A watercolor-style illustration of a water tower on the left and a long, single-story building with a gabled roof on the right. In the foreground, there is a green lawn and a paved road curving around it. The sky is blue with light clouds.

# JOINT MUNICIPAL WATER AND SEWER COMMISSION

LEXINGTON, SOUTH CAROLINA

“PROGRESS THROUGH COOPERATION”

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2021





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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2021**

**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 and December 19, 2019 which were executed in connection with the Commission's \$14,140,000 Water and Sewer System Refunding Revenue Bonds, Series 2012, \$17,820,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019A, \$4,485,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019B, and \$21,915,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019C, respectively.*



**JOINT MUNICIPAL WATER AND SEWER COMMISSION  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 Auditors' Report.....	15
	Management's Discussion and Analysis.....	19
	<b>Basic Financial Statements:</b>	
	Statement of Net Position (Exhibit A).....	31
	Statement of Revenues, Expenses and Changes in Net Position (Exhibit B).....	35
	Statement of Cash Flows (Exhibit C).....	37
	Notes to the Financial Statements.....	39
	<b>Required Supplementary Information:</b>	
	South Carolina Retirement System – Schedule of Contributions.....	62
	South Carolina Retirement System – Schedule of the Proportionate Share of the Net Pension Liability.....	62
	Other Post-Employment Benefits – Schedule of Changes in the Net OPEB Liability.....	63
	Other Post-Employment Benefits - Schedule of the Net OPEB Liability.....	64
	Other Post-Employment Benefits - Schedule of Employer Contributions.....	64
	<b>Schedule of Other Supplementary Information:</b>	
	Schedule of Other General and Administrative Expenses (Schedule 1).....	65
III.	STATISTICAL SECTION	
	Financial Trends	
	Table I - Net Position by Component.....	67
	Table II - Changes in Net Position.....	69
	Table III - Revenues and Expenses (Rate Basis).....	71
	Revenue Capacity	
	Table IV - Distribution of Customers by Account Type.....	73
	Table V-1 – Monthly Charges to Commission Residential Customers with ¾” Meter and 7,000 Gallons Usage and Monthly Charge Comparison with Other Regional Municipal Utility Systems for Residential Customers with ¾” Meter and 7,000 Gallons Usage.....	75
	Table V-2 - Monthly Charge Comparison with Other Regional Municipal Utility Systems for Industrial Customers with 4” Meter and 400,000 Gallons Usage.....	77
	Table VI – Residential Water and Sewer Rates.....	79
	Table VII - Top Ten Largest Water Users and Top Ten Largest Sewer Users.....	81
	Table VIII - Billings and Collections.....	83
	Table IX - Water Purchased vs. Water Billed.....	85
	Debt Capacity	
	Table X - Summary of Financial Indebtedness of the System.....	87
	Table XI - Description of Debt Instruments.....	89
	Table XII – Debt and Debt Service per Customer.....	91
	Table XIII - Pledged Revenue Coverage.....	93
	Demographic and Economic Information	
	Table XIV - Demographic and Economic Statistics (County of Lexington).....	95
	Table XV - Principal Employers (County of Lexington).....	97
	Operating and Capital Information	
	Table XVI - Departmental Breakdown of Commission Employees.....	99
	Table XVII - Operating Indicators.....	101
	Table XVIII - Capital Assets of the Commission.....	103
IV.	COMPLIANCE SECTION	
	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 <i>Government Auditing Standards</i> .....	105



# INTRODUCTORY SECTION





January 31, 2022

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 Annual Comprehensive Financial Report (ACFR) of the Joint Municipal Water and Sewer Commission (the “Commission”) for the fiscal year that ended June 30, 2021. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls 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, 2021. (See page 15)

The Management’s Discussion and Analysis (MD&A) immediately follows the independent auditors’ 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 Principles, and Audit Requirements for Federal Awards needs to be performed. In accordance with these requirements, Single Audit was not 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 and December 19, 2019 which were executed in connection with the Commission’s \$14,140,000 Water and Sewer System Refunding Revenue Bonds, Series 2012, \$17,820,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019A, \$4,485,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019B, and \$21,915,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019C, 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 to assist the underwriters of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

This report and future ACFRs 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 ACFR, 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, 2021, was comprised of 18,563 water customer retail accounts, 5,650 sewer customer 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, debt issuance 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. This department also is responsible for organization-wide information technology initiatives.

The Finance Department provides management of the Commission's revenues and all 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 maintaining several finance-related information technology applications.

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. This department is also responsible for updating and maintaining the Commission's Geographic Information System (GIS).

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, The Martin Brower Company (previously 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 10,615 teachers, professionals, and support staff.

According to data from the Bureau of Labor Statistics, Lexington County's annual unemployment rate of 4.4% in calendar year 2020 was lower than the 6.2% unemployment rate recorded for the state of South Carolina as a whole, and the 8.1% 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 of Lexington County as of April 1, 2020, was 293,991 versus

262,391 as of April 1, 2010, according to the US Census Bureau. This population growth of 31,600 people since 2010 corresponds to an annual growth rate of 1.14%. 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, Niche, an online platform that connects people to their future schools, neighborhoods and workplaces has ranked Lexington County 6<sup>th</sup> place for “2021 Best Counties to Live in South Carolina” based on a comprehensive assessment of the overall livability, taking into account several key factors of a location, including the quality of local schools, crime rates, housing trends, employment statistics, and access to amenities.

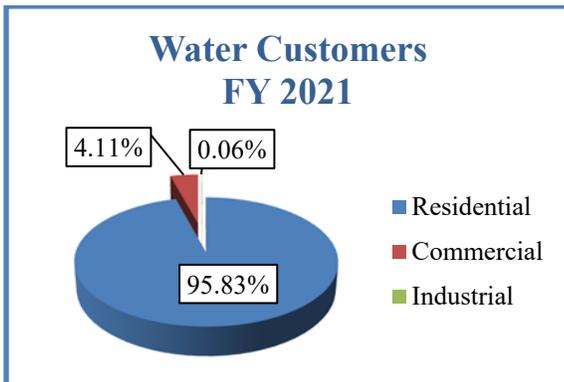
The Commission continues to seek ways to operate in an efficient manner to benefit customers and staff of the Commission in the wake of an economic downturn because of the pandemic. As of June 30, 2021, the Commission had 34 active full-time employees out of 37 total budgeted positions. This is an increase of two active employees at fiscal year-end versus the prior year.

The Commission continues to maintain a credit rating of Aa2 from Moody’s and AA+ from Standard & Poor’s.

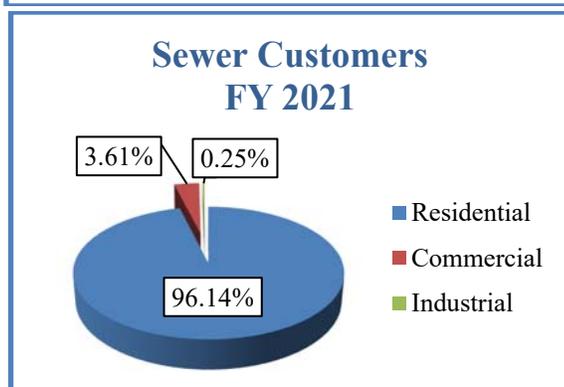
It is the expectation of Commission staff that we will continue delivering effective service to customers. As a result of strong management initiatives and a solid financial foundation, we expect to continue to meet the needs of the community and its growth well into the future.

**Customer Base**

Our water customer base has grown at a compound annual growth rate (CAGR) of 4.49% per year over the past 10-year period (including acquisitions and franchises), growing from 11,969 water customers at fiscal year-end 2011 to 18,563 at fiscal year-end 2021 – a total growth of 6,594 water customers, or 55.09% total growth. The water customer base has seen a total increase of 11.94%, or a CAGR of 3.83%, over the past 3 fiscal years of 2021, 2020 and 2019. The sewer customer base has seen comparable growth, growing at a CAGR of 5.96% over the same 10-year period, growing from 3,167 sewer customers at fiscal year-end 2011 to 5,650 at fiscal year-end 2021 – a total growth of 2,483 sewer customers, or 78.40% total growth. Also, sewer has seen a total increase of 17.39%, or a CAGR of 5.49%, over the past 3 fiscal years of 2021, 2020 and 2019. 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				
	2021	2011	Change	% Change
Residential	17,789	11,385	+6,404	56.25%
Commercial	763	578	+185	32.01%
Industrial	11	6	+5	83.33%
<b>Total</b>	<b>18,563</b>	<b>11,969</b>	<b>6,594</b>	<b>55.09%</b>



Sewer Customer Base - 10 Year Comparison of Growth				
	2021	2011	Change	% Change
Residential	5,432	3,028	+2,404	79.39%
Commercial	204	127	+77	60.63%
Industrial	14	12	+2	16.67%
<b>Total</b>	<b>5,650</b>	<b>3,167</b>	<b>2,483</b>	<b>78.40%</b>

## **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 their projected operational and capital needs for the ensuing fiscal year. These requests are reviewed by the General Manager/CEO 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 bylaws of the Commission, the 5-year Capital Improvements Program (CIP) identifies capital expenditures totaling \$62.025 million for the fiscal year periods 2022-2026. 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 - \$52.375 million, sewer unit projects - \$9.650 million. These budgeted expenditures are outlined in further detail in the CIP. Funding Sources budgeted for the projects listed above are as follows: borrowings of \$28.5 million, rate revenues of \$10.0 million and cash reserves of \$23.525 million.

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 projects were completed during fiscal year 2021:

- Plant Transmission Main Phase 1
- Mulberry Street (Pelion) Sewer Improvements
- Lydia Drive (Pelion) Sewer Extension

During the fiscal year, work continued on several projects for the Commission that were not completed as of June 30, 2021:

- Plant Transmission Main Phase 2
- SCDOT Line Relocation – St. Peters Road/Old Cherokee Road
- Lakewood Estates Water Relocation
- Charter Oak Elevated Storage Tank
- Counts Ferry Road Site
- Red Bank Creek/Old Barnwell Sewer Main Improvements

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

- Consideration of water and/or sewer capacity purchase needs
- Smith Pond Road Water Line Extension
- Old Orangeburg Road/Platt Springs Road Sewer Improvements
- Water Service Line Replacement

## **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 bylaws 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 always 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 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, machinery, equipment, 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 "Emergency Fund," 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/CEO 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**

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 annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 8th 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 annual comprehensive 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 annual comprehensive 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 ACFR. 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 support for maintaining the highest standards of professionalism in the management of the Commission's finances.

Respectfully submitted,



Ashton G. Blocker, CPA, CGFO  
Finance Manager



John C. Nicholson  
General Manager/CEO



**JOINT MUNICIPAL WATER AND SEWER COMMISSION  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**PRINCIPAL OFFICIALS AS OF JUNE 30, 2021**

Commissioners

**Steve MacDougall, Chairman**  
Town of Lexington

**Joseph Hardee, Vice-Chairman**  
Gilbert-Summit Rural Water District

**Michael Bishop**  
Town of Springdale

**Troy Bivens**  
Town of Gaston

**Bobby C. Keisler**  
Lexington County

**Temus C. Miles, Jr.**  
City of West Columbia

**Bobby Porter**  
Town of South Congaree

**Elise Partin**  
City of Cayce

**Jerald Sanders**  
Town of Swansea

**Lancer Shull**  
Town of Batesburg-Leesville

**Frank Shumpert**  
Town of Pelion

Management

**John C. Nicholson**  
General Manager/CEO

**Ashton G. Blocker, CPA, CGFO**  
Finance Manager

**M. Gene House**  
Operations Manager

**Stephanie R. Morton**  
Customer Service Manager

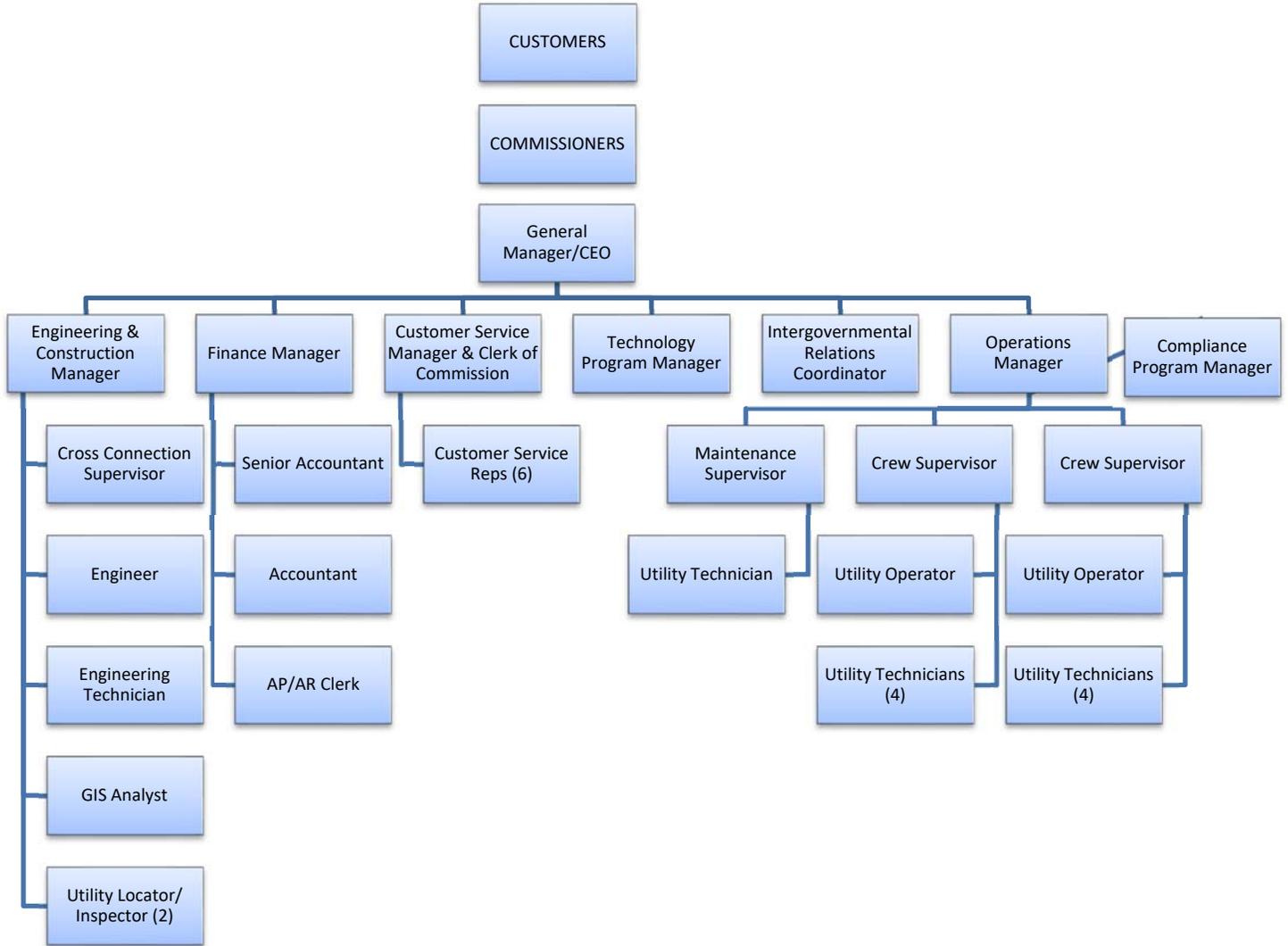
**Donna H. Peeler**  
Intergovernmental Relations Coordinator

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



**JOINT MUNICIPAL WATER AND SEWER COMMISSION  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

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

---

PHONE: (803) 739-3090

FAX: (803) 791-0834

### INDEPENDENT AUDITORS' 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, 2021, 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.

