



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, 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. Complete infrastructure applications (PDF Format preferred) are due via email at 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 |
| Total | 100 points |

A. APPLICANT INFORMATION

Applicant: Laurens County Water and Sewer Commission

Address: P.O. Box 1006, Laurens, SC 29360

DUNS #: 030103519

Contact: Jeff Field Title: Executive Director LCWSC

Phone #: 864-682-6516 Fax #: 864-682-3260

Email: jfield@lcwsc.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: Hwy 14 Metric Road Water Supply Improvements

Location: Whelon Road, Hwy 14 and Metric Road

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"/> Yes <input type="checkbox"/> No | Amount Received: |
| | | <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

C-1. *Please describe your organization's history, mission, year established, and services provided.*

The mission of the Laurens County Water and Sewer Commission is to ensure that our customers are provided with a sustainable supply of safe, quality drinking water and to provide environmentally sound wastewater collection and treatment services. Our dedication to our industry, customers and community are evident through our operations, outreach initiatives and efficiency of services while maintaining a continued focus on supporting the infrastructure for effective economic growth.

On July 1, 1993, Laurens County Water and Sewer Commission (LCWSC) became the successor by reason of consolidation of Rabon Creek Rural Water District and the Laurens County Water Resources Commission; both chartered in July 1972. Through the consolidation, Laurens County Water and Sewer Commission became the owner and operator of both the water supply system, the sewer system, and Lake Rabon. The consolidation allows for greater efficiency and economy in the provision of water and sewer services to the residents of Laurens County.

Services Provided:

- Collection System: provides collection and transportation of sewer for treatment to the LCWSC Wastewater Treatment Plant or to various other treatment providers.
- Wastewater Treatment Plant: is a source of sewage treatment for the City of Clinton, communities of Joanna, Lydia Mill, and local industry, including the Laurens County Hospital and Laurens County Detention Center.
- Water Distribution System: acquires, treats, and distributes fresh water for industrial, agriculture, and domestic use. Currently there are approximately 15,500 residential homes (approximately 34,500 people) and 148 businesses serviced by the system.
- Lake Rabon Water Supply System: serves as one (1) source of water supply for Laurens County, primarily for the City of Laurens; as well as recreation and flood control reservoir.
- The Lake Greenwood Water Treatment Facility: began serving as the main location for water supply provided by Laurens County Water and Sewer Commission. The facility provides the highest quality of drinking water due to the advanced treatment process and the incorporation of ozone, which has become the water treatment of choice for taste and odor.

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.

Jeff Field, P.E. Executive Director LCWSC.
Served in this position since February 2005.
Oversees administration and operation of the organization, including all projects and grants.

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.

Damas Mattison Regulatory Compliance and Operations Manager LCWSC.
Served in this position since 2013. Assists in the needs assessment for water and sewer projects. Works with engineers on projects to ensure plans and specifications conform with LCWSC standards. Manages staff that operate the LCWSC water and sewer system.

Steve Griffin Construction Manager LCWSC.
Served in this position since 2014. Assists in the needs assessment for water projects. Works with engineers and contractors on projects to ensure construction standards are adhered to. Manages staff that maintained and construct system improvements.

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

Since 2012, LCWSC has received five (5) Community Development Block Grants (CDBG) for the Joanna Community totaling around \$2.3 million which provided services to 234 LMI residential water customers and 263 LMI residential sewer customers.

Since 2015, LCWSC has received two (2) CDBG for the Lydia Mill Community totaling around \$1.1 million which provided services to 204 LMI residential sewer customers.

In addition, LCWSC was recently awarded a CDBG for approximately \$1 million which will replace a sewer line that serves approximately 2,500 LMI customers in the City of Clinton.

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

From fiscal year 2012 to 2021, Laurens County Water and Sewer Commission has received and managed approximately \$12.5 million in grant funding from various organizations including Community Development Block Grant program, Department of Parks, Recreation and Tourism, Economic Development Administration, Federal Emergency Management Division, South Carolina Rural Infrastructure, State Revolving Fund Program, and United States Department of Agriculture Rural Development.

In the current fiscal year, 2022, Laurens County Water and Sewer Commission has already received and managed about \$4.3 million in grant funding.

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

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.

| MANAGEMENT SYSTEMS | | |
|--|---|--|
| D-1. <i>Has your organization had any changes to key staff or positions in the past 12 months? If yes, explain.</i> | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| | | |
| D-2. <i>Has your organization had any changes to business systems in the past 12 months? If yes, please explain.</i> | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| | | |
| D-3. <i>Does your organization have policies and procedures for the following items?</i> | | |
| 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 checked="" type="checkbox"/> Yes | <input 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 checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Awarding Entity | Result (Finding(s) - Yes/No) | Corrective Action Plan Required? | Status (Open or Closed) |
| SC Rural Infrastructure Authority | No | No | Closed |
| SC Dept of Commerce (CDBG) | No | No | 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 checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
|---|---|-----------------------------|

Including the current fiscal year, Laurens County Water and Sewer Commission has received approximately \$10 million in federal funds and they are as follows:

- Whitten Center Sewer Lift Stations, FY18-FY20, State Revolving Fund Program for \$662,252
- Lake Rabon Trails Phase III, FY18-FY19, Department of Parks, Recreation, and Tourism for \$52,614
- Mogul Sewer Lift Station, FY18-FY19, Economic Development Administration for \$1,223,660
- Joanna Mill Village Sewer Upgrade Phase V, FY18-FY19, Community Development Block Grant for \$512,771
- Lydia Mill Sewer Upgrade, FY20-FY21, Community Development Block Grant for \$659,780
- Stagecoach Road Waterline and Milam Road Tank, FY20-present, Economic Development Administration for \$2,820,053
- Water Treatment Facility and Distribution Lines, FY21-present, United States Department of Agriculture Rural Development for \$4,068,245

| | | |
|---|------------------------------|--|
| 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 1731 Business 50

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.

LCWSC system north of I-385, which acts as a utility barrier due to the construction requirements of crossing an Interstate, is limited resulting in lower pressures and reduced fire protection capacity. Currently this area is served through a variety of small waterlines ranging in size from 2-inch to 8-inch in diameter. Additionally, since there is no storage between Towns of Laurens and community of Owings, the system relies on the Raider Road pump station to maintain pressures, which inherently has a higher risk of failure. The larger 16-inch waterline and new elevated tank will provide system resiliency in the event an emergency and increase system capacity, both of which will greatly improving fire protection, system pressures and disinfection levels in the area.

COVID-19 impacts

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

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: \$759,000
- b. Amount of Non-ARP Funds (Match): \$6,827,900
- c. Total Project Cost: \$7,586,900

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

| Fund Type | Fund Name | Amount |
|-----------|----------------------------|-------------|
| Grant | Economic Development Admin | \$5,422,800 |
| Cash | LCWSC Reserve Funds | \$1,405,100 |
| | | |

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

1. 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 |
|-----------------------------|------------------|--------|
| | | |
| | | |
| | | |

2. 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 |
|-----------------------------|------------------|--------|
| | | |
| | | |
| | | |

3. 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.

Permits necessary for this construction project will include:

- SCDOT Encroachment Permit
- SCDHEC Permit to Construct
- SCDHEC Land Disturbance Permit
- Railroad (Private) Encroachment Permit

These permits will be applied for after project design is completed.

