JOINT MUNICIPAL WATER AND SEWER COMMISSION

LEXINGTON, SOUTH CAROLINA

"PROGRESS THROUGH COOPERATION"

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020

JOINT MUNICIPAL WATER AND SEWER COMMISSION

POST OFFICE BOX 2555
LEXINGTON, SC 29071-2555

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020

PREPARED BY THE FINANCE DEPARTMENT

CUSIP Prefix 47972C, 529055

Submitted in compliance with the provisions of Disclosure Dissemination Agent Agreements between the Commission and Digital Assurance Certification, L.L.C. dated as of April 11, 2012, August 20, 2013, and December 19, 2019 which were executed in connection with the Commission's $14,140,000 Water and Sewer System Refunding Revenue Bonds, Series 2012, $11,720,000 Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2013, $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
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION

December 22, 2020

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

To the Board of Commissioners
Joint Municipal Water and Sewer Commission

It is our pleasure to submit to you this Comprehensive Annual Financial Report (CAFR) of the Joint Municipal Water and Sewer Commission (the "Commission") for the fiscal year that ended June 30, 2020. 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, 2020. (See page 15)

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

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

This report is submitted in compliance with the provisions of Disclosure Dissemination Agent Agreements between the Commission and Digital Assurance Certification, L.L.C. dated as of April 11, 2012, August 20, 2013, and December 19, 2019 which were executed in connection with the Commission's $14,140,000 Water and Sewer System Refunding Revenue Bonds, Series 2012, $11,720,000 Water and Sewer System Refunding and Improvement Revenue Bonds, Series 2013, $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 in order to assist the underwriters of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

Post Office Box 2555, Lexington, SC 29071 Telephone (803) 356-8373 Fax (803) 359-6553

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

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

Profile of the Commission

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

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

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

Although originally established to provide water and wastewater services only to the unincorporated areas of Lexington County, the Commission now also provides wholesale services to surrounding incorporated municipalities. The Commission's customer base as of June 30, 2020, was comprised of 17,955 water customer retail accounts, 5,356 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.

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 some aspects of coordination of internal IT work.

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

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

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

Lexington County's annual unemployment rate of 2.3% in 2020 was lower than the 2.8% unemployment rate recorded for the state of South Carolina as a whole, and the 3.7% recorded for the United States as a whole. According to the Community Profile for Lexington County published by the SC Department of Employment and Workforce, this trend of a relatively low unemployment rate versus the State of South Carolina and the United States has been a consistent pattern for at least the last ten years. Further evidence of the economic stability of Lexington County can be found in its continued growth in population. The population estimates from the US Census as of July 1, 2019 estimate the population of Lexington County to be 298,750. This estimates population growth for Lexington County to be approximately 35,393 people since 2010. This evidence suggests that

Lexington County is a desirable, growing community. As further evidence of the desirability of the area in which the Commission operates, Niche, an online platform that connects people to their future schools, neighborhoods and workplaces has ranked Lexington County 6th place for "2020 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.

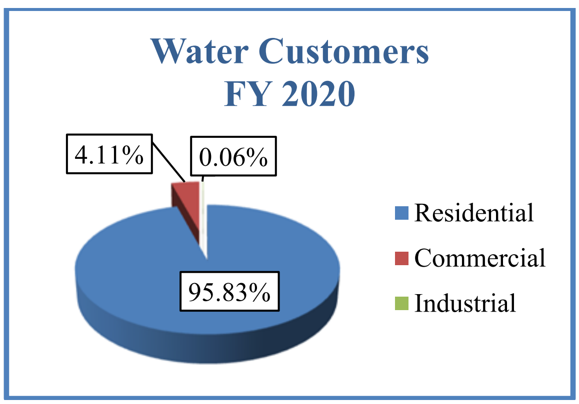
The Commission continues to seek ways to operate in an efficient manner to benefit customers and staff of the Commission in the wake of an economic downturn because of the pandemic. As of June 30, 2020, the Commission had 32 employees. This number is up from the historical employee count, which shows that the Commission had been consistently operating with an employee count ranging from 28-30 employees going back to fiscal year 2008.

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

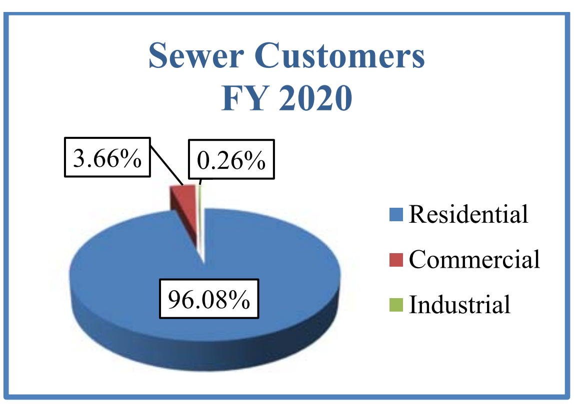
It is the expectation of the Commission that we will continue to move forward by delivering effective service to all of our customers. As a result of strong management initiatives and a solid financial foundation, we expect to continue to meet the needs of the community and its growth well into the future.

Customer Base

Our water customer base has grown at a compound annual growth rate (CAGR) of 4.45% per year over the past 10-year period (including acquisitions and franchises), growing from 11,612 water customers at fiscal year-end 2010 to 17,955 at fiscal year-end 2020 – a total growth of 6,343 water customers, or 54.62% total growth. The water customer base has seen a total increase of 12.91%, or a CAGR of 4.13%, over the past 3 fiscal years of 2020, 2019 and 2018. The sewer customer base has seen comparable growth, growing at a CAGR of 5.86% over the same 10-year period, growing from 3,031 sewer customers at fiscal year-end 2010 to 5,356 at fiscal year-end 2020 – a total growth of 2,325 sewer customers, or 76.71% total growth. Also, sewer has seen a total increase of 17.28%, or a CAGR of 5.46%, over the past 3 fiscal years of 2020, 2019 and 2018. 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				
	2020	2010	Change	% Change
Residential	17,207	11,094	+6,113	55.10%
Commercial	737	512	+225	43.95%
Industrial	11	6	+5	83.33%
Total	**17,955**	**11,612**	**6,343**	**54.62%**



Sewer Customer Base - 10 Year Comparison of Growth				
	2020	2010	Change	% Change
Residential	5,146	2,885	+2,261	78.37%
Commercial	196	134	+62	46.27%
Industrial	14	12	+2	16.67%
Total	**5,356**	**3,031**	**2,325**	**76.71%**

Budgetary Procedures

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

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

Long-term Financial Planning and Major Initiatives

In keeping with the by-laws of the Commission, the 5-year Capital Improvements Program (CIP) identifies capital expenditures totaling $44.175 million for the fiscal year periods 2021-2025. 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 - $36.125 million, sewer unit projects - $8.050 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 $27.5 million, rate revenues of $10.0 million and cash reserves of $6.675 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 2020:

- Lake Murray Water Treatment Plant high service pump improvements
- Facility Improvements (Remodel/Expansion of Commission's Main Office and New Operations Facility)

During the fiscal year, work continued on several projects for the Commission that were not completed as of June 30, 2020:

- Plant Transmission Main Extension from City of West Columbia Lake Murray WTP
- SCDOT Line Relocation – St. Peters Road/Old Cherokee Road
- Charter Oak Elevated Storage Tank
- Counts Ferry Road Site
- Red Bank Creek/Old Barnwell Sewer Main Improvements
- Mulberry Street (Pelion) Sewer Improvements
- Lydia Drive Sewer Extension

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

- Consideration of water and/or sewer capacity purchase needs
- Highway 378/Wise Ferry Road/Hermitage Road Water Main Extension
- 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 by-laws and its Revenue Bond Indenture and other contractual obligations. There are also departmental level policies and procedures that have been designed and instituted to ensure compliance with generally accepted accounting principles ("GAAP") and applicable laws and statutes.

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

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

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

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

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

The Commission established a fund, the "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 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 comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 7th consecutive year that the Joint Municipal Water and Sewer Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,

Patricia F. Mazzone

Patricia F. Mazzone, CGFO
Finance Manager

John C. Nicholson
General Manager

PRINCIPAL OFFICIALS AS OF JUNE 30, 2020

Commissioners

Steve MacDougall, *Chairman*
Town of Lexington

Andy Gambrell, *Vice-Chairman*
Town of South Congaree

Michael Bishop
Town of Springdale

Troy Bivens
Town of Gaston

Joseph Hardee
Gilbert-Summit Rural Water District

Bobby C. Keisler
Lexington County

Temus C. Miles, Jr.
City of West Columbia

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

Patricia F. Mazzone, CGFO
Finance Manager

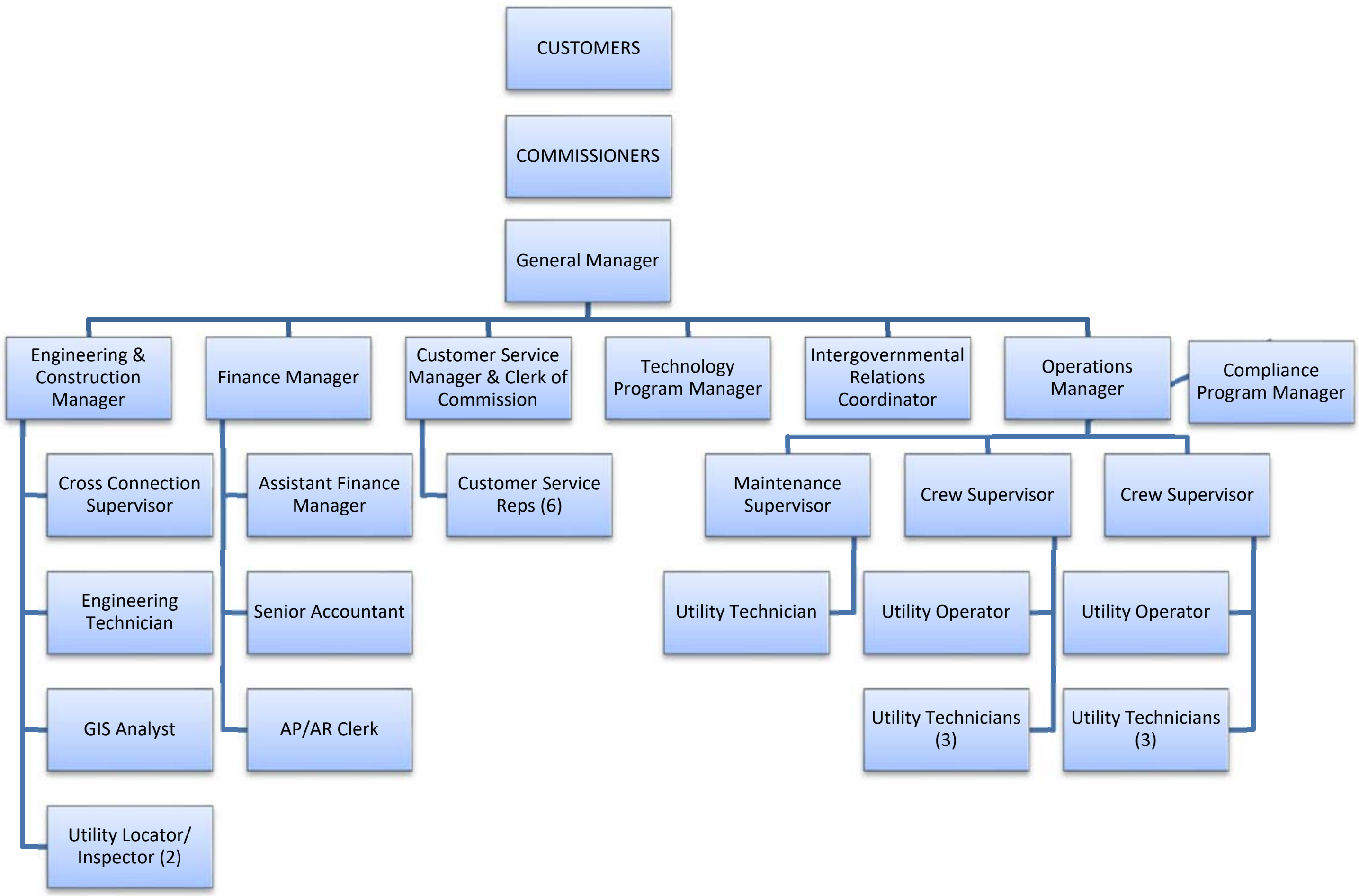
M. Gene House
Operations Manager

Stephanie R. Morton
Customer Service Manager

Donna H. Peeler
Intergovernmental Relations Coordinator

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

ORGANIZATIONAL CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Joint Municipal Water and Sewer Commission
South Carolina

