



# **POPULAR** **ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2024**



# Popular

## Annual Financial Report

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For the Year Ended December 31, 2024

Prepared by  
Finance Department | Wesley Ropp, CMA | Chief Financial Officer  
Charleston Water System | 103 Saint Philip Street | Charleston, South Carolina 29403

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# About the Report

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**Wesley Ropp, CMA**

Chief Financial Officer  
Charleston Water System

Valued Customers:

Charleston Water System (CWS) is pleased to present this year's Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2024, as part of our continuous effort to focus on providing excellent Customer Service and transparency to our customers regarding the System's services and financial condition. Our goal is to provide the information in an understandable and simple format that you will find both inviting and pleasing to read. The PAFR is an unaudited summary of CWS's financial activities.

The financial information presented in the PAFR was sourced from CWS's audited financial statements as published in CWS's Annual Comprehensive Financial Report (ACFR). The ACFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements audited by Mauldin and Jenkins, LLP. Copies of the ACFR and PAFR are available to the public in our downtown office at 103 St Philip Street as well as on our website at <https://www.charlestonwater.com/152/financial-information>.

Thank you for your interest in Charleston Water System. You can follow our 2025 progress by visiting <https://www.charlestonwater.com>. You may also stay connected with us via:

- Facebook: <https://www.facebook.com/charlestonwater>
- YouTube: <https://www.youtube.com/user/charlestonwater>
- X: <https://x.com/chaswatersystem>
- LinkedIn: <https://www.linkedin.com/company/charleston-water-system>

Sincerely,



# Mission, Vision, and Core Values



## Our Mission

Support public health and protect the environment.

## Our Vision

Achieve excellence and exceed customer expectations.

## Our Core Values

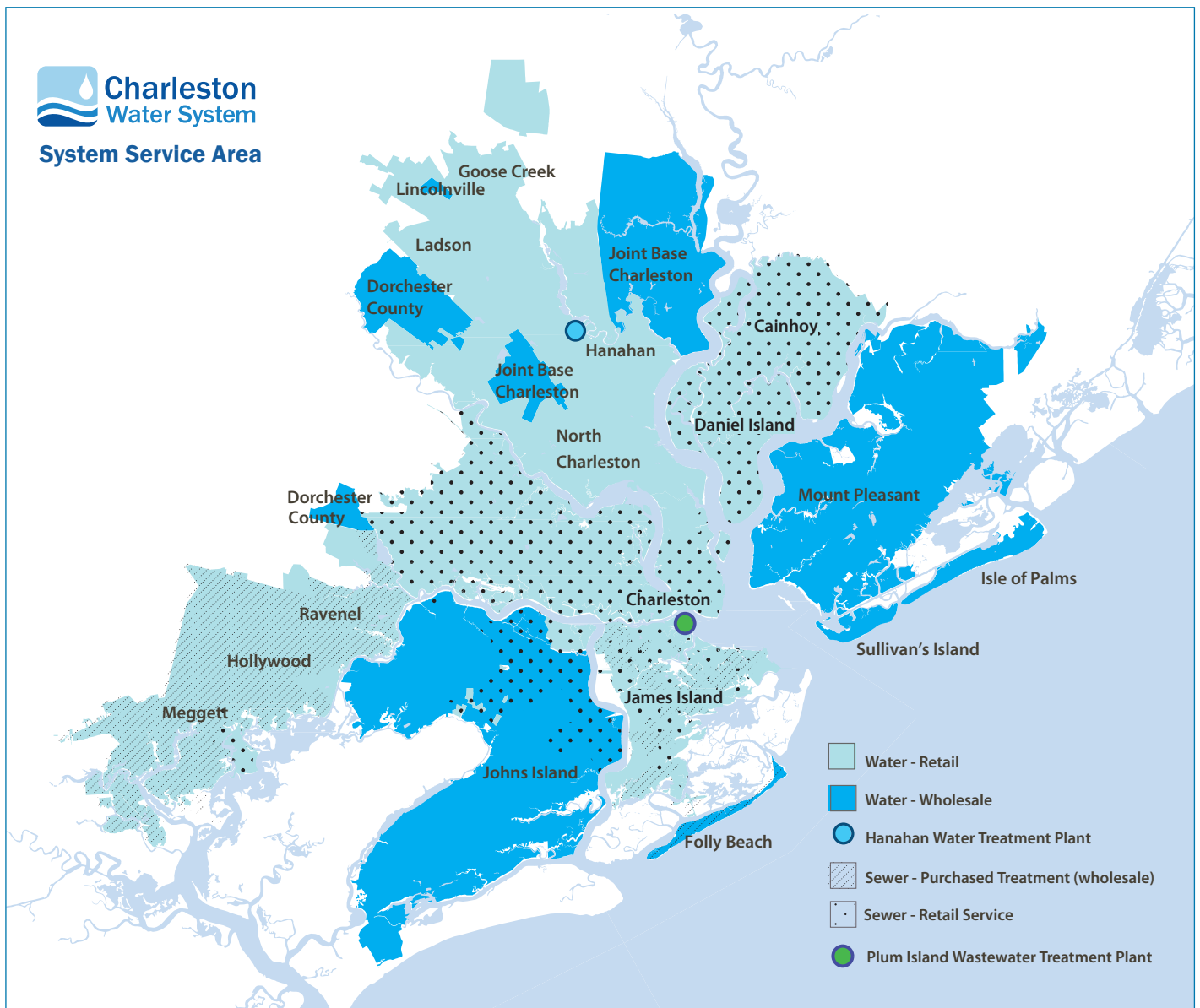
- Continuous pursuit of excellence
- Customer focus
- Open and honest communication
- Accountability
- Teamwork
- Innovation
- Ethical behavior and integrity