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: JEFF FIELD

Title: EXECUTIVE DIRECTOR

Signature: 

Date: 3-28-2022

List of Exhibits

EXHIBIT A - PROJECT IMPLEMENTATION SCHEDULE

| | <u>Task/Activity</u> | <u>Completion Date</u> |
|-----|---|------------------------|
| 1. | Submit Preliminary Plans and Specs | August 1, 2022 |
| 2. | Publish Notice to Bidders | October 01, 2022 |
| 3. | Public Bid Opening | November 01, 2022 |
| 4. | Award Construction Contract | December 1, 2022 |
| 5. | Preconstruction Meeting | January 6, 2023 |
| 6. | Issue Notice to Proceed | January 6, 2023 |
| 7. | Start Construction | February 10, 2022 |
| 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 | December 31, 2024 |
| 11. | Submit Final Change Order and Final Invoice | December 31, 2024 |
| 12. | Execute Certificate of Acceptance for Project | December 31, 2024 |

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 whose 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 B

FUNDING COMMITMENT LETTER(S)

January 12, 2022

In reply refer to:
EDA Control No. 117730

Mr. Jeff Field
Executive Director
Laurens County Water &
Sewer Commission
3850 Highway 221 South
Laurens, South Carolina 29360

Dear Mr. Field:

The Economic Development Administration (EDA) is pleased to inform you that your application has been selected for further consideration. Please note that this notification of further consideration is intended to inform you of EDA's competitive preliminary selection of your project, **but does not guarantee final approval or legally bind EDA to make an award.**

Subject to the appropriation and availability of funds, the proposed project, estimated to cost \$6,778,500 will be considered for \$5,422,800 in EDA funding under the Economic Adjustment program, authorized under section 209 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. Section 3121 *et seq.*).

By acceptance of this letter, you agree to provide all additional information requested below, and any other additional information that may be requested subsequently. You also acknowledge that final approval and the timing of such an approval are subject to EDA's acceptance of the information and the availability of funding.

Additional Information: Provide the following information to Robin Cooley by February 14, 2022:

1. Certificate of Eminent Domain and Attorney Verification on property to be improved. A suggested certification format is enclosed;
2. Proof of Comprehensive Economic Development Strategy (CEDS) Compliance. A letter from the regional organization that prepared the CEDS certifying that the proposed project is consistent with the CEDS is considered to be acceptable;
3. Estimated useful life of the improvements;
4. Updated status relative to any necessary acquisition;
5. Status of any necessary funding for acquisition of property;
6. Legal opinion that the applicant is properly formed and able to enter into contracts and EDA grant award;
7. Resolution from the applicant's Board authorizing submission of the application and acceptance of award;
8. Status update on CSX permit;

9. Public Notice – NEPA: To comply with the public participation requirements of the National Environmental Policy Act of 1969, as amended (NEPA), EDA requires applicants to provide notice to the local public regarding the project and the availability of NEPA documents. Please note that due to proposed impacts to streams/wetlands, a 30-day public notice is required. The notice must include a statement that floodplain impacts are proposed. Enclosed is a template for public notification. Provide proof of public notification including dates of publication and the notice. Contact Keith Dyche, EDA Regional Environmental Officer at 404-730-3029 if assistance is needed prior to publication;
10. Notification of property owners adjacent to the water tank site. A suitable form of notice is to provide a copy of the NEPA public notice listed above via regular mail. Please note that they will have 18 days from the postmark date to provide comments. Provide EDA with a list of property owners notified and the assumed postmark date(s);
11. Copy of your request for comments from the State Historic Preservation Officer (SHPO). Please initiate this process promptly to avoid delays. Provide SHPO with information regarding the EDA project and the proposed beneficiary property and facilities so that SHPO may confirm the appropriate area of potential effect. Please consult the SHPO website for information on contents of the submittal. Do not insert a deadline for comments; the regulations set a specified time limit from the date received. Provide EDA with a copy of SHPO's response immediately upon receipt (whether before or after the deadline listed in this letter);
12. Copy of your request for comments from the Tribal Historic Preservation Officer (THPO) of the Catawba Indian Nation. Please initiate this process promptly to avoid delays. Provide the THPO with information regarding the EDA project and the proposed beneficiary facilities so that THPO may confirm the appropriate area of potential effect. Do not insert a deadline for comments; the regulations set a specified time limit from the date received. Provide EDA with a copy of THPO's response immediately upon receipt (whether before or after the deadline listed in this letter);
13. Copy of your request for comments from the Tribal Historic Preservation Officer (THPO) of the Eastern Band of Cherokee Indians. Please initiate this process promptly to avoid delays. Provide the THPO with information regarding the EDA project and the proposed beneficiary facilities so that THPO may confirm the appropriate area of potential effect. If SHPO has commented, include a copy of these comments. Do not insert a deadline for comments; the regulations set a specified time limit from the date received. Please email the submittal to kyerka@nc-cherokee.com and cc to kdych@eda.gov. Please request that the THPO send any comments to: Keith Dyche, Regional Environmental Officer, via email to kdych@eda.gov.
14. Copy of your request for comments from the Tribal Historic Preservation Officer (THPO) of the Muscogee (Creek) Nation. The request should be submitted via email to section106@mcn-nsn.gov. Please initiate this process promptly to avoid delays. Provide the THPO with information regarding the EDA project and the proposed beneficiary facilities so that THPO may confirm the appropriate area of potential effect. Do not insert a deadline for comments; the regulations set a specified time limit from the date received. Provide EDA with a copy of THPO's response immediately upon receipt (whether before or after the deadline listed in this letter);

15. Copy of your submittal to the State Historic Preservation Office (SHPO) with all attachments. EDA will use this information to consult with federally recognized tribes who require government to government communication. Please provide this information via email to kdyche@eda.gov and ctallman@eda.gov as soon as possible so that EDA may initiate this required consultation; please do not wait until all the items listed in this further consideration letter have been compiled;
16. Copy of your request for comments from the US Fish and Wildlife Service (FWS) on the proposed EDA project and the beneficiary's project. Your request for comments should clearly state that EDA is considering providing federal funding assistance and comments are requested per Section 7(a)(2) of the Endangered Species Act. Do not insert a deadline for comments; the regulations set a specified time limit from the date received. Provide EDA with a copy of FWS's response immediately upon receipt (whether before or after the deadline listed in this letter);
17. Contact information on the person who will be responsible for GPRA over a nine-year period, and mechanism to track private beneficiary jobs and investment data and standard additional information as listed in the application that has not been previously submitted; and
18. Any additional material as requested.

The information requested above will supplement your application and enable EDA to proceed with processing your application. Failure to meet this deadline, or the submission of incorrect or incomplete information, will jeopardize approval of your application. If you cannot meet this deadline, please advise Robin Cooley, Economic Development Representative, as soon as possible.

EDA will assess the information provided upon receipt. EDA's assessment of this information may determine one of the following:

1. No additional information is necessary;
2. Additional information is required, because the submission is incomplete, inaccurate, or otherwise unacceptable to EDA, and the applicant(s) must revise the submission before EDA will consider processing the application further; or
3. EDA will discontinue considering the application for funding, because the information submitted does not present a project that complies with applicable law(s) or EDA's regulations or policies.

Your organization must comply with EDA's regulations (*see* 13 C.F.R. chapter III https://www.eda.gov/pdf/EDAs_regs-13_CFR_Chapter_III.pdf), as well as the Federal Funding Opportunity announcement *FY 2021 American Rescue Plan Act Economic Adjustment Assistance Notice of Funding Opportunity*, which was updated effective July 22, 2021 (*see* <https://www.eda.gov/funding-opportunities/>)

Final approval of an award is conditioned upon EDA's assessment of the additional information requested, project feasibility, funding priorities, and the availability of funds for obligation.

