiums

	Medical	Vision	Dental	Total
Single	$ 826.91	$ 4.38	$ 33.46	$ 864.75
Retiree/Children	1,565.84	8.73	71.14	1,645.71
Retiree/Spouse	1,894.25	8.30	68.44	1,970.99
Family	2,304.79	12.84	113.16	2,430.79

Net OPEB Liability

The net OPEB liability as of the measurement date of June 30, 2026, is as follows:

Total OPEB Liability	$ 32,641,989
Fiduciary Net Position	17,772,075
Net OPEB Liability	$ 14,869,914
Ratio of Fiduciary Net Position to Total OPEB Liability	54.45%

The net OPEB liability as of the measurement date of June 30, 2025, is as follows:

Total OPEB Liability	$ 33,448,634
Fiduciary Net Position	15,684,547
Net OPEB Liability	$ 17,764,087
Ratio of Fiduciary Net Position to Total OPEB Liability	46.89%

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Actuarial Assumptions

The total OPEB Liability was determined by an actuarial valuation as of July 1, 2025, using the following key actuarial assumptions and other inputs:

Inflation	2.25%
Real wage growth - SCRS	0.75%
Wage inflation - SCRS	3.00%
Salary increases, including wage inflation - SCRS	3.00% - 9.65%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.85%
Municipal Bond Index Rate	
Prior Measurement Date	5.20%
Measurement Date	4.67%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.55%
Measurement Date	4.85%
Health Care Cost Rates	
Pre-Medicare	7.00% for 2025 decreasing to an ultimate rate of 4.50% by 2035
Medicare	5.25% for 2025 decreasing to an ultimate rate of 4.50% by 2031

The discount rate used to measure the total OPEB liability was based upon the long-term expected rate of return.

Mortality rates were based on the PUB-2010 Mortality Tables for Employees with a 100% multiplier to better reflect anticipated experience and provide a margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the July 1, 2025 valuation were based on the results of the 2024 Experience Study adopted by the SCRS pension plan.

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Anticipated plan participation (including spouse coverage):

Future Retiree Plan Election:	
Healthy retirees:	
28+ years of service	85%
Age 55 with 25+ years of service	85%
Age 65 with 5+ years of service	30%
Healthy retirees retiring under the grandfathered provisions:	
Less than 20 years of service	30%
20+ years of service	85%
Disabled retirees	100%
Board members	0%
Future Retiree Spouse Coverage	5%

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the July 1, 2025 valuation were based on a review of recent plan experience done concurrently with the July 1, 2025 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation (the inflation expectation of 2.25% is not reflected in these rates) for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Current Allocation	Expected Arithmetic Real Rate of Return
Cash	1.87%	3.66%
Core Bonds	98.13%	4.87%
Total	100.00%	

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability as of the June 30, 2026 Measurement Date was 4.85%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of July 1, 2025. In addition to the actuarial methods and assumptions of the July 1, 2025 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Active employees do not explicitly contribute to the Plan.
- In all future years, the employer continues to contribute the full ADEC through deposit to the Trust. The employer is assumed to have the ability and willingness to make contributions to the Trust. Benefits are subsequently paid from the OPEB trust.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's fiduciary net position was projected to not be depleted.

The fiduciary net position projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the fiduciary net position projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

Health Care Cost Trend Rate Sensitivity Analysis

The following presents the June 30, 2026 net OPEB liability of GSWSA, as well as what GSWSA's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Net OPEB Liability	$ 8,983,587	$ 14,869,914	$ 22,678,650

The following presents the June 30, 2025 net OPEB liability of GSWSA, as well as what GSWSA's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Net OPEB Liability	$ 11,467,199	$ 17,764,087	$ 26,180,336

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Discount Rate Sensitivity Analysis

The following presents the June 30, 2026 net OPEB liability of GSWSA, as well as what GSWSA's net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% higher than the current discount rate:

	1% Decrease	Current	1% Increase
Net OPEB Liability	$ 21,448,564	$ 14,869,914	$ 9,738,478

The following presents the June 30, 2025 net OPEB liability of GSWSA, as well as what GSWSA's net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% higher than the current discount rate:

	1% Decrease	Current	1% Increase
Net OPEB Liability	$ 24,795,351	$ 17,764,087	$ 12,304,313

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

The total OPEB liability is based upon an actuarial valuation performed as of the Valuation Date, July 1, 2025. An expected total OPEB liability is determined as of June 30, 2026, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the total OPEB liability, as of July 1, 2025, subtracts the actual benefit payments (net of retiree contributions) for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). The procedure used to determine the total OPEB liability, as of June 30, 2026, is shown in the following table:

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2025	$ 33,448,634	$ 15,684,547	$ 17,764,087
Changes for the year:			
Service cost at the end of the year*	1,014,542	-	1,014,542
Interest on TOL and cash flows	1,508,596	-	1,508,596
Difference between expected and actual experience	(1,308,284)	-	(1,308,284)
Changes of assumptions or other inputs	(1,429,559)	-	(1,429,559)
Contributions - employer	-	2,103,171	(2,103,171)
Net investment income	-	576,297	(576,297)
Benefit payments and implicit subsidy credit**	(591,940)	(591,940)	-
Net changes	(806,645)	2,087,528	(2,894,173)
Balance as of June 30, 2026	$ 32,641,989	$ 17,772,075	$ 14,869,914

* *The service cost includes interest for the year.*

** *Benefit payments are net of participant contributions.*

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

The total OPEB liability is based upon an actuarial valuation performed as of the Valuation Date, July 1, 2024. An expected total OPEB liability is determined as of June 30, 2025, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the total OPEB liability, as of July 1, 2024, subtracts the actual benefit payments (net of retiree contributions) for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). The procedure used to determine the total OPEB liability, as of June 30, 2025, is shown in the following table:

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2024	$ 28,646,291	$ 13,722,490	$ 14,923,801
Changes for the year:			
Service cost at the end of the year*	1,093,050	-	1,093,050
Interest on TOL and cash flows	1,215,991	-	1,215,991
Difference between expected and actual experience	1,412,096	-	1,412,096
Changes of assumptions or other inputs	1,690,635	-	1,690,635
Contributions - employer	-	1,526,471	(1,526,471)
Net investment income	-	1,045,015	(1,045,015)
Benefit payments and implicit subsidy credit**	(609,429)	(609,429)	-
Net changes	4,802,343	1,962,057	2,840,286
Balance as of June 30, 2025	$ 33,448,634	$ 15,684,547	$ 17,764,087

* *The service cost includes interest for the year.*

** *Benefit payments are net of participant contributions.*

There have been no significant changes to the plan, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date. If a significant change, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date, an updated valuation may need to be performed.

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB expense they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB expense they are labeled deferred inflows of resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five-year period.

