

HILTON HEAD PUBLIC SERVICE DISTRICT

21 OAK PARK DRIVE– POST OFFICE BOX 21264
HILTON HEAD ISLAND, SOUTH CAROLINA 29925
TELEPHONE 843-681-5525 – FAX 843-681-5052

AUGUST 2025 AGENDA PACKET CONTENTS

1. Agenda for the August 27, 2025, Regular Commission Meeting
2. Draft Minutes of the July 23, 2025, Regular Commission Meeting
3. FY'25 Unaudited Year-End Financial Report
4. GM Monthly Report
5. Congratulatory Letter from HHI/Bluffton Chamber of Commerce – FYI
6. Charts, Graphs and Water Quality Report



Agenda

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www.hhpsd.com

AGENDA

Hilton Head Public Service District Commission
9 a.m.
August 27, 2025
PSD Community Room
21 Oak Park Drive, Hilton Head Island, SC 29926

- I. Call to Order & Freedom of Information Act Announcement
- II. Pledge of Allegiance
- III. Roll Call of Commissioners
- IV. Public Comment on Non-Agenda Items
- V. Adoption of Draft Minutes of July 23, 2025, Regular Meeting
- VI. Fiscal Year '25 Unaudited Year-End Financial Report
- VII. General Manager's Monthly Report
- VIII. Adjournment



HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT

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MINUTES COMMISSION MEETING JULY 23, 2025

I. The meeting was called to order by Chairman Frank Turano at 9:00 a.m.

II. Those in attendance were:

Mr. Frank Turano	Chair
Mr. Jerry Cutrer	Vice Chair
Mr. Stuart Bell	Treasurer
Mrs. Patti Soltys	Secretary
Mr. Andy Paterno	Commissioner
Mr. Ibrahim Abdul-Malik	Commissioner
Mr. Michael Marks	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Mr. Bill Davis	Operations Manager
Ms. Amy Graybill	Finance Manager
Mrs. Connie Whitehead	Commission Recording Secretary

Visitors

None

III. Pledge of Allegiance

The Pledge of Allegiance was led by Mr. Frank Turano.

IV. Public Comment on Non-Agenda Items

None

V. Adoption of Draft Minutes of the June 16, 2025, Commission Meeting

Action

- Mr. Cutrer moved to adopt the minutes of the June 16, 2025, meeting as presented. Mr. Paterno seconded. The motion passed unanimously.

VI. Review of General Manager Evaluation Process

Key Discussion Points

- At the May board meeting, the Board agreed to review the General Manager evaluation process and timetable to determine any appropriate changes.
- Mr. Cutrer presented a draft revised GM Evaluation Timetable for discussion.

Action

- Mr. Cutrer moved to adopt the revised GM Evaluation Timetable as presented. Mr. Paterno seconded. The motion passed unanimously.

VII. FY'25 Fourth Quarter Management Report

Key Discussion Points

- Mr. Nardi presented the FY'25 4th Quarter Management Report. A copy is included in the agenda packet.

VIII. General Manager's Monthly Report

Key Discussion Points

- Mr. Nardi presented the General Manager's Monthly Report. A copy is included in the agenda packet.
- Mr. Nardi presented for consideration by the Board a letter from the PSD General Manager to the State Secretary of Transportation expressing the PSD's support of South Carolina's application for funding through the Bridge Investment Program's Large Bridge Project Grant for the US 278 Corridor Improvements in the Hilton Head/Bluffton Region.

Action

- Mr. Cutrer moved to authorize the General Manager to send the letter to the Secretary of Transportation as written. Mrs. Soltys seconded. The motion passed unanimously.

IX. Discussion of Letter in Support of Town of Hilton Head Island Sewer Connection Grant Program

Key Discussion Points

- Mr. Nardi presented a draft letter from the Hilton Head PSD Chairman to the Town of Hilton Head Mayor expressing the PSD's support of the Town's Sewer Connection Program.

Action

- Mrs. Soltys moved that the letter be sent to the mayor as written. Mr. Paterno seconded. The motion passed unanimously.

X. Strategic Goals & Objectives Review

Key Discussion Points

- Staff presented the current Strategic Goals & Objectives for Board review.

Action

- Mr. Cutrer moved to reaffirm the current Strategic Goals & Objectives as presented. Mr. Abdul-Malik seconded. The motion passed unanimously.

XI. Adjournment

Action

- Mr. Bell moved to adjourn the meeting. Mrs. Soltys seconded. The motion passed unanimously.
- The meeting adjourned at 10:44 a.m.





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To: Commissioners
Pete Nardi, General Manager

From: Amy Graybill, Finance Manager

Subject: Financial Highlights – Fiscal Year Unaudited Financial Statements and Results,
Period Ending June 30, 2025

Date: August 27, 2025

Introduction

Staff has prepared the following unaudited financial statements and highlights for June 30, 2025 for discussion at the Commission Meeting on August 27, 2025.

No Commission action is required.

Statement of Revenues, Expenses, and Changes in Net Position

Table A-1 on the following page contains the District's Statement of Revenues, Expenses, and Changes in Net Position as of June 30, 2025 compared to budget.

The change in net position for the period was \$6,789,282, which was \$2,176,018 lower than the budgeted change in net position of \$8,965,300. Capital grant income and developer contributions of systems came in approximately \$2.8 million under budget due to the timing of grant reimbursable construction expenditures and the US 278 bridge project not moving forward in FY 2025 as expected. Operating income was around \$187,000 over budget. Non-operating income was around \$566,000 over budget with stronger interest earnings than budgeted (including unbudgeted 2024B bond proceeds fund interest earnings) offsetting unbudgeted interest expense and bond issuance costs related to the 2024B GO Bond Issuance completed in November 2024.

Table A-1
Hilton Head PSD
Budgetary Comparison Schedule
Fiscal Year to Date as of June 30, 2025

	Fiscal Year 2025		FY 25 Actual to FY 25 Budget	
			Comparison	
	Actual	Budget	Dollars Favorable (Unfavorable)	%
Operating Revenues				
Water Service	\$ 8,718,132	\$ 8,618,900	\$ 99,232	1.2%
Sewer Service	6,760,202	6,700,700	59,502	0.9%
Tap In Fees - Water	227,067	187,800	39,267	20.9%
Connection Fees - Sewer	188,584	315,600	(127,016)	-40.2%
Golf Course Irrigation	194,753	185,000	9,753	5.3%
Disaster recovery, net	22,882	-	22,882	100.0%
Service Fees	19,281	20,100	(819)	-4.1%
Other Operating Revenues	26,695	27,300	(605)	-2.2%
Total Operating Revenues	16,157,596	16,055,400	102,196	0.6%
Departmental Expenses				
Payroll & Related	4,960,426	5,285,400	324,974	6.1%
Administrative Expenses	1,061,189	1,143,600	82,411	7.2%
Operations	3,551,136	3,426,900	(124,236)	-3.6%
Maintenance	1,380,618	1,595,700	215,082	13.5%
Purchased Water	1,646,103	1,273,200	(372,903)	-29.3%
Water Tap In Expenses	178,412	141,000	(37,412)	-26.5%
Sewer Connection Expenses	162,378	297,600	135,222	45.4%
Professional Fees	182,378	214,500	32,122	15.0%
Total Departmental Expenses	13,122,640	13,377,900	255,260	1.9%
Depreciation	5,420,424	5,250,000	(170,424)	-3.2%
Total Operating Expenses	18,543,064	18,627,900	84,836	0.5%
Operating income (loss)	(2,385,468)	(2,572,500)	187,032	7.3%
Non-operating revenues				
Property taxes-G.O. Debt Levy	1,877,746	1,763,100	114,646	6.5%
Property taxes-Operations Levy	1,372,970	1,290,000	82,970	6.4%
Rental Income	88,564	88,400	164	0.2%
Tower Lease Income	614,001	605,100	8,901	1.5%
Interest Income - Leases	32,057	32,100	(43)	-0.1%
Interest Income	1,458,176	439,500	1,018,676	231.8%
Gain (Loss) of disposal of equipment	(19,820)	15,000	(34,820)	-232.1%
Total Non-operating Revenues	5,423,694	4,233,200	1,190,494	28.1%
Non-operating Expenses				
Interest expense	755,068	263,700	(491,368)	-186.3%
Bond Defeasance Amortization	209,177	209,200	23	0.0%
Bond Issuance Costs	175,243	42,500	(132,743)	-312.3%
Total Non-operating Expenses	1,139,488	515,400	(624,088)	-121.1%
Total Non-operating Revenues/Exp.	4,284,206	3,717,800	566,406	15.2%
Increase (decrease) in net position, before capital contributions	1,898,738	1,145,300	753,438	65.8%
Water Capacity Fee	47,520	114,000	(66,480)	-58.3%
Sewer Capacity Fee	123,424	156,000	(32,576)	-20.9%
Capital Grant Income	4,497,100	6,000,000	(1,502,900)	-25.0%
Developer Contributions of Systems	222,500	1,550,000	(1,327,500)	-85.6%
Total Capital Contributions	4,890,544	7,820,000	(2,929,456)	-37.5%
Change in net position	\$ 6,789,282	\$ 8,965,300	\$ (2,176,018)	-24.3%
Net position, beginning of the fiscal year	\$ 60,544,222			
Net position, June 30, 2025	\$ 67,333,504			