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

THE BRITTINGHAM GROUP, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
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WEST COLUMBIA, SC 29171

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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, 2020, 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, 2020, 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 – 32, Other Post-Employment Benefits Schedule of Changes in the Net OPEB Liability on page 76, Other Post-Employment Benefits Schedule of the Net OPEB Liability on page 77, Other Post-Employment Benefits Schedule of Employer Contributions on page 77, the South Carolina Retirement System Schedule of Contributions on page 75, and Schedule of Proportionate Share of the South Carolina Retirement System Net Pension Liabilities on page 75 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 December 22, 2020 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

The Brittingham Group LLP

West Columbia, South Carolina

JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019 and 2018)

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, 2020. 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 $2.5 million in fiscal year 2020, consisting of those systems contributed by developer and grant funding related to capital projects. Total capital contributions in fiscal year 2020 represented the fourth-largest amount recorded by the Commission over the previous ten fiscal years. Capital assets increased $2.7 million (net of depreciation) which is a result of the continuous upgrade of Commission-owned infrastructure and assets.

The Commission has seen continued customer growth during the current fiscal year, and therefore, a corresponding increase in operating revenues. The Commission is experiencing growth in both water and sewer customers. The three-year average growth numbers for the fiscal years 2018 – 2020 has been 4.13% for water customers and 5.46% for sewer customers. Fiscal year 2020 saw customer base increases of 3.81% and 5.85% 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 $18.49 million, an increase from fiscal year 2019 in the amount of $1.46 million, or 8.60%. This overall increase can be attributed to both the growth in customer base as well as the rate increases that were effective for fiscal year 2020. The following rate increases were effective for fiscal year 2020: water maintenance fee (1.5%), water volumetric rate (1.5%), sewer maintenance fee (2.5%), and sewer volumetric rate (3.0%). Total operating revenues (prior to year-end accruals/adjustments) exceeded budgeted projections by 4.88%.

- Operating expenses, excluding depreciation, increased overall by $723 thousand, or 8.84%, versus fiscal year 2019. The three-year average growth rate for operating expenses, excluding depreciation, is 3.00%. The three-year average growth rates for each component of operating expenses, excluding depreciation, are as follows: Salaries & Wages – 6.31%, Wholesale Water & Sewer Costs – 3.22%, General & Administrative Expenses – 1.24%.

- Operating income was $6.4 million in fiscal year 2020, $5.9 million for 2019 and $4.9 million for 2018. 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.

- The Commission has experienced an average income before capital contributions of $6.60 million over the most recent three-year period. The Commission realized a net income of $7.98 million in fiscal year 2020 before capital contributions.

- The Commission's total assets and deferred outflows of resources were $185.4 million, $156.9 million, and $147.8 million for fiscal years 2020, 2019 and 2018, respectively. Liabilities and deferred inflows of resources were $66.3 million, $48.3 million, and $50.3 million for fiscal years 2020, 2019 and 2018, respectively. Assets and deferred outflows exceeded liabilities and deferred inflows in the amount of $119.1 million, $108.6 million, and $97.5 million in fiscal years 2020, 2019 and 2018, respectively. This is referred to in the financial statements as the Commission's "net position". During fiscal year 2020, total assets and deferred outflows of resources increased $28.5 million and the Commission's net position increased $10.5 million. Unrestricted net position was $14.0 million.

- The Commission recognized an increase in its customer base in the amount of 659, or 3.81%, for water customers and sewer saw an increase of 296 customers, or 5.85%, during fiscal year 2020.

- In fiscal year 2020, approximately 88% of wholesale water purchased was billed to the Commission's retail customers demonstrating a strong commitment to the conservation and protection of natural resources.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019 and 2018)

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 inflows and outflows of resources. GASB recommends that the statements be calculated as follows: "Assets plus Deferred Outflows of Resources minus Liabilities minus Deferred Inflows of Resources equals Net Position." The results are identified as changes in net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Commission is improving or deteriorating.

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

Financial Analysis

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

Condensed Financial Statements

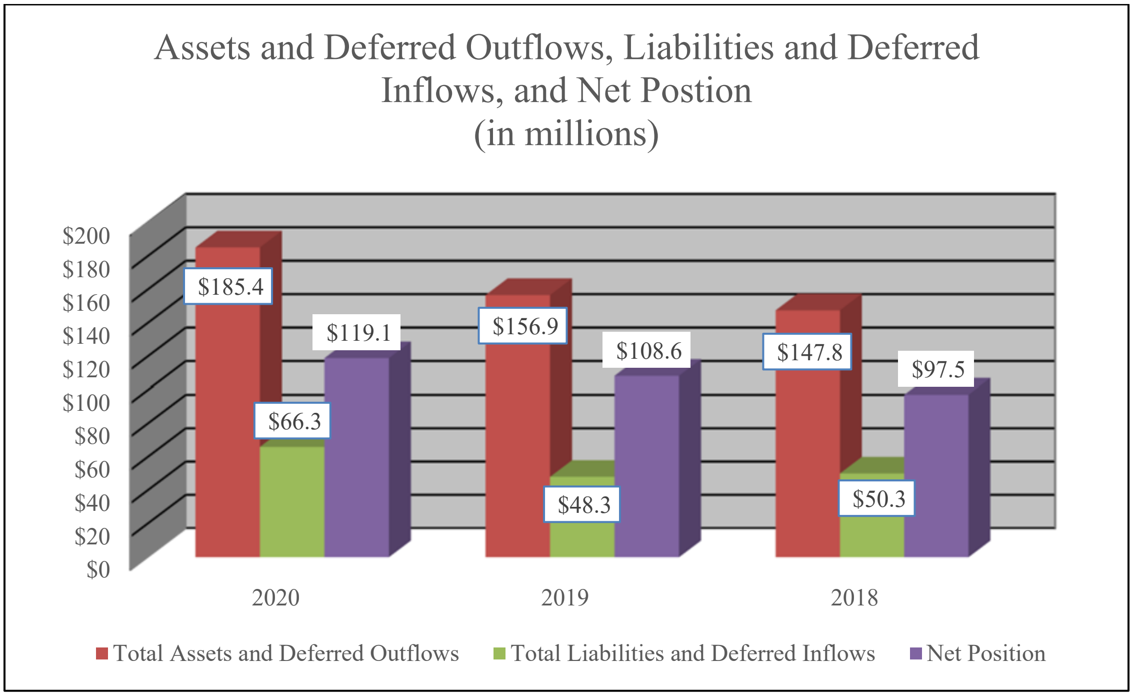
Condensed Statement of Net Position	June 30			Variance (2020 vs. 2019)	
	2020	2019	2018	Dollars	%
Capital Assets:					
Non-depreciable Assets (Land, Construction in Progress)	$ 10,474,951	$ 11,970,975	$ 7,802,846	$ (1,496,024)	-12.50%
Depreciable Assets (Net of Accumulated Depreciation)	109,659,329	105,449,612	95,936,394	4,209,717	3.99%
Total Capital Assets	120,134,280	117,420,587	103,739,240	2,713,693	2.31%
Current/Non-current Assets	61,517,435	36,614,961	41,193,843	24,902,474	68.01%
Total Assets	181,651,715	154,035,548	144,933,083	27,616,167	17.93%
Deferred Outflows of Rescources	3,769,190	2,867,339	2,849,163	901,851	31.45%
Total Assets and Deferred Outflows of Resources	185,420,905	156,902,887	147,782,246	28,518,018	18.18%
Current Liabilities	5,043,146	4,918,707	5,018,624	124,439	2.53%
Non-current Liabilities	60,969,770	43,123,095	45,124,981	17,846,675	41.39%
Total Liabilities	66,012,916	48,041,802	50,143,605	17,971,114	37.41%
Deferred Inflows of Resources	275,108	243,952	165,020	31,156	12.77%
Total Liabilities and Deferred Inflows of Resources	66,288,024	48,285,754	50,308,625	18,002,270	37.28%
Net Investment in Capital Assets	83,799,549	78,126,258	62,304,930	5,673,291	7.26%
Restricted for Debt Service	1,159,614	1,672,060	1,687,523	(512,446)	-30.65%
Restricted for Construction Projects	20,126,234	28,500	28,500	20,097,734	70518.36%
Unrestricted	14,047,484	28,790,315	33,452,668	(14,742,831)	-51.21%
Total Net Position	$ 119,132,881	$ 108,617,133	$ 97,473,621	$ 10,515,748	9.68%

JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019 and 2018)

Condensed Statement of Revenues, Expenses and Changes in Net Position					
	Year Ended June 30,				
	2020	2019	2018	Variance (2020 vs. 2019)	
	Actual	Actual	Actual	Dollars	%
Operating Revenues:					
Water Sales & Service	**$ 9,540,763**	$ 8,620,339	$ 7,948,591	$ 920,424	10.68%
Wastewater Sales & Service	**3,196,547**	3,013,992	2,666,433	182,555	6.06%
Other Revenues	**5,749,635**	5,388,811	5,134,261	360,824	6.70%
Total Operating Revenues	**18,486,945**	17,023,142	15,749,285	1,463,803	8.60%
Operating Expenses:					
Salaries & Wages	**2,163,927**	1,894,384	1,918,769	269,543	14.23%
Wholesale W&S Costs	**2,708,314**	2,451,092	2,540,746	257,222	10.49%
Other General & Admin Expenses	**4,031,995**	3,835,709	3,721,039	196,286	5.12%
Subtotal	**8,904,236**	8,181,185	8,180,554	723,051	8.84%
Depreciation	**3,146,096**	2,922,762	2,690,707	223,334	7.64%
Total Operating Expenses	**12,050,332**	11,103,947	10,871,261	946,385	8.52%
Operating Income	**6,436,613**	5,919,195	4,878,024	517,418	8.74%
Non-operating Revenues (Expenses)					
Water & Sewer CFCs	**2,317,746**	1,820,766	1,857,285	496,980	27.30%
Interest Income	**566,014**	589,584	218,700	(23,570)	-4.00%
Insurance Reimbursement	**3,685**	46,709	3,197	(43,024)	-92.11%
Capital Grants	**425,645**	-	-	425,645	-
Gain (Loss) on Sale of Capital Asset(s)	**5,760**	9,645	-	(3,885)	-40.28%
Interest Expense	**(1,606,908)**	(1,503,772)	(1,552,887)	(103,136)	6.86%
Amortization Expense	**(167,845)**	(188,275)	(267,615)	20,430	-10.85%
Total Non-operating Rev/(Exp.), net	**1,544,097**	774,657	258,680	769,440	99.33%
Income Before Capital Contributions	**7,980,710**	6,693,852	5,136,704	1,286,858	19.22%
Capital Contributions	**2,535,038**	4,449,660	3,848,974	(1,914,622)	-43.03%
Change in Net Position	**10,515,748**	11,143,512	8,985,678	(627,764)	-5.63%
Net Position - Beginning of Year	**108,617,133**	97,473,621	88,487,943	11,143,512	11.43%
Net Position - End of Year	**$119,132,881**	$ 108,617,133	$ 97,473,621	$ 10,515,748	9.68%

