

JOINT MUNICIPAL WATER AND SEWER COMMISSION

LEXINGTON, SOUTH CAROLINA

“PROGRESS THROUGH COOPERATION”



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2023



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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2023

PREPARED BY THE FINANCE DEPARTMENT

CUSIP Prefix 529055

Submitted in compliance with the provisions of the Disclosure Dissemination Agent Agreement between the Commission and Digital Assurance Certification, L.L.C. dated as of December 19, 2019 which was executed in connection with the Commission's \$17,820,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019A, \$4,485,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019B, and \$21,915,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019C, respectively.

**JOINT MUNICIPAL WATER AND SEWER COMMISSION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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INTRODUCTORY SECTION



January 25, 2024

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

To the Board of Commissioners and Customers of
Joint Municipal Water and Sewer Commission

It is our pleasure to submit to you this Annual Comprehensive Financial Report (ACFR) of the Joint Municipal Water and Sewer Commission (the “Commission”) for the fiscal year that ended June 30, 2023. 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, 2023. (See page 15)

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

The Commission is required to assess whether an annual single audit in conformity with the provisions by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards needs to be performed. In accordance with these requirements, a Single Audit was not needed because the Commission’s federal expenditures were below \$750,000.

This report is submitted in compliance with the provisions of the Disclosure Dissemination Agent Agreement between the Commission and Digital Assurance Certification, L.L.C. dated as of December 19, 2019 which was executed in connection with the Commission’s \$17,820,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019A, \$4,485,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019B, and \$21,915,000 Water and Sewer System Improvement and Refunding Revenue Bonds, Series 2019C, respectively. Pursuant to this undertaking, the Commission has covenanted to provide certain financial information and operating data relating to the Commission by no later than January 31 of each year, and to provide notices of the occurrences of certain enumerated events, if deemed by the Commission to be material. These covenants were made to assist the underwriters of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

Profile of the Commission

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

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

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

Although originally established to provide water and wastewater services only to the unincorporated areas of Lexington County, the Commission now also provides wholesale services to surrounding incorporated municipalities. The Commission's customer base as of June 30, 2023, was comprised of 19,699 water customer retail accounts, 6,385 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 maintaining several finance-related information technology applications. This department additionally is responsible for organization-wide information technology initiatives and oversight.

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 10,521 teachers, professionals, and support staff.

According to data from the Bureau of Labor Statistics, Lexington County's annual unemployment rate of 2.7% in calendar year 2022 was lower than the 3.2% unemployment rate recorded for the state of South Carolina as a whole, and the 3.6% 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 estimated population of Lexington County was 293,991 as of April 1, 2020,

versus 262,391 as of April 1, 2010, according to the US Census Bureau. This population growth of 31,600 people since 2010 corresponds to a compound annual growth rate (CAGR) of 1.14%. This evidence suggests that Lexington County is a desirable, growing community. As further evidence of the desirability of the area in which the Commission operates, Niche, an online platform that connects people to their future schools, neighborhoods and workplaces has ranked Lexington County 6th place for “2023 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.

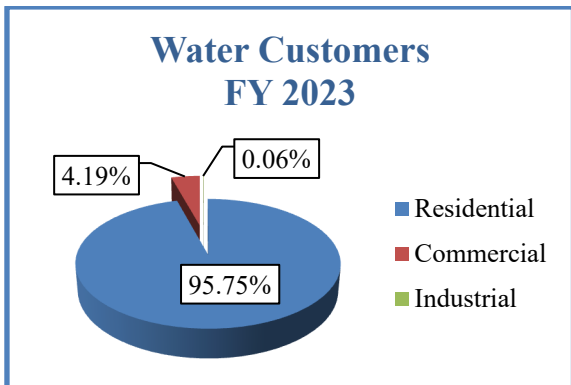
The Commission continues to seek ways to operate in an efficient manner to benefit customers and staff of the Commission in the wake of an economic downturn because of the pandemic. As of June 30, 2023, the Commission had 34 active full-time employees out of 38 total budgeted positions. This reflects no change in active employees and one additional budgeted position at fiscal year-end versus the prior year.

The Commission continues to maintain a credit rating of Aa2 from Moody’s and AA+ from S&P Global Ratings.

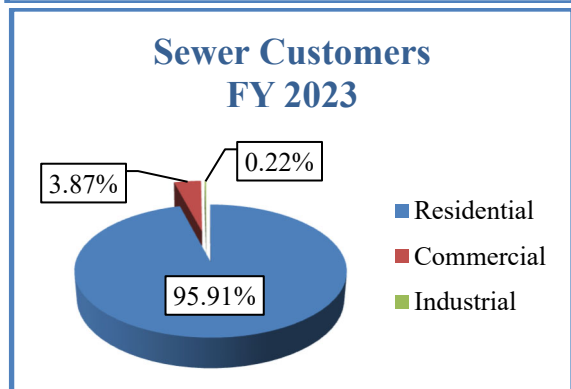
It is the expectation of Commission staff that we will continue delivering effective service to customers. As a result of strong management initiatives and a solid financial foundation, we expect to continue to meet the needs of the community and its growth well into the future.

Customer Base

Our water customer base has grown at a CAGR of 4.24% per year over the past 10-year period (including acquisitions and franchises), growing from 13,000 water customers at fiscal year-end 2013 to 19,699 at fiscal year-end 2023 – a total growth of 6,699 water customers, or 51.53% total growth. The water customer base has seen a total increase of 9.71%, or a CAGR of 3.14%, over the past 3 fiscal years of 2023, 2022 and 2021. The sewer customer base has seen even more robust growth, growing at a CAGR of 6.13% over the same 10-year period, growing from 3,521 sewer customers at fiscal year-end 2013 to 6,385 at fiscal year-end 2023 – a total growth of 2,864 sewer customers, or 81.34% total growth. The sewer customer base has seen a total increase of 19.21%, or a CAGR of 6.03%, over the past 3 fiscal years of 2023, 2022 and 2021. 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 (active accounts):



	2023	2013	Change	% Change
Residential	18,863	12,380	+6,483	52.37%
Commercial	825	612	+213	34.80%
Industrial	11	8	+3	37.50%
Total	19,699	13,000	6,699	51.53%



	2023	2013	Change	% Change
Residential	6,124	3,366	+2,758	81.94%
Commercial	247	142	+105	73.94%
Industrial	14	13	+1	7.69%
Total	6,385	3,521	2,864	81.34%

Budgetary Procedures

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

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

Long-term Financial Planning and Major Initiatives

In keeping with the bylaws of the Commission, the 5-year Capital Improvements Program (CIP) identifies capital expenditures totaling \$79.025 million for the fiscal year periods 2024-2028. 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 - \$62.875 million, sewer unit projects - \$16.150 million. These budgeted expenditures are outlined in further detail in the CIP. Anticipated funding sources budgeted for the projects listed above are as follows: borrowings of \$14.25 million, cash reserves of \$43.88 million, rate revenues of \$10.0 million, and \$10.895 million in grants.

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 2023:

- Old Orangeburg Gravity Sewer (CDBG)

During the fiscal year, work began or continued on several projects for the Commission that were not completed as of June 30, 2023:

- Plant Transmission Main Phase 2
- Charter Oak Elevated Storage Tank
- Counts Ferry Road Site
- Two Notch Lift Station Rehabilitation
- Lexington Hills Lift Station Relocation
- Old Orangeburg Road/Platt Springs Road Sewer Improvements
- Bluefield Sewer Improvements
- Batesburg-Leesville Water Line Extension
- Batesburg-Leesville Water Tank
- Pelion Water Main Replacement
- Water Plant Capacity – Expansion of City of West Columbia Lake Murray WTP Capacity

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

- Consideration of sewer capacity purchase needs
- Smith Pond Road Water Line Extension

- Old Orangeburg Road/Platt Springs Road Sewer Improvements
- Water Service Line Replacement
- White Knoll Tank
- Clermont Lakes/Bluefield Rd/Platt Springs Road Water System Expansion

Relevant Financial Policies

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

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

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

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

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

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

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

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

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

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

Awards

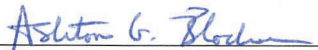
Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Joint Municipal Water and Sewer Commission for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 10th consecutive year that the Joint Municipal Water and Sewer Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

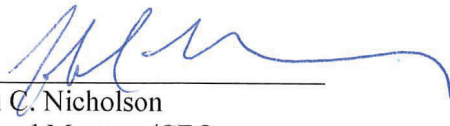
Acknowledgements

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

Respectfully submitted,



Ashton G. Blocker, CPA, CGFO
Finance Manager



John C. Nicholson
General Manager/CEO

**JOINT MUNICIPAL WATER AND SEWER COMMISSION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

PRINCIPAL OFFICIALS AS OF JUNE 30, 2023

Commissioners

Steve MacDougall, Chairman
Town of Lexington

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

Troy Bivens
Town of Gaston

Bobby C. Keisler
Lexington County

Viola McDaniel
Town of Swansea

Temus C. Miles, Jr.
City of West Columbia

Elise Partin
City of Cayce

Bobby Porter
Town of South Congaree

Juston Ricard
Town of Springdale

Lancer Shull
Town of Batesburg-Leesville

Frank Shumpert
Town of Pelion

Management

John C. Nicholson
General Manager/CEO

Ashton G. Blocker, CPA, CGFO
Finance Manager

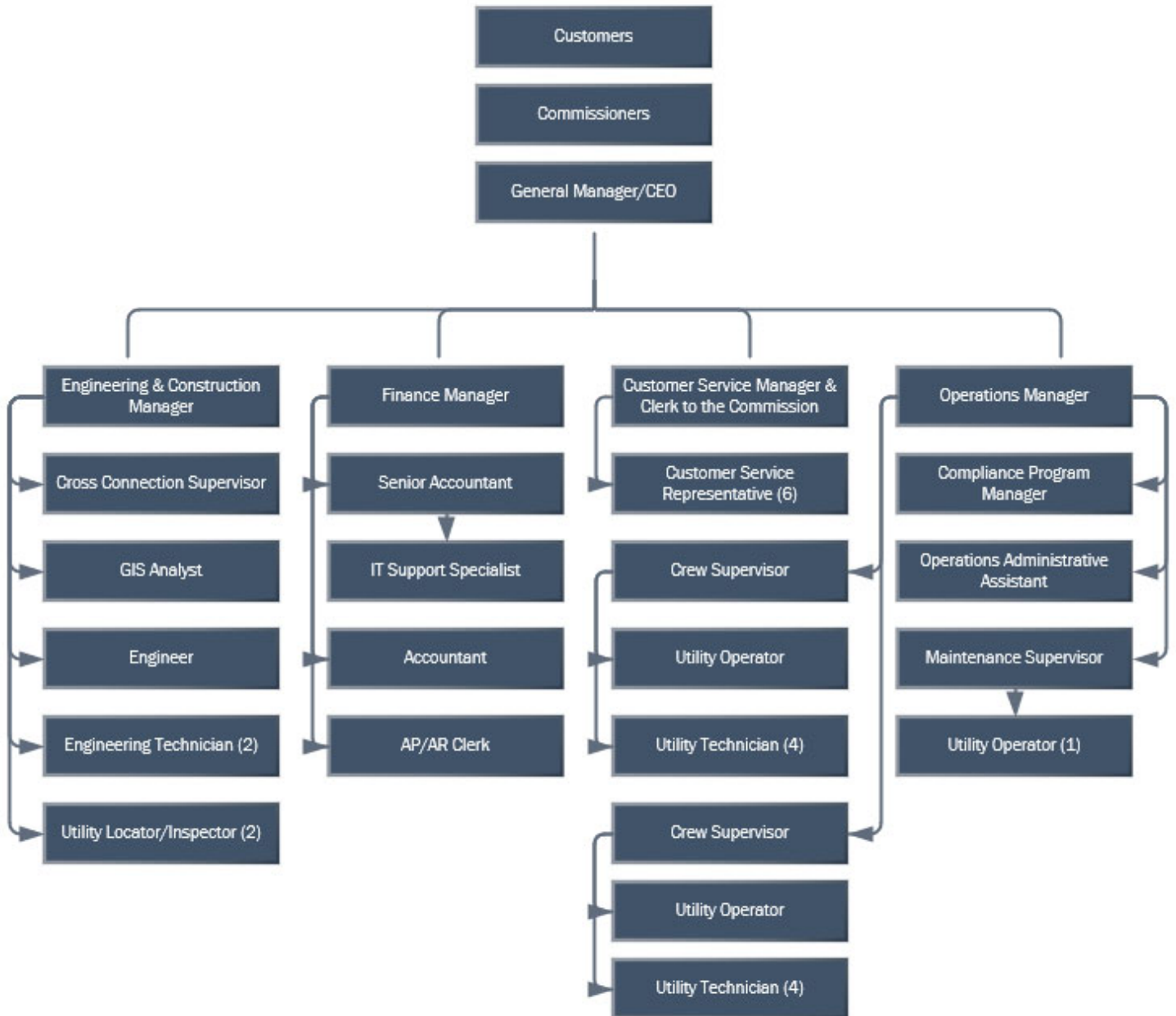
M. Gene House
Operations Manager

Stephanie R. Morton
Customer Service Manager

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

**JOINT MUNICIPAL WATER AND SEWER COMMISSION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Joint Municipal Water and Sewer Commission
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

501 STATE STREET

POST OFFICE BOX 5949

WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090

FAX: (803) 791-0834

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the business-type activities of the Joint Municipal Water and Sewer Commission (the "Commission"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Commission, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in *Note 1* to the financial statements, in 2023 the Commission adopted new accounting guidance, GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). Our opinion is not modified with respect to this matter.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 – 33, Other Post-Employment Benefits Schedule of Changes in the Net OPEB Liability on page 66, Other Post-Employment Benefits Schedule of the Net OPEB Liability on page 67, Other Post-Employment Benefits Schedule of Employer Contributions on page 67, the Schedule of Proportionate Share of the South Carolina Retirement Systems Net Pension Liabilities on page 65, and the Schedule of South Carolina Retirement Systems Contributions on page 65, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 auditing 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The 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. The 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 basic financial statements or to 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 Schedule of Other General and Administrative Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprised the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



West Columbia, South Carolina
January 25, 2024

JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022, and 2021)

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, 2023. 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 \$7.1 million in fiscal year 2023, consisting of those systems contributed by developers and grant funding related to capital projects. Total capital contributions in fiscal year 2023 included a total of 746 newly permitted water lots and 615 newly permitted sewer lots. Capital assets increased \$10.8 million (net of depreciation) in fiscal year 2023 which is largely attributable to these developer-built capital contributions and work on the Charter Oak Elevated Tank and the Highway 378/Wise Ferry Road/Hermitage Road Water Main Extension (i.e., Plant Transmission Main – Phase 2) projects.