Budget to Actual Highlights

Operating Revenues: Actual operating revenues are \$16,157,596 versus budgeted operating revenues of \$16,055,400 which results in a variance of \$102,196 or 0.6% over budget. The following is a summary of material/selected variances¹ for the Operating Revenue categories:

- Water Service revenues are above budget by \$99,232 or 1.2% and Sewer Service revenues are above budget by \$59,502 or 0.9%. Billed consumption increased from the prior year which is the basis for budgeted consumption levels. Billed water consumption for fiscal year (FY) 2025 increased 115 million gallons from 1,916 million gallons billed during FY 2024 to 2,031 million gallons billed during FY 2025.
- Connection Fees – Sewer are under budget due to the makeup of sewer connection requests. There were more non-front foot assessment Low Pressure Sewer (LPS) connections in FY 2024 than in FY 2025; FY 2025 had more gravity sewer connections which have a lower up-front cost. Accordingly, this lower Connection Fee - Sewer revenue is offset by lower Sewer Connection Expenses.

Total Operating Expenses: Total operating expenses are \$84,836 or 0.5% under budget. The following is a summary of material/selected variances for the Operating Expenses categories:

- Payroll & Related is under budget by \$324,974 or 6.1%. Of this amount, \$201,754 is the non-cash year end adjustment necessary to bring the actuarially determined net pension liability accounts to their required year end reporting total. The remaining underage is due to the timing of filling open positions.
- Operations expense is over budget by \$124,236 or 3.6% which is mainly related to the Palmetto Electric rate increase that went into effect January 1st.
- Maintenance expense is under budget by \$215,082 or 13.5%. Well, RO, lift station, distribution system, and collection system maintenance came in lower than anticipated. This line item should be viewed in conjunction with the system rehab, lift station rehab, LPS change out, and meter change out line items on the CIP schedule as items greater than \$5,000 that increase the life of an asset are included in those areas.
- Purchased Water is over budget by \$372,903 or 29.3% due to more gallons purchased than estimated during budget preparation. Budgeted purchased water is based on prior year purchases. The District purchased 158 million more gallons (net of Broad Creek purchases) during FY 2025 than FY 2024. This increase was partially attributable to the 115 million gallon increase in billed consumption during FY 2025. Additionally, the District located and repaired a leaking air relief valve on the 24" line during May 2025. A satellite leak detection study was done in June 2025 (included in professional fees) to further the District's efforts to monitor and reduce non-revenue water.
- Depreciation is over budget by \$170,424 or 3.2%. Depreciation is budgeted using general estimates regarding the useful life of additions in the upcoming year and the timing of their purchase. Actual additions were purchased earlier in the year and with shorter estimated useful lives than projected at the time of budget preparation.

¹ In most cases, a variance of more than \$100,000 or 10% constitutes a material variance for quarterly reports. Water and Sewer Variances are typically discussed regardless of their variances given that they are the two main drivers for the District's overall revenue.

Non-Operating Revenues and Expenses: Actual non-operating revenues are \$5,423,694 versus budgeted non-operating revenues of \$4,233,200 which results in a variance of \$1,190,494 or 28.1% over budget. This is mostly related to Interest Income which is \$1,018,676 over budget in line with continued higher market interest rates as well as interest earned on the 2024B GO Bond Proceed Funds which was not budgeted. Staff endeavors to keep all cash not needed for current operations in the SC Local Government Investment Pool which is still seeing rates around 4.5%. Interest was conservatively budgeted at 3.25%. Additionally, the value of a mill came in higher than anticipated during budget preparation which led to Property taxes coming in over budget. The overage in non-operating revenues is partially offset by an overage in non-operating interest expense and bond issuance costs related to the 2024B GO Bond issuance which were not budgeted.

Capital Contributions: Capacity fees, capital grant income, and developer contributions of systems came in \$2,929,456 under budget. Capital Grant Income came in \$1,502,900 under budget due to the timing of reimbursable construction expenditures; this is expected to only be a timing difference as the grant revenue will be received in upcoming years. The \$1,550,000 budgeted Developer Contribution of Systems was primarily related to the US 278 bridge project and associated SCDOT reimbursement which did not commence during the fiscal year as expected. The \$222,500 reported as Developer Contributions of Systems relates to a non-cash transfer of water and sewer systems from the Leg O Mutton Cottages project from its developer to the District at the completion of those systems.

Statements of Net Position

Table A-2 below and on the following page contains the District's Statement of Net Position as of June 30, 2025, compared to the end of the prior fiscal year, June 30, 2024.

Table A-2
Hilton Head PSD
Statements of Net Position

	June 30	June 30
	2025	2024
Assets		
Current Assets		
Cash and Cash Equivalents Available for Operations	\$ 17,007,041	\$ 13,876,252
Cash and Cash Equivalents in Banks (Restricted)	18,074,882	1,705,042
Cash and Cash Equivalents Held by Beaufort County Treasurer (Restricted)	805,891	624,037
Accounts Receivable - Trade, net	1,813,834	1,885,583
Accounts Receivable - Grants (Restricted)	1,241,109	-
Accounts Receivable - Connection Grants	18,089	126,793
Accrued Interest Receivable	17,214	-
Lease Receivable, due within one year	484,041	465,316
Sewer and Capacity Assessments, due within one year	207,894	208,595
Inventory	582,825	495,589
Prepaid Expenses	418,651	344,453
Total current assets	40,671,471	19,731,660
Noncurrent Assets		
Property, Plant and Equipment		
Nondepreciable Assets	12,410,499	3,405,985
Depreciable Assets, net	59,753,190	61,870,342
Total Property, Plant and Equipment	72,163,689	65,276,327
Lease Receivable, due after one year	903,080	1,148,419
Sewer and Capacity Assessments, due after one year	1,752,864	1,897,615
Total Noncurrent Assets	74,819,633	68,322,361
Total Assets	115,491,104	88,054,021
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	833,094	722,277
Deferred Outflows from Refinancing Debt	-	209,177
Total Deferred Outflows of Resources	833,094	931,454
Total Assets and Deferred Outflows of Resources	\$ 116,324,198	\$ 88,985,475

Table A-2
Hilton Head PSD
Statements of Net Position (continued)