Financial Condition

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

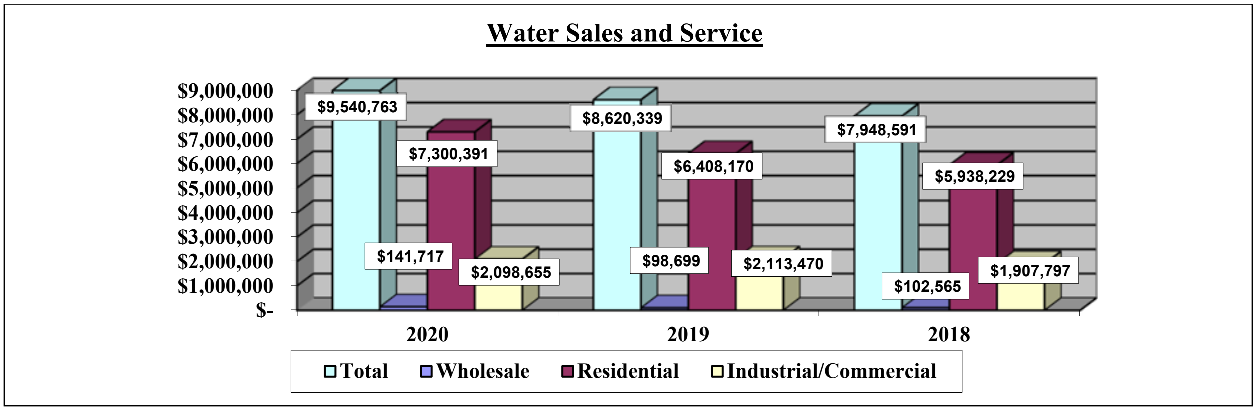


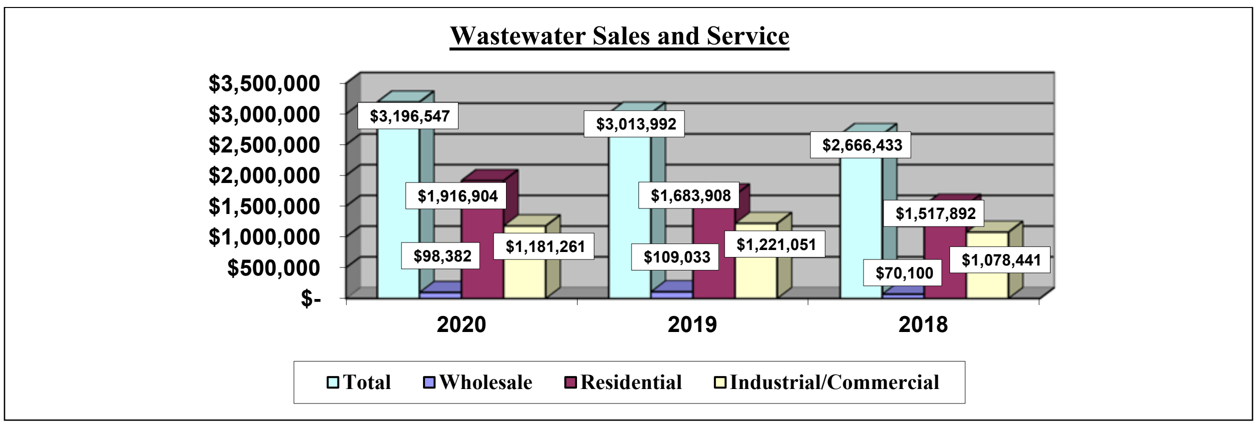
Total assets and deferred outflows grew by $28.5 million or 18.18%. Additions to capital assets, including work on the Capital Improvements Program (CIP), developer contributions, and other asset acquisitions were significant contributors to the overall increase. Additionally, restricted assets related to debt service decreased by $512 thousand.

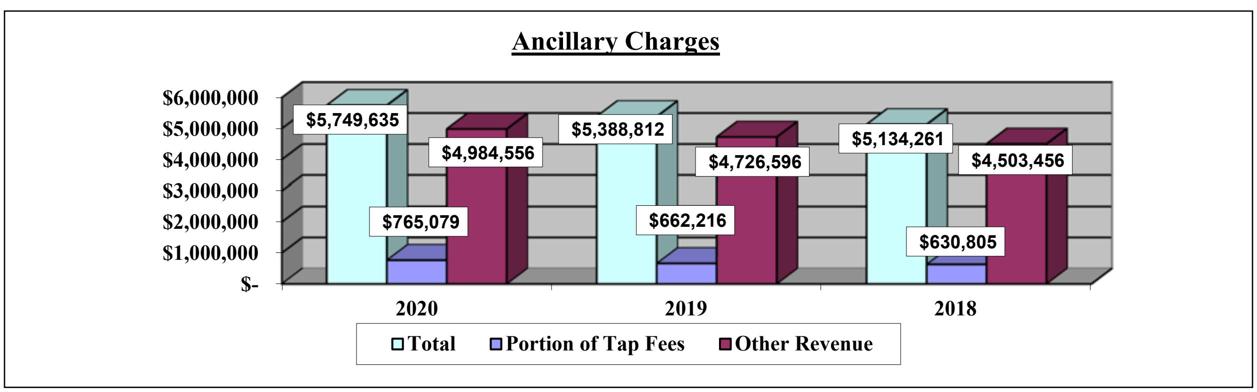
Total net position increased $10.5 million. This increase is attributable to three areas of the Commission's business: 1) Operating income of approximately $6.4 million resulting from strong revenue growth and well managed operating expenses. 2) Non-operating income of $1.5 million, largely attributable to Water and Sewer Capital Facility Charges. 3) Contributed capital of $2.5 million recognized during the fiscal year. Unrestricted net position decreased by $14.7 million.

Results of Operations

Operating Revenues: Revenues from operations fall into three general categories: water service, wastewater service and ancillary charges. Ancillary charges include a portion of tap fees, account 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.



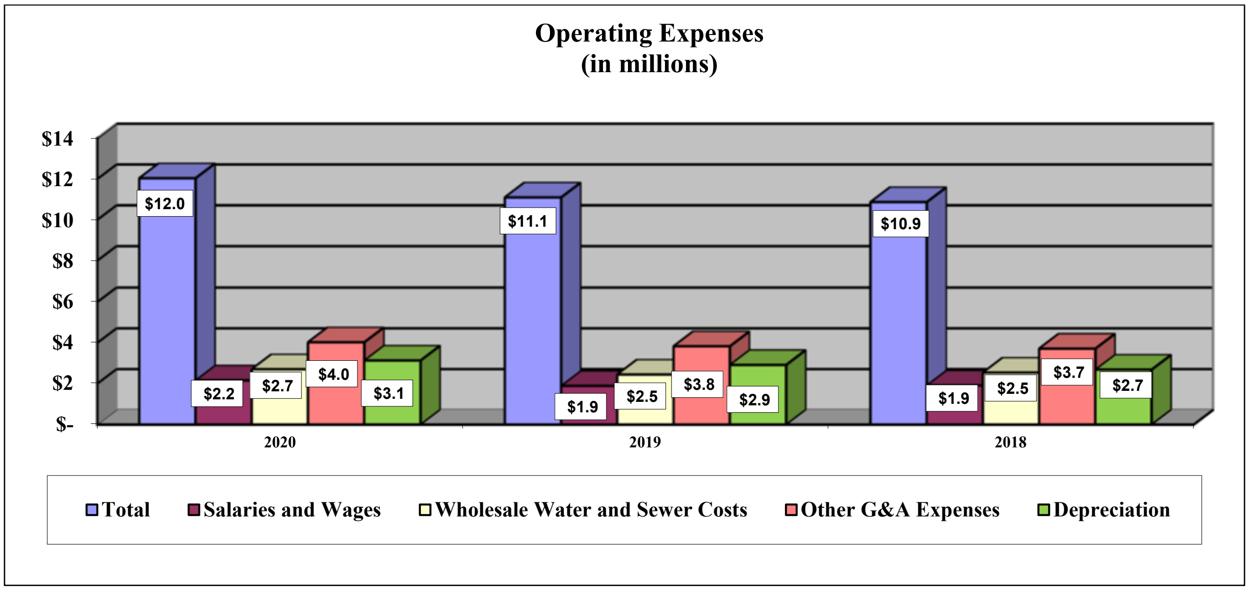




Expenses: The Commission operates and maintains a potable water distribution system and has sufficient capacity allocated at the City of West Columbia Lake Murray surface water treatment plant to care for the needs of the current customer base as well as the new growth expected in its service area. Water 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 $6.4 million in fiscal year 2020, $5.9 million in fiscal year 2019, and $4.9 million in fiscal year 2018.



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.

	2020	2019	2018	Variance (2020 vs. 2019)
Total Operating Revenues	$ 18,486,945	$ 17,023,142	$ 15,749,285	$ 1,463,803
Net Cash provided by Operations	9,494,080	8,876,630	7,408,075	617,450
Net Operating Cash (as a % of Operating Revenue)	51%	52%	47%	

Capital Assets

Property, plant and equipment, excluding depreciation, increased $5.8 million in 2020 with $2.5 million from non-cash developer contributions

During fiscal year 2020, work was completed on the Commission's:

1) Lake Murray WTP Improvements - High Service Pump Station
2) Facility Improvements (Remodel/Expansion of Commission's Main Office and New Operations Facility)

Work continued during fiscal year 2020 on several projects for the Commission:

1) Plant Transmission Main Extension from West Columbia Lake Murray WTP
2) SCDOT Line Relocation – St. Peters Road/Old Cherokee Road
3) Charter Oak Elevated Storage Tank
4) Counts Ferry Road Site
5) Red Bank Creek/Old Barnwell Sewer Main Improvements
6) Mulberry Street (Pelion) Sewer Improvements
7) Lydia Drive Sanitary Sewer Extension

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 2021-2025 CIP budget, which totals $44.2 million, anticipates that $27.5 million of the projects listed requiring future funding will be funded from bond proceeds. The fiscal year 2021 budget for debt service is $4.6 million. Please refer to Note 4 of the "Notes to the Financial Statements" for more detailed long-term debt information.