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

The following table provides a summary of the deferred outflows of resources and deferred inflows of resources as of June 30, 2026:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,579,471	$ 3,131,357
Changes of assumptions or other inputs	4,387,795	4,364,646
Net difference between projected and actual earnings on pension plan investments	42,163	-
Total	$ 6,009,429	$ 7,496,003

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods ending June 30:

2027	$ (155,979)
2028	(458,402)
2029	(499,831)
2030	(286,801)
2031	(340,501)
Thereafter	254,940
Total	$ (1,486,574)

The following table provides a summary of the deferred outflows of resources and deferred inflows of resources as of June 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,850,033	$ 2,353,323
Changes of assumptions or other inputs	5,313,261	3,833,662
Net difference between projected and actual earnings on pension plan investments	125,687	-
Total	$ 7,288,981	$ 6,186,985

NOTE 9. POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense for the measurement periods ending June 30:

2026	$	330,080
2027		102,757
2028		(199,666)
2029		(241,095)
2030		(28,067)
Thereafter		1,137,987
Total	$	1,101,996

NOTE 10. MAJOR CUSTOMERS

During fiscal year 2026, the following customers provided the indicated percentages of GSWSA's combined operating revenues and capital contributions: City of Myrtle Beach 8.08%, City of Conway 3.49%, City of North Myrtle Beach 1.78%, and City of Loris 0.44%. No other customers provided more than 0.25%.

During fiscal year 2025, the following customers provided the indicated percentages of GSWSA's combined operating revenues and capital contributions: City of Myrtle Beach 9.82%, City of Conway 3.77%, City of North Myrtle Beach 2.14%, and City of Loris 0.52%. No other customers provided more than 0.31%.

NOTE 11. RISK MANAGEMENT

GSWSA 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, GSWSA is a member of the State of South Carolina State Fiscal Accountability Authority, a public entity risk pool currently operating as a common risk management and insurance program for local governments in South Carolina. GSWSA pays annual premiums to the State Fiscal Accountability Authority for its general insurance. The State Fiscal Accountability Authority is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

NOTE 11. RISK MANAGEMENT (CONTINUED)

GSWSA acquires insurance from the State Accident Fund for job related injury and illness (Workers' Compensation) to its employees. Workers' Compensation is insured under a retrospectively rated policy where premiums paid are estimated throughout the year and adjusted subsequent to the policy period based on actual experience. A private health insurance plan, providing unlimited lifetime claims per employee, was in place. General blanket fidelity bond insurance in the amount of $1,000,000 per occurrence was also maintained. There were no significant reductions in insurance coverage from the previous year, and no settlements have exceeded insurance coverage for the fiscal years ended June 30, 2026, 2025, and 2024.

During 2026 and 2025, GSWSA did not experience any material uninsured claims. Accordingly, there was no liability or expense recorded for other actual claims and management does not believe any provision for unasserted claims is necessary.

NOTE 12. COMMITMENTS

Construction Contracts

In the normal course of business, GSWSA enters into agreements with contractors for the construction and expansion of the system. At June 30, 2026, open contracts for construction totaled $58,838,325 with $49,506,271 having been incurred during the year. At June 30, 2025, open contracts for construction totaled $58,512,557 with $37,371,328 having been incurred during the year. The remaining commitments at June 30, 2026 and 2025 were $9,332,054 and $21,141,229, respectively.

NOTE 13. SUBSEQUENT EVENTS

In August of 2026, GSWSA entered into a loan agreement with the South Carolina Water Quality Revolving Fund Authority in the amount of $22,412,289 for the Perry Road Pump Station Upgrade. Quarterly principal and interest payments at a rate of 2.90% to 3.20% are due commencing on May 1, 2028, through February 1, 2058.

REQUIRED SUPPLEMENTARY INFORMATION

GRAND STRAND WATER AND SEWER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE PLAN YEAR ENDED JUNE 30,

	2025	2024	2023	2022	2021
Authority's proportion of the net pension liability	0.17587%	0.17242%	0.17474%	0.16735%	0.16838%
Authority's proportionate share of the net pension liability	$ 38,002,815	$ 40,433,888	$ 42,247,089	$ 40,568,827	$ 36,440,048
Authority's covered payroll for measurement period	$ 25,850,922	$ 23,693,981	$ 20,883,327	$ 19,927,258	$ 19,034,057
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	147.0076%	170.6505%	202.3006%	203.5846%	191.4466%
Plan fiduciary net position as a percentage of the total pension liability	66.20%	61.80%	58.60%	57.10%	60.75%

2020	2019	2018	2017	2016
0.16495%	0.17058%	0.16491%	0.16148%	0.16652%
$ 42,148,227	$ 38,949,952	$ 36,951,967	$ 36,350,619	$ 35,567,573
$ 18,402,667	$ 18,012,536	$ 17,089,671	$ 16,292,273	$ 16,124,867
229.0333%	216.2380%	216.2240%	223.1157%	220.5759%
50.71%	54.40%	54.10%	53.34%	52.91%

GRAND STRAND WATER AND SEWER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PENSION CONTRIBUTIONS
FOR THE PLAN YEAR ENDED JUNE 30,

	2026	2025	2024	2023	2022
Statutorily required contribution	$ 4,968,542	$ 4,797,931	$ 4,397,603	$ 3,667,112	$ 3,299,954
Contributions in relation to the statutorily required contribution	4,968,542	4,797,931	4,397,603	3,667,112	3,299,954
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 26,770,164	$ 25,850,922	$ 23,693,981	$ 20,883,327	$ 19,927,258
Contributions as a percentage of covered payroll	18.5600%	18.5600%	18.5600%	17.5600%	16.5600%

Notes to the schedule:
Actuarial assumptions used in determining the statutorily required contribution are as follows

System	SCRS
Calculation date	July 1, 2023
Actuarial cost method	Entry Age Normal
Asset valuation method	5-year Smoothed
Amortization method	Level % of pay
Amortization period	25 year maximum, closed period
Investment return	7.00%
Inflation	2.25%
Salary increases	3.00% plus step-rate increases for member with less than 21 years of service.
Mortality	2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2020. Male rates are multiplied by 97% for non-educators and 95% for educators.

2021	2020	2019	2018	2017
$ 2,961,699	$ 2,863,455	$ 2,622,625	$ 2,317,359	$ 1,883,387
2,961,699	2,863,455	2,622,625	2,317,359	1,883,387
$ -	$ -	$ -	$ -	$ -
$ 19,034,057	$ 18,402,667	$ 18,012,536	$ 17,089,671	$ 16,292,273
15.5600%	15.5600%	14.5600%	13.5600%	11.5600%

GRAND STRAND WATER AND SEWER AUTHORITY
RETIREE HEALTH CARE BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE PLAN YEAR ENDED JUNE 30,

