Joint Municipal Water and Sewer Commission

Lexington, South Carolina

"Progress Through Cooperation"

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2016

JOINT MUNICIPAL
WATER AND SEWER COMMISSION
POST OFFICE BOX 2555
LEXINGTON, SC 29071-2555

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2016

PREPARED BY THE FINANCE DEPARTMENT

CUSIP Prefix 47972C, 529055

Submitted in compliance with the provisions of Disclosure Dissemination Agent Agreements between the Commission and Digital Assurance Certification, L.L.C. dated as of April 11, 2012, August 20, 2013 and December 16, 2014, which were executed in connection with the Commission's $14,140,000 Water and Sewer System Refunding Revenue Bond, Series 2012, $11,720,000 Water and Sewer System Refunding and Improvement Revenue Bond, Series 2013, and $6,650,000 Water and Sewer System Refunding Revenue Bond, Series 2014, respectively.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

I. INTRODUCTORY SECTION ..... PAGE
Letter of Transmittal 1
List of Commissioners and Senior Management 9
Organizational Chart 11
Certificate of Achievement for Excellence in Financial Reporting 13

II. FINANCIAL SECTION
Independent Auditor's Report 15
Management's Discussion and Analysis 19
Basic Financial Statements
Statement of Net Position 33
Statement of Revenues, Expenses and Changes in Net Position 37
Statement of Cash Flows 39
Notes to the Financial Statements 41
Required Supplementary Information:
Number of Active and Retired Members - OPEB 61
Schedule of Funding Progress - OPEB 61
South Carolina Retirement System Schedule of Contributions 61
South Carolina Retirement System Schedule of Proportionate Share of NPL 62
Schedule of Other Supplementary Information:
Schedule of Other General and Administrative Expenses 63
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 65

III. STATISTICAL SECTION
Financial Trends
Table I - Net Position by Component 69
Table II - Changes in Net Position 71
Table III - Revenues and Expenses (Rate Basis) 73
Revenue Capacity
Table IV - Distribution of Customers by Account Type 75
Table V-1 - Trend of Monthly Charges to Commission Customers and Comparison of Charges to Surrounding Areas – Residential 77
Table V-2 - Comparison of Charges to Surrounding Areas – Industrial 79
Table VI - Water and Sewer Rates 81
Table VII - Top Ten Largest Users 83
Table VIII - Billings and Collections 85
Table IX - Water Purchased vs. Water Billed 87
Debt Capacity
Table X - Summary of Financial Indebtedness of the System 89
Table XI - Description of Debt Instruments 91
Table XII - Commission's Annual Debt Service per Customer 93
Table XIII - Pledged Revenue Coverage 95
Demographic and Economic Information
Table XIV - Demographic and Economic Statistics – County of Lexington 97
Table XV - Principal Employers – County of Lexington 99
Operating and Capital Information
Table XVI - Departmental Breakdown of JMWSC Employees 101
Table XVII - Operating Indicators 103
Table XVIII - Capital Assets of the Commission 105

INTRODUCTORY SECTION

October 12, 2016

Joint Municipal Water and Sewer Commission
P. O. Box 2555
Lexington, SC 29071

To the Board of Commissioners
Joint Municipal Water and Sewer Commission

It is our pleasure to submit to you this Comprehensive Annual Financial Report (CAFR) of the Joint Municipal Water and Sewer Commission (the "Commission") for the fiscal year that ended June 30, 2016. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that we have established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Commission was created by an act of the State of South Carolina Legislature that requires an annual audit by independent certified public accountants. The Brittingham Group, LLP has performed an audit of the Commission's financial statements and has issued an unmodified ("clean") opinion on the Joint Municipal Water and Sewer Commission's financial statements for the fiscal year ended June 30, 2016. (See page 15)

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Commission is required to assess whether an annual single audit in conformity with the provisions by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards needs to be performed. In accordance with these requirements, no Single Audit was needed because the Commission's federal expenditures were below $750,000.

This report is submitted in compliance with the provisions of Disclosure Dissemination Agent Agreements between the Commission and Digital Assurance Certification, L.L.C. dated as of April 11, 2012, August 20, 2013 and December 16, 2014, which were executed in connection with the Commission's $14,140,000 Water and Sewer System Refunding Revenue Bonds, Series 2012, $11,720,000 Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2013, and $6,650,000 Water and Sewer System Refunding Revenue Bonds, Series 2014, respectively. Pursuant to this undertaking, the Commission has covenanted to provide certain financial information and operating data relating to the Commission by no later than January 31 of each year, and to provide notices of the occurrences of certain enumerated events, if deemed by the Commission to be material. These covenants were made in order to assist the underwriters of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

This report and future CAFRs will be filed with the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access system ("EMMA"). Notices of material events will be filed with EMMA. No default has occurred under the Commission's continuing disclosure undertakings.

No persons at the Commission have undertaken to independently verify information pertaining to nongovernmental data and activities contained in this CAFR, but such information has been obtained from sources which the Commission believes to be reliable, and the Commission has no reason to believe that they are untrue in any material respect.

Profile of the Commission

The Commission is a joint authority water and sewer system and a public body corporate and politic organized under Title 6, Chapter 25 South Carolina Code of Laws of 1976, as amended, currently providing water and sewer services in the central and southern unincorporated areas of Lexington County. The Commission was organized for the purpose of establishing a comprehensive, county-wide water and sewer system to be accomplished through the construction of new facilities and improvements and purchase of existing systems, where appropriate. The term of the existence of the Commission is not limited.

The Commission is authorized, among other things, (a) to purchase, construct, acquire, own, operate, maintain, repair and improve any and all works, improvements, facilities, plants and equipment in accordance with its bylaws, (b) to issue revenue bonds of the Commission, payable solely from revenues of the system and such other funds as may be available therefor with a favorable vote of two-thirds of the Commissioners, and (c) to fix, charge and collect rents, rates, fees and charges for the use of and for the services furnished or to be furnished by any system of the Commission.

The Commission was formed in October, 1992, and consisted of four (4) initial members, including the County of Lexington, City of Cayce, Town of Pelion and Town of Swansea. Currently, it consists of seven (7) additional members, including the City of West Columbia, Town of Batesburg-Leesville, Town of Springdale, Town of Gaston, the Gilbert-Summit Rural Water District, the Town of Lexington, and the Town of South Congaree, bringing the current total to eleven (11) members. Its purpose is to pursue, through the cooperative efforts of its representative members, water and wastewater systems expansion within the County of Lexington in order to promote and support further economic development, and to address health, environmental and quality of life concerns brought on by the lack of such services within the county. Utilizing the systems resources available from its members, as well as the resources of its own, the Commission's goal is to meet water and wastewater service needs in certain unincorporated areas of Lexington County. It is governed by representatives appointed by the governing bodies of its members.

Although originally established to provide water and wastewater services only to the unincorporated areas of Lexington County, the Commission now also provides wholesale services to surrounding incorporated municipalities. The Commission's customer base as of June 30, 2016, was comprised of 15,112 retail accounts and the following wholesale water and sewer customers: the Town of Swansea (water & sewer) and the Town of Gaston (sewer only). The Commission assumed franchise operations of the Town of South Congaree and the Town of Pelion in fiscal year 2010, as well as the acquisition of a portion of AAA Utilities. Historically, the Commission has provided limited water supplies to the Town of Lexington, Gilbert-Summit Rural Water District, and the City of Cayce as needed. Commission headquarters are located on Two Notch Road in Lexington County, approximately 3 miles west of the Town of Lexington.

The Commission has no taxing power. Operational and maintenance costs are funded from customer fees and charges. The acquisition and construction of capital assets are funded by capital (cash and systems) contributions from customers, including other utilities and developers, Federal and State grants and loans, and customer revenues.

Commission Organization

The Administrative Department provides executive management, including policy formation and strategic planning to the entire Commission. The Administrative Department also represents the Commission in all legislative-lobbying efforts pertaining to securing continued federal and state funded rate relief. Additional responsibilities include representing the Commission in all litigation, overseeing and directing labor relations and management information systems.

The Finance Department provides management of the Commission's revenues and all of its financial resources. The Finance Department accomplishes these objectives through its financial budgeting, rate analysis, accounting and cash management activities. This department is also responsible for debt financing, investment management, providing procurement, as well as the coordination of internal IT work.

The Customer Service Department provides services to the customers in the form of setting up new accounts, billing and adjustments, documenting the resolution of service issues, erratic consumption, accepting and properly crediting payments from customers, managing automated payment services, and responding to customer inquiries via telephone and the internet. This department is also responsible for bad debt collection.

The Water and Sewer Departments ensure ongoing maintenance and emergency repairs to the Commission's water and sewer mains, service connections, hydrants and drains. This department is also responsible for inventory control, provisions of facilities, support services, meter reading, safety management, and programs regulated by the State and Federal governments.

The Engineering Department ensures the provision of high quality reliable drinking water and sanitary sewer collection services while protecting the environment. This is done by effectively planning, designing, managing and providing contract compliance for the construction of the Commission's capital projects.

The Cross Connection Department protects the Commission's water distribution system and water quality from contamination and/or pollution due to unprotected or improperly installed connections to its system.

The Commission provides reliable high quality supplies of potable water used for drinking, irrigation, fire protection and other purposes. The City of West Columbia surface water treatment plant on Lake Murray is the sole source from which the Commission obtains its water. Wastewater services are provided by the City of Cayce Regional Wastewater Treatment Facility (WWTF), which provides wholesale treatment services to the Commission for its service area.

Local Economy

The Commission is situated in, and is a provider of water and sewer services to, an area of Lexington County which is home to a dense industrial population. Major industries and corporations located within the Commission's boundaries or in close proximity include Michelin Tire Corp., Prysmian Cables & Systems, U. S. Foods, Golden State Foods and Wal-Mart. Lexington County School District #1 and the Lexington Medical Center also have a significant economic presence, with these two entities employing approximately 9,700 teachers, professionals, and support staff.

Lexington County's annual unemployment rate of 4.8% in 2015 was significantly lower than the 6.0% unemployment rate recorded for the state of South Carolina as a whole, and the 5.3% recorded for the United States as a whole. According to the Community Profile for Lexington County published by the SC Department of Employment and Workforce, this trend of a relatively low unemployment rate versus the State of South Carolina and the United States has been a consistent pattern for at least the last ten years. Further evidence of the economic stability of Lexington County can be found in its continued growth in population. The population estimates from the US Census as of July 1, 2015 estimate the population of Lexington County to be 281,833. This estimates population growth for Lexington County to be approximately 19,436 people since 2010. This evidence suggests that Lexington County is a desirable, growing community. As further evidence of the

desirability of the area in which the Commission operates, Movoto, an online brokerage site that has been recognized by Forbes for its exceptional city-based research, ranked the Town of Lexington (county seat of Lexington County) well within the "10 Best Places to Live in South Carolina" list – tying for 6th place.

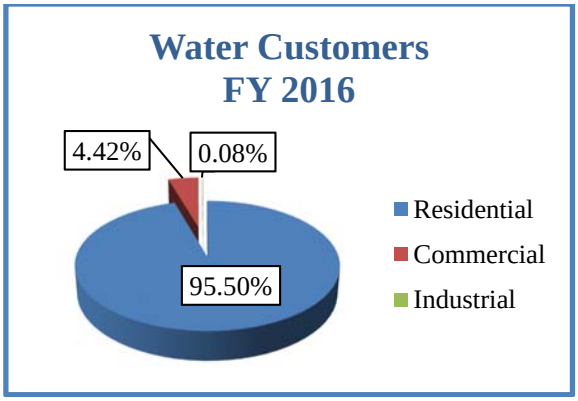
The Commission continues to seek ways to operate in an efficient manner to benefit customers and staff of the Commission in the wake of the improving economy. As of June 30, 2016, the Commission had 29 employees (including 1 seasonal intern). The Commission has consistently operated with an employee count ranging from 28-30 employees going back to fiscal year 2008.

The Commission continues to maintain a credit rating of Aa3 from Moody's and AA from Standard & Poor's.

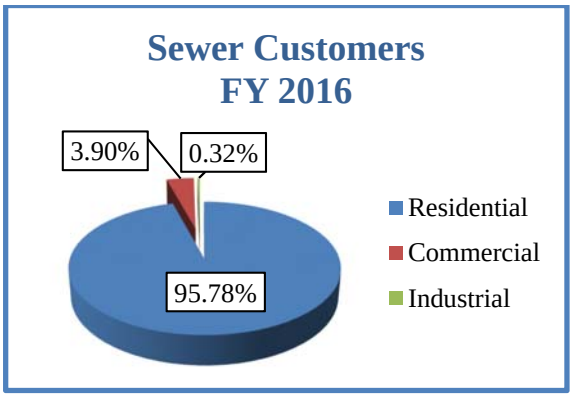
It is the expectation of the Commission that we will continue to move forward by delivering effective service to all of our customers. As a result of strong management initiatives and a solid financial foundation, we expect to continue to meet the needs of the community and its growth well into the future.

Customer Base

Our water customer base has grown at a compound annual growth rate (CAGR) of 6.40% per year over the past 10-year period (including acquisitions and franchises), growing from 8,125 water customers at fiscal year-end 2006 to 15,112 at fiscal year-end 2016 – a total growth of 6,987 water customers, or 85.99% total growth. The water customer base has seen a total increase of 16.25%, or a CAGR of 5.15%, over the past 3 fiscal years of 2016, 2015 and 2014. The sewer customer base has seen comparable growth, growing at a CAGR of 7.84% over the same 10-year period, growing from 2,025 sewer customers at fiscal year-end 2006 to 4,308 at fiscal year-end 2016 – a total growth of 2,283 sewer customers, or 112.74% total growth. Also, sewer has seen a total increase of 22.35%, or a CAGR of 6.96%, over the past 3 fiscal years of 2016, 2015 and 2014. The level of growth experienced by the Commission is an excellent indicator of its continued financial health. The charts and tables below depict the customer class composition of our customer base:



Water Customer Base - 10 Year Comparison of Growth				
	2016	2006	Change	% Change
Residential	14,432	7,779	+6,653	85.53%
Commercial	668	340	+328	96.47%
Industrial	12	6	+6	100.00%
Total	**15,112**	**8,125**	**6,987**	**85.99%**



Sewer Customer Base - 10 Year Comparison of Growth				
	2016	2006	Change	% Change
Residential	4,126	1,931	+2,195	113.67%
Commercial	168	83	+85	102.41%
Industrial	14	11	+3	27.27%
Total	**4,308**	**2,025**	**2,283**	**112.74%**

Budgetary Procedures

The Commission's budgetary preparations begin at the middle of each fiscal year. Budget workbooks are distributed to each of the Commission's department managers, who are responsible for preparing expenditure estimates and submitting in writing their projected operational and capital needs for the ensuing fiscal year. These requests are reviewed by the General Manager and interim discussions are held with department managers to clarify the needs of each department. Once a final draft is established, it is submitted to the Board of Commissioners (the "Board") for approval. The approved budget will remain in effect for the entire fiscal year and cannot be revised without amendment by the Board as described below.

The budget is subjected to a progressive evaluation throughout the course of the budget year. This evaluation allows management to adjust the budget as needs arise. The budget may be amended by either a reallocation of budgetary line items or supplemental budget allocations. Certain levels of amendments may be executed without Board approval according to the Commission's approved Budget policies. Amendments that are required to have the Board's approval are presented to the Board at its next meeting.

Long-term Financial Planning and Major Initiatives

In keeping with the by-laws of the Commission, the 5-year Capital Improvements Program (CIP) identifies capital expenditures totaling $15.225 million for the fiscal year periods 2017-2021. Expenditures are divided into two categories: water unit projects and sewer unit projects. The budgeted cost breakdown between categories is as follows: water unit projects - $13.35 million, sewer unit projects - $1.875 million. These budgeted expenditures are outlined in further detail in the CIP. Funding Sources budgeted for the projects listed above are as follows: cash reserves of $6.325 million and rate revenues $8.9 million. Currently, the 2017-2021 CIP does not anticipate the use of any additional bond proceeds to fund the projects budgeted for expenditure.

The overall objectives of the Commission's CIP are to ensure: 1) the delivery of high quality potable water for consumption; 2) the delivery of reliable fire protection; and 3) the efficient collection of sanitary sewer for transport and delivery to the Cayce Regional WWTF. In addition, the CIP includes projects to improve the overall efficiency of the Commission and to enhance the Commission's ability to provide services to its customers. The projects included in the CIP are intended to accomplish these objectives in the most efficient and cost effective manner.