At the end of fiscal year 2020, the Commission currently has six senior and two junior debt instruments outstanding:

Senior Debt	
Series 2009A	$ 491,968
Series 2009B	440,466
Series 2012	1,510,000
Series 2019A	17,405,000
Series 2019B	4,080,000
Series 2019C	21,850,000
Junior Debt	
Series 2005	2,854,674
Series 2009	7,561,062
Total	$ 56,193,170

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.

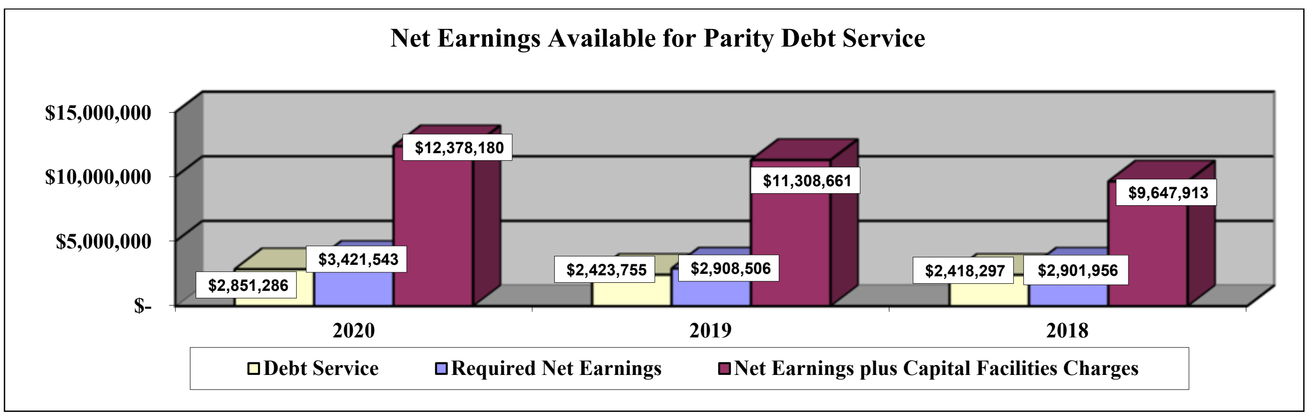
Revenue bond debt service coverage for fiscal years 2020, 2019, and 2018 was as follows:

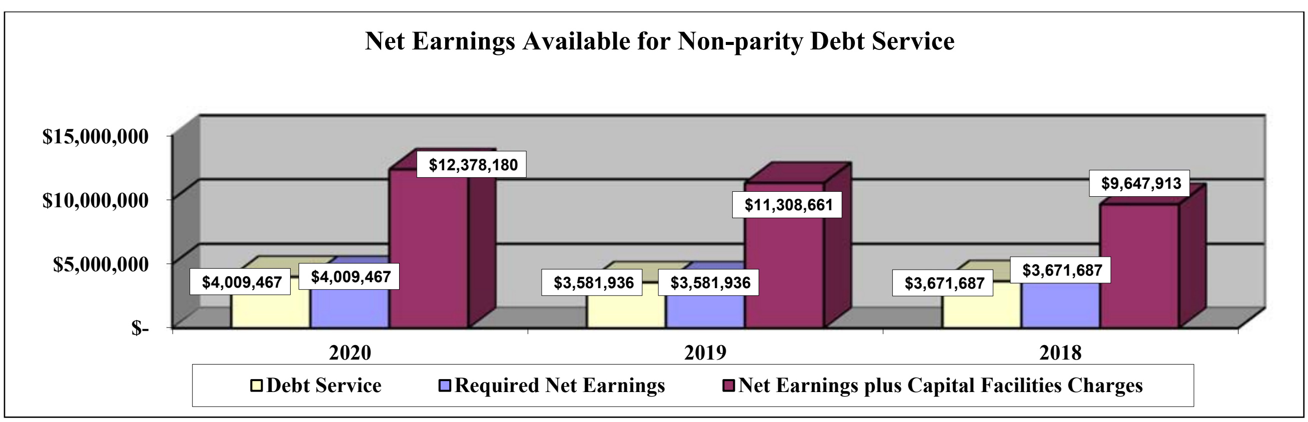
	FY 2020	FY 2019	FY 2018
Debt Service Coverage (excluding Capital Facilities Charges)	-[1]	3.915	3.222
Debt Service Coverage (including Capital Facilities Charges)	4.341	4.666	3.990

[1] 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. 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 3.087, 3.157 and 2.628 for 2020, 2019 and 2018, 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:





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 2021:

- Rate increases effective 7/1/2020 for water and sewer are as follows:
  - Volumetric
    - Water - no change
    - Sewer - no change
  - Maintenance Fees
    - Water - no change
    - Sewer - no change

- As a result of the COVID-19 pandemic that began during fiscal year 2020, interest rates have dramatically decreased. During the development of the fiscal year 2021 budget, the Federal Open Market Committee's (FOMC) lowered the benchmark fed funds target rate to a "near-zero" interest rate environment. Fed officials have lowered interest rates in March 2020 by a total of 150 basis points (1.50%). As of November 2020, the benchmark fed funds target rate is 0.00% to 0.25%.
  - This reduction in interest rates will have a negative impact on the Commission's ability to generate interest income during fiscal year 2021. However, due to the Commission's historically conservative approach to its budget process, and because the Commission does not rely on interest income in order 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 issued Series 2019 Refunding and Improvement bonds on December 19, 2019 to realize savings opportunities by refunding a portion of its previously outstanding bonds and borrow for new infrastructure projects. Additionally, the Commission plans to utilize a State Revolving Fund (SRF) Loan during fiscal year 2021 to fund a large portion of the costs of the Red Bank Creek Sewer Main Improvements CIP project. The Standard Rate on SRF Loans for fiscal year 2021 is 1.60%.

- The employer portion of the SC Retirement System contributions was originally scheduled to increase by 1.00%, from 15.41% to 16.41% in fiscal year 2021 (Note: This excludes the 0.15% employer contribution rate for Incidental Death Benefit coverage). However, in response to the COVID-19 pandemic, the South Carolina General Assembly approved legislation to suspend the 1.00% employer contribution rate increase for SCRS for fiscal year 2021. The employee contribution rate continues to be capped at 9.00%.

- The employer portion of the State Health Plan premiums will not increase in calendar year 2021. Subscriber premiums will also not increase in 2021. 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 2021.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

ASSETS	**JUNE 30** 2020	2019
Current Assets:		
Cash and Cash Equivalents	$ 2,487,117	$ 2,411,723
Cash and Cash Equivalents - Customer Deposits (Restricted)	1,094,638	1,054,188
Investments	26,515,050	22,318,770
Deposits with Fiscal Agent (Restricted)	716,651	794,694
Accounts Receivable (Net of Allowance for Uncollectible Accounts of $28,173 and $33,807 respectively)	4,260,358	3,695,814
Grant Receivable	353,714	-
Due from Other Governments	2,220	2,220
Debt Service Component of Plant Expansion Contracts	104,691	104,691
Inventory	208,429	177,008
Prepaid Expenses	81,371	70,956
Total Current Assets	35,824,239	30,630,064
Non-current Assets:		
Restricted Cash		
Cash and Cash Equivalents	28,500	28,500
Cash and Cash Equivalents - Capital Asset Reserves	1,226,418	1,320,492
Investments	21,160,833	1,575,545
Capital Assets		
Non-depreciable	10,474,951	11,970,975
Depreciable	147,882,079	140,574,750
Less: Accumulated Depreciation	(38,222,750)	(35,125,138)
Tap Fees Receivable	1,214,000	849,250
Legal Cost of Revenue Bonds (Net of Amortization)	487,038	431,584
Debt Service Component of Plant Expansion Contracts	1,520,779	1,720,678
Lease - Town of Pelion	29,000	30,000
Due from Other Governments	26,628	28,848
Total Non-Current Assets	145,827,476	123,405,484
Total Assets	181,651,715	154,035,548
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Debt Refundings	3,103,488	2,064,993
Net Pension Deferred Outflows	612,455	775,269
Net OPEB Deferred Outflows	53,247	27,077
Total Deferred Outflows of Resources	3,769,190	2,867,339
Total Assets and Deferred Outflows of Resources	$ 185,420,905	$ 156,902,887

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

LIABILITIES	**JUNE 30** 2020	2019
Current Liabilities:		
Accounts Payable	$ 513,989	$ 663,052
Construction Contracts Payable	347,911	548,184
Payroll Accruals	118,161	127,729
Compensated Absences	77,084	68,078
Customer Deposits	1,094,638	1,054,188
Debt Service Component of Plant Expansion Contracts	104,691	104,691
Revenue Bonds Payable	1,461,660	1,105,593
Junior Lien Bond Obligations Payable	862,956	843,810
Accrued Revenue Bond and Note Interest	133,090	101,461
Unearned Revenue	328,966	301,921
Total Current Liabilities	5,043,146	4,918,707
Non-current Liabilities:		
Revenue Bonds Payable (Net of Current Portion)	47,391,829	28,434,879
Junior Lien Bond Obligations Payable (Net of Current Portion)	9,448,089	10,510,945
Compensated Absences (Net of Current Portion)	176,217	101,211
Net Pension Liability	3,916,968	4,005,387
Net OPEB Liability	36,667	70,673
Total Long-Term Liabilities	60,969,770	43,123,095
Total Liabilities	66,012,916	48,041,802
DEFERRED INFLOWS OF RESOURCES		
Net Pension Deferred Inflows	270,664	240,726
Net OPEB Deferred Inflows	4,444	3,226
Total Deferred Inflows of Resources	275,108	243,952
Total Liabilities and Deferred Inflows of Resources	66,288,024	48,285,754
NET POSITION		
Net Position:		
Net Investment in Capital Assets	83,799,549	78,126,258
Restricted for Debt Service	1,159,614	1,672,060
Restricted for Construction Projects	20,126,234	28,500
Unrestricted	14,047,484	28,790,315
Total Net Position	119,132,881	108,617,133
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 185,420,905	$ 156,902,887

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

EXHIBIT B

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	JUNE 30			
	2020		2019	
Operating Revenues:				
Water Sales and Services		$ 9,540,763		$ 8,620,339
Sewer Sales and Services		3,196,547		3,013,992
Backflow Fees		886,895		850,100
Hydrant Fees		689,690		655,927
Other Operating Revenues		1,075,778		1,010,335
Account Maintenance Fees		3,097,272		2,872,449
Total Operating Revenues		18,486,945		17,023,142
Operating Expenses:				
Salaries and Wages	2,163,927		1,894,384	
Wholesale Water and Sewer Costs	2,708,314		2,451,092	
Other General and Administrative Expenses	4,031,995		3,835,709	
Depreciation	3,146,096		2,922,762	
Total Operating Expenses		12,050,332		11,103,947
Operating Income		6,436,613		5,919,195
Non-operating Revenues (Expenses):				
Water and Sewer Capital Facility Charges	2,317,746		1,820,766	
Interest Income	566,014		589,584	
Insurance Reimbursement	3,685		46,709	
Capital Grants	425,645		-	
Gain (Loss) on Sale of Capital Assets	5,760		9,645	
Interest Expense	(1,606,908)		(1,503,772)	
Amortization Expense	(167,845)		(188,275)	
Total Non-operating Revenues (Expenses)		1,544,097		774,657
Income Before Capital Contributions		7,980,710		6,693,852
Capital Contributions		2,535,038		4,449,660
Change in Net Position		10,515,748		11,143,512
Net Position - Beginning of Year		108,617,133		97,473,621
Net Position - End of Year		$ 119,132,881		$ 108,617,133