	2026	2025	2024	2023	2022
Total OPEB Liability					
Service cost	$ 1,014,542	$ 1,093,050	$ 828,168	$ 930,803	$ 975,334
Interest on total OPEB liability	1,508,596	1,215,991	1,144,836	1,143,263	1,305,273
Difference between actual and expected experience	(1,308,284)	1,412,096	344,475	(1,859,510)	(1,483,604)
Assumption changes or other inputs	(1,429,559)	1,690,635	3,336,181	(820,060)	(3,888,405)
Benefit payments*	(591,940)	(609,429)	(546,222)	(356,669)	(354,592)
Net change in total OPEB liability	(806,645)	4,802,343	5,107,438	(962,173)	(3,445,994)
Total OPEB liability - beginning	33,448,634	28,646,291	23,538,853	24,501,026	27,947,020
Total OPEB liability - ending	$ 32,641,989	$ 33,448,634	$ 28,646,291	$ 23,538,853	$ 24,501,026
Plan Fiduciary Net Position					
Contributions					
Employer**	$ 2,103,171	$ 1,526,471	$ 1,452,600	$ 1,513,913	$ 1,638,245
Employee	123,729	167,162	151,502	143,614	131,702
	2,226,900	1,693,633	1,604,102	1,657,527	1,769,947
Net investment income	452,568	877,853	427,861	(41,915)	(615,198)
Benefit payments*	(591,940)	(609,429)	(546,220)	(507,054)	(486,294)
Net change in Plan fiduciary net position	2,087,528	1,962,057	1,485,743	1,108,558	668,455
Plan fiduciary net position - beginning	15,684,547	13,722,490	12,236,747	11,128,189	10,459,734
Plan fiduciary net position - ending	17,772,075	15,684,547	13,722,490	12,236,747	11,128,189
Plan's net OPEB liability - ending	$ 14,869,914	$ 17,764,087	$ 14,923,801	$ 11,302,106	$ 13,372,837
Plan's fiduciary net position as a percentage of the total OPEB liability	54.45%	46.89%	47.90%	51.99%	45.42%
Covered payroll	$ 23,747,506	$ 22,515,439	$ 19,800,920	$ 18,358,291	$ 18,314,154
Plan's net OPEB liability as a percentage of covered payroll	62.62%	78.90%	75.37%	61.56%	73.02%

Notes to Schedule

* Benefit payments are net of participant contributions and for 2019 include a payment of $6,700 for the implicit subsidy based on the guidance of GASB Implementation Guide No. 2017-2, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*

** Employer contribution amounts for 2019 include the $6,700 implicit subsidy payment during the period.

For years following the valuation date (when no new valuation is performed), covered payroll has been set to equal the covered payroll from the most recent valuation.

2021	2020	2019	2018	2017
$ 884,724	$ 822,548	$ 730,305	$ 709,034	$ 553,328
1,279,441	1,152,727	1,223,427	970,507	907,157
(162,641)	587,453	(298,145)	282,083	-
515,402	277,068	(2,791,789)	3,327,220	-
(313,608)	(297,656)	(258,414)	(203,137)	(186,288)
2,203,318	2,542,140	(1,394,616)	5,085,707	1,274,197
25,743,702	23,201,562	24,596,178	19,510,471	18,236,274
$ 27,947,020	$ 25,743,702	$ 23,201,562	$ 24,596,178	$ 19,510,471
$ 1,663,979	$ 1,549,528	$ 1,566,440	$ 1,190,970	$ 1,053,624
114,234	111,689	93,317	83,965	80,152
1,778,213	1,661,217	1,659,757	1,274,935	1,133,776
(81,851)	472,458	366,601	(19,128)	(33,053)
(427,842)	(409,345)	(351,731)	(287,102)	(266,440)
1,268,520	1,724,330	1,674,627	968,705	834,283
9,191,214	7,466,884	5,792,257	4,823,552	3,989,269
10,459,734	9,191,214	7,466,884	5,792,257	4,823,552
$ 17,487,286	$ 16,552,488	$ 15,734,678	$ 18,803,921	$ 14,686,919
37.43%	35.70%	32.18%	23.55%	24.72%
$ 17,921,554	$ 17,107,885	$ 16,442,561	$ 15,886,558	$ 15,521,883
97.58%	96.75%	95.69%	118.36%	94.62%

GRAND STRAND WATER AND SEWER AUTHORITY
RETIREE HEALTH CARE BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PLAN CONTRIBUTIONS
FOR THE PLAN YEAR ENDED JUNE 30,

	2026	2025	2024	2023	2022
Actuarially determined contribution	$ 2,103,171	$ 1,526,471	$ 1,452,600	$ 1,513,913	$ 1,638,245
Contributions in relation to the actuarially determined contribution	2,103,171	1,526,471	1,452,600	1,513,913	1,638,245
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 23,747,506	$ 22,515,439	$ 19,800,920	$ 18,358,291	$ 18,314,154
Contributions as a percentage of covered payroll	8.86%	6.78%	7.34%	8.25%	8.95%

Notes to Schedule

Actuarial assumptions used in determining the statutorily required contribution are as follows

Calculation date	July 1, 2025
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value of assets
Amortization method	Level % of pay, open
Amortization period	21 years
Healthcare cost trend rates	Pre-Medicare: 7.00%, Medicare Eligible: 5.25%
Salary increases	3.00% annually
Investment rate of return	4.55% investment return assumption
Mortality	In the 2025 actuarial valuation, the mortality rates utilized are based on thePUB-2010 Mortality Table for Employees with a 100% multiplier to better reflect anticipated experience and provide a margin for future improvements.

Other information:
Employer contribution amounts for 2019 include the $6,700 implicit subsidy payment during the period.

For years following the valuation date (when no new valuation is performed), covered payroll has been set to equal the covered payroll from the most recent valuation.

2021	2020	2019	2018	2017
$ 1,663,979	$ 1,549,528	$ 1,559,740	$ 1,186,070	$ 1,053,624
1,663,979	1,549,528	1,566,440	1,190,970	1,053,624
$ -	$ -	$ (6,700)	$ (4,900)	$ -
$ 17,921,554	$ 17,107,885	$ 16,442,561	$ 15,886,558	$ 15,521,883
9.28%	9.06%	9.53%	7.50%	6.79%

OTHER SUPPLEMENTARY INFORMATION

GRAND STRAND WATER AND SEWER AUTHORITY

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS FOR ACCOUNTS REQUIRED BY REVENUE BOND AND STATE REVOLVING LOAN PROVISIONS FOR THE YEAR ENDED JUNE 30, 2026

	2008 Revenue Bonds	501 to 544 SRF	Hwy 501 to International Dr. Current	BC/MB Waterline Interconnect Current	MBSWTP Ozone System Improvements SRF	Bonds of 2017	Bonds of 2019A	South WW Transmission System Upgrade SRF	Longs WWTP Upgrade SRF	Hwy 701 to Hwy 544 Transmission Line Impr. SRF
	Current Debt Service	Current Debt Service	Debt Service	Debt Service	Current Debt Service	Current Debt Service	Current Debt Service	Current Debt Service	Current Debt Service	Current Debt Service
Cash and Investments										
Beginning of year	$ -	$ 14,474	$ 67,809	$ 54,352	$ 15,804	$ 116,254	$ 149,617	$ 46,126	$ 199,766	$ 170,077
Cash Receipts:										
Transfer from operating cash		86,420	269,926	324,513	188,742	1,374,485	1,772,659	550,844	795,220	677,033
Transfer from capital project	-	-	1,305	1,597	-	-	-	-	-	-
Interest earned		425	-	-	914	20,727	22,866	2,667	3,845	3,274
Cash Disbursements:										
Principal and interest payments		(86,845)	(271,231)	(326,110)	(189,656)	(1,395,063)	(1,795,400)	(553,511)	(799,065)	(680,306)
Transfers to operating cash	-	-	-	-	-	-	-	-	-	-
Cash and Investments										
End of year	$ -	$ 14,474	$ 67,809	$ 54,352	$ 15,804	$ 116,403	$ 149,742	$ 46,126	$ 199,766	$ 170,078