The Commission continues to experience growth in both water and sewer customers. The three-year average growth rate for fiscal years 2021 – 2023 has been 3.14% for water customers and 6.04% for sewer customers. Fiscal year 2023 saw customer base increases of 3.14% and 7.64% for water and sewer customers, respectively. This customer growth contributed towards the Commission recognizing strong growth (over 7%) in total operating revenues for fiscal year 2023 versus fiscal year 2022. Additionally, the Commission is well-positioned to benefit from a higher interest rate environment due to its strong financial position. The Federal Reserve continued to increase the federal funds interest rate during fiscal year 2023, raising rates a total of seven separate times between July 1, 2022, and June 30, 2023. The cumulative increase of the federal funds rate over those seven rate increases was 3.50%, increasing from a range of 1.50% - 1.75% at the beginning of the fiscal year to 5.00% - 5.25% at the end of the fiscal year. The Commission was able to benefit from this higher interest rate environment by recognizing over \$2.1 million in interest income in fiscal year 2023, versus \$140 thousand in fiscal year 2022. Although, the higher interest rate environment could lead to a short-term slowing of customer growth as developers and builders moderate new housing supply in response to higher mortgage rates. From a long-term perspective, however, the Commission continues to receive significant interest from developers for large residential lot developments on within its service area.

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 \$21.4 million, an increase from fiscal year 2022 of \$20.0 million, or 7.12%. This increase can be attributed to both the growth in customer base as well as the retail rate increases that were effective for fiscal year 2023. The following rate increases were effective for fiscal year 2023: water maintenance fee (3.0%), water volumetric rate (3.0%), sewer maintenance fee (3.0%), and sewer volumetric rate (3.0%). Total operating revenues (prior to year-end accruals/adjustments) exceeded budgeted projections by 6.75%.
- Operating expenses, excluding depreciation, increased overall by \$1.7 million, or 17.41%, versus fiscal year 2022. Some of this increase in fiscal year 2023 can be attributed to operating in a higher inflation market. The three-year average growth rate for operating expenses, excluding depreciation, is 8.97%. The three-year average growth rates for each component of operating

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expenses, excluding depreciation, are as follows: Salaries & Wages – 3.81%, Wholesale Water & Sewer Costs – 15.92%, General & Administrative Expenses – 6.60%.

- Operating income was \$6.0 million in fiscal year 2023, \$6.6 million for 2022 and \$5.8 million for 2021. 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 \$5.8 and \$6.6 million over the last five fiscal years.
- The Commission has experienced an average income before capital contributions of \$7.41 million over the most recent three-year period. The Commission realized a net income of \$8.69 million in fiscal year 2023 before capital contributions.
- The Commission’s total assets and deferred outflows of resources were \$215.8 million, \$201.0 million, and \$192.5 million for fiscal years 2023, 2022 and 2021, respectively. Liabilities and deferred inflows of resources were \$63.2 million, \$64.1 million, and \$65.6 million for fiscal years 2023, 2022 and 2021, respectively. Assets and deferred outflows exceeded liabilities and deferred inflows in the amount of \$152.6 million, \$136.8 million, and \$126.9 million in fiscal years 2023, 2022 and 2021, respectively. This is referred to in the financial statements as the Commission’s “net position”. During fiscal year 2023, total assets and deferred outflows of resources increased \$14.8 million and the Commission’s net position increased \$15.8 million. Unrestricted net position was \$44.4 million.
- During fiscal year 2023, the Commission increased in its water customer base by 599 active accounts, or 3.14%, and increased its sewer customer base by 453 active accounts, or 7.64%.
- In fiscal year 2023, approximately 80.8% of wholesale water purchased was billed to the Commission’s retail customers. Approximately 5.7% of wholesale water purchased was accounted for via system flushing/maintenance, leaving approximately 13.5% of wholesale water purchased considered “water loss”.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT’S DISCUSSION AND ANALYSIS
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(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022, and 2021)

Overview of Annual Financial Report

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

To comply with the external financial reporting requirements of the Board, the accompanying financial statements present the financial position and results of operations and cash flows of the Commission, in conformity with generally accepted accounting principles (GAAP), as defined by the Governmental Accounting Standards Board (GASB), as applied to regulated utilities (i.e., the full accrual basis of accounting and the economic resources measurement focus). The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements.

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

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

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

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

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
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Financial Analysis

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

Condensed Financial Statements

Condensed Statement of Net Position	June 30			Variance (2023 vs. 2022)	
	2023	2022	2021	Dollars	%
Capital Assets:					
Non-depreciable Assets (Land, Construction in Progress)	\$ 21,049,106	\$ 15,027,137	\$ 12,502,636	\$ 6,021,969	40.07%
Depreciable Assets (Net of Accumulated Depreciation)	123,866,538	119,133,438	116,899,435	4,733,100	3.97%
Total Capital Assets	144,915,644	134,160,575	129,402,071	10,755,069	8.02%
Current/Non-current Assets	67,438,204	62,828,605	59,226,783	4,609,599	7.34%
Total Assets	212,353,848	196,989,180	188,628,854	15,364,668	7.80%
Deferred Outflows of Resources	3,429,891	3,972,058	3,913,757	(542,167)	-13.65%
Total Assets and Deferred Outflows of Resources	215,783,739	200,961,238	192,542,611	14,822,501	7.38%
Current Liabilities	7,994,774	5,698,027	6,410,618	2,296,747	40.31%
Non-current Liabilities	54,943,987	57,362,853	59,040,148	(2,418,866)	-4.22%
Total Liabilities	62,938,761	63,060,880	65,450,766	(122,119)	-0.19%
Deferred Inflows of Resources	224,681	1,063,188	151,237	(838,507)	-78.87%
Total Liabilities and Deferred Inflows of Resources	63,163,442	64,124,068	65,602,003	(960,626)	-1.50%
Net Investment in Capital Assets	99,939,059	91,536,217	88,892,401	8,402,842	9.18%
Restricted for Debt Service	426,066	369,914	1,159,357	56,152	15.18%
Restricted for Construction Projects	7,817,200	10,157,330	13,473,443	(2,340,130)	-23.04%
Unrestricted	44,437,972	34,773,709	23,415,407	9,664,263	27.79%
Total Net Position	\$ 152,620,297	\$ 136,837,170	\$ 126,940,608	\$ 15,783,127	11.53%

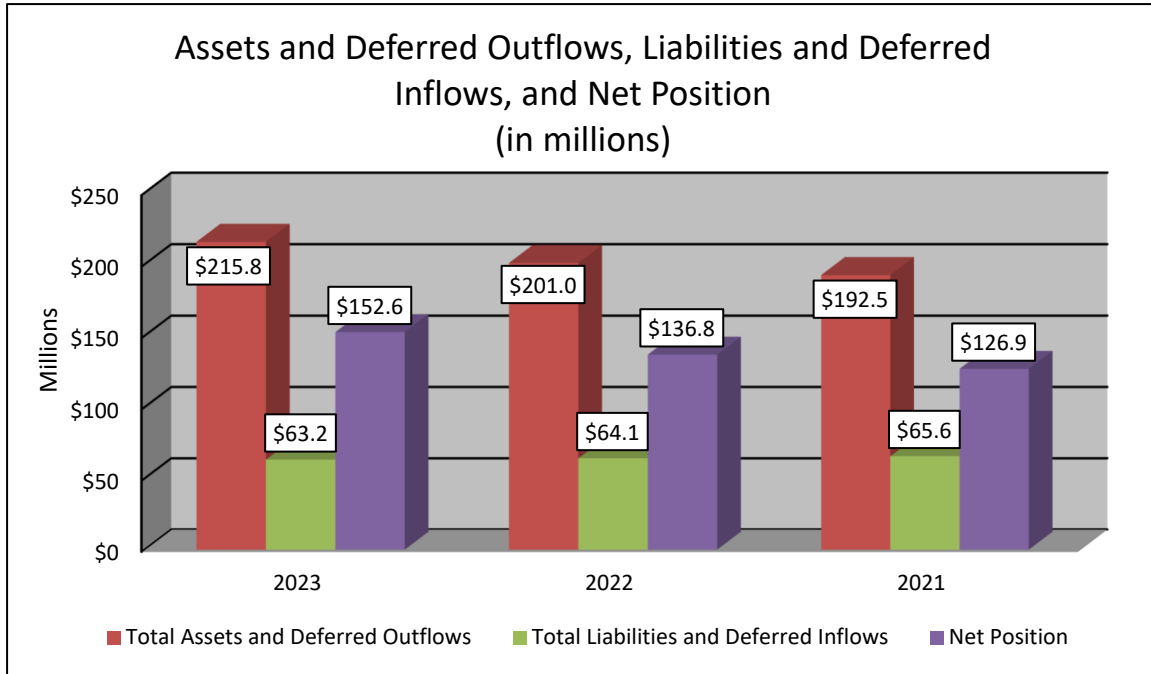
JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022, and 2021)

Condensed Statement of Revenues, Expenses and Changes in Net Position					
	Year Ended June 30,			Variance (2023 vs. 2022)	
	2023	2022	2021		
	Actual	Actual	Actual	Dollars	%
Operating Revenues:					
Water Sales & Services	\$ 10,866,433	\$ 10,115,853	\$ 9,523,154	\$ 750,580	7.42%
Wastewater Sales & Services	3,873,224	3,524,590	3,277,185	348,634	9.89%
Other Revenues	6,691,596	6,366,286	5,849,410	325,310	5.11%
Total Operating Revenues	21,431,253	20,006,729	18,649,749	1,424,524	7.12%
Operating Expenses:					
Salaries & Wages	2,420,457	2,276,631	2,185,582	143,826	6.32%
Wholesale W&S Costs	4,218,910	3,205,897	3,052,909	1,013,013	31.60%
Other General & Admin Expenses	4,883,743	4,332,272	4,254,655	551,471	12.73%
Subtotal	11,523,110	9,814,800	9,493,146	1,708,310	17.41%
Depreciation	3,876,524	3,593,004	3,332,219	283,520	7.89%
Total Operating Expenses	15,399,634	13,407,804	12,825,365	1,991,830	14.86%
Operating Income	6,031,619	6,598,925	5,824,384	(567,306)	-8.60%
Non-operating Revenues (Expenses)					
Water & Sewer CFCs	2,795,375	2,861,950	1,653,525	(66,575)	-2.33%
Interest Income	2,119,345	140,171	85,365	1,979,174	1411.97%
Insurance Reimbursement	78,900	-	-	78,900	N/A
Capital Grants	-	-	285,573	-	0.00%
Gain (Loss) on Sale of Capital Asset(s)	(14,336)	(74,319)	(441)	59,983	-80.71%
Interest Expense	(1,655,630)	(1,736,683)	(1,754,550)	81,053	-4.67%
Amortization Expense	(664,485)	(172,674)	(172,674)	(491,811)	284.82%
Total Non-operating Rev/(Exp.), net	2,659,169	1,018,445	96,798	1,640,724	161.10%
Income Before Capital Contributions	8,690,788	7,617,370	5,921,182	1,073,418	14.09%
Capital Contributions	7,092,339	2,279,192	1,886,545	4,813,147	211.18%
Change in Net Position	15,783,127	9,896,562	7,807,727	5,886,565	59.48%
Net Position - Beginning of Year	136,837,170	126,940,608	119,132,881	9,896,562	7.80%
Net Position - End of Year	\$152,620,297	\$136,837,170	\$126,940,608	\$ 15,783,127	11.53%

JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022, and 2021)

Financial Condition

The Commission’s financial condition remained strong at year-end with adequate liquid assets and capital assets to meet demand. The current financial condition, technical support staff capabilities, and operating and expansion plans to meet anticipated customer needs are well balanced and under control. The following chart summarizes the Statement of Net Position with comparisons to the prior two fiscal years.