#### Auditors' 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, 2021, 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 – 30, Other Post-Employment Benefits Schedule of Changes in the Net OPEB Liability on page 63, Other Post-Employment Benefits Schedule of the Net OPEB Liability on page 64, Other Post-Employment Benefits Schedule of Employer Contributions on page 64, the South Carolina Retirement System Schedule of Contributions on page 62, 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**

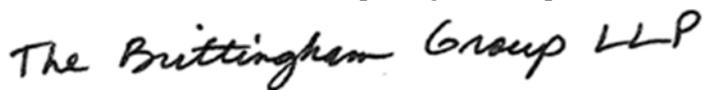
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, statistical section, and supplementary schedule of other general and administrative expenses are presented for purposes 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 January 31, 2022 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.



West Columbia, South Carolina  
January 31, 2022



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

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, 2021. 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.

**General Trends and Significant Events**

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 an indicator of economic activity in terms of housing for the region. Capital contributions were \$1.9 million in fiscal year 2021, consisting of those systems contributed by developers and grant funding related to capital projects. Total capital contributions in fiscal year 2021 represented the fourth-largest amount recorded by the Commission over the previous ten fiscal years. Capital assets increased \$9.3 million (net of depreciation) in fiscal year 2021 which is largely attributable to these developer-built capital contributions and work on the Plant Transmission Main project.

The Commission recognized only a modest increase (less than 1%) in total operating revenues for fiscal year 2021 versus fiscal year 2020. This result is not surprising as neither water or sewer retail customer rates (i.e., monthly meter maintenance fees and volumetric rates per thousand gallons) were increased for fiscal year 2021, partly due to the Commission's relatively strong financial position and the uncertain economic conditions related to the Covid-19 pandemic. However, the Commission is still experiencing growth in both water and sewer customers. The three-year average growth numbers for the fiscal years 2019 – 2021 has been 3.83% for water customers and 5.49% for sewer customers. Fiscal year 2021 saw customer base increases of 3.39% and 5.49% for water and sewer customers, respectively.

**Financial Highlights**

The Commission exceeded debt service coverage requirements and complied with all debt covenants required by borrowing Agreements. The following are key financial highlights:

- Operating revenues were \$18.65 million, an increase from fiscal year 2020 in the amount of \$163 thousand, or 0.88%. This modest increase is largely attributable to there being no rate increase for fiscal year 2021. Also, while the Commission did experience growth in total active water and sewer customers for fiscal year 2021, total gallons of water sold to customers was flat. This may be the result of some reduced business activity (commercial and industrial) because of reacting to the Covid-19 pandemic. Total operating revenues (prior to year-end accruals/adjustments) exceeded budgeted projections by 2.56%.
- Operating expenses, excluding depreciation, increased overall by \$589 thousand, or 6.61%, versus fiscal year 2020. The three-year average growth rate for operating expenses, excluding depreciation, is 5.09%. The three-year average growth rates for each component of operating expenses, excluding depreciation, are as follows: Salaries & Wages – 4.44%, Wholesale Water & Sewer Costs – 6.31%, General & Administrative Expenses – 4.57%.
- Operating income was \$5.8 million in fiscal year 2021, \$6.4 million for 2020 and \$5.9 million for 2019. The Commission continues to proactively monitor revenues and expenses through Budget vs. Actual reports that are generated and provided to managers for review monthly. 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 \$4.4 and \$6.4 million over the last five fiscal years.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2021**

**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

- The Commission has experienced an average income before capital contributions of \$6.87 million over the most recent three-year period. The Commission realized a net income of \$5.92 million in fiscal year 2021 before capital contributions.
- The Commission’s total assets and deferred outflows of resources were \$192.5 million, \$185.4 million, and \$156.9 million for fiscal years 2021, 2020 and 2019, respectively. Liabilities and deferred inflows of resources were \$65.6 million, \$66.3 million, and \$48.3 million for fiscal years 2021, 2020 and 2019, respectively. Assets and deferred outflows exceeded liabilities and deferred inflows in the amount of \$126.9 million, \$119.1 million, and \$108.6 million in fiscal years 2021, 2020 and 2019, respectively. This is referred to in the financial statements as the Commission’s “net position”. During fiscal year 2021, total assets and deferred outflows of resources increased \$7.1 million and the Commission’s net position increased \$7.8 million. Unrestricted net position was \$23.4 million.
- The Commission recognized an increase in its customer base in the amount of 608, or 3.39%, for water customers and sewer saw an increase of 294 customers, or 5.49%, during fiscal year 2021.
- In fiscal year 2021, approximately 85% of wholesale water purchased was billed to the Commission’s retail customers demonstrating a strong commitment to the conservation and protection of natural resources. Approximately 5% of wholesale water purchased was accounted for via system flushing/maintenance, leaving approximately 10% of wholesale water purchased considered “water loss”.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

**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 defined by the Governmental Accounting Standards Board (GASB), 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 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 outflows and inflows 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 based on long-term capacity needs.

The *Statement of Cash Flows* presents changes in cash and cash equivalents, resulting from operational, capital and related 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.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

**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 to aid analysis.

**Condensed Financial Statements**

<b>Condensed Statement of Net Position</b>	<b>June 30</b>			<b>Variance (2021 vs. 2020)</b>	
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>Dollars</b>	<b>%</b>
Capital Assets:					
Non-depreciable Assets (Land, Construction in Progress)	\$ 12,502,636	\$ 10,474,951	\$ 11,970,975	\$ 2,027,685	19.36%
Depreciable Assets (Net of Accumulated Depreciation)	116,899,435	109,659,329	105,449,612	7,240,106	6.60%
Total Capital Assets	129,402,071	120,134,280	117,420,587	9,267,791	7.71%
Current/Non-current Assets	59,226,783	61,517,435	36,614,961	(2,290,652)	-3.72%
Total Assets	188,628,854	181,651,715	154,035,548	6,977,139	3.84%
Deferred Outflows of Resources	3,913,757	3,769,190	2,867,339	144,567	3.84%
<b>Total Assets and Deferred Outflows of Resources</b>	<b>192,542,611</b>	<b>185,420,905</b>	<b>156,902,887</b>	<b>7,121,706</b>	<b>3.84%</b>
Current Liabilities	6,410,618	5,043,146	4,918,707	1,367,472	27.12%
Non-current Liabilities	59,040,148	60,969,770	43,123,095	(1,929,622)	-3.16%
Total Liabilities	65,450,766	66,012,916	48,041,802	(562,150)	-0.85%
Deferred Inflows of Resources	151,237	275,108	243,952	(123,871)	-45.03%
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>65,602,003</b>	<b>66,288,024</b>	<b>48,285,754</b>	<b>(686,021)</b>	<b>-1.03%</b>
Net Investment in Capital Assets	88,892,401	83,799,549	78,126,258	5,092,852	6.08%
Restricted for Debt Service	1,159,357	1,159,614	1,672,060	(257)	-0.02%
Restricted for Construction Projects	13,473,443	20,126,234	28,500	(6,652,791)	-33.06%
Unrestricted	23,415,407	14,047,484	28,790,315	9,367,923	66.69%
<b>Total Net Position</b>	<b>\$ 126,940,608</b>	<b>\$ 119,132,881</b>	<b>\$ 108,617,133</b>	<b>\$ 7,807,727</b>	<b>6.55%</b>

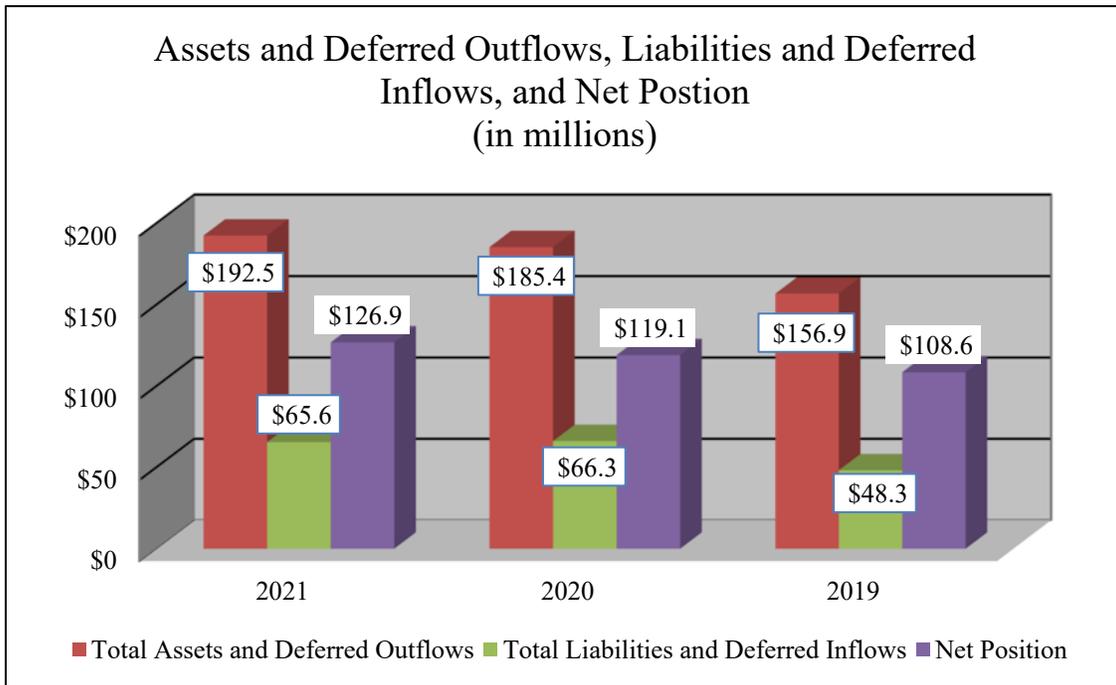
**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>					
	Year Ended June 30,			Variance (2021 vs. 2020)	
	2021	2020	2019		
	Actual	Actual	Actual	Dollars	%
<b>Operating Revenues:</b>					
Water Sales & Services	\$ 9,523,154	\$ 9,540,763	\$ 8,620,339	\$ (17,609)	-0.18%
Wastewater Sales & Services	3,277,185	3,196,547	3,013,992	80,638	2.52%
Other Revenues	5,849,410	5,749,635	5,388,811	99,775	1.74%
<b>Total Operating Revenues</b>	<b>18,649,749</b>	<b>18,486,945</b>	<b>17,023,142</b>	<b>162,804</b>	<b>0.88%</b>
<b>Operating Expenses:</b>					
Salaries & Wages	2,185,582	2,163,927	1,894,384	21,655	1.00%
Wholesale W&S Costs	3,052,909	2,708,314	2,451,092	344,595	12.72%
Other General & Admin Expenses	4,254,655	4,031,995	3,835,709	222,660	5.52%
Subtotal	9,493,146	8,904,236	8,181,185	588,910	6.61%
Depreciation	3,332,219	3,146,096	2,922,762	186,123	5.92%
<b>Total Operating Expenses</b>	<b>12,825,365</b>	<b>12,050,332</b>	<b>11,103,947</b>	<b>775,033</b>	<b>6.43%</b>
<b>Operating Income</b>	<b>5,824,384</b>	<b>6,436,613</b>	<b>5,919,195</b>	<b>(612,229)</b>	<b>-9.51%</b>
<b>Non-operating Revenues (Expenses)</b>					
Water & Sewer CFCs	1,653,525	2,317,746	1,820,766	(664,221)	-28.66%
Interest Income	85,365	566,014	589,584	(480,649)	-84.92%
Insurance Reimbursement	-	3,685	46,709	(3,685)	-100.00%
Capital Grants	285,573	425,645	-	(140,072)	-
Gain (Loss) on Sale of Capital Asset(s)	(441)	5,760	9,645	(6,201)	-107.66%
Interest Expense	(1,754,550)	(1,606,908)	(1,503,772)	(147,642)	9.19%
Amortization Expense	(172,674)	(167,845)	(188,275)	(4,829)	2.88%
<b>Total Non-operating Rev/(Exp.), net</b>	<b>96,798</b>	<b>1,544,097</b>	<b>774,657</b>	<b>(1,447,299)</b>	<b>-93.73%</b>
<b>Income Before Capital Contributions</b>	<b>5,921,182</b>	<b>7,980,710</b>	<b>6,693,852</b>	<b>(2,059,528)</b>	<b>-25.81%</b>
<b>Capital Contributions</b>	<b>1,886,545</b>	<b>2,535,038</b>	<b>4,449,660</b>	<b>(648,494)</b>	<b>-25.58%</b>
<b>Change in Net Position</b>	<b>7,807,727</b>	<b>10,515,748</b>	<b>11,143,512</b>	<b>(2,708,022)</b>	<b>-25.75%</b>
<b>Net Position - Beginning of Year</b>	<b>119,132,881</b>	<b>108,617,133</b>	<b>97,473,621</b>	<b>10,515,748</b>	<b>9.68%</b>
<b>Net Position - End of Year</b>	<b>\$126,940,608</b>	<b>\$ 119,132,881</b>	<b>\$ 108,617,133</b>	<b>\$ 7,807,727</b>	<b>6.55%</b>

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

**Financial Condition**

The Commission’s financial condition remained strong at year-end with adequate liquid assets and capital assets 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.