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

EXHIBIT C

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	JUNE 30	
	2020	**2019**
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 18,469,396	$ 16,754,258
Cash Paid to Suppliers	(6,923,383)	(6,012,531)
Cash Paid to Employees	(2,051,933)	(1,865,097)
Net Cash (Used in)/Provided by Operating Activities	9,494,080	8,876,630
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(3,570,455)	(13,245,916)
Principal Paid on Bonds and Notes	(26,669,094)	(2,135,199)
Interest Paid on Bonds and Notes	(1,560,375)	(1,462,605)
Capital Grants	0	1,732,073
Proceeds on Sale of Capital Asset	5,760	9,645
Series 2019 Bond Proceeds	44,220,000	-
Capital Charge - Cayce/CWC	(88,435)	(290,460)
City of Cayce - Depreciation Charge	(101,772)	(101,772)
Insurance Reimbursements	3,685	46,709
Water and Sewer Capital Facility Charges	1,503,930	1,455,486
Net Cash (Used in)/Provided by Capital and Related Financing Activities	13,743,244	(13,992,039)
Cash Flows From Investing Activities		
Net Transfer (In)/Out of Investment Pool	(23,781,568)	(530,750)
Interest Received	566,014	589,584
Net Cash (Used in)/Provided by Investing Activities	(23,215,554)	58,834
Net Increase/(Decrease) in Cash and Cash Equivalents	21,770	(5,056,575)
Cash and Cash Equivalents - Beginning of Year	4,814,903	9,871,478
Cash and Cash Equivalents - End of Year	$ 4,836,673	$ 4,814,903

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

	2020	2019
Operating Income	$ 6,436,613	$ 5,919,195
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	3,146,096	2,922,762
(Increase) Decrease in:		
Accounts Receivable and Other Receivables	(85,044)	(328,792)
Prepaid Expense	(10,415)	(267)
Inventory	(31,421)	(6,954)
Net Pension Outflows	162,814	(165,228)
Net OPEB Outflows	(26,170)	(17,483)
Increase (Decrease) in:		
Accounts Payable	(149,063)	148,717
Customer Deposits	40,450	63,625
Accrued Annual Leave	84,012	22,129
Accrued Salaries and Fringes	(9,568)	44,494
Net Pension Inflows	29,938	75,706
Net Pension Liability	(88,419)	186,518
Net OPEB Inflows	1,218	-
Net OPEB Liability	(34,006)	15,925
Unearned Revenue	27,045	(3,717)
Net Cash Provided by Operating Activities	$ 9,494,080	$ 8,876,630

Supplemental Disclosures
Noncash financing activities:

Developer contribution of systems	$ 2,502,538	$ 3,566,895

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

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

Organization

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

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

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

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

Basis of Presentation

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

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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

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

New Governmental Accounting Pronouncements

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

GASB Statement No. 87*, Leases*

Issued: June 2017

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings 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 lease 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.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

The Commission elected to implement the requirements of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, beginning in fiscal year 2018.

GASB Statement No. 91, *Conduit Debt Obligations*

Issued: May 2019

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

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

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and
- (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

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

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*

Issued: January 2020

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

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

The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.

The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.

The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Earlier application is encouraged and is permitted by topic.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

Issued: March 2020

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap

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

- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Issued: March 2020

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

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

PPPs

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment

payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.
This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor

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

as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAS

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.
PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

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

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

Issued: May 2020

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.
- The effective dates of the following pronouncements are postponed by 18 months:
- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.
The requirements of this Statement are effective immediately.

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

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

Issued: May 2020

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. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term. Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.

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

- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred. If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA. This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and A Suppression of GASB Statement No. 32*

Issued: June 2020

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred

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

compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

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:

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will also report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Commission 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 30th 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 30th 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.

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.

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.

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, 2020, the Commission had the following deposits:

Deposits	Book Balance	Bank Balance	Rating
Branch Banking and Trust	$ 24,904	$ 24,904	FDIC Insured
TD Bank	250,000	250,000	FDIC Insured
TD Bank	4,561,019	5,068,920	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, 2020 the Pool had the following recurring fair value measurements.

Investment Type	Fair Value	Input Level	Rating
SC Local Government Investment Pool	$ 37,400,540	N/A	Unrated
US Government Backed Securities MM	10,275,343	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

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 particular 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, 2020, all of the deposit amounts were covered by FDIC insurance or collateralized as outlined in the chart above. Therefore, no deposits were exposed to custodial credit risk.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments in the State Treasurer's investment pool are collateralized by underlying securities held by third party financial institutions for the investment pool.

Note 3. Capital Assets

Activity in capital assets for the year ended June 30, 2020 was as follows:

Asset Class	June 30, 2019	Increases	Decreases	Transfers	June 30, 2020
Land	$ 7,097,095	$ 282,173	$ -	$ 29,408	$ 7,408,676
Construction In Progress	4,873,880	1,622,189	(19,657)	(3,410,137)	3,066,275
Total Non-depreciable	11,970,975	1,904,362	(19,657)	(3,380,729)	10,474,951
Buildings	1,993,863	783,972	-	2,563,625	5,341,460
Less: Accumulated Depreciation	(1,018,853)	(154,182)	-	-	(1,173,035)
Machinery & Equipment	1,663,100	-	-	-	1,663,100
Less: Accumulated Depreciation	(1,386,747)	(39,354)	-	-	(1,426,101)
Furniture & Fixtures	1,219,214	282,007	-	24,108	1,525,329
Less: Accumulated Depreciation	(1,118,538)	(56,250)	-	-	(1,174,788)
Vehicles	821,978	59,876	(48,484)	-	833,370
Less: Accumulated Depreciation	(663,306)	(58,542)	48,484	-	(673,364)
Water Distribution System	77,715,340	1,623,245	-	792,996	80,131,581
Less: Accumulated Depreciation	(18,444,790)	(1,658,440)	-	-	(20,103,230)
Sewer Collection System	57,161,255	1,225,984	-	-	58,387,239
Less: Accumulated Depreciation	(12,492,902)	(1,179,329)	-	-	(13,672,231)
Total Depreciable Capital Assets	140,574,750	3,975,084	(48,484)	3,380,729	147,882,079
Total Capital Assets (Before Depreciation)	152,545,725	5,879,446	(68,141)	-	158,357,030
Less: Accumulated Depreciation	(35,125,138)	(3,146,096)	48,484	-	(38,222,750)
Total Capital Assets	$ 117,420,587	$ 2,733,350	($ 19,657)	-	$ 120,134,280

Of the $2,535,038 shown as contributed capital on Exhibit B, the Statement of Revenues, Expenses and Changes in Net Position, $2,502,538 was for water distribution and sewer collection systems which were contributed to the Commission by developers in fiscal year 2020. The remaining $32,500 is for amounts invoiced to Colony Lakes Investors, LLC for reimbursement related to the Red Bank Creek Sewer Upgrade project.

Note 4. Notes and Bonds

Notes and Bonds at June 30, 2020 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.	$ 2,854,674
Series 2009 Junior Lien Bond obligation to the City of Cayce pursuant to a wastewater services agreement, dated September 16, 2009, that required the Commission to recognize a portion of the City's bonded debt for wastewater plant expansion, includes capitalized interest of $344,479.	7,561,062
Total of Junior Lien Bond obligations:	10,415,736
$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.	491,968
$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.	440,466
$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%.	1,510,000
$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%.	17,405,000
$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%.	4,080,000
$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.	21,850,000
Total of Senior Bond obligations:	45,777,434
Subtotal:	56,193,170
Less Current Portion:	(2,429,307)
Total Long Term:	53,763,863

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

Adjustments for Issuance Premiums/Discounts:	
$ 2,386,511 – Premium on Series 2019A Water and Sewer System Improvement and Refunding Revenue Bond	2,339,453
$ 784,346 – Premium on Series 2019B Water and Sewer System Improvement and Refunding Revenue Bond	736,603
Total of Issuance Premiums/Discounts:	3,076,056
Adjustments for Deferred Amounts:	
($ 1,340,028) – Deferred Charge on Refunding of Series 2002 Junior Lien Bond obligation to the City of West Columbia	(753,766)
($ 827,167) – Deferred Charge on Refunding of Series 2012 Water and Sewer System Refunding Revenue Bond	(791,645)
($ 1,156,178) – Deferred Charge on Refunding of Series 2013 Water and Sewer System Refunding and Improvement Revenue Bond	(1,127,580)
($ 458,400) – Deferred Charge on Refunding of Series 2014 Water and Sewer System Refunding Revenue Bond	(430,497)
Total of Deferred Charges on Debt Refundings:	(3,103,488)
Total of Adjustments:	(27,432)
Total Debt (Net of Issuance Premiums/Discounts and Deferred Charges on Debt Refundings):	$ 56,165,738

Total annual debt service requirements are as follows:

	Bonds		Direct Borrowings and Direct Placements		
Year Ended June 30,	Principal	Interest	Principal	Interest	Total
2021	2,429,307	1,772,049	-	-	4,201,356
2022	2,590,191	1,699,625	-	-	4,289,816
2023	2,671,339	1,624,604	-	-	4,295,943
2024	2,737,970	1,559,947	-	-	4,297,917
2025	2,805,096	1,492,396	-	-	4,297,492
2026-2030	14,118,426	6,292,684	-	-	20,411,110
2031-2035	10,060,841	4,366,285	-	-	14,427,126
2036-2040	7,555,000	2,983,455	-	-	10,538,455
2041-2045	7,070,000	1,548,041	-	-	8,618,041
2046-2049	4,155,000	423,600	-	-	4,578,600
Total	$ 56,193,170	$ 23,762,686	$ -	$ -	$ 79,955,856

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

Changes in long-term liabilities: Long-term liability activity for the year ended June 30, 2020, was as follows:

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020	Due Within One Year
Revenue Bonds Payable	$ 22,938,026	$ 44,220,000	$ 21,380,593	$ 45,777,433	$ 1,461,660
Notes from Direct Borrowings/Placements	5,505,000	-	5,505,000	-	-
Junior Lien Obligation Bonds	11,459,446	-	1,043,710	10,415,736	967,647*
Compensated Absences	169,289	253,301	169,289	253,301	77,084
Total liabilities	40,071,761	44,473,301	28,098,592	56,446,470	2,506,391
Adjusted by:					
Issuance (Discounts)/Premiums	1,097,445	3,170,857	1,192,246	3,076,056	162,516
Total	$ 41,169,206	$ 47,644,158	$ 29,290,838	$ 59,522,526	$ 2,668,907

*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, 2019. 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 Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to South Carolina Public Employee Benefit Authority Retirement Benefits, 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.

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 $2,006,757. 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 2020 is 15.41%. The contributions made for the year ended June 30, 2020 were $309,241 from the employer and $180,608 from employees. The contributions made for the three prior fiscal years from the employer were $261,025 for 2019, $248,410 (excluding $17,509 approved credit from SC General Assembly) for 2018, and $195,297 for 2017. The contributions made for the three prior fiscal years from the employee were $163,027 for 2019, $166,718 for 2018, and $148,227 for 2017. The Commission's 2020 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 $3,010 for the year ended June 30, 2020 at the rate of 0.15% of compensation.