	<u>June 30</u>	<u>June 30</u>
	<u>2025</u>	<u>2024</u>
Liabilities		
Current Liabilities		
Payable from Unrestricted Assets:		
Accounts Payable-Trade	\$ 523,576	\$ 410,247
Accounts Payable-Construction	470,761	173,974
Finance Purchase Liabilities, due within one year	-	80,921
Customer Deposits	226,028	184,696
Unearned Revenue	17,341	15,210
Accrued Payroll & Other Liabilities	612,989	575,379
Total Current Liabilities Payable from Unrestricted Assets	1,850,695	1,440,427
Payable from Restricted Assets:		
Accounts Payable - Construction	1,898,704	-
Interest Payable	155,320	27,255
Unearned Grant Revenue	-	1,000,000
Notes Payable, due within one year	251,380	144,020
Bonds Payable, due within one year	3,436,822	3,390,233
Total Current Liabilities Payable from Restricted Assets	5,742,226	4,561,508
Total Current Liabilities	7,592,921	6,001,935
Noncurrent Liabilities		
Notes Payable, due after one year	3,954,978	1,642,562
Bonds Payable, due after one year	30,693,040	13,729,862
Net Pension Liability	4,771,034	5,081,463
Total Noncurrent Liabilities	39,419,052	20,453,887
Total Liabilities	47,011,973	26,455,822
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	381,199	161,707
Deferred Inflows Related to Lease Revenue	1,597,522	1,823,724
Total Deferred Inflows of Resources	1,978,721	1,985,431
Total Liabilities and Deferred Inflows of Resources	48,990,694	28,441,253
Net Position		
Net Investment in Capital Assets	48,912,667	46,323,932
Restricted for Debt Service & Grants	1,270,790	1,301,824
Unrestricted	17,150,047	12,918,466
Total Net Position	67,333,504	60,544,222
Total Liabilities, Deferred Inflows of Resources & Net Position	\$ 116,324,198	\$ 88,985,475

Statement of Net Position Highlights

As of June 30, 2025, total assets and deferred outflows of resources are \$116.3 million, exceeding liabilities and deferred inflows of resources by approximately \$67.3 million (See Table A-2, Pages 5-6).

Current Assets/Liabilities/Debt

The significant increase in unrestricted cash is mainly related to the 2024A GO SRF loan reimbursements of previously incurred SCIIP/ARPA project preliminary engineering costs. The significant increase in restricted cash in banks is mainly related to the receipt of the 2024B GO Bond proceeds. Other increases/decreases in current assets and current liabilities are primarily timing related.

The large increases in non-depreciable assets (which includes construction in progress) and accounts payable - construction are mainly related to the commencement of the construction phase of the grant projects. The District has now fully expended the \$1,000,000 allocation from Beaufort County on the LOM and RO generator projects; that allocation is recorded as grant revenue on the income statement instead of an unearned grant revenue liability. Additionally, these statements reflect an accounts receivable – grants line item for SCIIP grant expenditures incurred in May and June which were reimbursed after June 2025.

Long term notes payable increased by the reimbursements on the 2024A SRF GO Loan. Long-term bonds payable and interest payable increased due to the issuance of the 2024B GO bonds.

Net Position

Changes in net position resulting from operating and non-operating revenues, expenses and capital contributions increased \$6,789,282 since June 30, 2024. Net position invested in capital assets has increased \$2,588,735 due to asset activity (including depreciation) and related debt activity, while net position restricted for debt service and grants has decreased \$31,034 related to the timing of debt payments. Unrestricted net position has increased \$4,231,581.

Capital Assets

Table A-3 on the following page presents a comparison of capital expenditures against the FY 2025 capital budget.

Net property, plant, and equipment has increased by \$6,887,362 during FY 2025. Total additions and transfers of \$12,376,167 were offset by depreciation of \$5,420,424 and a \$68,381 loss on the disposition of assets no longer in service that were not fully depreciated.

Table A-3

CIP Projects - Capital

Expended as of 6/30/2025	2025 Approved Amount	Remaining/ Variance
--------------------------------	----------------------------	------------------------

WWTP

WWTP Switch Gear for generator	Replace generator switch gear	\$ 94,427	\$ 350,000	\$ (255,573)
Reuse Water System	Upgrades/improvements to reuse system	72,945	100,000	(27,056)
Return Activated Sludge Building	Install new isolation valve	-	75,000	(75,000)
Transfer Pump Building	Electrical repairs and improvements	48,995	89,500	(40,505)
Filter Building Blowers	Replace 1 of 2 filter blowers	97,182	55,500	41,682
Nutrient Monitoring	Ammonia & Nitrate Probes-Aeration basin	59,052	55,000	4,052
Grit Chamber	Sandblast & Coat Bridge #2	29,584	35,000	(5,416)
RAS Pumps	Replace 2 RAS building pumps	42,472	86,000	(43,528)
Clarifier	Coating/Refurb-Clarifier #1 Gear bx/arm	33,650	30,000	3,650
Paint Buildings and Tank	Paint buildings and tanks	56,930	50,000	6,930
Influent Screen	Backup to band screen	-	750,000	(750,000)
System Rehab	Replace equipment, valves and actuators	171,004	200,000	(28,996)
Band Screen	New chain & rehab of existing screen	39,960	40,000	(40)
Sludge Building	Repair metal shed sludge handling bldg	39,078	65,000	(25,922)
(RAS) Pump Actuators	Replace 2 actuators	44,934	60,000	(15,066)
TOTAL WWTP		830,213	2,041,000	(1,210,787)

Collection System

Gravity Main Refurbishment	Gravity main line repairs and relining	623,324	660,000	(36,676)
Lift Stations - Control Panels	Replace lift station control panels	80,197	150,000	(69,803)
Lift Stations - Rehab	Rehab and pumps	246,680	350,000	(103,320)
District Funded MSP Projects	District Funded MSP Projects	12,240	75,000	(62,760)
System Rehab	Replace pipes, manholes, laterals, etc.	170,965	200,000	(29,035)
LPS Changeouts	LPS Changeouts	65,322	-	65,322
TOTAL COLLECTION SYSTEM		1,198,729	1,435,000	(236,271)

Distribution System

RO Plant	Replace actuator-booster pump #3	-	40,000	(40,000)
Fire Hydrants	New and replacement hydrants	17,811	115,000	(97,189)
Metering System	Changing out meters & base stations	584,152	550,000	34,152
Ground storage tanks, wells, BPS	VFD's, PLC's	17,632	75,000	(57,368)
System Rehab	Replace valves, equipment, RO membranes etc	145,954	100,000	45,954
TOTAL DISTRIBUTION SYSTEM		765,549	880,000	(114,451)

Facilities and Equipment

SCADA Improvements	Wildhorse, Seabrook, & Ashmore upgrades	12,146	169,000	(156,854)
Admin Building	Building improvements, furniture, etc.	8,912	30,000	(21,088)
Technology	General computer equipment	24,920	30,000	(5,080)
Vehicles	Fleet replacements	251,540	250,000	1,540
Operations Equipment - Water	Line locator equipment	6,977	25,000	(18,023)
Operations Equipment - Sewer	Camera to inspect gravity sewer lines	-	35,000	(35,000)
Operations Equipment	Shoring and well points	8,057	25,000	(16,943)
Bypass Pumps	Pumps to bypass lift stations, etc.	36,058	50,000	(13,942)
TOTAL FACILITIES AND EQUIPMENT		348,609	614,000	(265,391)

TOTAL NON ARPA RATE FUNDED CIP PROJECTS	\$ 3,143,100	\$ 4,970,000	\$ (1,826,900)
Developer Contribution of Water and Sewer Systems	222,500		
Old House Sewer Collector Main	13,500		
ARPA Projects - See recap on following page	8,997,067	6,000,000	
US 278 Bridge Project Not Moving Forward		1,500,000	
Less: Projects carried over from FY 2024		\$ (1,175,000)	
Total FY 2025 Additions/Budgeted Amount	\$ 12,376,167	\$ 11,295,000	

Capital Assets(continued)

SCIIP/ARPA Projects

The District is moving forward with capital projects that will utilize the Beaufort County ARPA allocation, the SCIIP Grant, and the RIA State Grant. Please find below a recap of the expenditure status of those projects through June 30, 2025, as well as a recap of the project totals and funding sources to date. Staff will update the schedules below for any change orders or miscellaneous project costs necessary as the projects progress. As of June 30, 2025, staff believes there may be substantial tariff related change orders. The amount of those change orders cannot be determined until the actual tariff charges are incurred upon delivery of any affected equipment. Additionally, the screw pump construction contract is only an estimate at this time; it will be updated when the final project bids come in later during FY 2026.