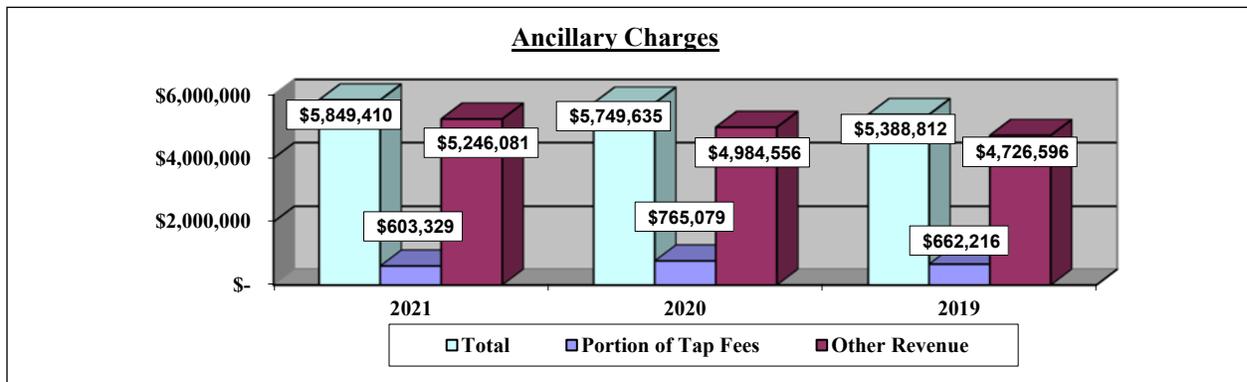
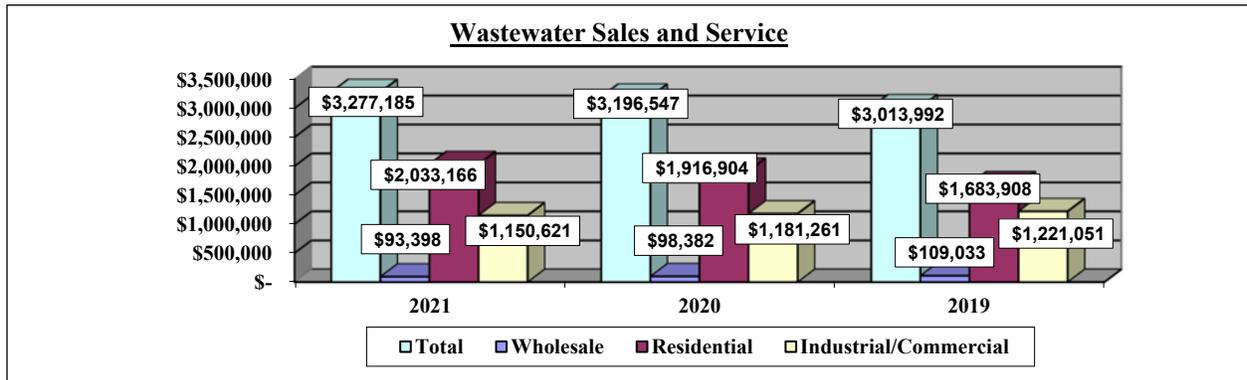
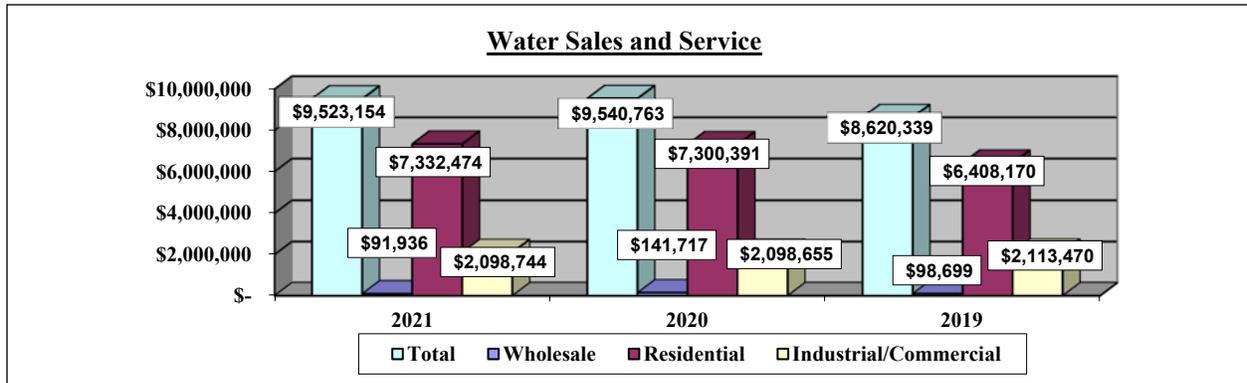
Total assets and deferred outflows grew by \$7.1 million or 3.84%. Additions to capital assets, including work on the Capital Improvements Program (CIP), developer contributions, and other asset acquisitions were significant contributors to the overall increase. Additionally, restricted assets related to debt service were stable, decreasing by only \$257.

Total net position increased \$7.8 million. This increase is attributable to three areas of the Commission’s business: 1) Operating income of approximately \$5.8 million. 2) Non-operating income of approximately \$100 thousand. 3) Contributed capital of \$1.9 million recognized during the fiscal year. Unrestricted net position increased by \$9.4 million.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

**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 setup fees, nonpayment 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.



**JOINT MUNICIPAL WATER AND SEWER COMMISSION  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

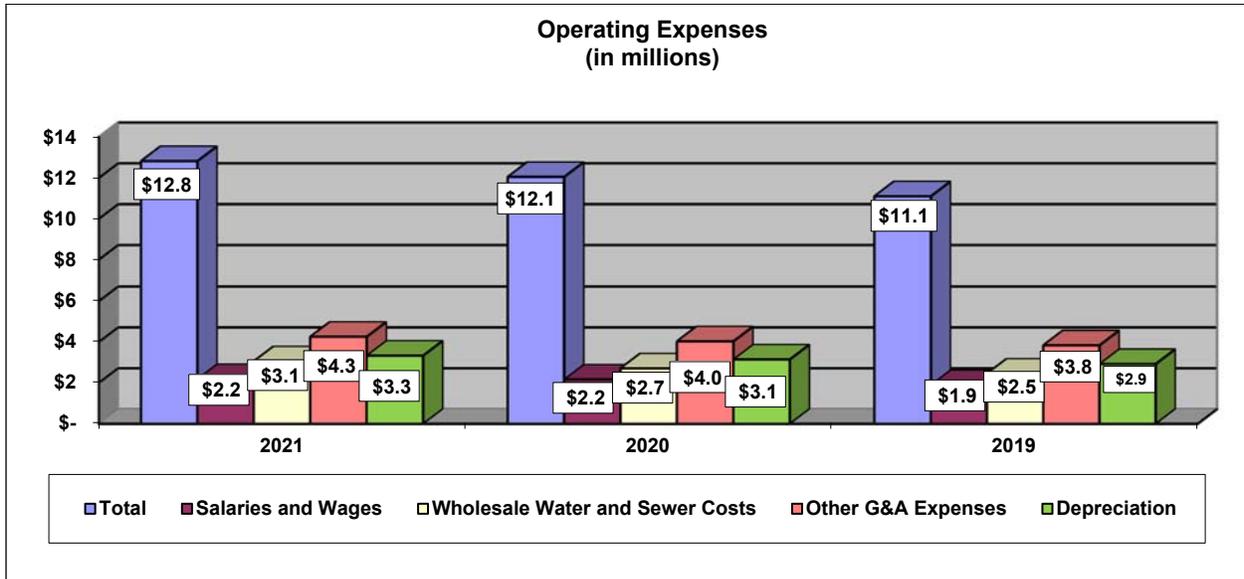
**JUNE 30, 2021**

**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

**Expenses:** The Commission operates and maintains a potable water distribution system and has sufficient capacity allocated at the City of West Columbia 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 \$5.8 million in fiscal year 2021, \$6.4 million in fiscal year 2020, and \$5.9 million in fiscal year 2019.



**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.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Variance (2021 vs. 2020)</u>
<b>Total Operating Revenues</b>	\$ 18,649,749	\$ 18,486,945	\$ 17,023,142	\$ 162,804
<b>Net Cash provided by Operations</b>	9,838,547	9,494,080	8,876,630	344,467
<b>Net Operating Cash (as a % of Operating Revenue)</b>	53%	51%	52%	

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

**Capital Assets**

Property, plant, and equipment, excluding depreciation, increased \$12.6 million in 2021 with \$1.9 million from non-cash developer contributions

During fiscal year 2021, work was completed on the Commission’s:

- 1) Plant Transmission Main Phase 1
- 2) Mulberry Street (Pelion) Sewer Improvements
- 3) Lydia Drive Sewer Extension

Work continued during fiscal year 2021 on several projects for the Commission:

- 1) Plant Transmission Main Phase 2
- 2) SCDOT Line Relocation – St. Peters Road/Old Cherokee Road
- 3) Lakewood Estates Water Relocation
- 4) Charter Oak Elevated Storage Tank
- 5) Counts Ferry Road Site
- 6) Red Bank Creek/Old Barnwell Sewer Main Improvements

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 that 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 2022-2026 CIP budget, which totals \$62.0 million, anticipates that \$28.5 million of the projects listed requiring future funding will be funded from bond proceeds. The fiscal year 2022 budget for debt service is \$4.7 million. Please refer to Note 4 of the “Notes to the Financial Statements” for more detailed long-term debt information.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

At the end of fiscal year 2021, the Commission currently has six senior and two junior debt instruments outstanding:

<u>Senior Debt</u>	
Series 2009A	\$ 447,401
Series 2009B	398,372
Series 2012	770,000
Series 2019A	17,360,000
Series 2019B	3,710,000
Series 2019C	21,630,000
<u>Junior Debt</u>	
Series 2005	2,378,789
Series 2020*	<u>6,005,766</u>
Total	<u>\$ 52,700,328</u>

\*City of Cayce Refunded Series 2009 Junior Lien obligation on July 1, 2020.

**Credit Rating**

The Commission’s revenue bonds are rated “Aa2” by Moody’s Investors Service, and “AA+” by Standard and Poor’s.

**Rate Covenant**

Pursuant to Article VI of the Ninth Supplemental Indenture of Trust, the Commission has amended its covenant with respect to the rates and charges for services and facilities of the System. On the issuance of the Series 2019 Bonds (December 2019), the Holders of the Series 2019 Bonds became the Holders of the majority in principal amount of the Bonds outstanding under the Indenture and by their purchase of the Series 2019 Bonds are deemed to have consented to the Commission’s amended rate covenant, as provided below:

The Commission covenants and agrees that it will, fix establish and maintain such rates and collect such fees, rentals, or other charges for the services and facilities of the System, and will revise the same from time to time whenever necessary, so as to provide in each Fiscal Year, Gross Revenues after deducting the Expenses of Operating and Maintaining the System sufficient to provide Net Revenues, together with Capital Facilities Charges available in such Fiscal Year, equal to 120% of the Debt Service Requirement on the Bonds for such Fiscal Year plus 100% of the required deposits into the Debt Service Reserve Fund (less any portion thereof to be paid from proceeds of Bonds but including any payments required to be made in respect of a Reserve Fund Credit Facility) and the Depreciation and Capital Improvements Fund in such Fiscal Year.

Net Revenues 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.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

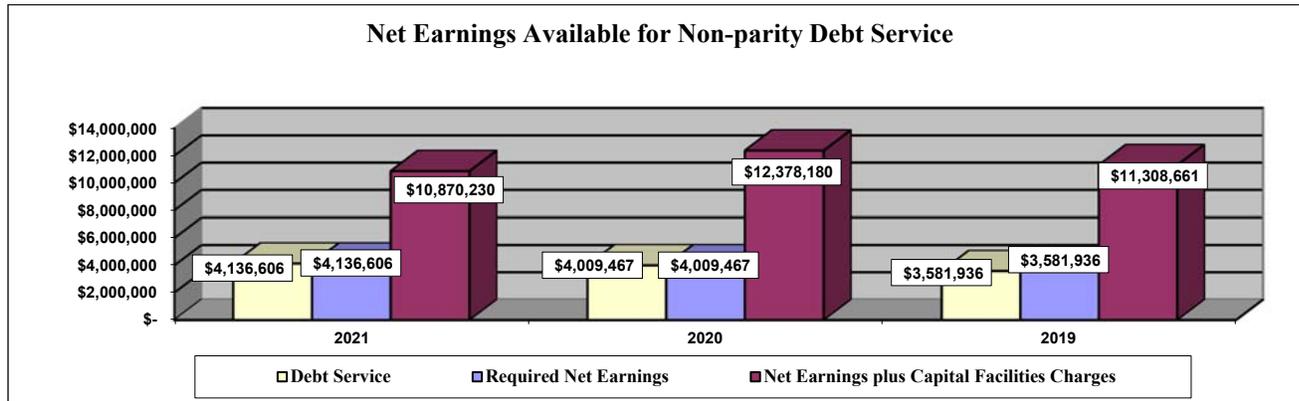
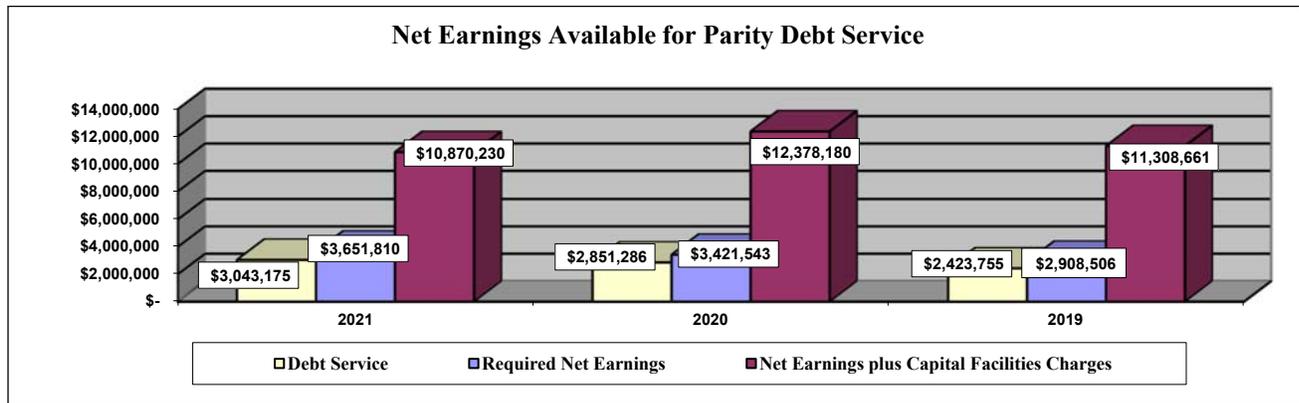
Revenue bond debt service coverage for fiscal years 2021, 2020, and 2019 was as follows:

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
Debt Service Coverage (excluding Capital Facilities Charges)	- <sup>1</sup>	- <sup>1</sup>	3.915
Debt Service Coverage (including Capital Facilities Charges)	3.572	4.341	4.666

<sup>1</sup> Due to the Commission’s amendment to its Rate Covenant as part of the Series 2019 Bonds issuance, “Debt Service Coverage (excluding Capital Facilities Charges)” is no longer an applicable ratio for Rate Covenant purposes, and therefore, will no longer be presented for fiscal years after 2019.

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. During FY 2021 (July 2020), the City of Cayce refunded its original 2009 SRF Loan associated with the Wastewater Treatment Facility with public debt. This indebtedness 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 2.628, 3.087 and 3.157 for 2021, 2020 and 2019, respectively.