# About the System

The Commissioners of Public Works was established on October 1, 1917, with the purchase of the Goose Creek Reservoir and pumping station from the Charleston Light and Water Company. The legislative act that established the Commissioners of Public Works, also referred to as Charleston Water System, charged this publicly elected board with directing and managing the operation of the water system.

A board of five Commissioners govern Charleston Water System. Three Commissioners are elected at-large, and the two remaining seats are filled by the Mayor of Charleston and the City of Charleston’s Chairman of the Water Supply Committee. In 1961, Charleston Water System’s responsibility expanded to include the operation of the city sewer system.

Charleston Water System currently serves approximately 128,290 water accounts and 61,964 sewer accounts while maintaining over 1,899 miles of water distribution pipe and approximately 927.4 miles of sewer collection lines.



## Governance

### Board of Commissioners

Organized under South Carolina law, Charleston Water System is governed by a five-member Board. Three Commissioners, elected by the citizens of Charleston to serve six-year terms. These three Commissioners are joined by the Mayor of Charleston and Charleston City Council's Chairman of the Water Supply Committee. Together they form the governing body of the Charleston Water System. The Board functions as an oversight and policy-making entity, with full authority to approve contracts, purchase property and authorize water/wastewater rate adjustments.



William Cogswell, Mayor, City of Charleston  
Current Term: 2024-2027

Perry K. Waring, Charleston City Council  
Appointed: 2016

Thomas Pritchard, Chairman  
First elected: 1999, Current Term: 2024-2029

Kathleen G. Wilson, Vice Chairman  
Elected: 2019, Current Term: 2020-2025

William E. Koopman, Jr., Commissioner  
Appointed: 2022, Current Term: 2022-2027

## The Officers

Under the direction of the elected Board of Commissioners, Charleston Water System's Executive Leadership Team consists of six Officers who manage daily operations primarily by ensuring financial viability, regulatory and legal compliance, and the overall ability of Charleston Water System to fulfill its mission.