District staff will also be monitoring bond proceed funds for potential arbitrage earnings and may make recommendations to use bond proceeds for larger rate funded budgeted items such as the gravity sewer relining and influent screen projects depending upon the timing of grant project invoicing. As of June 30, 2025, the District remained on track to meet bond arbitrage requirements with the projects below.

SCIIP/ARPA Projects	Spent As Of 06/30/2024	FY 2025 to date	Grand Total	Project Total	Remaining/ Variance
LOM Booster Pump	\$ 205,030	\$ 1,593,197	\$ 1,798,227	\$ 2,337,336	\$ (539,109)
RO Plant Expansion	659,291	1,808,597	2,467,888	12,242,000	(9,774,112)
RO Wells	368,181	2,774,541	3,142,722	7,083,840	(3,941,118)
ASR 2	666,361	2,762,517	3,428,878	10,680,454	(7,251,576)
Screw Pump	-	58,215	58,215	4,366,000	(4,307,785)
Grand Total	\$ 1,898,863	\$ 8,997,067	\$ 10,895,930	\$ 36,709,630	\$ (25,813,700)

Projects	Misc. Admin, Esmt, Legal, Etc. Expenses	Preliminary Engineering Contract	Construction Engineering Contract	Construction Contract	Construction C/O Contracts	Project Total
LOM Booster Pump	\$ 150	\$ 197,000	\$ 140,000	\$ 1,999,807	\$ 379	\$ 2,337,336
Water Supply Planning	226,126	-	-	-	-	226,126
RO Plant Expansion	-	693,000	1,026,000	10,523,000	-	12,242,000
RO Wells	26,005	401,000	799,450	5,857,385	-	7,083,840
ASR 2	516	723,000	860,550	9,096,388	-	10,680,454
Screw Pumps	-	178,000	188,000	4,000,000	-	4,366,000
Total	\$ 252,796	\$ 2,192,000	\$ 3,014,000	\$ 31,476,580	\$ 379	\$ 36,935,755
External Funding Sources						
SRF Loan, net	(252,796)	(1,823,204)	(296,429)	-	-	(2,372,429)
SCIIP Grant	-	-	-	(10,000,000)	-	(10,000,000)
BC ARPA	-	-	-	(1,000,000)	-	(1,000,000)
SC RIA Grant	-	-	-	(1,500,000)	-	(1,500,000)
Net of Grants/SRF	\$ -	\$ 368,796	\$ 2,717,571	\$ 18,976,580	\$ 379	\$ 22,063,326
2024B Bond Proceeds, net of closing costs						(20,268,791)
2024B Bond Proceeds Interest Income through 06-30-25						(592,803)
Remaining local match to be funded via interest income and cash						\$ 1,201,732

CIP Projects Carryovers to FY 2026

The following is a preliminary recap of projects staff expects to carry over into FY 2026 for completion:

Projects Carrying Over to FY 2026

WWTP Switch Gear for generator	Replace generator switch gear	\$	255,500
Influent Screen	Backup to band screen		750,000
Lift Stations - Control Panels	Replace lift station control panels		70,000
Lift Stations - Rehab	Rehab and pumps		100,000
District Funded MSP Projects	District Funded MSP Projects		62,500
RO Plant	Replace actuator-booster pump #3		40,000
Fire Hydrants	New and replacement hydrants		90,000
SCADA Improvements	Wildhorse, Seabrook, & Ashmore upgrades		157,000
Admin Building	Building improvements, furniture, etc.		20,000
Operations Equipment - Water	Line locator equipment		18,000
Operations Equipment - Sewer	Camera to inspect gravity sewer lines		35,000
FY 2025 CIP Funding to be Carried Over into FY 2026		\$	<u>1,598,000</u>

Statement of Cash Flow

The cash flow statement presents cash flows from operating, investing and financing activities. The statement of cash flows provides the preparers and users of the statements the following:

- ✓ Enables the assessment of the amounts, timing and uncertainty surrounding future cash flows.
- ✓ Furnishes reconciliation between net income and cash flows from operations.
- ✓ Indicates the impact on the District's financial status of its investing, debt, and financing transactions.
- ✓ Provides information about the District's cash receipts and cash payments for the period.
- ✓ Provides the change in cash and cash equivalents for the period.
- ✓ Ties to page 5, Statements of Net Position under current assets and restricted assets.

Unrestricted cash available for operations increased \$3,130,789 from \$13,876,252 as of June 30, 2024 to \$17,007,041 as of June 30, 2025.

Restricted cash in banks for debt service has decreased \$84,823 from \$705,042 as of June 30, 2024, to \$620,219 as of June 30, 2025, in accordance with revenue debt payment activity.

Restricted cash held at the SC Local Government Investment Pool has increased from the restricted \$1,000,000 Beaufort County allocation of ARPA funds that was deposited during November 2022 to \$17,454,663 which includes the unspent 2024B GO bond funds (including interest).

Restricted cash held by Beaufort County has increased \$181,854 from \$624,037 on June 30, 2024, to \$805,891 as of June 30, 2025, in accordance with GO debt activity.

Total combined unrestricted and restricted cash has increased \$19,682,483 since June 30, 2024.

TABLE A-4
Hilton Head PSD
Statement of Cash Flows

	June 30 2025	June 30 2024
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 16,329,803	\$ 15,002,135
Cash Paid to Suppliers	(10,415,342)	(8,861,278)
Cash Paid to Employees	(2,919,547)	(3,172,271)
Other Revenues	49,577	29,628
Net Cash Provided by Operating Activities	3,044,491	2,998,214
Cash Flows from Investing Activities		
Interest Income	1,440,962	900,541
Net Cash Provided by Investing Activities	1,440,962	900,541
Cash Flows from Noncapital Financing Activities:		
Property Taxes Collected - Operations Levy	1,372,970	1,305,973
Rental and Tower Lease Income	737,165	736,682
Sewer Assessments Collected	143,460	163,281
Sewer Assessments Financed	(62,871)	(120,362)
Net Cash Provided by Noncapital Financing Activities	2,190,724	2,085,574
Cash Flows from Capital and Related Financing Activities:		
Capacity Fees	170,944	1,381,832
Capacity Fee Assessments	64,864	73,856
Property Taxes Collected - G.O. Debt Levy	1,877,746	1,793,252
Interest Paid	(627,003)	(284,689)
Proceeds from Series 2024A GO SRF Loan	2,589,929	-
Proceeds from Series 2024B GO Bonds	20,400,000	-
Bond Issuance Costs	(175,243)	-
Principal Payments on Financed Purchase, Bonds and Notes	(3,641,308)	(3,729,765)
Proceeds from Capital Grant	2,255,991	-
Proceeds from Sale of Property, Plant and Equipment	48,559	50,826
Purchases of Property, Plant and Equipment	(9,958,173)	(3,653,586)
Net Cash Used by Capital and Related Financing Activities	13,006,306	(4,368,274)
Net Increase (Decrease) in Cash	19,682,483	1,616,055
Cash and Cash Equivalents at Beginning of Year	\$ 16,205,331	\$ 14,589,276
Cash and Cash Equivalents at End of Year	\$ 35,887,814	\$ 16,205,331

TABLE A-4
Hilton Head PSD
Statement of Cash Flows

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	June 30 2025	June 30 2024
Operating Income (Loss)	\$ (2,385,468)	\$ (2,232,789)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:</i>		
Depreciation	5,420,424	5,215,476
Decrease in Allowance for Doubtful Accounts	-	-
Difference Between GASB 68 and Actual Contributions	(201,754)	(112,579)
<i>Changes in Assets and Liabilities</i>		
Accounts Receivable - Trade	71,749	809
Accounts Receivable - Project SAFE	108,704	(87,483)
Inventories	(87,236)	89,736
Prepaid Assets	(74,198)	(21,125)
Accounts Payable - Trade	113,329	47,361
Customer Deposits	41,332	(52,671)
Accrued Payroll & Other Liabilities	37,609	151,479
Net Cash Provided by Operating Activities	\$ 3,044,491	\$ 2,998,214

Schedule of Cash and Cash Equivalents

Available for Operations

Demand Deposits (interest and non-interest bearing)	\$ 1,475,132	\$ 1,657,454
Certificate of Deposit Cash Equivalent	3,000,000	-
SC Local Government Investment Pool	12,445,226	12,135,350
Held by Beaufort County Treasurer	86,683	83,448
Total Available for Operations	\$ 17,007,041	\$ 13,876,252

Restricted

Cash in Banks	\$ 620,219	\$ 705,042
SC Local Government Investment Pool	17,454,663	1,000,000
Held by Beaufort County Treasurer	805,891	624,037
Total Restricted	\$ 18,880,773	\$ 2,329,079

Total Cash and Cash Equivalents	35,887,814	\$ 16,205,331
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Supplemental Disclosures

Noncash Financing Activities:

Developer Contribution of Systems	\$ 222,500	\$ 863,172
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Financial Ratio Analysis

The analysis of financial statement ratios can be a useful tool when evaluating the financial performance of a business entity. Specifically, ratio analysis can identify a business's strengths and weaknesses.