EDA's mission is to lead the Federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. EDA assists states, units of government, and community nonprofit organizations in economically-distressed areas by supporting regional economic development efforts that emphasize innovation and entrepreneurship as the essential elements of regional and national competitiveness in the worldwide economy. If you have questions

regarding the requested information or status of your application, please do not hesitate to contact Ms. Cooley at rcooley@eda.gov

Sincerely,
H. Philip Paradise, Jr.
Regional Director, Atlanta Regional Office

Enclosure: Certificate of Eminent Domain
NEPA Public Notice Template – 30 day

cc: Robin Cooley, EDA



*Getting America
Back to Work!*



POST OFFICE BOX 1006
LAURENS, SOUTH CAROLINA 29360

(864) 682-3250
FAX (864) 682-3260

www.lcwsc.com

March 25, 2022

Thomas R. Higgs, II
County Administrator, Laurens County
100 Hillcrest Square
P.O. Box 445
Laurens, SC 29360

RE: Hwy 14 Metric Rd Water Supply

Dear Mr. Higgs,

Laurens County Water Sewer Commission (LCWSC) is committed to providing \$1,405,100 match for the completion of the Hwy 14 Metric Rd Water Supply project. In addition to this match commitment, we are prepared to cover any additional funds needed for change orders, etc. to complete the project. Laurens County Water and Sewer Commission has the staff and sufficient income to own, operate and maintain this infrastructure after construction.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jeff Field', is written over a large, light blue oval shape.

Jeff Field, P.E.
Executive Director, LCWSC

Exhibit C

COST ESTIMATE



Exhibit C
COST ESTIMATE

PRELIMINARY ENGINEERING REPORT

LCWSC
Laurens, SC

Date: February 17, 2022

Project No.: CGRE21####

Prepared by: JPR

Preliminary Cost Estimate - Metric Road 0.5 MG Elevated Water Tank

| ITEM | QTY | UNIT | DESCRIPTION | UNIT PRICE | TOTAL COST |
|---|-------|------|---|--------------|--------------------|
| Transmission Main | | | | | |
| 1 | 1 | LS | Mobilization 3% | \$ 131,000 | \$131,000 |
| 2 | 28750 | LF | 16-inch DIP Waterline and Fittings (\$4.75/in-dia/ft) | \$ 115 | \$3,306,250 |
| 3 | 12 | EA | 16-inch Butterfly Valves and Box | \$ 8,200 | \$98,400 |
| 4 | 5 | EA | Connection to Existing Water Line | \$ 10,000 | \$50,000 |
| 5 | 15 | EA | Fire Hydrant Assembly | \$ 5,000 | \$75,000 |
| 6 | 250 | LF | Open Cut Local Road | \$ 40 | \$10,000 |
| 7 | 850 | LF | Horizontal Directional Drill | \$ 400 | \$340,000 |
| 8 | 250 | LF | Road Crossing (Jack and Bore) | \$ 250 | \$62,500 |
| 9 | 200 | LF | Rail Road Crossing (Jack and Bore) | \$ 300 | \$60,000 |
| 10 | 35 | EA | Driveway Repair | \$ 1,000 | \$35,000 |
| 11 | 1000 | CY | Rock Removal | \$ 150 | \$150,000 |
| 12 | 1 | LS | Erosion Control (\$3/ft) | \$ 86,250 | \$86,250 |
| 13 | 1 | LS | Seeding and Restoration (\$1/ft) | \$ 30,000 | \$30,000 |
| 14 | 1 | LS | Traffic Control | \$ 35,000 | \$35,000 |
| Construction Sub-Total: | | | | | \$4,469,400 |
| Contingency (10%) | | | | | \$447,000 |
| Construction Total: | | | | | \$4,916,400 |
| 0.5 MG Elevated Water Tank | | | | | |
| 1 | 1 | LS | Mobilization 3% | \$ 50,000 | \$50,000 |
| 2 | 1 | LS | Access Road | \$ 40,000 | \$40,000 |
| 3 | 1 | LS | Grading and Site Work | \$ 30,000 | \$30,000 |
| 4 | 1 | LS | Site Piping and Valves | \$ 70,000 | \$70,000 |
| 5 | 1 | LS | 500,000 gallon Elevated Water Tank | \$ 1,417,500 | \$1,417,500 |
| 6 | 1 | LS | Site Improvements | \$ 130,000 | \$130,000 |
| Construction Sub-Total: | | | | | \$1,737,500 |
| Contingency (10%) | | | | | \$174,000 |
| Construction Total: | | | | | \$1,911,500 |
| Railroad Encroachment Permitting | | | | | \$50,000 |
| Tank Inspections | | | | | \$20,000 |
| Property Acquisition | | | | | \$60,000 |
| Engineering Design | | | | | \$410,000 |
| Construction Administration & Inspection: | | | | | \$219,000 |
| TOTAL PROJECT ESTIMATE | | | | | \$7,586,900 |

Exhibit D

PROJECT NARRATIVE

Exhibit D

Project Narrative and Objectives

Need:

The core of the LCWSC distribution system south of I-385 is extremely resilient and capable of meeting the needs of LCWSC and the communities it serves well into the future. However, due to historical growth patterns and the presence of Interstate 385, which acts as a barrier to utilities due to the construction requirements of crossing an Interstate, the distribution system north of I-385 is not as robust. This can result in lower pressures and limited availability of water to portions of the LCWSC water system north of Interstate 385.

Currently, the service area north of Interstate 385 is served through a variety of different waterlines ranging in size from 2-inch to 8-inch in diameter. Since there is no storage near the interstate, the system relies on the Raider Road pump station to maintain pressures. This pump station is located on Raider Road, approximately five miles from the Interstate 385 and must pump water through small diameter piping to serve this area of LCWSC system. The proximity of the pump station coupled with the small diameter lines results in significant pressure drops under large demands or fire flow conditions. Additionally, the use of a pump station to primarily pressurize the northern portion of the system results in inefficient operation, poor system resiliency in the event of an emergency, low system capacity to handle new development, and pipe fatigue due to cyclical pressures which can result in an increased occurrence of leaks.

The LCWSC has received preliminary approval for \$5,406,800 in funding from the Economic Development Administration (EDA). In addition to LCWSC reserve funds of \$1,421,100 the LCWSC is requesting \$759,000 in ARPA funds from Laurens County to complete construction of the project. This will allow the LCWSC to maintain its current limited reserve fund balance for other needed projects in the County and minimize the potential for future rate increases to our customers.

Project Description:

The proposed project consists of construction of approximately 29,500 LF of 16-inch waterline and a new 500,000-gallon multi-leg elevated water tank (EWT) and associated appurtenances including site work, access drive and connection to the existing water system. The total construction cost of the Hwy 14 Metric Road Water Supply project is \$7,586,900, which includes engineering.

The new transmission main will be installed from the existing Raider Road PS, along Raider Road and Whelon Road to the intersection of Welcome Church Road, where it will cross under the existing CSX railroad and turn northwest along Highway 14. The transmission main will follow Highway 14 to the intersection of Metric Road where a new EWT will be located.

The total project is estimated to take approximately 22 months.

Feasibility:

The project is located along previously developed corridors and adjacent to existing facilities owned by LCWSC. Since construction will take place along previously cleared rights-of-ways, minimal impacts are expected to surrounding properties and construction is expected to be completed in a normal timeframe.

Hwy 14 Metric Road Water Supply

The proposed Metric Road EWT will be constructed on a 3-acre parcel which has already been purchased by the LCWSC.