Bonds 2020A	Bonds 2021A	International Drive Booster PS SRF	Old Hwy 90 Elevated Storage SRF Bonds of 2021C	MB Inf SRF Bonds of 2022 A	Bull Creek Drainage Impr. SRF Bonds 2022B	Conway to Bucksport SRF Bonds 2024A	Bull Creek SWTP Expansion SRF Bonds 2024B	Bonds of 2026	Bull Creek	
Current Debt Service	Current Debt Service	Current Debt Service	Current Debt Service	Current Debt Service	Current Debt Service	Current Debt Service	Current Debt Service	Current Debt Service	Depreciation and Contingency	Depreciation and Contingency
$ 247,329	$ 658,321	$ 75,274	$ 12,607	$ 69,712	$ 6,220	$ 122,003	$ -	$ -	$ 3,706,868	$ 14,579,465
2,921,924	7,783,200	299,356	150,558	832,502	37,137	485,607	452,657	11,027,819	4,813,909	11,089,156
-	-	-	-		-	-	-	-	-	-
46,401	113,816	1,741	729	4,031	183	2,405	1,488	19,322	-	-
(2,967,950)	(7,899,850)	(301,097)	(151,287)	(836,533)	(37,320)	(488,012)	(340,609)	(1,027,778)	-	-
-	-	-	-	-	-	-	-	-	(194,406)	(5,036,989)
$ 247,704	$ 655,487	$ 75,274	$ 12,607	$ 69,712	$ 6,220	$ 122,003	$ 113,536	$ 10,019,363	$ 8,326,371	$ 20,631,632

GRAND STRAND WATER AND SEWER AUTHORITY

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
FOR THE FISCAL YEARS ENDED JUNE 30,

	2026	2025
Water plants		
Personnel services	**$ 4,971,509**	$ 5,092,610
Contractual services	**4,993,810**	4,217,652
Supplies and materials	**7,762,170**	7,779,156
Business and travel expenses	**53,787**	29,785
Other expenses	**148,210**	117,686
Departmental transfers	**1,192,959**	1,015,552
Total water plants	**19,122,445**	18,252,441
Water systems		
Personnel services	**8,703,447**	8,557,290
Contractual services	**7,654,778**	7,284,018
Supplies and materials	**2,559,525**	2,415,501
Business and travel expenses	**39,212**	53,499
Other expenses	**94,952**	156,479
Total water systems	**19,051,914**	18,466,787
Total water	**38,174,359**	36,719,228
Wastewater plants		
Personnel services	**7,745,355**	8,048,358
Contractual services	**6,205,856**	5,769,779
Supplies and materials	**4,076,645**	4,170,397
Business and travel expenses	**32,235**	32,307
Other expenses	**60,868**	56,811
Departmental transfers	**(826,203)**	(750,647)
Total wastewater plants	**17,294,756**	17,327,005
Wastewater systems		
Personnel services	**5,846,058**	5,745,522
Contractual services	**7,189,288**	9,688,365
Supplies and materials	**2,220,914**	2,057,985
Business and travel expenses	**42,593**	31,341
Other expenses	**86,002**	177,809
Total wastewater systems	**15,384,855**	17,701,022
Total wastewater	**32,679,611**	35,028,027
General administration		
Personnel services	**1,918,768**	1,788,622
Contractual services	**962,426**	776,848
Supplies and materials	**53,827**	58,190
Business and travel expenses	**146,710**	136,991
Other expenses	**760,907**	861,727
Total general administration	**3,842,637**	3,622,378

	2026	2025
Planning, engineering and construction		
Personnel services	**$ 1,889,097**	$ 1,876,281
Contractual services	**195,345**	191,316
Supplies and materials	**98,249**	106,509
Business and travel expenses	**12,248**	5,918
Other expenses	**295**	-
Total planning, engineering and construction	**2,195,234**	2,180,024
Financial services		
Personnel services	**4,500,707**	4,562,779
Contractual services	**3,930,578**	3,551,883
Supplies and materials	**324,645**	136,040
Business and travel expenses	**23,712**	24,291
Other expenses	**268,059**	37,341
Total financial services	**9,047,701**	8,312,334
High tech turf farm		
Personnel services	**3,375,876**	3,419,787
Contractual services	**542,797**	492,723
Supplies and materials	**2,132,088**	2,138,917
Business and travel expenses	**4,738**	13,549
Other expenses	**2,160**	883
Departmental transfers	**(366,756)**	(264,905)
Total high tech turf farm	**5,690,902**	5,800,954
Depreciation and amortization	**48,692,594**	39,938,984
Total operating expenses	**$ 140,323,038**	$ 131,601,929

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

This part of Grand Strand Water and Sewer Authority's (GSWSA) annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about its overall financial health. Except where noted, the information in these schedules is derived from GSWSA's annual comprehensive financial reports for the relevant year.

Financial Trends ***(Schedules 1 through 6)*** - These schedules contain trend information to help the reader understand how GSWSA's financial performance and well-being have changed over time.

Revenue Capacity ***(Schedules 7 through 11)*** - These schedules contain information to help the reader assess the factors affecting GSWSA's ability to generate water and sewer charges.

Debt Capacity ***(Schedules 12 and 13)*** - These schedules present information to help the reader assess the affordability of GSWSA's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information ***(Schedule 14 and 15)*** – These schedules offer demographic and economic indicators to help the reader understand the environment within which GSWSA's financial activities take place and to help make comparisons over time and with other special districts.

Operating Information ***(Schedules 16 and 17)*** - These schedules contain information about GSWSA's operations and resources to help the reader understand how GSWSA's financial information relates to the services it provides and the activities it performs.

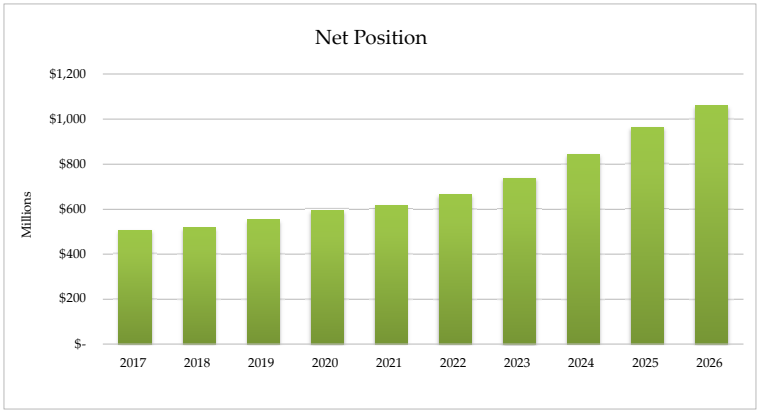
GRAND STRAND WATER AND SEWER AUTHORITY

Net Position By Component

Last Ten Fiscal Years

(Unaudited)