The following table contains ratio benchmarks as determined by the District's financial advisors and the District's financial ratios for the current fiscal year, prior fiscal year to date, and the end of the past fiscal year. The ratios examined below are some of the metrics most commonly examined by the District's rating agencies.

Financial Ratios				
	Benchmarks	June 2025 to June 2024	June 2025	June 2024
Current Ratio	> 6.00	Benchmark Met	11.77	12.08
Operating Ratio	< 0.60	Benchmark not met	0.82	0.80
Days Cash on Hand	>120	Benchmark Met	473	416
Accounts Receivable (days of revenue)	< 35	Benchmark Met	26	27
Long-Term Debt to Net Position	< 0.75	Benchmark Met	0.51	0.25
Debt Coverage Ratio Projection	>150%	Complies with Bond Covenants	274%	303%

Liquidity Ratios

Liquidity ratios indicate the ability of a company to meet current financial obligations as they become due. As calculated in this section, a higher ratio indicates more of an ability to meet these obligations.

The Current Ratio

The Current Ratio (current non-restricted assets over current liabilities to be paid from non-restricted assets) was 11.77 at June 30, 2025 which is greater than the benchmark of 6.0 and a slight decrease from June 30, 2024. Current non-restricted assets increased by \$3,147,007 and current liabilities to be paid from non-restricted assets increased by \$410,268 since June 30, 2024. The increase in current assets is mostly related to increases in cash due to 2024A SRF GO loan reimbursements and higher interest income than budgeted during FY 2025. The increase in current liabilities is mostly related to the timing of payment of liabilities.

The Operating Ratio

The operating ratio, total operating expenses less depreciation to operating revenues, indicates a company's level of operating expenses in comparison to operating revenue. As calculated in this section, a higher ratio indicates a higher level of expense in comparison to operating revenue. The current operating ratio is 0.82 compared to the June 30, 2024 ratio of 0.80 and is higher than the established benchmark of less than 0.60. Total operating expenses less depreciation increased \$934,217 while total operating revenues increased \$840,103. While this benchmark has not been met, any value less than 1.0 indicates that operating expenses less depreciation are being fully

covered by operating revenues. Movement towards the benchmark would allow more operating funds on an annual basis to fund CIP projects.

Days Cash on Hand

The days cash on hand ratio measures how many days a company can pay its expenses. The formula for this ratio is current unrestricted cash and investments plus any restricted cash and investments available for general system purposes divided by operating expenditures minus depreciation, divided by 365. A higher days of cash on hand ratio is more desirable as it indicates that an entity has more cash to cover its expenses. The days cash on hand ratio exceeds its benchmark and is 473 as of June 30, 2025, compared to 416 as of June 30, 2024. This increase is expected to be partially timing related as the District has several large CIP projects that are expected to carry over into FY 2026.

The Accounts Receivable (Days of Revenue) Ratio

The Accounts Receivable (Days of Revenue) ratio indicates the level of accounts receivable in comparison to the level of revenues being collected over a 12-month period (last 12 months or LTM). As calculated in this section, a higher ratio may indicate that receivables are growing in disproportion to revenues. The ratio is calculated by dividing accounts receivable by the average days' operating revenues.² This ratio was 26 at June 30, 2025 and 27 at June 30, 2024. Both years meet the benchmark of lower than 35 and indicate that the District is carrying less than one month's worth of receivables which is in line with its monthly billing schedule.

Leverage Ratios

The following leverage ratio indicates how much debt the District has in relationship to its net position. As calculated in this section, a higher ratio indicates a higher level of debt in comparison to the net position.

The Long-term Debt to Net Position Ratio

The Long-term Debt to Net Position ratio, long term debt divided by the net position, is 0.51 and has increased from the June 30, 2024, ratio of 0.25. While the issuance of the new 2024 GO debt increased this ratio, it still meets the benchmark of less than 0.75. Long-term debt was increased by \$19,275,594 while the net position has increased by \$6,789,281.

Debt Coverage

Bond covenants require that the District maintain and collect rates and charges that together with income are reasonably expected to yield annual net earnings equal to at least the sum of one hundred twenty percent (120%) of annual principal and interest requirements for all revenue bonds outstanding. As of June 30, 2025, the debt service projection calculation is 274% which exceeds the fiscal year 2025 budgeted debt coverage ratio of 228%, the required ratio of 120%, and the target rate of 150%.

² For purposes of this analysis, accounts receivable is defined as those trade receivables excluding extraordinary receivables, unbilled revenue, tower lease revenue, and notes receivable. This ratio is derived using the LTM revenues.

Customer Growth

Total water/irrigation service EDUs have increased by 160 since June 30, 2024, for a total of 19,926 EDUs. This is a 0.81% increase for fiscal year 2025 compared to the 0.56% increase experienced during last fiscal year. The current EDUs include 18,805 water service units, 1,036 irrigation service units, and 85 miscellaneous water units such as dock meters, hydrants, pool meters, and golf course water coolers.

<i>Water / Sewer Connection Growth 06/30/25</i>						
<u>Date</u>	<u>Water & Irr. EDU's</u>	<u>Only Water EDU's</u>	<u>Change in Water EDU's</u>	<u>Sewer EDU's</u>	<u>Change in Sewer EDU's</u>	<u>% Sewer to Water EDU's</u>
06/30/24	19,766	18,653	N/A	17,863	N/A	95.76%
09/30/24	19,808	18,691	42	17,915	52	95.85%
12/31/24	19,840	18,724	32	17,953	38	95.88%
03/31/25	19,894	18,776	54	18,017	64	95.96%
06/30/25	<u>19,926</u>	<u>18,805</u>	32	<u>18,049</u>	32	95.98%
Change in EDU's			<u>160</u>		<u>186</u>	

Sewer service EDUs have increased by 186 since June 30, 2024, for a total of 18,049 EDUs. This is a 1.04% increase for fiscal year 2025 compared to 0.77% for fiscal year 2024. As shown in the above table, the sewer to water customer percentage has increased to 95.98%.

Fiscal Outlook

As of June 30, 2025, the District's financial condition is stable.

Staff looks forward to discussing the unaudited fiscal year 2025 review of the District's financial condition at the August 27, 2025 Commission Meeting.



