



## American Rescue Plan (ARP) INFRASTRUCTURE GRANT APPLICATION

**Application Release:** 02/14/2022

**Application Due:** 04/01/2022

**Application Review Closes:** 04/29/2022

---

Laurens County is now accepting applications for infrastructure projects to be funded through the American Rescue Plan (ARP). Laurens County will receive \$13.1 Million in ARP funds, of which up to \$2.5 Million will be made available to agencies for eligible public service, housing, and infrastructure projects from the County's first appropriation of ARP funding. ARP funds are authorized under the American Rescue Plan Act.

This ARP funding round will focus on infrastructure projects. Specifically, proposals for water, sewer, and broadband improvement projects will be accepted for this solicitation. Infrastructure projects funded through this program should primarily benefit residents of unincorporated Laurens County.

Required Notices of Intent, describing the project, number of project beneficiaries, tentative timeline, and preliminary budget, are due via email [ARPA@co.laurens.sc.us](mailto:ARPA@co.laurens.sc.us), mail or hand delivery no later than 04/01/2022 at 5 PM to be eligible for funding consideration. Notices of intent that do not arrive by the deadline will not be considered.

Awards for a funded project, if selected, will be provided on a cost reimbursable basis for eligible activities undertaken after execution of a grant agreement with the subrecipient. Work that is contracted for prior to the execution of the agreement with the County or that has not been competitively procured cannot be paid with ARPA funds. All items purchased with ARPA funds must be competitively procured, whether by bid or quote, as specified in the grant agreement.

Applications can be downloaded at [www.laurenscounty.us](http://www.laurenscounty.us). Complete infrastructure applications (PDF Format preferred) are due via email at [ARPA@co.laurens.sc.us](mailto:ARPA@co.laurens.sc.us), mail or hand delivery no later than 04/01/2022 at 5 PM.

Scoring Matrix: Applications will be evaluated based on the criteria below.

Impact of Project and Clientele Served	20 points
Organizational Capacity and Experience	20 points
Budget	20 points
Feasibility	10 points
Protection of Public Health	20 points
Project Evaluation	10 points
<b>Total</b>	<b>100 points</b>

**A. APPLICANT INFORMATION**

Applicant: Laurens Commission of Public Works

Address: PO Box 349, Laurens SC 29360

DUNS #: 04-952-1842

Contact: John Young Title: General Manager

Phone #: 864.681.4332 Fax #: 864.681.4301

Email: jyoung@lcpw.com

- Applicant Type:
- Local Government
  - Special Purpose District
  - Public Works Commission
  - Joint Municipal System
  - Applicant is submitting on behalf of a not-for-profit water/sewer/broadband company or other eligible entity (provide name)  
Name: \_\_\_\_\_

***Please list below the information for any partner organizations that will be involved in the implementation of this grant.***

Firm/Organization Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Email: \_\_\_\_\_

Firm/Organization Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Email: \_\_\_\_\_

## B. GENERAL INFORMATION

### 1. Project Name and Location:

Name: Little River Sewer System Rehabilitation Project (Phase 2)

Location: Little River Basin (See attached drawing)

### 2. Infrastructure project type (please select category and subcategory)

Water

- Energy conservation
- Water conservation
- Non-point source
- Treatment
- Transmission and distribution
- Transmission and distribution: Lead remediation
- Drinking water source
- Drinking water storage
- Other water infrastructure (Please specify, \_\_\_\_\_)

Sewer

- Centralized wastewater treatment
- Centralized wastewater collection & conveyance
- Decentralized wastewater
- Combined sewer overflows
- Other sewer infrastructure (Please specify, \_\_\_\_\_)

Broadband

- Broadband infrastructure (Please specify, \_\_\_\_\_)

### 3. Has the applicant applied for Federal funds (FEMA, CDBG, etc.) for this specific project or project phase before?

- Yes       No

a. *If so, please list dates and amounts.*

Date	Amount Requested

4. *If this is a phased project, please list prior phases and funding amounts received.*

Project Phase	Date	Funding	
		<input type="checkbox"/>	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	Amount Received:
		<input type="checkbox"/> Yes <input type="checkbox"/> No	Amount Received:

5. **Exhibit A – Project Implementation Schedule** – A list of required exhibits is provided at the end of this document. For Exhibit A, please provide a detailed schedule for project implementation. All projects must have 50% of the construction completed by June 30, 2023.

### C. Organizational Capacity and Experience

In February of 1922, the South Carolina General Assembly enacted a law creating the Laurens Board of Commissioners of Public Works, thereby initiating the improvement and expansion of a private, rudimentary electrical and water system. Construction of a water plant began later that same year. In the 1950s, a wastewater treatment facility and a natural gas system was added to the system. Each and every customer-owner has access to and influence over the governing board that oversees utility policies.

The Laurens CPW, is a citizen-created, not-for-profit, locally-owned utility.

Our mission is to provide reliable, neighborly service to our customers and the community in the safest, most efficient and effective manner possible.

Our vision is that our customers, employees and the community benefit from safe, highly reliable utility services, superior customer support and innovative utility solutions-all provided at competitive prices by the efficient, civic-minded organization they control and trust.

*C-2. Who will be the person responsible for the overall oversight of the proposed project? Please describe their experience with the project and length of service in their position. Additionally, please describe their experience managing grants.*

John Young, General Manager will be responsible for oversight of the project. He has been in his current position since 2014 and has overseen multiple grant projects.

*C-3. Who will be the person(s) responsible for the day-to-day operations and management of the proposed project? Please provide no more than two individuals. Please describe their experience with the project and length of service in their position. Additionally, please describe their experience managing grants.*

Will Patterson, Water/Sewer Superintendent will be overseeing the day-to-day operations and management of the project. He has been in his current position since 2017 and has overseen 4 grant projects.

*C-4. Please describe your organization's experience and major accomplishments in providing services to LMI residents and/or communities.*

The Laurens CPW has a long history of providing service to LMI portions of our service area. We have applied for and received several grants over the years benefitting this demographic group. Specifically, in 2009, we received a CDBG grant to replace water lines to approximately 300 homes in the Laurens Mill neighborhood that all fell into the LMI category. In 2013, we received another CDBG grant to replace water and sewer service lines to over 150 homes in the Bub Avenue neighborhood.

C-5. Please describe your organization's overall experience managing grants.

The Laurens CPW has applied for and received many different types of grants over its long history. In 2021, we were awarded a \$500,000 grant from the South Carolina Rural Infrastructure Administration to identify and repair inflow and infiltration problems in our sanitary sewer system which was Phase 1 of this project. Additionally, we received a CDBG grant to replace water lines to approximately 300 homes in the Laurens Mill neighborhood that all fell into the LMI category. In 2013, we received another CDBG grant to replace water and sewer lines services over 150 homes in the Bubb Avenue neighborhood.

C-6. Has your organization carried out or attempted this project before, with or without grant funds? If yes, what were the results?

Yes

No

We are currently working on Phase 1 of this project using a \$500,00 grant along with \$452,726 in direct contributions from the Laurens CPW.

### D. APPLICANT RISK ASSESSMENT

Note: All applicants must complete this risk assessment. Please answer all questions. Failure to complete this risk assessment will result in your program not being funded.

<b>MANAGEMENT SYSTEMS</b>		
D-1. Has your organization had any changes to key staff or positions in the past 12 months? If yes, explain.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
D-2. Has your organization had any changes to business systems in the past 12 months? If yes, please explain.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
D-3. Does your organization have policies and procedures for the following items?		
Procurement	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Drug Free Workplace	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Conflicts of Interest	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Financial Management	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Property/Equipment Management and Disposition	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Retention of Records	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Civil Rights	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No



AUDIT REPORTS AND MONITORING			
D-4. Did your organization expend \$750,000 or more in Federal grant funds in the previous fiscal year?		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
D-5. Has your organization had a Single Audit or other financial audit in the last 12 months? If so, please attach the full audit report, including corrective actions as applicable.		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
D-6. Has your organization had any monitoring visits by a funding agency within the last 12 months? If yes, please complete the table below indicating the results of the monitoring activity.		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Awarding Entity	Result (Finding(s) - Yes/No)	Corrective Action Plan Required?	Status (Open or Closed)

FINANCIAL STABILITY		
D-7. Does your organization have an accounting system in place to segregate expenditures by funding source?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

D-8. Does the accounting system produce a budget vs. expenditures report?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---	---	-----------------------------

D-9. Does your organization maintain central files for grants, loans, or other types of financial assistance?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---	---	-----------------------------

D-10. Does your organization have a time and effort system that:		
a) records all time worked, including time not charged to awards?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
b) records employee time specifically by cost objective/activity?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
c) is signed off by the employee and a supervisor?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
d) complies with the established accounting policies and practices of the organization?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

D-11. Does your organization allocate expenses, either directly or indirectly by means of a cost allocation plan?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
---	---	-----------------------------

D-12. Does your organization have a Negotiated Indirect Cost Rate? If yes, and if indirect costs will be applied to this grant, please attach a copy of your indirect cost rate agreement.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
--	------------------------------	--

PERFORMANCE HISTORY		
D-13. Is your organization currently debarred or suspended?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

D-14. Has your agency received other federal funds in any of the past four fiscal years? If yes, what was the project, timeframe, funding source, and funding amount?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---	------------------------------	--

D-15. Has your organization been defunded or had a reduction in a grant, loan, or other type of financial assistance in the past 12 months? If yes, please explain.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---	------------------------------	--

## E. PROJECT BENEFICIARIES

Infrastructure projects MUST consist of water, sewer, or broadband improvements. All projects MUST principally benefit low and moderate-income persons.

### Service Area

Include a street map showing the location of the project and the area of primary benefit (service area).

### Project Benefit

Total Customers/Taps (existing and new) to be served by the project:

Residential Approximately 2,500 existing Business Approximately 150 existing

### Benefits to Low and Moderate-Income (LMI) Persons

Benefits will be available to *all residents in a particular area* where a majority of the residents are low and moderate-income persons (LMI) (check the statement that applies - check only one):

The area is \_\_\_\_\_ Census Tract(s), \_\_\_\_\_ Block Group(s) that is \_\_\_\_\_ Percent LMI (*minimum 51%*); OR

Benefits a low to moderate income service area, as evidenced through surveying

Note:

The requested LMI information can be found via the following link, through which applicants can search by address:

<https://hud.maps.arcgis.com/home/item.html?id=ffd0597e8af24f88b501b7e7f326bedd>

### Urgent Need

Project addresses a critical public health need. Please describe below.

Due to high flows recorded at the Little River Wastewater Treatment Plant (WWTP) from October 2015 to December 2015, the Commission of Public Works (CPW) received a marginal rating from DHEC for operations and maintenance on a 2016 sanitary sewer survey. In response to the rating, the CPW completed a round of flow monitoring and investigations that identified defects of varying severity in several pipe tangents in the Little River Sewer system. The results of the monitoring and investigations included the following:

1. Flow Monitoring was performed at eleven key manholes in their system to help pinpoint areas in the sewer system that are contributing to increased flow in the collection system and at the WWTP.
2. Approximately 50,920 LF of pipe was smoke tested to find leaks in laterals that allow above-ground water (inflow) into the system and to identify improper cross connections, such as gutters discharging into sewer laterals, storm drains connected to sewer.

3. Closed circuit television (CCTV) was performed for approximately 12,903 LF of sewer to find areas of infiltration (ground water) into the buried pipe and to evaluate the structural integrity of the pipe itself.

The Little River Sewers are one of three major influent sewers that enter the WWTP. Parts of the sewer predate the WWTP, constructed in 1959, and are comprised primarily of terracotta clay sewer or concrete pipe and hand laid brick manholes. Due to the age and materials of construction, the sewers are subject to Inflow and Infiltration (I&I) that contributes to the increased flows in the system and at the WWTP. Although the LCPW has a routine maintenance program for sewers (i.e., root control, jetting/cleaning the existing sewer lines, etc.) that removes blockages in the pipe, this maintenance does not address the issues that contribute to excessive I&I in the sewers. We received a \$500,000 grant for Phase 1 of this project from the SC Rural Infrastructure Authority. The CPW has contributed \$452,726 toward this project which is due to begin in April.

**COVID-19 impacts**

Describe how the community to be served by this project has suffered disproportionate negative impacts due to the COVID-19 pandemic.

COVID-19 has obviously affected all of Laurens County. The city of Laurens is more densely populated than the smaller municipalities and unincorporated areas and thereby was much more conducive to the spread of the virus.

**F. PROJECT COSTS**

Provide the financial data requested below. Costs should be based on the best information available. More exact figures will be requested, if needed. When preparing this data, consider the following:

- A project should be completed in one phase if feasible;
- Cost estimates must be as detailed as possible; and
- A project timeline

1. Total Project Costs: (Note: a + b must = c)

- a. Amount of ARP Funds Requested: \$2,331,266.40
- b. Amount of Non-ARP Funds (Match): \$952,726
- c. Total Project Cost: \$3,283,992.40

2. Breakdown of Non-ARP Funds (Match):

Fund Type	Fund Name	Amount
SC RIA Grant		\$500,000
Laurens CPW		\$452,726

Exhibit B – Letters of Commitment - Letters of commitment for any matching funds contributed to the project should be included as Exhibit H.

Project Budget:

Exhibit C – Project budget - Provide a project budget including a detailed line-item construction estimate.

- a. It is recommended that a copy of the preliminary plans and specifications be submitted with the Construction Cost Estimate.*
- b. Construction Estimate (prepared within last 12 months):*
- c. Source of Estimate: ex: Engineering Firm*
- d. Date of Estimate:*

## **G. PROJECT NARRATIVE AND OBJECTIVES**

Please include a narrative on separate pages as **Exhibit D**  
(not to exceed 5 pages, single spaced, exclusive of exhibits).

1. Definition of the Problem and Need:

- a. Explain the need for this project including summary of current condition, capacity, and deficiencies of existing systems. Provide detailed specific information on the urgency and severity of the need for this project such as health and safety problems, substandard conditions, public facility problems, lack of essential services, etc.*
- b. Explain why the proposed project cannot be undertaken without ARP funds.*

2. Project Description

- a. Scope of Work – Include a description of the specific project activities that will be undertaken.*
- b. Service Area - Include the exact street location, the geographical boundaries, characteristics and nature of the neighborhood/community of the project.*
- c. Exhibit E – Location/Service Area Maps - Provide maps showing the location of the project and boundaries of the service area.*
- d. Exhibit F – Project Team - Provide a list of any and all partners whose participation in project implementation is required for successful project completion. Specify the role(s) of each partner in project implementation. Commitment letters and budgets (if required) for all*

partners and subrecipients participating in the project must be included as Exhibit F.

*e. Feasibility* – Identify how the project will solve the problem or improve conditions. If the project does not completely solve a systemic or area-wide problem, indicate plans and proposed funding for the remaining need and timeframe. Address the proposed project schedule and any anticipated or potential delays. Provide a plan for project sustainability, including the applicant’s ability to operate and maintain system improvements.

*f. Evaluation* – Provide a plan to measure the success of the project and service provided to local clientele.

**H. ENGINEERING REQUIREMENTS**

- List all applicable federal, state, and local permits or approvals required for this project and list the current status of each permit or approval in the space provided.*

Permit or Approval Required	Application Date	Status
None		

- List all applicable federal, state, and local permits or approvals required for this project and list the current status of each permit or approval in the space provided.*

Permit or Approval Required	Application Date	Status
None		

- If the need for permits or approvals has not been identified and/or if the application submission process for permits has not been started, please explain why not. If application for permits has not begun, provide a schedule for application.*



## I. BUDGET

1. *Provide a Budget Summary to include:*
  - a. *Annual Budget*
  - b. *Capital Improvements Budget*
  - c. *Anticipated Operating Reserve*
2. Exhibit G – Current Year Budget - All applicants must submit a current-year budget.
3. Exhibit H – Most Recent Audited Financial Statements - All applicants must submit a copy of their most recent audited financial statements

## J. APPLICANT CERTIFICATION

### **THE APPLICANT CERTIFIES THAT:**

To the best of its knowledge and belief, the data and statements presented in this application are true and correct; the governing body of the applicant has duly authorized the document; and the applicant will comply with the certifications listed above if the application is approved.