Mark Cline, P.E., Chief Executive Officer

Wesley Ropp, CMA, Chief Financial Officer

Russell Huggins, P.E., Capital Projects Officer

Paul Hanson, Chief Information Officer

Baker Mordecai, P.E., Chief Operating Officer

Evelyn Ferguson, Chief Administrative Officer

# Financial Activity

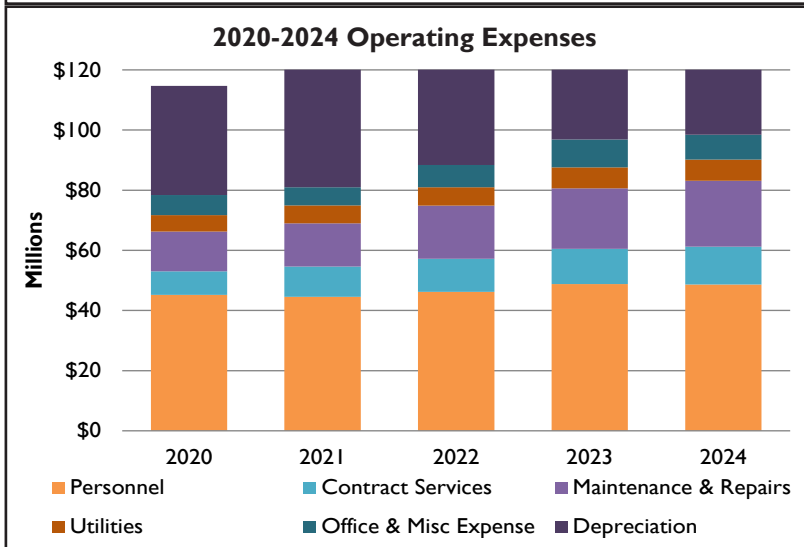
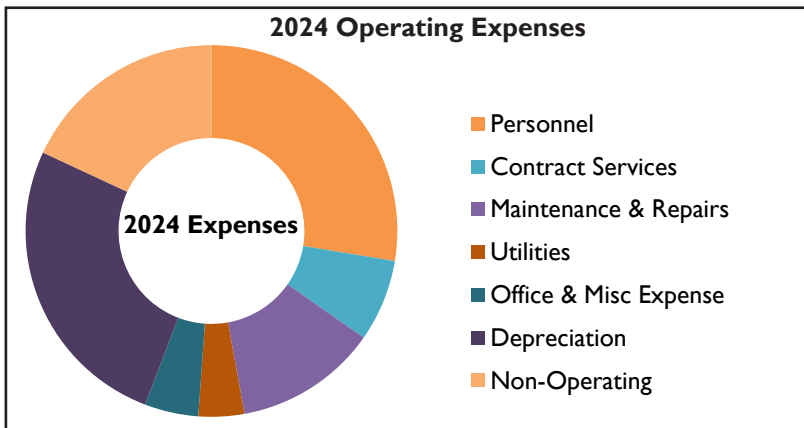
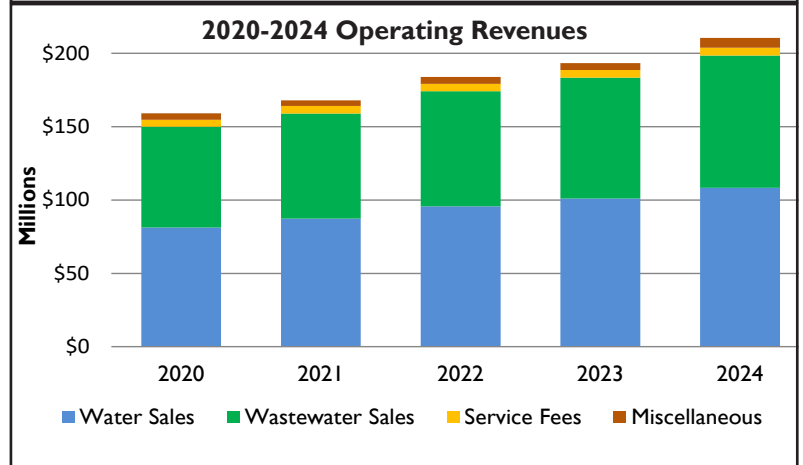
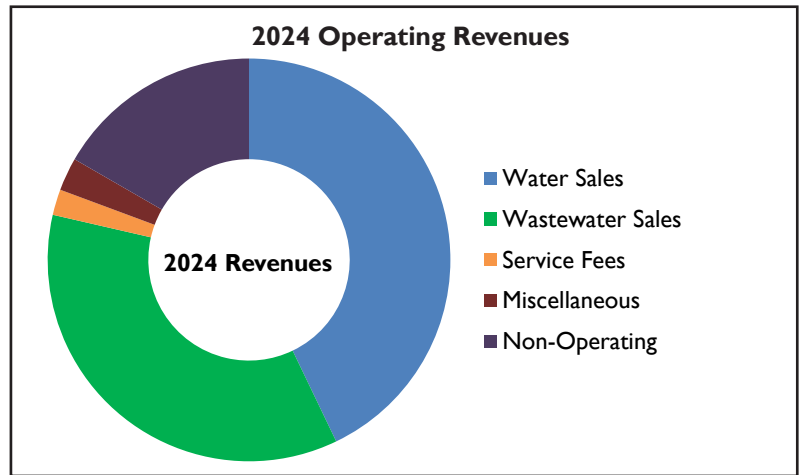
## Total Revenues \$252,618,206

Total Revenues (Operating and Non-Operating) increased by \$24.9 million in 2024.