	Fiscal Year									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Primary government										
Net investment in capital assets	$ 398,919,173	$ 423,279,940	$ 424,936,411	$ 469,394,662	$ 490,400,397	$ 512,021,878	$ 580,920,390	$ 652,675,187	$ 754,926,732	$ 734,427,935
Restricted	14,746,641	15,307,670	32,520,454	16,444,937	12,546,686	16,279,593	18,015,826	17,958,943	15,975,517	36,889,668
Unrestricted	92,152,642	78,640,077	93,826,364	105,874,257	112,166,582	136,713,504	139,299,228	174,494,596	191,157,541	289,058,268
Total primary government net position	$ 505,818,456	$ 517,227,687	$ 551,283,229	$ 591,713,856	$ 615,113,665	$ 665,014,975	$ 738,235,444	$ 845,128,726	$ 962,059,789	$ 1,060,375,871



GRAND STRAND WATER AND SEWER AUTHORITY

Changes in Net Position

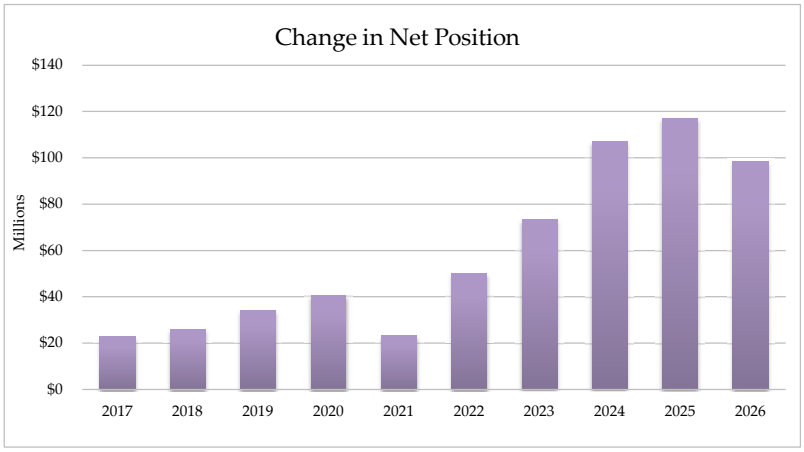
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income/(Loss)	Total Nonoperating Revenues/ (Expenses)	Income/(Loss) Before Capital Contributions	Capital Contributions	Unusual or Infrequent Items	Change in Net Position
2017	$ 85,544,007	$ 80,186,186	$ 5,357,821	$ (7,205,520)	$ (1,847,699)	$ 24,693,129	$ -	$ 22,845,430
2018	90,258,833	83,553,327	6,705,506	(5,838,762)	866,744	25,229,405	-	26,096,149
2019	94,836,962	84,414,548	10,422,414	485,475	10,907,889	23,147,653	-	34,055,542
2020	98,874,511	92,064,634	6,809,877	2,898,400	9,708,277	30,722,350	-	40,430,627
2021	103,008,209	95,853,623	7,154,586	(13,009,050)	(5,854,464)	29,254,273	-	23,399,809
2022	111,142,713	98,474,629	12,668,084	(8,639,635)	4,028,449	45,872,861	-	49,901,310
2023	116,487,327	106,455,576	10,031,751	(2,242,741)	7,789,010	65,431,459	-	73,220,469
2024	129,625,725	111,367,332	18,258,393	4,197,087	22,455,480	66,718,947	17,718,855	106,893,282
2025	156,042,606	131,601,929	24,440,677	92,490,386	-	-	-	116,931,063
2026	166,395,924	140,323,039	26,072,885	72,243,197	-	-	-	98,316,082

Unusual or Infrequent Items include the Little River Water & Sewerage Company, Inc. acquisition

Fiscal year 2025 and 2026 classifications reflect changes required by GASB Statement No. 103 and may not be directly comparable to prior years



GRAND STRAND WATER AND SEWER AUTHORITY

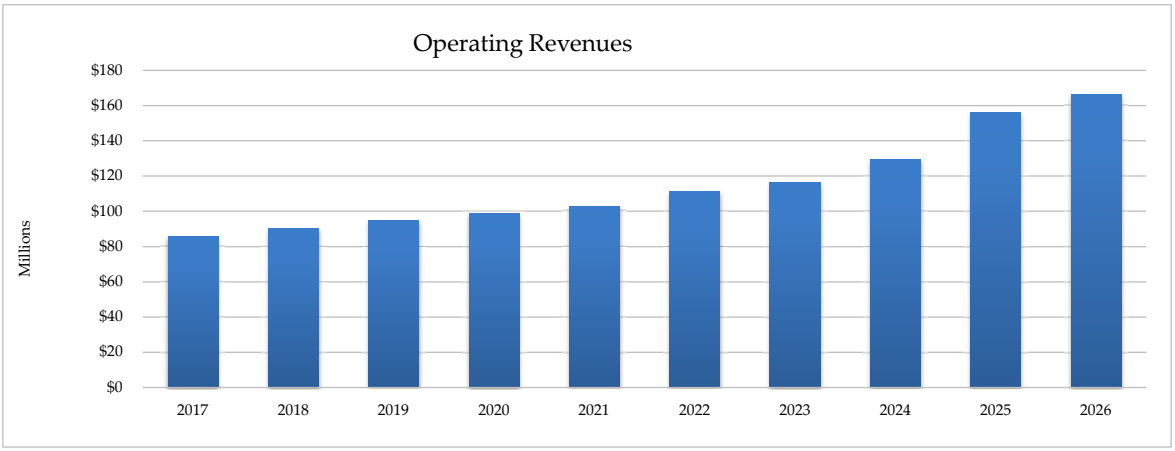
Operating Revenues by Source

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Water & Sewer Volume & Availability Fees	Customer Charges	Surface Water Charges	SWTP Contract Water Consumption	Other Revenue	SWTP Capacity Fees	Customer Impact Fees	Total Operating Revenue
2017	$ 64,410,537	$ 7,937,632	$ 7,217,763	$ 3,698,805	$ 2,279,270	$ -	$ -	$ 85,544,007
2018	66,900,002	8,873,960	7,631,477	4,285,037	2,568,357	-	-	90,258,833
2019	70,593,262	9,008,279	7,879,489	4,813,619	2,542,313	-	-	94,836,962
2020	71,943,440	9,720,404	8,116,895	4,926,094	4,167,678	-	-	98,874,511
2021	74,884,909	11,905,366	8,518,456	4,238,274	3,461,204	-	-	103,008,209
2022	80,003,907	13,186,568	8,843,113	4,638,726	4,470,399	-	-	111,142,713
2023	83,658,874	14,015,497	9,330,078	4,736,228	4,746,650	-	-	116,487,327
2024	93,438,950	15,874,102	10,745,810	4,269,802	5,297,061	-	-	129,625,725
2025	99,171,339	16,649,756	11,449,188	4,272,541	5,076,196	1,170,996	18,252,590	156,042,606
2026	108,056,234	17,371,548	12,066,009	4,989,629	5,530,096	1,212,696	17,169,712	166,395,924

Fiscal year 2025 and 2026 classifications reflect changes required by GASB Statement No. 103 and may not be directly comparable to prior years