### **Certifying Representative**

Name: John Young

Title: General Manager

Signature: 

Date: March 17, 2022



## List of Exhibits

### EXHIBIT A - PROJECT IMPLEMENTATION SCHEDULE

	<u>Task/Activity</u>	<u>Completion Date</u>
1.	Submit Preliminary Plans and Specs	
2.	Publish Notice to Bidders	
3.	Public Bid Opening	
4.	Award Construction Contract	
5.	Preconstruction Meeting	
6.	Issue Notice to Proceed	
7.	Start Construction	
8.	Project Construction Must be 50% Completed	June 30, 2023
9.	Project Construction Must Be 100% Completed	December 31, 2024
10.	Complete "Punch List" Items	
11.	Submit Final Change Order and Final Invoice	
12.	Execute Certificate of Acceptance for Project	

---

**EXHIBIT B – FUNDING COMMITMENT LETTERS**

- Please provide any letters of funding commitments received.

**EXHIBIT C - COST ESTIMATE**

- Please provide a cost estimate prepared within the last 12 months.

**EXHIBIT D – PROJECT NARRATIVE**

- Please answer all questions in Section G.
- Please do not exceed 3 pages.

**EXHIBIT E – LOCATION/SERVICE AREA MAPS**

- Attach a map of the entire County showing the general project location.
- Attach a map showing the specific project location.
- Attach at least one map showing the boundaries of the service area. All street names and reference points must be clearly labeled. If the project will be constructed in several phases, both the overall service area and individual service area for each phase of the project must be described and identified.

**EXHIBIT F – PROJECT TEAM INFORMATION, COMMITMENT LETTERS, AND BUDGETS**

- Provide a list of any and all partners who's participating in project implementation
- Specify the role(s) of each partner in project implementation.
- Please provide commitment letters and budgets (if required) for all partners and subrecipients participating in the project.

**EXHIBIT G - CURRENT YEAR BUDGET**

- Please provide the current year budget for your organization.

**EXHIBIT H - MOST RECENT AUDITED FINANCIAL STATEMENTS**

- Please provide a copy of your organization's most recent audited financial statements.

**EXHIBIT I – ADDITIONAL SUPPORTING DOCUMENTATION**

- Attach documents and current data including such items as surveys, reports, feasibility studies, letters, traffic/pedestrian counts, well/on-lot sewage disposal system test data, newspaper articles, petitions, preliminary site plans/drawings/technical specifications, zoning/tax maps, inter-municipal agreements, letters from residents, letters of support from organizations, and other descriptive information.
  - Attach photographs that will help visually show the problem and need.
  - Please provide all preconstruction documentation including water, sewer, DHEC, Army Corps of Engineers, local building code approval, planning, zoning, and permitting if necessary for the project.
-

## EXHIBIT C - COST ESTIMATE

COST ESTIMATE (03-7-2022)					
2022 LITTLE RIVER SEWER REHABILITATION					
LAURENS, SOUTH CAROLINA					
MOBILIZATION (MAX OF 5% OF TOTAL BASE BID): For furnishing all materials and equipment and performing all labor necessary for performing preparatory work and operations in mobilizing for beginning work on the project. There is only one mobilization for Section I through Section V of the work					
Item No.	Approx. Quantity	Unit	Description	Unit Price	Total Price
1	1	LS	Mobilization (Max 5% of total Bid)	\$94,000.00	\$ 94,000.00
SECTION II- 2022 LITTLE RIVER SEWER (APPROXIMATE STATION 0+00/MH-102 TO STATION 25+85/MH-158): For furnishing all materials and equipment and performing all labor necessary for the pipeline rehabilitation.					
1			Pipe Point Repair of Sewers (Length < 20 LF)		
(a)	2	EA	24-Inch Sewer – Not in Paving (up to and including 10' of cover)	\$32,258.00	\$64,516.00
2			Clean and CCTV Sewers		
(a)	2585	LF	Pre-inspection Cleaning and CCTV Inspection	\$21.00	\$54,285.00
(b)	1400	LF	Heavy Sewer Cleaning or Mechanical Cleaning and Root Cut	\$12.00	\$16,800.00
3			CIPP Line Sewers		
(a)	2585	LF	Little River - 24-inch Sewers	\$325.00	\$840,125.00
4	4	EA	Internal Sewer Service Line Reconnection	\$9,436.00	\$37,744.00
5	4	EA	Removal of Protruding Taps	\$314.00	\$1,256.00
6	175	VF	Manhole Rehabilitation (4' Diameter Manholes)	\$306.00	\$53,550.00
SUB-TOTAL SECTION II, Items 1-6 Inclusive, the amount of:					\$1,068,276.00
SECTION III – HILLCREST DRIVE SEWER (APPROXIMATE STATION 40+56.4/MH-77A TO STATION 48+47.7/MH-77E): For furnishing all materials and equipment and performing all labor necessary for the pipeline rehabilitation.					
1			Traffic Control		
(a)	1	LS	Hillcrest Drive	\$29,439.00	\$29,439.00
2			Pipe Point Repair of Sewers (Length < 20 LF)		
(a)	1	EA	8-Inch Sewer – In Paving (up to and including 10' of cover)	\$16,775.00	\$16,775.00
(b)	2	EA	8-Inch Sewer – In Paving (over 10' and under 16' of cover)	\$20,879.00	\$41,758.00
(c)	1	EA	8-Inch Sewer – Not in Paving (over 10' and under 16' of cover)	\$16,424.00	\$16,424.00
3			Clean and CCTV Sewers		
(a)	792	LF	Pre-inspection Cleaning and CCTV Inspection (all diameters)	\$6.00	\$4,752.00
4			CIPP Line Sewers		
(a)	792	LF	8-inch Sewers	\$50.00	\$39,600.00
5	2	EA	Internal Sewer Service Line Reconnection	\$3,072.00	\$6,144.00
6	1	EA	Removal of Protruding Taps	\$322.00	\$322.00
7	1	EA	Raising Manhole Frames and Covers (MH-77D.1)	\$1,855.00	\$1,855.00
8	59	VF	Manhole Rehabilitation (4' Diameter Manholes)	\$299.00	\$17,641.00
9	1	EA	Construct Bench & Channel In Manhole Invert	\$2,038.00	\$2,038.00
SUB-TOTAL SECTION III, Items 1-9 Inclusive, the amount of:					\$176,748.00
SECTION IV – MAIN STREET SEWER (APPROXIMATE STATION 0+00/MH-184 TO STATION 26+30.3/MH-UNNAMED 1): For furnishing all materials and equipment and performing all labor necessary for the pipeline rehabilitation					
1			Traffic Control		
(a)	1	LS	Main Street	\$25,720.00	\$25,720.00
2			Pipe Point Repair of Sewers (Length < 20 LF)		
(a)	1	EA	8-Inch Sewer – In Paving (up to and including 10' of cover)	\$15,692.00	\$15,692.00
3			Clean and CCTV Sewers		
(a)	2518	LF	Pre-inspection Cleaning and CCTV Inspection (all diameters)	\$6.00	\$15,108.00
4			CIPP Line Sewers		

(a)	2518	LF	8-inch Sewers	\$39.00	\$98,202.00
5	66	EA	Internal Sewer Service Line Reconnection	\$2,987.00	\$197,142.00
6	1	EA	Removal of Protruding Taps	\$304.00	\$304.00
7	52	VF	Manhole Rehabilitation (4' Diameter Manholes)	\$299.00	\$15,548.00
SUB-TOTAL SECTION IV, Items 1-7 inclusive, the amount of:					\$367,716.00
<b>SECTION V – Extra Work, If Ordered By the Engineer: (To cover authorized change in scope of lump sum work).</b>					
1			<u>Open Cut Replacement</u>		
(a)	100	LF	8-Inch Sewer (up to and including 16' of cover)	\$ 495.00	\$ 49,500.00
(b)	100	LF	24-inch Sewer (up to and including 10' of cover)	\$ 593.00	\$ 59,300.00
2	1	EA	<u>Connect to Existing Sewer</u> (Complete, all pipe diameters, including all fittings, sewer pipe)	\$ 5,715.00	\$ 5,715.00
3	1	EA	<u>Connection to Existing Manholes</u> (Complete, all pipe diameters, including pipe connection and invert)	\$ 6,376.00	\$ 6,376.00
4	4	EA	<u>Service Lateral Re-Connection</u>	\$ 3,186.00	\$ 12,744.00
5	290	SY	<u>Concrete Driveway Removal and Replacement</u>	\$ 136.00	\$ 39,440.00
6			<u>Asphalt Removal &amp; Replacement</u>		
(a)	90	SY	C&P	\$ 238.00	\$ 21,420.00
(b)	20	SY	C&P - R	\$ 467.00	\$ 9,340.00
(c)	20	SY	Extra Depth Asphalt	\$ 132.00	\$ 2,640.00
(d)	150	SY	2" Thick Asphalt Overlay (Complete, including milling existing asphalt)	\$ 95.00	\$ 14,250.00
7	10	VF	<u>4' Diameter Manhole Replacement</u> (Complete, including protective coating and, where	\$ 698.00	\$ 6,980.00
8	20	EA	<u>Additional Tubes (12 oz) of Grout/Sealant for Field Sealing of Ground</u> Water for Manhole Rehabilitation	\$ 41.00	\$ 820.00
9			<u>Erosion Control</u>		
(a)	100	LF	Silt Fence (Sd1)-Single Row	\$ 7.00	\$ 700.00
(b)	100	LF	Permanent Grassing (Ds3)	\$ 16.00	\$ 1,600.00
(c)	5	EA	Inlet Protection	\$ 403.00	\$ 2,015.00
10			<u>Replace/Install Manhole Frame and Covers</u>		
(a)	1	EA	Standard F&C	\$ 1,410.00	\$ 1,410.00
(b)	1	EA	Watertight F&C	\$ 1,732.00	\$ 1,732.00
SUB-TOTAL SECTION V, Item 1 through 10, inclusive, the amount:					\$ 235,982.00
GRAND CONSTRUCTION TOTAL, Section I through Section V inclusive, in the amount of					\$1,942,722.00
ENGINEERING AND CONTINGENCIES (20%)					\$388,544.40
PROJECT TOTAL					\$2,331,266.40

**EXHIBIT D – PROJECT NARRATIVE**

Laurens Commission of Public Works  
Little River Sewer System Rehabilitation  
March 2022  
Project Narrative

PROJECT NEED

Due to high flows recorded at the Little River Wastewater Treatment Plant (WWTP) from October 2015 to December 2015, the Commission of Public Works (CPW) received a marginal rating from DHEC for operations and maintenance on a 2016 sanitary survey. In response to the rating, the CPW completed a round of flow monitoring and investigations that identified defects of varying severity in several pipe tangents in the Little River Sewer system. The results of the monitoring and investigations included the following:

1. Flow Monitoring was performed at eleven key manholes in their system to help pinpoint areas in the sewer system that are contributing to increased flow in the collection system and at the WWTP.
2. Approximately 50,920 LF of pipe was smoke tested to find leaks in laterals that allow above-ground water (inflow) into the system and to identify improper cross connections, such as gutters discharging into sewer laterals, storm drains connected to sewer.
3. Closed circuit television (CCTV) was performed for approximately 12,903 LF of sewer to find areas of infiltration (ground water) into the buried pipe and to evaluate the structural integrity of the pipe itself.

The Little River Sewers are one of three major influent sewers that enter the WWTP. Parts of the sewer predate the WWTP, constructed in 1959, and are comprised primarily of terracotta clay sewer or concrete pipe and hand laid brick manholes. Due to the age and materials of construction, the sewers are subject to I&I that contributes to the increased flows in the system and at the WWTP. Although the LCPW has a routine maintenance program for sewers (i.e., root control, jetting/cleaning the existing sewer lines, etc.) that removes blockages in the pipe, this maintenance does not address the issues that contribute to excessive I&I in the sewers.

PROJECT DESCRIPTION

To help expand future development in Laurens and to address the excessive I&I in the Little River Sewers, the LCPW plans to rehabilitate and repair sewers that are in fair or worse conditions and where structural defects were identified in the pipes during the prior investigations. Locations that had a rating of fair or worse conditions include sewers along Church Street, Reedy Fork Creek, US 221 (North Harper Street), Little River, Hillcrest Drive and East Main Street. Refer to **Attachment 1** for the approximate location of the proposed pipe rehabilitation.

The total estimated cost of Project is approximately \$2.33 million. Refer to attached cost estimate dated 3-7-2022.

## EXHIBIT E – LOCATION/SERVICE AREA MAPS




**8" HILLCREST DRIVE SEWER  
MH-77A TO MH-77E**

**24" LITTLE RIVER SEWER  
MH-102 TO MH-158**

**8" EAST MAIN STREET SEWER  
MH-184 TO WOODROW STREET**

**Location Map**  
2022 Little River Sewer Rehabilitation  
Laurens, SC  
Date: March 2022  
Prepared by: NRB



Reliable. Neighborly. Service.

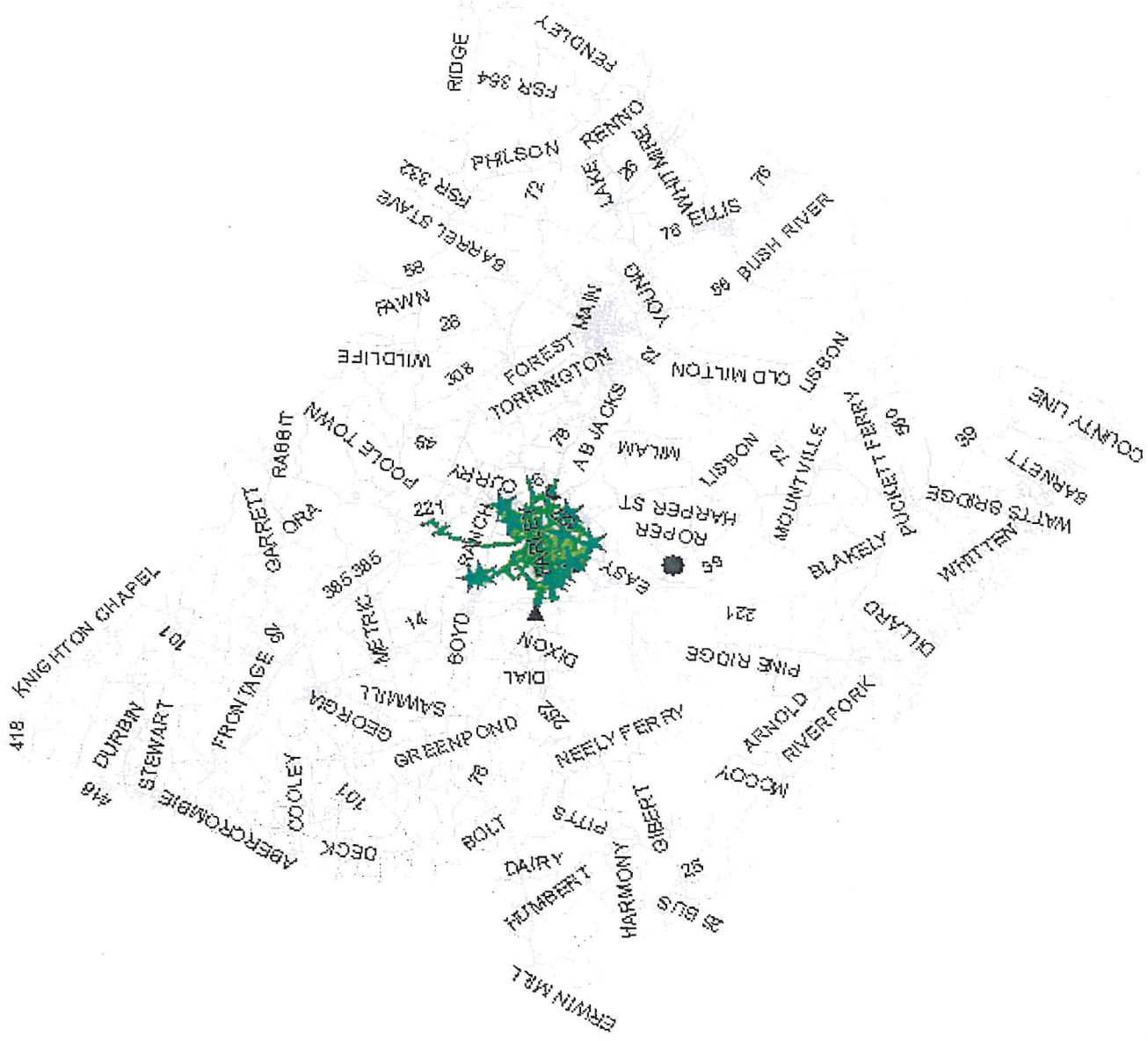
Laurens Commission of Public Works  
Laurens, SC