Water sales increased to \$108,302,189 in 2024, up from \$101,036,533 in 2023 which was an increase of \$7.27 million, or 7.2%. Wastewater sales totaled \$90,249,740 which was an increase of \$7,842,763 or 9.5% over the 2023 revenue amount of \$82,406,977. Rate increases of an average of 7.0% for water and 5.5% for wastewater were effective January 1, 2024. Water consumption increased by 1.95%, reaching 27.57 million CCF in 2024, up from 27.04 million CCF in 2023.

**CCF** stands for Centum Cubic Feet, which is a unit of measurement for water usage. One CCF is equivalent to 100 cubic feet of water, which equals 748 gallons.

Other operating revenues, which include miscellaneous items such as service, collection, and late fees. These revenues increased by \$2,151,582 or 21.9%, rising to \$11.9 million in 2024 compared to \$9.8 million in 2023. Non-operating revenues consist of gain on the disposal of capital assets, interest income and other miscellaneous items increased by \$7.71 million, or 22.4% totaling \$42.12 million in 2024, up from \$34.41 million in 2023. This increase was driven by higher investment income.

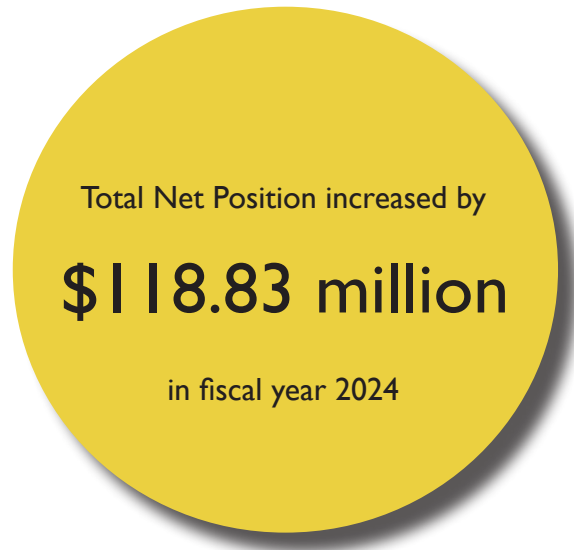


## Total Expenses \$176,352,235

Total operating expenses increased by \$5,027,660 or 3.6%, in 2024 compared to the 2023 total of \$139,463,285, bringing total operating expenses to \$144,490,945. Depreciation increased by \$3,487,498 while personnel services decreased by \$153,354. The maintenance and upkeep of Charleston Water System's infrastructure represent a large component of its operating expenses. The three largest components: Maintenance and Repairs, Personnel Services, and Depreciation—together accounted for \$116.62 million, or 80.71%, of total operating expenses. Charleston Water System closely monitors and manages these costs through sound financial practices, while ensuring system-wide maintenance and high levels of customer service are maintained.

In 2024, non-operating expenses increased by \$7,057,298, or 28.5%, to \$31,861,290 up from \$24,803,992 in 2023. This increase is primarily due to an increase in interest expense on bonds.

## Financial Status



The financial position of Charleston Water System remained strong for the year ended December 31, 2024, as revenues continued to exceed expenditures. The Total Net Position increased by \$118.83 million, or 9.44%, surpassing the 2023 increase of \$90.48 million (7.74%). This performance reflects the continued effectiveness of the System's conservative management strategy, which supports a stable and resilient financial position.