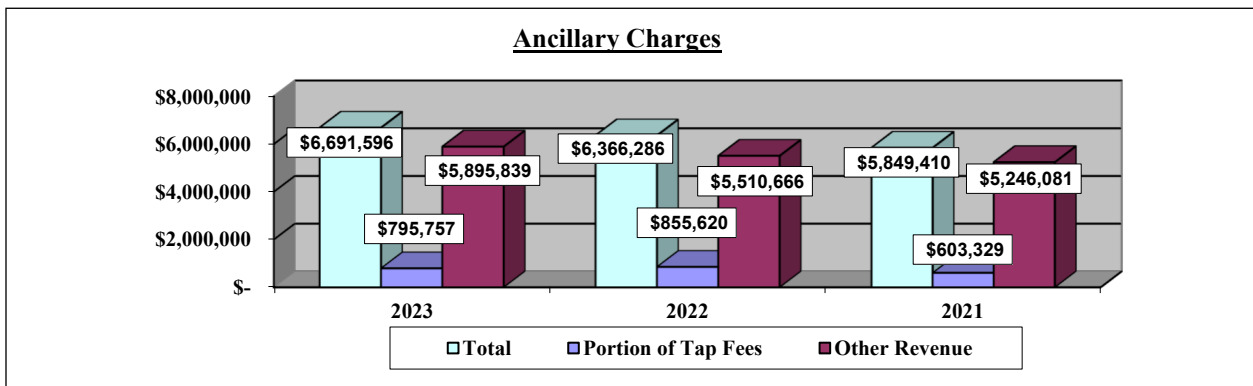
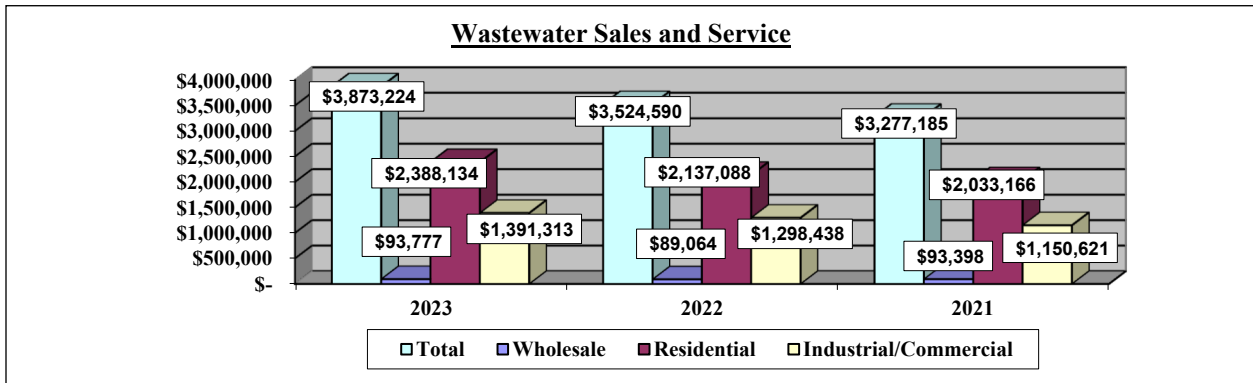
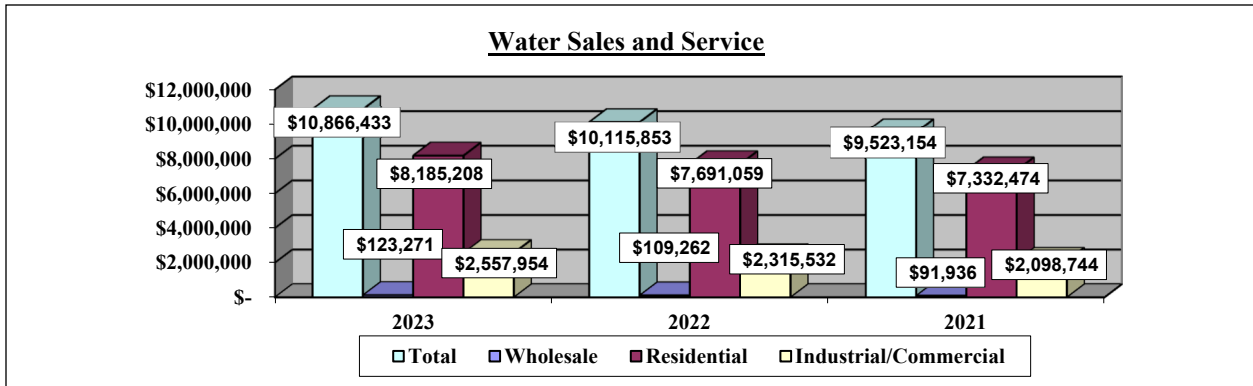
Total assets and deferred outflows grew by \$14.8 million or 7.38%. Additions to capital assets, including work on the Capital Improvements Program (CIP), developer contributions, and other asset acquisitions were significant contributors to the overall increase. Additionally, restricted assets related to debt service increased by \$56,152, or 15.18%.

Total net position increased \$15.8 million. This increase is attributable to three areas of the Commission’s business: 1) Operating income of approximately \$6.0 million. 2) Non-operating income of approximately \$2.7 million. 3) Contributed capital of \$7.1 million recognized during the fiscal year. Unrestricted net position increased by \$9.7 million.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
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Results of Operations

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



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

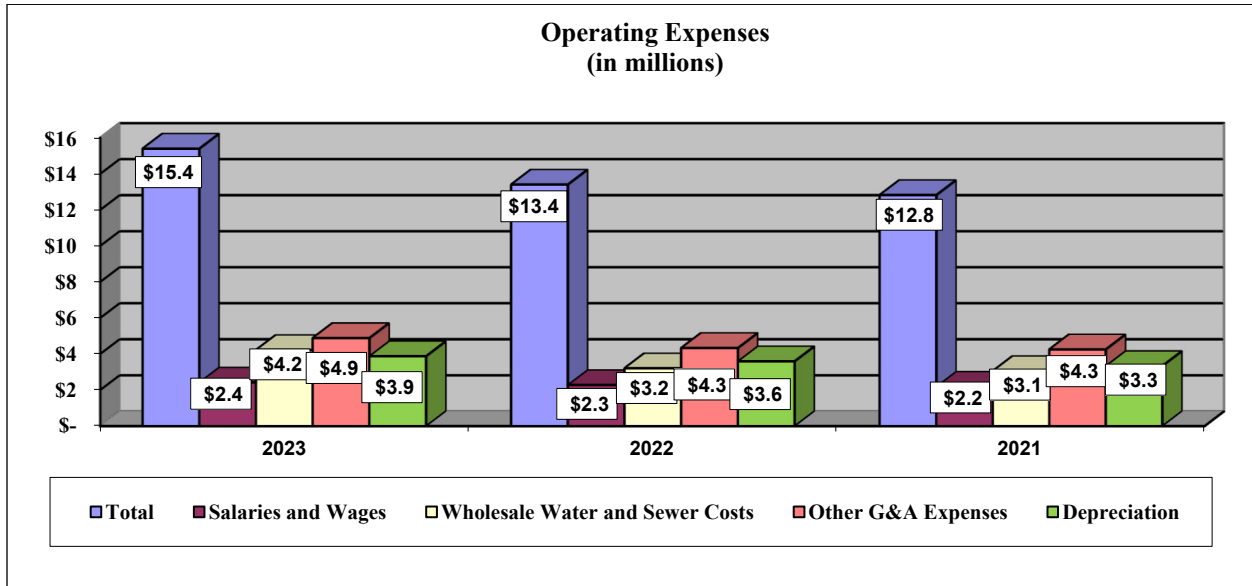
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Expenses: The Commission operates and maintains a potable water distribution system and has sufficient capacity allocated at the City of West Columbia Lake Murray Surface Water Treatment Plant (WTP) to meet the demand of the current customer base as 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 Wastewater Treatment Facility (WWTF) to meet the demand 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 \$6.0 million in fiscal year 2023, \$6.6 million in fiscal year 2022, and \$5.8 million in fiscal year 2021.



Cash Flow Activity

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Variance (2023 vs. 2022)</u>
Total Operating Revenues	\$ 21,431,253	\$ 20,006,729	\$ 18,649,749	\$ 1,424,524
Net Cash provided by Operations	9,441,748	9,582,209	9,838,547	(140,461)
Net Operating Cash (as a % of Operating Revenue)	44%	48%	53%	

JOINT MUNICIPAL WATER AND SEWER COMMISSION
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Capital Assets

Property, plant, and equipment, excluding depreciation, increased \$14.6 million in 2023 with \$6.3 million from non-cash developer contributions.

During fiscal year 2023, work was completed on the Commission’s:

- 1) Old Orangeburg Gravity Sewer (CDBG)

Work continued during fiscal year 2023 on several projects for the Commission:

- 1) Plant Transmission Main Phase 2
- 2) Charter Oak Elevated Storage Tank
- 3) Counts Ferry Road Site
- 4) Two Notch Lift Station Rehabilitation
- 5) Lexington Hills Lift Station Rehabilitation
- 6) Old Orangeburg Road/Platt Springs Road Sewer Improvements
- 7) Bluefield Sewer Improvements
- 8) Batesburg-Leesville Water Line Extension
- 9) Batesburg-Leesville Water Tank
- 10) Pelion Water Main Replacement
- 11) Bluefield School Water Main Extension
- 12) Water Plant Capacity – Expansion of City of West Columbia Lake Murray Water Treatment Plant Capacity

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 2024-2028 CIP budget, which totals \$79.0 million, anticipates that \$14.3 million of the projects listed requiring future funding will be funded via borrowings. The fiscal year 2024 budget for debt service is \$4.4 million. See Note 4 in the “Notes to the Financial Statements” for more detailed long-term debt information.

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At the end of fiscal year 2023, the Commission had four senior and two junior debt instruments outstanding:

<u>Senior Debt</u>	
Series 2019A	17,270,000
Series 2019B	2,915,000
Series 2019C	20,385,000
Series 2021A	2,360,969
<u>Junior Debt</u>	
Series 2005 (West Cola.)	1,401,560
Series 2020 (Cayce)	5,061,471
Total	<u>\$ 49,394,000</u>

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.

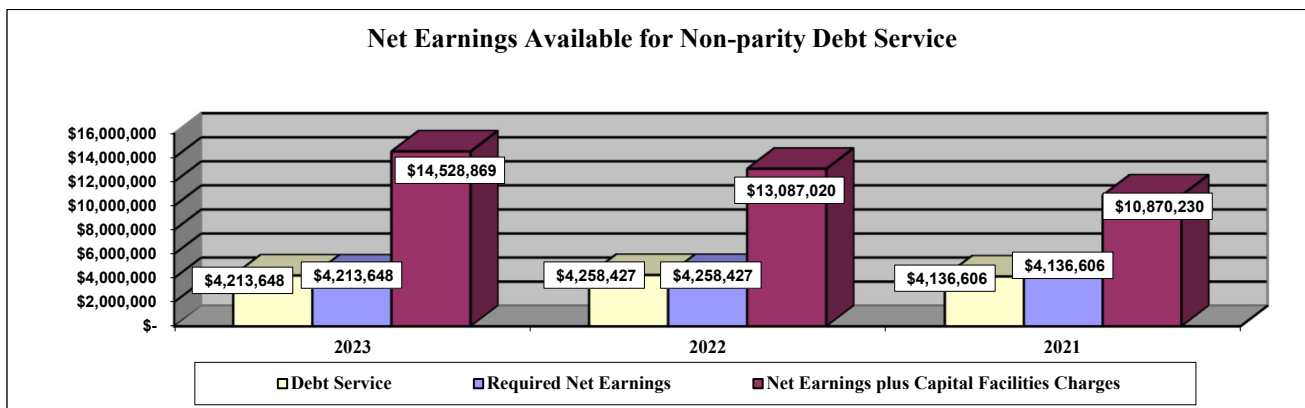
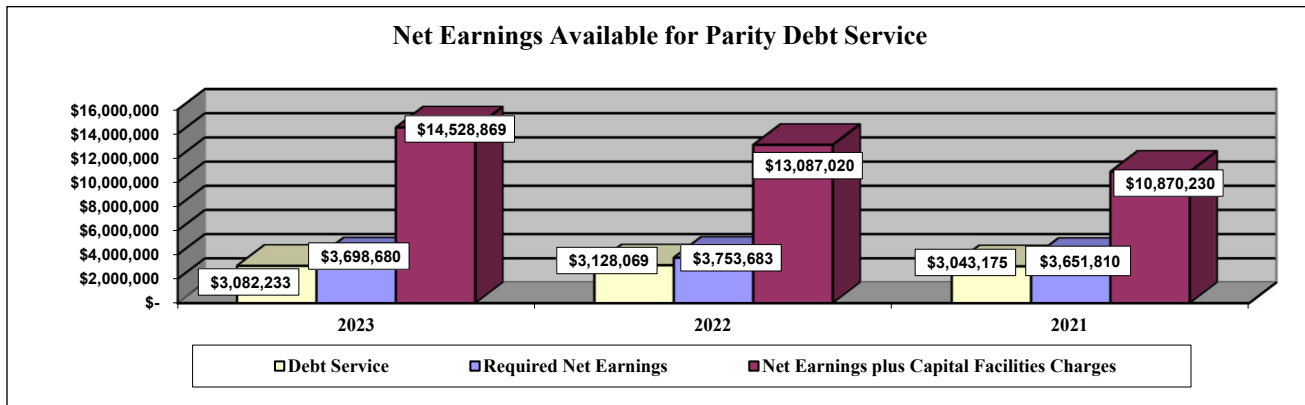
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Revenue bond debt service coverage for fiscal years 2023, 2022, and 2021 was as follows:

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>
Debt Service Coverage (including Capital Facilities Charges)	4.714	4.184	3.572

The Commission has partnered with the City of West Columbia to expand operations at the City of West Columbia Surface Water Treatment Facility located on Old Cherokee Road in Lexington, SC. Also, the Commission has partnered with the City of Cayce to expand operations at the City of Cayce Wastewater Treatment Facility located in the City of Cayce, SC. As such, the Commission has obligated its revenues to assist in funding these expansions by means of Junior Lien Bonds. The Commission’s old indebtedness to the City of West Columbia for the 2002 Bond was elevated to Junior Lien status, and the new indebtedness regarding the State Revolving Fund (SRF) Loan also maintains Junior Lien Bond status. During fiscal year 2021 (July 2020), the City of Cayce refunded its original 2009 SRF Loan associated with the Wastewater Treatment Facility with public debt. This indebtedness also maintains Junior Lien Bond status. The bond indenture requires that debt service coverage for Junior Lien Bonds be maintained at 100%. The Commission has met and exceeded this requirement by maintaining Non-Parity Debt Service coverage, including tap fees, at 3.448, 3.073 and 2.628 for 2023, 2022 and 2021, respectively.