WIEDEMAN AND SINGLETON, INC.  
Civil and Environmental Engineers



**LAURENS COMMISSION OF PUBLIC WORKS**  
 GENERAL SERVICE AREA OF LAURENS COUNTY  
 MARCH 2022

MARCH 2022

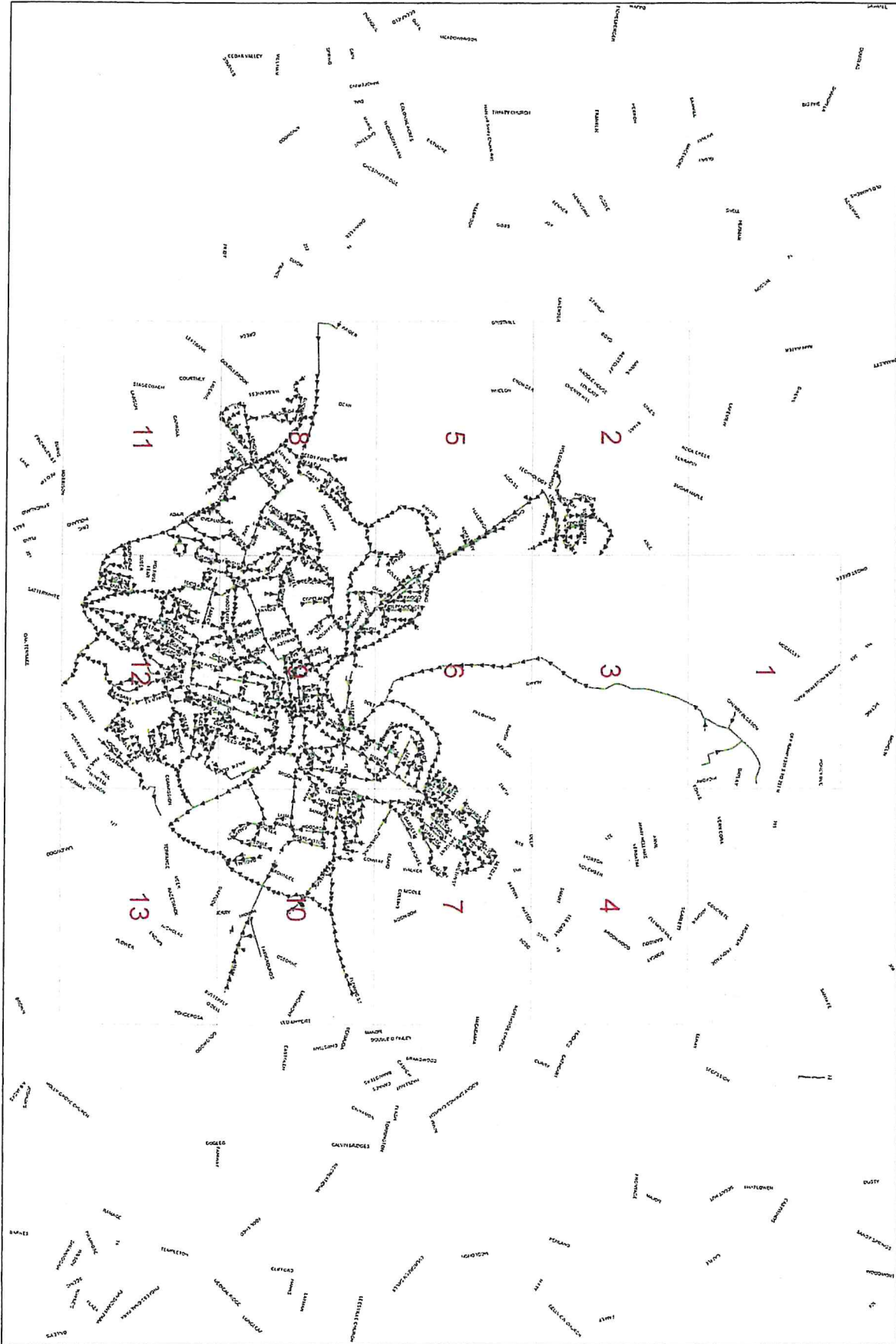




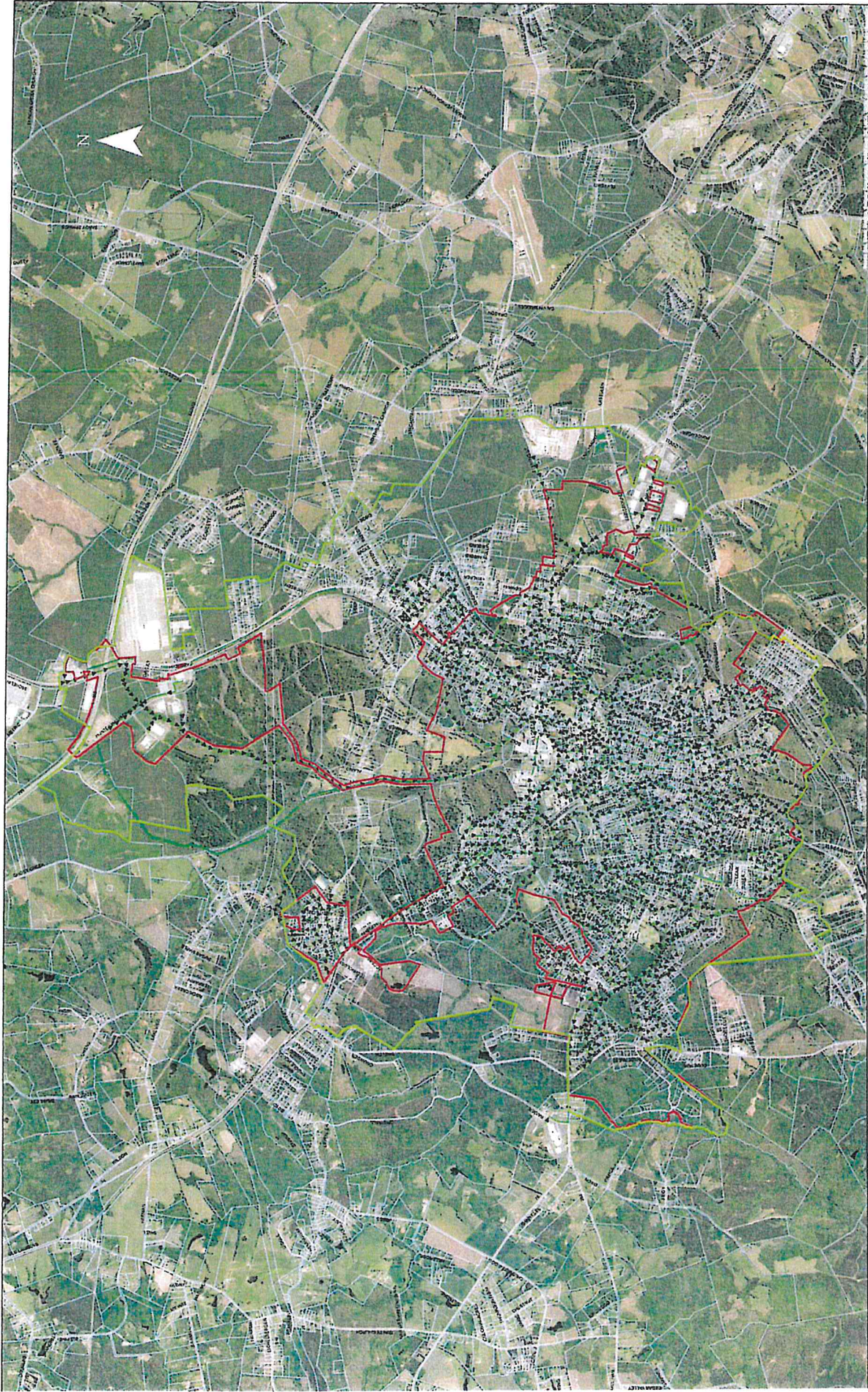
# LAURENS CPW

WASTEWATER SYSTEM MAP

PART 12: METRIC MAPS 240







**LAURENS COMMISSION OF PUBLIC WORKS**  
**LCPW BOUNDARY Sanitary Sewer**



JAN 01 2022



**EXHIBIT F – PROJECT TEAM INFORMATION,  
COMMITMENT LETTERS, AND BUDGETS**

---

## EXHIBIT G - CURRENT YEAR BUDGET

Acct	Description	2021	2022	Diff.	% Chg	Supplemental Detail
<b>OPERATION &amp; MAINTENANCE</b>						
5730	Electricity Purchased-PMPA	10,700,000	10,890,000	100,000	0.9%	Wholesale Electricity
5701	Electricity Purchased-SEPA	550,000	500,000	(50,000)	-9.1%	Wholesale Electricity
5940	Substation-Caroline	45,000	45,000	-	0.0%	Rent and Maintenance
5940	Substation-Mill St.	20,000	20,000	-	0.0%	Maintenance
6940	Transformers	10,000	10,000	-	0.0%	
6100	Distribution-Electric					
6110	Distribution-Electric Labor	698,000	474,000	(224,000)	-32.1%	
6111	Distribution-Electric Ice Storm - Labor	5,000	5,000	-	0.0%	
6120	Distribution-Electric Material	110,000	110,000	-	0.0%	
6120	Distribution-Electric Truck O&M	40,000	42,000	2,000	5.0%	Truck inspections, Fuel, Maintenance
6140	Distribution-Electric other	95,000	80,000	(15,000)	-15.8%	Tools \$15k, Pole inspections, Infrared Scanning
6130	Electric Dist. - Utilities	14,000	14,000	-	0.0%	
6230	Electric Meters Material	20,000	10,000	(10,000)	-50.0%	Meter Testing \$12k
6240	Meters & Installations-Electric	5,000	5,000	-	0.0%	
6250	Green Grid Installations	37,000	169,000	132,000	356.8%	
6310	Service Lines-Electric	5,000	5,000	-	0.0%	
6320	Service Line Materials	1,000	1,000	-	0.0%	
6330	Service Lines - Other	79,000	104,000	26,000	33.3%	
6430	Vacation, Sick & Holiday Pay	2,000	4,000	2,000	100.0%	
6455	Employee Education	22,000	22,000	-	0.0%	Schools and Training \$22k
6455	Standby Duty	17,000	17,000	-	0.0%	
6400	Nat Gas Transportation	1,075,000	1,140,000	65,000	6.0%	Pipeline Charges
6442	Nat Gas Purchased-Purchased Gas	1,950,000	2,750,000	800,000	41.0%	Wholesale Gas
6410	Nat Gas Purchased - Other	2,000	2,000	-	0.0%	Gas Storage Taxes - Collins County Mississippi
6500	Fountain Inn Station					
6540	Fountain Inn Station - Other	1,000	1,000	-	0.0%	
6550	Fountain Inn Station - Utilities					
6610	Laurens Station					
6700	Gas Main Pipelines					
6740	Gas Main Pipelines - Other	20,000	20,000	-	0.0%	Cathodic Protection - Corrosion Maint.
6800	Distribution-Gas					
6810	Distribution-Gas Labor	755,000	916,000	161,000	21.3%	
6820	Distribution-Gas Materials	45,000	45,000	-	0.0%	
6830	Distribution-Gas Vehicle O&M	60,000	55,000	(5,000)	-8.3%	Fuel, Maintenance
6840	Distribution-Gas Other	100,000	110,000	10,000	10.0%	Leak Survey - \$20k, Tools - \$10k
6850	Distribution-Gas Utilities	7,000	6,000	(1,000)	-14.3%	
6860	Distribution-Gas Public Awareness	2,000	2,000	-	0.0%	
6900	Meters & Installations-Gas					
6910	Gas meters & Install Labor	5,000	5,000	-	0.0%	
6920	Gas meters & Install Material	10,000	10,000	-	0.0%	
6940	Gas meters & Install Other	50,000	50,000	-	0.0%	Meter Testing - \$25k, Meter & Regulator Painting - \$25k
7010	Service Lines-Gas					
7100	Gas Service Lines-Labor	10,000	5,000	(5,000)	-50.0%	
7120	Gas Service Lines-Material	30,000	35,000	5,000	16.7%	
7210	Installations on Private Property labor	5,000	5,000	-	0.0%	
7220	Installations-Private Property Materials	5,000	2,000	(3,000)	-60.0%	
7310	Customer Service-Gas Labor	2,000	2,000	-	0.0%	
9430	Vacation, Sick & Holiday Pay	79,000	105,000	26,000	32.9%	
9431	Jury Duty / Bereavement	2,000	2,000	-	0.0%	
9455	Employee Education	26,000	26,000	-	0.0%	Leak School - \$6k, OQ Testing - \$15k, Other Ed. - \$5k
9455	Standby Duty	11,000	12,000	1,000	9.1%	
7500	Raw Water Purchased-LCWSC	325,000	250,000	(75,000)	-23.1%	
7700	Lake Rabon Station					
7740	Water-lake Rabon station-other	10,000	15,000	5,000	50.0%	
7750	Water-lake Rabon sta-utility	160,000	135,000	(25,000)	-15.6%	Electricity - Inlake
7900	Water Plant					
7910	Water plant-labor	404,000	440,000	36,000	8.9%	
7920	Water plant-material	8,000	8,000	-	0.0%	

7930	Water plant-truck	8,000	6,000	(2,000)	-25.0%	
7940	Water plant-other	245,000	210,000	(35,000)	-14.3%	Materials, Engineering, Sludge Removal
7950	Water plant-utilities	105,000	90,000	(15,000)	-14.3%	
8100	Raw water lines					
8200	Elevated storage					
8240	Elevated storage - other	10,000	30,000	20,000	200.0%	Mission, Tank cleaning
8300	Distribution-Water					
8310	Water distribution-labor	381,000	355,000	(26,000)	-6.8%	
8320	Water distribution-material	105,000	95,000	(10,000)	-9.5%	
8330	Water distribution-truck	35,000	30,000	(5,000)	-14.3%	
8340	Water distribution - other	85,000	30,000	(55,000)	-64.7%	
8350	Water distribution-utilities	55,000	65,000	10,000	18.2%	
8400	Meters & installations-water					
8410	Water meters & install-labor	10,000	10,000	-	0.0%	
8420	Water meters & install-material	50,000	50,000	-	0.0%	
8440	Water meters & install-other	5,000	5,000	-	0.0%	
9430	Vacation, Sick & Holiday Pay	75,000	103,000	28,000	37.3%	
9431	Jury Duty / Bereavement	2,000	2,000	-	0.0%	Continuing Ed and Technical Trainings
9455	Employee Education	15,000	15,000	-	0.0%	
9465	Standby Duty	27,000	27,000	-	0.0%	
8600	Wastewater treatment plant					
8610	Wastewater treatment pl-labor	264,000	290,000	26,000	9.8%	
8630	Wastewater treatment-truck	8,000	5,000	(3,000)	-37.5%	
8640	Wastewater treatment pl-other	170,000	185,000	15,000	8.8%	Tools, Repairs, Sludge Removal
8650	Wastewater treatment pl-utility	140,000	140,000	-	0.0%	
8700	Sewer collections					
8710	Sewers-labor	165,000	171,000	6,000	3.6%	
8720	Sewers-material	10,000	10,000	-	0.0%	
8730	Sewers-truck	22,000	24,000	2,000	9.1%	
8740	Sewers-other	100,000	95,000	(5,000)	-5.0%	Materials, Engineering, Manhole Rehab -\$40k, Rod Control
8800	Lift stations					
8810	Sewer lift stations-labor	30,000	32,000	2,000	6.7%	
8840	Sewer lift stations-other	9,000	10,000	1,000	11.1%	
8840	Septic tanks	1,000	1,000	-	0.0%	
9430	Vacation, Sick & Holiday Pay	36,000	44,000	8,000	22.2%	
9431	Jury Duty / Bereavement	1,000	1,000	-	0.0%	Continuing Ed and Technical Trainings
9455	Employee Education	10,000	10,000	-	0.0%	
9465	Standby Duty	15,000	13,000	(2,000)	-13.3%	
9100	Land, structures, & other eqt.					
9120	Land, struct. & other-material					
9140	Land, struct. & other-other	25,000	40,000	15,000	60.0%	Landscaping H/P, Office and Misc. Repairs
	TOTAL	19,953,000	20,861,000	1,008,000	5.1%	
GENERAL & ADMINISTRATIVE						
9300	Service Tech Salaries	56,000	71,000	15,000	26.8%	
9305	Comm & Secretary's Salaries	54,000	57,000	3,000	5.6%	
9310	Administrative Salaries	472,000	500,000	28,000	5.9%	
9315	Office Salaries	423,000	495,000	72,000	17.0%	
9320	Custodian Salaries	20,000	20,000	-	0.0%	
9325	Meter Readers' Salaries	129,000	90,000	(39,000)	-30.2%	
9330	Warehouse Salaries	115,000	118,000	3,000	2.6%	
9331	Performance Bonuses	25,000	50,000	25,000	100.0%	
9335	Postage	50,000	54,000	4,000	8.0%	Office Supplies, Bill Printing, HR Consultation
9340	Office Expense	60,000	60,000	-	0.0%	
9341	Bank & Service Fees	82,000	82,000	-	0.0%	
9345	Programming Expense	10,000	20,000	10,000	100.0%	Network Services, ESRI, Adobe, Esel, Vulnerability and Phishing
9346	MISC Maintenance	100,000	108,000	8,000	8.0%	Nue support, and Custom
9350	Office Equipment Maintenance	75,000	100,000	25,000	33.3%	Various software licenses & maintenance, Copiers and printers, postage meter
9355	Office Building Maintenance	10,000	10,000	-	0.0%	