The following table presents the net earnings available to service debt, with required earnings defined by the bond covenants as 120% of parity debt service and 100% of non-parity debt service:



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020, and 2019)**

**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 2022:

- Rate increases effective 7/1/2021 for water and sewer are as follows:
  - Volumetric
    - Water - 5.0% increase per thousand gallons usage
    - Sewer - 3.0% increase per thousand gallons usage
  - Maintenance Fees
    - Water - 3.0% increase, a total of 27¢ for a ¾" meter
    - Sewer - 2.5% increase, a total of 29¢ for a ¾" meter
- Interest rates have remained at historic lows, near 0%, throughout fiscal year 2021 and into fiscal year 2022. The Federal Reserve officials lowered interest rates in March 2020 by a total of 150 basis points (1.50%) to a benchmark fed funds target rate range of 0.00% to 0.25% as a result of the COVID-19 pandemic. As of November 2021, the benchmark fed funds target rate remains 0.00% to 0.25%.
  - This historically low interest rate environment will continue to diminish the Commission's ability to generate interest income during fiscal year 2022. However, due to the Commission's historically conservative approach to its budget process, and because the Commission does not rely on interest income to meet its operating budget, the impact of lower rates is expected to be immaterial to Commission operations.
  - One benefit of lower interest rates to the Commission is the opportunity to take advantage of lower borrowing costs. To that end, the Commission signed a State Revolving Fund Loan Agreement for up to a \$2,921,314 loan amount at a 1.80% interest rate on March 30, 2021, to fund most of the costs associated with the Old Barnwell/Red Bank Creek Gravity Trunk Upgrade sewer project. However, no draws were taken by the Commission against the potential loan amount as of June 30, 2021.
- The employer portion of the SC Retirement System contributions has increased 1.00%, from 15.41% to 16.41% for fiscal year 2022. (Note: This excludes the 0.15% employer contribution rate for Incidental Death Benefit coverage). The employee contribution rate continues to be capped at 9.00%.
- The employer portion of the State Health Plan premiums will increase 0.8% in calendar year 2022. Subscriber premiums will not increase in 2022. Also, the Commission is subject to a 0.0% experience rating, or "load factor", on employer and subscriber contributions for the State Health Plan in 2022.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)**

**ASSETS**

**JUNE 30**

**Current Assets:**

	2021	2020
Cash and Cash Equivalents	\$ 7,495,177	\$ 2,487,117
Cash and Cash Equivalents - Customer Deposits (Restricted)	1,146,713	1,094,638
Investments	26,568,660	26,515,050
Deposits with Fiscal Agent (Restricted)	836,587	716,651
Accounts Receivable (Net of Allowance for Uncollectible Accounts of \$30,197 and \$28,173 respectively)	3,918,356	4,260,358
Grant Receivable	-	353,714
Due from Other Governments	2,220	2,220
Debt Service Component of Plant Expansion Contracts	104,691	104,691
Inventory	184,756	208,429
Prepaid Expenses	82,513	81,371
Total Current Assets	40,339,673	35,824,239

**Non-current Assets:**

Restricted Cash		
Cash and Cash Equivalents	28,500	28,500
Cash and Cash Equivalents - Capital Asset Reserves	1,435,069	1,226,418
Investments	14,505,724	21,160,833
Capital Assets		
Non-depreciable	12,502,636	10,474,951
Depreciable	158,452,810	147,882,079
Less: Accumulated Depreciation	(41,553,375)	(38,222,750)
Tap Fees Receivable	1,031,250	1,214,000
Legal Cost of Revenue Bonds (Net of Amortization)	553,331	487,038
Debt Service Component of Plant Expansion Contracts	1,280,828	1,520,779
Lease - Town of Pelion	28,000	29,000
Due from Other Governments	24,408	26,628
Total Non-Current Assets	148,289,181	145,827,476
Total Assets	188,628,854	181,651,715

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Charges on Debt Refundings	2,908,511	3,103,488
Net Pension Deferred Outflows	965,073	612,455
Net OPEB Deferred Outflows	40,173	53,247
Total Deferred Outflows of Resources	3,913,757	3,769,190
Total Assets and Deferred Outflows of Resources	\$ 192,542,611	\$ 185,420,905



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)**

**LIABILITIES**

	<b>JUNE 30</b>	
	<u>2021</u>	<u>2020</u>
<b>Current Liabilities:</b>		
Accounts Payable	\$ 1,080,415	\$ 513,989
Construction Contracts Payable	1,149,299	347,911
Payroll Accruals	136,349	118,161
Compensated Absences	73,958	77,084
Customer Deposits	1,146,713	1,094,638
Debt Service Component of Plant Expansion Contracts	104,691	104,691
Revenue Bonds Payable	1,507,754	1,461,660
Junior Lien Bond Obligations Payable	750,868	862,956
Accrued Revenue Bond and Note Interest	128,574	133,090
Unearned Revenue	331,997	328,966
Total Current Liabilities	<u>6,410,618</u>	<u>5,043,146</u>
<b>Non-current Liabilities:</b>		
Revenue Bonds Payable (Net of Current Portion)	45,721,559	47,391,829
Junior Lien Bond Obligations Payable (Net of Current Portion)	8,526,074	9,448,089
Compensated Absences (Net of Current Portion)	168,803	176,217
Net Pension Liability	4,596,142	3,916,968
Net OPEB Liability	27,570	36,667
Total Long-Term Liabilities	<u>59,040,148</u>	<u>60,969,770</u>
Total Liabilities	<u>65,450,766</u>	<u>66,012,916</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Net Pension Deferred Inflows	146,578	270,664
Net OPEB Deferred Inflows	4,659	4,444
Total Deferred Inflows of Resources	<u>151,237</u>	<u>275,108</u>
Total Liabilities and Deferred Inflows of Resources	<u>65,602,003</u>	<u>66,288,024</u>
 <b><u>NET POSITION</u></b>		
<b>Net Position:</b>		
Net Investment in Capital Assets	88,892,401	83,799,549
Restricted for Debt Service	1,159,357	1,159,614
Restricted for Construction Projects	13,473,443	20,126,234
Unrestricted	23,415,407	14,047,484
Total Net Position	<u>126,940,608</u>	<u>119,132,881</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 192,542,611</u>	<u>\$ 185,420,905</u>

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



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)**

	JUNE 30	
	2021	2020
<b>Operating Revenues:</b>		
Water Sales and Services	\$ 9,523,154	\$ 9,540,763
Sewer Sales and Services	3,277,185	3,196,547
Backflow Fees	927,124	886,895
Hydrant Fees	709,578	689,690
Other Operating Revenues	983,800	1,075,778
Account Maintenance Fees	3,228,908	3,097,272
Total Operating Revenues	<u>18,649,749</u>	<u>18,486,945</u>
<b>Operating Expenses:</b>		
Salaries and Wages	2,185,582	2,163,927
Wholesale Water and Sewer Costs	3,052,909	2,708,314
Other General and Administrative Expenses	4,254,655	4,031,995
Depreciation	3,332,219	3,146,096
Total Operating Expenses	<u>12,825,365</u>	<u>12,050,332</u>
Operating Income	5,824,384	6,436,613
<b>Non-operating Revenues (Expenses):</b>		
Water and Sewer Capital Facility Charges	1,653,525	2,317,746
Interest Income	85,365	566,014
Insurance Reimbursement	0	3,685
Capital Grants	285,573	425,645
Gain (Loss) on Sale of Capital Assets	(441)	5,760
Interest Expense	(1,754,550)	(1,606,908)
Amortization Expense	(172,674)	(167,845)
Total Non-operating Revenues (Expenses)	<u>96,798</u>	<u>1,544,097</u>
Income Before Capital Contributions	5,921,182	7,980,710
<b>Capital Contributions</b>	<u>1,886,545</u>	<u>2,535,038</u>
<b>Change in Net Position</b>	7,807,727	10,515,748
<b>Net Position - Beginning of Year</b>	<u>119,132,881</u>	<u>108,617,133</u>
<b>Net Position - End of Year</b>	<u>\$ 126,940,608</u>	<u>\$ 119,132,881</u>

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



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	JUNE 30	
	2021	2020
<b><u>Cash Flows from Operating Activities:</u></b>		
Cash Received from Customers	\$ 18,528,426	\$ 18,469,396
Cash Paid to Suppliers	(6,511,294)	(6,923,383)
Cash Paid to Employees	(2,178,585)	(2,051,933)
<u>Net Cash (Used in)/Provided by Operating Activities</u>	<u>9,838,547</u>	<u>9,494,080</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>		
Acquisition and Construction of Capital Assets	(9,912,519)	(3,570,455)
Principal Paid on Bonds and Notes	(2,269,860)	(26,669,094)
Interest Paid on Bonds and Notes	(1,952,583)	(1,560,375)
Capital Grants	711,217	0
Proceeds on Sale of Capital Asset	-	5,760
Series 2019 Bond Proceeds	-	44,220,000
Capital Charge - Cayce/CWC	(16,104)	(88,435)
City of Cayce - Depreciation Charge	(101,772)	(101,772)
Insurance Reimbursements	-	3,685
Water and Sewer Capital Facility Charges	2,284,995	1,503,930
<u>Net Cash (Used in)/Provided by Capital and Related Financing Activities</u>	<u>(11,256,625)</u>	<u>13,743,244</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Net Transfer (In)/Out of Investment Pool	6,601,499	(23,781,568)
Interest Received	85,365	566,014
<u>Net Cash (Used in)/Provided by Investing Activities</u>	<u>6,686,864</u>	<u>(23,215,554)</u>
<b><u>Net Increase/(Decrease) in Cash and Cash Equivalents</u></b>	<b>5,268,786</b>	<b>21,770</b>
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>4,836,673</u>	<u>4,814,903</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<b><u>\$ 10,105,459</u></b>	<b><u>\$ 4,836,673</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 5,824,384	\$ 6,436,613
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	3,332,219	3,146,096
(Increase) Decrease in:		
Accounts Receivable and Other Receivables	(176,429)	(85,044)
Prepaid Expense	(1,142)	(10,415)
Inventory	23,673	(31,421)
Net Pension Outflows	(352,618)	162,814
Net OPEB Outflows	13,074	(26,170)
Increase (Decrease) in:		
Accounts Payable	566,426	(149,063)
Customer Deposits	52,075	40,450
Accrued Annual Leave	(10,540)	84,012
Accrued Salaries and Fringes	18,188	(9,568)
Net Pension Inflows	(124,086)	29,938
Net Pension Liability	679,174	(88,419)
Net OPEB Inflows	215	1,218
Net OPEB Liability	(9,097)	(34,006)
Unearned Revenue	3,031	27,045
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 9,838,547</u>	<u>\$ 9,494,080</u>
<b><u>Supplemental Disclosures</u></b>		
Noncash financing activities:		
Developer contribution of systems	\$ 1,886,545	\$ 2,502,538

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



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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*.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**Governmental Accounting Pronouncements**

In compiling the fiscal year 2021 Annual Comprehensive Financial Report, the Commission adopted **Statement No. 98, *The Annual Comprehensive Financial Report***, which was issued by GASB in October 2021. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

**Statement No. 87, *Leases***, was issued in June 2018 and is effective for the first reporting period beginning after June 15, 2021 (fiscal year ending June 30, 2022). This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the principle that a lease is the financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use an underlying asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)***, was issued in May 2020 and is effective for the first reporting period beginning after June 15, 2022 (fiscal year ending June 30, 2023). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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 consists of supplies and is reported at average cost.

**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 acquisition 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. Prior to fiscal year 2018, interest incurred during the construction phase was reflected in the capitalized value of the asset constructed. However, beginning in fiscal year 2018 and pursuant to GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, the Commission no longer capitalizes interest incurred during the construction phase.

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:

<u>Class of Asset</u>	<u>Life</u>
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

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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 currently has six deferrals that meet the criteria for this category. They are:

- 1) Deferred charge on the refunding of City of West Columbia, Series 2002  
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 2012 Bond issue  
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 (See Note 4).
- 3) Deferred charge on the advanced refunding of the Commission's Series 2013 Bond issue  
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 (See Note 4).
- 4) Deferred charge on the current refunding of the Commission's Series 2014 Bond issue  
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 (See Note 4).
- 5) Net Pension Deferred Outflows  
This records the differences between expected and actual experience, and contributions made to SCRS subsequent to the measurement date until June 30<sup>th</sup> of current fiscal year (See Note 5).
- 6) Net OPEB Deferred Outflows  
This records the net difference between projected and actual earnings on plan investments, and contributions made to SC ORBET subsequent to the measurement date until June 30<sup>th</sup> of current fiscal year (See Note 11).

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.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

The Commission currently has two deferrals that meet the criteria for this category. They are:

1) Net Pension Deferred Inflows

This records the net differences between projected and actual earnings on pension plan investments (See Note 5).

2) Net OPEB Deferred Inflows

This records the net differences between expected and actual experience of the Commission's OPEB plan (See Note 11).

**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 320 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.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**Legal Cost of Revenue Bonds**

The Commission capitalizes the 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 expensed 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 future 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.
- 6) Cyber 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.

**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.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**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.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the Net OPEB Liability (NOL), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Other Retirement Benefits Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Note 2. Deposits and Investments**

As of June 30, 2021, the Commission had the following deposits:

<u>Deposits</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Rating</u>
TD Bank	\$ 250,000	\$ 250,000	FDIC Insured
TD Bank	9,854,709	9,962,527	Collateralized – Letter of Credit

\*In addition to cash deposits outlined above, the Commission held \$750 in petty cash on hand at fiscal year-end.

At June 30, 2021, the Commission's investments at the SC Local Government Investment Pool and at US Bank had the following fair value measurements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Input Level</u>	<u>Rating</u>
SC Local Government Investment Pool	\$ 37,473,493	N/A	Unrated
US Government Backed Securities MM	3,600,891	N/A	Unrated

In accordance with GASB No. 72, *Fair Value Measurement and Application*, the Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The following levels of input for measurement of fair value have been defined to assist the user in evaluating the fair value disclosure information:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 2. Deposits and Investments (cont'd.)**

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the investment's risk. Money market mutual funds classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3 are valued based on developed models in which there are few, if any, observable inputs.

The investment pool investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code of Laws. The investment pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GAAP, investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by investment pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the investment pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, PO Box 11778, Columbia, South Carolina 29211-1950.

The South Carolina Local Government Investment Pool (SCLGIP) is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Commission does not disclose investment in the SCLGIP within the fair value hierarchy.

*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. SCLGIP's investment policy requires that the weighted average maturity and weighted average duration of the actively managed fixed income portfolio should be consistent with the liquidity requirements of the pool. The average maturity of SCLGIP's investments at fiscal year-end was less than one year.

*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, 2021, all 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.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 3. Capital Assets**

Activity in capital assets for the year ended June 30, 2021, was as follows:

<u>Asset Class</u>	<u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Land	\$ 7,408,676	\$ -	\$ -	\$ -	\$ 7,408,676
Construction In Progress	3,066,275	4,401,744	-	(2,374,059)	5,093,960
Total Non-depreciable	10,474,951	4,401,744	-	(2,374,059)	12,502,636
Buildings	5,341,460	-	-	-	5,341,460
Less: Accumulated Depreciation	(1,173,035)	(196,807)	-	-	(1,369,842)
Machinery & Equipment	1,663,100	93,446	-	-	1,756,546
Less: Accumulated Depreciation	(1,426,101)	(34,079)	-	-	(1,460,180)
Furniture & Fixtures	1,525,329	30,684	(2,035)	-	1,553,978
Less: Accumulated Depreciation	(1,174,788)	(92,110)	1,594	-	(1,265,304)
Vehicles	833,370	-	-	-	833,370
Less: Accumulated Depreciation	(673,364)	(61,386)	-	-	(734,750)
Water Distribution System	80,131,581	7,326,547	-	1,738,347	89,196,475
Less: Accumulated Depreciation	(20,103,230)	(1,736,888)	-	-	(21,840,118)
Sewer Collection System	58,387,239	748,030	-	635,712	59,770,981
Less: Accumulated Depreciation	(13,672,231)	(1,210,949)	-	-	(14,883,180)
Total Depreciable Capital Assets	147,882,079	8,198,707	(2,035)	2,374,059	158,452,810
Total Capital Assets (Before Depreciation)	158,357,030	12,600,451	(2,035)	-	170,955,446
Less: Accumulated Depreciation	(38,222,750)	(3,332,219)	1,594	-	(41,553,375)
Total Capital Assets	\$ 120,134,280	\$ 9,268,232	(\$ 441)	-	\$ 129,402,071

\$1,886,545 of the additions for Water Distribution and Sewer Collections Systems were recorded as contributed capital to the Commission by developers in fiscal year 2021 (shown as contributed capital on Exhibit B, the Statement of Revenues, Expenses and Changes in Net Position).