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



JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022, and 2021)

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 2024:

- Rate increases effective 7/1/2023 for water and sewer are as follows:
 - Volumetric
 - Water - 3.0% increase per thousand gallons usage
 - Sewer - 3.0% increase per thousand gallons usage
 - Maintenance Fees
 - Water - 10.0% increase, a total of \$0.95 for a ¾" meter
 - Sewer - 10.0% increase, a total of \$1.24 for a ¾" meter
- During fiscal year 2023, interest rates continued to dramatically increase. At the beginning of fiscal year (July 2022), the benchmark fed funds rate was at 1.50% to 1.75%. Federal Reserve officials increased the fed funds target rate range seven separate times by fiscal year-end (June 2023), to a range of 5.00% to 5.25%. Since the close of fiscal year 2023, the Federal Reserve officials have only increased the fed funds rate one time in July 2023 bringing the benchmark fed funds target rate to 5.25% to 5.50%.
 - The Commission is well-positioned to take advantage of this increasing interest rate environment due to its strong financial position, specifically the combination of its Cash and Investment account balances on its Statement of Net Position. The Commission continues to work with its bank and financial consultants to identify opportunities to maximize interest income opportunities, while maintaining preservation of capital as a primary goal.
 - While a higher interest rate environment presents opportunities to increase interest income for the Commission, it can correspond with increased borrowing costs. None of the Commission's outstanding debt as of June 30, 2023, is subject to variable interest rate terms. Therefore, this recent increase in interest rates has not had the impact of increasing future debt service payments. The Commission will continue to monitor the market interest rate environment and attempt to maintain its strong credit rating from Moody's and S&P Global to enable the organization to take advantage of the most cost-efficient borrowing opportunities when prudent.
- The employer portion of the SC Retirement System contributions has increased 1.00%, from 17.41% to 18.41% for fiscal year 2024. (Note: This excludes the 0.15% employer contribution rate for Incidental Death Benefit coverage). The employee contribution rate continues to be capped at 9.00%.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022, and 2021)

- The employer portion of the State Health Plan premiums will increase 3%-5%, depending on coverage level (i.e., employee-only, employee-spouse, employee-child, or full family), in calendar year 2024. Active employee premiums will not increase in 2024. 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 2024.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

<u>ASSETS</u>	JUNE 30	
	2023	2022
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 5,582,280
Cash and Cash Equivalents - Customer Deposits (Restricted)	1,218,413	1,179,463
Investments	46,062,694	34,663,080
Deposits with Fiscal Agent (Restricted)	1,323,351	1,045,815
Accounts Receivable (Net of Allowance for Uncollectible Accounts of \$28,643 and \$26,777 respectively)	5,032,398	4,464,298
Accrued Interest Receivable	193,917	-
Due from Other Governments	146,420	2,220
Debt Service Component of Plant Expansion Contracts	104,691	104,691
Inventory	373,219	308,865
Prepaid Expenses	174,746	88,504
Total Current Assets	54,629,849	47,439,216
Non-current Assets:		
Restricted Cash		
Cash and Cash Equivalents	28,500	28,500
Cash and Cash Equivalents - Capital Asset Reserves	2,391,555	2,070,778
Investments	8,116,309	10,400,168
Capital Assets		
Non-depreciable	21,049,106	15,027,137
Depreciable	172,874,221	164,275,748
Less: Accumulated Depreciation	(49,007,683)	(45,142,310)
Tap Fees Receivable	1,336,750	1,187,250
Legal Cost of Revenue Bonds (Net of Amortization)	-	522,571
Debt Service Component of Plant Expansion Contracts	889,273	1,084,943
Due from Other Governments	45,968	49,188
Net OPEB Asset	-	45,991
Total Non-Current Assets	157,723,999	149,549,964
Total Assets	212,353,848	196,989,180
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charges on Debt Refundings	2,518,556	2,713,533
Net Pension Deferred Outflows	734,890	1,178,993
Net OPEB Deferred Outflows	176,445	79,532
Total Deferred Outflows of Resources	3,429,891	3,972,058
Total Assets and Deferred Outflows of Resources	\$215,783,739	\$200,961,238

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

LIABILITIES

JUNE 30

Current Liabilities:

	2023	2022
Accounts Payable	\$ 1,018,486	\$ 979,839
Cash and Cash Equivalents - Overdraft	128,931	-
Construction Contracts Payable	2,485,542	384,805
Payroll Accruals	62,787	157,699
Compensated Absences	77,972	75,839
Customer Deposits	1,218,413	1,179,463
Debt Service Component of Plant Expansion Contracts	104,691	104,691
Revenue Bonds Payable	1,633,563	1,578,258
Junior Lien Bond Obligations Payable	806,019	779,100
Accrued Revenue Bond and Note Interest	129,028	129,502
Unearned Revenue	329,343	328,831
Total Current Liabilities	7,994,775	5,698,027

Non-current Liabilities:

Revenue Bonds Payable (Net of Current Portion)	43,885,914	45,681,992
Junior Lien Bond Obligations Payable (Net of Current Portion)	6,368,113	7,460,445
Compensated Absences (Net of Current Portion)	174,057	162,167
Net Pension Liability	4,417,151	4,058,249
Net OPEB Liability	98,752	-
Total Long-Term Liabilities	54,943,987	57,362,853
Total Liabilities	62,938,762	63,060,880

DEFERRED INFLOWS OF RESOURCES

Net Pension Deferred Inflows	111,173	933,314
Net OPEB Deferred Inflows	113,508	129,874
Total Deferred Inflows of Resources	224,681	1,063,188
Total Liabilities and Deferred Inflows of Resources	63,163,443	64,124,068

NET POSITION

Net Position:

Net Investment in Capital Assets	99,939,059	91,536,217
Restricted for Debt Service	426,066	369,914
Restricted for Construction Projects	7,817,200	10,157,330
Unrestricted	44,437,972	34,773,709
Total Net Position	152,620,297	136,837,170
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$215,783,739	\$200,961,238

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	JUNE 30	
	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Water Sales and Services	\$ 10,866,433	\$ 10,115,853
Sewer Sales and Services	3,873,224	3,524,590
Backflow Fees	997,566	947,512
Hydrant Fees	746,146	741,889
Other Operating Revenues	1,266,548	1,238,841
Account Maintenance Fees	3,681,336	3,438,043
Total Operating Revenues	<u>21,431,253</u>	<u>20,006,729</u>
Operating Expenses:		
Salaries and Wages	2,420,457	2,276,631
Wholesale Water and Sewer Costs	4,218,910	3,205,897
Other General and Administrative Expenses	4,883,743	4,332,272
Depreciation	3,876,524	3,593,004
Total Operating Expenses	<u>15,399,634</u>	<u>13,407,804</u>
Operating Income	6,031,619	6,598,925
Non-operating Revenues (Expenses):		
Water and Sewer Capital Facility Charges	2,795,375	2,861,950
Interest Income	2,119,345	140,171
Insurance Reimbursement	78,900	-
Gain (Loss) on Sale of Capital Assets	(14,336)	(74,319)
Interest Expense	(1,655,630)	(1,736,683)
Amortization Expense	(664,485)	(172,674)
Total Non-operating Revenues (Expenses)	<u>2,659,169</u>	<u>1,018,445</u>
Income Before Capital Contributions	8,690,788	7,617,370
Capital Contributions	<u>7,092,339</u>	<u>2,279,192</u>
Change in Net Position	15,783,127	9,896,562
Net Position - Beginning of Year	<u>136,837,170</u>	<u>126,940,608</u>
Net Position - End of Year	<u>\$ 152,620,297</u>	<u>\$ 136,837,170</u>

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	JUNE 30	
	2023	2022
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$ 21,144,365	\$ 19,562,872
Cash Paid to Suppliers	(9,198,954)	(7,717,277)
Cash Paid to Employees	(2,503,663)	(2,263,385)
<u>Net Cash Provided by Operating Activities</u>	9,441,748	9,582,209
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition and Construction of Capital Assets	(6,230,143)	(7,545,028)
Principal Paid on Bonds and Notes	(2,462,049)	(3,182,305)
Interest Paid on Bonds and Notes	(1,751,391)	(1,831,160)
Capital Grants	633,090	633,898
Series 2021A Bond (SRF Loan) Proceeds	-	2,520,199
Capital Charge - Cayce/CWC	(175,884)	(107,456)
City of Cayce - Depreciation Charge	(101,772)	(101,772)
Insurance Reimbursements	78,900	-
Water and Sewer Capital Facility Charges	2,406,345	2,635,670
<u>Net Cash (Used in) Capital and Related Financing Activities</u>	(7,602,904)	(6,977,954)
<u>Cash Flows From Investing Activities</u>		
Net Transfer (In)/Out of Investments	(9,115,756)	(3,988,864)
Interest Received	1,925,428	140,171
<u>Net Cash (Used in) Investing Activities</u>	(7,190,327)	(3,848,693)
<u>Net Increase/(Decrease) in Cash and Cash Equivalents</u>	(5,351,484)	(1,244,438)
<u>Cash and Cash Equivalents - Beginning of Year</u>	8,861,021	10,105,459
<u>Cash and Cash Equivalents - End of Year*</u>	\$ 3,509,537	\$ 8,861,021

*Cash and Cash Equivalents - End of Year balance for FY 2023 includes a \$128,931 "Overdraft" balance reported as a Current Liability on the Statement of Net Position.

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

Operating Income	\$ 6,031,619	\$ 6,598,925
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	3,876,524	3,593,004
(Increase) Decrease in:		
Accounts Receivable and Other Receivables	(326,350)	(473,441)
Prepaid Expense	(86,242)	(5,991)
Due from Other Governments	1,000	1,000
Inventory	(64,354)	(124,109)
Net Pension Outflows	444,103	(213,920)
Net OPEB Outflows	(96,913)	(39,359)
Increase (Decrease) in:		
Accounts Payable	38,647	(100,576)
Customer Deposits	38,950	32,750
Accrued Compensated Absences	14,023	(4,755)
Accrued Salaries and Fringes	(94,909)	21,350
Net Pension Inflows	(822,141)	786,736
Net Pension Liability	358,902	(537,893)
Net OPEB Inflows	(16,366)	125,215
Net OPEB Liability/Asset	144,743	(73,561)
Unearned Revenue	512	(3,166)
<u>Net Cash Provided by Operating Activities</u>	\$ 9,441,748	\$ 9,582,209
<u>Supplemental Disclosures</u>		
Noncash financing activities:		
Developer contribution of systems	\$ 6,315,049	\$ 1,645,294

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Organization

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

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

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

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

Basis of Presentation

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

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

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Governmental Accounting Pronouncements

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

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

The Commission has adopted the provisions of GASB Statement No. 96 for fiscal year 2023 but the effects of identified SBITA activities are immaterial to its financial statements.

Statement No. 101, *Compensated Absences*, was issued in June 2022 and is effective for the first reporting period beginning after December 15, 2023 (fiscal year ending June 30, 2025). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Cash and Cash Equivalents

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

Investments and Restricted Assets

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

Inventories and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets or inventory. Inventory consists of supplies and is reported at average cost.

Capital Assets

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

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

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

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

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

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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*, represent a consumption of net assets that applies to future periods 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*, represent an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 fiscal 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 360 hours. Further, under no circumstances will employees be paid in excess of their maximum authorized accumulation in the case of separation/termination.

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

Business-Type Activity Accounting

Business-type activity funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are charges to customers for sales and services. The Commission also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Legal Cost of Revenue Bonds

In fiscal year 2023, in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the Commission amortized the entire remaining balance Legal Costs of Revenue Bonds (Net of Amortization).

In future fiscal years, the Commission will no longer capitalize, and subsequently amortize, certain bond issuance costs. Debt issuance costs, except any portion related to prepaid insurance costs (if any), will be recognized as an expense in the period incurred. Prepaid insurance costs (if any) will be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the debt.

Risk Management

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

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

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

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

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

Estimates

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, the Commission had the following deposits:

<u>Deposits</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Rating</u>
TD Bank	\$ 250,000	\$ 250,000	FDIC Insured
TD Bank	3,258,787	3,655,525	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, 2023, the Commission's investments at the SC Local Government Investment Pool, US Bank, TD Bank, and Ameris Bank had the following fair value measurements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Input Level</u>	<u>Rating</u>
SC Local Government Investment Pool	\$ 40,521,665	N/A	Unrated
US Government Backed Securities MM	1,657,338	N/A	Unrated
TD Bank	10,000,000	N/A	Collateralized – Letter of Credit
Ameris Bank	2,000,000	N/A	Collateralized – Pledged Securities

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:

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

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

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

Interest rate risk. In accordance with its investment policy, the Commission manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to short periods of time. SCLGIP's investment policy requires that the weighted average maturity and weighted average duration of the actively managed fixed income portfolio should be consistent with the liquidity requirements of the pool. The average maturity of SCLGIP's investments at fiscal year-end was less than one year.