**Total Assets** are made up of items such as cash, investments, inventory, plants, buildings, and equipment.

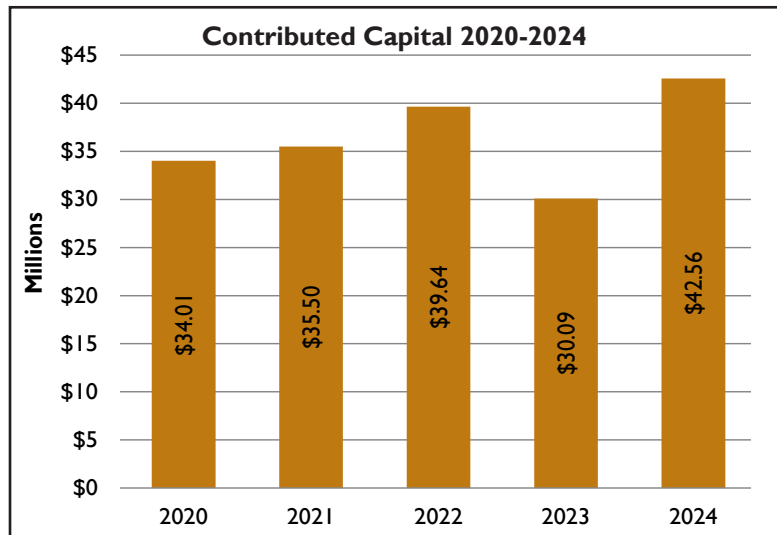
**Total Liabilities** are the combined debts and obligations that a company owes to outside parties such as monthly lease payments, utility bills, bonds issued to investors, and credit card debt that has not yet been paid.

**Deferred Outflows and Inflows** are the recognition of revenues and expenditures that are delayed or will take place in a future fiscal year such as pensions, Other Post Employment Benefits (OPEB), and loss on bond refunding.

Abbreviated Balance Sheet			
Year	Total Assets & Deferred Outflows	Total Liabilities & Deferred Inflows	Total Net Position
2020	\$1,934,566,604	\$900,388,487	\$1,034,178,117
2021	\$1,971,488,523	\$876,664,706	\$1,094,783,817
2022	\$2,174,551,752	\$1,005,952,119	\$1,168,599,633
2023	\$2,238,185,823	\$979,107,418	\$1,259,078,405
2024	\$2,627,134,727	\$1,249,228,053	\$1,377,906,674

# Capital Contributions

Capital Contributions consist of three main components: cash contributions, grant reimbursements, and contributed systems. The cash component includes various capital-related charges such as impact fees, change-in-use fees, tap fees, and engineering fees. These funds are only used for capital assets (what the system owns) and are not used for day-to-day operations. Grant reimbursements refer to funds received from other governmental entities to support specific infrastructure projects. The final component, contributed systems, include water and sewer lines installed and funded by developers, which are transferred to Charleston Water System upon completion.



Charleston Water System currently has several grant and loan funded capital projects underway:

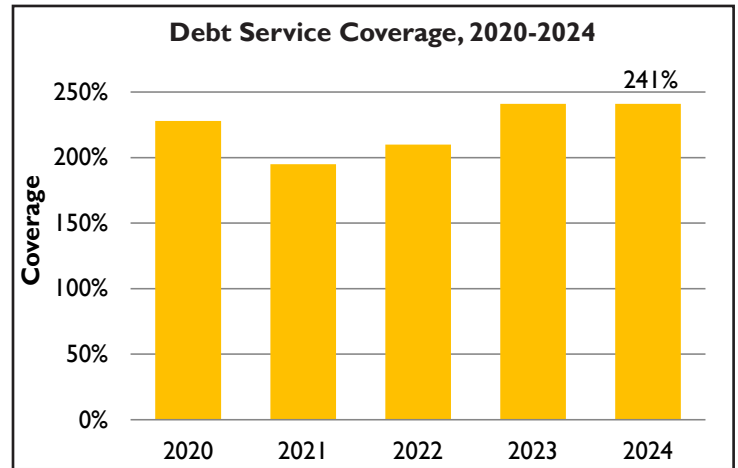
PROJECT NAME	FUNDING SOURCE	AMOUNT (\$)
West Ashley Sewer Tunnel Extension	SCIIP Grant	10,000,000
Lead Service Line Replacement (Grant)	DWSRF Grant	16,625,574
Lead Service Line Replacement (Loan)	SRF Principal Forgiveness Loan (51%)	17,304,169
Hollywood Wastewater Flow Diversion	SC RIA Grant	500,000
PFAS Study	DWSRF Contaminants Grant	650,000
Town of Hollywood Condition Assessment	SC RIA Planning Grant	250,000
Rubyridge Lane Project	SC DES Grant	711,613

In 2024, total Capital Contributions, including cash and contributed systems, amounted to \$42.6 million, supporting Charleston Water System’s ongoing investment in infrastructure and system expansion.