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 4. Notes and Bonds**

Notes and Bonds at June 30, 2021 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.	\$ 2,378,789
--	--------------

Series 2020 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 (Refunded Series 2009 Junior Lien obligation)	6,005,766
--	-----------

Total of Junior Lien Bond obligations:	8,384,555
--	-----------

\$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.	447,401
--	---------

\$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.	398,372
--	---------

\$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%. *	770,000
--	---------

\*Series 2012 Bonds were advance refunded by Series 2019C Bonds on December 19, 2019. Maturities after the June 1, 2022 redemption date were legally defeased.

\$17,820,000 – Series 2019A Water and Sewer System Improvement and Refunding Revenue Bond due in annual payments of \$45,000 to \$1,100,000 through 2049, Interest Rate at 3.00% to 5.00%.	17,360,000
--	------------

\$4,485,000 – Series 2019B Water and Sewer System Improvement and Refunding Revenue Bond due in annual payments of \$370,000 to \$550,000 through 2029, Interest Rate at 5.00%.	3,710,000
---	-----------

\$21,915,000 – Series 2019C Water and Sewer System Improvement and Refunding Revenue Bond due in annual payments of \$65,000 to \$3,560,000 through 2043, Interest Rate varies based on maturity.	21,630,000
---	------------

Total of Senior Bond obligations:	44,315,773
-----------------------------------	------------

Subtotal:	52,700,328
-----------	------------

Less Current Portion:	(2,363,313)
-----------------------	-------------

Total Long Term:	50,337,015
------------------	------------

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

Adjustments for Issuance Premiums:

\$ 2,386,511 – Premium on Series 2019A Water and Sewer System Improvement and Refunding Revenue Bond 2,258,782

\$ 784,346 – Premium on Series 2019B Water and Sewer System Improvement and Refunding Revenue Bond 654,758

\$ 1,087,722 - Premium on City of Cayce Series 2020 (Junior Lien) Refunding Revenue Bonds 997,078

Total of Issuance Premiums: 3,910,618

Adjustments for Deferred Amounts:

(\$ 1,340,028) – Deferred Charge on Refunding of Series 2002 Junior Lien Bond obligation to the City of West Columbia (716,543)

(\$ 827,167) – Deferred Charge on Refunding of Series 2012 Water and Sewer System Refunding Revenue Bond (730,749)

(\$ 1,156,178) – Deferred Charge on Refunding of Series 2013 Water and Sewer System Refunding and Improvement Revenue Bond (1,078,555)

(\$ 458,400) – Deferred Charge on Refunding of Series 2014 Water and Sewer System Refunding Revenue Bond (382,664)

Total of Deferred Charges on Debt Refundings: (2,908,511)

Total of Adjustments: 1,002,107

Total Debt (Net of Issuance Premiums/Discounts and Deferred Charges on Debt Refundings): \$ 53,702,435

Total annual debt service requirements are as follows:

Year Ended June 30,	Bonds		Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2022	2,363,313	1,803,472	-	-	4,166,785
2023	2,543,862	1,721,300	-	-	4,265,162
2024	2,616,717	1,648,770	-	-	4,265,487
2025	2,693,138	1,572,704	-	-	4,265,842
2026	2,768,771	1,492,335	-	-	4,261,106
2027-2031	13,417,741	6,066,526	-	-	19,484,267
2032-2036	8,921,786	4,064,720	-	-	12,986,506
2037-2041	7,830,000	2,712,449	-	-	10,542,449
2042-2046	6,370,000	1,284,409	-	-	7,654,409
2047-2049	3,175,000	257,400	-	-	3,432,400
Total	\$ 52,700,328	\$ 22,624,085	\$ -	\$ -	\$ 75,324,413

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

Changes in long-term liabilities: Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021	Due Within One Year
Revenue Bonds Payable	\$ 45,777,433	-	\$ 1,461,660	\$ 44,315,773	\$ 1,507,754
Notes from Direct Borrowings/Placements	-	-	-	-	-
Junior Lien Obligation Bonds	10,415,736	6,511,548	8,542,729	8,384,555	855,559*
Compensated Absences	253,301	242,761	253,301	242,761	73,958
Total liabilities	56,446,470	6,754,309	10,257,690	52,943,089	2,437,271
Adjusted by:					
Issuance (Discounts)/Premiums	3,076,056	1,087,722	253,160	3,910,618	253,159
Total	\$ 59,522,526	\$ 1,330,483	\$ 3,999,302	\$ 56,853,707	\$ 2,690,430

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

The Commission does not have any unused line of credit as of June 30, 2021. Additionally, the Commission does not have any assets pledged as collateral for debt. The Commission's debt obligations are secured by a lien, either parity or junior depending on the circumstances, on Pledged Revenues. If there is an Event of Default in connection with any of the debt obligations secured under the terms of the 1997 Indenture, as amended and supplemented, then the Trustee may, if requested by the holders of not less than 25% in principal amount of the Bonds then Outstanding, declare that all unpaid principal and interest on any Bonds then Outstanding is immediately due and payable.

**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 Annual Comprehensive Financial Report (ACFR), which includes financial statements and required supplementary information. A copy of the separately issued ACFR may be obtained by writing to South Carolina Public Employee Benefit Authority Retirement Benefits, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

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.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

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:

**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.

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 \$2,119,781. Since July 1, 2017, employees participating in the SCRS are required to contribute 9.00% of all compensation, excluding bonuses. Contributions are prescribed (stated as a percentage of covered payroll) in Title 9 of the South Carolina Code of Laws. The employer contribution rate for fiscal year 2021 is 15.41%. The contributions made for the year ended June 30, 2021, were \$326,658 from the employer and \$190,780 from employees. The contributions made for the three prior fiscal years from the employer were \$309,241 for 2020, \$261,025 for 2019, and \$248,410 (excluding \$17,509 approved credit from SC General Assembly) for 2018. The contributions made for the three prior fiscal years from the employee were \$180,608 for 2020, \$163,027 for 2019, and \$166,718 for 2018. The Commission's 2021 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/incidental death benefits contributions of approximately \$3,180 for the year ended June 30, 2021, at the rate of 0.15% of compensation.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

The amounts paid by the Commission for pension, group-life insurance/incidental 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). 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, 2021, the Commission reported \$4,596,142 for its proportionate share of the net pension liability (NPL) of SCRS. The NPL of the SCRS defined benefit pension plan was determined based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. The Commission's employer allocated percentage of the NPL was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the Commission's SCRS employer allocated percentage was 0.0180%, which is a slight increase from its employer allocated percentage of the NPL measured as of June 30, 2019. For the year ended June 30, 2021, the Commission recognized pension expenses of \$533,827 for SCRS.

At June 30, 2021, the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Liability experience	\$ 53,033	\$ 17,380
Assumption changes	5,631	-
Investment experience	387,309	49,224
Changes in proportion and differences between employer contributions and share of total plan contributions	188,692	79,974
Contributions made to SCRS from measurement date to June 30, 2021	330,408	-
Total	<u>\$ 965,073</u>	<u>\$ 146,578</u>

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

The Commission reported \$330,408 as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date and will be recognized as a reduction of the NPL in the year ended June 30, 2022. 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,	SCRS
2022	\$ 120,193
2023	119,027
2024	162,595
2025	86,272
	\$ 488,087

The following table provides a summary of the actuarial assumptions and methods used to calculate the Total Pension Liability (TPL) as of June 30, 2020:

	SCRS
Actuarial cost method	Entry age normal
Investment rate of return <sup>1</sup>	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) <sup>1</sup>
Benefits adjustments	Lesser of 1% or \$500 annually
<sup>1</sup> Includes inflation at 2.25%	

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for first use in the July 1, 2021 actuarial valuation. The June 30, 2019 TPL, NPL and sensitivity information shown in this report were determined by consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2019. The TPL was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. The 7.25% assumed rate of return expires on July 1, 2021, and every four years thereafter, and as such, the PEBA Board, in consultation with the Retirement Security Investment Commission, must propose an assumed annual rate of return based on recommendations of the Board's actuary.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina (PRSC) Mortality table, was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

Assumptions used in the determination of the June 30, 2020 TPL are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the TPL includes a 5.00% real rate of return and 2.25% inflation component.

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.41%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
			<b>8.05%</b>

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

The following table presents the Commission's proportionate share of the net SCRS pension liabilities calculated using the discount rate of 7.25 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 (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

	1% Decrease	Current Rate	1% Increase
<u>Plan</u>	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
SCRS	\$ 5,696,355	\$ 4,596,142	\$ 3,677,451

**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 to facilitate financial analysis.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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, 2021, the Commission had active construction projects with commitments to contractors of \$18,528,329, of which \$9,679,175 has been expended or recorded as a liability.

During fiscal year 2021, on March 30, 2021, the Commission signed a loan agreement with the South Carolina Water Quality Revolving Fund Authority in the amount of \$2,921,314 for the Old Barnwell/Red Bank Creek Gravity Trunk Upgrade sewer project. However, as of June 30, 2021, no draw request were made by the Commission. Therefore, no liability is recorded on the Statement of Net Position as of June 30, 2021.

**Note 10. Subsequent Events**

The Commission has evaluated all events subsequent to the basic financial statements for the year ended June 30, 2021 through January 31, 2022, which is the date the financial statements were available to be issued.

The Coronavirus (COVID-19) pandemic developed rapidly in the later part of fiscal year 2020, with a significant number of cases globally. The pandemic has persisted throughout fiscal year 2021 through variants of the original strain. However, the development of effective vaccinations is helping to reduce incidence of the most severe outcomes. Measures taken to contain the virus have significantly affected general economic activity which could potentially have negative financial impacts on the Commission. It is anticipated that these impacts will continue for some time, however, to date, the financial impact on the Commission has not been significant.

**Note 11. Other Post-Employment Benefits (OPEB)**

**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. When the retiree reaches the age to qualify for Medicare, the Commission will no longer fund the benefit. Currently, that age is sixty-five (65).

Employees hired before September 9, 2015 become eligible when the employee qualifies for retirement benefits under the SCRS and has a minimum of five (5) years of 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 Annual Comprehensive Financial Report of the Plan. (See Note 5)

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

Under the original 2007 plan, once an employee reaches certain length of employment milestones, the employee is eligible for the Commission to pay a percentage of the employer portion of premiums (Based on “Employee Only” Premium). Those length of employment milestones and corresponding percentages of the employer portion of premiums are listed below:

5 years (minimum)	25%
10 years	50%
15 years	75%
20 years	100%

Under the September 9, 2015 plan, once an employee reaches certain length of employment milestones, the employee is eligible for the Commission to pay a percentage of the employer portion of premiums (Based on “Employee Only” Premium). Those length of employment milestones and corresponding percentages of the employer portion of premiums are listed below:

10 years (minimum)	25%
15 years	50%
20 years	75%
25 years	100%

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	34
	<hr style="width: 100%; border: 0.5px solid black;"/> 36

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.

**Net OPEB Liability**

The Commission’s net OPEB liability was measured as of December 31, 2020, and the Total OPEB Liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

Actuarial assumptions

The TOL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<b>Inflation</b>	2.25%
<b>Real wage growth</b>	
SCRS	0.75%
<b>Wage inflation</b>	
SCRS	3.00%
<b>Salary increases, including wage inflation</b>	
SCRS	3.00% - 7.00%
<b>Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation</b>	4.75%
<b>Municipal Bond Index Rate</b>	
Prior Measurement Date	2.74%
Measurement Date	2.12%
<b>Year Fiduciary Net Position is projected to be depleted</b>	
Prior Measurement Date	N/A
Measurement Date	N/A
<b>Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation</b>	
Prior Measurement Date	4.75%
Measurement Date	4.75%
<b>Health Care Cost Rates</b>	
Pre-Medicare	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Dental	4.00%

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018 – December 31, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return assumption is 4.75%. The target allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
US Government Agency	57.50%	4.50%
US Govt MBS/CMO/CMBS	40.00%	5.25%
Cash and Short Duration (Net)	2.50%	2.50%
<b>Total</b>	<b>100.00%</b>	

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 11. Other Post-Employment Benefits (cont'd.)**  
**Discount Rate**

The discount rate used to measure the TOL as of the measurement date was 4.75 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of December 31, 2018. In addition to the actuarial methods and assumptions of the December 31, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent protection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.
- In all future years, the employer is assumed to contribute the average of the last 5 years of contributions to the plan through deposit to the Trust and direct payment of benefits to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make contributions to the Trust and benefits payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's Fiduciary Net Position was projected to not be depleted.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability <u>(a)</u>	Plan	
		Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
<b>Balance at June 30, 2020</b>	\$ 689,462	\$ 652,795	\$ 36,667
<b>Changes for the year:</b>			
Service cost	22,641	-	22,641
Interest on TOL and cash flows	32,521	-	32,521
Differences between expected and actual experience	(797)	-	(797)
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	31,178	(31,178)
Net investment income	-	33,284	(33,284)
Benefit payments and implicit subsidy credit	(9,721)	(9,721)	-
Plan administrative expenses	-	(1,000)	1,000
<b>Net changes</b>	<u>44,644</u>	<u>53,741</u>	<u>(9,097)</u>
<b>Balance at June 30, 2021</b>	<u>\$ 734,106</u>	<u>\$ 706,536</u>	<u>\$ 27,570</u>

Sensitivity of the net OPEB liability to changes in the discount rate

The following table presents the net OPEB liability of the Plan, calculated using the discount rate of 4.75 percent, as well as what the Plan's net OPEB liability would be if it were calculated using a Discount Rate that is 1.00 percent lower (3.75 percent) or 1.00 percent higher (5.75 percent) than the current rate.

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB liability/(asset)	\$ 116,126	\$ 27,570	\$ (51,256)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following table presents the net OPEB liability of the Plan, calculated using current healthcare cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using health care cost trend rates that are 1.00 percent lower or 1.00 percent higher than the current rates.

