

**BRUNSWICK-GLYNN COUNTY JOINT
WATER & SEWER COMMISSION**

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**BRUNSWICK-GLYNN COUNTY JOINT
WATER & SEWER COMMISSION**

**FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
Brunswick-Glynn County Joint Water & Sewer Commission
Brunswick, Georgia

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the **Brunswick-Glynn County Joint Water & Sewer Commission** (the "Commission"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of June 30, 2025, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Commission 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.

Emphasis of Matter

As discussed in Note 10, the Commission implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, as of July 1, 2024. This standard significantly changed the accounting for the Commission's compensated absences and disclosures. Our opinion is not modified with respect to this matter.

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 Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Commission'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 Commission'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 ("MD&A") on pages 4 – 10 and the Schedules of Changes in the Commission's Net Pension Liability and Related Ratios and Contributions on pages 34 – 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2025, on our consideration of the Brunswick-Glynn County Joint Water and Sewer Commission'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 Commission'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 the Brunswick-Glynn County Joint Water and Sewer Commission's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
October 9, 2025

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

As management of the Brunswick-Glynn County Joint Water & Sewer Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements.

Proprietary Fund Accounting and Reporting

The Commission operates as a single fund in a business-like manner. Thus, the Commission uses the accrual approach to account for and report financial transactions. This means that revenues are recognized as they are earned and expenses are recognized as the liability is incurred, regardless of the timing of related cash inflows and outflows. All assets and liabilities that are measurable and probable are included in the financial statements. The full acquisition costs of all fixed assets are included in the Statement of Net Position and are depreciated over their estimated useful life. Consequently, the Commission's accounting practices generally resemble a commercial entity's approach.

Overview of the Financial Statements

Net Position: The following table reflects the overall financial condition of the Commission as of the last two fiscal years:

	2025	2024
Current assets	\$ 9,601,435	\$ 12,511,150
Restricted assets	70,605,589	75,385,804
Capital assets	208,700,695	188,644,402
Total assets	288,907,719	276,541,356
Deferred outflows of resources	1,540,253	2,277,273
Current liabilities	15,222,112	15,825,191
Long-term liabilities	61,243,453	66,833,940
Total liabilities	76,465,565	82,659,131
Deferred inflows of resources	1,058,675	206,882
Net investment in capital assets	142,696,372	121,817,063
Restricted for debt service	639,033	638,959
Restricted for capital projects	4,836,654	63,891,423
Unrestricted	64,751,673	9,605,171
Total net position	\$ 212,923,732	\$ 195,952,616

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table reflects the balances of current and restricted assets for the last two fiscal years:

	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash	\$ 2,146,762	\$ 4,137,364
Accounts receivable, net of allowance for uncollectibles	4,763,849	4,743,614
Intergovernmental receivable	659,660	1,513,980
Inventory	1,367,083	1,392,748
Prepaid expenses	664,081	723,444
	<u>\$ 9,601,435</u>	<u>\$ 12,511,150</u>
Restricted Assets:		
Customer Deposits	\$ 3,052,141	\$ 3,038,043
Bond Funds:		
Sinking Fund	639,033	638,959
Capital Tap Fee Reserves:		
Capital Improvement Fee Reserves	4,836,654	6,389,143
Operating, Repair and Replacement and Capital Reserves	<u>62,077,761</u>	<u>65,319,659</u>
	<u>\$ 70,605,589</u>	<u>\$ 75,385,804</u>

The decrease in Restricted Assets is largely due to the draw down of Reserve funds to cover the cost of capital projects such as the Canal Road Water Production facility and transfers out of the Capital Tap Fee Reserve for new taps completed into the system.

The Commission paid \$690,629 in interest expense on its Series 2017 Revenue Bond and \$337,740 on the 2021 Series Revenue Bond during the fiscal year ended June 30, 2025. The five year financed purchases of four Vac-Con Vacuum Trucks, executed in August 2022, was paid off early on October 31, 2025 for the amount of \$902,571 which consisted of \$899,365 in principal and \$3,206 in interest.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues, Expenses and Changes in Net Position: The following table illustrates the history of revenues, expenses and changes in net position for the past two years:

	<u>2025</u>	<u>2024</u>
Operating revenues		
Charges for services:		
Water sales	\$ 13,198,346	\$ 12,442,964
Sewer sales	23,914,958	22,984,548
Connection fees	2,059,498	3,271,420
Other fees and charges	2,636,628	2,925,942
Total operating revenues	<u>41,809,430</u>	<u>41,624,874</u>
Operating expenses		
Personnel services	13,881,937	12,696,133
Contractual services	5,878,979	5,747,474
Supplies	5,005,046	5,060,217
Electricity, natural gas and other fuel	2,565,967	2,486,518
Other costs	2,365,307	1,202,746
Depreciation expense	7,853,475	6,806,190
Total operating expenses	<u>37,550,711</u>	<u>33,999,278</u>
Operating income	<u>4,258,719</u>	<u>7,625,596</u>
Non-operating revenues (expenses)		
Interest income	3,245,411	3,411,403
Other income (loss)	30,726	25,666
Intergovernmental revenue - SPLOST	3,667,032	3,481,543
Interest expense and fiscal charges	(1,425,312)	(1,988,600)
Total non-operating revenues (expenses), net	<u>5,517,857</u>	<u>4,930,012</u>
Income before contributions	<u>9,776,576</u>	<u>12,555,608</u>
Capital contributions	<u>7,194,540</u>	<u>3,227,751</u>
Change in net position	<u>16,971,116</u>	<u>15,783,359</u>
Total net position, beginning	<u>195,952,616</u>	<u>180,169,257</u>
Total net position ending	<u><u>\$ 212,923,732</u></u>	<u><u>\$ 195,952,616</u></u>