## Debt Service Coverage

An entity’s ability to meet its annual debt obligations, which is comprised of principal and interest payments, is measured by the Debt Service Coverage Ratio. This ratio is calculated by subtracting operating expenses from total revenue and then adding contributed capital revenue such as impact fees, engineering service fees, and change-in-use fees. This sum, which is the funds remaining after all operational expenses are paid, is divided by the total annual debt service (principal and interest payments).

Charleston Water System is required by its bond covenants to have a minimum Debt Service Coverage Ratio of 120%. However, in line with its conservative financial management strategy, the System has established a higher internal minimum target of 140%. For both fiscal years 2024 and 2023, Charleston Water System achieved a Debt Service Coverage Ratio of 241%. This performance exceeds the internal benchmark of 140% by 101 percentage points and 121 percentage points above the minimum ratio of 120% required by the bond covenant, demonstrating Charleston Water System’s strong financial health and prudent fiscal management.



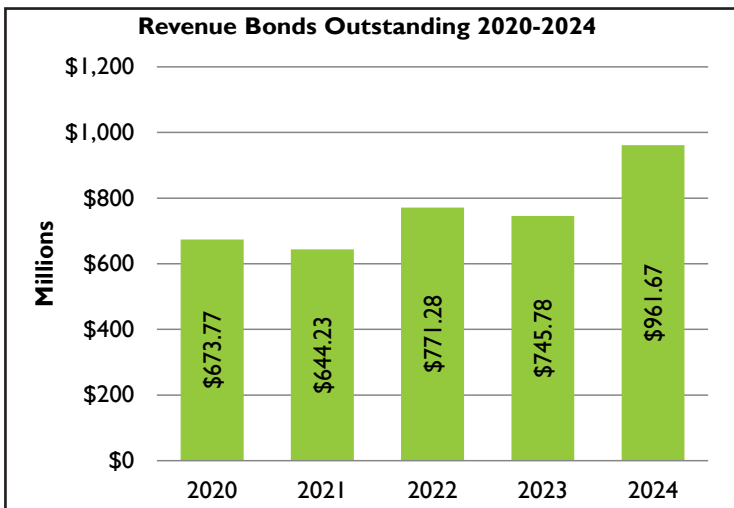
Fitch – AAA (Highest Rating)

Moody’s – Aaa (Highest Rating)

Standard & Poor’s – AAA (Highest Rating)

## Bond Ratings

Our corporate financial health remained strong as evidenced by our continued AAA bond ratings from Moody’s, Standard & Poor’s, and Fitch Ratings. Having strong credit ratings allow Charleston Water System to receive favorable interest rates which reduces our overall costs when borrowing and shows a very strong capacity to meet financial commitments. Our robust liquidity, ample infrastructure capacity, long-standing history of well-managed operations, healthy financial position, and a growing, economically diverse service area all contribute to our continued strong credit ratings.



## Long-Term Debt

Long-term debt represents the extensive investment in infrastructure required for a water and wastewater utility. In 2024 the outstanding bonds were comprised solely of fixed-rate bonds. The strong credit ratings maintained by Charleston Water System help minimize interest expenses. At the end of fiscal year 2024, Charleston Water System had \$961,665,000 in revenue bonds outstanding, an increase of \$215.9 million, or 29%, compared to the \$745,780,000 revenue bonds outstanding in 2023.

Bonds are fixed-income instruments that represent a loan made by an investor to a borrower, typically a government or corporation. A bond functions as an I.O.U. between the lender and the borrower, outlining the terms of the loan, including the principal, interest rate, and repayment schedule.

## An Investment in the Future

Charleston Water System continues to make improvements to the system following the policy established by the Commission upon taking over the system in 1917. Infrastructure and system-wide upgrades are a top priority and fundamental part of water and wastewater systems. These projects are vital to Charleston Water System's commitment to providing safe and reliable service, meeting regulatory requirements, and the ability to accommodate system-wide growth. To learn more about the Charleston Water System's Capital Improvement Programs, please visit <https://www.charlestonwater.com/158/Capital-Projects>.