	1% Decrease	Current	1% Increase
Net OPEB liability/(asset)	\$ (81,165)	\$ 27,570	\$ 159,232

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the Commission recognized OPEB expense of \$31,475. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,659
Changes of assumptions or other inputs	26,857	-
Net difference between projected and actual earnings on OPEB plan investments	13,316	-
Total	<u>\$ 40,173</u>	<u>\$ 4,659</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	
2022	\$ 10,694
2023	8,295
2024	3,324
2025	2,519
2026	2,879
Thereafter	7,803
	<u>\$ 35,514</u>

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

<b>South Carolina Retirement System</b>					
<b>Schedule of Contributions</b>					
<b>Last 10 fiscal years</b>	<b>Contractually required contributions</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency/(excess)</b>	<b>Covered payroll</b>	<b>Contributions as a percentage of covered payroll</b>
2012	\$ 155,462	(155,462)	\$ -	\$ 1,657,377	9.38%
2013	\$ 174,610	(174,610)	\$ -	\$ 1,670,909	10.45%
2014	\$ 176,573	(176,573)	\$ -	\$ 1,689,696	10.45%
2015	\$ 177,405	(177,405)	\$ -	\$ 1,650,281	10.75%
2016	\$ 187,267	(187,267)	\$ -	\$ 1,716,473	10.91%
2017	\$ 195,297	(195,297)	\$ -	\$ 1,711,633	11.41%
2018	\$ 248,410	(248,410)	\$ -	\$ 1,852,425	13.41%
2019	\$ 261,025	(261,025)	\$ -	\$ 1,811,415	14.41%
2020	\$ 309,241	(309,241)	\$ -	\$ 2,006,757	15.41%
2021	\$ 326,658	(326,658)	\$ -	\$ 2,119,781	15.41%

<b>South Carolina Retirement System</b>					
<b>Schedule of the Proportionate Share of the Net Pension Liability</b>					
	<b>Commission's proportion of the net pension liability</b>	<b>Commission's proportionate share of the net pension liability</b>	<b>Commission's covered payroll</b>	<b>Commission's proportionate share of the net pension liability as a percentage of its covered payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
2014	0.0186%	\$ 3,338,329	\$ 1,670,909	199.79%	56.39%
2015	0.0186%	\$ 3,204,457	\$ 1,689,696	189.65%	59.92%
2016	0.0176%	\$ 3,338,115	\$ 1,650,281	202.28%	56.99%
2017	0.0177%	\$ 3,786,034	\$ 1,716,473	220.57%	52.91%
2018	0.0170%	\$ 3,818,869	\$ 1,711,633	223.11%	53.34%
2019	0.0179%	\$ 4,005,387	\$ 1,852,425	216.22%	54.10%
2020	0.0172%	\$ 3,916,968	\$ 1,811,415	216.24%	54.40%
2021	0.0180%	\$ 4,596,142	\$ 2,006,757	229.03%	50.71%

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

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**Other Post-Employment Benefits**  
**Schedule of Changes in the Net OPEB Liability**

	2021	2020	2019	2018
<b><u>Total OPEB Liability</u></b>				
Service Cost at end of year	\$22,641	\$22,319	\$21,669	\$21,038
Interest on the Total OPEB Liability	32,521	29,178	27,597	25,604
Difference between expected and actual experience	(797)	(1,718)	(3,550)	-
Changes in assumptions or other inputs	-	33,779	-	-
Benefit payments*	<u>(9,721)</u>	<u>(16,545)</u>	<u>(8,431)</u>	<u>(1,000)</u>
<b>Net change in Total OPEB Liability</b>	44,644	67,013	37,285	45,642
<b>Total OPEB Liability - beginning</b>	\$689,462	\$622,449	\$585,164	\$539,522
<b>Total OPEB Liability - ending (a)</b>	\$734,106	\$689,462	\$622,449	\$585,164
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions - employer**	\$31,178	\$96,766	\$28,967	\$198,353
Net investment income	33,284	23,989	824	8,346
Benefit payments*	(9,721)	(16,545)	(8,431)	(1,000)
Administrative expense	<u>(1,000)</u>	<u>(3,191)</u>	-	<u>(11,717)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	\$53,741	\$101,019	\$21,360	\$193,982
<b>Plan Fiduciary Net Position - beginning</b>	\$652,795	\$551,776	\$530,416	\$336,434
<b>Plan Fiduciary Net Position - ending (b)</b>	\$706,536	\$652,795	\$551,776	\$530,416
<b>Net OPEB Liability - ending (a) - (b)</b>	\$27,570	\$36,667	\$70,673	\$54,748

\*Benefit payments are net of participant contributions, include an amount for the implicit subsidy, if applicable, and includes amounts paid outside an OPEB trust, if applicable.

\*\*The employer contribution includes amounts for the implicit subsidy, if applicable, and benefit payments paid outside the Trust, if applicable.

\*\*\*This data is presented for those years which information is available. Each year the Commission will add an additional year of data until a total of ten years is presented.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**Other Post-Employment Benefits**  
**Schedule of the Net OPEB Liability**

	2021	2020	2019	2018	2017
Total OPEB Liability	\$734,106	\$689,462	\$622,449	\$585,164	\$539,522
Plan Fiduciary Net Position	<u>706,536</u>	<u>652,795</u>	<u>551,776</u>	<u>530,416</u>	<u>336,434</u>
Net OPEB Liability	\$27,570	\$36,667	\$70,673	\$54,748	\$203,088
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	96.24%	94.68%	88.65%	90.64%	62.36%
Covered Payroll*	\$1,660,796	\$1,660,796	\$1,679,466	\$1,679,466	\$1,679,466
Net OPEB Liability as a percentage of covered payroll	1.66%	2.21%	4.21%	3.26%	12.09%

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

\*\*This data is presented for those years which information is available. Each year the Commission will add an additional year of data until a total of ten years is presented.

**Other Post-Employment Benefits**  
**Schedule of Employer Contributions**

	2021	2020	2019	2018
Actuarially Determined Employer Contribution (ADEC)	\$50,839	\$50,379	\$108,945	\$127,240
Contributions in relation to the ADEC	<u>31,178</u>	<u>96,766</u>	<u>28,967</u>	<u>198,353</u>
Annual contribution deficiency (excess)	19,661	(46,387)	79,978	(71,113)
Covered payroll*	\$1,660,796	\$1,660,796	\$1,679,466	\$1,679,466
Actual contributions as a percentage of covered payroll	1.88%	5.83%	1.72%	11.81%

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

\*\*This data is presented for those years which information is available. Each year the Commission will add an additional year of data until a total of ten years is presented.

**SCHEDULE 1**

**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**SCHEDULE OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	<b>JUNE 30</b>	
	2021	2020
Payroll Fringes	\$ 1,047,665	\$ 962,222
Online Utility Expenses	9,030	6,352
Contracted Services and Maintenance	538,626	491,630
Professional Services	516,681	491,075
Franchise Fees	25,529	26,619
Pelion Lease	1,000	1,000
Right of Way Clearing	2,025	-
Grounds Maintenance	24,783	16,942
Advertising	30	445
Provision for Uncollectible Accounts	23,742	16,177
Bank Charges	206,492	174,278
Office Supplies	14,530	19,483
Backflow Devices	51,644	47,848
Duplicating	16,971	17,202
Operating and Engineering Supplies	125,937	122,538
Chemicals	192,088	153,296
Equipment Repairs and Maintenance	278,674	259,781
Vehicle Repairs and Maintenance	38,415	22,236
Building Repairs	9,816	4,878
Equipment Rental	1,066	-
Building Insurance	61,034	53,340
Vehicle Insurance	19,308	16,614
General Tort Liability Insurance and Surety Bond	28,424	33,375
Telephone and Internet	39,477	44,380
Postage	10,165	13,509
Meetings, Training and Subscriptions	35,405	66,305
Utilities	516,873	488,432
Gas, Fuel and Oil	46,987	44,352
Uniforms	11,729	10,663
Licenses and Permits	39,206	39,206
Miscellaneous	65,603	114,408
Taps/Meters/AMR	247,722	266,861
Hydrants	7,977	6,548
Total Other General and Administrative Expenses	<u>\$ 4,254,655</u>	<u>\$ 4,031,995</u>



# 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)**

	2021	2020	2019	2018	2017 <sup>(1)</sup>	2016 <sup>(2)</sup>	2015	2014	2013	2012
Net Investment in Capital Assets:	\$ 88,892,401	\$ 83,799,549	\$ 78,126,258	\$ 62,304,930	\$ 54,747,304	\$ 53,091,400	\$ 48,109,027	\$ 48,160,018	\$ 45,190,614	\$ 42,485,396
Restricted for Debt Service:	1,159,357	1,159,614	1,672,060	1,687,523	1,683,385	1,920,575	2,202,796	2,520,140	1,647,629	1,789,578
Restricted for Capital/Const. Projects:	13,473,443	20,126,234	28,500	28,500	28,500	1,559,128	2,607,568	7,407,748	444,336	1,360,070
Unrestricted:	23,415,407	14,047,484	28,790,315	33,452,668	32,028,754	25,384,536	21,280,485	15,107,609	22,915,015	21,693,312
Total Net Position:	\$ 126,940,608	\$ 119,132,881	\$ 108,617,133	\$ 97,473,621	\$ 88,487,943	\$ 81,955,639	\$ 74,199,876	\$ 73,195,515	\$ 70,197,594	\$ 67,328,356

<sup>(1)</sup> Prior Period Restatement to FY 2016 Capital Contributions (\$711,337) resulted in a restatement of FY 2016 Total Net Position. See FY 2017 ACFR - Note 12.

<sup>(2)</sup> Restatement of FY 2016 Net Position (\$333,333). See FY 2017 ACFR - Note 12.

<sup>(3)</sup> Restatement of FY 2017 Net Position (\$203,088). See FY 2018 ACFR - Note 12.

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)**

	2021	2020	2019	2018	2017 <sup>(1)</sup>	2016 <sup>(2)</sup>	2015 <sup>(1)</sup>	2014	2013	2012
<b>Revenues:</b>										
Water Service Revenues	\$ 9,523,154	\$ 9,540,763	\$ 8,620,339	\$ 7,948,591	\$ 7,930,855	\$ 7,407,447	\$ 6,663,908	\$ 6,253,508	\$ 5,917,050	\$ 6,318,212
Wastewater Service Revenues	3,277,185	3,196,547	3,013,992	2,666,433	2,565,525	2,395,267	2,167,402	2,120,336	1,929,375	1,844,669
Other Revenues	5,849,410	5,749,635	5,388,811	5,134,261	4,747,310	4,944,149	4,289,304	4,082,314	3,611,487	3,415,718
<b>Total Operating Revenues:</b>	<b>18,649,749</b>	<b>18,486,945</b>	<b>17,023,142</b>	<b>15,749,285</b>	<b>15,243,690</b>	<b>14,746,863</b>	<b>13,120,614</b>	<b>12,456,158</b>	<b>11,457,912</b>	<b>11,578,599</b>
<b>Operating Expenses:</b>										
Salaries and Wages	2,185,582	2,163,927	1,894,384	1,918,769	1,801,302	1,807,613	1,726,982	1,901,052	1,725,809	1,648,059
Wholesale W&S Costs	3,052,909	2,708,314	2,451,092	2,540,746	2,462,856	2,108,483	2,144,286	2,100,121	1,971,004	1,596,574
General & Admin Exp	4,254,655	4,031,995	3,835,709	3,721,039	3,885,534	3,326,094	3,178,129	3,020,354	2,788,018	2,532,991
Depreciation	3,332,219	3,146,096	2,922,762	2,690,707	2,673,654	2,549,423	2,414,853	2,349,033	2,146,613	1,976,699
<b>Total Operating Expenses</b>	<b>12,825,365</b>	<b>12,050,332</b>	<b>11,103,947</b>	<b>10,871,261</b>	<b>10,823,346</b>	<b>9,791,613</b>	<b>9,464,250</b>	<b>9,370,560</b>	<b>8,631,444</b>	<b>7,754,323</b>
Operating Income	5,824,384	6,436,613	5,919,195	4,878,024	4,420,344	4,955,250	3,656,364	3,085,598	2,826,468	3,824,276
Non-operating revenue (expenses), net	96,798	1,544,097	774,657	258,680	(498,227)	747,190	(616,564)	(657,892)	(835,159)	(573,794)
Income before Capital Contributions	5,921,182	7,980,710	6,693,852	5,136,704	3,922,117	5,702,440	3,039,800	2,427,706	1,991,309	3,250,482
Capital Contributions	1,886,545	2,535,038	4,449,660	3,848,974	2,610,187	2,053,323	1,123,783	570,215	877,929	465,335
<b>Change in Net Position</b>	<b>\$ 7,807,727</b>	<b>\$ 10,515,748</b>	<b>\$ 11,143,512</b>	<b>\$ 8,985,678</b>	<b>\$ 6,532,304</b>	<b>\$ 7,755,763</b>	<b>\$ 1,004,361</b>	<b>\$ 2,997,921</b>	<b>\$ 2,869,238</b>	<b>\$ 3,715,817</b>

<sup>(1)</sup> Change in Net Position for fiscal year 2015 includes prior period adjustment of (\$3,159,222) to record beginning net pension liability pursuant to the implementation of GASB Statement No. 68.

<sup>(2)</sup> Prior Period Restatement to FY 2016 Capital Contributions (additional \$711,337) resulted in a restatement of FY 2016 Capital Contributions and Change in Net Position. See FY 2017 ACFR - Note 12.

<sup>(3)</sup> Change in Net Position for fiscal year 2017 includes restatement of (\$203,088) to record beginning net OPEB liability and OPEB expense pursuant to the implementation of GASB Statement No. 75.

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 2021**

	Actual <sup>(1)</sup>	Budget <sup>(2)</sup>	Variance	% of Budget Recognized/Spent
General Revenues				
Water Sales & Service	\$ 9,490,176	\$ 9,697,964	\$ (207,788)	97.86%
Wastewater Sales & Service	3,257,437	3,327,019	(69,582)	97.91%
Backflow Fees	927,124	869,999	57,125	106.57%
Hydrant Fees	709,578	682,567	27,011	103.96%
Other Operating Revenues	379,496	263,959	115,537	143.77%
Account Maintenance Fees	3,228,908	3,108,691	120,217	103.87%
Total General Revenues	17,992,719	17,950,199	42,520	100.24%
Tap Fee Connections Cost Recovery				
Tap Fee Connection Costs	305,000	-	305,000	0.00%
Hard costs of Meter Sets	106,000	-	106,000	0.00%
Tap Installation Fee	6,579	-	6,579	0.00%
Total Tap Fee Connections Cost Recovery	417,579	-	417,579	0.00%
Total Operating Revenues	18,410,298	17,950,199	460,099	102.56%
Non-operating Revenues				
Capital Facility Charges	1,191,525	-	1,191,525	0.00%
Interest income	85,365	88,050	(2,685)	96.95%
Miscellaneous Income	285,131	-	285,131	0.00%
Total Non-operating Revenues	1,562,021	88,050	1,473,971	1774.02%
Total Revenues	19,972,319	18,038,249	1,934,069	110.72%
Direct Operating Expenses				
Salaries and Wages	2,172,925	2,464,661	(291,736)	88.16%
Wholesale Water and Sewer Costs	3,025,909	2,900,000	125,909	104.34%
Other General and Administrative Expenses	4,014,893	5,088,303	(1,073,410)	78.90%
Total Direct Operating Expenses	9,213,724	10,452,964	(1,239,235)	88.14%
Indirect Operating Expenses				
Debt Service <sup>(3)</sup>	4,191,744	4,571,951	(380,207)	91.68%
Capital Outlay	350,985	559,636	(208,651)	62.72%
Regional WTP & WWTF Charges (Depreciation & Capital Charge)	182,256	190,206	(7,950)	95.82%
Total Indirect Operating Expenses	4,724,983	5,321,793	(596,808)	88.79%
Total Direct and Indirect Operating Expenses	13,938,707	15,774,757	(1,836,043)	88.36%
Net	\$ 6,033,612	\$ 2,263,492	\$ 3,770,112	266.56%

<sup>(1)</sup> Prior to year end accruals and adjustments.

<sup>(2)</sup> Final amended budget at fiscal year end.