9360	Insurance-Equipment & Property	110,000	110,000	-	0.0%	
9362	Insurance-Workers' Comp	65,000	70,000	5,000	7.7%	
9363	Insurance-Long-Term Disability	18,000	18,000	-	0.0%	
9366	Insurance-Group Health	692,000	705,000	13,000	1.9%	Includes AirMedCare - \$9K
9368	Insurance-Retirement Life	6,000	6,000	-	0.0%	
9370	Communications Expense	36,000	40,000	4,000	11.1%	Internet Connection, Cellular, GPS Monitoring
9375	Telephone	14,000	10,000	(4,000)	-28.6%	
9380	Uniforms	40,000	40,000	-	0.0%	Uniforms and Boot Allowance
9388	S.C. Retirement	690,000	695,000	5,000	0.7%	
9388	Deferred Compensation	70,000	74,000	4,000	5.7%	
9395	Auditing	22,000	20,000	(2,000)	-9.1%	
9397	Legal	90,000	90,000	-	0.0%	Bond Issuance Cost
9400	Bond Cost of Issuance	85,000	85,000	-	0.0%	
9400	Interest Paid	130,000	98,000	(32,000)	-24.5%	
9412	MSL	5,000	5,000	-	0.0%	Economic Enhancement
9415	Donations	10,000	10,000	-	0.0%	Various community organizations
9416	LDDC	10,000	10,000	-	0.0%	
9417	City Utilities and Services	180,000	180,000	-	0.0%	
9418	Transfer to City	750,000	750,000	-	0.0%	
9420	Depreciation	2,454,000	2,673,000	219,000	8.9%	E - \$421K, G - \$529K, W - \$659K, S - \$514K, Admin - \$550K
9425	General Expense	40,000	40,000	-	0.0%	
9430	Vacation, Sick & Holiday Pay	262,000	280,000	18,000	6.9%	
9431	Jury Duty / Bereavement	7,000	5,000	(2,000)	-28.6%	
9435	Transportation Expense-Office	40,000	42,000	2,000	5.0%	
9440	Medical Expense	5,000	5,000	-	0.0%	
9445	Community Relations/Marketing	80,000	80,000	-	0.0%	Bill inserts, calendars, community event sponsorships, social media, radio & newspaper ads, etc.
9447	Marketing Programs	5,000	15,000	10,000	200.0%	Energy marketing programs
9450	Utilities-Office & Warehouse	16,000	15,000	(1,000)	-6.3%	
9455	Employee Education	23,000	20,000	(3,000)	-13.0%	Continuing Ed, IT/ROW, Tanhaus, Tullon, CPPE/First Aid
9460	Dues & Memberships	40,000	40,000	-	0.0%	SCAMP/S, MASC, AMWVA, SCEIDA, PUP/S-112K, APGA, YMCA-\$23K
9465	Stand-by Duty	4,000	2,000	(2,000)	-50.0%	
9466	SCORBEL	85,000	85,000	-	0.0%	OP&E Contributions
9466	Meetings & Conventions	25,000	25,000	-	0.0%	SCAMP/S, APPA, SCUBA, MTRASC
9485	Safety	44,000	44,000	-	0.0%	PPE, AED Supplies, First Aid Training, Fire Extinguisher Inspection, Safety Consultation - \$20K
9495	Engineering Study	4,000	90,000	86,000	2150.0%	
9505	SCFSC Assessment	4,000	4,000	-	0.0%	Regulatory requirement
TOTAL		7,840,000	8,316,000	476,000	6.1%	
<b>CAPITAL ACCOUNTS</b>						
1107	CWIP-Electric Lines	600,000	50,000	(550,000)	-91.7%	Copper Conductor - Marton \$50K
1108	Substation - CWIP	700,000	2,500,000	1,800,000	257.1%	Hunter Substation - \$2.5M
1120	Substation-Caroline	41,000	51,000	10,000	24.4%	Regulator Replacement (3) - \$51K
1121	Substation-Mill St.	-	-	-	-	
1130	Transformers	50,000	100,000	50,000	100.0%	Pad and Pole Mount Transformers
1150	Distribution-Electric	50,000	50,000	-	0.0%	Pole Change Outs - \$50K
1160	Street Lighting	120,000	-	(120,000)	-100.0%	
1170	Private Lighting	-	-	-	-	
1180	Meters & Installations-Electric	56,000	156,000	100,000	178.6%	Electric Charging Station (2) - \$6K, Tanhaus Meters - \$150K
1185	Service Lines-Electric	-	-	-	-	
1190	Transp & other Equipment-Electric	-	38,000	38,000	100.0%	Truck 19 - \$38K
1205	CWIP-Gas Lines	-	-	-	-	
1230	Fountain Inn Station	-	-	-	-	
1231	Laurus Station	-	-	-	-	
1240	Main Pipelines	270,000	200,000	(70,000)	-25.9%	Mainline extensions and sys improvements - \$200K
1250	Distribution-Gas	20,000	20,000	-	0.0%	RMUs, Reciliers, Pressure Chart for Anode Bed - \$20K
1280	Meters & Installations-Gas	285,000	290,000	(5,000)	-1.8%	Regulators, Reliefs, Indaxes - \$29K, Industrial Meters - \$6K, Residential Meters - \$715K, ScadaMark - \$10K
1285	Service Lines-Gas	-	-	-	-	
1290	Transp & Other Equipment-Gas	69,000	193,000	124,000	179.7%	Truck 21 - \$44K, Truck 22 - \$34K, Tractor 121 \$1115K
1305	CWIP-Water Lines	-	40,000	40,000	100.0%	2" Line Replacement - \$40K
1306	CWIP - Water Plant	600,000	-	(600,000)	-100.0%	
1320	Rabon Creek Station	-	-	-	-	
1321	Lake Rabon Station	600,000	-	(600,000)	-100.0%	



## Projected Sources and Uses 2022

<u>Item</u>	<u>Amount</u>
Operating Income	
Electricity Sales	\$14,410,000
Private Lighting	325,000
Natural Gas Sales	9,100,000
Water Sales	3,800,000
Sewer Charges	2,280,000
	-----
<b>Total Operating Income</b>	<b>\$29,915,000</b>
Other Income	
Interest	\$50,000
Connects & Transfers	60,000
Tap Fees	75,000
Penalties	300,000
Attachment Fees	62,000
Reconnection Charges	25,000
Private Placement	2,585,000
Sale of Assets	75,000
Grant Revenues	500,000
Bad Debt Recovery	25,000
Miscellaneous	45,000
	-----
Total Other Income	\$3,802,000
<b>Total Income</b>	<b>\$33,717,000</b>
2022 Operation and Maintenance Expense	\$20,861,000
2022 General and Administrative Expense	\$8,314,000
(Includes Deprc., Interest Paid, and Transfer to City)	-----
<b>Net Income</b>	<b>\$4,542,000</b>
Capital Recovery	\$2,673,000
	-----
Total Available Capital	\$7,215,000
Debt Retirement	\$1,400,000
New Plant Investment	\$5,590,000
<b>Working Capital Increase/Decrease</b>	<b><u><u>\$225,000</u></u></b>

# **EXHIBIT H - MOST RECENT AUDITED FINANCIAL STATEMENTS**

**COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

TABLE OF CONTENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

	<u>Page</u>
Board of Commissioners	i
<b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditor's Report</b>	1
Management's Discussion and Analysis	3
<b>Basic Financial Statements:</b>	
Statements of Net Position	11
Statements of Revenues, Expenses, and Changes in Net Position	12
Statements of Cash Flows	13
Notes to the Financial Statements	15
<b>Required Supplementary Information:</b>	
OPEB Plan Schedules:	
Schedule of Changes in the Commission's OPEB Liability and Related Ratios	44
Schedule of the Commissions's Contributions	45
Pension Plan Schedules:	
Schedule of the Commission's Proportionate Share of the Net Pension Liability - South Carolina Retirement System	46
Schedule of the Commission's Contributions - South Carolina Retirement System	47
<b>Supplementary Information:</b>	
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual	50
<b><u>COMPLIANCE SECTION</u></b>	
Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53

**COMMISSION OF PUBLIC WORKS**

**LAURENS, SOUTH CAROLINA**

---

**BOARD OF COMMISSIONERS**

C. Parker Moore, Jr., Chair  
Gerald Abercrombie  
Ulysses Cunningham  
Brenda Holland-Curry  
Jeff Thompson







# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## INDEPENDENT AUDITOR'S REPORT

To the Commissioners  
Commission of Public Works  
Laurens, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the Commission of Public Works, Laurens, South Carolina (the "Commission"), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

---

GREENEFINNEY.COM · INFO@GREENEFINNEY.COM

MAULDIN, SC  
864.232.5204

CHARLESTON, SC  
843.735.5805

SPARTANBURG, SC  
864.232.5204

ASHEVILLE, NC  
828.771.0847  
OPEN BY APPOINTMENT ONLY

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefit plan schedules and pension plan schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021 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.

*Greene Finney, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
March 30, 2021

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

This section presents management's analysis of the Commission's financial condition and activities for the years ended December 31, 2020 and 2019. This information should be read in conjunction with the financial statements.

**FINANCIAL HIGHLIGHTS**

Management believes the Commission's financial condition to be strong. The following are key financial highlights:

- Total assets and deferred outflows of resources at December 31, 2020 and 2019 were approximately \$52.0 million and \$48.9 million, respectively, and exceeded liabilities and deferred inflows of resources by approximately \$31.7 million and \$28.3 million, respectively (i.e., net position). Of the total net position, approximately \$4.7 million and \$2.7 million, respectively, was unrestricted and was available to support short-term operations. The Commission participates in the South Carolina Retirement System's ("SCRS") pension plan, and the Commission is required by GASB #68 to recognize its proportionate share of the SCRS' unfunded liabilities. Total assets and deferred outflows of resources increased, and total net position increased from fiscal year 2019 to 2020 in the amount of approximately \$3.1 million and \$3.3 million, respectively; from fiscal year end 2018 to 2019 total assets and deferred outflows of resources increased and total net position increased in the amounts of approximately \$3.1 million and \$4.1 million, respectively.
- Operating revenues were approximately \$27.8 million for 2020 compared to approximately \$29.0 million for 2019, decreasing primarily due to warmer weather in 2020 compared to 2019. Operating revenues were approximately \$29.0 million for 2019 compared to approximately \$29.7 million for 2018, decreasing primarily due to warmer weather in 2019 compared to 2018.
- Operating expenses, including depreciation of approximately \$2.1 million, increased for 2020 compared to 2019, primarily due to warmer weather in 2020 and was partially offset by approximately \$1.4 million in credits issued by Piedmont Municipal Power Agency ("PMPA") in fiscal year 2020. Operating expenses, including depreciation of approximately \$2.7 million, decreased for 2019 compared to 2018, primarily due to warmer weather in 2019 and was partially offset by approximately \$2.4 million of credits issued by PMPA.
- Operating income for 2020 was approximately \$3.3 million compared to approximately \$3.1 million in 2019, and approximately \$3.5 million in 2018. Net position increased by approximately \$3.3 million in 2020 compared to an increase of approximately \$4.1 million for 2019, and an increase of approximately \$2.4 million for 2018.
- Ratios of net cash provided by operations to total operating revenues were 22.0% for 2020 compared to 22.5% for 2019 and 18.1% for 2018.
- Capital assets increased approximately \$0.5 million or 1.8% to approximately \$30.7 million compared to 2019 due to additions of approximately \$2.6 million, offset by depreciation expense of approximately \$2.1 million. In 2019, capital assets increased approximately \$1.9 million or 6.7% to approximately \$30.2 million compared to 2018 due to additions of approximately \$4.6 million, offset by depreciation expense of approximately \$2.7 million.
- Total bonded debt decreased approximately \$1.2 million or 18.7% to approximately \$5.2 million compared to 2019, due to regularly scheduled principal payments. In 2019, bonded debt decreased approximately \$0.8 million or 11.1% to approximately \$6.4 million compared to 2018, due to regularly scheduled principal payments.

**COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**OVERVIEW OF ANNUAL FINANCIAL REPORT**

Management's Discussion and Analysis ("MD&A") serves as an introduction to the financial statements, required supplementary information and other supplementary information. The MD&A represents management's discussion and analysis of the Commission's financial condition and performance.

The financial statements report information about the Commission using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities.

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. 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 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. The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, financing and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises or 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 required supplementary information consists of the Commission's other post employment benefits ("OPEB") and pension plan schedules. Other supplementary information consists of the budgetary comparison schedule.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2020 AND 2019

FINANCIAL ANALYSIS

Comparative data for net position is presented below:

	December 31,			Variance			
	2020	2019	2018	Dollars		Percentage	
				2020 vs. 2019	2019 vs. 2018	2020 vs. 2019	2019 vs. 2018
<b>Assets</b>							
Capital Assets	\$ 30,721,355	30,174,274	28,283,771	547,081	\$ 1,890,503	1.8%	6.7%
Current and Other Assets	19,876,229	17,820,598	16,649,790	2,055,631	1,170,808	11.5%	7.0%
Total Assets	50,597,584	47,994,872	44,933,561	2,602,712	3,061,311	5.4%	6.8%
<b>Deferred Outflows</b>							
Deferred Charges	1,423,267	905,614	893,565	517,653	12,049	57.2%	1.3%
Total Deferred Outflows	1,423,267	905,614	893,565	517,653	12,049	57.2%	1.3%
<b>Liabilities</b>							
Current Liabilities	4,005,935	3,841,295	4,099,045	164,640	(257,750)	4.3%	-6.3%
Net Pension Liability	9,976,712	9,069,259	8,638,387	907,453	430,872	10.0%	5.0%
Net OPEB Liability	667,756	743,807	818,410	(76,051)	(74,603)	-10.2%	-9.1%
Long-Term Liabilities	5,481,939	6,757,927	7,946,648	(1,275,988)	(1,188,721)	-18.9%	-15.0%
Total Liabilities	20,132,342	20,412,288	21,502,490	(279,946)	(1,090,202)	-1.4%	-5.1%
<b>Deferred Inflows</b>							
Deferred Credits	236,530	162,596	139,943	73,934	22,653	45.5%	16.2%
Total Deferred Inflows	236,530	162,596	139,943	73,934	22,653	45.5%	16.2%
<b>Net Position</b>							
Net Investment in							
Capital Assets	25,530,870	24,157,473	22,735,568	1,373,397	1,421,905	5.7%	6.3%
Restricted for Debt Service							
and Other Purposes	1,452,849	1,422,630	982,734	30,219	439,896	2.1%	44.8%
Unrestricted	4,668,260	2,745,499	466,391	1,922,761	2,279,108	70.0%	488.7%
Total Net Position	\$ 31,651,979	28,325,602	24,184,693	3,326,377	\$ 4,140,909	11.7%	17.1%

The Commission's financial condition remained strong at December 31, 2020 with adequate liquid assets, reliable plants and systems to meet demand, and a reasonable level of unrestricted net position. The current financial condition, technical support staff capabilities and operating plans to meet anticipated customer needs are well balanced and under control.