Construction methods for this project will be typical. No extraordinary depths are anticipated. At the completion of design and successful permitting, the project will be developed into two competitive bid packages, one for the elevated tank and one for the waterline work. The bid packages will then be procured through LCWSC and South Carolina procurement procedures. Bid competition will be based on price, bidder experience, competence, and other LCWSC curriculum typical with South Carolina procedures.

Once a successful bidder is identified, a contract award will be issued, and construction will commence on the project as designed. When construction is complete, project testing, startup and closeout will be conducted per LCWSC and SCDHEC protocols, at which point LCWSC will take ownership and maintenance responsibilities for the elevated tank and waterline.

Evaluation (Benefits):

The proposed project will provide multiple benefits to LCWSC and the surrounding communities. Once complete, the proposed project will improve pressure, reliability, and resiliency of the area of the LCWSC system north of I-385, which lies in the middle of Laurens County. In addition, the project will provide increased capacity for process water and fire flow to industrial sites located at Exit 9 and Exit 10 where sewer service and rail access are readily available.

The improvements to system pressure are demonstrated in Table below:

System Pressure Range Improvement

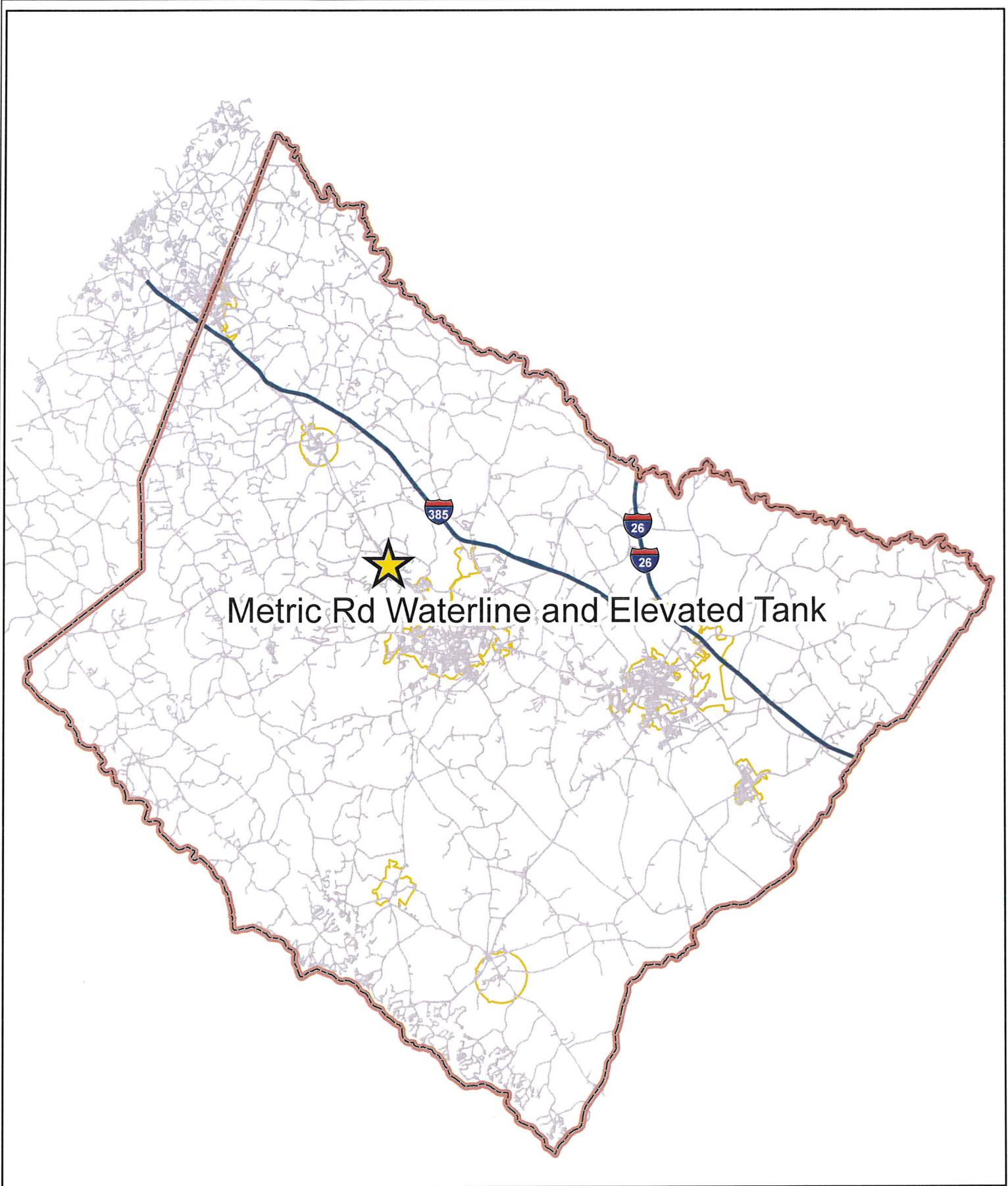
| Scenario | Pressure (PSI) | | | |
|---------------------|----------------|-------|------|-------|
| | Average | Max. | Min. | Range |
| Metric Rd. Tank | 99.6 | 104.3 | 96.4 | 7.9 |
| Existing Conditions | 76.0 | 99.9 | 54.6 | 45.3 |

This improved system performance is paramount in ensuring that Laurens County can quickly recover from the hardship and adversity that COVID-19 has caused the communities.

Laurens County demographics further demonstrate the need for this project. Though the County is in a prime location for industrial development, situated in the heart of Upstate SC, many residents have been unable to take advantage of the industrial growth in the upper part of the County. Lack of good transportation can make it hard for many to make the long commute. This project would allow for greater industrial development closer to the City centers of Laurens and Clinton.