Credit risk. The Commission limits its credit risk by limiting its investments to US government-backed securities, collateralized certificates of deposit, 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, 2023, all deposit amounts were covered by FDIC insurance or collateralized as outlined in the chart above. Therefore, no deposits were exposed to custodial credit risk.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
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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, 2023, was as follows:

<u>Asset Class</u>	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Land	\$ 7,492,052	\$ -	\$ -	\$ -	\$ 7,492,052
Construction In Progress	7,535,085	6,783,605	-	(761,636)	13,557,054
Total Non-depreciable	15,027,137	6,783,605	-	(761,636)	21,049,106
Buildings	5,353,525	8,285	-	-	5,361,810
Less: Accumulated Depreciation	(1,567,726)	(198,313)	-	-	(1,766,039)
Machinery & Equipment	1,767,236	64,049	(25,487)	-	1,805,798
Less: Accumulated Depreciation	(1,503,205)	(84,390)	11,151	-	(1,576,444)
Furniture & Fixtures	1,801,381	308,917	-	-	2,110,298
Less: Accumulated Depreciation	(1,396,508)	(163,072)	-	-	(1,559,580)
Vehicles	1,032,544	116,229	-	-	1,148,773
Less: Accumulated Depreciation	(794,412)	(78,650)	-	-	(873,062)
Water Distribution System	90,921,446	2,498,164	-	712,350	94,131,960
Less: Accumulated Depreciation	(23,745,044)	(1,987,366)	-	-	(25,732,410)
Sewer Collection System	63,399,616	4,866,680	-	49,286	68,315,582
Less: Accumulated Depreciation	(16,135,415)	(1,364,733)	-	-	(17,500,148)
Total Depreciable Capital Assets	164,275,748	7,862,324	(25,487)	761,636	172,874,221
Total Capital Assets (Before Depreciation)	179,302,885	14,645,929	(25,487)	-	193,923,327
Less: Accumulated Depreciation	(45,142,310)	(3,876,524)	11,151	-	(49,007,683)
Total Capital Assets	\$ 134,160,575	\$ 10,769,405	(\$ 14,336)	-	\$ 144,915,644

Of the \$7,092,339 shown as contributed capital on Exhibit B, the Statement of Revenues, Expenses and Changes in Net Position, \$6,315,049 was for water distribution and sewer collection systems which were contributed to the Commission by developers in fiscal year 2023. The remaining \$777,290 reported as contributed capital was from capital grants as follows: Lexington School District One (\$45,000) – Bluefield Elementary Water Main Extension; County of Lexington (\$80,542) – Pelion Water Main Replacement; County of Lexington – (\$651,748) – Old Orangeburg Sewer Upgrade.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
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Note 4. Notes and Bonds

Notes and Bonds at June 30, 2023 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.	\$ 1,401,560
Series 2020 Junior Lien Bond obligation to the City of Cayce pursuant to a wastewater services agreement, dated September 16, 2009, that required the Commission to recognize a portion of the City's bonded debt for wastewater plant expansion (Refunded Series 2009 Junior Lien obligation)	5,061,471
Total of Junior Lien Bond obligations:	6,463,031
 \$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%.	 17,270,000
\$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%.	2,915,000
\$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.	20,385,000
\$2,520,199 – Series 2021A State Revolving Fund (SRF) Water and Sewer System Revenue Bond for Old Barnwell/Red Bank Creek Gravity Trunk Upgrades, Interest Rate at 1.80%	2,360,969
Total of Senior Bond obligations:	42,930,969
Subtotal:	49,394,000
Less Current Portion:	(2,544,273)
Total Long Term:	46,849,727

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Adjustments for Issuance Premiums:

\$ 2,386,511 – Premium on Series 2019A Water and Sewer System Improvement and Refunding Revenue Bond 2,097,440

\$ 784,346 – Premium on Series 2019B Water and Sewer System Improvement and Refunding Revenue Bond 491,068

\$ 1,087,722 - Premium on City of Cayce Series 2020 (Junior Lien) Refunding Revenue Bonds 815,792

Total of Issuance Premiums: 3,404,300

Adjustments for Deferred Amounts:

(\$ 1,340,028) – Deferred Charge on Refunding of Series 2002 Junior Lien Bond obligation to the City of West Columbia (642,096)

(\$ 827,167) – Deferred Charge on Refunding of Series 2012 Water and Sewer System Refunding Revenue Bond (608,957)

(\$ 1,156,178) – Deferred Charge on Refunding of Series 2013 Water and Sewer System Refunding and Improvement Revenue Bond (980,504)

(\$ 458,400) – Deferred Charge on Refunding of Series 2014 Water and Sewer System Refunding Revenue Bond (286,998)

Total of Deferred Charges on Debt Refundings: (2,518,556)

Total of Adjustments: 885,744

Total Debt (Net of Issuance Premiums/Discounts and Deferred Charges on Debt Refundings): \$ 50,279,744

Total annual debt service requirements are as follows:

Year Ended June 30,	Bonds		Total
	Principal	Interest	
2024	\$ 2,544,273	\$ 1,681,878	\$ 4,226,151
2025	2,712,458	1,605,027	4,317,485
2026	2,788,883	1,523,866	4,312,749
2027	2,749,481	1,440,729	4,190,210
2028	2,855,772	1,348,805	4,204,577
2029-2033	13,105,739	5,292,207	18,397,946
2034-2038	7,718,578	3,569,882	11,288,459
2039-2043	8,918,815	2,154,904	11,073,719
2044-2048	4,900,000	823,400	5,723,400
2049	1,100,000	44,000	1,144,000
Total	\$ 49,394,000	\$ 19,484,698	\$ 68,878,697

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Changes in long-term liabilities: Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023	Due Within One Year
Revenue Bonds Payable	\$ 44,509,226	-	\$ 1,578,257	\$ 42,930,969	\$ 1,633,563
Junior Lien Obligation Bonds	7,437,802	-	974,771	6,463,031	910,710*
Compensated Absences	238,006	252,029	238,006	252,029	77,972
Total liabilities	52,185,034	252,029	2,791,035	49,646,029	2,622,245
Adjusted by:					
Issuance (Discounts)/Premiums	3,657,459	-	253,159	3,404,300	253,159
Total	\$ 55,842,493	\$ 252,029	\$ 3,044,194	\$ 53,050,329	\$ 2,875,404

*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, 2023. Additionally, the Commission does not have any assets pledged as collateral for debt. The Commission's debt obligations are secured by a lien, either parity or junior depending on the circumstances, on Pledged Revenues. If there is an Event of Default in connection with any of the debt obligations secured under the terms of the 1997 Indenture, as amended and supplemented, then the Trustee may, if requested by the holders of not less than 25% in principal amount of the Bonds then Outstanding, declare that all unpaid principal and interest on any Bonds then Outstanding is immediately due and payable.

Note 5. Employee Retirement Systems

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

The SCRS maintains five independent defined benefit plans and issues its own publicly available Annual Comprehensive Financial Report (ACFR), which includes financial statements and required supplementary information. A copy of the separately issued ACFR may be obtained by writing to South Carolina Public Employee Benefit Authority Retirement Benefits, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

Currently, there are two classes of memberships in 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 participation in the State ORP does not count toward the earned service credit used to determine whether a member is Class Two or Class Three unless the member has completed a service purchase to establish earned service credit in SCRS for the period of withdrawn service or State ORP participation.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 \$2,362,227. 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 2023 is 17.41%. The contributions made for the year ended June 30, 2023, were \$411,264 from the employer and \$212,600 from employees. The contributions made for the two prior fiscal years from the employer were \$356,046 for 2022 and \$326,658 for 2021. The contributions made for the two prior fiscal years from the employee were \$195,272 for 2022 and \$190,780 for 2021. The Commission's 2023 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 \$3,543 for the year ended June 30, 2023, at the rate of 0.15% of compensation.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, the Commission reported \$4,417,151 for its proportionate share of the net pension liability (NPL) of SCRS. The NPL of the SCRS defined benefit pension plan was determined based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. The Commission's employer allocated percentage of the NPL was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the Commission's SCRS employer allocated percentage was 0.0182%, which is a slight decrease from its employer allocated percentage of the NPL measured as of June 30, 2021. For the year ended June 30, 2023, the Commission recognized pension expenses of \$395,672 for SCRS.

At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability experience	\$ 38,377	\$ 19,250
Assumption changes	141,668	-
Investment experience	6,812	-
Changes in proportion and differences between employer contributions and share of total plan contributions	133,225	91,923
Contributions made to SCRS from measurement date to June 30, 2023	414,808	-
Total	<u>\$ 734,890</u>	<u>\$ 111,173</u>

JOINT MUNICIPAL WATER AND SEWER COMMISSION
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JUNE 30, 2023

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

The Commission reported \$414,808 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, 2024. 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
2024	\$ 155,929
2025	67,434
2026	(129,650)
2027	115,196
	\$ 208,909

The following table provides a summary of the actuarial assumptions and methods used to calculate the Total Pension Liability (TPL) as of June 30, 2022:

	SCRS
Actuarial cost method	Entry age normal
Investment rate of return ¹	7%
Projected salary increases	3.0% to 11.0% (varies by service) ¹
Benefit 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, 2019 for first use in the July 1, 2021 actuarial valuation. The June 30, 2021 TPL, NPL and sensitivity information shown in this report were determined by consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The TPL was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems. Additionally, there were no assumption changes during the fiscal year.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 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 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2022, TPL are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

JOINT MUNICIPAL WATER AND SEWER COMMISSION
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Note 5. Employee Retirement Systems (cont'd.)

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 2022 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 7.00% assumed annual investment rate of return used in the calculation of the TPL includes a 4.75% real rate of return and 2.25% inflation component.

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
			<u>7.04%</u>

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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 7.00 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 (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

<u>Plan</u>	<u>1% Decrease 6.00%</u>	<u>Current Rate 7.00%</u>	<u>1% Increase 8.00%</u>
SCRS	\$ 5,663,333	\$ 4,417,151	\$ 3,381,113

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
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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 including earnings remain assets of the employees.

Note 8. Comparative Data

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

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, 2023, the Commission had active construction projects with commitments to contractors/engineers of \$14,407,579, of which \$10,750,452 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, 2023, through January 25, 2024, which is the date the financial statements were available to be issued and the following significant subsequent events for disclosure:

The Commission has signed the following capital project construction contracts since June 30, 2023:

<u>Contract Date</u>	<u>Project Name</u>	<u>Approximate Amount</u>
August 2022	Old Orangeburg/Platt Springs Gravity Sewer (Ph 1)	\$831 thousand
December 2023	Bluefield Regional Sewer Pump Station	\$1.3 million
December 2023	Old Orangeburg/Platt Springs Gravity Sewer (Ph 2)	\$2.1 million
January 2024	Water Supply to Batesburg-Leesville	\$15.1 million
January 2024	Old Field Road 1-Million Gallon Tank (B-L)	\$5.1 million

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 subsidized 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. SC PEBA determines eligibility for retirement and retiree group insurance.

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

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

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

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

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	34
	37

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

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, 2022, and the Total OPEB Liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

Actuarial assumptions

The TOL in the December 31, 2020 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, including wage inflation	
SCRS	3.00% - 9.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.75%
Municipal Bond Index Rate	
Prior Measurement Date	2.06%
Measurement Date	3.72%
Year Fiduciary Net Position is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent 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	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

Mortality rates were based on the PUB-2010 Mortality Table for Employees with a 135% multiplier to better reflect anticipated experience and provide a margin for future improvements. The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the 2020 actuarial experience study adopted by SCRS.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

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 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
US Government Agency	58.00%	4.00%
US Govt MBS/CMO/CMBS	40.00%	5.60%
Cash and Short Duration (Net)	2.00%	3.90%
Total	100.00%	

Discount Rate

The discount rate used to measure the TOL as of the measurement date was 4.75 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of December 31, 2020. In addition to the actuarial methods and assumptions of the December 31, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability / (Asset) (a) - (b)</u>
Balance at June 30, 2022	\$ 634,415	\$ 680,406	\$ (45,991)
Changes for the year:			
Service cost	20,873	-	20,873
Interest on TOL and cash flows	29,687	-	29,687
Difference between expected and actual experience	8,776	-	8,776
Contributions - employer	-	19,075	(19,075)
Net investment income	-	(103,232)	103,232
Benefit payments and implicit subsidy credit	(19,075)	(19,075)	-
Plan administrative expenses	-	(1,250)	1,250
Net changes	<u>40,261</u>	<u>(104,482)</u>	<u>144,743</u>
Balance at June 30, 2023	<u>\$ 674,676</u>	<u>\$ 575,924</u>	<u>\$ 98,752</u>

Sensitivity of the Net OPEB Liability to changes in the discount rate

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

	<u>1% Decrease (3.75%)</u>	<u>Current Discount Rate (4.75%)</u>	<u>1% Increase (5.75%)</u>
Net OPEB liability	\$ 175,107	\$ 98,752	\$ 30,451

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.