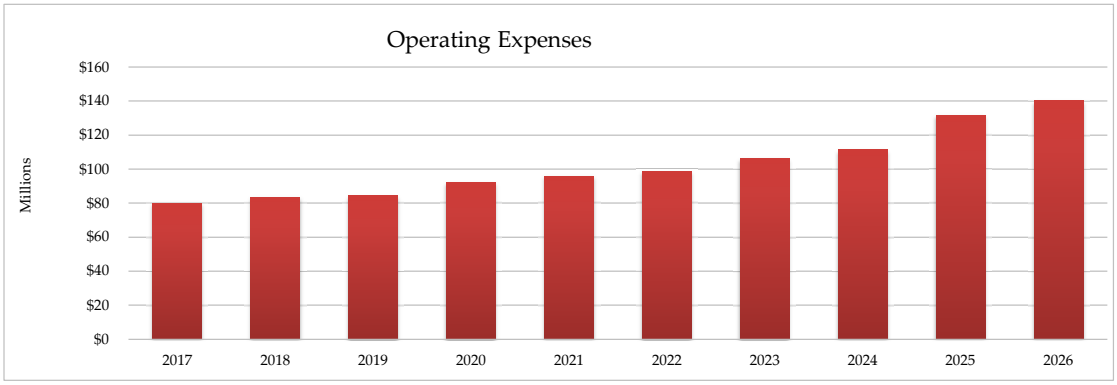
GRAND STRAND WATER AND SEWER AUTHORITY

Operating Expenses

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Personnel Costs	Contractual Services	Supplies and Materials	Depreciation	Amortization on right-to-use leased assets	Other Expenses	Total Operating Expenses
2017	$ 26,172,901	$ 16,880,486	$ 9,305,376	$ 26,584,902	$ -	$ 1,242,521	$ 80,186,186
2018	28,293,175	16,945,277	9,365,521	27,776,741	-	1,172,613	83,553,327
2019	28,665,584	16,878,565	9,773,624	27,993,822	-	1,102,953	84,414,548
2020	31,424,502	19,056,084	10,748,940	29,681,913	-	1,153,195	92,064,634
2021	32,590,605	19,962,490	11,493,448	30,692,419	-	1,114,661	95,853,623
2022	31,415,434	22,066,127	12,494,032	31,285,950	-	1,213,086	98,474,629
2023	32,693,540	23,440,873	16,375,104	32,412,975	192,094	1,340,990	106,455,576
2024	36,433,612	19,483,613	17,956,984	35,651,709	158,636	1,682,778	111,367,332
2025	39,091,249	31,972,584	18,862,695	39,762,203	176,781	1,736,417	131,601,929
2026	38,950,816	31,674,877	19,228,063	46,950,719	1,741,876	1,776,688	140,323,039



GRAND STRAND WATER AND SEWER AUTHORITY

Nonoperating Revenues and Expenses

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Investment Income/ (Loss)	Miscellaneous Income	Gain/(Loss) on Disposal of Capital Assets	Interest Expense	Capital Subsidy Received	Developer Contributions	Other Contributions	Total Nonoperating Revenues/ (Expenses)
2017	$ (284,159)	$ -	$ (174,857)	$ (6,746,504)	$ -	$ -	$ -	$ (7,205,520)
2018	589,074	-	19,708	(6,447,544)	-	-	-	(5,838,762)
2019	6,416,886	271,273	263,117	(6,465,801)	-	-	-	485,475
2020	6,773,671	1,636,509	2,206	(5,513,986)	-	-	-	2,898,400
2021	548,271	1,876,660	(9,481,376)	(5,952,605)	-	-	-	(13,009,050)
2022	(4,958,367)	897,379	(75,237)	(4,503,410)	-	-	-	(8,639,635)
2023	3,419,333	460,950	(39,670)	(6,088,844)	-	-	-	(2,248,231)
2024	10,560,407	-	(836,674)	(5,526,646)	-	-	-	4,197,087
2025	13,745,599	-	958,920	(5,467,889)	13,263,668	69,881,570	108,518	92,490,386
2026	10,093,356	-	(894,276)	(7,515,313)	3,196,215	67,285,583	77,632	72,243,197

Fiscal year 2025 and 2026 classifications reflect changes required by GASB Statement No. 103 and may not be directly comparable to prior years

GRAND STRAND WATER AND SEWER AUTHORITY

Annual Capital Contributions by Source

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	SWTP Capacity Fees	Capital Subsidy Received - Grants	Customer Impact Fees	Developer Contributions	Other Contributions	Total
2017	$ 1,321,560	$ 2,066,122	$ 7,766,803	$ 10,231,796	$ 3,306,848	$ 24,693,129
2018	1,359,528	46,468	8,045,210	15,693,863	84,336	25,229,405
2019	1,392,864	440,557	9,574,562	10,691,100	1,048,570	23,147,653
2020	1,443,336	103,298	9,514,641	19,464,596	196,479	30,722,350
2021	1,443,336	16,130	12,567,305	14,981,614	245,888	29,254,273
2022	1,502,316	1,365,624	17,634,936	25,336,701	33,284	45,872,861
2023	1,544,640	338,568	17,037,521	46,422,996	93,223	65,436,948
2024	1,167,766	2,642,306	16,484,235	46,326,190	17,817,305	84,437,802
2025	1,170,996	13,263,668	18,252,590	69,881,570	108,518	102,677,342
2026	1,212,696	3,196,215	17,169,712	67,285,583	77,632	88,941,838

GRAND STRAND WATER AND SEWER AUTHORITY

Water Produced and Consumed and Wastewater Treated

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Gallons of Water Produced (In Millions)	Gallons of Water Consumed (In Millions)	Gallons of Water Unbilled (In Millions)	Average Percent Unbilled	Gallons of Wastewater Treated (In Millions)	Total Direct Rate			
						Water		Sewer	
						Base Rate	Usage Rate	Base Rate	Usage Rate
2017	16,810	15,235	1,575	9.37%	13,553	11.10	1.30	10.60	1.99
2018	16,300	15,270	1,030	6.32%	13,578	11.35	1.33	11.10	2.05
2019	17,211	15,752	1,459	8.48%	15,882	11.35	1.33	11.10	2.05
2020	16,945	15,786	1,159	6.84%	14,541	11.60	1.36	11.35	2.09
2021	17,118	16,132	986	5.76%	16,148	11.60	1.36	11.35	2.09
2022	18,204	17,011	1,193	1.77%	14,604	12.20	1.39	12.00	2.13
2023	18,833	16,850	1,983	3.27%	15,759	12.20	1.39	12.00	2.13
2024	19,401	17,165	2,236	5.53%	16,129	12.90	1.43	12.70	2.19
2025	19,390	17,971	1,419	7.32%	15,959	12.90	1.43	12.70	2.19
2026	20,351	18,717	1,634	8.03%	15,602	13.70	1.51	13.50	2.30

GRAND STRAND WATER AND SEWER AUTHORITY

Annual Taps Sold

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Taps Sold		
	Water Meter Taps	Sewer Taps	Total
2017	421	220	641
2018	556	315	871
2019	480	281	761
2020	579	344	923
2021	679	511	1,190
2022	829	474	1,303
2023	1,083	558	1,641
2024	1,026	554	1,580
2025	1,145	540	1,685
2026	1,204	506	1,710