In terms of physical improvements to the system, the following major enhancements have recently been completed:

- Two elevated water tanks (South Congaree & Red Bank) and booster pump station (Two Notch Road at the Commission's main office)
- Upgrades to the Swansea Lagoon lift station
- Upgrades to the Commission's lift stations along the Industrial Drive corridor (Radio Tower lift station & Cooper Tools lift station)
- Upgrade to the Highway 321 lift station
- Sewer System Improvements – Wrenwood rehabilitation
- Purchase of an additional 1 million gallons per day capacity at the Lake Murray Surface Water Treatment Plant, bringing total capacity to 12.07 million gallons per day

During the fiscal year, work continued on several projects for the Commission:

- Old Barnwell lift station rehabilitation
- Design began on the Old Charleston Highway water main extension
- Lake Murray Water Treatment Plant improvements
- Sewer System Improvements – Lexington Hills

Additionally, there are several projects planned for the next 5 years

- The plant transmission main extension from the Lake Murray WTP

- A 2 million gallon ground storage tank and duplex booster pump station located at Highway #1 and Calks Ferry Road
- Consideration of water and/or sewer capacity purchase needs
- Lake Murray Water Treatment Plant high service pump improvements
- Water tank improvements

Relevant Financial Policies

The Commission has established specific financial policies that set the parameters within which decisions of a financial or budgetary nature are made. Many of the policies establish guidelines for operation in accordance with the requirements of the Commission's by-laws and its Revenue Bond Indenture and other contractual obligations. There are also departmental level policies and procedures that have been designed and instituted to ensure compliance with generally accepted accounting principles ("GAAP") and applicable laws and statutes.

The Commission's policy is that it shall at all times maintain a fully invested, diversified portfolio with the objective of achieving the highest yield that is attainable in conjunction with preservation of capital.

Bank deposit accounts in excess of amounts insured by the Federal Depository Insurance Corporation ("FDIC") are analyzed relative to their compliance with the Commission's Bond Indenture and investment risks associated with this type of account. These risks are minimized by requiring that bank deposits be fully-collateralized.

The Commission has established supplemental guidelines for reserve fund contributions and withdrawals. In addition to the reserve fund requirements specified in the Revenue Bond Indenture and other contractual obligations, the Commission manages its reserves in order to:

- Provide additional security to bondholders where feasible and cost effective;
- Ensure that sufficient funds are available to pay all operating and capital costs; meet, and to the extent cost-effective, exceed the net revenue requirements of the Indenture;
- Moderate rate increases;
- Reduce the cost of maintaining and operating the water and sewer systems.

In accordance with its bond indenture, the Commission maintains an account, the "Depreciation and Capital Improvements Fund" (DCIF), to be used solely for the purpose of restoring or replacing depreciated or obsolete properties of the system, paying the cost of improvements, and extensions to the system, other than those necessary to maintain the system in good repair and working order, and for the payment of extraordinary maintenance and repairs. This fund is generally used to replace such capital assets of the Commission as vehicles, computers, telephone systems, etc. as necessary. This fund is included in the Statement of Net Position as a part of the "Capital Asset Reserves."

The Commission established a fund, the "Disaster/Emergency Fund Account," for the purpose of helping to maintain services during short periods of economic decline (adjusted seasonally) and to meet emergency conditions. It is funded by budgetary allocation, which is an amount determined by the General Manager during preparation of the budget document. The fund was established to provide for nonrecurring unanticipated expenditures, or to meet small increases in service delivery costs.

As part of the annual budgeting and rate setting processes the Commission reviews the funding levels of its reserve funds. Withdrawals from or additional contributions to these funds shall be proposed in accordance with the bond indenture and other contractual obligations and the objectives of the Commission. The prudent funding of these contingency accounts provides the ability to phase in the impact of unforeseen costs such as future capacity needs to meet demand, changes in energy costs and any temporary reduction in revenue.

User fees, rates and charges are set at adequate levels, which are fair and nondiscriminatory, to generate sufficient revenues to pay all Operating and Maintenance costs, maintain sufficient operating reserves, and pay debt service costs as detailed in its bond indenture and other contractual obligations.

The Commission has a policy that nonrecurring ("one-time") revenues, such as tap fees and impact fees, are not to be used in budgeting for operating purposes.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Joint Municipal Water and Sewer Commission for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 3rd consecutive year that the Joint Municipal Water and Sewer Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The staff of the Finance Department is responsible for the preparation of the CAFR. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. Also, we would like to express our appreciation to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Commission's finances.

Respectfully submitted,

Patricia F. Mazzone, CGFO
Finance Manager

John C. Nicholson
General Manager

JOINT MUNICIPAL WATER AND SEWER COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PRINCIPAL OFFICIALS AS OF JUNE 30, 2016

Commissioners

Frank R. Stover, *Chairman*
Town of Pelion

Bob Penick, *Vice-Chairman*
Town of Batesburg-Leesville

Michael Bishop
Town of Springdale

Troy Bivens
Town of Gaston

Andy Gambrell
Town of South Congaree

Joseph Hardee
Gilbert-Summit Rural Water District

L. Dale Harley
City of West Columbia

Bobby C. Keisler
Lexington County

Steve MacDougall
Town of Lexington

Elise Partin
City of Cayce

Ray Spires
Town of Swansea

Management

John C. Nicholson
General Manager

Patricia F. Mazzone, CGFO
Finance Manager

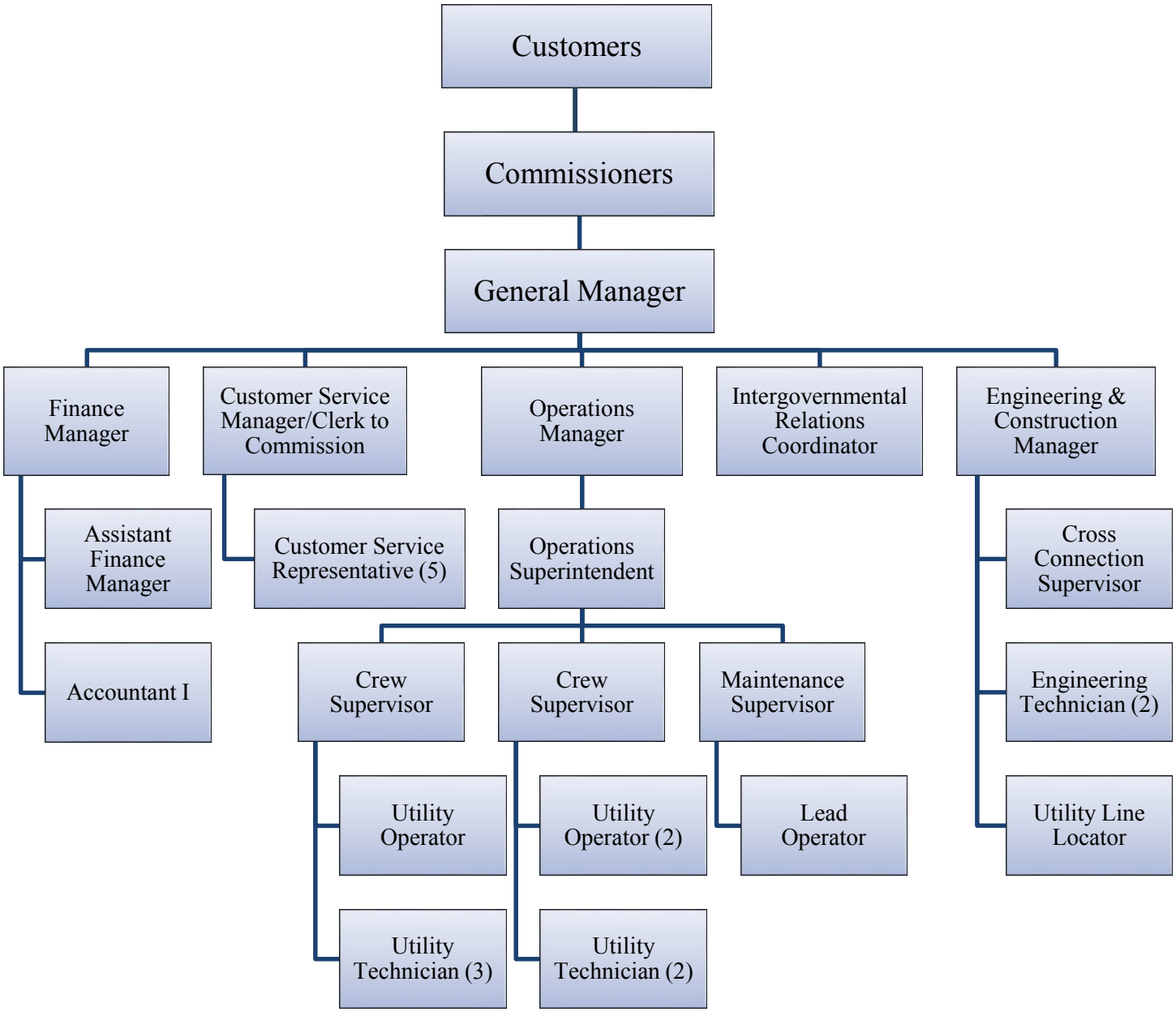
Stephanie R. Morton
Customer Service Manager

M. Gene House
Operations Manager

Donna H. Peeler
Intergovernmental Relations Coordinator

D. Guyon Schmoltze, P. E.
Engineering and Construction Manager

ORGANIZATIONAL CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Joint Municipal Water and Sewer Commission, South Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

THE BRITTINGHAM GROUP, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
501 STATE STREET
POST OFFICE BOX 5949
WEST COLUMBIA, SC 29171

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Joint Municipal Water and Sewer Commission
Post Office Box 2555
Lexington, South Carolina 29071-2555

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Joint Municipal Water and Sewer Commission (the Commission) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Commission as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 – 31, the schedule of funding progress for postemployment benefit plan on page 61, the South Carolina Retirement System Schedule of Contributions on page 61, and Schedule of Proportionate Share of the South Carolina Retirement System Net Pension Liabilities on page 62 be presented to supplement the basic financial statements. Such information, 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 audit 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 audits of the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, statistical section, and supplementary schedule of other general and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedule of other general and administrative expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of other general and administrative expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016 on our consideration of the 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 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 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 Commission's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina
October 12, 2016

JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016, 2015 and 2014

As management of the Joint Municipal Water and Sewer Commission, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial condition and activities of the Commission for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the additional information we have furnished in our letter of transmittal, which can be found at the beginning of this report.

Financial Highlights

The management team of the Commission believes the Commission's financial position is strong, as is evidenced in the accompanying financial data. The Commission has seen continued customer growth during the current fiscal year, and therefore, a corresponding increase in operating revenues. As the economic environment continues to improve, the Commission is experiencing growth in both water and sewer customers. The three-year average growth numbers for the fiscal years 2014 – 2016 has been 5.15% for water customers and 6.96% for sewer customers. Fiscal year 2016 saw customer base increases of 6.13% and 8.43% for water and sewer customers, respectively. The increases observed, together with sound fiscal management, have contributed to the financial strength of the Commission. The Commission exceeded debt service coverage requirements and was in compliance with all debt covenants required by borrowing Agreements. The following are key financial highlights:

- Operating revenues were $14.75 million, an increase from fiscal year 2015 in the amount of $1.63 million, or 12.39%. This overall increase in operating revenues is the result of an increase across the board in all operating revenue line items presented on the Statement of Revenues, Expenses, and Changes in Net Position. This result can be attributed to both the growth in customer base as well as the rate increases that were effective for fiscal year 2016 – sewer maintenance fee approximately 1%; sewer volumetric rate approximately 3%. There was no increase to the water maintenance fee or volumetric rate for fiscal year 2016. Total operating revenues (prior to year-end accruals/adjustments) exceeded budgeted projections by 1.20%.

- Operating expenses, excluding depreciation, increased overall by $193 thousand, or 2.73%, from fiscal year 2015. The three-year average growth rate for operating expenses, excluding depreciation, is 3.75%. The three-year average growth rates for each component of operating expenses, excluding depreciation, are as follows: Salaries & Wages – 1.56%, Wholesale Water & Sewer Costs – 2.27%, General & Administrative Expenses – 6.06%.

- Operating income was $5.0 million in fiscal year 2016, $3.7 million for 2015 and $3.1 million for 2014. The Commission continues to proactively monitor revenues and expenses through monthly Budget vs. Actual reports that are generated and provided to managers for review on a monthly basis. This has allowed the Commission to recognize variances in revenues or expenses in a timely manner, which has resulted in consistent operating income ranging between $2.8 and $5.0 million over the last five fiscal years.

- The Commission has experienced an average income before capital contributions of $3.72 million over the most recent three-year period. The Commission realized a net income of $5.70 million in fiscal year 2016 before capital contributions. This is approximately $1.98 million more than the current three-year average.

- Lexington County remains a relatively strong economic environment for the Commission to operate in, consistently recording unemployment rates lower than state and national averages. This is reflected in the increased customer growth and continued development in the Commission's service area which is a conservative indicator of economic activity in terms of housing for the region. Capital contributions were $1.3 million in fiscal year 2016, consisting of those systems contributed by developers. Total capital contributions in fiscal year 2016 represented the largest amount recorded by the Commission since fiscal year 2009. Capital assets increased just under $3.2 million (net of depreciation) which is a result of the continuous upgrade of Commission-owned infrastructure and assets and includes the purchase of an additional 1 million gallons per day of capacity at the City of West Columbia Water Treatment Plant for $2.3 million in August 2015.

- The Commission's total assets and deferred outflows of resources were $134.8 million, $130.5 million and $129.3 million for fiscal years 2016, 2015 and 2014, respectively. Liabilities and deferred inflows of resources (if any) were $53.6 million, $56.3 million and $56.1 million for fiscal years 2016, 2015 and 2014, respectively. Assets and deferred outflows exceeded liabilities and deferred inflows in the amount of $81.2 million, $74.2 million and $73.2 million in fiscal years 2016, 2015 and 2014, respectively. This is referred to in the financial statements as the Commission's "net position". Total assets and deferred outflows of resources increased $4.4 million and the Commission's net position increased $7.0 million. Unrestricted net position was $25.7 million.

- The Commission recognized an increase in its customer base in the amount of 873, or 6.13%, for water customers and sewer saw an increase of 335 customers, or 8.43%, during fiscal year 2016.

- In fiscal year 2016, over 91.26% of wholesale water purchased was billed to the Commission's retail customers demonstrating a strong commitment to the conservation and protection of natural resources.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Commission's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Commission's strategic plan, budget, bond indenture and other management tools were used for this analysis.

To comply with the external financial reporting requirements of the Board, the accompanying financial statements present the financial position and results of operations and cash flows of the Commission, in conformity with generally accepted accounting principles (GAAP) as applied to regulated utilities (i.e., the full accrual basis of accounting and the economic resources measurement focus.) The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements.

The ***Statement of Net Position*** presents the financial position of the Commission on a full accrual historical cost basis. The statement of net position presents information on all of the Commission's assets and liabilities. Those items not meeting GASB's definition of assets and liabilities, pursuant to GASB Statement 62, are reported as deferred inflows and outflows of resources. GASB recommends that the statements be calculated as follows: "Assets plus Deferred Outflows of Resources minus Liabilities minus Deferred Inflows of Resources equals Net Position." The results are identified as changes in net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Commission is improving or deteriorating.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the ***Statement of Revenues, Expenses, and Changes in Net Position*** presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Commission's recovery of its costs. Rate setting policies use different methods of cost recovery not fully provided for by GAAP. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs.

The ***Statement of Cash Flows*** presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursements information, without consideration for the earnings event, when an obligation arises, or as a result of depreciation of capital assets.

The ***Notes to the Financial Statements*** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Commission's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The Commission's staff has prepared, and accepts responsibility for, the financial statements and related notes as compiled from the detailed books and records of the Commission. The financial statements were audited and adjusted, if material, during the independent external audit process.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as the key financial data and indicators for management and planning. A variance, in dollars and percentage, versus the most recent fiscal year is presented for both the Condensed Statement of Net Position and Condensed Statement of Revenues, Expenses and Changes in Net Position in order to aid analysis.