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 4,810	\$ 98,752	\$ 211,303

JOINT MUNICIPAL WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, the Commission recognized OPEB expense of \$44,855. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,798	\$ 90,533
Changes of assumptions or other inputs	19,935	22,975
Net difference between projected and actual earnings on OPEB plan investments	141,563	-
Contributions subsequent to measurement date	7,149	-
Total	<u>\$ 176,445</u>	<u>\$ 113,508</u>

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

<u>Year ended June 30,</u>	
2024	\$ 26,642
2025	25,837
2026	26,197
2027	15,179
2028	(11,927)
Thereafter	<u>(26,140)</u>
	<u>\$ 55,788</u>

JOINT MUNICIPAL WATER AND SEWER COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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	
2014	\$ 176,573	(176,573)	\$ -	\$ 1,689,696	10.45%	
2015	\$ 177,405	(177,405)	\$ -	\$ 1,650,281	10.75%	
2016	\$ 187,267	(187,267)	\$ -	\$ 1,716,473	10.91%	
2017	\$ 195,297	(195,297)	\$ -	\$ 1,711,633	11.41%	
2018	\$ 248,410	(248,410)	\$ -	\$ 1,852,425	13.41%	
2019	\$ 261,025	(261,025)	\$ -	\$ 1,811,415	14.41%	
2020	\$ 309,241	(309,241)	\$ -	\$ 2,006,757	15.41%	
2021	\$ 326,658	(326,658)	\$ -	\$ 2,119,781	15.41%	
2022	\$ 356,046	(356,046)	\$ -	\$ 2,169,688	16.41%	
2023	\$ 411,264	(411,264)	\$ -	\$ 2,362,227	17.41%	

South Carolina Retirement System Schedule of the Proportionate Share of the Net Pension Liability						
Last 10 fiscal years	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%	
2021	0.0180%	\$ 4,596,142	\$ 2,006,757	229.03%	50.71%	
2022	0.0188%	\$ 4,058,249	\$ 2,119,781	191.45%	60.75%	
2023	0.0182%	\$ 4,417,151	\$ 2,169,688	203.58%	57.06%	

JOINT MUNICIPAL WATER AND SEWER COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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

	2023	2022	2021	2020	2019	2018
<u>Total OPEB Liability</u>						
Service Cost at end of year	\$20,873	\$23,320	\$22,641	\$22,319	\$21,669	\$21,038
Interest on the Total OPEB Liability	29,687	34,496	32,521	29,178	27,597	25,604
Difference between expected and actual experience	8,776	(112,014)	(797)	(1,718)	(3,550)	-
Changes in assumptions or other inputs	-	(29,567)	-	33,779	-	-
Benefit payments*	(19,075)	(15,926)	(9,721)	(16,545)	(8,431)	(1,000)
Net change in Total OPEB Liability	40,261	(99,691)	44,644	67,013	37,285	45,642
Total OPEB Liability - beginning	\$634,415	\$734,106	\$689,462	\$622,449	\$585,164	\$539,522
Total OPEB Liability - ending (a)	\$674,676	\$634,415	\$734,106	\$689,462	\$622,449	\$585,164
<u>Plan Fiduciary Net Position</u>						
Contributions - employer**	\$19,075	\$15,926	\$31,178	\$96,766	\$28,967	\$198,353
Net investment income	(103,232)	(21,645)	33,284	23,989	824	8,346
Benefit payments*	(19,075)	(15,926)	(9,721)	(16,545)	(8,431)	(1,000)
Administrative expense	(1,250)	(4,485)	(1,000)	(3,191)	-	(11,717)
Net Change in Plan Fiduciary Net Position	(\$104,482)	(\$26,130)	\$53,741	\$101,019	\$21,360	\$193,982
Plan Fiduciary Net Position - beginning	\$680,406	\$706,536	\$652,795	\$551,776	\$530,416	\$336,434
Plan Fiduciary Net Position - ending (b)	\$575,924	\$680,406	\$706,536	\$652,795	\$551,776	\$530,416
Net OPEB (Asset)/Liability - ending (a) - (b)	\$98,752	(\$45,991)	\$27,570	\$36,667	\$70,673	\$54,748

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

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

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Other Post-Employment Benefits							
Schedule of the Net OPEB Liability							
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability	\$674,676	\$634,415	\$734,106	\$689,462	\$622,449	\$585,164	\$539,522
Plan Fiduciary Net Position	<u>575,924</u>	<u>680,406</u>	<u>706,536</u>	<u>652,795</u>	<u>551,776</u>	<u>530,416</u>	<u>336,434</u>
Net OPEB (Asset)/Liability	\$98,752	(\$45,991)	\$27,570	\$36,667	\$70,673	\$54,748	\$203,088
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	85.36%	107.25%	96.24%	94.68%	88.65%	90.64%	62.36%
Covered Payroll*	\$2,065,735	\$2,065,735	\$1,660,796	\$1,660,796	\$1,679,466	\$1,679,466	\$1,679,466
Net OPEB (Asset)/Liability as a percentage of covered payroll	4.78%	(2.23%)	1.66%	2.21%	4.21%	3.26%	12.09%

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

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

Other Post-Employment Benefits							
Schedule of Employer Contributions							
	2023	2022	2021	2020	2019	2018	
Actuarially Determined Employer Contribution (ADEC)	\$ -	\$10,729	\$50,839	\$50,379	\$108,945	\$127,240	
Contributions in relation to the ADEC	<u>19,075</u>	<u>15,926</u>	<u>31,178</u>	<u>96,766</u>	<u>28,967</u>	<u>198,353</u>	
Annual contribution deficiency (excess)	(19,075)	(5,197)	19,661	(46,387)	79,978	(71,113)	
Covered payroll*	\$2,065,735	\$2,065,735	\$1,660,796	\$1,660,796	\$1,679,466	\$1,679,466	
Actual contributions as a percentage of covered payroll	0.92%	0.77%	1.88%	5.83%	1.72%	11.81%	

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

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

SCHEDULE 1

JOINT MUNICIPAL WATER AND SEWER COMMISSION
SCHEDULE OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	JUNE 30	
	2023	2022
Payroll Fringes	\$ 950,268	\$ 920,333
Online Utility Expenses	9,001	8,132
Contracted Services and Maintenance	678,117	566,018
Professional Services	633,123	551,560
Franchise Fees	30,893	30,880
Pelion Lease	1,000	1,000
Right of Way Clearing	3,587	3,225
Grounds Maintenance	24,460	23,433
Advertising	24	24
Provision for Uncollectible Accounts	31,992	23,249
Bank Charges	263,708	248,302
Office Supplies	7,606	9,230
Backflow Devices	80,737	46,541
Duplicating	18,300	15,579
Operating and Engineering Supplies	143,241	122,093
Chemicals	141,492	194,629
Equipment Repairs and Maintenance	335,683	241,143
Vehicle Repairs and Maintenance	65,710	52,845
Building Repairs	60,707	12,120
Equipment Rental	-	715
Building Insurance	71,785	65,420
Vehicle Insurance	20,249	15,830
General Tort Liability Insurance and Surety Bond	27,674	24,876
Telephone and Internet	47,349	41,926
Postage	11,366	10,909
Meetings, Training and Subscriptions	89,223	79,213
Utilities	596,296	577,224
Gas, Fuel and Oil	88,059	79,749
Uniforms	16,447	11,144
Licenses and Permits	40,081	40,081
Miscellaneous	96,276	75,197
Taps/Meters/AMR	297,388	237,751
Hydrants	1,900	1,900
Total Other General and Administrative Expenses	<u>\$ 4,883,743</u>	<u>\$ 4,332,272</u>

STATISTICAL SECTION

Statistical Section

The purpose of the statistical section is to provide additional information useful in assessing a government's financial condition. The statistical section provides information on financial trends, revenue capacity, debt capacity, operating information as well as demographic and economic information.

Statistical Section Table of Contents

Financial Trends (Tables I-III)

These tables contain trend information to help the reader understand how the Commission's financial performance and position have changed over time.

Revenue Capacity (Tables IV-IX)

These schedules contain information identifying the factors affecting the Commission's ability to generate revenue.

Debt Capacity (Tables X-XIII)

These schedules present information to help the reader assess the affordability of the Commission's current level of outstanding debt and the Commission's ability to issue additional debt in the future.

Demographic and Economic Information (Tables XIV-XV)

These schedules offer demographic and economic indicators showing the environment in which the Commission operates.

Operating and Capital Information (Tables XVI – XVIII)

These schedules contain operational, capital, and service information to convey how the Commission's financial reports relate to its service.

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE I

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

	2023	2022	2021	2020	2019	2018	2017 ⁽¹⁾	2016 ⁽¹⁾⁽²⁾	2015	2014
Net Investment in Capital Assets:	\$ 99,939,059	\$ 91,536,217	\$ 88,892,401	\$ 83,799,549	\$ 78,126,258	\$ 62,304,930	\$ 54,747,304	\$ 53,091,400	\$ 48,109,027	\$ 48,160,018
Restricted for Debt Service:	426,066	369,914	1,159,357	1,159,614	1,672,060	1,687,523	1,683,385	1,920,575	2,202,796	2,520,140
Restricted for Capital/Const. Projects:	7,817,200	10,157,330	13,473,443	20,126,234	28,500	28,500	28,500	1,559,128	2,607,568	7,407,748
Unrestricted:	44,437,972	34,773,709	23,415,407	14,047,484	28,790,315	33,452,668	32,028,754	25,384,536	21,280,485	15,107,609
Total Net Position:	\$ 152,620,297	\$ 136,837,170	\$ 126,940,608	\$ 119,132,881	\$ 108,617,133	\$ 97,473,621	\$ 88,487,943	\$ 81,955,639	\$ 74,199,876	\$ 73,195,515

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

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

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

Source: Commission's Audited Financial Statements

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE II

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

	2023	2022	2021	2020	2019	2018	2017 ⁽¹⁾	2016 ⁽²⁾	2015 ⁽¹⁾	2014
Revenues:										
Water Service Revenues	\$ 10,866,433	\$ 10,115,853	\$ 9,523,154	\$ 9,540,763	\$ 8,620,339	\$ 7,948,591	\$ 7,930,855	\$ 7,407,447	\$ 6,663,908	\$ 6,253,508
Wastewater Service Revenues	3,873,224	3,524,590	3,277,185	3,196,547	3,013,992	2,666,433	2,565,525	2,395,267	2,167,402	2,120,336
Other Revenues	6,691,596	6,366,286	5,849,410	5,749,635	5,388,811	5,134,261	4,747,310	4,944,149	4,289,304	4,082,314
Total Operating Revenues:	21,431,253	20,006,729	18,649,749	18,486,945	17,023,142	15,749,285	15,243,690	14,746,863	13,120,614	12,456,158
Operating Expenses:										
Salaries and Wages	2,420,457	2,276,631	2,185,582	2,163,927	1,894,384	1,918,769	1,801,302	1,807,613	1,726,982	1,901,052
Wholesale W&S Costs	4,218,910	3,205,897	3,052,909	2,708,314	2,451,092	2,540,746	2,462,856	2,108,483	2,144,286	2,100,121
General & Admin Exp	4,883,743	4,332,272	4,254,655	4,031,995	3,835,709	3,721,039	3,885,534	3,326,094	3,178,129	3,020,354
Depreciation	3,876,524	3,593,004	3,332,219	3,146,096	2,922,762	2,690,707	2,673,654	2,549,423	2,414,853	2,349,033
Total Operating Expenses	15,399,634	13,407,804	12,825,365	12,050,332	11,103,947	10,871,261	10,823,346	9,791,613	9,464,250	9,370,560
Operating Income	6,031,619	6,598,925	5,824,384	6,436,613	5,919,195	4,878,024	4,420,344	4,955,250	3,656,364	3,085,598
Non-operating revenue (expenses), net	2,659,169	1,018,445	96,798	1,544,097	774,657	258,680	(498,227)	747,190	(616,564)	(657,892)
Income before Capital Contributions	8,690,788	7,617,370	5,921,182	7,980,710	6,693,852	5,136,704	3,922,117	5,702,440	3,039,800	2,427,706
Capital Contributions	7,092,339	2,279,192	1,886,545	2,535,038	4,449,660	3,848,974	2,610,187	2,053,323	1,123,783	570,215
Change in Net Position	\$ 15,783,127	\$ 9,896,562	\$ 7,807,727	\$ 10,515,748	\$ 11,143,512	\$ 8,985,678	\$ 6,532,304	\$ 7,755,763	\$ 1,004,361	\$ 2,997,921

⁽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 ACFR - 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 2023