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, 2020, the Commission reported $3,916,968 for its proportionate share of the net pension liability (NPL) of SCRS. The NPL liability of the SCRS defined benefit pension plan was determined based on the July 1, 2018 actuarial valuations, using membership data as of July 1, 2018, projected forward to June 30, 2019, and financial information of the pension trust funds as of June 30, 2019, using generally accepted actuarial procedures. 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, 2019, the Commission's SCRS employer allocated percentage was 0.0172%, which is a slight decrease from its employer allocated percentage of the NPL measured as of June 30, 2018. For the year ended June 30, 2020 the Commission recognized pension expenses of $104,333 for SCRS.

At June 30, 2020, the state reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

Deferred Outflows of Resources	
Net differences between expected and actual experience	$ 300,204
Contributions made to SCRS from measurement date to June 30, 2020	312,251
Total deferred outflows of resources	$ 612,455
Deferred Inflows of Resources	
Net differences between expected and actual experience	$ 270,664

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

The Commission reported $312,251 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, 2021. 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
2021	$ 77,819
2022	(28,828)
2023	(31,767)
2024	12,316
	$ 29,540

The following table provides a summary of the actuarial assumptions and methods used to calculate the Total Pension Liability (TPL) as of June 30, 2019:

	SCRS
Actuarial cost method	Entry age normal
Investment rate of return[1]	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)[1]
Benefits adjustments	Lesser of 1% or $500 annually

[1] 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, 2015. 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, 2018. The TPL was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2019, 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.

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

Assumptions used in the determination of the June 30, 2019 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 2019 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
Global Equity	**51.0%**		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	**12.0%**		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunistic	**8.0%**		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	**15.0%**		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Rate Sensitive	**14.0%**		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
			7.66%

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.

Plan	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
SCRS	$ 4,934,560	$ 3,916,968	$ 3,067,728

Note 6. Unearned Revenue

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

Note 7. Deferred Compensation Plans

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

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

Note 8. Comparative Data

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

Note 9. Commitments and Contingencies

Funds received from federal and state grants programs are subject to audit by various federal and state agencies. The Commission can be required to replace any funds not used in compliance with grant requirements. At June 30, 2020, the Commission had active construction projects with commitments to contractors of $8,152,511, of which $1,121,054 has been expended or recorded as a liability.

Note 10. Subsequent Events

The Commission has evaluated all events subsequent to the basic financial statements for the year ended June 30, 2020 through December 22, 2020, 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. Measures taken to contain the virus have significantly affected general economic activity which could potentially have negative financial impacts on the Commission. 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 Comprehensive Annual Financial Report of the Plan. (See Note 5)

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%

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

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	32
	33

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, 2019, and the Total OPEB Liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018.

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:

Inflation	2.25%
Real wage growth	
SCRS	0.75%
Wage inflation	
SCRS	3.00%
Salary increases	
SCRS	3.00% - 7.00%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	4.10%
Measurement Date	2.74%
Year Fiduciary Net Position is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalents Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.75%
Measurement Date	4.75%
Health Care Cost Rates	
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:

Asset Class	Target Allocation
Fixed income	94%
Cash and cash equivalents	6%
Total	100%

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 75. 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.

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	$ 622,449	$ 551,776	$ 70,673
Changes for the year:			
Service cost	22,319	-	22,319
Interest on TOL and cash flows	29,178	-	29,178
Differences between expected and actual experience	(1,718)	-	(1,718)
Changes of assumptions or other inputs	33,779	-	33,779
Contributions - employer	-	96,766	(96,766)
Net investment income	-	23,989	(23,989)
Benefit payments and implicit subsidy credit	(16,545)	(16,545)	-
Plan administrative expenses	-	(3,191)	3,191
Net changes	67,013	101,019	(34,006)
Balance at June 30, 2020	$ 689,462	$ 652,795	$ 36,667

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 Dscount Rate (4.75%)	1% Increase (5.75%)
Net OPEB liability/(asset)	$ 123,206	$ 36,667	$ (40,044)

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)	$ (63,342)	$ 36,667	$ 157,612

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, 2020, the Commission recognized OPEB expense of $27,506. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,444
Changes of assumptions or other inputs	30,318	-
Net difference between projected and actual earnings on OPEB plan investments	22,929	-
Total	$ 53,247	$ 4,444

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

Year ended June 30,	
2021	$ 11,137
2022	11,135
2023	8,736
2024	3,765
2025	2,961
Thereafter	11,069
	$ 48,803

Note 12. Long-Term Debt

On December 19, 2019, the Joint Municipal Water and Sewer Commission issued $44,220,000 in Water and Sewer System Improvement and Refunding Revenue Bonds (Series 2019 Bonds).

The Series 2019A Bonds ($17,820,000) were issued with a reoffering premium of $2,386,511, resulting in gross proceeds of $20,206,511. Issuance costs (including underwriting fees of $102,637) totaled $206,511, resulting in net proceeds of $20,000,000, which were deposited into a Project Fund to be applied to defray the costs of the 2019 Project (see Official Statement), consisting of improvements, renovations, and enlargements to the System. The Series 2019C Bonds have an average effective interest rate of 3.347%.

Note 12. Long-Term Debt (cont'd.)

The Series 2019B Bonds ($4,485,000) were issued with a reoffering premium of $784,346, combined with $299,459 in transfers from existing Debt Service Funds, resulting in gross proceeds of $5,568,805. Issuance costs (including underwriting fees of $26,903) totaled $57,061, resulting in net proceeds of $5,511,744, which were used to refund all outstanding maturities ($5,505,000), plus accrued interest ($6,744), of the Commission's original principal amount of $6,650,000, Series 2014 Bonds. This was a current refunding of the Series 2014 Bonds. The Series 2019B Bonds have an average effective interest rate of 1.812%.

The Series 2019C Bonds ($21,915,000) were issued at par, combined with $81,511 in transfers from existing Debt Service Funds, resulting in gross proceeds of $21,996,511. Issuance costs (including underwriting fees of $125,251) totaled $252,520, resulting in net proceeds of $21,743,991, which were used to defease and advance refund the 2023 through 2033 maturities ($11,315,000) of the Commission's original principal amount of $14,140,000, Series 2012 Bonds, and the 2033 through 2043 maturities ($8,565,000) of the Commission's original principal amount of $11,720,000, Series 2013 Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the portion of the Series 2012 Bonds, which will be eligible for redemption on June 1, 2022, and all future debt service payments on the Series 2013 Bonds, which will be eligible for redemption on June 1, 2023. The Series 2019C Bonds have an average effective interest rate of 3.032%.

As a result of the advance refunding of the Series 2012 Bonds and Series 2013 Bonds, the Commission reduced its total debt service payments over the next 23 years by $2.7 million, and realized an economic gain (difference between the present values of the debt service payments on the old and new debt) of $2.0 million.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

South Carolina Retirement System
Schedule of Contributions

Last 10 fiscal years	Contractually required contributions	Contributions in relation to the contractually required contribution	Contribution deficiency/(excess)	Covered payroll	Contributions as a percentage of covered payroll
2011	$ 141,688	(141,688)	$ -	$ 1,533,420	9.24%
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%

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

	Commission's proportion of the net pension liability	Commission's proportionate share of the net pension liability	Commission's covered payroll	Commission's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
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%

* 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, 2020

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

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

*Benefit payments are net of participant contributions and include payment of the implicit subsidy based on the guidance in Illustration B-1 of GASB Implementation Guide No. 2017-2, "Financial Reporting for Postemployment Benefit Plans other than Pension Plans".

**Employer contribution amounts include the implicit subsidy payment during the period.

***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, 2020

Other Post-Employment Benefits
Schedule of the Net OPEB Liability

	2020	2019	2018	2017
Total OPEB Liability	$689,462	$622,449	$585,164	$539,522
Plan Fiduciary Net Position	652,795	551,776	530,416	336,434
Net OPEB Liability	$36,667	$70,673	$54,748	$203,088
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	94.68%	88.65%	90.64%	62.36%
Covered Payroll*	$1,660,796	$1,679,466	$1,679,466	$1,679,466
Net OPEB Liability as a percentage of covered payroll	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

	2020	2019	2018
Actuarially Determined Employer Contribution (ADEC)	$50,379	$108,945	$127,240
Contributions in relation to the ADEC	96,766	28,967	198,353
Annual contribution deficiency (excess)	(46,387)	79,978	(71,113)
Covered payroll*	$1,660,796	$1,679,466	$1,679,466
Actual contributions as a percentage of covered payroll	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, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	JUNE 30	
	2020	2019
Payroll Fringes	$ 962,222	$ 877,397
IVR Transaction and Online Utility Expenses	6,352	8,649
Contracted Services and Maintenance	491,630	507,311
Professional Services	491,075	484,793
Franchise Fees	26,619	26,770
Pelion Lease	1,000	1,000
Right of Way Clearing	-	2,093
Grounds Maintenance	16,942	17,634
Advertising	445	2,870
Provision for Uncollectible Accounts	16,177	26,489
Bank Charges	174,278	150,870
Office Supplies	19,483	15,197
Backflow Devices	47,848	60,810
Duplicating	17,202	14,264
Operating and Engineering Supplies	122,538	87,442
Chemicals	153,296	156,687
Equipment Repairs and Maintenance	259,781	247,566
Vehicle Repairs and Maintenance	22,236	35,515
Building Repairs	4,878	20,184
Building Insurance	53,340	46,467
Vehicle Insurance	16,614	11,932
General Tort Liability Insurance and Surety Bond	33,375	33,631
Telephone	44,380	35,915
Postage	13,509	10,258
Meetings, Training and Subscriptions	66,305	57,885
Utilities	488,432	426,397
Gas, Fuel and Oil	44,352	48,804
Uniforms	10,663	10,853
Licenses and Permits	39,206	39,206
Miscellaneous	114,408	53,470
Taps/Meters/AMR	266,861	316,282
Hydrants	6,548	1,068
Total Other General and Administrative Expenses	$ 4,031,995	$ 3,835,709

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)

	2020	2019	2018	2017[3]	2016[1][2]	2015	2014	2013	2012	2011
Net Investment in Capital Assets:	$ 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	$ 43,679,501
Restricted for Debt Service:	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	1,727,393
Restricted for Capital/Const. Projects:	20,126,234	28,500	28,500	28,500	1,559,128	2,607,568	7,407,748	444,336	1,360,070	2,785,748
Unrestricted:	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	15,419,897
Total Net Position:	$ 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	$ 63,612,539

[1] Prior Period Restatement to FY 2016 Capital Contributions ($711,337) resulted in a restatement of FY 2016 Total Net Position. See FY 2017 CAFR - Note 12.

[2] Restatement of FY 2016 Net Position ($333,333). See FY 2017 CAFR - Note 12.