Exhibit E

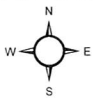
LOCATION/SERVICE AREA MAPS

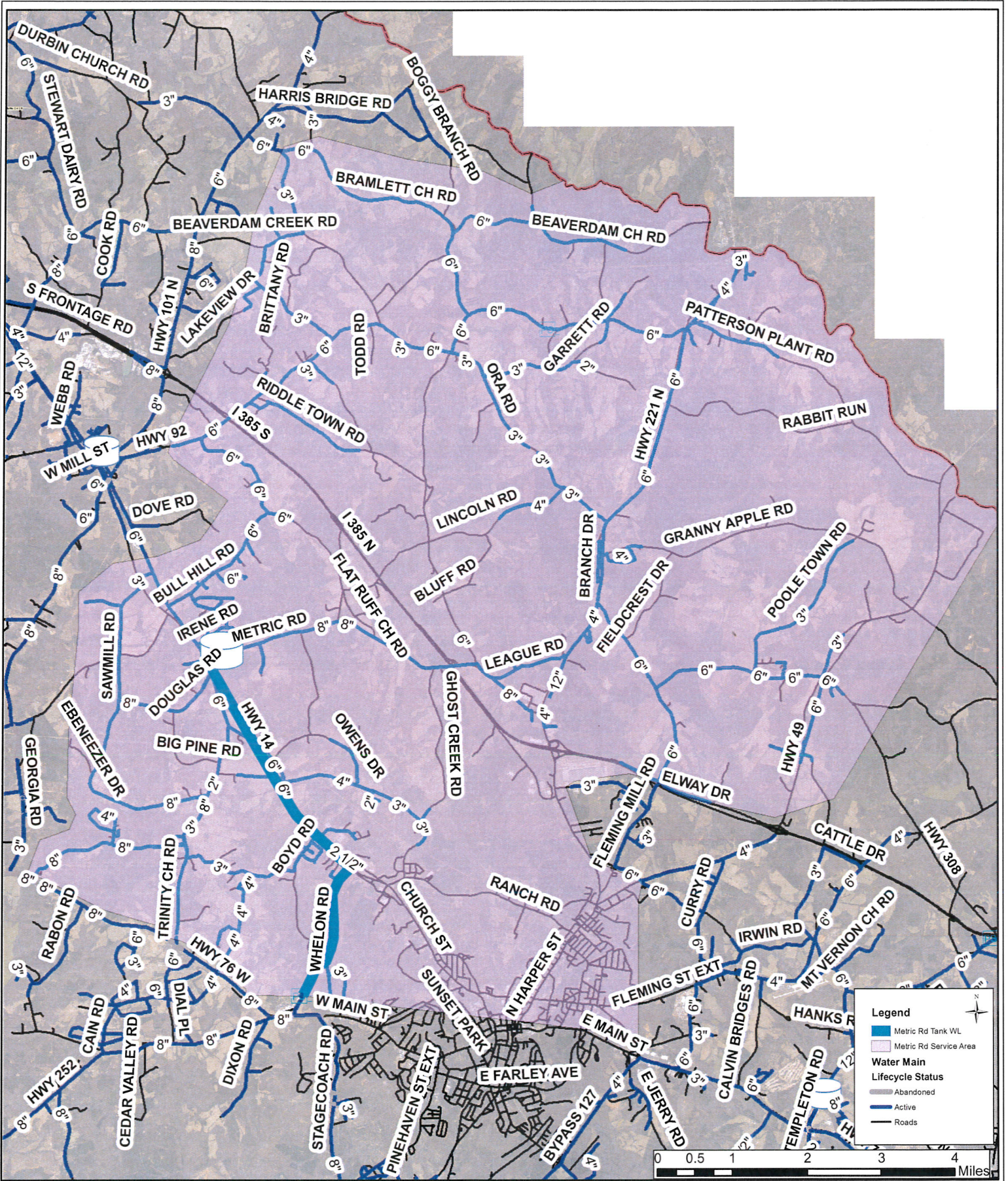


Metric Rd Waterline and Elevated Tank



Metric Rd Waterline and Elevated Tank





Metric Rd Waterline and Elevated Tank
 29,500 ft of 16" DIP
 Project Cost: \$7,586,900

Exhibit F

Project Team:

The Laurens County Water and Sewer Commission (LCWSC) will be responsible for the administration and construction of this project. After construction, the LCWSC will be solely responsible for ownership, operations, and maintenance of the life of the project.

Exhibit G

CURRENT YEAR BUDGET

ANNUAL BUDGET

FISCAL YEAR 2022

Starting July 1, 2021



www.LCWSC.com

I. Water Budget Summary

In FY2022 the annual budget included operating income for Water of \$9,083,429 and operating expenses including water purchases and water treatment of \$6,179,925. The net revenue of \$2,903,504 plus expected capacity and tap fees of \$715,000 along with water reserve funds and other miscellaneous income is used to pay for annual capital improvements totaling \$1,486,722 and debt service payments totaling \$2,760,392.

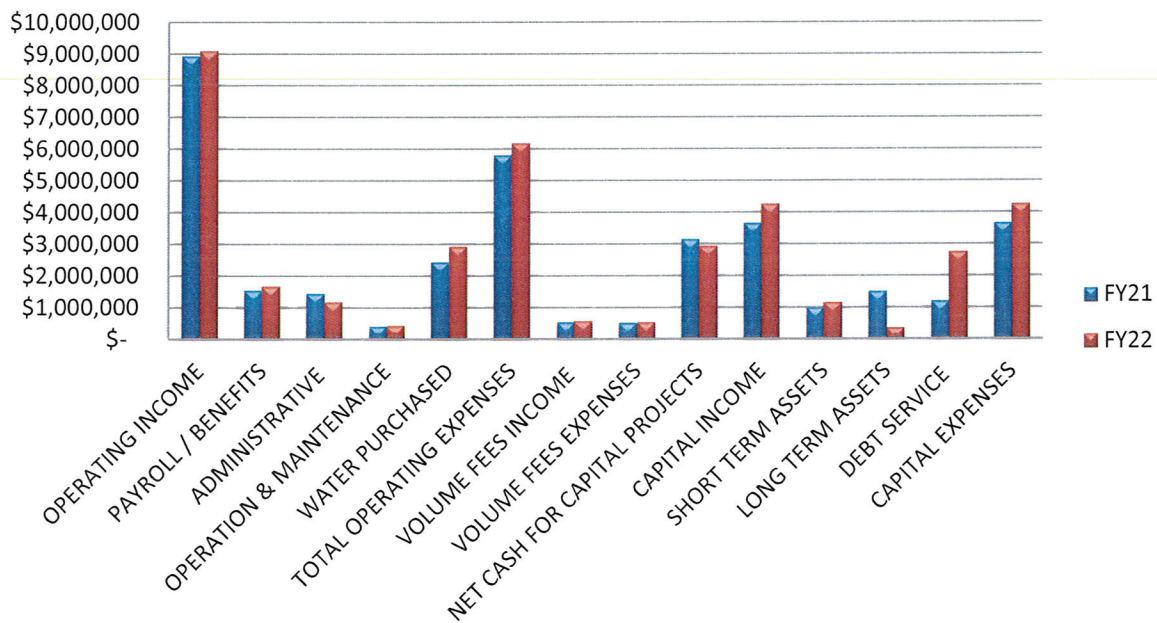
| | FY21 BUDGET | PROPOSED FY22 BUDGET | INCREASE / (DECREASE) | %OF BUDGET |
|--|---------------------|-------------------------|--------------------------|----------------|
| OPERATING BUDGET | | | | |
| INCOME | | | | |
| Water Tier 1 Volume (Residential / Sm Non Res) | \$ 4,001,970 | \$ 4,102,379 | \$ 100,409 | 45.16% |
| Water Tier 1 Monthly Base Rate (\$16 residential/sm non res) | \$ 2,740,878 | \$ 2,864,064 | \$ 123,186 | 31.53% |
| Water Tier 2 Volume (Lg Non Res) | \$ 1,226,534 | \$ 1,192,464 | \$ (34,070) | 13.13% |
| Water Tier 2 Monthly Base Rate (\$91 Lg Non Res) | \$ 162,261 | \$ 160,524 | \$ (1,737) | 1.77% |
| Gray Court | \$ 93,789 | \$ 106,438 | \$ 12,649 | 1.17% |
| Fire Line Volume | \$ 2,434 | \$ 3,772 | \$ 1,338 | 0.04% |
| Fire Line Monthly Base Rate (\$91 metered, \$30 non metered) | \$ 17,280 | \$ 18,096 | \$ 816 | 0.20% |
| Fire Hydrant Water Sales | \$ 12,000 | \$ 5,000 | \$ (7,000) | 0.06% |
| Valve Installation Fees | \$ 30,000 | \$ 30,000 | \$ - | 0.33% |
| Origination Fees (Transfers) | \$ 49,200 | \$ 51,600 | \$ 2,400 | 0.57% |
| Bad Debt Delinquent Fees | \$ 500 | \$ 500 | \$ - | 0.00% |
| Reinstatement Fees | \$ 36,000 | \$ 38,400 | \$ 2,400 | 0.01% |
| Reconnect Fees (Unlocks) | \$ 124,200 | \$ 118,800 | \$ (5,400) | 0.42% |
| Broke Lock Fee | \$ 2,400 | \$ 2,400 | \$ - | 1.31% |
| Return Check Fee | \$ 5,040 | \$ 4,680 | \$ (360) | 0.03% |
| Late Penalties | \$ 300,000 | \$ 276,000 | \$ (24,000) | 0.05% |
| Testable Device Fees | \$ 12,864 | \$ 12,624 | \$ (240) | 3.04% |
| Billing Admin Fee | \$ 8,820 | \$ 8,820 | \$ - | 0.14% |
| After Hours Service Calls | \$ 2,880 | \$ 2,880 | \$ - | 0.00% |
| Tank Lease (AT&T/Sprint/T-Mobile) | \$ 81,346 | \$ 83,989 | \$ 2,643 | 0.92% |
| TOTAL OPERATING INCOME | \$ 8,910,396 | \$ 9,083,429 | \$ 173,034 | 100.00% |
| EXPENSES | | | | |
| PAYROLL | | | | |
| Gross Salaries (Includes Temporary Help) | \$ 890,804 | \$ 995,740 | \$ 104,935 | |
| Overtime/On-call | \$ 96,219 | \$ 101,241 | \$ 5,022 | |
| FICA/Medicare | \$ 75,507 | \$ 83,919 | \$ 8,412 | |
| S. C. Retirement | \$ 151,054 | \$ 178,549 | \$ 27,495 | |
| Employee YMCA Membership | \$ 3,600 | \$ 3,600 | \$ - | |
| Employee Uniform Expenses | \$ 18,525 | \$ 20,775 | \$ 2,250 | |
| S.C. Unemployment | \$ - | \$ - | \$ - | |
| Insurance Health/Dental/Long-Term Disability | \$ 217,336 | \$ 243,925 | \$ 26,589 | |
| Insurance Disability (Short Term) | \$ 7,804 | \$ 8,270 | \$ 466 | |
| Insurance Workers Compensation | \$ 19,000 | \$ 24,000 | \$ 5,000 | |
| Employee Accrual Cost for Other Retirement Benefits | \$ 42,665 | \$ - | \$ (42,665) | |
| Employee Drug Test / Background Checks | \$ 800 | \$ 1,500 | \$ 700 | |
| Employee Health Services | \$ 3,500 | \$ 3,500 | \$ - | |
| TOTAL PAYROLL | \$ 1,526,814 | \$ 1,665,019 | \$ 138,204 | 26.94% |
| ADMINISTRATIVE | | | | |
| Administrative Fees | \$ 1,088,520 | \$ 806,126 | \$ (282,394) | |
| Attorney Fees | \$ 7,500 | \$ 20,000 | \$ 12,500 | |
| Building and Cleaning Supplies | \$ 500 | \$ 500 | \$ - | |
| Consulting Engineer | \$ 6,000 | \$ 6,000 | \$ - | |
| Merchant Service Fees | \$ 74,400 | \$ 78,900 | \$ 4,500 | |
| IVR / Online Transaction Fees | \$ 32,100 | \$ 32,100 | \$ - | |
| Billing Outsource Bill Contract | \$ 87,804 | \$ 90,756 | \$ 2,952 | |
| DHEC License & Fees | \$ 29,006 | \$ 30,106 | \$ 1,100 | |
| Employee License Fees | \$ 1,400 | \$ 1,400 | \$ - | |
| Employee Reimbursement (Mileage, etc.) | \$ 500 | \$ 500 | \$ - | |
| Computers/Software Maintenance | \$ 7,724 | \$ 5,900 | \$ (1,824) | |
| Meter Reading Software Maintenance | \$ 9,300 | \$ 12,800 | \$ 3,500 | |
| Palmetto Utility Protection Service (PUPS) | \$ 12,000 | \$ 12,492 | \$ 492 | |
| Mission Controls Service | \$ 10,441 | \$ 13,535 | \$ 3,094 | |
| Phone Landline (Monthly Bill) | \$ 11,460 | \$ 11,856 | \$ 396 | |
| Phone Mobile (Monthly Bill) | \$ 16,440 | \$ 17,322 | \$ 882 | |