Condensed Financial Statements

Condensed Statement of Net Position	June 30			Variance (2016 vs. 2015)	
	2016	2015	2014	Dollars	%
Capital Assets:					
Non-depreciable Assets (Land, Construction in Progress)	$ 1,988,664	$ 6,173,073	$ 5,634,909	$ (4,184,409)	-67.78%
Depreciable Assets (Net of Depreciation)	94,502,719	87,150,284	85,387,590	7,352,435	8.44%
Total Capital Assets	96,491,383	93,323,357	91,022,499	3,168,026	3.39%
Current/Non-current Assets	35,497,507	34,135,092	36,065,444	1,362,415	3.99%
Total Assets	131,988,890	127,458,449	127,087,943	4,530,441	3.55%
Deferred Outflows of Rescources	2,830,091	2,995,185	2,240,290	(165,094)	-5.51%
Total Assets and Deferred Outflows of Resources	134,818,981	130,453,634	129,328,233	4,365,347	3.35%
Current Liabilities	4,305,315	4,813,286	6,162,105	(507,971)	-10.55%
Non-current Liabilities	49,123,667	51,170,320	49,970,613	(2,046,653)	-4.00%
Total Liabilities	53,428,982	55,983,606	56,132,718	(2,554,624)	-4.56%
Deferred Inflows of Resources	145,697	270,152	-	(124,455)	-46.07%
Total Liabilities and Deferred Inflows of Resources	53,574,679	56,253,758	56,132,718	(2,679,079)	-4.76%
Net Investment in Capital Assets	52,046,730	48,109,027	48,160,018	3,937,703	8.18%
Restricted for Debt Service	1,920,575	2,202,796	2,520,140	(282,221)	-12.81%
Restricted for Construction Projects	1,559,128	2,607,568	7,407,748	(1,048,440)	-40.21%
Unrestricted	25,717,869	21,280,485	15,107,609	4,437,384	20.85%
Total Net Position	$81,244,302	$74,199,876	$73,195,515	$ 7,044,426	9.49%

Condensed Statement of Revenues, Expenses and Changes in Net Position					
	Year Ended June 30,				
	2016	2015	2014	Variance (2016 vs. 2015)	
	Actual	Actual	Actual	Dollars	%
Operating Revenues:					
Water Sales & Service	**$ 7,407,447**	$ 6,663,908	$ 6,253,508	$ 743,539	11.16%
Wastewater Sales & Service	**2,395,267**	2,167,402	2,120,336	227,865	10.51%
Other Revenues	**4,944,149**	4,289,304	4,082,314	654,845	15.27%
Total Operating Revenue	**14,746,863**	13,120,614	12,456,158	1,626,249	12.39%
Operating Expenses:					
Salaries & Wages	**1,807,613**	1,726,982	1,901,052	80,631	4.67%
Wholesale W&S Costs	**2,108,483**	2,144,286	2,100,121	(35,803)	-1.67%
General & Admin Expenses	**3,326,094**	3,178,129	3,020,354	147,965	4.66%
Subtotal	**7,242,190**	7,049,397	7,021,527	192,793	2.73%
Depreciation	**2,549,423**	2,414,853	2,349,033	134,570	5.57%
Total Operating Expense	**9,791,613**	9,464,250	9,370,560	327,363	3.46%
Operating Income	**4,955,250**	3,656,364	3,085,598	1,298,886	35.52%
Non-operating Revenues (Expenses)					
Water & Sewer CFCs	**2,202,475**	916,400	1,086,996	1,286,075	140.34%
Interest Income	**80,954**	37,189	22,685	43,765	117.68%
Insurance Reimbursement	**412**	175	-	237	135.43%
Gain (Loss) on Sale of Capital Asset(s)	**-**	8,410	-	(8,410)	-100.00%
Interest Expense	**(1,364,245)**	(1,407,497)	(1,498,688)	43,252	-3.07%
Amortization Expense	**(172,406)**	(171,241)	(269,269)	(1,165)	0.68%
Total Non-operating Rev/(Exp.), net	**747,190**	(616,564)	(658,276)	1,363,754	221.19%
Income before Capital Cont.	**5,702,440**	3,039,800	2,427,322	2,662,640	87.59%
Capital Contributions	**1,341,986**	1,123,783	570,599	218,203	19.42%
Change in Net Position	**7,044,426**	4,163,583	2,997,921	2,880,843	69.19%
Net Position - Beginning of Year [(1)]	**74,199,876**	70,036,293	70,197,594	4,163,583	5.94%
Net Position - End of Year	**$81,244,302**	$ 74,199,876	$ 73,195,515	$ 7,044,426	9.49%

[(1)] Net Position - Beginning of Year for Fiscal Year 2015 includes prior period adjustment of ($3,159,222) to record pension liability pursuant to the implementation of GASB Statement No. 68.

*Note: Some totals in the charts and schedules of this report may not foot due to rounding.

Financial Condition

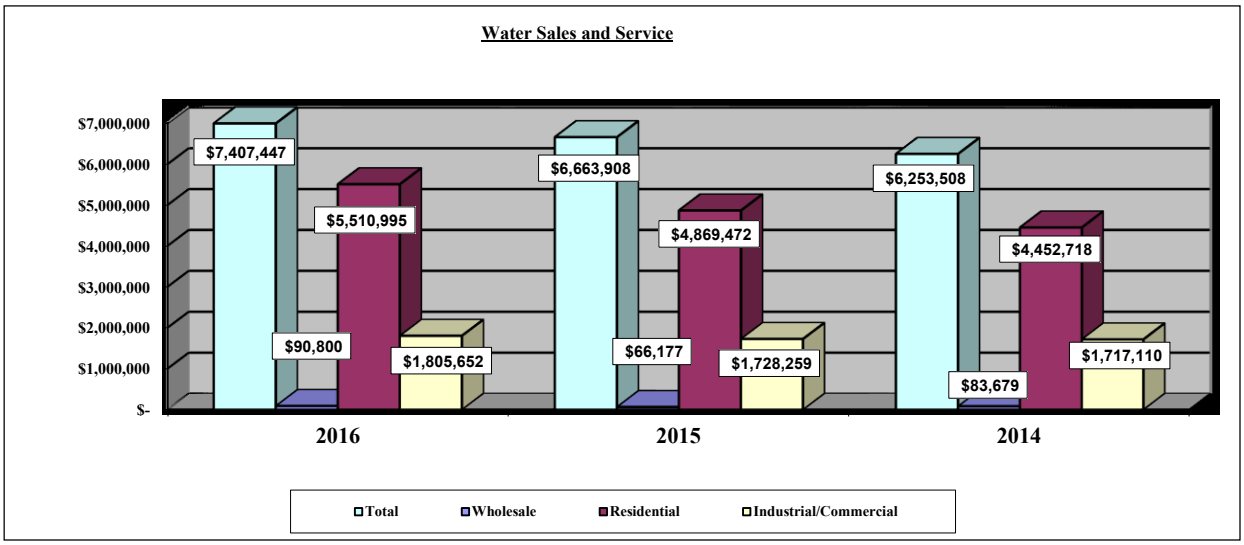
The Commission's financial condition remained strong at year-end with adequate liquid assets, reliable plants and systems to meet demand. The current financial condition, technical support staff capabilities, and operating and expansion plans to meet anticipated customer needs are well balanced and under control. The following chart summarizes the statement of net position with comparisons to the prior two fiscal years.

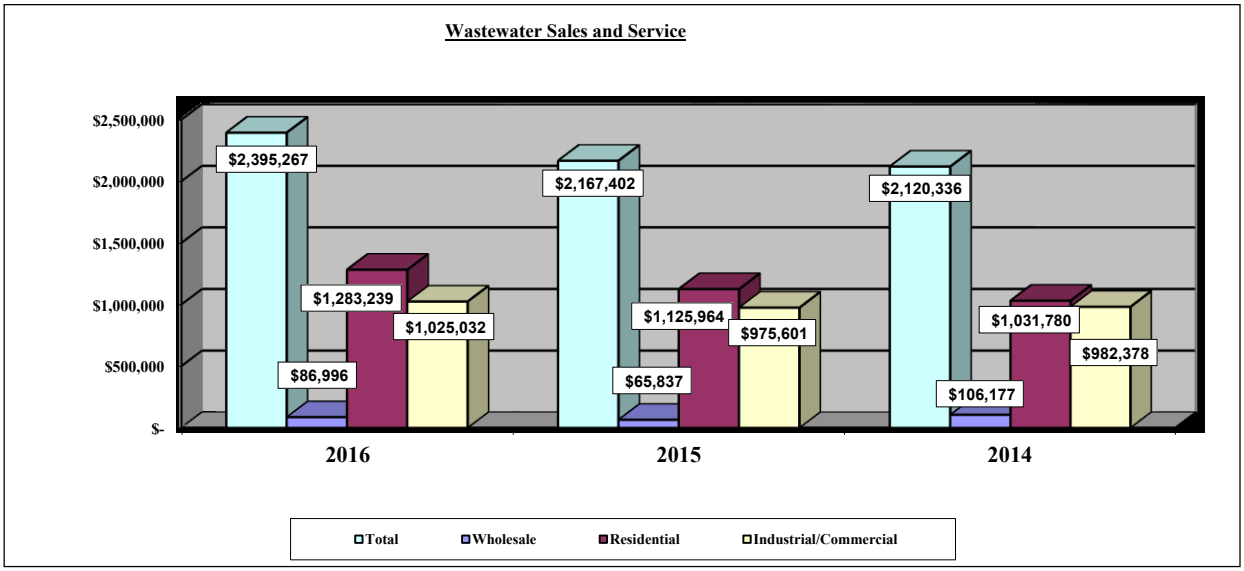
Total assets and deferred outflows grew by $4.4 million or 3.35%. Additions to capital assets, including work on the capital improvements program, developer contributions, and other asset acquisitions were significant contributors to the overall increase. Restricted assets related to debt service decreased by just over $282 thousand.

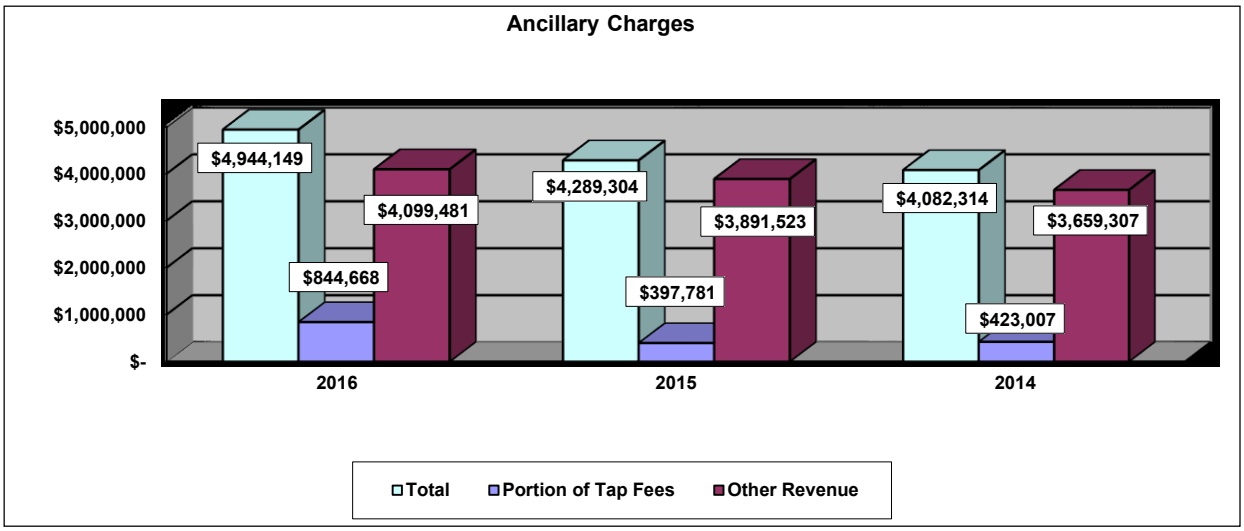
Total net position increased $7.0 million. This increase in net position is the largest increase over the prior fiscal year since fiscal year 2008 and is attributable to three areas of the Commission's business: 1) Operating income of approximately $5.0 million resulting from strong revenue growth and well managed operating expenses. 2) Recognition of a significant amount of non-operating tap fee revenue during fiscal year 2016 which resulted in net non-operating income of approximately $766 thousand. 3) The largest amount of contributed capital recognized during a fiscal year since fiscal year 2009. Unrestricted net position increased $4.4 million.

Results of Operations

Operating Revenues: Revenues from operations fall into three general categories: water service, wastewater service and ancillary charges. Ancillary charges include a portion of tap fees, account set up and penalty fees and charges for other miscellaneous services. The Commission has two classes of water and wastewater customers: wholesale and retail, with retail further subdivided into residential, industrial and commercial customers. The following charts depict water and wastewater service revenues for the last three fiscal years.


Water Sales and Service
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$-
$7,407,447
$90,800
$5,510,995
$1,805,652
$6,663,908
$66,177
$4,869,472
$1,728,259
$6,253,508
$83,679
$4,452,718
$1,717,110
2016
2015
2014
Total
Wholesale
Residential
Industrial/Commercial

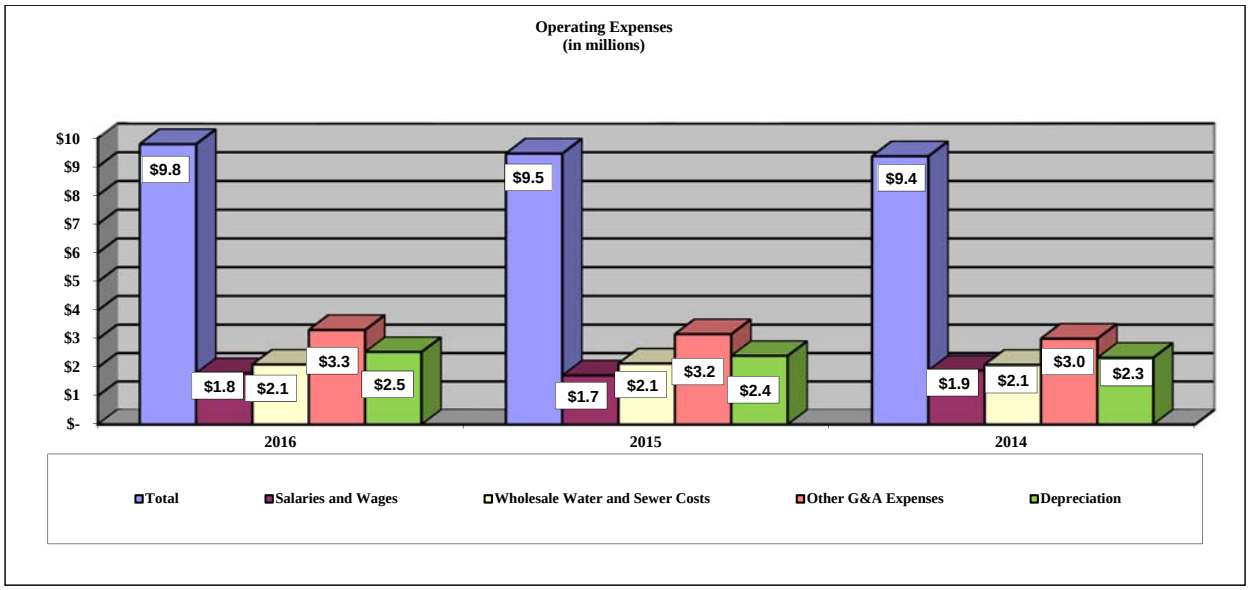

Wastewater Sales and Service
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
$2,395,267
$86,996
$1,283,239
$1,025,032
$2,167,402
$65,837
$1,125,964
$975,601
$2,120,336
$106,177
$1,031,780
$982,378
2016
2015
2014
Total
Wholesale
Residential
Industrial/Commercial


Ancillary Charges
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$-
$4,944,149
$844,668
$4,099,481
$4,289,304
$397,781
$3,891,523
$4,082,314
$423,007
$3,659,307
2016
2015
2014
Total
Portion of Tap Fees
Other Revenue

Expenses: The Commission operates and maintains a potable water distribution system and has sufficient capacity allocated at the Lake Murray surface water treatment plant to care for the needs of the current customer base as well as the new growth expected in its service area. Water is purchased from the City of West Columbia in accordance with an agreement between the City of West Columbia and the Commission.

The Commission also operates and maintains a sewer collection system and has sufficient capacity allocated at the City of Cayce Regional WWTF to care for the needs of the current customer base as well as the new growth expected in its service area. The Commission has an agreement with the City of Cayce in place for sanitary sewer treatment services.

Operating income was approximately $5.0 million in fiscal year 2016, $3.7 million in fiscal year 2015 and $3.1 million in fiscal year 2014.



Cash Flow Activity

The following table shows the Commission's ability to generate net operating cash. Net cash provided by operating activities is shown both in dollars and as a percentage of operating revenues.

	2016	2015	2014	Variance (2016 vs. 2015)
Total Operating Revenues	$ 14,746,864	$ 13,120,614	$ 12,456,158	$ 1,626,250
Net Cash provided by Operations	6,941,232	6,040,327	5,156,350	900,905
Net Operating Cash (as a % of Operating Revenue)	47%	46%	41%	

Capital Assets

Property, plant and equipment, excluding depreciation, increased $5.7 million in 2016 with $1.3 million from non-cash developer contributions, and the remaining $4.4 million funded by, bond issues, capacity fees and operating funds previously restricted for contingency and depreciation.