[3] Restatement of FY 2017 Net Position ($203,088). See FY 2018 CAFR - 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)

	2020	2019	2018	2017[3]	2016[2]	2015[1]	2014	2013	2012	2011
Revenues:										
Water Service Revenues	$ 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	$ 5,928,795
Wastewater Service Revenues	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	1,692,526
Other Revenues	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	3,165,410
Total Operating Revenues:	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	10,786,731
Operating Expenses:										
Salaries and Wages	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	1,603,692
Wholesale W&S Costs	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	1,737,667
Depreciation	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	1,961,919
General & Admin Exp	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	2,757,881
Total Operating Expenses	12,050,332	11,103,947	10,871,261	10,823,346	9,791,613	9,464,250	9,370,560	8,631,444	7,754,323	8,061,159
Operating Income	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	2,725,572
Non-operating revenue (expenses), net	1,544,097	774,657	258,680	(498,227)	747,190	(616,564)	(657,892)	(835,159)	(573,794)	(1,181,715)
Income before Capital Contributions	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	1,543,857
Capital Contributions	2,535,038	4,449,660	3,848,974	2,610,187	2,053,323	1,123,783	570,215	877,929	465,335	1,175,460
Change in Net Position	$ 10,515,748	$ 11,143,512	$ 8,985,678	$ 6,532,304	$ 7,755,763	$ 1,004,361	$ 2,997,921	$ 2,869,238	$ 3,715,817	$ 2,719,317

[1] 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.

[2] 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 CAFR - Note 12.

[3] 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 2020

	Actual[1]	Budget[2]	Variance	% of Budget Recognized/Spent
General Revenues				
Water Sales & Service	$ 9,375,603	$ 8,997,688	$ 377,915	104.20%
Wastewater Sales & Service	3,162,522	3,299,569	(137,047)	95.85%
Backflow Fees	886,896	841,604	45,292	105.38%
Hydrant Fees	689,690	664,826	24,864	103.74%
Other Operating Revenues	309,949	385,945	(75,996)	80.31%
Account Maintenance Fees	3,097,271	3,000,489	96,782	103.23%
Total General Revenues	17,521,932	17,190,130	331,900	101.93%
Tap Fee Connections Cost Recovery				
Tap Fee Connection Costs	374,000	-	374,000	0.00%
Hard costs of Meter Sets	126,250	-	126,250	0.00%
Tap Installation Fee	6,579	-	6,579	0.00%
Total Tap Fee Connections Cost Recovery	506,829	-	506,829	0.00%
Total Operating Revenues	18,028,759	17,190,130	838,729	104.88%
Non-operating Revenues				
Capital Facility Charges	1,521,246	-	1,521,246	0.00%
Interest income	522,547	542,315	(19,768)	96.35%
Miscellaneous Income	81,377	-	81,377	0.00%
Total Non-operating Revenues	2,125,170	542,315	1,582,855	391.87%
Total Revenues	20,153,929	17,732,445	2,421,583	113.66%
Direct Operating Expenses				
Salaries and Wages	2,066,065	2,144,779	(78,714)	96.33%
Wholesale Water and Sewer Costs	2,577,313	2,950,000	(372,687)	87.37%
Other General and Administrative Expenses	4,018,213	4,871,254	(853,041)	82.49%
Total Direct Operating Expenses	8,661,588	9,966,033	(1,304,440)	86.91%
Indirect Operating Expenses				
Debt Service[3]	4,035,400	3,844,458	190,942	104.97%
Capital Outlay	393,316	256,500	136,816	153.34%
Regional WTP & WWTF Charges (Depreciation & Capital Charge)	(16,149)	392,232	(408,381)	-4.12%
Total Indirect Operating Expenses	4,412,565	4,493,190	(80,623)	98.21%
Total Direct and Indirect Operating Expenses	13,074,153	14,459,223	(1,385,063)	90.42%
Net	$ 7,079,776	$ 3,273,222	$ 3,806,646	216.29%

(1) Prior to year end accruals and adjustments.
(2) Final amended budget at fiscal year end.
(3) Presented net of original issuance discount and premiums.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE IV

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

	2020				2019				2018				2017				2016			
	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth
Total Water Customers:	**17,955**		**659**	3.81%	**17,296**		**713**	4.30%	**16,583**		**681**	4.28%	**15,902**		**790**	5.23%	**15,112**		**873**	6.13%
Residential	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%	14,432	95.5%	860	6.34%
Commercial	737	4.1%	21	2.93%	716	4.1%	22	3.17%	694	4.2%	8	1.17%	686	4.3%	18	2.69%	668	4.4%	13	1.98%
Industrial	11	0.1%	-	0.00%	11	0.1%	-	0.00%	11	0.1%	(1)	-8.33%	12	0.1%	-	0.00%	12	0.1%	-	0.00%
Total Sewer Customers:	**5,356**		**296**	5.85%	**5,060**		**247**	5.13%	**4,813**		**246**	5.39%	**4,567**		**259**	6.01%	**4,308**		**335**	8.43%
Residential	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%	4,126	95.8%	327	8.61%
Commercial	196	3.7%	5	2.62%	191	3.8%	10	5.52%	181	3.8%	5	2.84%	176	3.9%	8	4.76%	168	3.9%	8	5.00%
Industrial	14	0.3%	-	0.00%	14	0.3%	-	0.00%	14	0.3%	-	0.00%	14	0.3%	-	0.00%	14	0.3%	-	0.00%

	2015				2014				2013				2012				2011			
	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth	# of Accts	% of Total Accts	# of New Accts	% Growth
Total Water Customers:	**14,239**		**686**	5.06%	**13,553**		**553**	4.25%	**13,000**		**605**	4.88%	**12,395**		**426**	3.56%	**11,969**		**357**	3.07%
Residential(1)	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%	11,385	95.1%	291	2.62%
Commercial	655	4.6%	18	2.83%	637	4.7%	25	4.08%	612	4.7%	17	2.86%	595	4.8%	17	2.94%	578	4.8%	66	12.89%
Industrial	12	0.1%	4	50.00%	8	0.1%	-	0.00%	8	0.1%	-	0.00%	8	0.1%	2	33.33%	6	0.1%	-	0.00%
Total Sewer Customers:	**3,973**		**238**	6.37%	**3,735**		**214**	6.08%	**3,521**		**200**	6.02%	**3,321**		**154**	4.86%	**3,167**		**136**	4.49%
Residential	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%	3,028	95.6%	143	4.96%
Commercial	160	4.0%	7	4.58%	153	4.1%	11	7.75%	142	4.0%	10	7.58%	132	4.0%	5	3.94%	127	4.0%	(7)	-5.22%
Industrial	14	0.4%	1	7.69%	13	0.3%	-	0.00%	13	0.4%	-	0.00%	13	0.4%	1	8.33%	12	0.4%	-	0.00%

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

FYE June 30,	Water Charges	Sewer Charges	Total
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
2011	41.46	44.77	86.23

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

Source: Published Utility Rate Schedules

Monthly Charge Comparison
with Other Regional Municipal Utility Systems[(1)]
for Residential Customers with ¾" Meter and 7,000 Gallons Usage
June 2020

Utility System	Water Charges	Sewer Charges	Total
Batesburg-Leesville[(2)]	$ 78.49	$ 94.24	$ 172.73
Cayce	64.42	48.07	112.49
Commission	46.23	59.67	105.90
Gilbert-Summit[(3)]	53.25	N/A	53.25
Lexington	68.56	80.03	148.59
Pelion[(3)]	46.23	N/A	46.23
Swansea	56.68	52.93	109.61
West Columbia	49.50	47.40	96.90

(1) Based on outside city rate schedules as of June 2020 of each of the utilities, but does not assume future rate increases.

(2) 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.

(3) Pelion and Gilbert-Summit do not provide sewer service.

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

Monthly Charge Comparison
with Other Regional Municipal Utility Systems[1]
for Industrial Customer with 4" Meter and 400,000 Gallons Usage
June 2020

Utility System	Water Charges	Sewer Charges	Total
Batesburg-Leesville[2] [3]	$ 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[4]	2,387.50	N/A	2,387.50
Lexington	3,235.11	3,805.67	7,040.78
Pelion[4]	2,197.46	N/A	2,197.46
Swansea [5]	N/A	N/A	N/A
West Columbia	2,711.00	3,030.00	5,741.00

[1] Based on outside city rate schedules as of June 2020 of the utilities, but does not assume future rate increases.
[2] Batesburg-Leesville industrial customers are charged in town rates according to a town ordinance.
[3] 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.
[4] Gilbert-Summit and Pelion do not provide sewer service.
[5] 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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Effective Date	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	7/1/2010
Water Maintenance Fee [1]	$ 8.99	$ 8.86	$ 8.73	$ 8.73	$ 8.60	$ 8.60	$ 8.50	$ 8.25	$ 8.25	$ 8.00
Water Usage Rate (per kgal) [2]	$ 5.32	$ 5.24	$ 5.16	$ 5.16	$ 5.08	$ 5.08	$ 5.03	$ 4.97	$ 4.92	$ 4.78
Sewer Maintenance Fee [1]	$ 11.72	$ 11.43	$ 11.15	$ 10.88	$ 10.61	$ 10.50	$ 10.30	$ 10.00	$ 9.75	$ 9.00
Sewer Usage Rate (per kgal) [2] [3]	$ 6.85	$ 6.65	$ 6.46	$ 6.27	$ 6.09	$ 5.91	$ 5.74	$ 5.57	$ 5.41	$ 5.11
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

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

(2) Water and Sewer Usage Rates reflect "Residential" customer rates.

(3) 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 [1]
Last Ten Fiscal Years Summary (Fiscal Year Ended June 30)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Michelin Tire Corp.	$ 711,315	$ 765,252	$ 699,137	$ 666,245	$ 599,503	$ 589,364	$ 606,249	$ 573,829	$ 544,396	$ 501,771
Blue Granite	$ 205,148	$ 140,045	$ 136,341	$ 141,632	$ 154,341	$ 169,626	$ 164,528	$ 160,998	$ 175,703	$ 161,482
Lexington County School District #1	$ 112,497	$ 130,860	$ 125,050	$ 133,429	$ 137,393	$ 130,002	$ 122,615	$ 120,431	$ 130,233	$ 126,510
Prysmian Cables & Systems	$ 57,403	$ 69,242	$ 60,481	$ 62,745	$ 65,708	$ 50,563	$ 44,442	$ 49,935	$ 59,827	$ 51,293
Lexington Medical Center Extended Care	$ 56,865	$ 64,316	$ 51,567	$ 60,830	$ 55,981	$ 53,684	$ 61,884	$ 56,462	$ 58,035	$ 36,555
Franks Express	$ 46,576									
U. S. Foods	$ 43,869	$ 47,295	$ 41,701	$ 42,349	$ 37,626	$ 39,223	$ 37,352	$ 34,789	$ 34,436	$ 30,890
Persimmon Grove HOA, Inc.	$ 24,040	$ 32,623	$ 46,769	$ 44,753	$ 36,715	$ 38,742	$ 29,278	$ 30,218	$ 33,128	$ 28,080
Publix Alabama	$ 21,942									
Capital Concrete Co.	$ 20,563	$ 19,601	$ 24,551	$ 24,540	$ 20,168	$ 19,652	$ 15,165	$ 13,127	$ 13,438	$ 10,429
Thomas Concrete of South Carolina		$ 20,025								
Love's Travel Stops & Country Store		$ 18,414	$ 17,319	$ 20,964	$ 28,686	$ 20,074				
Ben-In Properties LLC			$ 12,268	$ 13,675						
Cooper's Corner					$ 14,901		$ 14,789	$ 13,627		$ 12,506
Taylor Sr. Rentals						$ 18,001				
Golden State Foods							$ 12,066	$ 12,989	$ 13,086	$ 12,741
Lexington Hendrix Shopping Center									$ 14,347	
Total	$ 1,300,218	$ 1,307,672	$ 1,215,183	$ 1,211,163	$ 1,151,022	$ 1,128,931	$ 1,108,367	$ 1,066,405	$ 1,076,629	$ 972,257
% of Total Operating Revenue	7.03%	7.68%	7.72%	7.95%	7.81%	8.60%	8.90%	9.31%	9.30%	9.01%