| | FY21 BUDGET | PROPOSED FY22 BUDGET | INCREASE / (DECREASE) | %OF BUDGET |
|--|---------------------|-------------------------|--------------------------|---------------|
| Training Conferences / Seminars | \$ 8,000 | \$ 8,000 | \$ - | |
| Training Safety/Operations | \$ 9,567 | \$ 9,567 | \$ - | |
| Railroad R/W Fees and MS4 | \$ 3,775 | \$ 3,775 | \$ - | |
| Water Resource Programs | \$ 20,000 | \$ - | \$ (20,000) | |
| TOTAL ADMINISTRATIVE | \$ 1,436,437 | \$ 1,161,634 | \$ (274,802) | 18.80% |
| OPERATION & MAINTENANCE | | | | |
| Building Maintenance | \$ 1,346 | \$ 1,346 | \$ - | |
| Grounds Maintenance | \$ 20,153 | \$ 20,160 | \$ 7 | |
| Right of Way Maintenance | \$ 21,000 | \$ 21,000 | \$ - | |
| Inventory - Loss | \$ 2,000 | \$ 2,000 | \$ - | |
| Sampling Line Extensions & Water Quality | \$ 9,130 | \$ 9,743 | \$ 613 | |
| Sampling Total Coliform Rule | \$ 23,760 | \$ 11,880 | \$ (11,880) | |
| E Arrow Board | \$ 300 | \$ 300 | \$ - | |
| E Backhoe Cat 420E | \$ 1,000 | \$ 2,000 | \$ 1,000 | |
| E Boring and Tapping | \$ 5,000 | \$ 5,000 | \$ - | |
| E Lube general use | \$ 1,000 | \$ 1,000 | \$ - | |
| E Skid Steer Loader | \$ 1,500 | \$ 1,500 | \$ - | |
| E Trailer Maintenance | \$ 2,500 | \$ 3,000 | \$ 500 | |
| E Mini Excavator - Line Crew | \$ 2,500 | \$ 1,500 | \$ (1,000) | |
| E Mini Excavator - Leak & Tap Crew | \$ 2,500 | \$ 2,500 | \$ - | |
| E Hydroexcavator | \$ 250 | \$ 250 | \$ - | |
| Equipment Rental / Plumber | \$ 2,500 | \$ 5,000 | \$ 2,500 | |
| Facilities Maintenance | \$ 11,500 | \$ 8,440 | \$ (3,060) | |
| F Standby Generators | \$ 3,800 | \$ 3,800 | \$ - | |
| F PRV's & Altitude Valves | \$ 2,700 | \$ 2,700 | \$ - | |
| Contractor for Asphalt | \$ 10,000 | \$ 10,000 | \$ - | |
| L Contractor for Cleanup | \$ 4,000 | \$ 4,000 | \$ - | |
| Line Cuts (other utilities) | \$ 3,000 | \$ 3,000 | \$ - | |
| L Fill Materials | \$ 4,000 | \$ 4,000 | \$ - | |
| L Hydrant Parts & Paint | \$ 2,000 | \$ 2,000 | \$ - | |
| L Marking Paint and flags | \$ 11,000 | \$ 11,000 | \$ - | |
| L Repair Sleeves, Pipe, Fittings | \$ 50,000 | \$ 50,000 | \$ - | |
| L Straw and grass seed | \$ 3,000 | \$ 3,000 | \$ - | |
| Meter Locks | \$ 1,000 | \$ 1,500 | \$ 500 | |
| Meter Reading Equipment / Testing | \$ 2,500 | \$ 2,500 | \$ - | |
| Tools & Supplies | \$ 10,000 | \$ 10,000 | \$ - | |
| Maintenance Tools & Supplies | \$ 350 | \$ 350 | \$ - | |
| Tools safety equipment | \$ 9,500 | \$ 9,000 | \$ (500) | |
| Utilities Clinton | \$ 20,976 | \$ 10,542 | \$ (10,434) | |
| Utilities Elevated Tanks and PRVs | \$ 7,200 | \$ 6,762 | \$ (438) | |
| Utilities Fountain Inn | \$ 16,788 | \$ 19,248 | \$ 2,460 | |
| Utilities Hwy 92 | \$ 900 | \$ - | \$ (900) | |
| Utilities Maint Buildings | \$ 5,069 | \$ 4,548 | \$ (521) | |
| Utilities Raider Road | \$ 46,200 | \$ 43,596 | \$ (2,604) | |
| Utilities Intake | \$ 2,400 | \$ - | \$ (2,400) | |
| Utilities Milam Road | \$ - | \$ 17,500 | \$ 17,500 | |
| Utilities Waterloo PS | \$ - | \$ 12,000 | \$ 12,000 | |
| WD Fuel/Fuel Card | \$ 54,120 | \$ 55,890 | \$ 1,770 | |
| WD 11 Maintenance - 2 ton International Dump | \$ 3,000 | \$ 3,000 | \$ - | |
| WD 19 Maintenance - Jimmy Dodge 2011 | \$ 2,500 | \$ - | \$ (2,500) | |
| WD 28 Pat 2015 Chevy 1500 4 X 4 | \$ 1,500 | \$ 1,500 | \$ - | |
| WD 29 Maintenance - Jay - 2017 Chevy 1500 | \$ 1,500 | \$ - | \$ (1,500) | |
| WD 30 New Dump Truck | \$ 8,000 | \$ 8,000 | \$ - | |
| WD 32 Maintenance - Jason Schultz - 2018 Ford F150 | \$ 1,500 | \$ 1,500 | \$ - | |
| WD 33 Maintenance - Alex | \$ 1,500 | \$ 1,500 | \$ - | |
| WD 34 Maintenance - Bean | \$ 1,000 | \$ 1,000 | \$ - | |
| WD 35 Maintenance - Justin J | \$ 1,500 | \$ 1,500 | \$ - | |