During fiscal year 2016, work was completed on the Commission's:

1) South Congaree Water Tank
2) Red Bank Water Tank
3) Two Notch Road Booster Pump Station Improvements
4) Swansea Lagoon Lift Station Upgrade
5) Industrial Corridor Sewer Improvements – Radio Tower Lift Station
6) Industrial Corridor Sewer Improvements – Cooper Tools Lift Station
7) Highway 321 Sewer Pump Station Upgrade
8) Sewer System Improvements – Wrenwood Rehabilitation

Also, the Commission purchased an additional 1 million gallons per day capacity at the City of West Columbia Lake Murray Surface Water Treatment Plant in August 2015, bringing the Commission's total capacity to 12.07 million gallons per day.

Work continued during fiscal year 2016 on several projects for the Commission:

1) Old Barnwell Pump Station Rehabilitation
2) Old Charleston Water Main Extension
3) Water Transmission Main Extension
4) Lake Murray Water Treatment Plant Improvements
5) Sewer System Improvements – Lexington Hills

See Note 3 in the notes to the financial statements for more information regarding the Commission's capital assets.

Debt Administration

The Commission is empowered, in accordance with the provisions of the South Carolina Constitution, Chapter 25 of Title 6 of the South Carolina Code, to borrow funds and issue bonds to be paid solely from the revenues of the system. The Commission has no legal restrictions concerning the amount of outstanding debt which it may have, subject to the coverage requirements as detailed in its revenue bond indenture and other contractual obligations.

The Commission issues revenue bonds to refund outstanding debt and to finance portions of its CIP. The Commission's 2017-2021 CIP budget, which totals $15.225 million, anticipates that none of the projects listed requiring future funding will be funded from bond proceeds. The Commission completed the spend down of the Series 2013 Bond Project Fund during fiscal year 2016, and application for reimbursement from the Series 2013 Project Fund was completed in the early part of fiscal year 2017. The fiscal year 2017 budget for debt service is $3.67 million. Please refer to Note 4 of the "Notes to Financial Statements" for more detailed long-term debt information.

At the end of fiscal year 2016, the Commission currently has six senior and two subordinate debt instruments outstanding after retiring the Series 2002 junior debt during fiscal year 2016:

Senior Debt	
Series 2009	$ 365,000
Series 2009A	663,964
Series 2009B	604,698
Series 2012	13,610,000
Series 2013	10,115,000
Series 2014	6,540,000
Junior Debt	
Series 2005	4,677,664
Series 2009	9,897,442
Total	$ 46,473,768

Credit Rating

The Commission's revenue bonds are rated "Aa3" by Moody's Investors Service, and "AA" by Standard and Poor's.

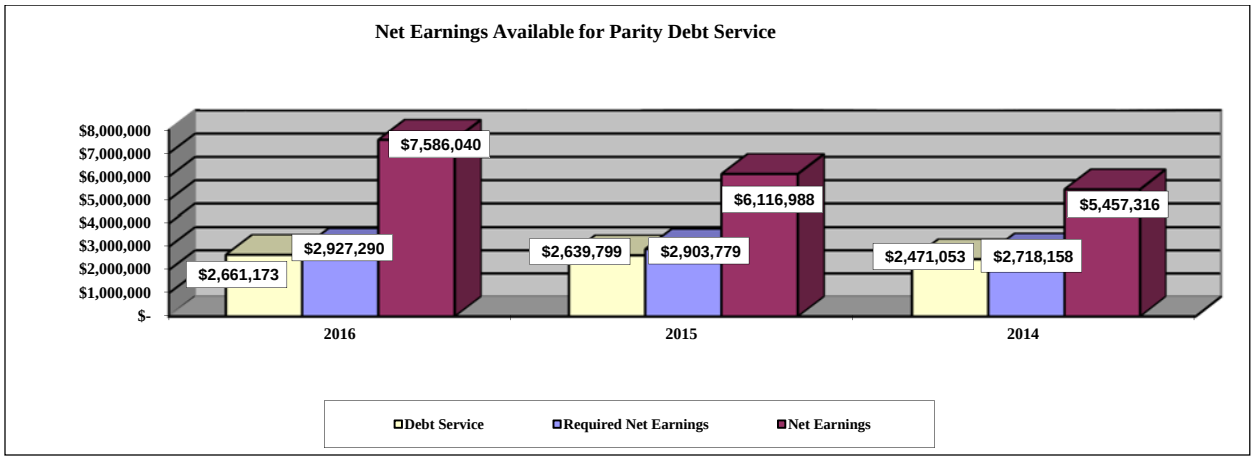
Rate Covenant

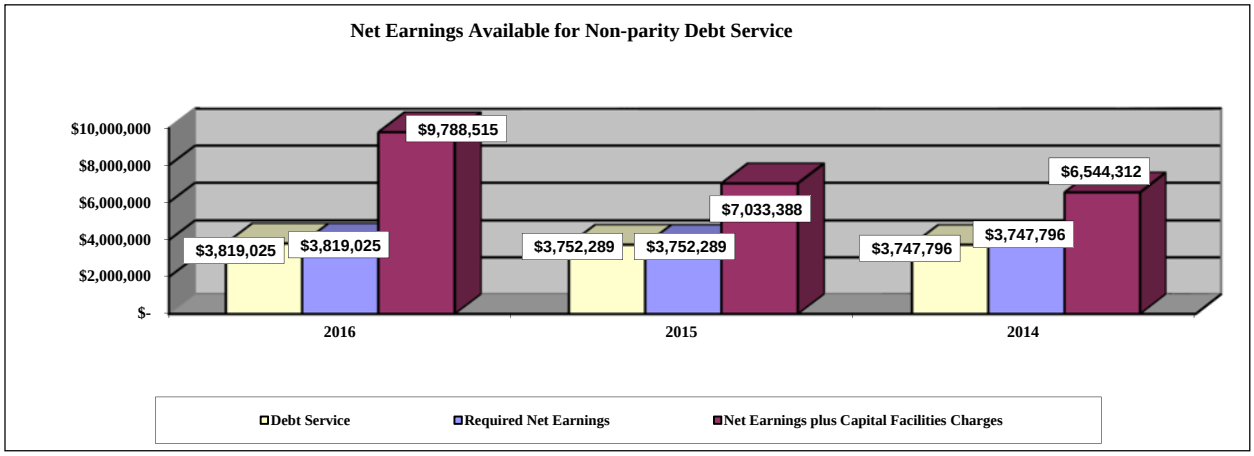
In the bond indenture, the Commission covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the Commission, together with other income, excluding capital facility charges, that will yield annual Net Earnings in the fiscal year equal to at least 110% of the sum of the annual debt service payments for all parity bonds outstanding. Net earnings are defined by the bond indenture to mean, for the period in question, the net operating income of the System determined in accordance with generally accepted accounting principles, adding back depreciation, and including interest income not restricted to bond construction.

The rate covenant in the bond indenture obligates the Commission to review rates not less than once a year and to revise such rates and charges as necessary to meet the coverage test. The Commission further covenants in the bond indenture that it will maintain rates and charges that are at all times sufficient to provide for the payment of the bonds; to maintain the debt service funds, debt service reserve funds, and any other related funding instruments related to the debt of the system; to provide for the payment of administrative and operational expenses of the system preserving the system in good repair and working order, and to build and maintain a reserve for depreciation of the system. Revenue bond debt service coverage for 2016, 2015, and 2014 was 3.678, 2.664 and 2.648, respectively, including capacity fees, and 2.851, 2.317 and 2.208, excluding capacity fees.

The Commission has partnered with the City of West Columbia to expand operations at the City of West Columbia Surface Water Treatment Facility located on Old Cherokee Road in Lexington, SC. Also, the Commission has partnered with the City of Cayce to expand operations at the City of Cayce Wastewater Treatment Facility located in the City of Cayce, SC. As such, the Commission has obligated its revenues to assist in funding these expansions by means of Junior Lien Bonds. The Commission's old indebtedness to the City of West Columbia for the 2002 Bond was elevated to Junior Lien status, and the new indebtedness regarding the State Revolving Fund (SRF) Loan also maintains Junior Lien Bond status. The bond indenture requires that debt service coverage for Junior Lien Bonds be maintained at 100%. The Commission has met and exceeded this requirement by maintaining Non-Parity Debt Service coverage, including tap fees, at 2.563, 1.874, and 1.746 for 2016, 2015 and 2014, respectively.

The following table presents the net earnings available to service debt, with required earnings defined by the bond covenants as 110% of parity debt service and 100% of non-parity debt service:





Final Comments

The Commission has adopted a strategic plan that guides Board and staff toward its mission of providing affordable, efficient, and reliable water and wastewater services. The Strategic Plan is implemented in part by the multi-year financial plan and rate model, the CIP, and the annual budget. It is expected that these tools will continue to provide management with sufficient long and short term planning information to complete the capital improvement program within originally projected rate increases. The following are currently known facts, decisions and conditions which were considered in developing the budget for fiscal year 2017:

- Rate increases effective 7/1/2016 for water and sewer are as follows:
  - Volumetric
    - Water - 1.5% per thousand gallons usage
    - Sewer - 3% per thousand gallons usage
  - Maintenance Fees
    - Water - 13¢ for a ¾" meter and increasing proportionately according to meter size for all others
    - Sewer - 27¢ for a ¾" meter and increasing proportionately according to meter size for all others

- Interest rates are expected to continue a slow recovery throughout fiscal year 2017
  - We are currently investigating alternative investment strategies to make the best use of the Commission's cash reserves.
  - We continue to monitor rates as they relate to the Commission's debt service

- The transition charge, in the amount of $11,627.92 monthly ($139,535.04 annually), that has been paid as part of the monthly wholesale sewer charge from the City of Cayce expired as of the December 2015 payment. This charge has been in effect since January 2013. The expiration of this charge in the middle of fiscal year 2016 contributed to the reduction in the Wholesale Water and Sewer Costs on the Statement of Revenues, Expenses and Changes in Net Position. Fiscal year 2017 will be the first full year since fiscal year 2012 in which the Commission is not obligated to pay this transition charge.

- The employer portion of the SC Retirement System contributions has increased 0.50%, from 10.91% to 11.41% in fiscal year 2017 (Note: This excludes the 0.15% employer contribution rate for Incidental Death Benefit coverage). Employees will also pay an additional 0.50% in fiscal year 2017, bringing the employee contribution rate to 8.66%.

- The employer portion of the State Health Plan premiums will increase by 0.8% in calendar year 2017. Subscriber premiums will not increase in 2017. Also, the Commission is subject to a 0.5% experience rating, or "load factor", on employer and subscriber contributions for the State Health Plan in 2017.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015

ASSETS	**JUNE 30**	
	2016	2015
Current Assets:		
Cash and Cash Equivalents	$ 10,551,049	$ 8,907,561
Cash - Customer Deposits (Restricted)	863,838	788,363
Investments	11,351,070	11,288,112
Deposits with Fiscal Agent (Restricted)	338,538	217,738
Accounts Receivable (Net of Allowance for Uncollectible Accounts of $22,234 and $29,781 respectively)	3,312,711	3,036,802
Grant Receivable	4,399	-
Due from Other Governments	29,952	14,438
Debt Service Component of Plant Expansion Contracts	199,900	104,691
Inventory	355,819	254,869
Prepaid Expenses	77,674	75,445
Prepaid Asset	-	21,231
Total Current Assets	27,084,950	24,709,250
Non-current Assets		
Restricted Cash		
Cash and Cash Equivalents	28,500	28,500
Cash - Capital Asset Reserves	1,150,183	864,763
Investments	3,112,666	4,564,127
Capital Assets		
Non-Depreciable	1,988,664	6,173,073
Depreciable	121,505,308	111,603,451
Less: Accumulated Depreciation	(27,002,589)	(24,453,167)
Tap Fees Receivable-After One Year	804,650	423,000
Legal Cost of Revenue Bonds (Net of Amortization)	508,909	534,683
Debt Service Component of Plant Expansion Contracts	2,320,378	2,520,278
Series 2005 DSRF - City of West Columbia	418,763	418,763
Lease - Town of Pelion	33,000	34,000
Due from Other Governments	35,508	37,728
Total Non-Current Assets	104,903,940	102,749,199
Total Assets	131,988,890	127,458,449
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on CWC Debt Refunding - Series 2002	902,658	939,881
Deferred Charge on Advanced Refunding - Series 2003	995,590	1,054,154
Deferred Charge on Current Refunding - Series 2008	99,771	125,120
Deferred Charge on Advanced Refunding - Series 2009	560,581	603,981
Net Pension Outflows	271,491	272,049
Total Deferred Outflows of Resources	2,830,091	2,995,185

The accompanying notes to financial statements are an integral part of this statement.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

LIABILITIES	**JUNE 30**	
	2016	2015
Current Liabilities:		
Accounts Payable	541,645	702,045
Construction Contracts Payable	163,839	412,246
Payroll Accruals	103,677	81,229
Compensated Absences - Current	62,944	59,518
Customer Deposits	863,838	788,363
Debt Service Component of Plant Expansion Contracts	199,900	104,691
Current Portion of Revenue Bonds	1,112,547	1,311,580
Current Portion of Junior Lien Bond Obligations	788,882	809,738
Accrued Revenue Bond and Note Interest	110,562	114,268
Unearned Revenue	357,481	429,608
Total Current Liabilities	4,305,315	4,813,286
Non-current Liabilities:		
Revenue Bonds Payable (Net of Current Portion)	32,119,147	33,310,222
Junior Lien Bond Obligations Payable (Net of Current Portion)	13,586,324	14,575,106
Compensated Absences - Long-Term	80,081	80,535
Net Pension Liability	3,338,115	3,204,457
Total Long-Term Liabilities	49,123,667	51,170,320
Total Liabilities	53,428,982	55,983,606
DEFERRED INFLOWS OF RESOURCES		
Net Pension Inflows	145,697	270,152
Total Deferred Inflows of Resources	145,697	270,152
NET POSITION		
Net Position:		
Net Investment in Capital Assets	52,046,730	48,109,027
Restricted for Debt Service	1,920,575	2,202,796
Restricted for Construction Projects	1,559,128	2,607,568
Unrestricted	25,717,869	21,280,485
Total Net Position	$ 81,244,302	$ 74,199,876

The accompanying notes to financial statements are an integral part of this statement.

EXHIBIT B

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	JUNE 30			
	2016		2015	
Operating Revenues:				
Water Sales and Services		$ 7,407,447		$ 6,663,908
Sewer Sales and Services		2,395,267		2,167,402
Backflow Fees		725,558		658,593
Hydrant Fees		580,527		539,915
Other Operating Revenues		1,235,212		816,366
Account Maintenance Fees		2,402,852		2,274,430
Total Operating Revenues		14,746,863		13,120,614
Operating Expenses:				
Salaries and Wages	1,807,613		1,726,982	
Wholesale Water and Sewer Costs	2,108,483		2,144,286	
Other General and Administrative Expenses	3,326,094		3,178,129	
Depreciation	2,549,423		2,414,853	
Total Operating Expenses		9,791,613		9,464,250
Operating Income		4,955,250		3,656,364
Non-operating Revenues (Expenses):				
Water and Sewer Capital Facility Charges	2,202,475		916,400	
Interest Income	80,954		37,189	
Insurance Reimbursement	412		175	
Gain (Loss) on Sale of Capital Asset(s)	-		8,410	
Interest Expense	(1,364,245)		(1,407,497)	
Amortization Expense	(172,406)		(171,241)	
Total Non-operating Revenues (Expenses)		747,190		(616,564)
Income Before Capital Contributions		5,702,440		3,039,800
Capital Contributions		1,341,986		1,123,783
Change in Net Position		7,044,426		4,163,583
Net Position - Beginning of Year		74,199,876		70,036,293
Net Position - End of Year		$ 81,244,302		$ 74,199,876

The accompanying notes to financial statements are an integral part of this statement.