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Michelin Tire Corp.	$ 529,310	$ 527,178	$ 476,950	$ 441,061	$ 396,207	$ 352,282	$ 374,670	$ 348,565	$ 344,666	$ 254,097
Lexington County School District #1	$ 76,775	$ 91,564	$ 74,025	$ 76,795	$ 74,828	$ 70,110	$ 59,897	$ 54,870	$ 59,256	$ 66,014
Prysmian Cables & Systems	$ 39,958	$ 70,145	$ 67,991	$ 74,671	$ 97,373	$ 98,852	$ 72,297	$ 75,621	$ 46,990	$ 51,953
U. S. Foods	$ 37,959	$ 42,837	$ 36,398	$ 32,076	$ 22,538	$ 24,559	$ 18,227	$ 18,050	$ 24,952	$ 14,741
Love's Travel Stops & Country Store	$ 19,324	$ 19,172	$ 18,114	$ 18,152	$ 17,685	$ 14,592				
Diamond Pet Food Processors	$ 18,927	$ 19,740	$ 22,570	$ 15,756	$ 20,962	$ 22,149	$ 19,966	$ 16,409	$ 14,911	$ 12,003
The Martin-Brewer Company	$ 16,907	$ 19,740	$ 13,765	$ 14,665	$ 12,107	$ 11,117	$ 13,019	$ 15,376	$ 17,942	$ 11,382
International Paper	$ 15,382	$ 11,287					$ 12,391		$ 12,196	$ 9,552
Sandhills Elementary/Intermediate	$ 15,063	$ 21,147	$ 17,481	$ 17,763	$ 18,666	$ 16,394	$ 14,666	$ 13,485	$ 12,941	$ 12,070
Cooper's Corner	$ 12,138	$ 14,344	$ 13,624	$ 14,854	$ 17,417	$ 16,968	$ 16,451	$ 14,883	$ 13,649	$ 13,372
San Jose									$ 12,941	
Wal-Mart			$ 10,892							
Sudz Car Wash				$ 12,289				$ 9,592		
Lexington Dry Cleaning					$ 12,978					
Apex Tool Group / Cooper Power Tools						$ 16,770	$ 19,379	$ 15,995		$ 12,121
Total	$ 781,743	$ 837,153	$ 751,809	$ 718,082	$ 690,762	$ 643,793	$ 620,963	$ 582,845	$ 560,444	$ 457,305
% of Total Operating Revenue	4.23%	4.92%	4.77%	4.71%	4.68%	4.91%	4.99%	5.09%	4.84%	4.24%

[1] 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 [1]	Collections [1]	Collection Rate
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%
2011	10,176,729	10,285,808	101.07%

[1] 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 [1]	Water Billed [2]	% Accounted For (before system maintenance)	% Loss (before system maintenance)	% Accounted For (after system maintenance)	% Loss (after system maintenance)
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%
2011	3.97	3.60	90.60%	9.40%	92.94%	7.06%

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

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

Source: Commission's Consumption Revenue Analysis Report.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE X

Summary of Financial Indebtedness of the System
Fiscal Year 2020

June 30,	2009A Loan P & I	2009B 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
2021	52,346	46,341	796,625	742,100	574,000	831,764	3,043,175	1,158,181	4,201,356
2022	52,346	46,341	798,875	740,750	570,500	827,614	3,036,426	1,253,390	4,289,816
2023	52,346	46,341		739,400	576,250	1,628,217	3,042,553	1,253,390	4,295,943
2024	52,346	46,341		743,050	575,750	1,627,040	3,044,527	1,253,390	4,297,917
2025	52,346	46,341		741,550	574,250	1,629,614	3,044,101	1,253,390	4,297,491
2026	52,346	46,341		875,050	571,750	1,625,176	3,170,662	1,122,527	4,293,189
2027	52,346	46,341		1,144,500	568,250	1,629,190	3,440,627	729,936	4,170,563
2028	52,346	46,341		1,145,700	578,750	1,631,336	3,454,472	729,936	4,184,409
2029	52,346	46,341		1,141,950	577,500	1,622,160	3,440,297	729,936	4,170,233
2030	52,346	46,340		1,142,200		1,621,892	2,862,779	729,936	3,592,715
2031	13,087			1,146,400		1,624,408	2,783,895	729,936	3,513,831
2032				1,144,600		1,624,742	2,769,342	547,453	3,316,794
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
Totals	$ 536,550	$ 463,406	$1,595,500	$30,905,650	$ 5,167,000	$29,796,348	$ 68,464,454	$ 11,491,402	$ 79,955,856

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XI

Description of Debt Instruments

Bonds					
Issue Date	Original Principal Amount	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	$ 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 Principal Amount(1)	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
9/2009	$ 10,199,853	City of Cayce Junior Lien Bond for Regional Wastewater Treatment Facility Upgrade and Expansion	$ 729,936	3/2012	12/2031

(1) 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%.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XII

Debt and Debt Service per Customer
Last Ten Fiscal Years Summary

Year	Parity Debt[(1)]	Non-Parity Debt / Contractual Obligations	Total Debt (See Note 4)	Total Annual Debt Service[(2)]	Customers (Water)	Per Customer Total Debt ($)	Per Customer Debt Service ($)	Total Personal Income ($000's)	Debt per Personal Income
2020	48,853,489	10,415,736	59,269,226	4,009,467	17,955	3,301	223	N/A	N/A
2019	29,540,472	11,459,446	40,999,918	3,581,936	17,296	2,370	207	N/A	N/A
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%
2011	28,153,716	16,589,240	44,742,956	2,868,422	11,969	3,738	240	9,637,103	0.29%

[(1)] Presented net of related premiums, discounts, and adjustments.

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

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XIII

Pledged Revenue Coverage
Last Ten Fiscal Years Summary

	2020	2019	2018	2017[1]	2016	2015	2014	2013	2012	2011
Operating Revenue	$ 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	$ 10,786,731
Interest and Other Income	477,725	645,938	221,897	139,261	81,366	45,774	22,685	76,404	58,207	54,736
Gross Revenue	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	10,841,467
(Operating Expenses)	(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)	(6,099,240)
Net Revenues	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	4,742,227
Capital Facilities Charges	2,317,746	1,820,766	1,857,285	1,159,204	2,202,475	916,400	1,086,996	499,675	323,325	273,128
Net Revenues and Capital Facilities Charges	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	5,015,355
Total Parity Debt Service	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	2,114,701
Parity Debt Service Coverage @ 110% (Net Revenues) [2]	-	3.915	3.222	2.990	2.851	2.317	2.208	2.432	2.745	2.243
Parity Debt Service Coverage @ 120% (Net Revenues and Capital Facilities Charges)	4.341	4.666	3.990	3.470	3.678	2.664	2.648	2.672	2.896	2.372

(1) 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.

(2) 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
2020	N/A	N/A	N/A	N/A
2019	299,381	N/A	N/A	2.8%
2018	295,032	13,722,876	46,513	3.5%
2017	290,818	13,241,872	45,533	3.6%
2016	286,503	12,510,453	43,666	4.5%
2015	281,779	12,062,144	42,807	5.4%
2014	277,446	11,217,911	40,433	5.1%
2013	273,249	10,489,256	38,387	5.8%
2012	269,784	10,166,983	37,686	7.0%
2011	266,311	9,637,103	36,187	8.0%

Source: Lexington County 2019 CAFR; 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)

	Fiscal Year 2019			Fiscal Year 2010		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Lexington Medical Center	6,699	1	4.52%	4,794	1	3.56%
Lexington School District 1	3,916	2	2.64%	3,212	2	2.39%
Michelin Tire	2,422	3	1.63%	1,750	6	1.30%
State Government	2,337	4	1.58%	1,390	8	1.03%
Amazon	2,087	5	1.41%			
Walmart	2,013	6	1.36%	2,350	4	1.75%
County of Lexington	1,798	7	1.21%	1,406	7	1.05%
Dominion	1,628	8	1.10%			
Lexington School District 2	1,257	9	0.85%	1,350	9	1.00%
Lexington School District 5	1,136	10	0.77%	2,500	3	1.86%
UPS				2,310	5	1.72%
Southeastern Freight Lines				800	10	0.59%
	25,293		17.07%	21,862		16.25%

Source: Lexington County, SC 2019 CAFR; 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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Administrative	3	2	2	2	2	2	2	2	2	2
Finance	4	3	3	3	3	4	3	3	3	3
Customer Service	7	7	6	6	6	6	6	5	6	6
Water	8	9	10	10	10	8	8	8	8	8
Sewer	4	3	4	4	3	4	5	6	6	6
Engineering/Cross Connection	6	6	5	5	5	4	4	5	5	5
Total	32	30	30	30	29	28	28	29	30	30

Source: Commission's Payroll Records

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XVII

Operating Indicators
Last Ten Fiscal Years Summary

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Water										
Metered Customers Served										
End of Year	17,955	17,296	16,583	15,902	15,112	14,239	13,553	13,000	12,395	11,969
Annual Average	17,634	16,956	16,263	15,533	14,705	13,896	13,301	12,709	12,205	11,804
Water Purchased										
Total Gallons	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	1,450,008,000
Daily Average	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	3,972,625
Elevated/Ground Storage (in millions)	6.50	6.50	4.50	4.50	4.50	3.75	3.75	3.75	3.75	3.75
Sewer										
Customers Connected										
End of Year	5,356	5,060	4,813	4,567	4,308	3,973	3,735	3,521	3,321	3,168
Annual Average	5,200	4,928	4,696	4,456	4,151	3,855	3,626	3,421	3,262	3,107
Wastewater Treated										
Total Gallons	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	295,920,000
Daily Average	1,223,593	1,212,490	1,130,060	1,069,381	941,945	940,197	951,321	863,732	833,616	810,740

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 2020

Water Distribution System

Appurtenances		Water Mains	
Hydrants	2245	Total Linear Feet	1,855,963
Elevated Tanks	6	Total Linear Miles	352
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		

Sewer Collection System

Appurtenances		Sewer Pipes	
Manholes	1674	Total Linear Feet	607,655
Sewer Pump Stations	27	Total Linear Miles	115
Capacity @ City of Cayce Regional Wastewater Treatment Plant	4.626MGD		

Capital Assets

Category	Number	Net Book Value
Non-Depreciable Assets:		
Land	N/A	$ 7,408,676
Construction in Progress	N/A	3,066,275
		10,474,951
Depreciable Assets:		
Buildings	6*	5,341,460
Machinery & Equipment	52	1,663,100
Furniture	N/A	1,525,329
Vehicles	31	833,370
Water Distribution System	N/A	80,131,581
Sewer Collection System	N/A	58,387,239
		147,882,079
Total Capital Assets		158,357,029
Less Accumulated Depreciation		(38,222,750)
Net Total of Capital Assets		$ 120,134,280

*Excludes various storage facilities and site location buildings.

Compliance Section

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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, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 22, 2020.

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
December 22, 2020

PROGRESS THROUGH COOPERATION

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