Peninsula Water Main Rehabilitation Phase 3

## Capital Improvement Program Highlights

Charleston Water System's Capital Improvements Program (CIP) consists of master planned improvements and expansions to water and wastewater infrastructure. The CIP is designed to accommodate projected growth within the service area, address needs for continued regulatory requirements, and from an asset management perspective includes funds for rehabilitation and replacement of aging infrastructure. Projects are identified, based on priority, and grouped into phased programs that cover three-to-four-year periods.

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While not all inclusive, these projects highlight some of the major capital activities completed in the 2024 fiscal year:

Peninsula Water Main Rehabilitation Phase 3	\$4,550,307
Thomas Island Regional Pump Station	\$6,444,254
Emergency Operations Center	<u>\$24,517,990</u>
	<u><u>\$35,512,551</u></u>

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## Fast Facts and Statistics

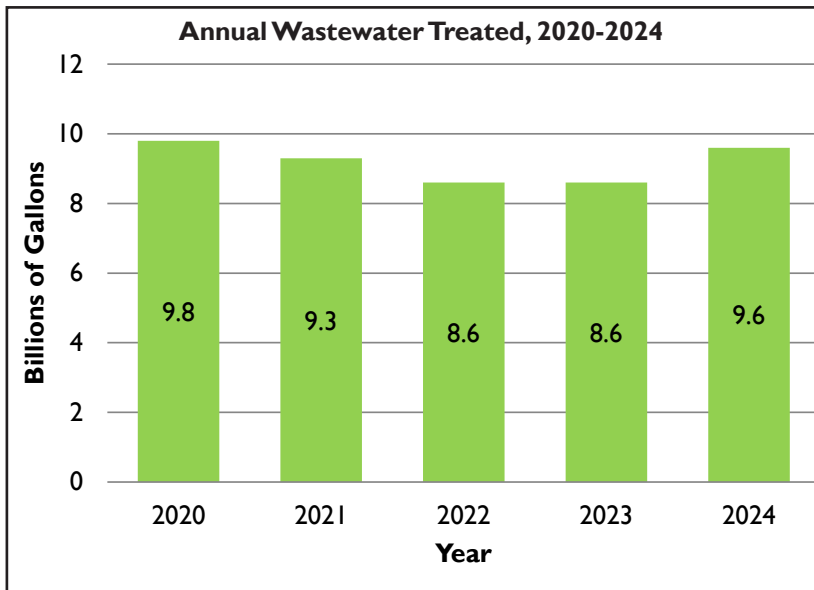
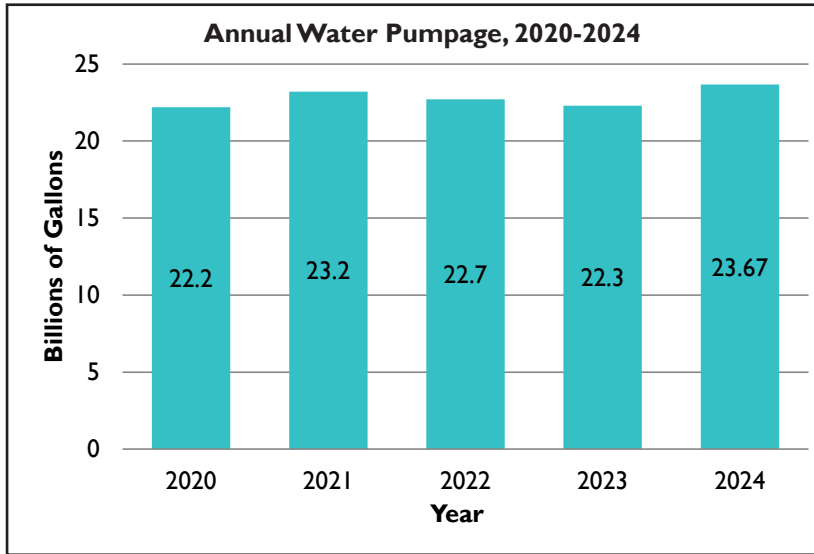
### Top Ten Largest Employers and Water - Wastewater Users in 2024

RANK	TOP TEN EMPLOYERS	NUMBER OF EMPLOYEES
1	Joint Base Charleston	24,900
2	Medical University of SC (MUSC)	17,000
3	The Boeing Company	8,253
4	Charleston County School District	7,100
5	Roper St. Francis Healthcare	6,100
6	Trident Health System	3,100
7	Charleston County	2,800
8	Mercedes-Benz Vans, LLC	2,000
9	College of Charleston	1,800
10	City of Charleston	1,700