Total assets increased approximately \$2.6 million from December 31, 2019 to December 31, 2020 with the most significant factors consisting of an increase in unrestricted and restricted cash and investments of approximately \$2.0 million and an increase in capital assets due to additions of approximately \$2.6 million offset by depreciation expense of approximately \$2.1 million, and an increase in receivables of approximately \$0.1 million. Total assets increased approximately \$3.1 million from December 31, 2018 to December 31, 2019 with the most significant factors consisting of an increase in unrestricted and restricted cash and investments of approximately \$1.6 million and an increase in capital assets due to additions of approximately \$4.6 million offset by depreciation expense of approximately \$2.7 million, and a decrease in receivables of approximately \$0.4 million.

**COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**FINANCIAL ANALYSIS (CONTINUED)**

Total liabilities decreased approximately \$0.3 million (1.4%) from December 31, 2019 to December 31, 2020, primarily due to the decrease in debt obligations of approximately \$1.3 million, a decrease in accrued expenses of approximately \$0.1 million, and a decrease in OPEB liability of approximately \$0.1, offset by an increase in the net pension liability of approximately \$0.9 million, an increase in accounts payable of approximately \$0.2, and an increase in current portion of bonds and notes payable. Total liabilities decreased approximately \$1.1 million (5.3%) from December 31, 2018 to December 31, 2019, primarily due to the decrease in debt obligations of approximately \$0.9 million, a decrease in accounts payable of approximately \$0.8 million, offset by an increase in the net pension liability of approximately \$0.4 million and an increase in current portion of bonds and notes payable.

The changes in deferred outflows of resources and deferred inflows of resources were primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the Commission's proportionate share of the net pension liability in the State retirement plan, as well as changes in deferred inflows and deferred outflows related to Commission's OPEB plan.

Net position increased approximately \$3.3 million (11.7%) from December 31, 2019 to December 31, 2020. Total net position at December 31, 2020 was approximately \$31.7 million, including a positive unrestricted net position of approximately \$4.7 million. Net position increased approximately \$4.1 million (17.1%) from December 31, 2018 to December 31, 2019. Total net position at December 31, 2019 was approximately \$28.3 million, including a positive unrestricted net position of approximately \$2.7 million.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2020 AND 2019

FINANCIAL ANALYSIS (CONTINUED)

*Changes in Net Position*

The following schedule presents a summary of the Commission's revenues and expenses for the year ended December 31, 2020 compared to 2019:

	Year Ended December 31,			Variance			
	2020	2019	2018	Dollars		Percentage	
				2020 vs. 2019	2019 vs. 2018	2020 vs. 2019	2019 vs. 2018
<b>Revenues</b>							
Electrical Sales	\$ 14,266,737	14,508,539	14,779,416	(241,802)	\$ (270,877)	-1.7%	-1.8%
Natural Gas Sales	6,809,566	7,636,459	8,608,468	(826,893)	(972,009)	-10.8%	-11.3%
Water Sales	4,008,681	4,073,763	3,642,344	(65,082)	431,419	-1.6%	11.8%
Sewer Charges	2,180,675	2,207,574	2,192,566	(26,899)	15,008	-1.2%	0.7%
Other Operating Revenues	514,616	554,653	469,949	(40,037)	84,704	-7.2%	18.0%
Nonoperating Revenues	204,932	1,269,094	168,683	(1,064,162)	1,100,411	-83.9%	652.4%
<b>Total Revenues</b>	<b>27,985,207</b>	<b>30,250,082</b>	<b>29,861,426</b>	<b>(2,264,875)</b>	<b>388,656</b>	<b>-7.5%</b>	<b>1.3%</b>
<b>Expenses</b>							
Electric Power Purchases	10,042,120	9,767,461	11,215,342	274,659	(1,447,881)	2.8%	-12.9%
Natural Gas Purchases	3,438,476	4,492,589	5,376,632	(1,054,113)	(884,043)	-23.5%	-16.4%
Raw Water Purchases	1,820,197	2,241,801	1,946,913	(421,604)	294,888	-18.8%	15.1%
Operating Department Expenses	960,246	899,389	977,724	60,857	(78,335)	6.8%	-8.0%
General and Administrative Salaries	2,236,925	1,916,450	1,773,464	320,475	142,986	16.7%	8.1%
Intergovernmental Fees	767,034	765,432	762,444	1,602	2,988	0.2%	0.4%
Other Operating Expenses	3,125,659	3,134,621	2,935,004	(8,962)	199,617	-0.3%	6.8%
Depreciation	2,111,981	2,697,965	2,323,738	(585,984)	374,227	-21.7%	16.1%
Interest Expense	156,192	193,465	108,176	(37,273)	85,289	-19.3%	78.8%
<b>Total Expenses</b>	<b>24,658,830</b>	<b>26,109,173</b>	<b>27,419,437</b>	<b>(1,450,343)</b>	<b>(1,310,264)</b>	<b>-5.6%</b>	<b>-4.8%</b>
<b>Change in Net Position</b>	<b>3,326,377</b>	<b>4,140,909</b>	<b>2,441,989</b>	<b>(814,532)</b>	<b>\$ 1,698,920</b>	<b>-19.7%</b>	<b>69.6%</b>
Net Position, Beginning of Year, As Previously Reported	28,325,602	24,184,693	22,267,356				
Cumulative Change in Accounting Principle - GASB #75	-	-	(524,652)				
Net Position, Beginning of Year, Restated	28,325,602	24,184,693	21,742,704				
Net Position, End of Year	<b>\$31,651,979</b>	<b>28,325,602</b>	<b>\$24,184,693</b>				

**COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**FINANCIAL ANALYSIS (CONTINUED)**

During the year ended December 31, 2020, total revenues decreased approximately \$2.3 million to approximately \$28.0 million (-7.5%) compared to 2019, primarily due to milder weather during the year. During the same period, expenses decreased approximately \$1.5 million compared to 2019 (-5.6%) primarily due to decreased water and natural gas purchases due to milder weather, partially offset by approximately \$1.4 million in credits issued by PMPA. Total salaries and labor costs (approximately \$4.4 million for 2020) and related benefits (approximately \$1.0 million for 2020) increased approximately \$0.2 million primarily due to salary increases given during the year.

During the year ended December 31, 2019, total revenues increased approximately \$0.4 million to approximately \$30.3 million (1.3%) compared to 2018, primarily due to rate increases for water, and sewer. During the same period, expenses decreased approximately \$1.3 million compared to 2018 (-4.8%) primarily due to decreased electricity and natural gas purchases due to warmer weather, partially offset by approximately \$2.4 million in credits issued by PMPA. Total salaries and labor costs (approximately \$4.2 million for 2019) and related benefits (approximately \$1.0 million for 2019) increased approximately \$0.2 million primarily due to salary increases given during the year.

**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 total dollars (in thousands) and as a percentage of operating revenues.

	Year Ended December 31,			Variance			
				Amount		Percentage	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018	2020 vs. 2019	2019 vs. 2018
Total Operating Revenue	\$ 27,780	28,981	29,693	(1,201)	\$ (712)	-4.32%	-2.46%
Net Cash Provided by Operations	\$ 6,101	6,507	5,381	(406)	\$ 1,126	-6.65%	17.30%
Net Operating Cash as a % of Operating Revenue		22.0%	22.5%	18.1%			

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

For the years ended December 31, 2020 and 2019, the Commission had invested approximately \$30.7 million and \$30.2 million in capital assets, respectively. For 2020, this amount represents a net increase of approximately \$0.5 million or 1.8% from 2019 due to additions of approximately \$2.6 million, less depreciation expense of approximately \$2.1 million. For 2019, this amount represents a net increase of approximately \$1.9 million or 6.7% from 2018 due to additions of approximately \$4.6 million, less depreciation expense of approximately \$2.7 million.



COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED DECEMBER 31, 2020 AND 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

	Capital Assets (net of depreciation, in thousands of dollars)							
	December 31,			Variance				
	2020	2019	2018	Amount		Percentage		
			2020 vs. 2019	2019 vs. 2018	2020 vs. 2019	2019 vs. 2018		
Construction in Progress	\$ 195	2,795	421	(2,600)	\$ 2,374	-93.02%	563.90%	
Land	1,005	1,005	1,005	-	-	0.00%	0.00%	
Electrical System	14,107	13,374	12,803	733	571	5.48%	4.46%	
Natural Gas System	26,075	22,984	22,823	3,091	161	13.45%	0.71%	
Water System	23,391	23,317	23,173	74	144	0.32%	0.62%	
Sewer System	20,847	19,987	19,604	860	383	4.30%	1.95%	
Other	12,444	11,989	11,332	455	657	3.80%	5.80%	
Accumulated Depreciation	(67,343)	(65,277)	(62,877)	(2,066)	(2,400)	3.16%	3.82%	
Net Capital Assets	\$ 30,721	30,174	28,284	547	\$ 1,890	1.78%	6.26%	

More detailed information about the Commission's capital assets is presented in Note II. C in the Notes to the Financial Statements.

Long Term Debt

At December 31, 2020 and 2019, the Commission had approximately \$6.3 million and \$7.6 million in outstanding indebtedness, respectively, which is a decrease in 2020 and a decrease in 2019 of (16.7%) and (10.8%), respectively. More detailed information about the Commission's long-term liabilities is presented in Note II. D. in the Notes to the Financial Statements.

	Outstanding Long Term Debt (in thousands of dollars)							
				Variance				
	2020	2019	2018	Amount		Percentage		
			2020-19	2019-18	2020-19	2019-18		
Revenue Bonds, State Revolving Fund Loan, and Capital Lease	\$ 6,352	7,627	8,548	(1,275)	\$ (921)	-16.7%	-10.8%	

**COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**ECONOMIC CONDITION AND OUTLOOK**

The Commission operates in Laurens County.

- Economic indicators for this past year are steady even amid a pandemic.
- The Commission's operating and non-operating revenues for calendar year 2020 were approximately \$28 million compared to approximately \$30.3 million in 2019. This equates to a 7.5% decrease in total revenues from the prior year.
- The unemployment rate for Laurens County as of December 2020 was 4.8% compared to 2.5% as of December 2019. The 2020 unemployment rate is better than the state's average unemployment rate of 5.6% and the national average rate of 6.7%.
- In response to the coronavirus (COVID-19) Laurens CPW management has developed strategies to keep all essential functions operating, while keeping its customers and employees healthy. We are using the power of technology to help overcome many obstacles that may affect our daily operations. The commission is well positioned with cash reserves to overcome this pandemic. It has and always will be our goal to provide reliable, neighborly service that our customers expect and deserve.

The 2021 budget is approximately \$34,671,000 (including operating, capital and debt service expenditures), which is an increase of approximately \$1,207,000 from the 2020 budget.

**CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John Young, General Manager, Post Office Box 349, Laurens, South Carolina 29360.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

STATEMENTS OF NET POSITION

DECEMBER 31, 2020 AND 2019

ENTERPRISE FUND		2020	2019
<b>ASSETS</b>			
Current Assets:			
Unrestricted Cash and Investments	\$	13,189,641	\$ 10,809,771
Restricted Cash and Investments		2,614,596	3,033,043
Accounts Receivable, Net of Allowance for Doubtful Accounts		3,093,813	3,148,094
Inventories		864,342	747,890
Prepaid Insurance		103,358	66,327
Accrued Interest Receivable		10,479	15,473
Total Current Assets		<u>19,876,229</u>	<u>17,820,598</u>
Noncurrent Assets:			
Capital Assets:			
Non-Depreciable		1,200,441	3,800,094
Depreciable, Net		29,520,914	26,374,180
Total Noncurrent Assets		<u>30,721,355</u>	<u>30,174,274</u>
<b>TOTAL ASSETS</b>		<u>50,597,584</u>	<u>47,994,872</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Charges		1,376,181	850,454
Deferred Other Post Employment Benefit Charges		47,086	55,160
<b>TOTAL DEFERED OUTFLOWS OF RESOURCES</b>		<u>1,423,267</u>	<u>905,614</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable		1,640,639	1,442,066
Accrued Expenses		115,253	243,663
Due to Developers		7,090	7,090
Customer Deposits		611,437	581,206
Bonds and Loans Payable - Current Portion		1,329,726	1,274,983
Compensated Absences - Current Portion		226,288	202,848
Accrued Interest Payable		75,502	89,439
Total Current Liabilities		<u>4,005,935</u>	<u>3,841,295</u>
Noncurrent Liabilities:			
Bonds and Loans Payable		5,022,505	6,352,231
Compensated Absences		459,434	405,696
Net Pension Liability		9,976,712	9,069,259
Net Other Post Employment Benefits Liability		667,756	743,807
Total Noncurrent Liabilities		<u>16,126,407</u>	<u>16,570,993</u>
<b>TOTAL LIABILITIES</b>		<u>20,132,342</u>	<u>20,412,288</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits		151,233	83,285
Deferred Other Post Employment Benefit Credits		85,297	79,311
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<u>236,530</u>	<u>162,596</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets		25,530,870	24,157,473
Restricted for Debt Service		1,452,849	1,422,630
Unrestricted		4,668,260	2,745,499
<b>TOTAL NET POSITION</b>	<b>\$</b>	<u><u>31,651,979</u></u>	<b>\$</b> <u><u>28,325,602</u></u>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2020 AND 2019

	ENTERPRISE FUND	
	2020	2019
<b>OPERATING REVENUES</b>		
Sales:		
Electrical Sales	\$ 14,266,737	\$ 14,508,539
Natural Gas Sales	6,809,566	7,636,459
Water Sales	4,008,681	4,073,763
Sewer Charges	2,180,675	2,207,574
Other Revenue	514,616	554,653
<b>Total Operating Revenues</b>	<b>27,780,275</b>	<b>28,980,988</b>
<b>OPERATING EXPENSES</b>		
Electric Department	10,042,120	9,767,461
Gas Department	3,438,476	4,492,589
Water Department	1,820,197	2,241,801
Sewer Department	960,246	899,389
General and Administrative	2,236,925	1,916,450
Other Expenses	3,892,693	3,900,053
Depreciation	2,111,981	2,697,965
<b>Total Operating Expenses</b>	<b>24,502,638</b>	<b>25,915,708</b>
<b>OPERATING INCOME</b>	<b>3,277,637</b>	<b>3,065,280</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Scrap Sales	4,138	3,871
Investment Income	109,962	239,650
Miscellaneous Income	79,206	456,516
Grant Revenue	851	516,600
Gain on Disposal of Capital Assets	10,775	52,457
Interest Expense on Revenue Bonds and Capital Lease	(156,192)	(193,465)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>48,740</b>	<b>1,075,629</b>
<b>Change in Net Position</b>	<b>3,326,377</b>	<b>4,140,909</b>
Net Position, Beginning of Year	28,325,602	24,184,693
<b>Net Position, End of Year</b>	<b>\$ 31,651,979</b>	<b>\$ 28,325,602</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

ENTERPRISE FUND		
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 27,864,787	\$ 29,440,270
Other Revenues	83,344	460,387
Cash Payments to Suppliers for Goods and Services	(16,800,387)	(18,511,168)
Cash Payments to Employees for Services	(4,279,545)	(4,117,034)
Cash Payments for Intergovernmental Fees	(767,034)	(765,432)
<b>Net Cash Provided By Operating Activities</b>	<b>6,101,165</b>	<b>6,507,023</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(2,821,212)	(4,651,645)
Principal Payments on Bonds	(1,274,983)	(877,247)
Principal Payments on Capital Lease Obligation	-	(43,742)
Interest Paid on Bonds and Capital Lease Obligation	(170,129)	(154,396)
Cash Received from Grants	851	516,600
Gain on Disposal of Capital Assets	10,775	52,457
<b>Net Cash Used In Capital and Related Financing Activities</b>	<b>(4,254,698)</b>	<b>(5,157,973)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment Income	114,956	238,600
<b>Net Cash Provided By Investing Activities</b>	<b>114,956</b>	<b>238,600</b>
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	<b>1,961,423</b>	<b>1,587,650</b>
RESTRICTED AND UNRESTRICTED CASH AND INVESTMENTS AT BEGINNING OF YEAR	13,842,814	12,255,164
RESTRICTED AND UNRESTRICTED CASH AND INVESTMENTS AT END OF YEAR	<b>\$ 15,804,237</b>	<b>\$ 13,842,814</b>
<b>Reconciliation to the Statement of Net Position:</b>		
Unrestricted Cash and Investments	\$ 13,189,641	\$ 10,809,771
Restricted Cash and Investments	2,614,596	3,033,043
<b>Total Cash and Investments</b>	<b>\$ 15,804,237</b>	<b>\$ 13,842,814</b>

(Continued)

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

ENTERPRISE FUND	<u>2020</u>	<u>2019</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 3,277,637	\$ 3,065,280
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation Expense	2,111,981	2,697,965
Other Revenues	83,344	460,387
Changes In Assets, Deferred Outflows / Inflows and Liabilities:		
Accounts Receivables, Net of Allowance For Doubtful Accounts	54,281	402,108
Inventories	(116,452)	25,232
Prepaid Expenses	(37,031)	(9,448)
Deferred Pension Charges	(525,727)	34,386
Deferred Other Post Employment Benefit Charges	8,074	(46,435)
Accounts Payable	360,723	(707,021)
Other Accrued Liabilities	(51,232)	148,473
Customer Deposits	30,231	57,174
Other Post Employment Benefits Liability	(76,051)	(74,603)
Net Pension Liability	907,453	430,872
Deferred Pension Credits	67,948	(48,230)
Deferred Other Post Employment Benefit Credits	5,986	70,883
<b>Net Cash Provided By Operating Activities</b>	<u><u>\$ 6,101,165</u></u>	<u><u>\$ 6,507,023</u></u>
<b>Noncash Capital and Financing Activities:</b>		
Acquisition of Capital Assets Not Yet Paid For	\$ (162,150)	\$ (63,177)

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The Commission of Public Works, Laurens, South Carolina (the "Commission") was created in 1922 and consists of natural gas, electric, water, and sanitary sewer systems. The Commission buys and sells electricity, treats and distributes water, and collects and treats wastewater in and around the City of Laurens. The Commission also buys and sells natural gas in a service area generally covering the western half of Laurens County. The Commission is governed by a Board consisting of five members. Commissioners are elected by the public and have decision-making authority such as the authority to increase rates, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. All operations for which the Commissioners are financially accountable have been included in the accompanying financial statements.