Water and Sewer Revenues – As of June 30, 2025, the Commission utilized a standardized billing structure and rates for all districts. Customers are billed based on the infrastructure they utilize for provision of water and/or sewer service for Debt Recovery Charges. Administrative and usage charges are standardized throughout the service area. All meters are read electronically each month and customers receive a monthly statement based on that reading.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of June 30, 2025, the Commission has 33,970 (32,975 on 6/30/2024) billable service addresses in the following districts:

District	2025	2024
Brunswick	15,708	15,398
Saint Simons Island	11,678	11,472
North Mainland	5,262	4,851
South Mainland	1,322	1,254
Total	<u>33,970</u>	<u>32,975</u>

Personnel Services Costs consist of the following:

	2025	2024
Salaries, wages and overtime	\$ 8,933,640	\$ 8,495,491
Group insurance	1,731,295	1,584,378
Pension	1,754,573	943,183
FICA and Medicare	683,039	654,797
Workers' compensation insurance	277,246	265,825
Personnel administration	164,540	163,088
Temporary services	28,792	55,216
Commissioner stipends	30,000	30,000
Other employee benefits	278,812	504,155
	<u>\$ 13,881,937</u>	<u>\$ 12,696,133</u>

As stated in Note 7 – Defined Benefit Pension Plan, “calculations are based on the substantive plan in effect as of September 30, 2024.” The timing differences between the actuarial valuation and the fiscal year of the Commission results in a difference between salaries, wages and overtime in the financial statements and covered payroll as stated in the Schedule of Commission’s Contributions of \$787,935 and \$1,076,093 for FY2025 and FY2024, respectively. Employee turnover, retirements, merit-based wage adjustments and changes in accruals for wages and compensated absences between the plan date and the fiscal year date also contribute to the differences.

Investment Gains – Funds are invested as permitted in accordance with Chapter 83 of Title 36 of the Official Code of Georgia Annotated (“O.C.G.A.”), which establishes guidelines for local government investment procedures. Interest receivable of \$450,829 was recorded. A net market adjustment (unrealized gain) of \$711,368 over the course of the fiscal year 2025 is included in the investment amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets: The Commission's investment in capital assets as of June 30, 2025 amounts to \$208,700,695 (net of accumulated depreciation). This investment in capital assets includes land and easements, buildings, water wells, elevated storage tanks, wastewater treatment plants, system improvements, vehicles, and equipment. A summary of the major infrastructure is as follows:

	<u>City</u>	<u>County</u>	<u>Total</u>
Wastewater treatment facilities	1	2	3
Miles of gravity sewer lines	80	230	310
Miles of forced main sewer lines	7	127	134
Sewer manholes	1,810	6,085	7,895
Sewer lift stations	26	143	169

	<u>City</u>	<u>County</u>	<u>Total</u>
Water wells	3	19	22
Elevated water storage towers	3	7	10
Ground storage tanks	3	13	16
Water pumping facilities	2	13	15
Miles of water lines	132	440	572
Fire hydrants	693	3,594	4,287

Approximately \$8.27 million in major additions in capitalized projects were added to the infrastructure during FY2025, consisting of Construction in Progress ("CIP") improvements and Georgia Environmental Finance Authority ("GEFA") projects.

Debt Administration: As an entity created by an act of the General Assembly of the State of Georgia, long-term borrowing by the Commission is provided through Revenue Bonds issued by the Commission and loans from the GEFA.

On December 27, 2017, the Commission issued \$36,364,000 of Revenue Bonds at an average yield of 2.904% and a final maturity of June 1, 2035. The proceeds from these bonds were used to defease Series 2010C Revenue Bonds of the Commission and to pay the related costs of issuance associated with the 2017 Bond. No additional funds were borrowed in this issue.

In September 2021, the Commission issued \$15,815,000 of Revenue Bonds at a yield ranging from 0.35% - 2.25% and a final maturity of June 1, 2043. The proceeds from these bonds will be used for the purpose of financing the costs of acquiring, constructing, and equipping certain improvements, extensions and additions to the water and sewer system of the Commission.

The ratings for the 2017 issue were AAA from Standard & Poor's and Aa3 from Moody's. These ratings were unchanged from the issuance of the 2010C Revenue Bonds. The rating for the 2021 issue was Aa3 from Moody's.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The 2017 Revenue Bonds include a Rate Covenant containing the requirement that Net Revenues are at least equal to 1.10 times Debt Service in the then current Sinking Fund Year. For the current fiscal year, this debt coverage ratio has been computed to be 4.72 based on total revenues and 5.57 on revenues net of connection fees as follows:

	2025	2024
Income Before Contributions	\$ 9,776,576	\$ 12,843,778
Add: Depreciation Expense	7,853,475	6,806,190
Amortization of Bond Issuance	100,985	108,572
Bond Interest (before amortization of premium)	1,273,673	1,790,797
	19,004,709	21,549,337
Less: Intergovernmental revenue - SPLOST	(3,667,032)	(3,481,543)
	\$ 15,337,677	\$ 18,067,794
Debt Service	\$ 3,246,506	\$ 3,244,682
Debt Coverage Ratio	4.72	5.57

Currently Known Conditions Affecting Future Operations

Capital projects are planned, or underway, to increase capacity in areas identified to have the greatest growth potential. Other areas may have incremental increases in capacity through such methods as increasing pump sizes or adding additional pumping capacity. Efforts are underway to secure the property necessary to construct a new wastewater treatment facility near Exit 42 on Interstate 95 to accommodate the rapid construction of commercial and residential properties along the Highway 99 corridor.