GRAND STRAND WATER AND SEWER AUTHORITY

Number of Water and Sewer Customers By Type

Last Ten Fiscal Years

(Unaudited)

	Water Only			Sewer Only			Water & Sewer			Total		
Fiscal Year	Retail	Wholesale	Other	Retail	Wholesale	Other	Retail	Wholesale	Other	Water Only	Sewer Only	Water & Sewer
2017	10,671	11	68	6,496	15	21	72,198	-	-	10,750	6,532	72,198
2018	11,039	10	47	6,963	16	21	74,890	-	-	11,096	7,000	74,890
2019	11,401	10	58	7,234	16	21	77,489	-	-	11,469	7,271	77,489
2020	11,853	10	62	7,466	16	21	80,689	-	-	11,925	7,503	80,689
2021	12,307	10	86	7,982	16	21	84,856	-	-	12,403	8,019	84,856
2022	12,792	10	84	8,494	16	21	89,609	-	-	12,886	8,531	89,609
2023	13,244	9	104	8,907	15	22	94,263	-	-	13,357	8,944	94,263
2024	15,197	8	104	9,413	12	22	111,068	-	-	15,309	9,447	111,068
2025	15,689	8	121	10,031	12	22	116,055	-	-	15,818	10,065	116,055
2026	16,258	8	117	10,480	12	22	120,634	-	-	16,383	10,514	120,634

GRAND STRAND WATER AND SEWER AUTHORITY

Water and Sewer Rates

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Water		Sewer	
	Base Rate	Usage Rate	Base Rate	Usage Rate
2017	11.10	1.30	10.60	1.99
2018	11.35	1.33	11.10	2.05
2019	11.35	1.33	11.10	2.05
2020	11.60	1.36	11.35	2.09
2021	11.60	1.36	11.35	2.09
2022	12.20	1.39	12.00	2.13
2023	12.20	1.39	12.00	2.13
2024	12.90	1.43	12.70	2.19
2025	12.90	1.43	12.70	2.19
2026	13.70	1.51	13.50	2.30

GRAND STRAND WATER AND SEWER AUTHORITY

Ten Largest Customers

Current Year and Nine Years Ago

(Unaudited)

Customer	Fiscal Year 2026		
	Water Revenue	Sewer Revenue	Total
City of Myrtle Beach	$ 9,458,906	$ 9,880,428	$ 19,339,334
City of Conway	6,536,986	1,825,883	8,362,869
City of North Myrtle Beach	3,483,091	785,894	4,268,985
City of Loris	244,857	805,257	1,050,115
Georgetown County	484,193	117,926	602,119
Ocean Lakes	183,155	418,163	601,318
Horry County Solid Waste	219,249	219,249	438,497
Tabor City	14,104	312,749	326,854
Oceanside Village	186,251	137,428	323,679
Myrtle Beach Resort	162,933	157,228	320,160

Customer	Fiscal Year 2017		
	Water Revenue	Sewer Revenue	Total
City of Myrtle Beach	$ 8,108,212	$ 6,259,000	$ 14,367,212
City of Conway	3,656,653	1,389,863	5,046,515
City of North Myrtle Beach	4,246,905	788,372	5,035,277
Little River Water and Sewerage Company	1,225,581	1,045,933	2,271,514
City of Loris	223,861	509,585	733,445
Ocean Lakes Utilities	165,872	371,325	537,197
Tabor City	17,438	376,133	393,571
Georgetown County	277,534	109,280	386,815
Myrtle Beach Resort	173,962	147,033	320,995
Oceanside Village	190,533	130,124	320,658

GRAND STRAND WATER AND SEWER AUTHORITY

Ratios of Outstanding Debt By Type

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Capital Lease	Subscription Payable	Revenue Bonds	Companion Debt	Notes Payable	Total		
						Amount	As a % of Personal Income	Per Capita
2017	$ 164,681	$ -	$ 133,837,174	$ 4,086,127	$ 50,224,189	$ 188,312,171	1.59%	565
2018	23,951	-	120,958,775	3,675,174	52,943,611	177,601,511	1.39%	516
2019	-	-	138,329,887	3,267,435	49,912,583	191,509,905	1.39%	541
2020	-	-	128,165,845	2,864,438	55,901,008	186,931,291	1.21%	512
2021	-		146,245,956	2,465,712	46,139,828	194,851,496	1.14%	533
2022	-	-	172,294,885	-	56,954,995	229,249,880	1.27%	598
2023	-	-	158,862,554	-	61,114,684	219,977,238	1.08%	553
2024	-	341,654	147,491,966	-	69,704,305	217,537,925	0.98%	526
2025	-	173,269	136,475,276	-	81,369,201	218,017,746	NA	510
2026	-	4,114,355	235,485,463	-	91,660,729	331,260,547	NA	775 (1)

(1) Calculated using 2025 total population

GRAND STRAND WATER AND SEWER AUTHORITY

Revenue Bond Coverage

Last Ten Fiscal Years

(in thousands)

(Unaudited)

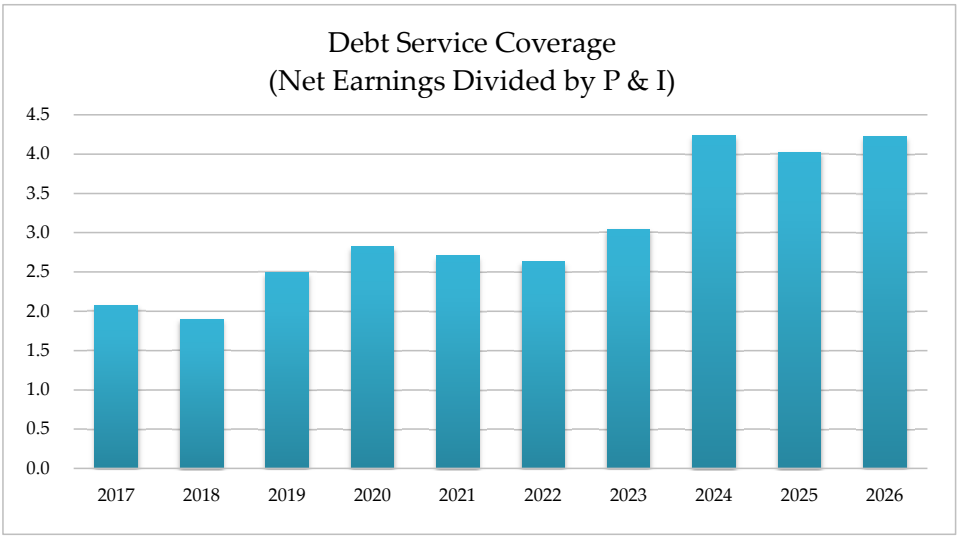
Fiscal Year	Gross Revenues [1]	Operating Expenses [2]	Net Earnings Available for Debt Service	Debt Service Requirements [3]			Coverage [4]
				Principal	Interest	Total	
2017	$ 97,480	$ 52,224	$ 45,256	$ 14,733	$ 7,083	$ 21,816	2.07
2018	100,357	55,777	44,580	16,735	6,735	23,470	1.90
2019	113,804	56,421	57,385	16,461	6,611	23,072	2.49
2020	118,441	62,383	56,059	12,995	6,868	19,863	2.82
2021	119,690	65,161	54,528	12,996	7,175	20,171	2.70
2022	126,252	67,189	59,063	14,963	7,467	22,430	2.63
2023	139,043	74,043	65,001	13,785	7,570	21,355	3.04
2024	157,937	75,557	82,379	12,139	7,304	19,443	4.24
2025	169,897	91,663	78,234	12,466	6,969	19,435	4.03
2026	176,567	91,630	84,937	13,372	6,732	20,104	4.22

(1) Gross revenues include operating revenue, investment income, non-operating miscellaneous income, SWTP capacity fees, customer impact fees, and other contributions

(2) Total operating expenses excluding depreciation and certain other adjustments. Expenses associated with Hurricane Matthew recovery have been excluded from 2017's calculations. Expenses associated with Bucksport Access Road have been excluded from 2021's calculations.