The Commission's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

As required by GAAP, the financial statements must present the Commission's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Commission both appoints a voting majority of the entity's governing body, and either 1) the Commission is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Commission. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Commission and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Commission.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Commission having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Commission; and (c) issue bonded debt without approval by the Commission. An entity has a financial benefit or burden relationship with the Commission if, for example, any one of the following conditions exists: (a) the Commission is legally entitled to or can otherwise access the entity's resources, (b) the Commission is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the Commission is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the Commission's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize they are legally separate from the Commission. Based on the criteria above, the Commission does not have any component units.

The Commission is established by a separate act of the South Carolina General Assembly to own and operate the utility system in the City of Laurens, South Carolina subject only to the City of Laurens' approval of the Commission's Revenue Bonded indebtedness issuance. The City of Laurens is in no way liable for the debt. There is therefore no financial burden, only a formal approval which is required by the separate act.

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation**

All activities of the Commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

(b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The accounting and financial reporting treatment applied to the Commission is determined by its measurement focus. The transactions of the Commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position is segregated into net investment in capital assets; restricted for debt service, capital activity and other purposes, and unrestricted components.

*Proprietary fund types* are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The Commission has one enterprise fund; it does not have any internal service funds.

Proprietary 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Commission's practice to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash, Cash Equivalents, and Investments

The Commission considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. For purposes of reporting changes in cash flows, the Commission also considers all liquid non-equity investments with an original maturity of three months or less to be cash and cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

The Commission's investment policy is designed to operate within existing statutes that authorize the Commission to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.



COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No-load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Commission reports its cash, cash equivalents, and investments at fair value, which is normally determined by quoted market prices.

The Commission currently or in the past two years has used the following investments:

- South Carolina Local Government Investment Pool (“LGIP” or “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. The 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 GASB Statement No. 31 “Accounting and Financial Reporting for Certain Investments and for External Investment Pools” and GASB Statement No. 72 “Fair Value Measurement and Application”, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the 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 Pool participants at any time and may be withdrawn upon 24 hours’ notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.
- Certificates of Deposit (“CD”) are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is subject to a penalty.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

1. *Cash, Cash Equivalents, and Investments (Continued)*

- Open-end mutual funds which are primarily invested in money market funds which invest in short term obligations of the United States government and related agencies.
- U.S. securities are generally treasury notes, treasury bonds, treasury bills, and related securities which are debt obligations of the U.S. government (lending money to the federal government for a specified period of time). These debt obligations are backed by the “full faith and credit” of the government and thus rely on its ability to raise tax revenues and print currency, U.S. Treasury securities are considered the safest of all investments.

2. *Restricted Assets*

The Commission is required to maintain debt service funds under the terms of its bonds and loans payable. The debt service funds are used to segregate resources accumulated for debt service payments coming due over the next twelve months. The Commission also established an account for bond proceeds that may only be used for construction purposes as required in the bond agreement. These funds are shown as restricted cash and investments on the Statements of Net Position because their use is limited by the applicable bond or loan covenants.

3. *Inventories and Prepaid Insurance*

Inventories include natural gas stored at external facilities and certain materials for plant improvements and extensions as well as for operations and maintenance. Inventories are stated at average invoice cost. Prepaid insurance is accounted for using the allocation method (expensed over the periods expected to benefit from the initial payment).

4. *Accounts Receivable and Credit Risk*

The Commission renders bills to residential, commercial, and industrial customers on billing cycles that end on various days throughout the month. The Commission grants credit to its customers, and accounts receivable are financial instruments that potentially subject the Commission to credit risk. If accounts have not been collected within the designated time, the service is disconnected and a penalty is required to be paid before the service is reconnected. Accounts which are not considered collectible are written off as bad debts at various times during the year. The Commission requires customer deposits, which total approximately \$611,000 and \$581,000 at December 31, 2020 and 2019, respectively, based on the type of customer, type of service, and other factors. Deposits from residential customers may be returned after two years of timely payments. The Commission also participates in the State of South Carolina debt collection program, whereby delinquent customer balances may be withheld from customers' state income tax refunds.

At December 31, 2020 and 2019, accounts receivable were approximately \$3,094,000, and \$3,148,000, respectively, which includes approximately \$1,615,000 and \$1,623,000, respectively, of unbilled revenue. Unbilled revenue represents the portion of bills rendered to customers during the month of January for services that were provided in December.

An allowance for doubtful accounts is recorded and reduces the carrying value of receivables to its estimated net realizable value. The amount of the allowance is based upon management's estimates of currently uncollectible accounts, historical trends, current economic trends and other factors. Changes to the allowance are charged to operations. Accounts receivable is reported net of an allowance for doubtful accounts of approximately \$31,000 and \$37,000 at December 31, 2020 and 2019, respectively.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

5. *Capital Assets*

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated acquisition value (as estimated by the Commission) at the date of donation. The Commission maintains a capitalization threshold of \$5,000 with an estimated useful life of at least two years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All reported capital assets, except land and construction in progress, are depreciated. Construction projects begin being depreciated once they are completed and are placed in service, at which time the complete costs of the project (include any interest incurred during the construction of the assets) are transferred to the appropriate capital asset category. Depreciation is recognized using the straight-line method over the following estimated useful lives:

Description	Useful Life
Electric system	10-25 years
Natural gas system	10-33 years
Water system	20-50 years
Sewer system	40-50 years
Real estate and buildings	15-25 years
Office equipment	10 years
Autos and trucks	4-15 years
Communications equipment	5-10 years
Warehouse equipment	7-10 years

6. *Compensated Absences*

It is the Commission's policy to allow employees to accumulate personal leave benefits, such as vacation and sick leave, which are granted in varying amounts. The Commission will pay out any unused vacation and sick leave if an employee leaves or retires from the Commission on good terms. A liability for compensated absences is reported on the Statement of Net Position.

7. *Long-term Obligations*

If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission currently has two types of deferred outflows of resources: (1) The Commission reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System. (2) The Commission reports *deferred Other Post Employment Benefits ("OPEB") charges* in its Statements of Net Position in connection with the Agent Multiple-Employer Defined Benefit OPEB Plan. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity (Continued)

8. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission currently has two types of deferred inflows of resources: (1) The Commission reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System. (2) The Commission reports *deferred OPEB credits* in its Statements of Net Position in connection with the Agent Multiple-Employer Defined Benefit OPEB Plan. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

9. *Net Position*

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

10. *Pensions and Other Postemployment Benefits*

Pensions and OPEB are required to be recognized and disclosed using the accrual basis of accounting (see Note III.A and Note III.D and the required supplementary information immediately following the notes to the financial statements for more information). The Commission recognizes net pension and net OPEB liabilities (assets) for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the Commission's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Commission's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

*11. Fair Value*

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Commission can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The Commission believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

*12. Use of Estimates*

The preparation of financial statements in accordance with GAAP requires the Commission's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

*13. Budgetary Information*

The Commission prepares an annual budget. Management begins the budgetary process in August. Workshops are held in the fall and the Board of Commissioners approves an annual budget, usually by December. The General Manager is authorized to make changes to individual budgetary line items as long as total budgeted expenses are not exceeded. The budgetary information for the year ended December 31, 2020 is included in the Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual and is presented as supplementary information.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission's deposits might not be recovered. The Commission does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of December 31, 2020 and 2019, none of the Commission's bank balances of approximately \$1,168,000 and \$1,982,000, respectively (with a carrying value of approximately \$1,251,000 and \$1,670,000, respectively) were exposed to custodial credit risk.

*Investments*

As of December 31, 2020, the Commission had the following investments:

Investment Type	Fair Value Level <sup>(1)</sup>	Credit Rating <sup>^</sup>	Fair Value	Investment Maturities in Years			
				< 1 yr	1 - 3 yrs	3 - 5 yrs	> 5 yrs
LGIP	N/A	NR, NR	\$ 9,369,883	9,369,883	-	-	\$ -
Money Market Mutual Funds	Level 1	AAAm, Aaa-mf	2,614,596	2,614,596	-	-	-
Certificates of Deposit	Level 1	NR	2,564,991	2,270,160	294,833	-	-
Total			\$ 14,549,470	14,254,639	294,833	-	\$ -

<sup>^</sup> If available, credit ratings are for Standard & Poor's and Moody's Investors Service.

<sup>(1)</sup> See Note I.C.11 for details of the Commission's fair value hierarchy.

NR - Not rated.

N/A - Not Applicable.

The investments in the South Carolina Local Government Investment Pool have weighted average maturities of less than one year and are unrated. The mutual funds are in the First American Treasury Obligations Fund and the First American Government Obligations Fund. These mutual funds have weighted average maturities of less than one year and credit ratings of AAAm, Aaa-mf, and AAAMmf from Standards & Poor's, Moody's Investors Service and Fitch ratings, respectively. These investments are included with Restricted Cash and Investments in the Statement of Net Position.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

*Investments (Continued)*

As of December 31, 2019, the Commission had the following investments:

Investment Type	Fair Value Level <sup>(1)</sup>	Credit Rating <sup>^</sup>	Fair Value	Investment Maturities in Years			
				< 1 yr	1 - 3 yrs	3 - 5 yrs	> 5 yrs
LGIP	N/A	NR, NR	\$ 6,585,936	6,585,936	-	-	\$ -
Money Market Mutual Funds	Level 1	AAA <sub>m</sub> , Aaa-mf	3,033,043	3,033,043	-	-	-
Certificates of Deposit	Level 1	NR	2,524,231	439,000	2,085,231	-	-
Total			<u>\$ 12,143,210</u>	<u>10,057,979</u>	<u>2,085,231</u>	<u>-</u>	<u>\$ -</u>

<sup>^</sup> If available, credit ratings are for Standard & Poor's and Moody's Investors Service.

<sup>(1)</sup> See Note I.C.11 for details of the Commission's fair value hierarchy.

NR - Not rated.

N/A - Not Applicable.

The investments in the South Carolina Local Government Investment Pool have weighted average maturities of less than one year and are unrated. The mutual funds are in the First American Treasury Obligations Fund and the First American Government Obligations Fund. These mutual funds have weighted average maturities of less than one year and credit ratings of AAA<sub>m</sub>, Aaa-mf, and AAAMmf from Standards & Poor's, Moody's Investors Service and Fitch ratings, respectively. These investments are included with Restricted Cash and Investments in the Statement of Net Position.

**Interest Rate Risk:** The Commission does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of December 31, 2020 and 2019, none of the Commission's investments were exposed to custodial credit risk.

**Credit Risk for Investments:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

**Concentration of Credit Risk for Investments:** The Commission places no limit on the amount the Commission may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investments pools and other pooled investments are exempt from concentration of credit risk disclosures.



COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Inventories

Inventories consisted of the following:

	December 31,	
	2020	2019
Stored Natural Gas	\$ 108,899	\$ 155,846
Materials - Electric	253,121	196,297
Materials - Natural Gas	235,507	165,229
Materials - Water and Sewer	263,457	222,405
Fuel	3,240	7,970
Other	119	143
	<u>\$ 864,342</u>	<u>\$ 747,890</u>

C. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2020:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 1,005,380	-	-	-	\$ 1,005,380
Construction In Progress	2,794,714	1,592,990	-	(4,192,643)	195,061
Total Capital Assets, Non-Depreciable	<u>3,800,094</u>	<u>1,592,990</u>	<u>-</u>	<u>(4,192,643)</u>	<u>1,200,441</u>
Capital Assets, Depreciable					
Electric system	13,374,479	223,259	-	509,155	14,106,893
Natural gas system	22,983,934	143,728	-	2,947,380	26,075,042
Water system	23,316,978	73,717	-	-	23,390,695
Sewer system	19,987,213	124,133	-	736,108	20,847,454
Other	11,988,553	501,235	(46,035)	-	12,443,753
Total Capital Assets, Depreciable	<u>91,651,157</u>	<u>1,066,072</u>	<u>(46,035)</u>	<u>4,192,643</u>	<u>96,863,837</u>
Less: Accumulated Depreciation for:					
Electric system	(10,178,257)	(388,456)	-	-	(10,566,713)
Gas system	(18,146,755)	(371,052)	-	-	(18,517,807)
Water system	(14,340,035)	(653,478)	-	-	(14,993,513)
Sewer system	(13,212,187)	(462,604)	-	-	(13,674,791)
Other	(9,399,743)	(236,391)	46,035	-	(9,590,099)
Total Accumulated Depreciation	<u>(65,276,977)</u>	<u>(2,111,981)</u>	<u>46,035</u>	<u>-</u>	<u>(67,342,923)</u>
Total Capital Assets, Depreciable, Net	<u>26,374,180</u>	<u>(1,045,909)</u>	<u>-</u>	<u>4,192,643</u>	<u>29,520,914</u>
Total Capital Assets, Net	<u>\$ 30,174,274</u>	<u>547,081</u>	<u>-</u>	<u>-</u>	<u>\$ 30,721,355</u>

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Capital Assets (Continued)

The following is a summary of changes in capital assets for the year ended December 31, 2019:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable					
Land	\$ 1,005,380	-	-	-	\$ 1,005,380
Construction In Progress	421,013	2,373,701	-	-	2,794,714
Total Capital Assets, Non-Depreciable	1,426,393	2,373,701	-	-	3,800,094
Capital Assets, Depreciable					
Electric system	12,803,205	571,274	-	-	13,374,479
Natural gas system	22,822,594	161,340	-	-	22,983,934
Water system	23,172,874	144,104	-	-	23,316,978
Sewer system	19,603,591	383,622	-	-	19,987,213
Other	11,332,049	1,003,101	(346,597)	-	11,988,553
Total Capital Assets, Depreciable	89,734,313	2,263,441	(346,597)	-	91,651,157
Less: Accumulated Depreciation for:					
Electric system	(9,807,949)	(370,308)	-	-	(10,178,257)
Gas system	(17,759,534)	(387,221)	-	-	(18,146,755)
Water system	(13,690,493)	(649,542)	-	-	(14,340,035)
Sewer system	(12,751,342)	(460,845)	-	-	(13,212,187)
Other	(8,867,617)	(830,049)	297,923	-	(9,399,743)
Total Accumulated Depreciation	(62,876,935)	(2,697,965)	297,923	-	(65,276,977)
Total Capital Assets, Depreciable, Net	26,857,378	(434,524)	(48,674)	-	26,374,180
Total Capital Assets, Net	\$ 28,283,771	1,939,177	(48,674)	-	\$ 30,174,274

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long Term Obligations

*Revenue Bonds – Direct Placement (“DP”)*

In July 2013, the Commission issued Combined Utility System Revenue Bonds, Series 2013A, in the principal amount of \$3,435,000 to provide resources for a natural gas project, software upgrades and a new truck. The Series 2013A Bonds carry interest at 2.45%, which is due semi-annually beginning January 1, 2014. Annual principal installments begin January 1, 2019 and continue through January 1, 2023. The outstanding principal was \$2,618,000 and \$3,031,000 at December 31, 2020 and 2019, respectively.