EXHIBIT C

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	JUNE 30	
	2016	**2015**
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 14,421,582	$ 13,129,324
Cash Paid to Suppliers	(5,696,414)	(5,372,299)
Cash Paid to Employees	(1,783,936)	(1,716,695)
Net Cash Provided by Operating Activities	6,941,232	6,040,330
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(1,871,872)	(169,915)
Principal Paid on Bonds and Capital Lease	(2,187,650)	(2,034,786)
Interest Paid on Bonds and Notes	(1,211,788)	(1,293,738)
Proceeds on Sale of Capital Asset	-	8,410
Utilization of Series 2013 Project Fund Proceeds, Net of Reimbursements	(604,748)	(5,298,704)
City of Cayce - Capital Charge	(11,094)	(3,976)
City of Cayce - Depreciation Charge	(101,772)	(101,772)
Due from Other Agencies	9,485	(1,890)
Debt Service Reserve Refund - City of Cayce	-	370,257
Purchase of Capacity from City of West Columbia	(2,300,000)	-
Insurance Reimbursements	412	175
Water and Sewer Capital Facility Charges	1,872,720	1,667,445
Net Cash Used in Capital and Related Financing Activities	(6,406,306)	(6,858,494)
Cash Flows From Investing Activities		
Net Transfer (In)/Out of Investment Pool	1,388,503	198,776
Interest Received	80,954	37,189
Net Cash Provided by Investing Activities	1,469,457	235,965
Net Increase/(Decrease) in Cash and Cash Equivalents	2,004,383	(582,169)
Cash and Cash Equivalents - Beginning of Year	10,589,187	11,171,356
Cash and Cash Equivalents - End of Year	$ 12,593,570	$ 10,589,187
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$ 4,955,250	$ 3,656,364
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,549,423	2,414,853
(Increase) Decrease in:		
Accounts Receivable and Other Receivables	(325,584)	(11,360)
Prepaid Expense	(2,229)	(9,639)
Inventory	(100,950)	(20,542)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(160,400)	(45,954)
Customer Deposits	75,475	57,375
Accrued Annual Leave	2,972	1,769
Accrued Salaries and Fringes	22,448	34,769
Unearned Revenue	(75,173)	(37,305)
Net Cash Provided by Operating Activities	$ 6,941,232	$ 6,040,330
Supplemental Disclosures		
Noncash financing activities:		
Developer contribution of systems	$ 1,323,572	$ 1,123,783

The accompanying notes to financial statements are an integral part of this statement.

Note 1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Organization

The Joint Municipal Water and Sewer Commission (the "Commission") was created with the purpose of establishing regional water and sewer service to the residents and businesses of unincorporated areas of Lexington County. In June of 1993, the Lexington County Council deeded the assets of its public service division to the Commission.

The financial reporting entity is defined as the primary government and its component units, as required by generally accepted accounting principles (GAAP). The primary government, which is the nucleus of the reporting entity, has a separately appointed governing body. A component unit is a legally separate entity for which the oversight body of the component unit is fiscally accountable to the primary government.

An organization other than a primary government may serve as the nucleus for a reporting entity when it issues separate financial statements. As such an organization, the Commission is defined herein as a primary entity.

The Commission operates as a proprietary fund under the control of the Joint Municipal Water and Sewer Commission Board of Commissioners (the "Board"). The Board regulates the rates that the Commission can charge its customers for water and sewer usage. The rates charged to customers are based on the cash required for the Commission's operations, debt service, rate funded capital assets and reserve contributions.

Basis of Presentation

To comply with the external financial reporting requirements of the Board, the accompanying financial statements present the financial position and results of operations and cash flows of the Commission, in conformity with GAAP as applied to regulated utilities (i.e., the full accrual basis of accounting and the economic resources measurement focus).

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.

To accommodate the rate-making process, the Commission follows the accounting standards set forth in GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

Note 1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (cont'd.)

New Governmental Accounting Pronouncements

The GASB has issued the following statements which may have a future impact on the Commission:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* effective for periods beginning after June 15, 2017, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the other postemployment benefits ("OPEB") that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, effective for periods beginning after June 15, 2016 except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Note 1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (cont'd.)

Cash and Cash Equivalents

The Joint Municipal Water and Sewer Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments and Restricted Assets

Certain proceeds of enterprise fund operations, as well as certain resources set aside for the repayment of the outstanding debt service, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. A portion of these restricted items are on deposit with investing agencies such as the local government investment pool (See Note 2). Cash received for customer deposits is also restricted.

Inventories and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets or inventory. Inventory is stated at the lower of cost or market.

Capital Assets

Capital assets used in proprietary type funds are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at cost or estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the relative capital assets.

Major outlays for capital assets and improvements are capitalized in the proprietary fund as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed.

It is the policy of the Commission to capitalize items costing $1,000 or greater with a useful life of 1 year or greater.

Depreciation of buildings, equipment and vehicles is computed using the straight-line method. A summary of the estimated useful lives is as follows:

Class of Asset	Life
Vehicles	4 to 7 years
Machinery and Equipment	3 to 20 years
Water and Sewer Systems	5 to 50 years
Buildings and Improvements	10 to 40 years
Water and Sewer Lines	50 years

Note 1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (cont'd.)

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will also report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Commission has five deferrals that meet the criteria for this category. They are:

1) Deferred charge on the refunding of City of West Columbia, Series 2002
    a. This charge is pursuant to a water purchase contract dated February 24, 2005, that required the Commission to recognize a portion of the City's bonded debt for water plant expansion (See Note 4).

2) Deferred charge on the advanced refunding of the Commission's Series 2003 Bond issue
    a. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

3) Deferred charge on the current refunding of the Commission's Series 2008 Bond issue
    a. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

4) Deferred charge on the current refunding of the Commission's Series 2009 Bond issue
    a. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

5) Net Pension outflows
    a. This records the differences between expected and actual experience, and contributions made to SCRS from measurement date to June 30th of current fiscal year.

In addition to liabilities, the Statement of Net Position will also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Commission has one deferral that meets the criteria for this category. It is:

1) Net Pension inflows
    a. This records the net differences between projected and actual earnings on pension plan investments.

Note 1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (cont'd.)

Revenue Billings

Water and sewerage fees are billed to users of the systems on a monthly cycle basis. Revenues are accrued for periods between the termination of billings for the various cycles and the end of the year. Some adjustments are made at fiscal year-end that may change the actual amount of billings.

Receivables and Payables

Trade accounts receivable is shown net of an allowance for doubtful accounts. Accounts payable are recognized when a good or service is received.

Compensated Absences

Commission employees earn annual leave, based upon years of service, at the rate of 10, 15, or 20 days per year. Maximum accumulations at any fiscal year-end cannot exceed 240 hours. Further, under no circumstances will employees be paid in excess of their maximum authorized accumulation in the case of separation/termination.

Vested or accumulated annual leave of Commission employees is recorded as an expense and a liability as those benefits accrue. No liability is recorded for non-vesting accumulation rights to receive sick pay benefits.

Business-Type Activity Accounting

Business-type activity 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 to customers for sales and services. The Commission also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (cont'd.)

Legal Cost of Revenue Bonds

The Commission capitalizes the bond issuance costs of its revenue bonds. The net, unamortized, portion of these costs are shown as a regulatory non-current asset on the Statement of Net Position, and are expended over the life of the revenue bond (e.g. 30 years) using the straight-line method. The difference between the straight line and effective interest method is immaterial, hence the election of straight-line amortization.

The treatment of these costs as such is in compliance with GASB 62 paragraph 480 which states: "A regulated business-type activity should capitalize all or part of an incurred cost (a cost arising from cash paid out or obligation to pay for an acquired asset or service) that otherwise would be charged to expense, if both of the following criteria are met:

1) It is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.
2) Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar futures costs.

Risk Management

The Commission pays insurance premiums to an independent insurance agency to cover risks that may occur in normal operations. Once premiums are paid, the insurance company assumes all risk up to the coverage limits. The insurance company does not assume responsibility for the two risks listed below:

1) Unemployment compensation benefits are paid to eligible employees by the South Carolina Department of Employment and Workforce, and are reimbursed by the Commission.
2) Employees health, dental, group life insurance programs, and other health and dependent care programs.

In addition, the Commission pays premiums to insurance companies to cover the following:

1) Real property buildings and structures with extended peril limits.
2) Real property contents with extended peril limits.
3) Motor vehicles collision/comprehensive and liability coverages.
4) Inland Marine on certain listed equipment and items.
5) General tort liability.

The Commission also pays premiums to independent insurance agencies for those constitutional officers requiring certain surety bonds and carries a bond on all other employees.

Note 1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies (cont'd.)

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Capital

Contributed capital consists of additions and/or upgrades to infrastructure made by customers or developers working within the boundaries of the Commission's service area. Upon completion of the project, and the receipt of a Permit to Operate order issued by the SC Department of Health and Environmental Control (DHEC), said capital is deeded to the Commission, who then accepts the responsibility for the on-going maintenance of the infrastructure. It is included in the capital assets of the Commission, and depreciated accordingly. Also included are those grants restricted for capital purposes.

Note 2. Deposits and Investments

As of June 30, 2016, the Commission had the following deposits and investments:

Deposits	Book Balance	Bank Balance	Rating
Branch Banking and Trust	$ 12,342,819	$ 12,440,276	Collateralized
Branch Banking and Trust	250,000	250,000	FDIC Insured

Investment Type	Fair Value	Rating
SC Local Government Investment Pool	$14,248,806	Unrated
US Government Backed Securities MM	214,930	Unrated

Interest rate risk. In accordance with its investment policy, the Commission manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to short periods of time.

Credit risk. The Commission limits its credit risk by limiting its investments to US government-backed securities and the state investment pool and by investing over a broad range of securities.

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. It is the policy of the Commission to obtain adequate collateralization on all deposits that exceed FDIC insurance coverage. As of June 30, 2016, all of the deposit amounts were covered by FDIC insurance or collateralized as outlined in the chart above. Therefore, no deposits were exposed to custodial credit risk.

Custodial credit risk-investments. For an investment, this 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 possession of an outside party. All investments in the State Treasurer's investment pool are collateralized by underlying securities held by third party financial institutions for the investment pool.

Note 3. Capital Assets

Activity in capital assets for the year ended June 30, 2016 was as follows:

Asset Class	June 30, 2015	Increases	Decreases	June 30, 2015
Land	$ 358,649	$ 0	$ 0	$ 358,649
Construction In Progress	5,814,424	759,890	(4,944,300)	1,630,015
Total Non-Depreciable Capital Assets	6,173,073	759,890	(4,944,300)	1,988,664
Buildings	1,966,236	22,426	-	1,988,662
Less Accum. Depreciation	(720,826)	(75,035)	-	(795,861)
Machinery& Equipment	1,545,151	39,922	-	1,585,073
Less Accum. Depreciation	(1,144,200)	(74,520)	-	(1,218,720)
Furniture & Fixtures	1,067,293	46,156	-	1,113,449
Less Accum. Depreciation	(832,934)	(88,996)	-	(921,930)
Vehicles	739,499	-	-	739,499
Less Accum. Depreciation	(639,205)	(38,334)	-	(677,539)
Water Dist.	58,942,854	7,560,316	-	66,503,170
Less Accum. Depreciation	(12,802,721)	(1,302,295)	-	(14,105,016)
Sewer Coll.	47,342,420	2,233,037	-	49,575,457
Less Accum. Depreciation	(8,313,281)	(970,243)	-	(9,283,524)
Total Depreciable Capital Assets	111,603,451	9,901,857	-	121,505,308
Total Capital Assets (Before Depreciation)	117,776,526	10,661,747	(4,944,300)	123,493,973
Less Accumulated Depreciation	(24,453,167)	(2,549,423)	-	(27,002,589)
Total Capital Assets	$ 93,323,359	$ 8,112,324	($ 4,944,300)	$ 96,491,383

Of the $1,341,986 shown as contributed capital on Exhibit B, the Statement of Revenues, Expenses and Changes in Net Position, $1,323,572 was for water distribution and sewer collection systems which were contributed to the Commission by developers in fiscal year 2016. Totals may not foot due to rounding.

Note 4. Notes and Bonds

Notes and Bonds at June 30, 2016 consist of the following:

Series 2005 Junior Lien Bond obligation to the City of West Columbia pursuant to a water purchase contract, dated February 24, 2005, that required that the Commission recognize a portion of the City's bonded debt for water plant expansion, includes capitalized interest of $50,411.	$ 4,677,664
Series 2009 Junior Lien Bond obligation to the City of Cayce pursuant to a wastewater services agreement, dated September 16, 2009, that required the Commission to recognize a portion of the City's bonded debt for wastewater plant expansion, includes capitalized interest of $344,479.	9,897,442
Total of Junior Lien Bond obligations:	14,575,106
$8,500,000 – Series 2009 Water And Sewer System Revenue Bond due in annual payments of $280,000 to $635,000 through 2029, Interest Rate at 4.69%.	365,000
$895,672 – Series 2009A State Revolving Fund (SRF) Water And Sewer System Revenue Bond for Boiling Springs Rd Water Main Extension, Blended Interest Rate at 1.59%, includes capitalized interest of $2,707.	663,964
$839,066 – Series 2009B State Revolving Fund (SRF) Water And Sewer System Revenue Bond for AAA Utilities acquisition and upgrades, Interest Rate at 1%, includes capitalized interest of $666.	604,698
$14,140,000 – Series 2012 Water And Sewer System Refunding Revenue Bond due in annual payments of $175,000 to $1,295,000 through 2033, Interest Rate at 2% to 5%.	13,610,000
$11,720,000 – Series 2013 Water And Sewer System Refunding and Improvement Revenue Bond due in annual payments of $325,000 to $975,000 through 2043, Interest Rate at 2% to 4.875%.	10,115,000
$6,650,000 – Series 2014 Water And Sewer System Refunding Revenue Bond due in annual payments of $30,000 to $615,000 through 2029, Interest Rate at 2.45%.	6,540,000
Total of Senior Bond obligations:	31,898,662
Subtotal:	46,473,768
Less Current Portion:	(2,101,328)
Total Long Term:	44,372,440

Note 4. Notes and Bonds (cont'd.)

Adjustments for Deferred Amounts:	
$ 1,666,274 – Premium on Series 2012 Water and Sewer System Refunding Revenue Bond	1,338,268
$ 135,755 – Premium on Series 2013 Water and Sewer System Refunding and Improvement Revenue Bond	122,934
($141,537) – Discount on Series 2013 Water and Sewer System Refunding and Improvement Revenue Bond	(128,170)
Total of Issuance Premiums/Discounts:	1,333,032
($ 1,340,028) – Deferred Charge on Refunding of Series 2002 Junior Lien Bond obligation to the City of West Columbia	(902,658)
($ 1,239,607) – Deferred Charge on Refunding of Series 2003 Water and Sewer System Revenue Bond	(995,590)
($ 172,357) – Deferred Charge on Refunding of Series 2008 Water and Sewer System Revenue Bond	(99,771)
($ 627,547) – Deferred Charge on Refunding of Series 2009 Water and Sewer System Revenue Bond	(560,581)
Total of Deferred Charges on Refunding Bonds:	(2,558,600)
Total of Adjustments:	(1,225,568)
Total Debt Service Liabilities:	$ 43,146,872

Total annual debt service requirements from bonds, notes, and capital leases are as follows:

Year Ended June 30	Principal	Interest	Total
2017	$ 2,101,328	$ 1,570,860	$ 3,672,188
2018	2,160,219	1,511,469	3,671,687
2019	2,214,540	1,462,605	3,677,145
2020	2,149,302	1,410,360	3,559,662
2021	2,394,516	1,360,191	3,754,707
2022-2026 [1]	12,856,459	5,787,874	18,644,334
2027-2031	10,960,257	3,853,512	14,813,769
2032-2036	5,692,147	2,078,946	7,771,093
2037-2041	4,040,000	1,070,632	5,110,632
2042-2043	1,905,000	140,400	2,045,400
Total	$ 46,473,768	$ 20,246,849	$ 66,720,617

[1] Years 2022 through 2043 represent debt totals combined for multiple years.

Note 4. Notes and Bonds (cont'd.)

Changes in long-term liabilities: Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds Payable	$ 33,210,243	-	$ 1,311,580	$ 31,898,663	$1,112,547
Junior Lien Obligation Bonds	15,489,534	-	914,428	14,575,106	988,781*
Compensated Absences	140,053	143,025	140,053	143,025	62,944
Total liabilities	48,839,830	143,025	2,366,061	46,616,794	2,164,272
Less Deferred Amounts Issuance Discounts/Premiums	1,411,561	-	78,529	1,333,032	78,529
Total	$ 50,251,391	$ 143,025	$ 2,444,590	$ 47,949,826	$ 2,242,801

*Amount includes "Debt Service Component of Plant Expansion Contracts" under Current Liabilities on Exhibit A.

Note 5. Employee Retirement Systems

The employees of the Commission are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by South Carolina Public Employee Benefit Authority (PEBA), a public employee retirement system. Generally, all Commission employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws of 1976, as amended. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death and group-life insurance benefits to eligible employees and retirees.

The SCRS maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to South Carolina Public Employee Benefit Authority Retirement Benefits, PO Box 11960, Columbia, South Carolina 29211.

Currently, there are two classes of memberships in the SCRS: Class Two and Class Three. (Class One membership is no longer applicable.) Class Two members are employees who currently have earned service credit in SCRS or a correlated retirement system for a period of service prior to July 1, 2012. Class Three members are those members who do not currently have earned service credit in SCRS or a correlated retirement system for a period of service prior to July 1, 2012. A period of withdrawn service or a period of participation in the State ORP does not count toward the earned service credit used to determine whether a member is Class Two or Class Three unless the member has completed a service purchase to establish earned service credit in SCRS for the period of withdrawn service or State ORP participation. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 % of an employee's average final compensation multiplied by the number of years of credited service. Retirement benefits are calculated based on two categories:

Note 5. Employee Retirement Systems (cont'd.)