The implementation of a formal asset management program for all divisions continues to move forward. This program improves operational efficiencies, provides clear risk scores for assets, therefore, greater understanding of proactive maintenance and reinvestment needs to allow the Commission to set priorities and allocate resources more effectively. The Commission's capital reinvestment program is driven by the assigned risk scores. As construction costs have increased significantly in recent years, a commitment to reinvest through asset management principles will be essential for the long-term health of the existing water and sewer systems.

In September 2019, the Commission was notified it had been approved for a \$15,000,000 loan through the GEFA for capital projects at its wastewater treatment plants and trenchless rehabilitation of sanitary sewer lines. The expected completion date for these projects is December 2025. In September 2019, an application to Georgia Emergency Management Agency ("GEMA") for the installation of 22 additional lift station transfer switches was approved. Due to funding reductions from Federal Emergency Management Agency ("FEMA"), 10 lift station transfer switches have been installed and are in service. In August 2020, the Commission entered into an agreement with the GEMA for the installation of eight (8) fixed generators. All generators have been received. Installation of the fixed generators is underway with completion scheduled for March 2026. In January 2025, the Commission entered into an agreement with the GEMA for the installation of 67 additional lift station transfer switches. Design is underway for these installations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

At the November 8, 2022, election, the voters of Glynn County approved the imposition of a Special Purpose Local Option Sales Tax ("SPLOST") 2022 beginning April 1, 2023, for a period of six years. The Commission's SPLOST projects include two Tier 1 water and sewer capital outlay projects at a total estimated cost of \$13,000,000, and one Tier 2 water and sewer capital outlay project at a total estimated cost of \$2,000,000. The first of the SPLOST 2022 projects is under construction in three separate construction divisions. Division 1 is the construction of new Water Production Facility to serve the South Mainland district. Division 2 is the construction of a new 500,000-gallon elevated storage tank near the new Water Production Facility. Division 3 is the construction of water looping improvements to eliminate dead end lines in the area surrounding the new elevated storage tank.

Further Information

This financial overview is designed to provide readers with a general overview of the Commission's finances, and to show accountability. If you have questions or would like further information about this financial report, you may contact officials at:

Brunswick-Glynn County Joint Water and Sewer Commission
1703 Gloucester St.
Brunswick, Georgia 31520

FINANCIAL STATEMENTS

**BRUNSWICK-GLYNN COUNTY JOINT
WATER & SEWER COMMISSION**

**STATEMENT OF NET POSITION
JUNE 30, 2025**

ASSETS

Current assets

Cash	\$ 2,146,762
Accounts receivable, net	4,763,849
Due from other governments	659,660
Inventory	1,367,083
Prepaid expenses	664,081
Restricted cash	31,353,928
Restricted investments	<u>39,251,661</u>
Total current assets	<u>80,207,024</u>

Non-current assets

Capital assets:	
Nondepreciable assets	44,789,716
Depreciable assets	326,768,672
Less accumulated depreciation	<u>(162,857,693)</u>
Total capital assets, net	<u>208,700,695</u>

Total assets	<u><u>\$ 288,907,719</u></u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources

Deferred charges on refunding	\$ 583,090
Pension	<u>957,163</u>
Total deferred outflows of resources	<u><u>\$ 1,540,253</u></u>

(Continued)

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

STATEMENT OF NET POSITION JUNE 30, 2025

LIABILITIES

Current liabilities

Payable from current assets:	
Accounts payable	\$ 2,836,086
Retainage payable	1,656,298
Compensated absences payable	181,406
Accrued expenses and other liabilities	405,744
Current portion of notes payable	1,060,724
Health insurance payable	295,904
Unearned revenue	3,742,627
Total current liabilities payable from current assets	<u>10,178,789</u>

Payable from restricted assets:

Accrued interest payable	105,866
Customer deposits payable	2,961,457
Current portion of revenue bonds payable	1,976,000
Total current liabilities payable from restricted assets	<u>5,043,323</u>

Total current liabilities	<u>15,222,112</u>
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Long-term liabilities - due in more than one year

Revenue bonds payable, net	35,757,320
Compensated absences payable	499,677
Net pension liability	1,350,741
Notes payable	23,635,715
Total long-term liabilities	<u>61,243,453</u>

Total liabilities	<u>\$ 76,465,565</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources

Pension	\$ 1,058,675
Total deferred inflows of resources	<u>\$ 1,058,675</u>

NET POSITION

Net investment in capital assets	\$ 142,696,372
Restricted for debt service	639,033
Restricted for capital projects	4,836,654
Unrestricted	64,751,673
Total net position	<u>\$ 212,923,732</u>

See Notes to Financial Statements.