(3) Includes principal and interest of revenue bonds and State Revolving Loans only

(4) Equals net earnings divided by P&I. Bond resolution was adopted during 2002, changing the minimum coverage from 1.2 to 1.1



GRAND STRAND WATER AND SEWER AUTHORITY

Demographic and Economic Statistics

Last Ten Calendar Years

(Unaudited)

Calendar Year	Population	Personal Income *(Thousands of Dollars)*	Per Capita Personal Income	Median Age	Unemployment Rate
2016	322,342	10,901,662	39,517	44	6
2017	333,268	11,837,728	41,633	44	5
2018	344,147	12,764,585	43,702	45	5
2019	354,081	13,819,062	45,438	48	4
2020	365,449	15,389,147	48,021	47	5
2021	365,579	17,115,449	52,467	49	7
2022	383,101	18,003,786	46,995	49	3
2023	397,478	20,284,396	51,033	49	4
2024	413,391 (1)	22,283,769 (2)	53,905 (2)	49 (3)	5 (3)
2025	427,551				

Data presented is Horry County statistics.

(1) FRED Economic Data Resident Population in Horry County, SC (https://fred.stlouisfed.org/series/SCHORR1POP)

(2) Bureau of Economic Analysis (https://apps.bea.gov/regional/bearfacts/pdf.cfm?fips=45051&areatype=45051&geotype=4

(3) US Census Bureau Fact Finder https://data.census.gov/cedsci/profile?g=0500000US45051)

NA - Not Available

GRAND STRAND WATER AND SEWER AUTHORITY

Ten Largest Employers

Current Year and Nine Years Ago

(Unaudited)

Employer	Fiscal Year 2026	
	Employees	Percentage of Total Employment
Horry County School District	6,474	3.58%
Wal-Mart	3,859	2.13%
Horry County Government	2,958	1.63%
Tidelands Health	2,399	1.33%
McLeod Loris Seacoast Hospital	2,074	1.19%
Conway Medical Center	2,018	1.11%
Grand Strand Regional Medical Center	1,960	1.12%
Coastal Carolina University	1,879	1.04%
Food Lion	1,666	0.92%
City of Myrtle Beach	1,255	0.69%
	26,542	14.74%

Employer	Fiscal Year 2017	
	Employees	Percentage of Total Employment
Horry County School District	5,720	3.82%
Wal-Mart	2,234	1.49%
Horry County Government	2,109	1.41%
Conway Medical Center	1,540	1.03%
Coastal Carolina University	1,198	0.80%
Grand Strand Regional Medical Center	1,427	0.95%
Food Lion	-	NA
McLeod Loris Seacoast Hospital	1,197	0.80%
City of Myrtle Beach	899	0.60%
Horry Telephone Cooperative	673	0.45%
	16,997	11.35%

Notes:
The Total Employment is as of June of the current year

Source:
(1) South Carolina Department of Employment and Workforce
(2) 2017 Horry County Annual Comprehensive Financial Report

GRAND STRAND WATER AND SEWER AUTHORITY

Number of Employees by Identifiable Activity

Last Ten Fiscal Years

(Unaudited)

Full-Time Equivalent Employees as of June 30										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Water										
Water Plant Operations	22	23	24	24	24	22	22	22	23	25
Water Plant Maintenance	8	7	7	7	6	6	6	8	8	10
Water Systems Maintenance	15	16	16	21	22	21	22	23	23	25
Water Systems Operations	40	42	43	45	44	44	47	50	50	49
Sewer										
Sewer Plant Operations	42	41	39	42	42	41	43	37	38	38
Sewer Plant Maintenance	14	14	13	14	14	13	13	16	15	14
Sewer Systems Maintenance	45	49	51	55	52	57	56	61	62	64
Biosolid / Sludge Disposal										
Operations	27	26	27	27	27	28	24	29	27	29
Engineering / Inspections / Construction										
Engineering	18	18	15	15	15	16	16	16	16	16
Inspections	6	6	6	6	6	6	6	9	9	9
Construction	31	32	33	30	30	34	36	39	39	44
Administration										
Billing & Customer Service	24	25	23	25	24	25	25	28	29	32
Human Resources	1	1	2	1	1	1	1	2	2	2
Accounting and Finance	6	6	6	6	6	6	6	8	7	7
Purchasing	4	5	5	5	5	5	5	5	5	5
Information Technology	4	5	9	8	7	8	10	12	12	12
Executive Administration	3	3	3	3	4	3	3	3	4	4
Fleet & Facilities Management	4	3	4	4	6	6	5	5	6	5
Total	314	322	326	338	335	342	346	373	375	390

GRAND STRAND WATER AND SEWER AUTHORITY

Miscellaneous Statistical Data

June 30, 2026

(Unaudited)

Sewer System Facts		
	2026	2025
Use of Sewer		
Sewer Customers, End of Period	131,148	126,120
Average Daily Consumption (Millions of Gallons)	41.90	40.60
Estimated Daily use per Person (Gallons)	100	100
Sewer Sales for Fiscal Year (Billions of Gallons)	15.29	14.82
System Facilities		
Total Miles of Sewer Lines *	2,486	2,413
Number of Treatment Plants	15	15
Number of Pumping Stations	965	930
Number of Residential Effluent Pumping Stations	459	453
Number of Residential Grinder Pumping Stations	10,049	9,571

* Force Main	1,186
Gravity	1,300
	2,486

GRAND STRAND WATER AND SEWER AUTHORITY

Miscellaneous Statistical Data

June 30, 2026

(Unaudited)

Water System Facts		
	2026	2025
Use of Water		
Water Customers, End of Period	137,017	131,873
Average Daily Consumption (Millions of Gallons)	51.28	49.23
Estimated Daily use per Person (Gallons)	100	100
Water Sales for Fiscal Year (Billions of Gallons) *	18.72	17.97
System Facilities		
Storage Tanks **	36	36
Storage Capacity (Millions of Gallons) **	48	46
Auxiliary Deep Water Wells	59	59
Total Miles of Distribution Lines	2,526	2,469
Fire Hydrants	11,804	11,144

* Includes SWTP Participant Sales

** Includes SWTP Storage Tanks (Ground & Elevated)