Normal Retirement (Unreduced Benefit)

Class Two employees are eligible for a normal retirement (unreduced benefit) annuity upon either:

1) Completion of 28 years of credit on the date of retirement, five years of which must be earned service;
2) Reaching age 65 or older on the date of retirement with five years of earned service credit.

Class Three members are eligible for a normal retirement (unreduced benefit) annuity by either:

1) Meeting the "Rule of 90" requirement with at least eight years of earned service credit. This means that your age and years of service credit must add up to 90. For example, a member who is 56 years old and has at least 34 years of service credit, eight years of which must be earned service credit, would be eligible for normal retirement (56 + 34 = 90);
2) Reaching age 65 or older with eight years of earned service credit.

Early Retirement (Reduced Benefit)

Class Two employees are eligible for an early retirement (reduced benefit) annuity upon either:

1) Reaching age 60 with at least five years of earned service credit. Your benefit is permanently reduced 5 percent for each year of age less than 65;
2) Reaching age 55 or older with 25 years of credit, five years of which must be earned service credit. Your benefit is permanently reduced 4 percent for each year of service credit less than 28. Benefit adjustment restrictions apply and are described in the SCRS Member Handbook on page 27.

Class Three members are eligible for an early retirement (reduced benefit) annuity:

1) Upon reaching age 60 with eight years of earned service credit. Your benefit is permanently reduced 5 percent for each year of age less than 65.

The Commission's total covered payroll for the fiscal year was $1,716,473. Since July 1, 2015, employees participating in the SCRS are required to contribute 8.16% of all compensation, excluding bonuses. Under Title 9 of the South Carolina Code of Laws, the Commission's liability under the plan is limited to the amount of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. The employer contribution rate is 10.91%. The contributions made for the year ended June 30, 2016 were $187,267 from the employer and $140,064 from employees. The contributions made for the three prior fiscal years from the employer were $177,405 for 2015, $176,573 for 2014, and $174,610 for 2013. The contributions made for the three prior fiscal years from the employee were $132,022 for 2015, $126,727 for 2014, and $116,964. The Commission's 2016 contributions, for both employee and employer portions, are 100% of the Commission's required contributions for the period, and represented less than one percent of total contributions required of all participating entities. Also, the Commission paid employer group-life insurance contributions of approximately $2,575 for the year ended June 30, 2016 at the rate of .15% of compensation.

Note 5. Employee Retirement Systems (cont'd.)

The amounts paid by the Commission for pension, group-life benefits and accidental death benefits are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16 of the South Carolina Constitution requires that all state-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS are actuarially determined. Annual benefits, payable monthly for life, are based on length of service, employee classification and on average final compensation.

The Systems did not make separate measurements of assets and pension liabilities for individual employers. Under Title 9 of the South Carolina Code of Laws, the Commission's liability under the plan is limited to the amount of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the Commission's liability under the pension plans is limited to the amounts appropriated in the South Carolina Appropriation Act and amounts from other applicable revenue sources. Accordingly, the Commission recognized no contingent liability for unfunded costs associated with participation in the plans.

At June 30, 2016 the Commission reported $3,338,115 for its proportionate share of the net pension liabilities of SCRS. The net pension liability defined of the SCRS defined benefit pension plan was determined based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to June 30, 2015, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. The Commission's portion of the net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the Commission's SCRS proportion was 0.0176%, which is a slight decrease from its portion of the net pension liability measured as of June 30, 2014. For the year ended June 30, 2016 the Commission recognized pension expenses of $9,762 for SCRS.

At June 30, 2016 the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

Deferred Outflow of Resources		
Differences between expected and actual experience	$	81,651
Contributions made to SCRS from measurement date to June 30, 2016		189,840
Total deferred outflows of resources	$	271,491
Deferred Inflows of Resources		
Net differences between projected and actual earnings on pension plan investments	$	145,697

Note 5. Employee Retirement Systems (cont'd.)

The Commission reported $189,840 as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement dates and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended June 30,	Deferred Outflows	Deferred Inflows	Net
2017	$ 17,963	$ (47,834)	$ (29,871)
2018	17,963	(47,834)	(29,871)
2019	17,963	(68,205)	(50,242)
2020	27,762	18,174	45,936
	$ 81,651	$ (145,699)	$ (64,048)

The total pension liabilities in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment Rate or Return	7.50%
Projected Salary Increase	Levels Off at 3.5%
Inflation Rate	2.75%
Benefit Adjustments	Less of 1% or $500

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males with White Collar Adjustment) Multiplied by 110%	RP-2000 Females (with White Collar Adjustment) Multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and Members of the South Carolina National Guard	RP-2000 Males (with Blue Collar Adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar Adjustment) multiplied by 115%

Note 5. Employee Retirement Systems (cont'd.)

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgement.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provision and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculated of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	**5.0%**		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income	**13.0%**		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income	**9.0%**		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	**31.0%**	7.10%	2.20%
Global Tactical Asset Allocation	**10.0%**	4.90%	0.49%
Alternatives	**32.0%**		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

Note 5. Employee Retirement Systems (cont'd.)

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all SCRS participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table represents the Commission's proportionate share of the net SCRS pension liabilities calculated using the discount rate of 7.50 percent, as well as what the Commission's respective net pension liabilities would be if it were calculated using a discount rate of 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

Plan	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
SCRS	$ 4,208,409	$ 3,338,115	$ 2,608,697

Note 6. Unearned Revenue

Unearned revenue represents that portion of hard costs of meter set revenue received but not earned until meters are set.

Note 7. Deferred Compensation Plans

Several optional deferred compensation plans are available to Commission employees. Certain employees of the Commission have elected to participate. Employees may withdraw the current value of their contributions when they terminate employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Compensation deferred under the Section 401(k) and 457(b) plans is placed in trust for the contributing employee. The Commission has no liability for losses under the plans. Under each of the plans, all deferred compensation plan amounts and earnings remain assets of the employees.

Note 8. Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to facilitate financial analysis.

Note 9. Commitments and Contingencies

Funds received from federal and state grants programs are subject to audit by various federal and state agencies. The Commission can be required to replace any funds not used in compliance with grant requirements. At June 30, 2016, the Commission had active water main extension construction, line replacement and sewer projects with commitments to contractors of $649,600, of which $573,473 had been expended or recorded as a liability.

Note 10. Subsequent Events

The Commission has evaluated all events subsequent to the basic financial statements for the year ended June 30, 2016 through October 12, 2016, which is the date the financial statements were available to be issued, and determined that there were no additional subsequent events requiring note disclosure.

Note 11. Post-Employment Benefits Other Than Pension

Plan Description

The Commission's defined benefit post-employment healthcare plan (the Plan), which the Commission initiated November 2007, provides medical and dental insurance to eligible retirees under the Medicare age of 65. Employees hired before September 9, 2015 become eligible when the employee qualifies for retirement benefits under the SCRS and has 5 years of continuous service with the Commission and was employed with the Commission at the time of retirement. Effective September 9, 2015, the minimum amount of service for employees hired on or after this date is ten (10) years. Information regarding SCRS eligibility may be obtained from the Comprehensive Annual Financial Report of the Plan. (See Note 5)

As of July 1, 2015, the measurement date for the plan year 2016, there were 31 covered participants; 2 members, a retiree and spouse, receive benefits and 29 are active participants.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of SC, P.O. Box 12109, Columbia, South Carolina 29211.

Note 11. Post-Employment Benefits Other Than Pensions (cont'd.)

Funding Policy

The Commission currently has no retirees for whom it must make a monthly contribution for retiree-only healthcare coverage for eligible employees based on its current plan. The monthly contribution that the Commission contributed for fiscal year 2015-2016 was $728. For current retirees, the Commission makes a percentage of the healthcare contributions based on years of service. Under the original 2007 plan, for 5-9 years (minimum) of service the Commission pays 25% of the employer portion for the retiree's healthcare and dental premium. For 10-14 years of service the percentage increases 50%, an employee with 15-19 years of service is eligible for 75% and for an employee who retires from the Commission with 20 or more years of continuous service the Commission pays 100% of the premium until the employee reaches age 65. Under the September 9, 2015 plan, for 10-14 years (minimum) of service the Commission pays 25% of the employer portion for the retiree's healthcare and dental premium. For 15-19 years of service the percentage increases 50%, an employee with 20-24 years of service is eligible for 75% and for an employee who retires from the Commission with 25 or more years of continuous service the Commission pays 100% of the premium until the employee reaches age 65. For the fiscal year 2015-2016, the Commission contributed $49,723 for future retiree healthcare coverage, which included actuarial valuation expenses in the amount of $3,080.

The Commission's annual other post-employment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is based on an actuarial valuation that is prepared in accordance within certain parameters. The current rate is 1.74% of annual covered payroll.

Annual OPEB Cost and Funded Status and Funding Progress

For the fiscal year 2015-2016, the Commission's annual OPEB cost was $49,723 for the Plan, which was equal to the ARC, less explicitly and implicitly subsidized benefits. The following table shows the components of the Commission's annual OPEB cost for the fiscal year ended June 30, 2016:

Normal Cost	$ 20,238
10 Year Amortization of Unfunded Actuarial Accrued Liability (UAAL)	26,405
Actuarial Valuation Expenses	3,080
Total Annual Required Contribution	$ 49,723

Note 11. Post-Employment Benefits Other Than Pensions (cont'd)

Contributions included $49,723 paid by the Commission to the Plan to pre-fund benefits and cover expenses associated with the required actuarial valuation, and $728 paid by the Commission through payment of covered participants' explicit and implicit subsidized benefits.

The Commission implemented GASB Statement No. 45 in fiscal year 2009-2010. The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB (obligation) asset for the fiscal year ended June 30, 2016 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Obligation) Asset
6-30-2016	$49,723	100%	$ 0

At July 1, 2015, the actuarial accrued liability for benefits (AAL) was $316,353, with an actuarial value of $212,530 in Plan assets, resulting in an unfunded actuarial accrued liability (UAAL) of $103,823. The funded ratio (actuarial value of Plan assets/AAL) was 67.18%. The covered payroll (annual payroll of active employees covered by the Plan, and based on the assumption that the payroll will increase by 2.75% annually) was $1,656,493, and the ratio of the UAAL to covered payroll was 6.27%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 11. Post-Employment Benefits Other Than Pensions (cont'd)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actual value of assets, consistent with the long-term perspective of the calculations.

The Commission uses the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 7.50% - 5.00%. The trend rate, based on the Getzen Trend model, is graded to 5.0 % over 80 years. Both rates included a payroll growth rate of 2.75%. The dental cost trend rate was assumed to be 4.5% per annum. The asset valuation method used is market value. The ORBET trust's actuarial consultants intend to use a smoothing method over a 5 year period with the assumed investment rate of return. The Plan's UAAL is being amortized on the level dollar method. The remaining amortization at July 1, 2015 is over a closed period of 4 years.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Other Post-Employment Benefits Number of Active and Retired Members As of July 1, 2015	
Retirees, beneficiaries and spouses currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving benefits	0
Active members	29
Total	31

Other Post-Employment Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2009	$ 0	$ 112,100	$112,100	0.00%	$ 1,364,800	8.21%
7/1/2011	$ 30,174	$ 143,849	$ 113,675	20.98%	$ 1,516,165	7.50%
7/1/2013	$ 73,529	$ 164,860	$ 91,331	44.60%	$ 1,684,011	5.42%
7/1/2015	$212,530	$316,353	$103,823	67.18%	$1,656,493	6.27%

South Carolina Retirement System
Schedule of Contributions

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contributions:	$ 187,267	$ 177,405	$ 176,573	$ 174,610	$ 155,462	$ 141,688	$ 133,784	$ 127,680	$ 112,830	$ 94,356
Contributions in relation to the contractually required contribution:	(187,267)	(177,405)	(176,573)	(174,610)	(155,462)	(141,688)	(133,784)	(127,680)	(112,830)	(94,356)
Contribution deficiency/(excess):	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
State covered-employee payroll:	$ 1,716,473	$ 1,650,281	$ 1,689,696	$ 1,670,909	$ 1,657,377	$ 1,533,420	$ 1,447,878	$ 1,381,818	$ 1,245,364	$ 1,172,130
Contributions as a percentage of covered-employee payroll:	10.91%	10.75%	10.45%	10.45%	9.38%	9.24%	9.24%	9.24%	9.06%	8.05%

JOINT MUNICIPAL WATER AND SEWER COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Schedule of the Proportionate Share of the South Carolina Retirement System Net Pension Liabilities

Last 10 fiscal years*	2015	2014	2013
Commission's proportion of the net pension liability	0.0176%	0.0186%	0.0186%
Commission's proportionate share of the net pension liability	$ 3,338,115	$ 3,204,457	$ 3,338,329
Commission's covered-employee payroll	$ 1,650,281	$ 1,689,696	$ 1,670,909
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	194.48%	194.18%	197.57%
Plan fiduciary net position as a percentage of the total pension liability	56.99%	59.92%	56.39%

* Represents South Carolina Retirement System's fiscal year. This data is presented for those years which information is available.

SCHEDULE 1

JOINT MUNICIPAL WATER AND SEWER COMMISSION
SCHEDULE OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	JUNE 30	
	2016	2015
Payroll Fringes	$ 670,997	$ 731,060
IVR Transaction and Online Utility Expenses	18,000	17,462
Contracted Services and Maintenance	487,875	385,655
Professional Services	392,115	313,555
Franchise Fees	25,928	24,011
Pelion Lease	1,000	1,000
Right of Way Clearing	1,650	2,800
Grounds Maintenance	20,285	22,115
Advertising	(815)	860
Provision for Uncollectible Accounts	3,950	21,819
Bank Charges	95,139	94,784
Office Supplies	10,859	9,401
Backflow Devices	66,154	46,928
Duplicating	11,474	13,410
Operating and Engineering Supplies	78,187	80,979
Chemicals	216,528	221,892
Equipment Repairs and Maintenance	161,978	220,325
Vehicle Repairs and Maintenance	39,626	27,674
Building Repairs	19,581	11,429
Equipment Rental	-	3,039
Building Insurance	36,775	29,607
Vehicle Insurance	19,170	19,307
General Tort Liability Insurance and Surety Bond	30,125	30,293
Telephone	32,948	34,210
Postage	10,221	10,946
Meetings, Training and Subscriptions	56,422	45,867
Utilities	432,228	365,474
Gas, Fuel and Oil	41,646	64,917
Uniforms	10,711	9,797
Licenses and Permits	29,001	27,951
Miscellaneous	52,248	45,658
Tap Installation Costs	239,689	235,601
Retrofit Meters and Hydrant Installations	14,400	8,302
Total Other General and Administrative Expenses	$ 3,326,094	$ 3,178,129

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Commissioners
Joint Municipal Water and Sewer Commission
Post Office Box 2555
Lexington, South Carolina 29071-2555

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Joint Municipal Water and Sewer Commission (the Commission) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 12, 2016.