In June 2016, the Commission issued Combined Utility System Refunding Revenue Bonds, Series 2016, in the principal amount of \$1,550,000 to currently refund the outstanding Combined Utility System Refunding Revenue Bonds, Series 2010 in the amount of \$1,550,000. The Series 2016 Bonds are due in annual installments ranging from \$360,000 to \$405,000 through January 1, 2020, with interest at 1.25%. The outstanding principal balance was \$0 and \$405,000 at December 31, 2020, and 2019, respectively.

In November 2018, the Commission issued Combined Utility System Revenue Bonds, Series 2018, in the principal amount of \$3,000,000 to provide resources for a gas line replacement project. The Series 2018 Bonds carry interest at 3.12%, which is due semi-annually beginning July 1, 2019. Annual principal installments begin January 1, 2020 and continue through January 1, 2026. The outstanding principal was \$2,617,000 and \$3,000,000 at December 31, 2020 and 2019, respectively.

The Combined Utility System Revenue Bonds are special obligations of the City of Laurens, South Carolina, payable solely from the revenues of the Commission of Public Works, Laurens, South Carolina. The bonds do not constitute a debt of the City of Laurens, South Carolina. The bonds are to be paid, both principal and interest, out of the net revenues of the System after the payment of operating and maintenance expenses of the Commission, as defined by the bond ordinance. The bond ordinance established debt service funds to be kept on deposit with a trustee, with withdrawals to be made for the purposes as provided in the bond ordinance. The amounts that the Commission is to pay or deposit into the Debt Service Fund, in the following order of priority, are as follows:

- (1) For credit to the Interest Account, a monthly amount equal to one-sixth of the next installment of interest due on the bonds outstanding. Interest payments are due January 1 and July 1.
- (2) For credit to the Principal Account, a monthly amount equal to one-twelfth of the next principal installment due on the bonds outstanding. Principal payments are due January 1.

There are numerous limitations, restrictions, and covenants contained in the revenue bonds and the bond ordinance. As of December 31, 2020 and 2019 the Commission is in compliance with all significant restrictions and covenants, including its debt service coverage ratios.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long Term Obligations (Continued)

*State Revolving Fund Loan – Direct Placement*

The Commission entered into a loan agreement with the South Carolina Water Quality Revolving Fund Authority (the “Authority”) in November 2012. The Commission used the proceeds from the loan to fund a water meter replacement program which began in 2012. The funding from the loan is on a reimbursement basis and thus the Commission will only record a payable once the cash is received from the Authority. The loan amount was approved for approximately \$1,852,000 at a 1% interest rate. Quarterly principal and interest payments totaling approximately \$26,000 began on January 1, 2015 and will continue through October 1, 2034. The Commission funded a debt service reserve of approximately \$103,000 as required by the loan agreement.

The Commission received a total of approximately \$1,550,000 from the Authority. The quarterly payments were adjusted to approximately \$21,000 to reflect the finalized balance. The outstanding balance as of December 31, 2020 and 2019 was \$1,117,231 and \$1,191,214, respectively.

*Capital Lease – Direct Placement*

In May 2016, the Commission entered into a capital lease for the purchase of equipment. Monthly installments of approximately \$9,000, which includes interest at 1.23%, were due through May 2019, at which time the last payment was made.

The following is a summary of changes in long-term obligations for the year ended December 31, 2020:

Long-Term Obligations	Type of Issuance	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonds and Loans Payable</b>						
Combined Utility System Revenue Bonds - Direct:						
Series 2013A	DP	\$ 3,031,000	-	(413,000)	2,618,000	\$ 851,000
Series 2016 (Refunding)	DP	405,000	-	(405,000)	-	-
Series 2018	DP	3,000,000	-	(383,000)	2,617,000	404,000
Sub-total Combined Utility System Bonds - Direct:		<u>6,436,000</u>	<u>-</u>	<u>(1,201,000)</u>	<u>5,235,000</u>	<u>1,255,000</u>
State Revolving Loan Payable	DP	1,191,214	-	(73,983)	1,117,231	74,726
Total Bonds and Loans Payable		<u>7,627,214</u>	<u>-</u>	<u>(1,274,983)</u>	<u>6,352,231</u>	<u>1,329,726</u>
Compensated Absences	N/A	608,544	280,026	(202,848)	685,722	226,288
Total Long-Term Obligations		<u>\$ 8,235,758</u>	<u>280,026</u>	<u>(1,477,831)</u>	<u>7,037,953</u>	<u>\$ 1,556,014</u>

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Long Term Obligations (Continued)

Annual debt service requirements to maturity for all long-term debt as of December 31, 2020 are as follows:

Year Ending	Bonds and SRF Loan Payable		Total
	Principal	Interest	
2021	\$ 1,329,726	139,957	\$ 1,469,683
2022	1,364,476	105,296	1,469,772
2023	1,399,233	69,710	1,468,943
2024	518,998	44,407	563,405
2025	533,771	29,625	563,396
2026-2030	870,724	34,698	905,422
2031-2034	335,303	7,170	342,473
<b>Totals</b>	<b>\$ 6,352,231</b>	<b>430,863</b>	<b>\$ 6,783,094</b>

The following is a summary of changes in long-term obligations for the year ended December 31, 2019:

Long-Term Obligations	Type of Issuance	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonds and Loans Payable</b>						
Combined Utility System Revenue Bonds - Direct:						
Series 2013A	DP	\$ 3,435,000	-	(404,000)	3,031,000	\$ 413,000
Series 2016 (Refunding)	DP	805,000	-	(400,000)	405,000	405,000
Series 2018	DP	3,000,000	-	-	3,000,000	383,000
Sub-total Combined Utility System Bonds - Direct:		7,240,000	-	(804,000)	6,436,000	1,201,000
State Revolving Loan Payable	DP	1,264,461	-	(73,247)	1,191,214	73,983
Total Bonds and Loans Payable		8,504,461	-	(877,247)	7,627,214	1,274,983
<b>Capital Lease:</b>						
2016 Capital Lease	DP	43,742	-	(43,742)	-	-
Total Capital Lease		43,742	-	(43,742)	-	-
Compensated Absences	N/A	479,152	289,109	(159,717)	608,544	202,848
Total Long-Term Obligations		\$ 9,027,355	289,109	(1,080,706)	8,235,758	\$ 1,477,831

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Agreement with the City of Laurens

The Commission and the City of Laurens (the "City") entered into an agreement in 1999 in which the Commission agreed to make annual payments to the City. This agreement expired in 2009. In July 2012, the Commission and the City entered into a new transfer fee agreement. The Commission shall pay the City an escalating transfer fee which ultimately shall represent five percent (5%) of the Commission's gross total revenue derived from the sale of all utility services and revenue fees within the City's municipal limits. Year 1; (July, 2012 through June, 2013) \$775,000 plus ½% of any yearly increase in gross sales within the City's municipal limits, but not less than \$860,000. Year 2; (July 1, 2013 through June 30, 2014) \$775,000 plus ¼% of any yearly increase in gross sales within the City's municipal limits, but not less than \$860,000. Years 3-5; (July 1, 2014 through June 30, 2017) 5% of gross sales within the City's municipal limits. All utilities furnished by the Commission to the City shall be deducted from the transfer fees paid to the City. The initial term of this agreement is for five years and will automatically extend for an additional five years unless cancelled by either the Commission or the City within six months prior to July 1, 2017. As of the date of the financial statements neither party has cancelled the agreement. The payment to the City is reflected as Intergovernmental Fees in the Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual, and Other Expenses in the Statements of Revenues, Expenses, and Changes in Net Position and totaled approximately \$767,000 and \$765,000 for the years ended December 31, 2020 and 2019, respectively.

III. OTHER INFORMATION

A. Retirement Plan

The Commission participates in the State of South Carolina's retirement plans. The South Carolina Public Employee Benefit Authority ("PEBA"), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' ("Systems") five defined benefit plans. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the System' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Plan Description*

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

*Plan Membership*

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

*Plan Benefits*

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Plan Contributions*

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rate were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the PEBA Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the PEBA Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

As noted earlier, both employees and the Commission are required to contribute to the Plan at rates established and as amended by the PEBA. The Commission's contributions are actuarially determined but are communicated to and paid by the Commission as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates					
	2018		2019		2020	
	1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31
Employer Rate:^						
Retirement	13.41%	14.41%	14.41%	15.41%	15.41%	15.41%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>13.56%</u>	<u>14.56%</u>	<u>14.56%</u>	<u>15.56%</u>	<u>15.56%</u>	<u>15.56%</u>
Employee Rate^	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>



COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Plan Contributions (Continued)*

The required contributions and percentages of amounts contributed by the Commission to the Plans for the past three years were as follows:

Year Ended December 31,	SCRS Contributions	
	Required	% Contributed
2020	\$ 701,320	100%
2019	644,972	100%
2018	\$ 575,922	100%

Eligible payrolls of the Commission covered under the Plans for the past three years were as follows:

Year Ended December 31,	SCRS Payroll	
	2020	\$ 4,507,195
2019	4,281,191	
2018	\$ 4,094,110	

*Actuarial Assumptions and Methods*

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. 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, 2020 total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2019. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020 for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

\* Includes inflation at 2.25%.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Actuarial Assumptions and Methods (Continued)*

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

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

*Long-term Expected Rate of Return*

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

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

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Long-term Expected Rate of Return (Continued)*

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	<u>100.0%</u>		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			<u>8.05%</u>

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions*

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2020 measurement date, for the SCRS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 51,844,187,763	26,292,418,682	\$ 25,551,769,081	50.7%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plan funding requirements.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

At December 31, 2020, the Commission reported a liability of approximately \$9,977,000 for its proportionate share of the NPL for the SCRS. The NPL were measured as of June 30, 2020, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2019 that was projected forward to the measurement date. The Commission's proportion of the NPL were based on a projection of the Commission's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2020 measurement date, the Commission's SCRS proportion was 0.039045 percent, which was a decrease of 0.000673 from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Commission recognized pension expense of approximately \$1,151,000 for the SCRS. At December 31, 2020, the Commission reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 115,118	\$ 37,726
Change in Assumptions	12,223	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	733,871	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	154,865	113,507
Employer's Contributions Subsequent to the Measurement Date	360,104	-
Total SCRS	<u>\$ 1,376,181</u>	<u>\$ 151,233</u>

Approximately \$360,000 that were reported as deferred outflows of resources related to the Commission's contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the NPL in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will be recognized in pension expense as follows:

Year Ended December 31,	SCRS
2021	\$ 199,892
2022	257,838
2023	219,847
2024	187,267
Total	<u>\$ 864,844</u>

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

III. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

*Discount Rate*

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

*Sensitivity Analysis*

The following table presents the sensitivity of the Commission's proportionate share of the NPL of the Plan to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Commission's proportionate share of the net pension liability of the SCRS	\$ 12,364,911	9,976,712	\$ 7,982,537

*Plan Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

*Payable to Plan*

The Commission reported a payable of approximately \$122,000 to the PEBA as of December 31, 2020, representing required employer and employee contributions for the month of December 2020 for the SCRS. This amount is included in Accounts Payable on the financial statements and was paid in January 2021.

B. Deferred Compensation Plans

The Commission employees may participate in the 457 and/or 401(k) deferred compensation plans available to state and local governmental employees through the state public employee retirement system. These programs are administered by a state approved nongovernmental third party. The Commission matches a half percent for every one percent of employee contributions up to six percent of their annual salary. The expense to the Commission was approximately \$64,000, \$64,000, and \$60,000 for the years ended December 31, 2020, 2019 and 2018, respectively.

C. Contingent Liabilities

*Litigation*

The Commission, its officers, and its employees are defendants in various claims and lawsuits. It is the opinion of the Commission's external counsel that resolution of these matters, either individually or in the aggregate, will not have a material adverse effect on the financial condition of the Commission.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

III. OTHER INFORMATION (CONTINUED)

C. Contingent Liabilities (Continued)

*Grants*

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability to the Commission. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Commission expects such amounts, if any, to be immaterial. Management has not been informed of any significant matters of noncompliance with grant provisions or planned grantor audits.

D. Other Postemployment Benefit Plan

*Plan Description*

The Commission sponsors a defined postemployment healthcare plan (the "OPEB Plan") that provides certain health care benefits for retirees under the Medicare eligible age of 65. Substantially all of the Commission's employees may become eligible for those benefits if they reach normal retirement age while working for the Commission. The OPEB Plan is approved by the Commission's Board; the benefit and contribution requirements of the Commission and plan members are established and amended by the Board. These contributions are neither guaranteed nor mandatory. The Board has retained the right to unilaterally modify its payments toward retiree health care benefits at any time. The OPEB Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust ("SC ORBET"), and thus is considered an agent multiple-employer plan, whose OPEB Plan assets are administered by the Municipal Association of South Carolina ("MASC"). SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the OPEB Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

*Plan Membership*

As of December 31, 2018, the last actuarial valuation, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	8
Active Employees	<u>44</u>
Total Membership	<u><u>52</u></u>

During September 2012, the Board elected to discontinue paying for health insurance upon retirement for any employee hired in September 2012 and after.

*Plan Benefits and Contributions*

The Commission currently participates in the State Health Plan, which is administered by the PEBA. The PEBA is responsible for establishing and amending the provisions, benefits, and contribution requirements of those entities that participate in the State Health Plan. The primary benefits of the OPEB Plan include medical, prescription, and dental coverages for retirees and their eligible dependents. Retiree contributions requirements for the Commission are established and amended by the Commission and are based on years of service.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

---

III. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

*Plan Benefits and Contributions (Continued)*

If an employee retires with less than ten years of continuous employment, and prior to becoming eligible for Medicare benefits, health care insurance is available at the employee's expense under the group health insurance plan until such time as the employee becomes eligible for Medicare benefits. If the employee retires with more than ten years of continuous employment, and elects to remain under the Commission's group health insurance plan, the Commission will pay a portion of the premiums for health and dental coverage under that plan for a maximum of five years beginning at the time of retirement, or until the employee is eligible for Medicare benefits, whichever occurs first. The portion of the premium which the Commission will pay is based on the number of continuous years of employment, ranging from 25% for ten to fourteen years of continuous employment to 100% for thirty or more years of continuous employment. The retiree contributes the difference. The health and dental plans pay a percentage of allowed charges after the plan's deductible.

*Actuarial Assumptions and Method*

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The following table provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.25%
Investment Rate of Return	4.75% which includes inflation
Discount Rate	4.75%
Healthcare Cost Trend Rate	Pre-Medicare 7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Payroll Growth	SCRS - 3.00% - 7.00%
Coverage Elections	20% - 100% of eligible retirees will elect coverage based on years of service and 20% of those will elect to cover the spouse
Active Participation/Marriage	100% of all active employees are assumed to be married with female spouses assumed to be 3 years younger
Mortality Table	RP-2014 Mortality Table for employees with a 95% multiplier

The actuarial assumptions used above were based on a review of recent plan expenditures done concurrently with the December 31, 2018 valuation.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

III. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

*Long-Term Expected Rate of Return*

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be 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 then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return
US Government Agency	57.5%	4.50%
US Govt MBS/CMO/CMBS	40.0%	5.25%
Cash and Short Duration (Net)	2.5%	2.50%
Total Expected Real Rate of Return	100.0%	

*OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB*

The Commission's net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of as of that date.