GM Monthly Report



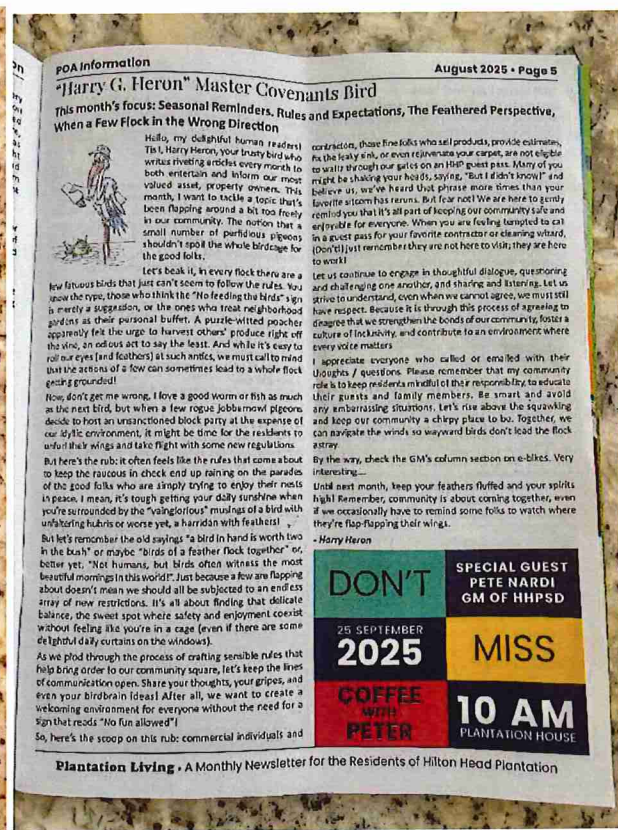
To: Hilton Head PSD Commission
From: Pete Nardi, General Manager
Re: PSD Updates

August 201, 2025

Dear Commissioners, please see below the following updates:

- We are experiencing current demand of less than 7 mgd. Rainfall continues to keep demand low for this time of year. July and August will likely shape up as some of the lowest-demand months in recent years.
- S.C. Infrastructure Investment Program (SCIIP) Projects Update:
 - **RO Plant Expansion:**
 - Contractor has mobilized on site. Equipment delivery on track for September.
 - Current RO Plant Expansion Project Finish Date: Nov. 2, 2026.
 - **RO Well #4, ASR Well #2, and Transmission Mains:**
 - The production-well drill rig for RO Well #4 is on site.
 - Current RO Well #4 Project Finish Date: Sept. 8, 2026.
 - The Middle Floridan Aquifer small-diameter monitoring well at ASR #2 will be re-drilled. First drill was unsuccessful. No cost impact to PSD. No overall schedule impact.
 - Current ASR #2 Project Finish Date: Dec. 9, 2027.
 - **Leg O'Mutton Water Booster Station:**
 - Electrical work has begun. Start-up on track for this fall.
 - Current LOM Water Booster Station Project Finish Date: Sept. 16, 2025.
- **Purchased Water Pipeline Relocation:**
 - Awaiting utility coordination from S.C. DOT.
- **WWTP Screw Pump Replacement Project:**
 - Project design is complete.
 - Bid advertising will begin Sept. 2; bid opening is set for October 9.
- **Purchased Water Agreement:**
 - Minimum-take removal requirements are key.
 - Interim agreement ideas discussed.
- **Old House Creek Sewer Project:**
 - Progressing on schedule. Collector-main installation on track for completion in August.
- **Commission Chair, Secretary, and GM meet on GM goal:**
 - Frank Turano, Patti Soltys, and Pete Nardi met to discuss the GM FY '26 focus area of human resource development program(s) for the GM and senior managers. Current and potential training was discussed.

- **All-Staff training held on Anti-Harassment Policy:**
 - Connie Whitehead led an all-staff training on the PSD's Anti-Harassment Policy. The training covered the purpose of the policy and expectations related to the workplace environment and steps for reporting incidents of harassment.
- **PSD Leadership completes SHRM webinar on "Unifying Diversity: Turning Differences into Strengths for High-Performing Teams":**
 - Pete Nardi, Bill Davis, and Amy Graybill completed a Society for Human Resource Management (SHRM) webinar Aug. 20 on "Unifying Diversity: Turning Differences into Strengths for High-Performing Teams." The webinar explored the principles and practices of workplace unifying diversity to build teams that "embrace differences, amplify each other's strengths, and turn friction into fuel for innovation and collaboration." The training focused on tools to create a thriving workplace that celebrates diversity, fosters resilience, and achieves sustainable success.
 - Actionable strategies provided:
 - Cultivating civility and productivity in the workplace, even amid challenges.
 - Transforming conflict into a constructive force that drives cultural growth.
 - Developing team rhythms that don't just work but perform at exceptional levels.
 - Key takeaways:
 - Frameworks for managing conflict constructively reviewed.
 - Techniques to amplify team strengths and embrace differences provided.
 - Methods to establish high-performing team dynamics reviewed.
- **Angie Hughes completes webinar on employer impacts of the Big Beautiful Bill:**
 - Angie Hughes, Assistant Finance Manager, this month completed a webinar provided by the PSD's employment counsel, Maynard Nexsen PC, on "From Policy to Practice: What the Big Beautiful Bill Means for Employers." The webinar covered employment law and benefit changes related to of the new federal bill, including: taxes on overtime, wage and hour law, dependent care accounts, and I-9 audits, among other items.
- **PSD Leadership completes webinar on "Behavioral-Based Interviewing & OnBoarding" through S.C. Association of CPAs (SCACPA):**
 - Amy Graybill, Connie Whitehead, and Pete Nardi completed this SCACPA webinar on Aug. 22 that reviewed a system of job interview techniques, post-interview ratings, and onboarding process aimed at creating success for the new hire and organization. The webinar was led by SCAPA leadership consultant Doug Van Dyke of Leadership Simplified, a national agency that consults for clients such as Amazon, PepsiCo, AmEx, Lockheed Martin, and many others.
- **PSD recycled water + upcoming presentation included in HHP newsletter:**
 - HHP recently completed a renovation of the boardwalk into Cypress Conservancy, one of the PSD's recycled water wetlands, and included a nice mention of the recycled water program on the front of their newsletter. The same edition also promoted an upcoming presentation by Pete Nardi at a POA meeting, arranged by Commission Vice Chair Jerry Cutrer. See photos below:

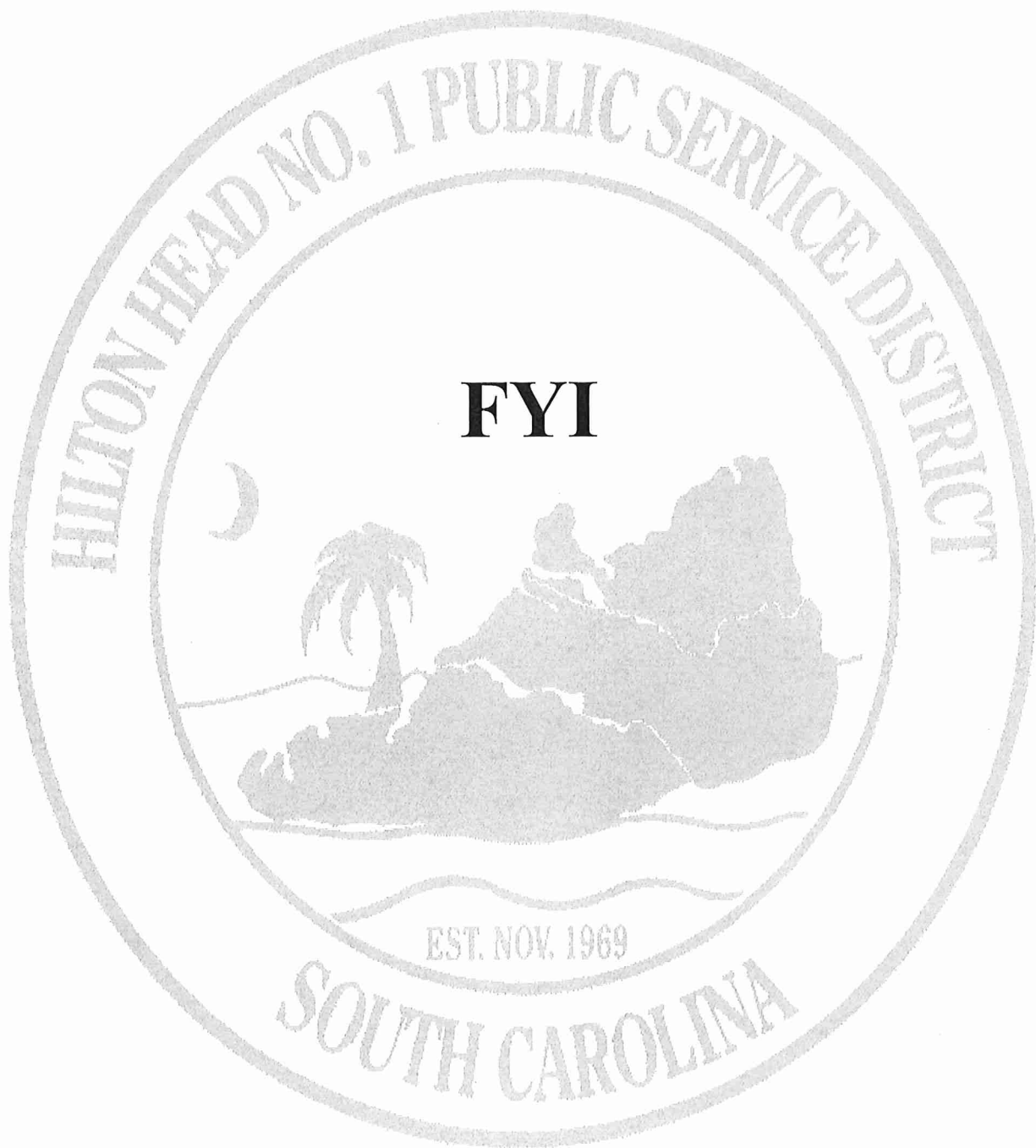


As always, please do not hesitate to contact me if you have any questions.