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Operating revenues

Charges for services:

Water sales	\$ 13,198,346
Sewer sales	23,914,958
Connection fees	2,059,498
Other fees and charges	2,636,628
Total operating revenues	<u>41,809,430</u>

Operating expenses

Personnel services	13,881,937
Contractual services	5,878,979
Supplies	5,005,046
Electricity, natural gas and other fuel	2,565,967
Other costs	2,365,307
Depreciation expense	7,853,475
Total operating expenses	<u>37,550,711</u>

Operating income	<u>4,258,719</u>
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Non-operating revenues (expenses)

Investment income	3,245,411
Gain on sale of capital assets	30,726
Intergovernmental revenue	3,667,032
Interest expense and fiscal charges	(1,425,312)
Total non-operating revenues, net	<u>5,517,857</u>

Income before capital contributions	9,776,576
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Capital contributions

Change in net position	16,971,116
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Total net position, beginning of year, as restated	<u>195,952,616</u>
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Total net position, end of year	<u><u>\$ 212,923,732</u></u>
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See Notes to Financial Statements.

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 42,663,195
Payments to suppliers	(14,396,174)
Payments to employees	(15,598,134)
Net cash provided by operating activities	<u>12,668,887</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	(21,931,228)
Proceeds from sale of capital assets	30,726
Principal payments on long-term borrowings	(4,187,791)
Interest paid on long-term borrowings	(1,460,174)
Intergovernmental receipts	4,863,352
Net cash used in capital and related financing activities	<u>(22,685,115)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sales of investments	10,020,238
Net cash provided by investing activities	<u>10,020,238</u>

Net increase in cash	4,010
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Cash and cash equivalents, beginning of year	<u>33,496,680</u>
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Cash and cash equivalents, end of year	<u><u>\$ 33,500,690</u></u>
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Classified as:

Cash	\$ 2,146,762
Restricted assets, cash	<u>31,353,928</u>
	<u><u>\$ 33,500,690</u></u>

(Continued)

**BRUNSWICK-GLYNN COUNTY JOINT
WATER & SEWER COMMISSION**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED
BY OPERATING ACTIVITIES**

Operating income	\$ 4,258,719
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	7,853,475
Changes in assets and liabilities:	
Decrease in accounts receivable	853,765
Decrease in inventory	25,665
Decrease in prepaid expenses	59,363
Decrease in deferred outflows of resources	737,020
Decrease in accounts payable and accrued expenses	(897,585)
Increase in retainage payable	762,434
Decrease in customer deposits payable	(56,187)
Increase in accrued compensated absences	14,247
Decrease in unearned revenue	(26,920)
Decrease in net pension liability	(1,716,197)
Decrease in claims payable	(50,705)
Increase in deferred inflows of resources	851,793
Net cash provided by operating activities	<u><u>\$ 12,668,887</u></u>

**SCHEDULE OF NON-CASH INVESTING AND
CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital contributions - capital assets	<u><u>\$ 5,978,540</u></u>
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See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Brunswick-Glynn County Joint Water & Sewer Commission (the “Commission”) was established by an act of the Georgia State Assembly in 2006 and approved by referendum on July 18, 2006. The Commission is governed by a seven-member Board of Commissioners. The Act creating the Commission was amended in 2012 to change the structure of the governing body. As of January 1, 2013, the governing body consists of: one member appointed by the City of Brunswick and one member appointed by Glynn County from their respective Boards of Commissioners; three members selected by the Grand Jury of Glynn County; and two members elected in the state-wide general election. The Commission provides and accounts for the provision of water and sewer services to the residents of Glynn County and the City of Brunswick.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (“GASB”) Statement 14, *The Financial Reporting Entity*, as amended, which defines a primary government as an entity with a governing body elected in a general election, and which is legally separate and fiscally independent. Any entity that does not meet the above criteria is potentially a component unit of a primary government.

A component unit is a legally separate entity for which a primary government is financially accountable by virtue of the fact that it both appoints the governing board and is able to impose its will on the component unit, or the fact that it provides financial benefits or imposes a financial burden on the primary government.

Based on the above requirements, there are no entities which meet the criteria detailed above for inclusion with the Commission's financial statements as component units, nor is the Commission considered a component unit.

Fund Accounting

The Commission uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The fund presented in this report is a Proprietary Fund Type - *Enterprise Fund*. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, deferred inflows of resources, and liabilities associated with the operation of these funds are included in the Statement of Net Position. Net position is segregated into net investment in capital assets and restricted and unrestricted net position components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net position. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are charges for goods and services provided. Operating expenses of the Commission include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Basis of Accounting

The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission exclusively follows the standards set forth by the GASB for its proprietary operations.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that 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 revenues and expenses during the period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Commission.

For purposes of the Statement of Cash Flows, the Commission considers all highly liquid investments (including restricted assets) with an original maturity date of three months or less, and customer deposits to be cash equivalents.

Customer Accounts Receivable

Customer accounts receivable include billed, but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

Inventories

Inventories of materials and supplies are stated at cost, which approximates market, using the *first-in/first-out* ("FIFO") *method*. The Commission uses the *consumption method* of accounting for inventory, in that as materials are purchased, they are coded to inventory and then as subsequently used, they are expensed.