| | FY21 BUDGET | PROPOSED FY22 BUDGET | INCREASE / (DECREASE) | %OF BUDGET |
|--|---------------------|-------------------------|--------------------------|----------------|
| WD 36 Maintenance - KC | \$ 750 | \$ 750 | \$ - | |
| WD 37 Maintenance - Jimmy | \$ 1,500 | \$ 1,500 | \$ - | |
| WD 38 Maintenance - Steve | \$ 1,500 | \$ 1,500 | \$ - | |
| WD 39 Maintenance - Danny | \$ 1,500 | \$ 1,500 | \$ - | |
| WD 40 Maintenance - Bean Crew | \$ 1,500 | \$ 1,500 | \$ - | |
| WD 41 Maintenance - Bubba | \$ 1,000 | \$ 1,500 | \$ 500 | |
| WD 42 Maintenance - Andy | \$ 1,000 | \$ 1,500 | \$ 500 | |
| WD 43 Maintenance - Josh | \$ 1,500 | \$ 1,500 | \$ - | |
| WD 44 Maintenance - Jimmy Crew | \$ - | \$ 1,500 | \$ 1,500 | |
| WD 1 Maintenance - New Truck | \$ - | \$ 1,500 | \$ 1,500 | |
| WD 2 Maintenance - New Truck | \$ - | \$ 1,500 | \$ 1,500 | |
| TOTAL OPERATION & MAINTENANCE | \$ 410,692 | \$ 417,305 | \$ 6,613 | 6.75% |
| WATER PURCHASED | | | | |
| City of Clinton | \$ 1,136,416 | \$ 554,954 | \$ (581,462) | |
| City of Laurens | \$ 479,760 | \$ 213,400 | \$ (266,360) | |
| Greenville WS | \$ 657,600 | \$ 661,000 | \$ 3,400 | |
| Raw Water Lake Rabon | \$ 148,789 | \$ 72,857 | \$ (75,932) | |
| Lake Greenwood WTP | \$ - | \$ 1,433,755 | \$ 1,433,755 | |
| TOTAL WATER PURCHASED | \$ 2,422,565 | \$ 2,935,967 | \$ 513,401 | 47.51% |
| TOTAL OPERATING EXPENSES | \$ 5,796,509 | \$ 6,179,925 | \$ 383,416 | 100.00% |
| NET CASH FOR CAPITAL PROJECTS | \$ 3,113,887 | \$ 2,903,504 | \$ (210,382) | |
| VOLUME FEES BUDGET INCOME | | | | |
| VOLUME FEES COLLECTED FOR OTHER ENTITIES | | | | |
| Volume Fees Ware Shoals (plus \$1.50/bill) | \$ 13,272 | \$ 12,072 | \$ (1,200) | 2.13% |
| Volume Fees ReWa (plus \$1.50/bill plus 5%) | \$ 381,504 | \$ 405,504 | \$ 24,000 | 71.61% |
| Volume Fees MetroConnects | \$ 39,504 | \$ 39,504 | \$ - | |
| Base Fees Fountain Inn (plus \$1.50 / bill) | \$ 82,224 | \$ 109,152 | \$ 26,928 | 19.28% |
| TOTAL VOLUME FEES COLLECTED FOR OTHER ENT | \$ 516,504 | \$ 566,232 | \$ 49,728 | 93.02% |
| EXPENSES | | | | |
| VOLUME FEES PAID TO OTHER ENTITIES | | | | |
| Ware Shoals | \$ 13,200 | \$ 12,000 | \$ (1,200) | 2.22% |
| ReWa | \$ 372,000 | \$ 396,000 | \$ 24,000 | 73.22% |
| MetroConnects | \$ 30,000 | \$ 30,000 | \$ - | |
| Volume Fees Fountain Inn | \$ 75,888 | \$ 102,816 | \$ 26,928 | 19.01% |
| TOTAL VOLUME FEES PAID TO OTHER ENTITIES | \$ 491,088 | \$ 540,816 | \$ 49,728 | 94.45% |
| NET CASH FOR CAPITAL PROJECTS | \$ 25,416 | \$ 25,416 | \$ - | |
| CAPITAL BUDGET CAPITAL INCOME | | | | |
| Revenue | \$ 3,139,303 | \$ 2,928,920 | \$ (210,382) | 68.96% |
| Reserve Funds | \$ - | \$ 583,394 | \$ 583,394 | 13.74% |
| Interest Income | \$ 3,313 | \$ 4,800 | \$ 1,487 | 0.11% |
| New Account Fees Distribution (Capacity Fees) | \$ 92,000 | \$ 130,000 | \$ 38,000 | 3.06% |
| New Account Fees Treatment (Capacity Fees) | \$ 184,000 | \$ 260,000 | \$ 76,000 | 6.12% |
| Tap Fees (residential) | \$ 230,000 | \$ 325,000 | \$ 95,000 | 7.65% |
| Tap Fees (non-residential) | \$ - | \$ - | \$ - | 0.00% |
| Assets Sold | \$ - | \$ 15,000 | \$ 15,000 | 0.35% |
| TOTAL CONTRIBUTED CAPITAL INCOME | \$ 3,648,615 | \$ 4,247,114 | \$ 598,499 | 100.00% |