Internal Control Over Financial Reporting
In planning and performing our audits of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Brittingham Group LLP

West Columbia, South Carolina
October 12, 2016

STATISTICAL SECTION

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE I

Net Position by Component
Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Investment in Capital Assets	$ 52,046,730	$ 48,109,027	$ 48,160,018	$ 45,190,614	$ 42,485,396	$ 43,679,501	$ 42,582,495	$ 40,709,556	$ 36,841,696	$ 34,540,827
Restricted for Debt Service:	1,920,575	2,202,796	2,520,140	1,647,629	1,789,578	1,727,393	1,707,821	1,555,761	2,156,913	1,763,111
Restricted for Capital/Const. Projects:	1,559,128	2,607,568	7,407,748	444,336	1,360,070	2,785,748	3,282,498	5,704,100	-	-
Unrestricted:	25,717,869	21,280,485	15,107,609	22,915,015	21,693,312	15,419,897	13,320,409	9,472,852	15,316,709	9,698,119
Total Net Position:	$ 81,244,302	$ 74,199,876	$ 73,195,515	$ 70,197,594	$ 67,328,356	$ 63,612,539	$ 60,893,223	$ 57,442,269	$ 54,315,318	$ 46,002,057

Source: Commission's Audited Financial Statements

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE II

Changes in Net Position
Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)

	2016	2015[1]	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Water Service Revenues	$ 7,407,447	$ 6,663,908	$ 6,253,508	$ 5,917,050	$ 6,318,212	$ 5,928,795	$ 5,466,085	$ 4,770,957	$ 5,349,108	$ 4,579,276
Wastewater Service Revenues	2,395,267	2,167,402	2,120,336	1,929,375	1,844,669	1,692,526	1,427,240	1,252,658	1,189,786	1,023,613
Other Revenues	4,944,149	4,289,304	4,082,314	3,611,487	3,415,718	3,165,410	2,932,633	2,146,750	3,236,649	2,553,577
Total Operating Revenues:	14,746,863	13,120,614	12,456,158	11,457,912	11,578,599	10,786,731	9,825,958	8,170,365	9,775,543	8,156,466
Operating Expenses:										
Salaries and Wages	1,807,613	1,726,982	1,901,052	1,725,809	1,648,059	1,603,692	1,550,262	1,521,531	1,378,993	1,287,344
Wholesale W&S Costs	2,108,483	2,144,286	2,100,121	1,971,004	1,596,574	1,737,667	1,596,876	1,531,775	1,416,996	1,437,048
Depreciation	2,549,423	2,414,853	2,349,033	2,146,613	1,976,699	1,961,919	1,893,733	1,852,786	1,811,789	1,552,009
General & Admin Exp	3,326,094	3,178,129	3,020,354	2,788,018	2,532,991	2,757,881	2,451,652	2,062,938	2,590,832	2,373,456
Total Operating Expenses	9,791,613	9,464,250	9,370,560	8,631,444	7,754,323	8,061,159	7,492,523	6,969,030	7,198,610	6,649,857
Operating Income	4,955,250	3,656,364	3,085,598	2,826,468	3,824,276	2,725,572	2,333,435	1,201,335	2,576,933	1,506,609
Non-operating revenue (expenses), net	747,190	(616,564)	(657,892)	(835,159)	(573,794)	(1,181,715)	269,721	(101,690)	2,128,278	2,340,933
Income before Capital Contributions	5,702,440	3,039,800	2,427,706	1,991,309	3,250,482	1,543,857	2,603,156	1,099,645	4,705,211	3,847,542
Capital Contributions	1,341,986	1,123,783	570,215	877,929	465,335	1,175,460	847,797	2,027,306	3,608,048	8,021,325
Change in Net Position	$ 7,044,426	$ 1,004,361	$ 2,997,921	$ 2,869,238	$ 3,715,817	$ 2,719,317	$ 3,450,953	$ 3,126,951	$ 8,313,259	$ 11,868,867

[1] Change in Net Position for fiscal year 2015 includes prior period adjustment of ($3,159,222) to record pension liability pursuant to the implementation of GASB Statement No. 68.

Source: Commission's Audited Financial Statements

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE III

Revenues and Expenses (Rate Basis)
Actual versus Budget - FY 2016

	Actual[1]	Budget[2]	Variance	% of Budget Recognized/Spent
General Revenues				
Water Sales & Service	$ 7,270,887	$ 7,739,168	$ (468,281)	93.95%
Wastewater Sales & Service	2,369,236	2,377,086	(7,850)	99.67%
Backflow Fees	725,558	637,659	87,899	113.78%
Hydrant Fees	580,527	543,260	37,267	106.86%
Other Operating Revenues	389,895	440,355	(50,460)	88.54%
Account Maintenance Fees	2,402,852	2,317,033	85,819	103.70%
Total General Revenues	13,738,955	14,054,561	(315,606)	97.75%
Tap Fee Connections Cost Recovery				
Tap Fee Connection Costs	355,000	-	355,000	0.00%
Hard costs of Meter Sets	124,500	-	124,500	0.00%
Tap Installation Fee	5,418	-	5,418	0.00%
Total Tap Fee Connections Cost Recovery	484,918	-	484,918	0.00%
Total Operating Revenues	14,223,873	14,054,561	169,312	101.20%
Non-operating Revenues				
Capital Facility Charges	1,359,175	-	1,359,175	0.00%
Interest income	80,954	34,199	46,755	236.71%
Miscellaneous Income	7,675	-	7,675	0.00%
Total Non-operating Revenues	1,447,804	34,199	1,413,605	4233.47%
Total Revenues	15,671,677	14,088,760	1,582,917	111.24%
Direct Operating Expenses				
Salaries and Wages	1,780,580	1,952,401	(171,821)	91.20%
Wholesale Water and Sewer Costs	1,892,758	2,496,843	(604,085)	75.81%
Other General and Administrative Expenses	3,428,764	4,179,591	(750,827)	82.04%
Total Direct Operating Expenses	7,102,102	8,628,835	(1,526,733)	82.31%
Indirect Operating Expenses				
Debt Service[3]	3,849,517	3,430,260	419,257	112.22%
Capital Outlay	81,015	367,883	(286,868)	22.02%
Regional WWTF Charges (Depreciaion & Capital Charge)	112,865	-	112,865	0.00%
Total Indirect Operating Expenses	4,043,397	3,798,143	245,254	106.46%
Total Direct and Indirect Operating Expenses	11,145,499	12,426,978	(1,281,479)	89.69%
Net	$ 4,526,178	$ 1,661,782	$ 2,864,396	272.37%

[1] Prior to year end accruals and adjustments.

[2] Final amended budget at fiscal year end.

[3] Presented net of original issuance discount and premiums.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE IV

Distribution of Customers by Account Type
Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)

	2016				2015				2014				2013				2012			
	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth
Total Water Customers:	**15,112**		**873**	6.13%	**14,239**		**686**	5.06%	**13,553**		**553**	4.25%	**13,000**		**605**	4.88%	**12,395**		**426**	3.56%
Residential	14,432	95.5%	860	6.34%	13,572	95.3%	664	5.14%	12,908	95.2%	528	4.26%	12,380	95.2%	588	4.99%	11,792	95.1%	407	3.57%
Commercial	668	4.4%	13	1.98%	655	4.6%	18	2.83%	637	4.7%	25	4.08%	612	4.7%	17	2.86%	595	4.8%	17	2.94%
Industrial	12	0.1%	-	0.00%	12	0.1%	4	50.00%	8	0.1%	-	0.00%	8	0.1%	-	0.00%	8	0.1%	2	33.33%
Total Sewer Customers:	**4,308**		**335**	8.43%	**3,973**		**238**	6.37%	**3,735**		**214**	6.08%	**3,521**		**200**	6.02%	**3,321**		**154**	4.86%
Residential	4,126	95.8%	327	8.61%	3,799	95.6%	230	6.44%	3,569	95.6%	203	6.03%	3,366	95.6%	190	5.98%	3,176	95.6%	148	4.89%
Commercial	168	3.9%	8	5.00%	160	4.0%	7	4.58%	153	4.1%	11	7.75%	142	4.0%	10	7.58%	132	4.0%	5	3.94%
Industrial	14	0.3%	-	0.00%	14	0.4%	1	7.69%	13	0.3%	-	0.00%	13	0.4%	-	0.00%	13	0.4%	1	8.33%

	2011				2010				2009				2008				2007			
	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth [1]	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth
Total Water Customers:	**11,969**		**357**	3.07%	**11,612**		**1,327**	12.90%	**10,285**		**380**	3.84%	**9,905**		**775**	8.49%	**9,130**		**1,005**	12.37%
Residential[1]	11,385	95.1%	291	2.62%	11,094	95.5%	1,282	13.07%	9,812	95.4%	342	3.61%	9,470	95.6%	726	8.30%	8,744	95.8%	965	12.41%
Commercial	578	4.8%	66	12.89%	512	4.4%	45	9.64%	467	4.5%	38	8.86%	429	4.3%	49	12.89%	380	4.2%	40	11.76%
Industrial	6	0.1%	-	0.00%	6	0.1%	-	0.00%	6	0.1%	-	0.00%	6	0.1%	-	0.00%	6	0.1%	-	0.00%
Total Sewer Customers:	**3,167**		**136**	4.49%	**3,031**		**270**	9.78%	**2,761**		**119**	4.50%	**2,642**		**247**	10.31%	**2,395**		**370**	18.27%
Residential	3,028	95.6%	143	4.96%	2,885	95.2%	**258**	9.82%	2,627	95.1%	111	4.41%	2,516	95.2%	222	9.68%	2,294	95.8%	363	18.80%
Commercial	127	4.0%	(7)	-5.22%	134	4.4%	**11**	8.94%	123	4.5%	7	6.03%	116	4.4%	25	27.47%	91	3.8%	8	9.64%
Industrial	12	0.4%	-	0.00%	12	0.4%	**1**	9.09%	11	0.4%	1	10.00%	10	0.4%	-	0.00%	10	0.4%	(1)	-9.09%

[1] Growth of residential water customers in fiscal year 2010 includes 806 new accounts that came from acquisitions and franchises.

Source: i-nHANCE Utility Billing Software, iCIS

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE V-1

Monthly Charges to Commission
Residential Customers with ¾" Meter and
7,000 Average GPM Usage

FYE June 30,	Water Charges	Sewer Charges	Total
2016	$ 44.16	$ 53.24	$ 97.40
2015	44.16	51.87	96.03
2014	43.71	50.48	94.19
2013	43.04	48.99	92.03
2012	42.69	47.62	90.31
2011	41.46	44.77	86.23
2010	39.94	41.06	81.00
2009	38.74	39.02	77.76
2008	37.70	37.35	75.05
2007	37.70	37.35	75.05

Monthly Charge Comparison
with Other Regional Municipal Utility Systems[(1)]
for Residential Customers with ¾" Meter and 7,000 GPM Usage
June 2016

Utility System	Water Charges	Sewer Charges	Total
Batesburg-Leesville	$ 59.54	$ 75.29	$ 134.83
Cayce	59.59	44.42	104.01
Commission	44.16	53.24	97.40
Gilbert-Summit[(2)]	51.00	N/A	51.00
Lexington	62.07	72.51	134.58
Pelion[(2)]	44.16	N/A	44.16
Swansea	53.98	50.40	104.38
West Columbia	40.67	21.38	62.05

[(1)] Based on outside city rate schedules as of June 2016 of each of the utilities, but does not assume future rate increases.

[(2)] Pelion and Gilbert-Summit do not provide sewer service.

*Note: Charges above do not include fire protection or backflow charges.

Source: Published Utility Rate Schedules

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE V-2

Monthly Charge Comparison
with Other Regional Municipal Utility Systems[1]
for Industrial Customer with 4" Meter and 400,000 Gallons Usage
June 2016

Utility System	Water Charges	Sewer Charges	Total
Batesburg-Leesville[2]	$ 1,971.95	$ 2,571.95	$ 4,543.90
Cayce	3,840.18	2,805.55	6,645.73
Commission	2,105.71	2,565.32	4,671.03
Gilbert-Summit[3]	2,284.00	N/A	2,284.00
Lexington	2,939.60	3,448.38	6,387.98
Pelion[3]	2,105.71	N/A	2,105.71
Swansea [4]	N/A	N/A	N/A
West Columbia	1,754.25	964.58	2,718.83

[1] Based on outside city rate schedules as of June 2016 of the utilities, but does not assume future rate increases.

[2] Batesburg-Leesville industrial customers are charged in town rates according to a town ordinance.

[3] Pelion and Gilbert-Summit do not provide sewer service.

[4] Swansea does not provide service to industrial customers.

Source: Published Utility Rate Schedules

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE VI

Water and Sewer Rates
Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)

Fiscal Year	2016	2015	2014	2013	2012	2011	2010	2010	2009	2009	2008	2007
Effective Date	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011	7/1/2010	1/1/2010	7/1/2009	1/1/2009	7/1/2008	1/1/2008	1/1/2007
Water Maintenance Fee [1]	$ 8.60	$ 8.60	$ 8.50	$ 8.25	$ 8.25	$ 8.00	$ 7.18	$ 7.07	$ 6.96	$ 6.86	$ 6.76	$ 6.76
Water Usage Rate [2]	$ 5.08	$ 5.08	$ 5.03	$ 4.97	$ 4.92	$ 4.78	$ 4.68	$ 4.61	$ 4.54	$ 4.48	$ 4.42	$ 4.42
Sewer Maintenance Fee [1]	$ 10.61	$ 10.50	$ 10.30	$ 10.00	$ 9.75	$ 9.00	$ 7.32	$ 7.14	$ 6.96	$ 6.86	$ 6.76	$ 6.76
Sewer Usage Rate [2]	$ 6.09	$ 5.91	$ 5.74	$ 5.57	$ 5.41	$ 5.11	$ 4.82	$ 4.70	$ 4.58	$ 4.47	$ 4.37	$ 4.37
Backflow Protection Fee	$ 5.50	$ 5.50	$ 5.50	$ 5.50	$ 5.50	$ 5.50	$ 5.50	$ 5.50	$ 5.50	$ 5.50	$ 5.50	$ 5.50
Hydrant Fee	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00

[1] Water and Sewer Maintenance Fees reflect monthly rate charged to customer utilizing a 3/4" meter. Monthly charge increases for larger meters.

[2] Water and Sewer Usage Rates reflect "Residential" customer rates.

Source: Commission's Schedules of Rates

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE VII

Largest Water Users [1]
Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Michelin Tire Corp.	$ 599,503.11	$ 589,363.58	$ 606,248.57	$ 573,829.27	$ 544,396.35	$ 501,771.04	$ 410,163.76	$ 419,205.13	$ 434,434.40	$ 390,911.34
Utilities Inc./Carolina Water Service	154,340.80	169,625.92	164,527.74	160,997.64	175,703.04	161,481.90	157,075.83	147,295.39	154,712.03	163,884.52
Lexington County School District #1	137,392.79	130,002.28	122,615.48	120,431.19	130,233.12	126,510.09	99,984.97	91,563.64	96,805.80	88,979.31
Prysmian Cables & Systems	65,707.84	50,563.48	44,441.62	49,934.61	59,827.24	51,292.92	47,501.37	36,960.84	48,610.80	44,173.80
Lexington Medical Center Extended Care	55,981.45	53,683.84	61,883.88	56,462.10	58,034.60	36,554.95	29,566.54	32,345.84	56,206.15	60,964.72
U. S. Foods	37,626.16	39,223.36	37,352.42	34,789.15	34,435.81	30,890.16	33,428.61	30,524.34	33,254.20	35,010.07
Persimmon Grove HOA, Inc.	36,714.87	38,741.56	29,277.84	30,217.50	33,128.00	28,080.29	18,460.25		34,015.80	
Love's Travel Stops & Country Store	28,686.26	20,074.13								
Capital Concrete Co.	20,167.91	19,652.12	15,165.24	13,127.40	13,438.05	10,428.84	12,547.28	16,008.09	23,805.60	9,655.10
Cooper's Corner	14,900.60		14,788.56	13,627.20		12,505.77	13,566.96	13,475.98	13,604.50	16,093.07
Taylor Sr. Rentals		18,000.55								
Golden State Foods			12,066.01	12,988.58	13,086.15	12,741.45	12,209.56			
Lexington Hendrix Shopping Center					14,347.05					
Wal-Mart								20,073.55	20,029.10	
Pantry, Inc-Site#3254								15,738.69		
Congaree Properties / Southeastern Property										11,591.37
CMC Lexington										9,479.14
Total	$ 1,151,021.79	$ 1,128,930.82	$ 1,108,367.36	$ 1,066,404.64	$ 1,076,629.41	$ 972,257.41	$ 834,505.13	$ 823,191.49	$ 915,478.38	$ 830,742.44
% of Total Operating Revenue	7.81%	8.60%	8.90%	9.31%	9.30%	9.01%	8.49%	10.08%	9.36%	10.19%

[1] This chart represents top ten users for each fiscal year, ranked based on annual usage revenues.

Largest Sewer Users [1]
Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Michelin Tire Corp.	$ 396,207.42	$ 352,281.61	$ 374,670.20	$ 348,564.82	$ 344,666.16	$ 254,097.12	$ 231,057.42	$ 240,917.34	$ 217,372.48	$ 158,383.95
Prysmian Cables & Systems	97,372.80	98,851.52	72,297.00	75,621.28	46,990.44	51,953.16	54,596.13	57,158.60	79,431.04	49,115.84
Lexington County School District #1	74,827.83	70,110.33	59,896.90	54,870.07	59,255.73	66,013.50	40,148.85	37,070.45	48,958.96	43,345.12
U. S. Foods	22,538.04	24,558.71	18,226.60	18,049.90	24,951.60	14,741.49	10,544.30	14,753.74	13,815.36	11,105.69
Diamond Pet Food Processors	20,962.20	22,149.09	19,966.16	16,409.00	14,911.45	12,002.63	11,213.07	10,324.47	11,157.96	12,546.51
Sandhills Elementary/Intermediate	18,665.85	16,394.34	14,665.70	13,484.97	12,940.72	12,069.75				
Love's Travel Stops & Country Store	17,685.36	14,591.79								
Cooper's Corner	17,417.40	16,967.61	16,450.84	14,883.04	13,649.43	13,371.75	12,921.93	11,291.31	11,727.88	14,174.27
Lexington Dry Cleaning	12,977.79						7,708.92	8,007.80	9,114.70	9,638.69
Golden State Foods	12,106.92	11,117.37	13,019.00	15,376.04	17,942.18	11,381.76	11,347.69			
Apex Tool Group / Cooper Power Tools		16,770.27	19,378.92	15,994.74		12,121.43	11,632.23	11,823.70	18,744.96	26,006.73
International Paper			12,391.44		12,195.73	9,552.04	8,249.79	10,566.39	8,133.25	15,910.94
Sudz Car Wash				9,591.54						
San Jose					12,940.72					
Pantry Inc. - Site 3254								7,049.61	9,518.80	
CMC Lexington										9,352.48
Total	$ 690,761.61	$ 643,792.64	$ 620,962.76	$ 582,845.40	$ 560,444.16	$ 457,304.63	$ 399,420.33	$ 408,963.41	$ 429,255.04	$ 349,580.22
% of Total Operating Revenue	4.68%	4.91%	4.99%	5.09%	4.84%	4.24%	4.06%	5.01%	4.39%	4.29%

[1] This chart represents top ten users for each fiscal year, ranked based on annual usage revenues.