Restricted Assets

Restricted cash and cash equivalents consist of three restricted fund types. Amounts recorded in this category include funds received in payment of customer deposits and refunds of customer deposits, funds received in payment of capital tap fees, and certain proceeds from the issuance of the Commission's revenue bonds, as well as certain resources set aside for their repayment, and are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets

Capital assets are carried at cost. Donated capital assets are recorded at their acquisition value. These assets are depreciated over the estimated useful life using the straight-line method. The Commission defines its capitalization policy as assets costing \$5,000 and having an estimated useful life of greater than one year.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed.

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

Asset Classification	Years
Buildings	10 – 50
Site Improvements	10 – 50
Infrastructure	5 – 50
Machinery and equipment	2 – 25
Vehicles	5
Office furniture and equipment	3 – 20

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report 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. The Commission had four items that qualify for reporting in this category. Three items relate to the pension as deferred outflows of resources during the year ended June 30, 2025, under the heading “pension.” Experience losses result from periodic studies by the Commission’s actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. Changes in actuarial assumptions, which adjust the net pension liability, are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, any contributions made by the Commission to the pension plan before year-end, but subsequent to the measurement date of the Commission’s net pension liability are reported as deferred outflows of resources. The fourth item relates to the deferred charge on refunding. This results from the difference in the 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 debt or the refunding debt.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report 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. The Commission reported two items related to their pension as a deferred inflow of resources during the year ended June 30, 2025, under the heading "pension." Experience gains result from periodic studies by the Commission's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. In addition, the difference between projected and actual earnings on pension plan investments is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred outflow of resources.

Compensated Absences

The liability for compensated absences has been accrued and reported in the Statement of Net Position. The Commission permits employees to accumulate earned but unused vacation and sick pay benefits. Employees may carry over a maximum of 160 hours of vacation time from year to year. Accumulated vacation benefits will be liquidated in future years as employees elect to use them or will be paid upon termination of employment. Accumulated sick pay benefits are not payable upon termination of employment. In the normal course of business, all payments of accumulated benefits will be funded by revenues of the year in which the benefits are paid. All compensated absences are accrued when earned by employees. An employee may accrue an unlimited amount of sick leave. Sick leave may be taken only for personal illness or illness of an immediate family member.

Long-Term Obligations

Long-term debt and other obligations financed by the Commission are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as deferred refunding costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed in the year incurred.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is classified and displayed in three components within the Statements of Net Position. These three classifications are as follows:

- a) Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b) Restricted net position consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

NOTE 2. CASH AND INVESTMENTS

Total deposits and investments as of June 30, 2025 are summarized as follows:

Amounts as presented on the entity-wide Statement of Net Position:

Cash	\$ 2,146,762
Restricted investments	39,251,661
Restricted cash	31,353,928
Total	<u>\$ 72,752,351</u>

Cash deposited with financial institutions	\$ 33,500,690
Investments held at financial institutions	39,251,661
	<u>\$ 72,752,351</u>

As of June 30, 2025, the Commission held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		<u>Rating</u>
		<u>Less than 1</u>	<u>1 - 5</u>	
U.S. treasury notes	\$ 36,098,891	\$ 13,069,529	\$ 23,029,362	N/A
Government sponsored enterprise securities	3,152,770	3,152,770	-	AA+
Total fair value	<u>\$ 39,251,661</u>	<u>\$ 16,222,299</u>	<u>\$ 23,029,362</u>	

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Credit Risk

State statutes authorize the Commission to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest Rate Risk

The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the Commission's investments are Level 1 investments.

The Commission's investment in U.S. treasury notes and government sponsored enterprise securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those investments.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2025, the Commission did not have any deposits which were uninsured or under collateralized as defined by GASB pronouncements.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES

Receivables, including the applicable allowances for uncollectible accounts, consisted of the following at June 30, 2025:

Receivables	\$ 5,134,979
Less allowance for uncollectible accounts	(371,130)
Net receivables	<u>\$ 4,763,849</u>

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 1,068,997	\$ -	\$ -	\$ -	\$ 1,068,997
Construction in progress	24,082,301	21,513,962	(1,875,544)	-	43,720,719
Total	<u>25,151,298</u>	<u>21,513,962</u>	<u>(1,875,544)</u>	<u>-</u>	<u>44,789,716</u>
Capital assets, being depreciated:					
Buildings	4,451,276	-	-	-	4,451,276
Site improvements	92,792	-	-	-	92,792
Infrastructure	292,776,409	5,978,540	1,875,544	-	300,630,493
Machinery and equipment	13,787,611	417,266	-	-	14,204,877
Office furniture and equipment	3,980,499	-	-	-	3,980,499
Vehicles	3,458,235	-	-	(49,500)	3,408,735
Total	<u>318,546,822</u>	<u>6,395,806</u>	<u>1,875,544</u>	<u>(49,500)</u>	<u>326,768,672</u>
Less accumulated depreciation for:					
Buildings	(1,193,070)	(126,267)	-	-	(1,319,337)
Site improvements	(13,930)	(1,454)	-	-	(15,384)
Infrastructure	(136,685,933)	(6,803,782)	-	-	(143,489,715)
Machinery and equipment	(10,719,372)	(586,915)	-	-	(11,306,287)
Office furniture and equipment	(3,697,079)	(106,648)	-	-	(3,803,727)
Vehicles	(2,744,334)	(228,409)	-	49,500	(2,923,243)
Total	<u>(155,053,718)</u>	<u>(7,853,475)</u>	<u>-</u>	<u>49,500</u>	<u>(162,857,693)</u>
Total capital assets, being depreciated, net	<u>163,493,104</u>	<u>(1,457,669)</u>	<u>1,875,544</u>	<u>-</u>	<u>163,910,979</u>
Total capital assets, net	<u>\$ 188,644,402</u>	<u>\$ 20,056,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,700,695</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt activity for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable - direct borrowing	\$ 39,542,000	\$ -	\$ (1,923,000)	\$ 37,619,000	\$ 1,976,000
Revenue bond premium	123,043	-	(8,723)	114,320	-
Revenue bonds, net	39,665,043	-	(1,931,723)	37,733,320	1,976,000
Financed purchases	1,204,811	-	(1,204,811)	-	-
Compensated absences	666,836	14,247	-	681,083	181,406
Notes payable - direct borrowing	25,756,419	-	(1,059,980)	24,696,439	1,060,724
Net pension liability	3,066,938	1,441,487	(3,157,684)	1,350,741	-
Total long-term liabilities	<u>\$ 70,360,047</u>	<u>\$ 1,455,734</u>	<u>\$ (7,354,198)</u>	<u>\$ 64,461,583</u>	<u>\$ 3,218,130</u>