	Total OPEB Liability (a)	OPEB Plan	
		Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances as of December 31, 2019	\$ 1,103,271	359,464	\$ 743,807
Changes for the year:			
Service Cost	31,251	-	31,251
Interest	51,505	-	51,505
Difference Between Expected/Actual Experience	(17,755)	-	(17,755)
Contributions - Employer	-	123,348	(123,348)
Net Investment Income	-	18,704	(18,704)
Benefit Payments	(38,352)	(38,352)	-
Administrative Expense	-	(1,000)	1,000
Net Changes	26,649	102,700	(76,051)
Balances as of December 31, 2020	\$ 1,129,920	462,164	\$ 667,756



COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

III. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

*OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)*

For the year ended December 31, 2020, the Commission recognized OPEB expense of approximately \$61,000. At December 31, 2020, the Commission reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 85,297
Net Difference Between Projected/Actual Earnings on OPEB Plan Investments	5,660	
Changes of Assumptions or Other Inputs	41,426	-
Total	<u>\$ 47,086</u>	<u>\$ 85,297</u>

Amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

Year Ended December 31,	Total
2021	\$ (3,352)
2022	(3,351)
2023	(5,533)
2024	(5,876)
2025	(5,943)
Thereafter	(14,156)
Total	<u>\$ (38,211)</u>

*Discount Rate*

The discount rate used to measure the total OPEB liability was 4.75%. The projection of cash flows used to determine the discount rate assumed that the Commission's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the OPEB liability.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following table presents the sensitivity of the Commission's net OPEB liability to changes in the discount rate, calculated using the discount rate of 4.75%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (3.75%) or 1% point higher (5.75%) than the current rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB Liability	\$ 767,645	667,756	\$ 576,258

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

III. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following table presents the sensitivity of the Commission's net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 7.25% decreasing to 4.75%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.25% decreasing to 3.75%) or 1% point 75 higher (8.25% decreasing to 5.75%) than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 531,491	667,756	\$ 829,062

E. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. For all of these risks, the Commission is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk trust currently operating as a common risk management and insurance program for local governments. The Commission pays a premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The state accumulates assets to cover risks that its members incur in their normal operations. Specifically, the state assumes substantially all of the risk of the above.

The Commission has also joined together with municipalities and other local governments in the state to form the South Carolina Municipal Insurance Trust ("SCMIT"), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The Commission pays premiums to SCMIT. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net assets from its most recently issued audited financial statements at December 31, 2019 were approximately \$62,792,000. The net assets for December 31, 2020 were not available as of the date of issuance of this report.

The Commission continues to carry commercial insurance for other risks of loss. For all of the above risk management programs, the Commission has not significantly reduced insurance coverage from the previous year and settled claims have not exceeded insurance coverage for the past three years.

F. Unconditional Purchase Obligations and Agreements

On December 15, 1980, the Commission entered into an agreement with the Piedmont Municipal Power Agency ("PMPA"), of which it is a charter member, whereby it is obligated to purchase its bulk electricity supply requirements from PMPA excluding any purchases of power and energy from the Southeastern Power Administration. The agreement extends until all of the payments on the bonds issued by PMPA have been paid or provided for, but in any event not later than August 1, 2035. The Commission's electricity purchased from PMPA totaled approximately \$8,568,000 and \$8,341,000 for the years ended December 31, 2020 and 2019, respectively.

On December 14, 1981, the Commission entered into an agreement with Laurens County Water and Sewer Commission, whereby it is obligated to take or pay for 730 million gallons of raw water annually from the Laurens County Water and Sewer Commission. The agreement extends until December 14, 2021. The raw water purchased from the Laurens County Water and Sewer Commission totaled approximately \$318,000 and \$322,000 for the years ended December 31, 2020 and 2019, respectively.

**COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

**III. OTHER INFORMATION (CONTINUED)**

**F. Unconditional Purchase Obligations and Agreements (Continued)**

On January 27, 1986, the Commission entered into an agreement with the Southeastern Power Administration ("SEPA") whereby SEPA will make available and the Commission will purchase 4,678 kilowatts of capacity and a percentage of SEPA's available energy each month. The electricity purchased from SEPA totaled approximately \$547,000 and \$539,000 for 2020 and 2019, respectively.

The Commission enters into contracts with its suppliers of natural gas for the purchase of specified volumes of gas at defined prices, time periods, and locations. These agreements are entered into to manage the volatility of natural gas prices and to stabilize the cost to the Commission's residential, commercial, and industrial customers. In addition, the Commission enters into agreements with certain of its industrial customers to lock in the future sale of specified volumes of gas at defined prices. The Commission purchased natural gas totaling approximately \$2,634,000 and \$3,808,000 from Direct Energy Business Marketing, LLC in 2020 and 2019, respectively.

**G. Commitments and Contingencies**

During 2020, the Commission entered into a construction agreement with Momentum Construction Services LLC to complete the Saxon Street Water Treatment Plant Building Repurpose project. The commitment remaining at year end is approximately \$634,000.

During 2020, the Commission was awarded a \$500,000 grant from the South Carolina Rural Infrastructure Authority for the Little River Sewer Rehabilitation project. As of year end the Commission has a \$330,000 commitment related to the required matching portion of the grant.

**H. Litigation Contingencies**

During 2019, The largest participant in PMPA sent two letters to PMPA (the first letter on January 28, 2019 and the second on February 14, 2019) threatening litigation against PMPA for breach of contract and other alleged defaults under the Power Sales Agreements with such participant. These allegations relate primarily to the provisions in the Power Sales Agreements on billing rates, costs and charges. At this time, PMPA does not have an assessment of outcome of this threatened litigation or on the size of a potential judgment, if any.

Additionally, In June 2019, the Participants of Easley, Gaffney, Laurens and Newberry filed suit against the Participants of Clinton, Greer, Rock Hill and Union, and PMPA. The suit was filed in an effort to stop a vote at the June 2019 Board of Directors meeting regarding a change in rate structure. The plaintiffs' also asked the court for a declaratory judgement that PMPA has been applying properly the provisions of the Power Sales Agreements, including the provisions regarding rate setting. PMPA has no reason to believe that the outcome of the case will affect its ability to meet its obligations under the various agreements and the Bond Resolution.

**I. Subsequent Events**

In February 2021, the Commission entered into an agreement with Greenstone Construction LLC in the amount of approximately \$584,000 to construct and install a surge tank at the Lake Rabon pump station.

In March 2021, the Commission entered into an agreement with Suburban Contractors LLC in the amount of approximately \$352,000 to re-coat the Williams Street water storage tank.

## Required Supplementary Information

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF CHANGES IN THE COMMISSION'S OPEB LIABILITY AND RELATED RATIOS

LAST FOUR FISCAL YEARS

	Year Ended December 31,			
	2020	2019	2018	2017
OPEB Liability:				
Service Cost	\$ 31,251	35,695	34,655	\$ 33,646
Interest	51,505	50,783	49,389	47,415
Differences Between Expected and Actual Experience	(17,755)	(80,703)	(9,389)	-
Changes of Assumptions	-	53,078	-	-
Benefit Payments, Including Refunds of Member Contributions	(38,352)	(48,847)	(41,815)	(37,700)
Net Change in Total OPEB Liability	26,649	10,006	32,840	43,361
OPEB Liability - Beginning of Year	1,103,271	1,093,265	1,060,425	1,017,064
OPEB Liability - End of Year (a)	<u>\$ 1,129,920</u>	<u>1,103,271</u>	<u>1,093,265</u>	<u>\$ 1,060,425</u>
Employer Contribution	\$ 123,348	123,847	116,815	\$ 112,700
Net Investment Income	18,704	13,031	410	4,069
Benefit Payments, Including Refunds of Member Contributions	(38,352)	(48,847)	(41,815)	(37,700)
Administrative Expense	(1,000)	(3,422)	(3,421)	(3,916)
Net Change in OPEB Plan Fiduciary Net Position	102,700	84,609	71,989	75,153
OPEB Plan Fiduciary Net Position - Beginning of Year	359,464	274,855	202,866	127,713
OPEB Plan Fiduciary Net Position - End of Year (b)	<u>\$ 462,164</u>	<u>359,464</u>	<u>274,855</u>	<u>\$ 202,866</u>
Net OPEB Liability (Asset) - End of Year (a) - (b)	<u>\$ 667,756</u>	<u>743,807</u>	<u>818,410</u>	<u>\$ 857,559</u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	40.90%	32.58%	25.14%	19.13%
Covered-Employee Payroll	\$ 2,404,418	2,404,418	2,598,009	\$ 2,598,009
OPEB Liability as a Percentage of Covered-Employee Payroll	27.77%	30.94%	31.50%	33.01%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of December 31st of the current year (measurement date).  
The Commission adopted GASB #75 during the year ended December 31, 2018.  
Information is not available prior to the 2017 fiscal year end.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS

LAST FOUR FISCAL YEARS

	Year Ended December 31,			
	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 78,785	81,320	89,956	\$ 85,691
Contributions in Relation to the Actuarially Determined Contribution:	123,348	123,847	116,815	112,700
Contribution Deficiency (Excess)	\$ (44,563)	(42,527)	(26,859)	\$ (27,009)
Covered-Employee Payroll	\$ 2,404,418	2,404,418	2,598,009	\$ 2,598,009
Contributions as a Percentage of Covered:-Employee Payroll	5.13%	5.15%	4.50%	4.34%

Notes to Schedule:

The Commission adopted GASB #75 during the year ended December 31, 2018.

Information is not available prior to the 2017 fiscal year end.

Valuation Date: December 31, 2018

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Healthcare Cost Trend Rates	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Salary Increases	SCRS - 3.0% - 7.0% (including inflation)
Investment Rate of Return	4.75%, Net of OPEB Plan Investment Expenses, Including Inflation
Mortality	RP-2014 Mortality Table for Employees with a 95% multiplies

Other Information:

None

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Commission's Proportion of the Net Pension Liability	0.039045%	0.039718%	0.038552%	0.037989%	0.038232%	0.039279%	0.039761%
Commission's Proportionate Share of the Net Pension Liability	\$ 9,976,712	9,069,259	8,638,387	8,551,935	8,166,299	7,449,452	\$ 6,845,526
Commission's Covered Payroll	\$ 4,356,011	4,194,110	3,995,110	3,832,913	3,702,289	3,682,871	\$ 3,609,798
Commission's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	229.03%	216.24%	216.22%	223.12%	220.57%	202.27%	189.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.714%	54.398%	54.105%	53.338%	52.906%	56.992%	59.919%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only seven years of data were available; thus, only seven years were presented. The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 701,320	644,972	575,922	492,717	424,275	406,088	\$ 388,174
Contributions in Relation to the Contractually Required Contribution:							
Contributions from the Commission	701,320	644,972	575,922	454,952	424,275	406,088	388,174
Contributions from the State	-	-	-	37,765	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	\$ -
Commission's Covered Payroll	\$ 4,507,195	4,281,191	4,094,110	3,920,213	3,750,693	3,698,553	\$ 3,610,353
Contributions as a Percentage of Covered Payroll	15.56%	15.07%	14.07%	11.61%	11.31%	10.98%	10.75%

Notes to Schedule:

Only seven years of data were available; thus, only seven years were presented.



(This page intentionally left blank.)

## Supplementary Information

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2020

	Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Sales			
Electrical Sales	\$ 14,739,000	14,266,737	\$ (472,263)
Natural Gas Sales	7,875,000	6,809,566	(1,065,434)
Water Sales	3,590,000	4,008,681	418,681
Sewer Charges	2,291,000	2,180,675	(110,325)
Total Sales	<u>28,495,000</u>	<u>27,265,659</u>	<u>(1,229,341)</u>
Other			
Attachment Fees	62,000	61,823	(177)
Electric Taps and Work for Others	-	1,295	1,295
Gas Taps and Work for Others	-	29,148	29,148
Water Taps and Work for Others	75,000	81,830	6,830
Sewer Taps	-	65,400	65,400
Connection and Transfer Fees	40,000	42,495	2,495
Penalties	275,000	233,917	(41,083)
Reconnection Fees	30,000	20,040	(9,960)
Bad Debts, Net of Recoveries	25,000	(21,332)	(46,332)
Total Other	<u>507,000</u>	<u>514,616</u>	<u>7,616</u>
<b>Total Operating Revenues</b>	<u><b>29,002,000</b></u>	<u><b>27,780,275</b></u>	<u><b>(1,221,725)</b></u>
<b>OPERATING EXPENSES</b>			
Electric Power Purchases	11,200,000	9,119,630	2,080,370
Natural Gas Purchases, net of refunds	3,452,000	2,372,473	1,079,527
Raw Water Purchases	336,000	318,849	17,151
Electric Department	1,128,000	922,490	205,510
Gas Department	1,128,000	1,066,003	61,997
Water Department	1,725,000	1,501,348	223,652
Sewer Department	1,016,000	960,246	55,754
General and Administrative Salaries	1,805,000	2,236,925	(431,925)
Other Post Employment Benefit Expense	85,000	23,005	61,995
GASB 68 Related Expense	-	449,674	(449,674)
Postage	50,000	53,426	(3,426)
Office	60,000	60,149	(149)
Bank and Credit Card Fees	80,000	81,730	(1,730)
Programming	85,000	113,598	(28,598)
Repairs and Maintenance	95,000	101,843	(6,843)
Insurance	906,000	870,485	35,515
Communications	47,000	47,107	(107)
Uniforms	50,000	34,400	15,600
Retirement	761,000	694,559	66,441
Professional Fees	121,000	137,511	(16,511)
Donations	25,000	18,000	7,000
General	45,000	50,751	(5,751)
Transportation - Office	44,000	33,691	10,309
Medical	6,000	2,586	3,414
Community Relations	86,000	78,347	7,653
Utilities	19,000	13,061	5,939
Employee Education	\$ 98,000	33,599	\$ 64,401

(Continued)

COMMISSION OF PUBLIC WORKS  
LAURENS, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2020

	Budget	Actual	Variance
<b>OPERATING EXPENSES (CONTINUED)</b>			
Dues and Memberships	\$ 40,000	31,156	\$ 8,844
Meetings and Conventions	25,000	3,581	21,419
Safety	35,000	21,989	13,011
PSC Assessment	4,000	4,106	(106)
Intergovernmental Fees	755,000	767,034	(12,034)
Utilities and Services Provided to the City of Laurens	190,000	167,305	22,695
Depreciation	2,416,000	2,111,981	304,019
<b>Total Operating Expenses</b>	<b>27,918,000</b>	<b>24,502,638</b>	<b>3,415,362</b>
<b>OPERATING INCOME</b>	<b>1,084,000</b>	<b>3,277,637</b>	<b>2,193,637</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Scrap Sales	-	4,138	4,138
Investment Income	125,000	109,962	(15,038)
Miscellaneous Income	50,000	79,206	29,206
Grant Revenue	325,000	851	(324,149)
Gain (Loss) on Disposal of Capital Assets	75,000	10,775	(64,225)
Interest Expense on Revenue Bonds and Capital Lease	(147,000)	(156,192)	(9,192)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>428,000</b>	<b>48,740</b>	<b>(379,260)</b>
<b>Increase in Net Position</b>	<b>1,512,000</b>	<b>3,326,377</b>	<b>1,814,377</b>
Net Assets, Beginning of Year	28,325,602	28,325,602	-
<b>Net Position, End of Year</b>	<b>\$ 29,837,602</b>	<b>\$ 31,651,979</b>	<b>\$ 1,814,377</b>

(This page intentionally left blank.)



# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## 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*

### INDEPENDENT AUDITOR'S REPORT

To the Commissioners  
Commission of Public Works  
Laurens, South Carolina

We have audited, in accordance with the 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 Commission of Public Works, Laurens, South Carolina (the "Commission"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 30, 2021.

#### Internal Control Over Financial Reporting

In planning and performing our audit 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

#### Compliance and Other Matters

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

---

GREENEFINNEY.COM · INFO@GREENEFINNEY.COM

MAULDIN, SC  
864.232.5204

CHARLESTON, SC  
843.735.5805

SPARTANBURG, SC  
864.232.5204

ASHEVILLE, NC  
828.771.0847  
OPEN BY APPOINTMENT ONLY

**Purpose of this Report**

The purpose of this report is 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.

*Greene Finney, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
March 30, 2021

**EXHIBIT I – ADDITIONAL SUPPORTING  
DOCUMENTATION**