	TOP TEN WATER USERS	TOTAL SALES (THOUSANDS)
1	St. John's Water Company	\$ 8,710
2	Ingevity Corporation	4,052
3	Berkeley County Water & Sewer	3,519
4	Dorchester County	3,078
5	Mt. Pleasant Waterworks	2,542
6	Joint Base Charleston (I)	1,032
7	City of Folly Beach	780
8	Medical University of SC (MUSC)	520
9	The Boeing Company	515
10	IOP Water & Sewer Commission	477

	TOP TEN WASTEWATER USERS	TOTAL SALES (THOUSANDS)
1	James Island Public Service District	\$ 3,106
2	Medical University of SC (MUSC)	2,333
3	City of Charleston Housing Authority	1,114
4	Roper St Francis Hospital	874
5	Town of Hollywood	615
6	The Citadel	523
7	R.H. Johnson VA Medical Center	318
8	Mid-America Apartment LP	310
9	BASF Colors and Effects	292
10	Charleston Place Hotel	266

## Statistical Snapshot



**23.7  
BILLION**

### **GALLONS OF WATER PUMPED**

The Hanahan Water Treatment Plant pumped 23.7 billion gallons of water to our customers from January to December 2024.

**9.6  
BILLION**

### **GALLONS OF WASTEWATER TREATED**

Plum Island Wastewater Treatment Plant treated 9.6 billion gallons of wastewater from January to December 2024.

# 2023 Financial Awards

## Popular Annual Financial Report

Charleston Water System’s 2023 Popular Annual Financial Report (PAFR) received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). This prestigious national award recognizes conformance with the highest standards for the preparation of popular reports by state and local governments.

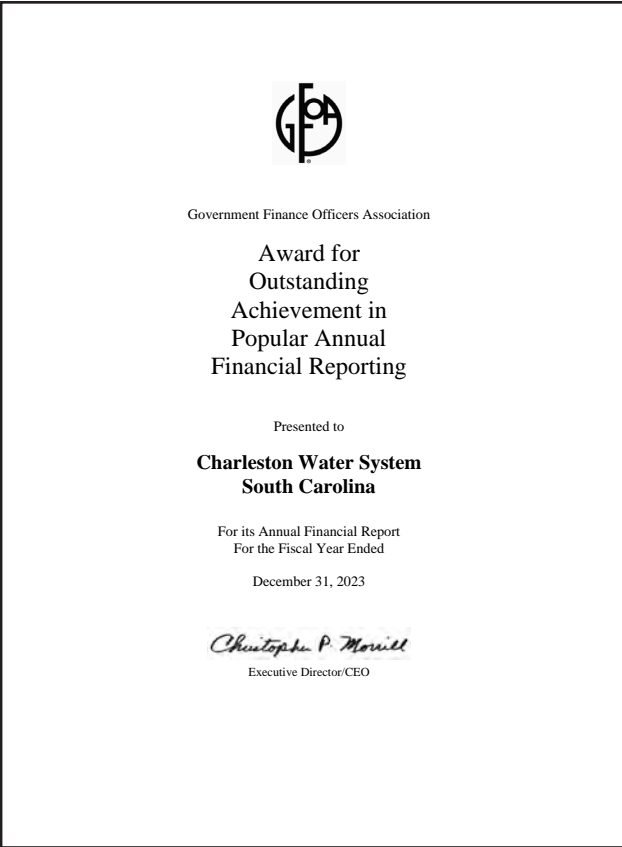
To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report that meets program standards for presentation, understandability, creativity, and reader appeal.

The award is valid for a period of one year only. Charleston Water System has received the Popular Annual Financial Reporting Award consecutively from 2009 through 2023. The System believes its current report continues to meet the program’s requirements and is submitting the 2024 report to the GFOA for consideration.

## Annual Comprehensive Financial Report

The Charleston Water System’s Annual Comprehensive Financial Report for the year ended December 31, 2023, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. To receive the award, a government must publish an easily readable and well-organized report that meets both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the requirements of the Certificate of Achievement Program, and we are submitting it to the GFOA for consideration for another award.





CHARLESTON WATER SYSTEM ~ FINANCE DEPARTMENT

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