Revenue Bonds – Direct Borrowing

In December 2017, the Commission issued Refunding Revenue Bonds, Series 2017 in the amount of \$36,364,000. The Series 2017 bonds were issued to provide funds to refund (advance refunding) all of the Commission's 2010C Revenue Bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2010C bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The advance refunding of the Series 2010C bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,618,208. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to expense through the year 2035 using the effective interest method. The refunding decreased the total debt service payments over the next 18 years by \$6,492,690 and produced an economic gain of \$2,659,689. Principal payments are due each year on June 1, beginning June 1, 2019. Interest payments are due each December 1 and June 1, beginning June 1, 2018. The bonds are secured by a pledge and lien on revenues of the water and sewer systems and yield 2.904% interest.

In September 2021, the Commission issued Revenue Bonds, Series 2021 in the amount of \$15,815,000. Principal payments are due each year on June 1, beginning June 1, 2024. Interest payments are due each December 1 and June 1, beginning June 1, 2022. The bonds are secured by a pledge and lien on revenues of the water and sewer systems and yield between 2 - 5% interest.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds – Direct Borrowing (Continued)

Debt service requirements to maturity on the revenue bonds are as follows:

Fiscal Year Payable	Principal	Interest	Total
2026	\$ 1,976,000	\$ 974,123	\$ 2,950,123
2027	2,035,000	915,587	2,950,587
2028	2,095,000	852,483	2,947,483
2029	2,156,000	790,386	2,946,386
2030	2,219,000	1,972,224	4,191,224
2031 – 2035	12,118,000	2,611,046	14,729,046
2036 – 2040	11,000,000	1,050,950	12,050,950
2041 – 2043	4,020,000	160,820	4,180,820
Total	<u>\$ 37,619,000</u>	<u>\$ 9,327,619</u>	<u>\$ 46,946,619</u>

Financed Purchases

The Commission has entered into various financed purchasing agreements for the acquisition of certain assets. These finance purchases were paid off during the year.

Notes Payable – Direct Borrowing

The Commission incurred debt of \$26,832,213 to the Georgia Environmental Finance Authority (“GEFA”) for construction of various water and sewer system projects during current and prior years. Forgiveness of debt was recognized of \$519,356 in the prior years, leaving a remaining amount due at June 30, 2025 of \$24,696,439. Repayment on one of these notes will be determined when construction is complete, and all draws have been made.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM OBLIGATIONS (CONTINUED)

Notes Payable – Direct Borrowing (Continued)

The Commission's notes payable outstanding at June 30, 2025, are as follows:

Drinking Water \$15,976,951 Note Payable, due in monthly installments of \$89,230 through May 1, 2039, plus interest at 0.07%	\$ 14,828,672
Clean Water \$15,000,000 Note Payable, repayments not yet determined as still in drawdown phase	<u>9,867,767</u>
Total Notes Payable - Direct Borrowings Outstanding	<u><u>\$ 24,696,439</u></u>

The annual requirements for the debt service on the Drinking Water note payable at June 30, 2025 are as follows:

<u>Fiscal Year Payable</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,060,724	\$ 10,040	\$ 1,070,764
2027	1,061,466	9,297	1,070,763
2028	1,062,209	8,554	1,070,763
2029	1,062,953	7,810	1,070,763
2030	1,063,697	7,066	1,070,763
2031 – 2035	5,329,669	24,146	5,353,815
2036 – 2039	4,187,954	5,866	4,193,820
Total	<u><u>\$ 14,828,672</u></u>	<u><u>\$ 72,779</u></u>	<u><u>\$ 14,901,451</u></u>

NOTE 6. NET INVESTMENT IN CAPITAL ASSETS AND RESTRICTED NET POSITION

Net Investment in Capital Assets – The balances that make up the Commission's net investment in capital assets at June 30, 2025 are as follows:

Net capital assets	\$ 208,700,695
Deferred charges on refunding	583,090
Less: Retainage payable	(1,656,298)
Less: Capital related accounts payable	(2,387,036)
Less: Capital related debt	(62,429,759)
Less: Unamortized premiums on bonds payable	<u>(114,320)</u>
Net investment in capital assets	<u><u>\$ 142,696,372</u></u>

Restricted for Debt Service – These funds are set aside by the Commission for the retirement of future debt payments in accordance with bond requirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. NET INVESTMENT IN CAPITAL ASSETS AND RESTRICTED NET POSITION (CONTINUED)

Restricted for Capital Projects – These funds are capital tap fees collected by the Commission for the improvement of the water and sewer system infrastructure.