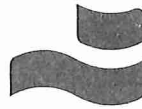
All my best,

P. Nardi

Pete Nardi
General Manager
Hilton Head PSD



FYI



HILTON HEAD ISLAND & BLUFFTON
CHAMBER OF COMMERCE

William G. Miles, IOM, CCE
President & CEO

August 6, 2025

Mr. Pete Nardi
Hilton Head PSD
PO Box 21264
Hilton Head Island, SC 29925

Dear Pete,

Congratulations to you and the entire team at Hilton Head PSD on the well-earned recognition of your Water Quality Laboratory by the S.C. Department of Environmental Services.

Earning a perfect score among more than 370 participating labs is a remarkable achievement and a powerful testament to the expertise, dedication, and high standards upheld by Sarah Hickman and the entire lab team. This recognition affirms what we on Hilton Head Island already know - our community's water is in the very best hands.

Your continued commitment to delivering safe, top-quality drinking water and environmentally responsible recycled water services plays an essential role in protecting the health and well-being of our residents and preserving the natural beauty of our island.

Please extend my congratulations and gratitude to Sarah and the entire PSD staff. We are proud to celebrate this honor with you.

All the best,

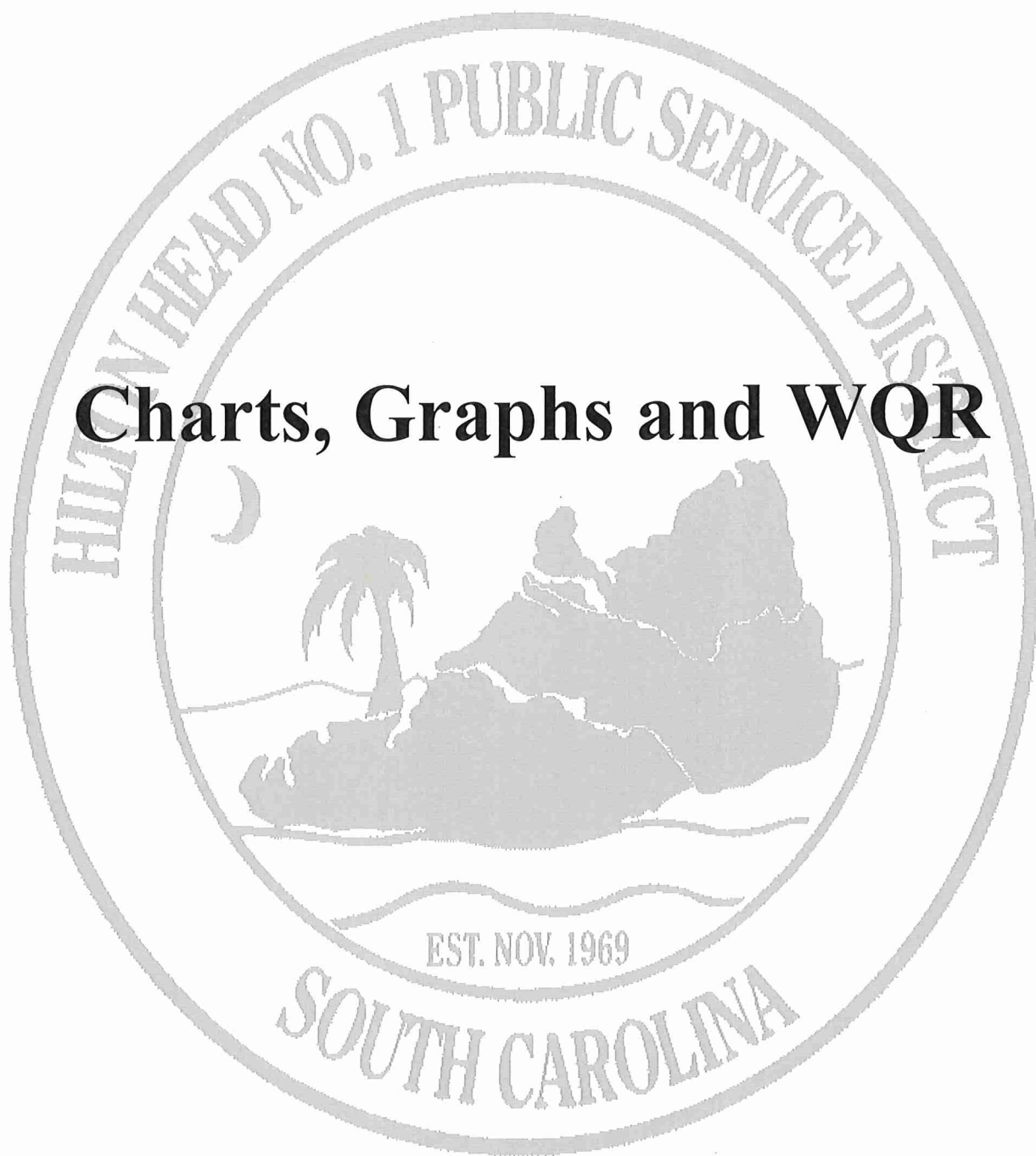
William G. Miles, IOM, CCE
President & CEO