<sup>(3)</sup> 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)**

	2021				2020				2019				2018				2017			
	# 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
<b>Total Water Customers:</b>	<b>18,563</b>		<b>608</b>	3.39%	<b>17,955</b>		<b>659</b>	3.81%	<b>17,296</b>		<b>713</b>	4.30%	<b>16,583</b>		<b>681</b>	4.28%	<b>15,902</b>		<b>790</b>	5.23%
Residential	17,789	95.8%	582	3.38%	17,207	95.8%	638	3.85%	16,569	95.8%	691	4.35%	15,878	95.7%	674	4.43%	15,204	95.6%	772	5.35%
Commercial	763	4.1%	26	3.53%	737	4.1%	21	2.93%	716	4.1%	22	3.17%	694	4.2%	8	1.17%	686	4.3%	18	2.69%
Industrial	11	0.1%	-	0.00%	11	0.1%	-	0.00%	11	0.1%	-	0.00%	11	0.1%	(1)	-8.33%	12	0.1%	-	0.00%
<b>Total Sewer Customers:</b>	<b>5,650</b>		<b>294</b>	5.49%	<b>5,356</b>		<b>296</b>	5.85%	<b>5,060</b>		<b>247</b>	5.13%	<b>4,813</b>		<b>246</b>	5.39%	<b>4,567</b>		<b>259</b>	6.01%
Residential	5,432	96.1%	286	5.56%	5,146	96.1%	291	5.99%	4,855	95.9%	237	5.13%	4,618	95.9%	241	5.51%	4,377	95.8%	251	6.08%
Commercial	204	3.6%	8	4.08%	196	3.7%	5	2.62%	191	3.8%	10	5.52%	181	3.8%	5	2.84%	176	3.9%	8	4.76%
Industrial	14	0.2%	-	0.00%	14	0.3%	-	0.00%	14	0.3%	-	0.00%	14	0.3%	-	0.00%	14	0.3%	-	0.00%

	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
<b>Total Water Customers:</b>	<b>15,112</b>		<b>873</b>	6.13%	<b>14,239</b>		<b>686</b>	5.06%	<b>13,553</b>		<b>553</b>	4.25%	<b>13,000</b>		<b>605</b>	4.88%	<b>12,395</b>		<b>426</b>	3.56%
Residential <sup>(1)</sup>	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%
<b>Total Sewer Customers:</b>	<b>4,308</b>		<b>335</b>	8.43%	<b>3,973</b>		<b>238</b>	6.37%	<b>3,735</b>		<b>214</b>	6.08%	<b>3,521</b>		<b>200</b>	6.02%	<b>3,321</b>		<b>154</b>	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%

Source: Impresa 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 Gallons Usage

Monthly Charge Comparison  
with Other Regional Municipal Utility Systems<sup>(1)</sup>  
for Residential Customers with ¾" Meter and 7,000 Gallons Usage  
June 2021

FYE June 30,	Water Charges	Sewer Charges	Total
2021	\$ 46.23	\$ 59.67	\$ 105.90
2020	46.23	59.67	105.90
2019	45.54	57.98	103.52
2018	44.85	56.37	101.22
2017	44.85	54.77	99.62
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

Utility System	Water Charges	Sewer Charges	Total
Batesburg-Leesville <sup>(2)</sup>	\$ 78.49	\$ 94.24	\$ 172.73
Cayce	64.42	48.07	112.49
Commission	46.23	59.67	105.90
Gilbert-Summit <sup>(3)</sup>	53.25	N/A	53.25
Lexington	68.56	80.03	148.59
Pelion <sup>(3)</sup>	46.23	N/A	46.23
Swansea	56.68	52.93	109.61
West Columbia	46.40	45.00	91.40

<sup>(1)</sup> Based on outside city rate schedules as of June 2021 of each of the utilities, but does not assume future rate increases.

<sup>(2)</sup> Batesburg-Leesville "Base Rate" of \$26.90 included in both water charges and sewer charges. However, Base Rate is only applied once if customer has both water and sewer service.

<sup>(3)</sup> 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<sup>(1)</sup>  
for Industrial Customer with 4" Meter and 400,000 Gallons Usage  
June 2021

Utility System	Water Charges	Sewer Charges	Total
Batesburg-Leesville <sup>(2)(3)</sup>	\$ 2,126.00	\$ 2,726.00	\$ 4,852.00
Cayce	4,156.29	3,036.72	7,193.01
Commission	2,197.46	2,883.46	5,080.92
Gilbert-Summit <sup>(4)</sup>	2,387.50	N/A	2,387.50
Lexington	3,243.11	3,805.67	7,048.78
Pelion <sup>(4)</sup>	2,197.46	N/A	2,197.46
Swansea <sup>(5)</sup>	N/A	N/A	N/A
West Columbia	2,896.00	3,255.00	6,151.00

<sup>(1)</sup> Based on outside city rate schedules as of June 2021 of the utilities, but does not assume future rate increases.

<sup>(2)</sup> Batesburg-Leesville industrial customers are charged in town rates according to a town ordinance.

<sup>(3)</sup> Batesburg-Leesville "Base Rate" of \$162.00 included in both water charges and sewer charges. However, Base Rate is only applied once if customer has both water and sewer service.

<sup>(4)</sup> Gilbert-Summit and Pelion do not provide sewer service.

<sup>(5)</sup> Swansea does not provide service to industrial customers.

Source: Published Utility Rate Schedules



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATISTICAL INFORMATION**  
**TABLE VI**

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

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Effective Date	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014	7/1/2013	7/1/2012	7/1/2011
Water Maintenance Fee <sup>(1)</sup>	\$ 8.99	\$ 8.99	\$ 8.86	\$ 8.73	\$ 8.73	\$ 8.60	\$ 8.60	\$ 8.50	\$ 8.25	\$ 8.25
Water Usage Rate (per kgal) <sup>(2)</sup>	\$ 5.32	\$ 5.32	\$ 5.24	\$ 5.16	\$ 5.16	\$ 5.08	\$ 5.08	\$ 5.03	\$ 4.97	\$ 4.92
Sewer Maintenance Fee <sup>(1)</sup>	\$ 11.72	\$ 11.72	\$ 11.43	\$ 11.15	\$ 10.88	\$ 10.61	\$ 10.50	\$ 10.30	\$ 10.00	\$ 9.75
Sewer Usage Rate (per kgal) <sup>(2)(3)</sup>	\$ 6.85	\$ 6.85	\$ 6.65	\$ 6.46	\$ 6.27	\$ 6.09	\$ 5.91	\$ 5.74	\$ 5.57	\$ 5.41
Backflow Protection Fee	\$ 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

<sup>(1)</sup> Water and Sewer Maintenance Fees reflect monthly rate charged to customer utilizing a 3/4" meter. Monthly charge increases for larger meters.

<sup>(2)</sup> Water and Sewer Usage Rates reflect "Residential" customer rates.

<sup>(3)</sup> Sewer usage capped at 10,000 gallons per month for Residential customers.

Source: Commission's Schedules of Rates



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATISTICAL INFORMATION**  
**TABLE VII**

**Top Ten Largest Water Users <sup>(1)</sup>**  
**Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Michelin Tire Corp.	\$ 659,951	\$ 711,315	\$ 765,252	\$ 699,137	\$ 666,245	\$ 599,503	\$ 589,364	\$ 606,249	\$ 573,829	\$ 544,396
Blue Granite	\$ 241,970	\$ 205,148	\$ 140,045	\$ 136,341	\$ 141,632	\$ 154,341	\$ 169,626	\$ 164,528	\$ 160,998	\$ 175,703
Lexington County School District #1	\$ 92,061	\$ 112,497	\$ 130,860	\$ 125,050	\$ 133,429	\$ 137,393	\$ 130,002	\$ 122,615	\$ 120,431	\$ 130,233
Franks Express	\$ 75,793	\$ 46,576								
Prysmian Cables & Systems	\$ 73,326	\$ 57,403	\$ 69,242	\$ 60,481	\$ 62,745	\$ 65,708	\$ 50,563	\$ 44,442	\$ 49,935	\$ 59,827
Lexington Medical Center Extended Care	\$ 52,571	\$ 56,865	\$ 64,316	\$ 51,567	\$ 60,830	\$ 55,981	\$ 53,684	\$ 61,884	\$ 56,462	\$ 58,035
U. S. Foods	\$ 34,492	\$ 43,869	\$ 47,295	\$ 41,701	\$ 42,349	\$ 37,626	\$ 39,223	\$ 37,352	\$ 34,789	\$ 34,436
Capital Concrete Co.	\$ 25,582	\$ 20,563	\$ 19,601	\$ 24,551	\$ 24,540	\$ 20,168	\$ 19,652	\$ 15,165	\$ 13,127	\$ 13,438
Love's Travel Stops & Country Store	\$ 17,947	\$	\$ 18,414	\$ 17,319	\$ 20,964	\$ 28,686	\$ 20,074			
Publix Alabama	\$ 17,173	\$ 21,942								
Persimmon Grove HOA, Inc.		\$ 24,040	\$ 32,623	\$ 46,769	\$ 44,753	\$ 36,715	\$ 38,742	\$ 29,278	\$ 30,218	\$ 33,128
Thomas Concrete of South Carolina		\$	\$ 20,025							
Ben-In Properties LLC				\$ 12,268	\$ 13,675					
Cooper's Corner					\$ 14,901			\$ 14,789	\$ 13,627	
Taylor Sr. Rentals							\$ 18,001			
Golden State Foods								\$ 12,066	\$ 12,989	\$ 13,086
Lexington Hendrix Shopping Center										\$ 14,347
<b>Total</b>	<b>\$ 1,290,865</b>	<b>\$ 1,300,218</b>	<b>\$ 1,307,672</b>	<b>\$ 1,215,183</b>	<b>\$ 1,211,163</b>	<b>\$ 1,151,022</b>	<b>\$ 1,128,931</b>	<b>\$ 1,108,367</b>	<b>\$ 1,066,405</b>	<b>\$ 1,076,629</b>
% of Total Operating Revenue	6.92%	7.03%	7.68%	7.72%	7.95%	7.81%	8.60%	8.90%	9.31%	9.30%

<sup>(1)</sup> This chart represents top ten users for each fiscal year, ranked based on annual usage revenues.

**Top Ten Largest Sewer Users <sup>(1)</sup>**  
**Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Michelin Tire Corp.	\$ 492,657	\$ 529,310	\$ 527,178	\$ 476,950	\$ 441,061	\$ 396,207	\$ 352,282	\$ 374,670	\$ 348,565	\$ 344,666
Lexington County School District #1	\$ 63,006	\$ 76,775	\$ 91,564	\$ 74,025	\$ 76,795	\$ 74,828	\$ 70,110	\$ 59,897	\$ 54,870	\$ 59,256
Prysmian Cables & Systems	\$ 55,105	\$ 39,958	\$ 70,145	\$ 67,991	\$ 74,671	\$ 97,373	\$ 98,852	\$ 72,297	\$ 75,621	\$ 46,990
U. S. Foods	\$ 23,494	\$ 37,959	\$ 42,837	\$ 36,398	\$ 32,076	\$ 22,538	\$ 24,559	\$ 18,227	\$ 18,050	\$ 24,952
Diamond Pet Food Processors	\$ 22,230	\$ 18,927	\$ 19,740	\$ 22,570	\$ 15,756	\$ 20,962	\$ 22,149	\$ 19,966	\$ 16,409	\$ 14,911
Love's Travel Stops & Country Store	\$ 20,701	\$ 19,324	\$ 19,172	\$ 18,114	\$ 18,152	\$ 17,685	\$ 14,592			
The Martin-Brewer Company	\$ 17,775	\$ 16,907	\$ 19,740	\$ 13,765	\$ 14,665	\$ 12,107	\$ 11,117	\$ 13,019	\$ 15,376	\$ 17,942
Sudz Car Wash	\$ 11,707	\$			\$ 12,289				\$ 9,592	
Sandhills Elementary/Intermediate	\$ 11,597	\$ 15,063	\$ 21,147	\$ 17,481	\$ 17,763	\$ 18,666	\$ 16,394	\$ 14,666	\$ 13,485	\$ 12,941
Cooper's Corner	\$ 10,782	\$ 12,138	\$ 14,344	\$ 13,624	\$ 14,854	\$ 17,417	\$ 16,968	\$ 16,451	\$ 14,883	\$ 13,649
International Paper		\$ 15,382	\$ 11,287					\$ 12,391		\$ 12,196
Wal-Mart				\$ 10,892						
Lexington Dry Cleaning						\$ 12,978				
Apex Tool Group / Cooper Power Tools San Jose							\$ 16,770	\$ 19,379	\$ 15,995	\$ 12,941
<b>Total</b>	<b>\$ 729,053</b>	<b>\$ 781,743</b>	<b>\$ 837,153</b>	<b>\$ 751,809</b>	<b>\$ 718,082</b>	<b>\$ 690,762</b>	<b>\$ 643,793</b>	<b>\$ 620,963</b>	<b>\$ 582,845</b>	<b>\$ 560,444</b>
% of Total Operating Revenue	3.91%	4.23%	4.92%	4.77%	4.71%	4.68%	4.91%	4.99%	5.09%	4.84%

<sup>(1)</sup> This chart represents top ten users for each fiscal year, ranked based on annual usage revenues.

Source: Impresa Utility Billing Software, iCIS



**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 <sup>(1)</sup>	Collections <sup>(1)</sup>	Collection Rate
2021	\$ 17,681,990	\$ 17,614,736	99.62%
2020	17,124,610	17,403,737	101.63%
2019	16,097,699	15,840,316	98.40%
2018	14,752,688	14,717,107	99.76%
2017	14,609,491	14,654,356	100.31%
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%

<sup>(1)</sup> Billings and Collections represent Retail customer billings and collections.

Source: Impresa 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 <sup>(1)</sup>	Water Billed <sup>(2)</sup>	% Accounted For (before system maintenance)	% Loss (before system maintenance)	% Accounted For (after system maintenance)	% Loss (after system maintenance)
2021	6.04	5.13	84.85%	15.15%	89.93%	10.07%
2020	5.81	5.12	88.08%	11.92%	90.02%	9.98%
2019	5.19	4.79	92.34%	7.66%	94.90%	5.10%
2018	4.81	4.46	92.79%	7.21%	94.38%	5.62%
2017	4.73	4.52	95.62%	4.38%	97.65%	2.35%
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%

<sup>(1)</sup> Water purchased from City of West Columbia in millions of gallons per day (MGD).

<sup>(2)</sup> Water billed represents billed charges, in MGD, which does not include leakage or system maintenance.

Source: Commission's Consumption Revenue Analysis Report.