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description

The Commission, as authorized by the Board of Commissioners, has established a non-contributory defined benefit pension plan, the Brunswick-Glynn County Joint Water & Sewer Commission Retirement Plan (the “Plan”), covering substantially all of the Commission’s employees. The Commission’s pension plan is administered through the Georgia Municipal Employee Benefit System (“GMEBS”), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 2% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The Board of Commissioners, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the Commission and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to:

Georgia Municipal Association
Risk Management and Employee Benefit Services
201 Pryor Street, NW
Atlanta, Georgia 30303
or by calling (404) 688-0472

Plan Membership. As of January 1, 2025, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	28
Inactive plan members entitled to but not receiving benefits	77
Active plan members	134
Total	<u>239</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the Commission's Board, is to contribute an amount equal to the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the Commission's contribution rate was 8.10% of annual payroll. For employees hired after July 1, 2020, employees are required to contribute 3% of annual pay to the Plan. Commission contributions to the Plan were \$659,659 for the year ended June 30, 2025.

Net Pension Liability of the Commission

The Commission's net pension liability was measured as of September 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions. The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% – 8.50%, including inflation
Investment rate of return	7.375%

Mortality rates were based on the gender-distinct Pri-2012 head-count weighted Employee Mortality Table.

The actuarial assumptions used in the January 1, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

Salary increase adjustments were assumed to be 2.25% although the Plan allowance for annual cost of living adjustment is variable, as established by the Commission Board, in an amount not to exceed 8.50%.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Commission (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan'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 of the projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are 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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	45%	6.60%
International equity	20%	7.03%
Domestic fixed income	20%	2.70%
Real estate	10%	3.40%
Global fixed income	5%	3.70%
	<u>100%</u>	

* Rates shown are net of the 2.25% assumed rate of inflation.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Commission (Continued)

Changes in the Net Pension Liability of the Commission. The changes in the components of the net pension liability of the Commission for the year ended June 30, 2025 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 13,015,334	\$ 9,948,396	\$ 3,066,938
Changes for the year:			
Service Cost	358,995	-	358,995
Interest	976,133	-	976,133
Differences between expected and actual experience	78,119	-	78,119
Contributions - employer	-	685,552	(685,552)
Contributions - employee	-	51,924	(51,924)
Net investment income	-	2,420,208	(2,420,208)
Benefit payments, including refunds of employee contributions	(277,264)	(277,264)	-
Administrative expense	-	(28,240)	28,240
Net Changes	1,135,983	2,852,180	(1,716,197)
Balances at June 30, 2025	\$ 14,151,317	\$ 12,800,576	\$ 1,350,741

The required schedule of changes in the Commission's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Commission, calculated using the discount rate of 7.375%, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Commission's net pension liability	\$ 3,346,562	\$ 1,350,741	\$ (305,459)

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Commission (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2024, and the current sharing pattern of costs between employer and employee.

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

For the year ended June 30, 2025, the Commission recognized a pension expense of \$481,616. At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 411,465	\$ 122,915
Changes in assumptions	26,498	-
Difference between projected and actual earnings on pension plan investments	-	935,760
Commission contributions subsequent to the measurement date	519,200	-
Total	<u>\$ 957,163</u>	<u>\$ 1,058,675</u>

Commission contributions subsequent to the measurement date of \$519,200 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2026	\$ (87,786)
2027	138,370
2028	(352,803)
2029	(318,493)
Total	<u>\$ (620,712)</u>

NOTE 8. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to: torts; theft of assets; damage to and destruction of assets; errors and omissions; and natural disasters. The Commission carries commercial insurance for these risks of loss, as well as other risks of loss such as workers' compensation insurance and general property and liability insurance.

Effective August 1, 2020, the Commission became self-insured with respect to employee health insurance. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claims are administered by a third-party.

Liabilities include an amount for health self-insured claims payable that have been incurred but not reported ("IBNRs"). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The change in the balance of health self-insured payable during the year is as follows:

	<u>2025</u>
Health self-insured payable, beginning of year	\$ 346,609
Incurred claims	2,014,525
Payments made	(2,065,230)
Health self-insured payable, end of year	<u>\$ 295,904</u>

NOTE 9. COMMITMENTS AND CONTINGENCIES

At June 30, 2025, in addition to the liabilities enumerated on the balance sheet, the Commission also had contractual commitments on uncompleted construction contracts in the amount of \$29,672,143 for the completion of various projects.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of GASB Statement No. 101, *Compensated Absences*, the Commission is required to reevaluate the accounting treatment of compensated absences. The new standard requires the Commission to reevaluate the calculation and treatment of accumulated sick time in compensated absences under the new definitions of GASB Statement No. 101. Therefore, in conjunction with the implementation of GASB Statement No. 101, the following restatements were required to the beginning net position to properly report compensated absences.