Source: Commission's Billing System

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE VIII

Billings and Collections
Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)

Year	Billings [1]	Collections [1]	Collection Rate
2016	13,445,891	13,349,558	99.28%
2015	12,326,903	12,416,965	100.73%
2014	11,460,344	11,311,721	98.70%
2013	11,095,073	11,160,605	100.59%
2012	11,244,854	11,161,394	99.26%
2011	10,176,729	10,285,808	101.07%
2010	8,950,218	8,707,689	97.29%
2009	8,121,857	8,369,906	103.05%
2008	8,299,313	8,345,560	100.56%
2007	6,681,993	6,569,544	98.32%

[1] Billings and Collections represent Retail customer billings and collections.

Source: i-nHANCE Utility Billing Software, iCIS

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE IX

Water Purchased vs. Water Billed
Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)

Year	Water Purchased [1]	Water Billed [2]	% Accounted For (before system maintenance)	% Loss (before system maintenance)	% Accounted For (after system maintenance)	% Loss (after system maintenance)
2016	4.57	4.18	91.51%	8.49%	92.69%	7.31%
2015	4.13	3.79	91.84%	8.16%	93.67%	6.33%
2014	3.94	3.53	89.76%	10.24%	91.35%	8.65%
2013	3.88	3.51	90.60%	9.40%	92.24%	7.76%
2012	4.02	3.79	94.13%	5.87%	95.98%	4.02%
2011	3.97	3.60	90.60%	9.40%	92.94%	7.06%
2010	3.76	3.44	91.40%	8.60%	93.50%	6.50%
2009	3.49	3.25	93.03%	6.97%	93.19%	6.81%
2008	3.93	3.49	88.89%	11.11%	89.07%	10.93%
2007	3.46	3.12	90.36%	9.64%	92.10%	7.90%

[1] Water purchased from City of West Columbia in millions of gallons per day (MGD).

[2] Water billed represents billed charges, in MGD, which does not include leakage or system maintenance.

Source: Commission's Consumption Revenue Analysis Spreadsheet.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE X

Summary of Financial Indebtedness of the System
Fiscal Year 2016

June 30,	2009 Bond P & I	2009A Loan P & I	2009B Loan P & I	2012 Bond P & I	2013 Bond P & I	2014 Bond P & I	Parity Bond Totals	Contractual Obligations	Grand Totals
2017	382,119	52,346	46,341	839,975	852,788	245,230	2,418,798	1,253,390	3,672,188
2018		52,346	46,341	834,275	862,188	623,148	2,418,297	1,253,390	3,671,687
2019		52,346	46,341	838,575	854,738	631,755	2,423,755	1,253,390	3,677,145
2020		52,346	46,341	835,575	747,138	624,873	2,306,272	1,253,390	3,559,662
2021		52,346	46,341	1,362,375	412,388	627,868	2,501,317	1,253,390	3,754,707
2022		52,346	46,341	1,364,625	412,388	625,495	2,501,195	1,253,390	3,754,585
2023		52,346	46,341	1,365,750	412,388	627,878	2,504,702	1,253,390	3,758,092
2024		52,346	46,341	1,360,750	412,388	629,893	2,501,717	1,253,390	3,755,107
2025		52,346	46,341	1,364,000	412,388	626,540	2,501,615	1,253,390	3,755,005
2026		52,346	46,341	1,360,000	412,388	627,943	2,499,017	1,122,527	3,621,544
2027		52,346	46,341	1,364,000	412,388	623,978	2,499,052	729,936	3,228,989
2028		52,346	46,341	1,365,500	412,388	629,768	2,506,342	729,936	3,236,279
2029		52,346	46,341	1,359,500	412,388	630,068	2,500,642	729,936	3,230,579
2030		52,346	46,340	1,361,250	412,388		1,872,325	729,936	2,602,261
2031		13,087		1,360,250	412,388		1,785,725	729,936	2,515,661
2032				1,361,500	412,388		1,773,888	547,453	2,321,341
2033				1,359,750	1,022,388		2,382,138		2,382,138
2034					1,023,413		1,023,413		1,023,413
2035					1,023,013		1,023,013		1,023,013
2036					1,021,188		1,021,188		1,021,188
2037					1,022,938		1,022,938		1,022,938
2038					1,023,025		1,023,025		1,023,025
2039					1,021,450		1,021,450		1,021,450
2040					1,022,206		1,022,206		1,022,206
2041					1,021,013		1,021,013		1,021,013
2042					1,022,869		1,022,869		1,022,869
2043					1,022,531		1,022,531		1,022,531
Totals	$ 382,119	$ 745,935	$ 648,769	$ 21,057,650	$ 19,511,542	$ 7,774,433	$ 50,120,446	$ 16,600,171	$ 66,720,617

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XI

Description of Debt Instruments

Bonds					
Issue Date	Principal Amount	Description	Annual Payments	Pymt Start Date	Pymt End Date
Series 2009	$ 1,050,000	Water and Sewer System Revenue Bond	Varies*	12/2015	6/2017
Series 2009A	$ 895,672	State Revolving Fund Water and Sewer System Revenue Bond	52,346	10/2010	7/2031
Series 2009B	$ 839,066	State Revolving Fund Water and Sewer System Revenue Bond	46,341	9/2010	6/2030
Series 2012	$ 14,140,000	Water and Sewer System Refunding Revenue Bond	Varies*	5/2012	6/2033
Series 2013	$ 11,720,000	Water and Sewer System Refunding and Improvement Revenue Bonds	Varies*	9/2013	6/2043
Series 2014	$ 6,650,000	Water and Sewer System Refunding Revenue Bond	Varies*	12/2015	6/2029
*Note: The payment amounts vary annually for these Water And Sewer System Revenue Bonds. See Table 10.					

Contractual Obligations				
Contract Date	Description	Annual Payments	Pymt Start Date	Pymt End Date
3/2005	City of West Columbia Junior Lien Bond for Lake Murray Plant Expansion	$ 523,454	3/2006	2/2026
9/2009	City of Cayce Junior Lien Bond for Regional Wastewater Treatment Facility Expansion	$ 655,034	3/2012	12/2031

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XII

Commission Debt per Customer
Last Ten Fiscal Years Summary

Year	Parity Debt	Non-Parity Debt / Contractual Obligations	Total Debt (See Note 4)	Total Annual Debt Service[(1)]	Customers (Water)	Per Customer Debt Service ($)	Per Customer Total Debt ($)	Total Personal Income ($000's)	Debt per Personal Income
2016	31,898,662	14,575,106	46,473,768	3,819,025	15,112	253	3,075	N/A	N/A
2015	33,210,243	15,489,534	48,699,777	3,752,289	14,239	264	3,420	N/A	N/A
2014	33,745,880	16,791,212	50,537,092	3,385,185	13,553	250	3,729	11,097,582	0.30%
2013	25,850,598	17,843,388	43,693,986	3,554,688	13,000	273	3,361	10,571,841	0.24%
2012	26,759,416	18,778,395	45,537,811	3,531,016	12,395	285	3,674	10,335,342	0.26%
2011	28,153,716	16,589,240	44,742,956	2,868,422	11,969	240	3,738	9,822,333	0.29%
2010	28,600,452	10,506,197	39,106,649	2,757,735	11,612	237	3,368	9,374,229	0.31%
2009	28,085,000	8,330,802	36,415,802	2,348,190	10,285	228	3,541	9,301,987	0.30%
2008	23,190,000	9,015,986	32,205,986	2,651,272	9,905	268	3,251	9,344,584	0.25%
2007	23,615,000	9,587,260	33,202,260	2,648,532	9,130	290	3,637	8,977,807	0.26%

(1) Total annual debt service includes principal, interest and debt service coverage component of Junior Lien debt.

Source: Commission's Financial Statements; US Bureau of Economic Analysis

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XIII

Pledged Revenue Coverage
Last Ten Fiscal Years Summary

	2016	2015	2014	2013	2012	2011	2010	2009[1]	2008	2007
Operating Revenue	$ 14,746,863	$ 13,120,614	$ 12,456,158	$ 11,457,912	$ 11,578,599	$ 10,786,731	$ 9,825,958	$ 8,170,366	$ 9,775,543	$ 8,156,466
Interest and Other Income	81,366	45,774	22,685	76,404	58,207	54,736	58,957	127,733	475,130	466,615
Gross Revenue	14,828,229	13,166,388	12,478,843	11,534,316	11,636,806	10,841,467	9,884,915	8,298,099	10,250,673	8,623,081
(Operating Expenses)	(7,242,190)	(7,049,397)	(7,021,527)	(6,484,831)	(5,777,624)	(6,099,240)	(5,598,790)	(5,116,244)	(5,386,821)	(5,097,848)
Net Revenues	7,586,039	6,116,991	5,457,316	5,049,485	5,859,182	4,742,227	4,286,125	3,181,855	4,863,852	3,525,233
Capital Facilities Charges	2,202,475	916,400	1,086,996	499,675	323,325	273,128	1,274,199	(75,208)	3,724,674	3,251,557
Net Revenues and Capital Facilities Charges	9,788,514	7,033,391	6,544,312	5,549,160	6,182,507	5,015,355	5,560,324	3,106,647	8,588,526	6,776,790
Total Parity Debt Service	2,661,173	2,639,799	2,471,053	2,076,461	2,134,665	2,114,701	2,007,023	1,395,001	1,392,370	1,394,043
Parity Debt Service Coverage @ 110% (Net Revenues)	2.851	2.317	2.208	2.432	2.745	2.243	2.136	2.281	3.493	2.529
Parity Debt Service Coverage @ 120% (Net Revenues and Capital Facilities Charges)	3.678	2.664	2.648	2.672	2.896	2.372	2.770	2.227	6.168	4.861

[1] Capital Facility Charges for fiscal year 2009 are negative due to write downs from developers.

Source: Commission's Secondary Market Disclosure Annual Report

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XIV

Demographic and Economic Statistics
Last Ten Fiscal Years Summary

Year	Population	Total Personal Income ($000's)	Per Capita Personal Income	Unemployment Rate
2016	N/A	N/A	N/A	N/A
2015	281,833	N/A	N/A	4.8%
2014	277,888	11,097,582	39,935	5.1%
2013	273,408	10,571,841	38,639	5.8%
2012	270,052	10,335,342	38,263	7.0%
2011	266,436	9,822,333	36,873	8.0%
2010	263,377	9,374,229	35,599	8.2%
2009	258,983	9,301,987	35,917	8.0%
2008	252,747	9,344,584	36,972	4.9%
2007	246,461	8,977,807	36,427	4.1%
2006	241,219	8,433,448	34,962	4.7%
2005	235,176	7,820,130	33,252	4.9%
2004	230,832	7,482,616	32,416	4.9%

Source: US Census Bureau; US Bureau of Economic Analysis; US Department of Labor - Bureau of Labor Statistics

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XV

Principal Employers (County of Lexington)

	Fiscal Year 2015			Fiscal Year 2006		
Employer	**Employees**	**Rank**	**% of Total County Employment**	**Employees** [1]	**Rank**	**% of Total County Employment**
Lexington Medical Center	6,000	1	4.28%	N/A	2	N/A
Lexington School District 1	3,695	2	2.64%			
Lexington School District 5	2,400	3	1.71%			
Michelin Tire	2,300	4	1.64%	N/A	3	N/A
State Government	2,231	5	1.59%	N/A	10	N/A
Walmart	2,145	6	1.53%	N/A	6	N/A
SCANA	1,973	7	1.41%			
County of Lexington	1,561	8	1.11%	N/A	5	N/A
Amazon	1,200	9	0.86%			
Lexington School District 2	1,147	10	0.82%			
Lexington County Schools				N/A	1	N/A
Amick Farms				N/A	4	N/A
Honeywell				N/A	7	N/A
Southeastern Freight Lines				N/A	8	N/A
UPS				N/A	9	N/A
	24,652		17.59%	0		0.00%

[1] Number of employees were not published for fiscal year 2005-2006

Source: Lexington County, SC 2015 CAFR; SC Department of Employment & Workforce, Central SC Alliance, Company Representatives, and FY05-06 Greater Columbia Chamber of Commerce 2005-2006 Major Employers Directory

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XVI

Departmental Breakdown of Commission Employees
Last Ten Fiscal Years Summary

Department	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Administrative	2	2	2	2	2	2	2	3	4	4
Finance	3	4	3	3	3	3	3			
Accounting[(1)]								6	6	6
Customer Service	6	6	6	5	6	6	6			
Water	10	8	8	8	8	8	8	9	9	7
Sewer	3	4	5	6	6	6	6	6	5	6
Engineering/Cross Connection	5	4	4	5	5	5	5	4	4	3
Total	29	28	28	29	30	30	30	28	28	26

(1) Accounting Department was divided into 2 separate departments in FY 2010.

Source: Commission's Payroll Records

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XVII

Operating Indicators
Last Ten Fiscal Years Summary

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Water										
Metered Customers Served										
End of Year	15,112	14,239	13,553	13,000	12,395	11,969	11,612	10,285	9,905	9,130
Annual Average	14,705	13,896	13,301	12,709	12,205	11,804	11,040	10,118	9,614	8,706
Water Purchased										
Total Gallons	1,668,677,000	1,507,851,000	1,436,372,000	1,414,901,000	1,468,211,000	1,450,008,000	1,372,603,000	1,273,312,000	1,432,726,000	1,261,770,000
Daily Average	4,571,718	4,131,099	3,935,266	3,876,441	4,022,496	3,972,625	3,760,556	3,488,526	3,925,277	3,456,904
Elevated Storage (in millions)	4.50	3.75	3.75	3.75	3.75	3.75	4.00	4.00	4.00	4.00
Sewer										
Customers Connected										
End of Year	4,308	3,973	3,735	3,521	3,321	3,168	3,031	2,761	2,642	2,395
Annual Average	4,151	3,855	3,626	3,421	3,262	3,107	2,913	2,721	2,560	2,232
Wastewater Treated										
Total Gallons	343,810,000	343,172,000	347,232,000	315,262,000	304,270,000	295,920,000	292,892,000	278,847,000	265,938,000	259,422,000
Daily Average	941,945	940,197	951,321	863,732	833,616	810,740	802,444	763,964	728,597	710,745

Source: Commission's Secondary Market Disclosure Annual Report; Commission's Monthly Customer Count Records; Consumption Revenue Analysis Report

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XVIII

Capital Assets of the Commission
Fiscal Year 2016

Water Distribution System

Appurtenances		Water Mains	
Hydrants	1987	Total Linear Feet	1,723,677
Elevated Tanks	6	Total Linear Miles	326
Ground Storage Tanks	1		
Pressure Reducing Stations	11		
Booster Pump Stations	8		
Chlorine Booster Stations	1		
Capacity @ City of West Columbia Surface Water Plant	12.07 MGD		

Sewer Collection System

Appurtenances		Sewer Pipes	
Manholes	1390	Total Linear Feet	483,691
Sewer Pump Stations	25	Total Linear Miles	92
Capacity @ City of Cayce Regional Wastewater Treatment Plant	4.626MGD		

Capital Assets

Category	Number	Net Book Value
Non-Depreciable Assets:		
Land	N/A	$ 358,649
Construction in Progress	N/A	1,630,014
		1,988,664
Depreciable Assets:		
Buildings	5*	1,988,663
Machinery & Equipment	48	1,585,072
Furniture	N/A	1,113,448
Vehicles	30	739,499
Water Distribution System	N/A	66,503,170
Sewer Collection System	N/A	49,575,457
		121,505,308
Total Capital Assets		123,493,971
Less Accumulated Depreciation		(27,002,589)
Net Total of Capital Assets		$ 96,491,382

*Excludes various storage facilities and site location buildings.

PROGRESS THROUGH COOPERATION

JOINT MUNICIPAL WATER AND SEWER COMMISSION
POST OFFICE BOX 2555
LEXINGTON, SC 29071-2555