	Actual ⁽¹⁾	Budget ⁽²⁾	Variance	% of Budget Recognized/Spent
General Revenues				
Water Sales & Service	\$ 10,931,852	\$ 10,220,937	\$ 710,915	106.96%
Wastewater Sales & Service	3,848,914	3,878,278	(29,364)	99.24%
Backflow Fees	997,566	957,884	39,682	104.14%
Hydrant Fees	746,146	728,839	17,307	102.37%
Other Operating Revenues	469,717	378,451	91,266	124.12%
Account Maintenance Fees	3,681,336	3,608,516	72,820	102.02%
Total General Revenues	20,675,531	19,772,905	902,626	104.56%
Tap Fee Connections Cost Recovery				
Tap Fee Connection Costs	337,000	-	337,000	0.00%
Hard costs of Meter Sets	91,750	-	91,750	0.00%
Tap Installation Fee	4,257	-	4,257	0.00%
Total Tap Fee Connections Cost Recovery	433,007	-	433,007	0.00%
Total Operating Revenues	21,108,538	19,772,905	1,335,633	106.75%
Non-operating Revenues				
Capital Facility Charges	1,783,625	-	1,783,625	0.00%
Interest income	1,925,428	240,750	1,684,678	799.76%
Miscellaneous Income	841,854	-	841,854	0.00%
Total Non-operating Revenues	4,550,907	240,750	4,310,157	1890.30%
Total Revenues	25,659,445	20,013,655	5,645,789	128.21%
Direct Operating Expenses				
Salaries and Wages	2,459,644	2,603,199	(143,555)	94.49%
Wholesale Water and Sewer Costs	4,045,972	3,825,000	220,972	105.78%
Other General and Administrative Expenses	5,044,323	5,973,580	(929,257)	84.44%
Total Direct Operating Expenses	11,549,939	12,401,779	(851,838)	93.13%
Indirect Operating Expenses				
Debt Service ⁽³⁾	4,153,677	5,182,889	(1,029,212)	80.14%
Capital Outlay	684,564	1,005,340	(320,776)	68.09%
Regional WTP & WWTF Charges (Depreciation & Capital Charge)	337,743	214,928	122,815	157.14%
Total Indirect Operating Expenses	5,175,984	6,403,157	(1,227,173)	80.83%
Total Direct and Indirect Operating Expenses	16,725,923	18,804,936	(2,079,011)	88.94%
Net	\$ 8,933,522	\$ 1,208,719	\$ 7,724,800	739.09%

⁽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)

	2023				2022				2021				2020				2019			
	# 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:	19,699		599	3.14%	19,100		537	2.89%	18,563		608	3.39%	17,955		659	3.81%	17,296		713	4.30%
Residential	18,863	95.8%	558	3.05%	18,305	95.8%	516	2.90%	17,789	95.8%	582	3.38%	17,207	95.8%	638	3.85%	16,569	95.8%	691	4.35%
Commercial	825	4.2%	41	5.23%	784	4.1%	21	2.75%	763	4.1%	26	3.53%	737	4.1%	21	2.93%	716	4.1%	22	3.17%
Industrial	11	0.1%	-	0.00%	11	0.1%	-	0.00%	11	0.1%	-	0.00%	11	0.1%	-	0.00%	11	0.1%	-	0.00%
Total Sewer Customers:	6,385		453	7.64%	5,932		282	4.99%	5,650		294	5.49%	5,356		296	5.85%	5,060		247	5.13%
Residential	6,124	95.9%	419	7.34%	5,705	96.2%	273	5.03%	5,432	96.1%	286	5.56%	5,146	96.1%	291	5.99%	4,855	95.9%	237	5.13%
Commercial	247	3.9%	34	15.96%	213	3.6%	9	4.41%	204	3.6%	8	4.08%	196	3.7%	5	2.62%	191	3.8%	10	5.52%
Industrial	14	0.2%	-	0.00%	14	0.2%	-	0.00%	14	0.2%	-	0.00%	14	0.3%	-	0.00%	14	0.3%	-	0.00%

	2018				2017				2016				2015				2014			
	# 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:	16,583		681	4.28%	15,902		790	5.23%	15,112		873	6.13%	14,239		686	5.06%	13,553		553	4.25%
Residential ⁽¹⁾	15,878	95.7%	674	4.43%	15,204	95.6%	772	5.35%	14,432	95.5%	860	6.34%	13,572	95.3%	664	5.14%	12,908	95.2%	528	4.26%
Commercial	694	4.2%	8	1.17%	686	4.3%	18	2.69%	668	4.4%	13	1.98%	655	4.6%	18	2.83%	637	4.7%	25	4.08%
Industrial	11	0.1%	(1)	-8.33%	12	0.1%	-	0.00%	12	0.1%	-	0.00%	12	0.1%	4	50.00%	8	0.1%	-	0.00%
Total Sewer Customers:	4,813		246	5.39%	4,567		259	6.01%	4,308		335	8.43%	3,973		238	6.37%	3,735		214	6.08%
Residential	4,618	95.9%	241	5.51%	4,377	95.8%	251	6.08%	4,126	95.8%	327	8.61%	3,799	95.6%	230	6.44%	3,569	95.6%	203	6.03%
Commercial	181	3.8%	5	2.84%	176	3.9%	8	4.76%	168	3.9%	8	5.00%	160	4.0%	7	4.58%	153	4.1%	11	7.75%
Industrial	14	0.3%	-	0.00%	14	0.3%	-	0.00%	14	0.3%	-	0.00%	14	0.4%	1	7.69%	13	0.3%	-	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

Monthly Charge Comparison
with Other Regional Municipal Utility Systems⁽¹⁾
for Residential Customers with ¾" Meter and 7,000 Gallons Usage
June 2023

FYE June 30,	Water Charges	Sewer Charges	Total
2023	\$ 49.86	\$ 63.26	\$ 113.12
2022	48.39	61.43	109.82
2021	46.23	59.67	105.90
2020	46.23	59.67	105.90
2019	45.54	57.98	103.52
2018	44.85	56.37	101.22
2017	44.85	54.77	99.62
2016	44.16	53.24	97.40
2015	44.16	51.87	96.03
2014	43.71	50.48	94.19

Utility System	Water Charges	Sewer Charges	Total
Batesburg-Leesville ⁽²⁾	\$ 78.49	\$ 94.24	\$ 172.73
Cayce	64.42	48.07	112.49
Commission	49.86	63.26	113.12
Gilbert-Summit ⁽³⁾	55.50	N/A	55.50
Lexington	76.30	89.06	165.36
Pelion ⁽³⁾	49.86	N/A	49.86
Swansea	71.63	66.14	137.77
West Columbia	59.40	57.20	116.60

⁽¹⁾ Based on outside city rate schedules as of June 2023 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.

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

Source: Published Utility Rate Schedules

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

Monthly Charge Comparison
with Other Regional Municipal Utility Systems⁽¹⁾
for Industrial Customer with 4" Meter and 400,000 Gallons Usage
June 2023

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	2,372.26	3,056.59	5,428.85
Gilbert-Summit ⁽⁴⁾	2,493.00	N/A	2,493.00
Lexington	3,608.98	4,235.21	7,844.19
Pelion ⁽⁴⁾	2,372.26	N/A	2,372.26
Swansea ⁽⁵⁾	N/A	N/A	N/A
West Columbia	3,263.00	3,622.00	6,885.00

⁽¹⁾ Based on outside city rate schedules as of June 2023 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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Effective Date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014	7/1/2013
Water Maintenance Fee ⁽¹⁾	\$ 9.54	\$ 9.26	\$ 8.99	\$ 8.99	\$ 8.86	\$ 8.73	\$ 8.73	\$ 8.60	\$ 8.60	\$ 8.50
Water Usage Rate (per kgal) ⁽²⁾	\$ 5.76	\$ 5.59	\$ 5.32	\$ 5.32	\$ 5.24	\$ 5.16	\$ 5.16	\$ 5.08	\$ 5.08	\$ 5.03
Sewer Maintenance Fee ⁽¹⁾	\$ 12.37	\$ 12.01	\$ 11.72	\$ 11.72	\$ 11.43	\$ 11.15	\$ 10.88	\$ 10.61	\$ 10.50	\$ 10.30
Sewer Usage Rate (per kgal) ⁽²⁾⁽³⁾	\$ 7.27	\$ 7.06	\$ 6.85	\$ 6.85	\$ 6.65	\$ 6.46	\$ 6.27	\$ 6.09	\$ 5.91	\$ 5.74
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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Michelin Tire Corp.	\$ 759,700	\$ 688,284	\$ 659,951	\$ 711,315	\$ 765,252	\$ 699,137	\$ 666,245	\$ 599,503	\$ 589,364	\$ 606,249
Blue Granite	\$ 280,691	\$ 245,675	\$ 241,970	\$ 205,148	\$ 140,045	\$ 136,341	\$ 141,632	\$ 154,341	\$ 169,626	\$ 164,528
Lexington County School District #1	\$ 146,679	\$ 142,251	\$ 92,061	\$ 112,497	\$ 130,860	\$ 125,050	\$ 133,429	\$ 137,393	\$ 130,002	\$ 122,615
Boing US Holdco (was Franks Express)	\$ 84,510	\$ 81,047	\$ 75,793	\$ 46,576						
Prysmian Cables & Systems	\$ 79,050	\$ 79,601	\$ 73,326	\$ 57,403	\$ 69,242	\$ 60,481	\$ 62,745	\$ 65,708	\$ 50,563	\$ 44,442
Lexington Medical Center Extended Care	\$ 58,729	\$ 59,774	\$ 52,571	\$ 56,865	\$ 64,316	\$ 51,567	\$ 60,830	\$ 55,981	\$ 53,684	\$ 61,884
U. S. Foods	\$ 42,539	\$ 39,973	\$ 34,492	\$ 43,869	\$ 47,295	\$ 41,701	\$ 42,349	\$ 37,626	\$ 39,223	\$ 37,352
Publix Alabama	\$ 26,853		\$ 17,173	\$ 21,942						
Love's Travel Stops & Country Store	\$ 22,894		\$ 17,947		\$ 18,414	\$ 17,319	\$ 20,964	\$ 28,686	\$ 20,074	
CMC Lexington	\$ 20,344	\$ 18,996								
Capital Concrete Co.		\$ 24,167	\$ 25,582	\$ 20,563	\$ 19,601	\$ 24,551	\$ 24,540	\$ 20,168	\$ 19,652	\$ 15,165
Persimmon Grove HOA, Inc.		\$ 23,738		\$ 24,040	\$ 32,623	\$ 46,769	\$ 44,753	\$ 36,715	\$ 38,742	\$ 29,278
Thomas Concrete of South Carolina					\$ 20,025					
Ben-In Properties LLC						\$ 12,268	\$ 13,675			
Cooper's Corner							\$ 14,901			\$ 14,789
Taylor Sr. Rentals									\$ 18,001	
Golden State Foods										\$ 12,066
Total	\$ 1,521,988	\$ 1,403,505	\$ 1,290,865	\$ 1,300,218	\$ 1,307,672	\$ 1,215,183	\$ 1,211,163	\$ 1,151,022	\$ 1,128,931	\$ 1,108,367
% of Total Operating Revenue	7.10%	7.02%	6.92%	7.03%	7.68%	7.72%	7.95%	7.81%	8.60%	8.90%

⁽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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Michelin Tire Corp.	\$ 509,604	\$ 506,037	\$ 492,657	\$ 529,310	\$ 527,178	\$ 476,950	\$ 441,061	\$ 396,207	\$ 352,282	\$ 374,670
Lexington County School District #1	\$ 113,230	\$ 111,943	\$ 63,006	\$ 76,775	\$ 91,564	\$ 74,025	\$ 76,795	\$ 74,828	\$ 70,110	\$ 59,897
Prysmian Cables & Systems	\$ 85,089	\$ 78,648	\$ 55,105	\$ 39,958	\$ 70,145	\$ 67,991	\$ 74,671	\$ 97,373	\$ 98,852	\$ 72,297
U. S. Foods	\$ 34,889	\$ 31,195	\$ 23,494	\$ 37,959	\$ 42,837	\$ 36,398	\$ 32,076	\$ 22,538	\$ 24,559	\$ 18,227
Diamond Pet Food Processors	\$ 26,030	\$ 16,013	\$ 22,230	\$ 18,927	\$ 19,740	\$ 22,570	\$ 15,756	\$ 20,962	\$ 22,149	\$ 19,966
Love's Travel Stops & Country Store	\$ 25,118	\$ 22,239	\$ 20,701	\$ 19,324	\$ 19,172	\$ 18,114	\$ 18,152	\$ 17,685	\$ 14,592	
The Martin-Brewer Company	\$ 19,796	\$ 16,484	\$ 17,775	\$ 16,907	\$ 19,740	\$ 13,765	\$ 14,665	\$ 12,107	\$ 11,117	\$ 13,019
Sandhills Elementary/Intermediate	\$ 17,579	\$ 18,257	\$ 11,597	\$ 15,063	\$ 21,147	\$ 17,481	\$ 17,763	\$ 18,666	\$ 16,394	\$ 14,666
Cooper's Corner	\$ 16,648	\$ 14,508	\$ 10,782	\$ 12,138	\$ 14,344	\$ 13,624	\$ 14,854	\$ 17,417	\$ 16,968	\$ 16,451
International Paper	\$ 15,654	\$ 14,012		\$ 15,382	\$ 11,287					\$ 12,391
Sudz Car Wash			\$ 11,707				\$ 12,289			
Wal-Mart						\$ 10,892				
Lexington Dry Cleaning								\$ 12,978		
Apex Tool Group / Cooper Power Tools									\$ 16,770	\$ 19,379
Total	\$ 863,638	\$ 829,338	\$ 729,053	\$ 781,743	\$ 837,153	\$ 751,809	\$ 718,082	\$ 690,762	\$ 643,793	\$ 620,963
% of Total Operating Revenue	4.03%	4.15%	3.91%	4.23%	4.92%	4.77%	4.71%	4.68%	4.91%	4.99%

⁽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
2023	\$ 20,273,218	\$ 20,291,602	100.09%
2022	18,714,774	18,679,159	99.81%
2021	17,681,990	17,614,736	99.62%
2020	17,124,610	17,403,737	101.63%
2019	16,097,699	15,840,316	98.40%
2018	14,752,688	14,717,107	99.76%
2017	14,609,491	14,654,356	100.31%
2016	13,445,891	13,349,558	99.28%
2015	12,326,903	12,416,965	100.73%
2014	11,460,344	11,311,721	98.70%