	<u>Business-Type Activities</u>
Net position as of June 30, 2024, as previously reported	\$ 196,240,786
Restatement - compensated absences per GASB 101	<u>(288,170)</u>
Net position as of June 30, 2024, as restated	<u><u>\$ 195,952,616</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE COMMISSION'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 358,995	\$ 340,734	\$ 353,244	\$ 338,377
Interest on total pension liability	976,133	881,123	828,607	738,123
Differences between expected and actual experience	78,119	318,736	(194,742)	384,663
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(277,264)	(263,923)	(261,102)	(237,149)
Other changes	-	-	-	-
Net change in total pension liability	1,135,983	1,276,670	726,007	1,224,014
Total pension liability - beginning	13,015,334	11,738,664	11,012,657	9,788,643
Total pension liability - ending (a)	\$ 14,151,317	\$ 13,015,334	\$ 11,738,664	\$ 11,012,657
Plan fiduciary net position				
Contributions - employer	\$ 685,552	\$ 712,658	\$ 1,052,343	\$ 810,106
Contributions - employee	51,924	46,607	25,431	
Net investment income	2,420,208	1,123,922	(1,622,910)	1,717,086
Benefit payments, including refunds of employee contributions	(277,264)	(263,923)	(261,102)	(237,149)
Administrative expenses	(28,240)	(29,831)	(29,663)	(27,746)
Net change in plan fiduciary net position	2,852,180	1,589,433	(835,901)	2,262,297
Plan fiduciary net position - beginning	9,948,396	8,358,963	9,194,864	6,932,567
Plan fiduciary net position - ending (b)	\$ 12,800,576	\$ 9,948,396	\$ 8,358,963	\$ 9,194,864
Commission's net pension liability - ending (a) - (b)	\$ 1,350,741	\$ 3,066,938	\$ 3,379,701	\$ 1,817,793
Plan fiduciary net position as a percentage of the total pension liability	90.46%	76.44%	71.21%	83.49%
Covered payroll	\$ 7,419,398	\$ 7,201,679	\$ 7,262,869	\$ 7,003,653
Commission's net pension liability as a percentage of covered payroll	18.21%	42.59%	46.53%	25.95%

2021	2020	2019	2018	2017	2016
\$ 388,544	\$ 415,887	\$ 318,851	\$ 290,707	\$ 293,353	\$ 245,679
697,086	615,911	533,380	452,681	399,112	335,690
(270,112)	206,543	276,712	227,855	96,885	331,132
-	-	-	81,397	-	-
(180,684)	(132,569)	(118,545)	(83,071)	(113,206)	(75,099)
-	185,487	-	-	-	-
634,834	1,291,259	1,010,398	969,569	676,144	837,402
9,153,809	7,862,550	6,852,152	5,882,583	5,206,439	4,369,037
<u>\$ 9,788,643</u>	<u>\$ 9,153,809</u>	<u>\$ 7,862,550</u>	<u>\$ 6,852,152</u>	<u>\$ 5,882,583</u>	<u>\$ 5,206,439</u>
\$ 619,292	\$ 584,691	\$ 509,910	\$ 466,145	\$ 387,759	\$ 365,501
610,871	181,570	456,652	559,750	341,613	18,511
(180,684)	(132,569)	(118,545)	(83,071)	(113,206)	(75,099)
(29,270)	(23,216)	(23,796)	(25,025)	(12,450)	(12,226)
1,020,209	610,476	824,221	917,799	603,716	296,687
5,912,358	5,301,882	4,477,661	3,559,862	2,956,146	2,659,459
<u>\$ 6,932,567</u>	<u>\$ 5,912,358</u>	<u>\$ 5,301,882</u>	<u>\$ 4,477,661</u>	<u>\$ 3,559,862</u>	<u>\$ 2,956,146</u>
<u>\$ 2,856,076</u>	<u>\$ 3,241,451</u>	<u>\$ 2,560,668</u>	<u>\$ 2,374,491</u>	<u>\$ 2,322,721</u>	<u>\$ 2,250,293</u>
70.82%	64.59%	67.43%	65.35%	60.52%	56.78%
\$ 7,566,909	\$ 7,554,006	\$ 6,156,245	\$ 5,362,432	\$ 5,174,265	\$ 4,621,888
37.74%	42.91%	41.59%	44.28%	44.89%	48.69%

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF COMMISSION'S CONTRIBUTIONS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022
Actuarially determined contribution	\$ 659,659	\$ 692,266	\$ 648,058	\$ 734,191
Contributions in relation to the actuarially determined contribution	659,659	692,266	648,058	734,191
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,145,705	\$ 7,419,398	\$ 7,201,679	\$ 7,262,869
Contributions as a percentage of covered payroll	8.10%	9.33%	9.00%	10.11%
Notes to the Schedule:				
Valuation Date	1/1/2025			
Actuarial Cost Method	Projected Unit Credit			
Amortization Method	Closed level dollar for remaining unfunded liability			
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.			
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.			
Actuarial Assumptions:				
Net Investment Rate of Return	7.375%			
Projected Salary Increases	2.25% plus service based merit increases			
Cost of Living Adjustments	0.00%			

2021	2020	2019	2018	2017	2016
\$ 695,157	\$ 732,565	\$ 657,603	\$ 584,691	\$ 560,387	\$ 493,084
695,157	732,565	657,603	584,691	560,387	493,084
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,003,653	\$ 7,566,909	\$ 7,554,006	\$ 6,156,245	\$ 5,362,432	\$ 5,174,265
9.93%	9.68%	8.71%	9.50%	10.45%	9.53%