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATISTICAL INFORMATION**  
**TABLE X**

**Summary of Financial Indebtedness of the System**  
**Fiscal Year 2021**

June 30,	2009A SRF Loan P & I	2009B SRF Loan P & I	2012 Bond P & I	2019A Bond P & I	2019B Bond P & I	2019C Bond P & I	Parity Bond Totals	Contractual Obligations	Grand Totals
2022	52,346	46,341	798,875	740,750	570,500	827,614	3,036,426	1,130,358	4,166,784
2023	52,346	46,341		739,400	576,250	1,628,217	3,042,553	1,222,609	4,265,162
2024	52,346	46,341		743,050	575,750	1,627,040	3,044,527	1,220,960	4,265,487
2025	52,346	46,341		741,550	574,250	1,629,614	3,044,101	1,221,741	4,265,842
2026	52,346	46,341		875,050	571,750	1,625,176	3,170,662	1,090,444	4,261,106
2027	52,346	46,341		1,144,500	568,250	1,629,190	3,440,627	697,941	4,138,568
2028	52,346	46,341		1,145,700	578,750	1,631,336	3,454,472	698,461	4,152,933
2029	52,346	46,341		1,141,950	577,500	1,622,160	3,440,297	709,742	4,150,039
2030	52,346	46,340		1,142,200		1,621,892	2,862,779	698,201	3,560,979
2031	13,087			1,146,400		1,624,408	2,783,895	697,854	3,481,749
2032				1,144,600		1,624,742	2,769,342	514,825	3,284,167
2033				1,147,000		2,232,823	3,379,823		3,379,823
2034				1,143,400		965,239	2,108,639		2,108,639
2035				1,144,000		964,039	2,108,039		2,108,039
2036				1,143,600		962,239	2,105,839		2,105,839
2037				1,142,200		963,443	2,105,643		2,105,643
2038				1,144,800		963,850	2,108,650		2,108,650
2039				1,146,200		963,457	2,109,657		2,109,657
2040				1,146,400		962,266	2,108,666		2,108,666
2041				1,145,400		964,432	2,109,832		2,109,832
2042				1,143,200		965,610	2,108,810		2,108,810
2043				1,144,800		965,799	2,110,599		2,110,599
2044				1,145,000			1,145,000		1,145,000
2045				1,143,800			1,143,800		1,143,800
2046				1,146,200			1,146,200		1,146,200
2047				1,142,000			1,142,000		1,142,000
2048				1,146,400			1,146,400		1,146,400
2049				1,144,000			1,144,000		1,144,000
<b>Totals</b>	<b>\$ 484,203</b>	<b>\$ 417,065</b>	<b>\$ 798,875</b>	<b>\$30,163,550</b>	<b>\$ 4,593,000</b>	<b>\$28,964,584</b>	<b>\$ 65,421,278</b>	<b>\$ 9,903,135</b>	<b>\$ 75,324,413</b>



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATISTICAL INFORMATION**  
**TABLE XI**

**Description of Debt Instruments**

Bonds						
Issue Date	Original Amount	Principal	Description	Annual Payments	Pymt Start Date	Pymt End Date
Series 2009A	\$ 895,672		State Revolving Fund Loan - Boiling Springs Booster Pump Station and Main	\$ 52,346	10/2010	7/2030
Series 2009B	\$ 839,066		State Revolving Fund Loan - Connections to Nonviable Water Systems (AAA)	\$ 46,341	9/2010	6/2030
Series 2012	\$ 14,140,000		Water and Sewer System Refunding Revenue Bonds	Varies*	6/2012	6/2033
Series 2019A	\$ 17,820,000		Water and Sewer System Improvement and Refunding Revenue Bonds	Varies*	6/2020	6/2049
Series 2019B	\$ 4,485,000		Water and Sewer System Improvement and Refunding Revenue Bonds	Varies*	6/2020	6/2029
Series 2019C	\$ 21,915,000		Water and Sewer System Improvement and Refunding Revenue Bonds	Varies*	6/2020	6/2043

\*Note: The payment amounts vary annually for these Water And Sewer System Revenue Bonds. See Table 10.

Contractual Obligations						
Contract Date	Original Amount <sup>(1)</sup>	Principal	Description	Annual Payments	Pymt Start Date	Pymt End Date
3/2005	\$ 6,687,886		City of West Columbia Junior Lien Bond for Lake Murray Water Treatment Plant Expansion	\$ 523,454	3/2006	2/2026
7/2020 <sup>(2)</sup>	\$ 10,199,853		City of Cayce Junior Lien Bond for Regional Wastewater Treatment Facility Upgrade and Expansion	Varies*	3/2012	12/2031

<sup>(1)</sup> Original Principal Amount listed for City of West Columbia Junior Lien Bond and City of Cayce Junior Lien Bond is based on Commission's proportionate percentage of each obligation. Commission's proportionate percentage of City of West Columbia Junior Lien Bond is 53.718%. Commission's proportionate percentage of City of Cayce Junior Lien Bond is 30.183%.

<sup>(2)</sup> On July 21, 2020, the City of Cayce refunded the remaining outstanding maturities of its original debt (i.e. Series 2009 SRF Loan) with publicly issued bonds. The gross par value of the City of Cayce's refunding bonds was \$18,056,000. The Commission's proportionate percentage (30.183%) is \$5,449,842.48. These refunding bonds maintain junior lien status to the Commission.



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATISTICAL INFORMATION**  
**TABLE XII**

**Debt and Debt Service per Customer**  
**Last Ten Fiscal Years Summary**

Year	Parity Debt <sup>(1)</sup>	Non-Parity Debt / Contractual Obligations <sup>(1)</sup>	Total Debt (See Note 4)	Total Annual Debt Service <sup>(2)</sup>	Customers (Water)	Per		Total Personal Income (\$000's) <sup>(3)</sup>	Debt per Personal Income
						Customer Total Debt (\$)	Per Customer Debt Service (\$)		
2021	47,229,313	9,381,634	56,610,947	4,136,606	18,563	3,050	223	14,337,467	0.33%
2020	48,853,489	10,415,736	59,269,226	4,009,467	17,955	3,301	223	14,337,467	0.34%
2019	29,540,472	11,459,446	40,999,918	3,581,936	17,296	2,370	207	14,337,467	0.21%
2018	30,808,552	12,484,434	43,292,986	3,671,687	16,583	2,611	221	13,722,876	0.22%
2017	32,040,618	13,586,324	45,626,943	3,625,906	15,902	2,869	228	13,241,872	0.24%
2016	33,231,694	14,575,106	47,806,800	3,819,025	15,112	3,163	253	12,510,453	0.27%
2015	34,621,803	15,489,534	50,111,337	3,752,289	14,239	3,519	264	12,062,144	0.29%
2014	35,227,840	16,791,212	52,019,054	3,385,185	13,553	3,838	250	11,217,911	0.31%
2013	27,416,356	17,843,388	45,259,744	3,554,688	13,000	3,482	273	10,489,256	0.26%
2012	28,403,350	18,778,395	47,181,745	3,531,016	12,395	3,807	285	10,166,983	0.28%

<sup>(1)</sup> Presented net of related issuance premiums/discounts.

<sup>(2)</sup> Total annual debt service includes principal, interest and debt service coverage component of Junior Lien debt.

<sup>(3)</sup> For years in which updated personal income data is not available, the most recently available personal income data is used.

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**

	2021	2020	2019	2018	2017 <sup>(1)</sup>	2016	2015	2014	2013	2012
Operating Revenue	\$ 18,649,749	\$ 18,486,945	\$ 17,023,142	\$ 15,749,285	\$ 15,243,690	\$ 14,746,863	\$ 13,120,614	\$ 12,456,158	\$ 11,457,912	\$ 11,578,599
Interest and Other Income	60,102	477,725	645,938	221,897	139,261	81,366	45,774	22,685	76,404	58,207
Gross Revenue	18,709,851	18,964,670	17,669,080	15,971,182	15,382,951	14,828,229	13,166,388	12,478,843	11,534,316	11,636,806
(Operating Expenses)	(9,493,146)	(8,904,236)	(8,181,184)	(8,180,554)	(8,149,692)	(7,242,190)	(7,049,397)	(7,021,527)	(6,484,831)	(5,777,624)
Net Revenues	9,216,705	10,060,434	9,487,896	7,790,628	7,233,259	7,586,039	6,116,991	5,457,316	5,049,485	5,859,182
Capital Facilities Charges	1,653,525	2,317,746	1,820,766	1,857,285	1,159,204	2,202,475	916,400	1,086,996	499,675	323,325
Net Revenues and Capital Facilities Charges	10,870,230	12,378,180	11,308,662	9,647,913	8,392,463	9,788,514	7,033,391	6,544,312	5,549,160	6,182,507
Total Parity Debt Service	3,043,175	2,851,286	2,423,755	2,418,297	2,418,798	2,661,173	2,639,799	2,471,053	2,076,461	2,134,665
Parity Debt Service Coverage @ 110% (Net Revenues) <sup>(2)</sup>	-	-	3.915	3.222	2.990	2.851	2.317	2.208	2.432	2.745
Parity Debt Service Coverage @ 120% (Net Revenues and Capital Facilities Charges)	3.572	4.341	4.666	3.990	3.470	3.678	2.664	2.648	2.672	2.896

<sup>(1)</sup> Change in Debt Service Coverage ratios for fiscal year 2017 includes restatement of (\$203,088) to adjust Operating Expenses pursuant to the implementation of GASB Statement No. 75.

<sup>(2)</sup> Due to the Commission's amendment to its Rate Covenant as part of the Series 2019 Bonds issuance, "Debt Service Coverage (excluding Capital Facilities Charges)" is no longer an applicable ratio for Rate Covenant purposes, and therefore, will no longer be presented for fiscal years after 2019.

Source: Commission's Secondary Market Disclosure Annual Report



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATISTICAL INFORMATION**  
**TABLE XIV**

**Demographic and Economic Statistics (County of Lexington)**  
**Last Ten Fiscal Years Summary**

Year	Estimated Population	Total Personal Income (\$000's)	Per Capita Personal Income	Unemployment Rate
2021	N/A	N/A	N/A	N/A
2020	303,134	N/A	N/A	3.3%
2019	298,750	N/A	N/A	2.8%
2018	294,350	13,722,876	46,621	3.5%
2017	290,338	13,241,872	45,608	3.6%
2016	286,277	12,510,453	43,701	4.5%
2015	281,675	12,062,144	42,823	5.4%
2014	277,423	11,217,911	40,436	5.1%
2013	273,248	10,489,256	38,387	5.8%
2012	269,787	10,166,983	37,686	7.0%

Source: Lexington County 2020 Annual Report; US Census Bureau; US Department of Commerce, SC Works Online Services



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATISTICAL INFORMATION**  
**TABLE XV**

**Principal Employers (County of Lexington)**

<b>Employer</b>	<b>Fiscal Year 2020</b>			<b>Fiscal Year 2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Lexington Medical Center	6,699	1	4.46%	5,200	1	3.92%
Lexington School District 1	3,916	2	2.61%	3,179	2	2.39%
State Government	2,721	3	1.81%	1,390	9	1.05%
Walmart	2,303	4	1.53%	2,135	6	1.61%
Michelin Tire	2,298	5	1.53%	1,750	7	1.32%
Amazon	2,087	6	1.39%			
County of Lexington	1,830	7	1.22%	1,468	8	1.11%
Dominion Energy (fka SCANA)	1,480	8	0.99%	2,485	3	1.87%
Lexington School District 2	1,252	9	0.83%	1,146	10	0.86%
Lexington School District 5	1,136	10	0.76%	2,339	4	1.76%
UPS				2,310	5	1.74%
	25,722		17.13%	23,402		17.63%

Source: Lexington County, SC 2020 Annual Report; SC Department of Employment & Workforce, Central SC Alliance, and Company Representatives



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATISTICAL INFORMATION**  
**TABLE XVI**

**Departmental Breakdown of Commission Employees**  
**Last Ten Fiscal Years Summary**

Department	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Administrative	3	3	2	2	2	2	2	2	2	2
Finance	3	4	3	3	3	3	4	3	3	3
Customer Service	7	7	7	6	6	6	6	6	5	6
Water	11	8	9	10	10	10	8	8	8	8
Sewer	4	4	3	4	4	3	4	5	6	6
Engineering/Cross Connection	6	6	6	5	5	5	4	4	5	5
<b>Total</b>	<b>34</b>	<b>32</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>29</b>	<b>28</b>	<b>28</b>	<b>29</b>	<b>30</b>

Source: Commission's Payroll Records



**JOINT MUNICIPAL WATER AND SEWER COMMISSION**  
**STATISTICAL INFORMATION**  
**TABLE XVII**

**Operating Indicators**  
**Last Ten Fiscal Years Summary**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Water</b>										
Metered Customers Served										
End of Year	18,563	17,955	17,296	16,583	15,902	15,112	14,239	13,553	13,000	12,395
Annual Average	18,276	17,634	16,956	16,263	15,533	14,705	13,896	13,301	12,709	12,205
Water Purchased										
Total Gallons	2,205,435,000	2,125,958,000	1,895,156,000	1,754,856,000	1,726,417,000	1,668,677,000	1,507,851,000	1,436,372,000	1,414,901,000	1,468,211,000
Daily Average	6,042,288	5,808,628	5,192,208	4,807,825	4,729,910	4,571,718	4,131,099	3,935,266	3,876,441	4,022,496
Elevated/Ground Storage (in millions)	6.50	6.50	6.50	4.50	4.50	4.50	3.75	3.75	3.75	3.75
<b>Sewer</b>										
Customers Connected										
End of Year	5,650	5,356	5,060	4,813	4,567	4,308	3,973	3,735	3,521	3,321
Annual Average	5,521	5,200	4,928	4,696	4,456	4,151	3,855	3,626	3,421	3,262
Wastewater Treated										
Total Gallons	478,549,000	447,835,000	442,559,000	412,472,000	390,324,000	343,810,000	343,172,000	347,232,000	315,262,000	304,270,000
Daily Average	1,311,093	1,223,593	1,212,490	1,130,060	1,069,381	941,945	940,197	951,321	863,732	833,616

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 2021**

<b>Water Distribution System</b>			
<b>Appurtenances</b>		<b>Water Mains</b>	
Hydrants	2319	Total Linear Feet	1,897,831
Elevated Tanks	6	Total Linear Miles	359
Ground Storage Tanks	2		
Pressure Reducing Stations	12		
Booster Pump Stations	9		
Chlorine Booster Stations	1		
Capacity @ City of West Columbia Surface Water Plant	12.07 MGD		

<b>Sewer Collection System</b>			
<b>Appurtenances</b>		<b>Sewer Pipes</b>	
Manholes	1729	Total Linear Feet	618,492
Sewer Pump Stations	27	Total Linear Miles	117
Capacity @ City of Cayce Regional Wastewater Treatment Plant	4.626MGD		

<b>Capital Assets</b>		<b>Net Book Value</b>
<b>Category</b>		
Non-Depreciable Assets:		
Land		\$ 7,408,676
Construction in Progress		5,093,960
		12,502,636
Depreciable Assets:		
Buildings		5,341,460
Machinery & Equipment		1,756,546
Furniture		1,553,979
Vehicles		833,370
Water Distribution System		89,196,475
Sewer Collection System		59,770,981
		158,452,810
Total Capital Assets		170,955,446
Less Accumulated Depreciation		(41,553,375)
Net Total of Capital Assets		\$ 129,402,071



# COMPLIANCE SECTION



# THE BRITTINGHAM GROUP, L.L.P.

## CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET  
POST OFFICE BOX 5949  
WEST COLUMBIA, SC 29171

---

PHONE: (803) 739-3090

FAX: (803) 791-0834

### **INDEPENDENT AUDITORS' 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, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 31, 2022.

#### **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  
January 31, 2022







## PROGRESS THROUGH COOPERATION

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