WGM/ck

(843) 785-3673 | P.O. BOX 5647 HILTON HEAD ISLAND, SC 29938

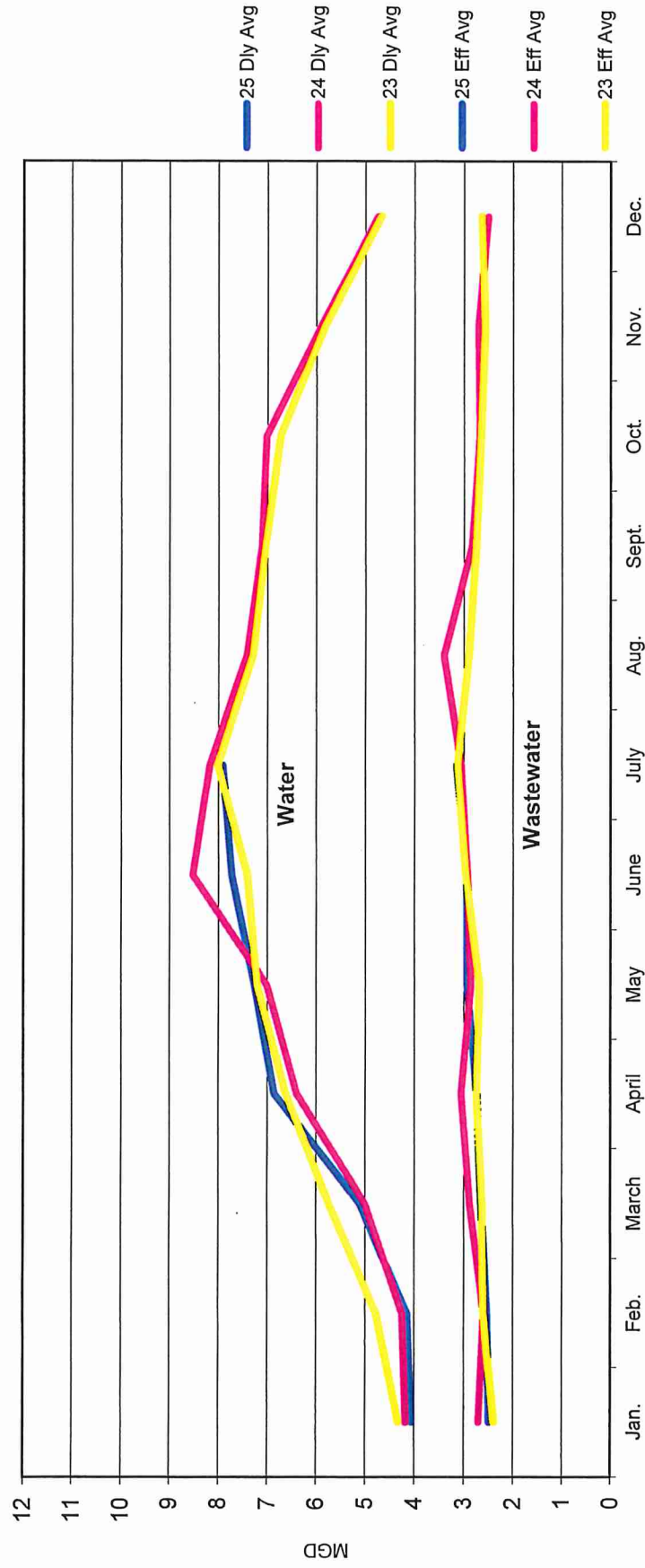
www.HiltonHeadBlufftonChamber.org

★★★★★
5-Star Accredited by
U.S. Chamber of Commerce

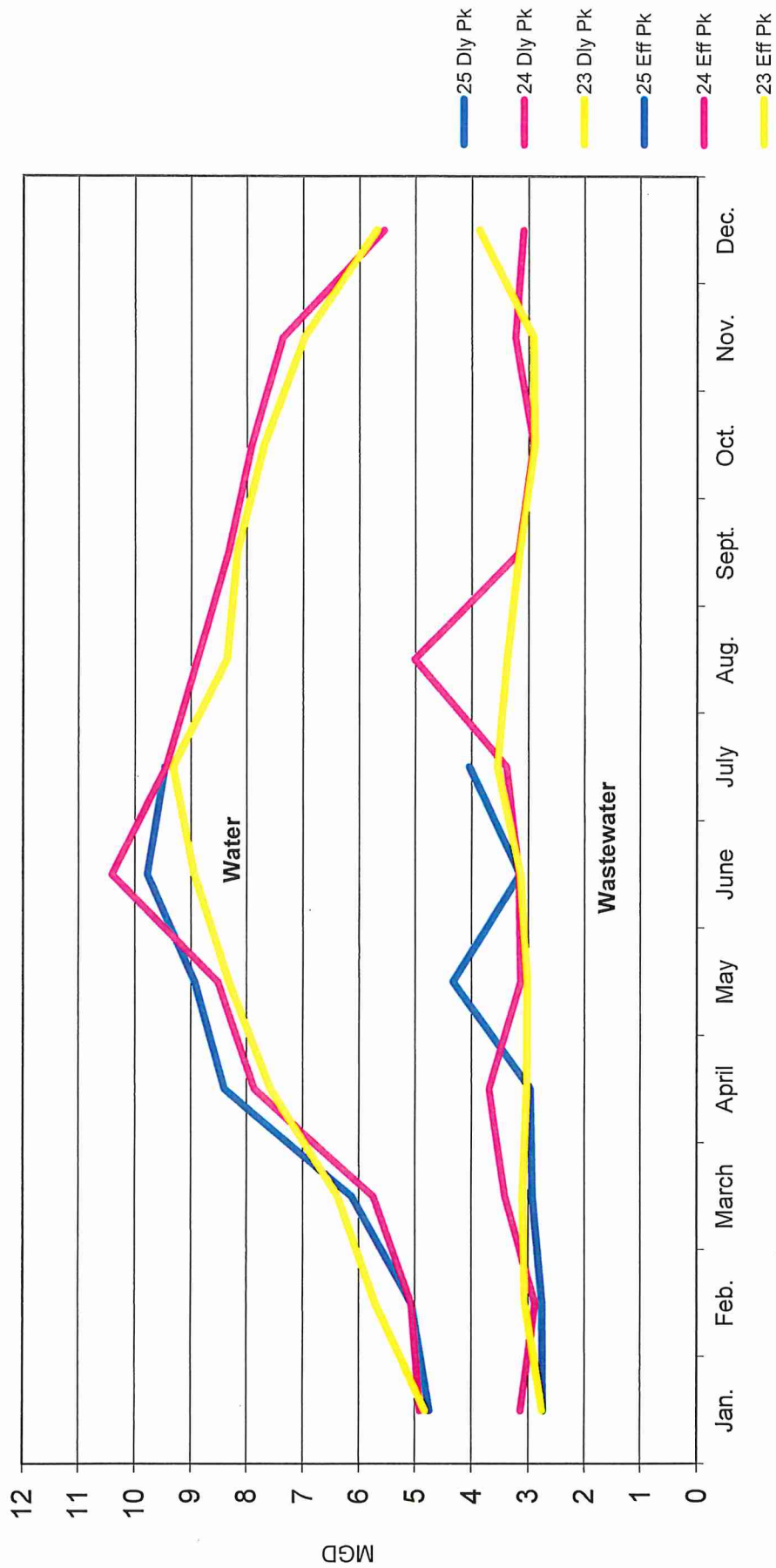


Charts, Graphs and WQR

Water and Wastewater Average Flows



Water and Wastewater Peak Flow





Jul-25
Monthly Water Quality Report

Water Supply Source	MG Per Month												% of Supply YTD
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	YTD
Purchased	4.25	3.46	29.75	42.03	35.92	42.09	45.16						202.66
RO Plant	119.26	107.59	116.48	118.30	122.58	116.30	120.15						820.66
UFA Wells	18.28	20.24	28.67	31.47	33.28	33.40	35.84						201.18
ASR Recovery	0.00	0.00	0.00	29.30	36.70	38.91	42.51						147.42
Total	141.79	131.29	174.90	221.10	228.48	230.70	243.66						1371.92
													100.0%

System-wide Water Quality Testing												
Type of Test	Results by Month											
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Bacteriological	PASS	PASS	PASS	PASS	PASS	PASS	PASS					
Chlorine (avg)	2.2	2.39	2.16	2.05	1.90	1.43	1.24					
Ph (avg)	N/A	N/A	N/A	N/A	N/A	N/A	N/A					
Disinfection By-products (DBPs) (qtrly.)	In Compliance			In Compliance			In Compliance			In Compliance		
Hardness (range)	11 - 121 (WINTER – NO WELLS)			14 – 260 (SUMMER – WELLS/ASR ON)			(WINTER)					

Supply-specific Water Quality Ranges for This Month				
Supply	Average Chlorine Residual	Within Acceptable Range? (Y/N)	Average Chloride Level (ppm)	Average Hardness (ppm)
BJWSA (supply)	0.61	Y		
RO Raw Water MFA Wells (range)	n/a	Y	155 - 479	100 - 210
Finished RO Water	2.75	Y		
Fire Station UFA	1.86	Y	64	142
Leg O' Mutton UFA	1.64	Y	145	243
Wild Horse UFA	1.50	Y	76	192
Seabrook UFA	1.40	Y	157	275
Union Cemetery UFA	1.30	Y		
ASR (recovery)	2.04	Y	52	62

Customer Inquiries

Type of Inquiry	Number of Inquiries	Resolved?	Comments
Low Pressure	13	y	
Customer break/leak	20	y	
PSD break/leak	21	y	
Water Outage	5	y	
Odor/Taste/Color	2	y	
Miscellaneous	144	y	
Sewer issues & Inspections	94	y	
Total	299		

Other Water Quality Notes for This Month
7/24/2025 - Changed cartridge filters