⁽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)
2023	6.70	5.41	80.81%	19.19%	86.47%	13.53%
2022	5.80	5.08	87.49%	12.51%	92.17%	7.83%
2021	6.04	5.13	84.85%	15.15%	89.93%	10.07%
2020	5.81	5.12	88.08%	11.92%	90.02%	9.98%
2019	5.19	4.79	92.34%	7.66%	94.90%	5.10%
2018	4.81	4.46	92.79%	7.21%	94.38%	5.62%
2017	4.73	4.52	95.62%	4.38%	97.65%	2.35%
2016	4.57	4.18	91.51%	8.49%	92.69%	7.31%
2015	4.13	3.79	91.84%	8.16%	93.67%	6.33%
2014	3.94	3.53	89.76%	10.24%	91.35%	8.65%

⁽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 2023

June 30,	2019A Bond P & I	2019B Bond P & I	2019C Bond P & I	2021A SRF Loan P & I	Parity Bond Totals	Contractual Obligations	Grand Totals
2024	743,050	575,750	1,627,040	150,330	3,096,170	1,129,981	4,226,151
2025	741,550	574,250	1,629,614	150,330	3,095,744	1,221,741	4,317,485
2026	875,050	571,750	1,625,176	150,330	3,222,306	1,090,444	4,312,749
2027	1,144,500	568,250	1,629,190	150,330	3,492,270	697,940	4,190,210
2028	1,145,700	578,750	1,631,336	150,330	3,506,116	698,461	4,204,577
2029	1,141,950	577,500	1,622,160	150,330	3,491,940	709,742	4,201,682
2030	1,142,200		1,621,892	150,330	2,914,422	698,201	3,612,623
2031	1,146,400		1,624,408	150,330	2,921,138	697,854	3,618,992
2032	1,144,600		1,624,742	150,330	2,919,672	514,825	3,434,497
2033	1,147,000		2,232,823	150,330	3,530,153		3,530,153
2034	1,143,400		965,239	150,330	2,258,969		2,258,969
2035	1,144,000		964,039	150,330	2,258,369		2,258,369
2036	1,143,600		962,239	150,330	2,256,169		2,256,169
2037	1,142,200		963,443	150,330	2,255,973		2,255,973
2038	1,144,800		963,850	150,330	2,258,980		2,258,980
2039	1,146,200		963,457	150,330	2,259,987		2,259,987
2040	1,146,400		962,266	150,330	2,258,996		2,258,996
2041	1,145,400		964,432	150,330	2,260,162		2,260,162
2042	1,143,200		965,610	75,165	2,183,974		2,183,974
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	\$ 28,683,400	\$ 3,446,250	\$ 26,508,754	\$ 2,781,105	\$ 61,419,508	\$ 7,459,189	\$ 68,878,697

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	
12/2019	\$ 17,820,000	Series 2019A - Water and Sewer System Improvement and Refunding Revenue Bonds	Varies*	6/2020	6/2049	
12/2019	\$ 4,485,000	Series 2019B - Water and Sewer System Improvement and Refunding Revenue Bonds	Varies*	6/2020	6/2029	
12/2019	\$ 21,915,000	Series 2019C - Water and Sewer System Improvement and Refunding Revenue Bonds	Varies*	6/2020	6/2043	
3/2021	\$ 2,520,199	Series 2021A - State Revolving Fund Loan - Old Barnwell/Red Bank Creek Gravity Trunk Upgrades	\$ 150,330	1/2022	10/2041	

*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	Series 2005 Jr. Lien - City of West Columbia Junior Lien Bond for Lake Murray Water Treatment Plant Expansion	\$ 523,454	3/2006	2/2026
7/2020 ⁽²⁾	\$ 10,199,853	Series 2020 Jr. Lien - City of Cayce Junior Lien Bond for Regional Wastewater Treatment Facility Upgrade and Expansion	Varies*	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%.

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

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XII

Debt and Debt Service per Customer
Last Ten Fiscal Years Summary

Year	Parity Debt ⁽¹⁾	Non-Parity Debt / Contractual Obligations ⁽¹⁾	Total Debt (See Note 4)	Total Annual Debt Service ⁽²⁾⁽⁴⁾	Customers (Water)	Per Customer Total Debt (\$)	Per Customer Debt Service (\$)	Total Personal Income (\$000's) ⁽³⁾	Debt per Personal Income
2023	45,519,476	7,278,823	52,798,300	4,213,648	19,699	2,680	214	15,254,322	0.30%
2022	47,260,250	8,344,237	55,604,487	4,258,427	19,100	2,911	223	15,254,322	0.31%
2021	47,229,313	9,381,634	56,610,947	4,136,606	18,563	3,050	223	15,254,322	0.31%
2020	48,853,489	10,415,736	59,269,226	4,009,467	17,955	3,301	223	15,254,322	0.32%
2019	29,540,472	11,459,446	40,999,918	3,581,936	17,296	2,370	207	14,308,905	0.21%
2018	30,808,552	12,484,434	43,292,986	3,671,687	16,583	2,611	221	13,770,062	0.22%
2017	32,040,618	13,586,324	45,626,943	3,625,906	15,902	2,869	228	13,403,174	0.24%
2016	33,231,694	14,575,106	47,806,800	3,819,025	15,112	3,163	253	12,735,018	0.26%
2015	34,621,803	15,489,534	50,111,337	3,752,289	14,239	3,519	264	12,219,658	0.28%
2014	35,227,840	16,791,212	52,019,054	3,385,185	13,553	3,838	250	11,403,049	0.31%

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

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

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

⁽⁴⁾ FY 2022 Total Annual Debt Service in this chart excludes \$759,418 early redemption payments to payoff Series 2009A (\$403,465) and Series 2009B (\$355,953) SRF Loans.

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

	2023	2022 ⁽²⁾	2021	2020	2019	2018	2017 ⁽¹⁾	2016	2015	2014
Operating Revenue	\$ 21,431,253	\$ 20,006,729	\$ 18,649,749	\$ 18,486,945	\$ 17,023,142	\$ 15,749,285	\$ 15,243,690	\$ 14,746,863	\$ 13,120,614	\$ 12,456,158
Interest and Other Income	1,825,351	33,140	60,102	477,725	645,938	221,897	139,261	81,366	45,774	22,685
Gross Revenue	23,256,604	20,039,869	18,709,851	18,964,670	17,669,080	15,971,182	15,382,951	14,828,229	13,166,388	12,478,843
(Operating Expenses)	(11,523,110)	(9,814,800)	(9,493,146)	(8,904,236)	(8,181,184)	(8,180,554)	(8,149,692)	(7,242,190)	(7,049,397)	(7,021,527)
Net Revenues	11,733,494	10,225,069	9,216,705	10,060,434	9,487,896	7,790,628	7,233,259	7,586,039	6,116,991	5,457,316
Capital Facilities Charges	2,795,375	2,861,950	1,653,525	2,317,746	1,820,766	1,857,285	1,159,204	2,202,475	916,400	1,086,996
Net Revenues and Capital Facilities Charges	14,528,869	13,087,019	10,870,230	12,378,180	11,308,662	9,647,913	8,392,463	9,788,514	7,033,391	6,544,312
Total Parity Debt Service	3,082,233	3,128,069	3,043,175	2,851,286	2,423,755	2,418,297	2,418,798	2,661,173	2,639,799	2,471,053
Parity Debt Service Coverage @ 110% (Net Revenues) ⁽⁴⁾	-	-	-	-	3.915	3.222	2.990	2.851	2.317	2.208
Parity Debt Service Coverage @ 120% (Net Revenues and Capital Facilities Charges)	4.714	4.184	3.572	4.341	4.666	3.990	3.470	3.678	2.664	2.648

⁽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⁾ FY 2022 Total Parity Debt Service in this chart excludes \$759,418 early redemption payments to payoff Series 2009A (\$403,465) and Series 2009B (\$355,953) SRF Loans.

⁽³⁾ Depreciation is excluded from Operating Expenses for the purposes of this chart.

⁽⁴⁾ 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
2023	N/A	N/A	N/A	N/A
2022	313,314	N/A	N/A	2.8%
2021	308,605	N/A	N/A	3.9%
2020	303,946	15,254,322	50,188	3.3%
2019	299,421	14,308,905	47,789	2.8%
2018	294,766	13,770,062	46,715	3.5%
2017	290,511	13,403,174	46,137	3.6%
2016	286,521	12,735,018	44,447	4.5%
2015	281,855	12,219,658	43,354	5.4%
2014	277,568	11,403,049	41,082	5.1%

Source: Lexington County 2022 Annual Report; US Census Bureau; US Department of Commerce, SC Works Online Services

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XV

Principal Employers (County of Lexington)

Employer	Fiscal Year 2022			Fiscal Year 2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lexington Medical Center	6,557	1	4.36%	4,736	1	3.52%
Lexington School District 1	3,964	2	2.64%	3,403	2	2.53%
Amazon	2,935	3	1.95%			
Michelin Tire	2,380	4	1.58%	1,960	6	1.46%
Walmart	2,363	5	1.57%	2,105	4	1.56%
State Government	2,237	6	1.49%	1,839	7	1.37%
Columbia Metropolitan Airport	1,900	7	1.26%			
County of Lexington	1,875	8	1.25%	1,506	9	1.12%
Dominion Energy (fka SCANA)	1,456	9	0.97%	1,973	5	1.47%
UPS	1,329	10	0.88%	1,645	8	1.22%
Lexington School District 2				1,083	10	0.80%
Lexington School District 5				2,354	3	1.75%
	26,996		17.95%	22,604		16.80%

Source: Lexington County, SC 2022 Annual Report; SC Department of Employment & Workforce, Central SC Alliance, and Company Representatives

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XVI

Departmental Breakdown of Commission Employees
Last Ten Fiscal Years Summary

Department	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Administrative	1	2	2	3	2	2	2	2	2	2
Finance	4	3	3	4	3	3	3	3	4	3
Customer Service	6	7	7	7	7	6	6	6	6	6
Water	12	11	11	8	9	10	10	10	8	8
Sewer	4	4	4	4	3	4	4	3	4	5
Engineering/Cross Connection	7	7	6	6	6	5	5	5	4	4
Total	34	34	33	32	30	30	30	29	28	28

Source: Commission's Payroll Records

JOINT MUNICIPAL WATER AND SEWER COMMISSION
STATISTICAL INFORMATION
TABLE XVII

Operating Indicators
Last Ten Fiscal Years Summary

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Water										
Metered Customers Served										
End of Year	19,699	19,100	18,563	17,955	17,296	16,583	15,902	15,112	14,239	13,553
Annual Average	19,425	18,825	18,276	17,634	16,956	16,263	15,533	14,705	13,896	13,301
Water Purchased										
Total Gallons	2,445,374,000	2,117,776,000	2,205,435,000	2,125,958,000	1,895,156,000	1,754,856,000	1,726,417,000	1,668,677,000	1,507,851,000	1,436,372,000
Daily Average	6,699,655	5,802,126	6,042,288	5,808,628	5,192,208	4,807,825	4,729,910	4,571,718	4,131,099	3,935,266
Elevated/Ground Storage (in millions)	6.50	6.50	6.50	6.50	6.50	4.50	4.50	4.50	3.75	3.75
Sewer										
Customers Connected										
End of Year	6,385	5,932	5,650	5,356	5,060	4,813	4,567	4,308	3,973	3,735
Annual Average	6,197	5,771	5,521	5,200	4,928	4,696	4,456	4,151	3,855	3,626
Wastewater Treated										
Total Gallons	534,262,000	495,756,000	478,549,000	447,835,000	442,559,000	412,472,000	390,324,000	343,810,000	343,172,000	347,232,000
Daily Average	1,463,732	1,358,236	1,311,093	1,223,593	1,212,490	1,130,060	1,069,381	941,945	940,197	951,321

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 2023

Water Distribution System			
Appurtenances		Water Mains	
Hydrants	2440	Total Linear Feet	1,934,223
Elevated Tanks	6	Total Linear Miles	366
Ground Storage Tanks	2		
Pressure Reducing Stations	16		
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	1877	Total Linear Feet	651,031
Sewer Pump Stations	29	Total Linear Miles	123
Capacity @ City of Cayce Regional Wastewater Treatment Plant	4.626 MGD		

Capital Assets		Net Book Value
Category		
Non-Depreciable Assets:		
Land		\$ 7,492,052
Construction in Progress		13,557,054
		21,049,106
Depreciable Assets:		
Buildings		5,361,810
Machinery & Equipment		1,805,799
Furniture		2,110,298
Vehicles		1,148,773
Water Distribution System		94,131,960
Sewer Collection System		68,315,582
		172,874,221
Total Capital Assets		193,923,327
Less Accumulated Depreciation		(49,007,683)
Net Total of Capital Assets		\$ 144,915,644

COMPLIANCE SECTION

THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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

PHONE: (803) 739-3090

FAX: (803) 791-0834

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

To the Commissioners of the
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, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 25, 2024.

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.

Report on 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.

A handwritten signature in black ink that reads "The Brittingham Group LLP". The signature is written in a cursive, slightly slanted style. It is contained within a thin black rectangular border.

West Columbia, South Carolina

January 25, 2024



PROGRESS THROUGH COOPERATION

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