| | FY21 BUDGET | PROPOSED FY22 BUDGET | INCREASE / (DECREASE) | %OF BUDGET |
|--|---------------------|-------------------------|--------------------------|----------------|
| CAPITAL EXPENSES | | | | |
| SHORT TERM ASSETS | | | | |
| 1 - 5 YEAR ASSETS | | | | |
| Tool Purchase | \$ 21,400 | \$ 10,300 | \$ (11,100) | |
| Vehicle Purchase | \$ 73,000 | \$ 45,000 | \$ (28,000) | |
| Equipment Purchase | \$ 6,000 | \$ 65,000 | \$ 59,000 | |
| Computer/Phone/ Software | \$ 7,600 | \$ 3,600 | \$ (4,000) | |
| TOTAL 1 - 5 YEAR ASSETS | \$ 108,000 | \$ 123,900 | \$ 15,900 | 2.92% |
| 5 - 10 YEAR ASSETS | | | | |
| Residential Tap Parts | \$ 138,200 | \$ 282,500 | \$ 144,300 | |
| Non-residential Tap Parts | \$ 3,000 | \$ 3,000 | \$ - | |
| Booster Pump Rehab | \$ 3,000 | \$ 6,880 | \$ 3,880 | |
| PRV's & Altitude Valve/Tank Rehab, Vault Rehab | \$ - | \$ 24,132 | \$ 24,132 | |
| Hydrant, Blowoff & Auto Flusher Replacement & Repair | \$ 30,600 | \$ 26,200 | \$ (4,400) | |
| Gate (And Butterfly) Valve Rehab | \$ 15,000 | \$ 15,000 | \$ - | |
| TOTAL 5 - 10 YEAR ASSETS | \$ 189,800 | \$ 357,712 | \$ 167,912 | 8.42% |
| 10 - 15 YEAR ASSETS | | | | |
| Meters (residential) | \$ 539,950 | \$ 516,000 | \$ (23,950) | |
| Meters (non-residential) | \$ 15,000 | \$ 15,000 | \$ - | |
| Elevated Tank Rehab | \$ 132,110 | \$ 132,110 | \$ - | |
| TOTAL 10 - 15 YEAR ASSETS | \$ 687,060 | \$ 663,110 | \$ (23,950) | 15.61% |
| TOTAL SHORT TERM ASSETS | \$ 984,860 | \$ 1,144,722 | \$ 159,862 | 26.95% |
| >15 YEAR (LONG TERM) ASSETS | | | | |
| Building and Grounds Projects | \$ 25,000 | \$ 7,000 | \$ (18,000) | |
| Bethany Tank Water Supply Improvements | | \$ 250,000 | \$ 250,000 | |
| Self Funded Waterline Projects | \$ 258,000 | \$ 85,000 | \$ (173,000) | |
| Water Plant Reserve Fund | \$ 1,200,000 | \$ - | \$ (1,200,000) | |
| Depreciation | \$ - | \$ - | \$ - | |
| TOTAL LONG TERM ASSETS | \$ 1,483,000 | \$ 342,000 | \$ (1,141,000) | 8.05% |
| DEBT SERVICE | | | | |
| Bond Trustee Fee (US Bank) | \$ 3,233 | \$ 16,163 | \$ 12,930 | |
| Debt Service 2016 Bonds (Retires March 2032) | \$ 605,265 | \$ 608,980 | \$ 3,715 | |
| Debt Service 2017 Bonds (Retires March 2029) | \$ 572,259 | \$ 571,697 | \$ (562) | |
| Debt Service USDA WTP 2020 Series A-F | \$ - | \$ 1,563,553 | \$ 1,563,553 | |
| TOTAL DEBT SERVICE | \$ 1,180,756 | \$ 2,760,392 | \$ 1,579,637 | 64.99% |
| TOTAL CAPITAL EXPENSES | \$ 3,648,615 | \$ 4,247,114 | \$ 598,499 | 100.00% |
| TOTAL EXPENSES | \$ 9,445,124 | \$ 10,427,039 | \$ 981,914 | |
| NET CASH FOR RESERVE FUNDS | \$ 0 | \$ (0) | \$ (0) | |

Water Distribution Budget



Water Distribution

1. **Overall Budget: \$10,427,039 (Increase of \$981,914)**
2. **Operating Budget: \$6,179,925 (Increase of \$383,416)**
3. Increase in income by **\$173,034**
 - Adjustment in water tier 1 volume due to decrease in monthly averages in FY21 and growth in customer base
 - Increase in water tier 1 monthly base due to growth in customer base
 - Decrease in water tier 2 volume due to decline in active customers
 - Decrease in water tier 2 monthly base due to reduction in customer base
 - Increase in Town of Gray Court income due growth in customer base
 - Decrease in fire hydrant water sales
 - Adjustment in reconnect fees based on decline in monthly averages in FY21
 - Adjustment in Late Penalties based on decrease in monthly averages in FY21
4. Payroll and Benefits increased by **\$138,204**
 - Includes a 1.0% increase in South Carolina Retirement System
 - Includes a 2.6% increase for the State Health Insurance Plan starting in January 2022
 - Includes various merit increases for employees
 - Includes salary and benefits for three additional people:
 - Water Crew Technician
 - Water Distribution System Operator
 - Water Service Field Technician
 - Moved Chief Water Plant partial year salary and benefits to Water Treatment budget
5. Administrative decreased by **(\$274,802)**
 - Decrease in Administration Fee Allocation – *See Administration Budget*
 - Increase in attorney fees
 - Moved Water Resource Programs to Water Treatment budget

6. Operation and Maintenance increased by **\$6,613**
 - Decrease sampling for total coliform rule because we will start to utilize our new lab
 - Increase in utilities due to the new pump stations
7. Water Purchase from other providers including raw water from Lake Rabon decreased by **(\$920,353)** but overall water purchase increased **\$513,401**
 - As our new Water Treatment Facility comes online, we will have overlapping expenses related to purchasing water and producing water for approximately three months
 - Budgeted to purchase water from City of Clinton, City of Laurens, and Lake Rabon for five months
 - Budgeted to produce water for ten months
 - City of Clinton rate increase of 20%
 - Greenville increased by \$3,400 due to increased usage even though we will shift about 1,500 taps off after the plant goes online
8. Volume Fees for Other Entities (**No change**)
 - Administrative expenses for billing sewer customers for other entities
 - Fountain Inn
 - MetroConnects
 - ReWa
 - Ware Shoals
9. **Capital Budget: \$4,247,114 (Increase of \$598,499)**
 - Revenue from Operations: \$2,928,920 (**Decrease of \$210,382**)
 - Reserve funds: \$583,394 (**Increase of \$583,394**)
 - To absorb the one-year deficit due to the transition from water purchase to water treatment. This prevents the need for a rate increase because a deficit is not expected for FY2023
 - To cover the required \$250,000 local match for the Bethany Tank Water Supply Improvements project
 - To cover the extra two months of debt service payments for closing the USDA loan early
 - Tap Fees and Capacity Fees estimated to increase from 230 Taps to 325 Taps
 - Increase in assets sold due to truck transfer to Water Treatment
10. Short Term Assets (1-15 years) increased by **\$159,862**
 - Decrease in tool purchase
 - Decrease in vehicle purchase
 - Increase in equipment purchase
 - Increase in residential tap parts
 - Increase in PRVs, altitude valve, and vault rehabilitation
 - Decrease in residential meters due to purchasing drive by meters instead of cell meters
11. Long Term Assets (Greater than 15 years) decreased by **(\$1,141,000)**
 - Decrease in building and grounds projects – new a/c heat unit for warehouse
 - Required local match for Bethany Tank Water Supply improvements project
 - Decrease in self-funded waterline projects – creek crossings projects, Milton Road project, and other miscellaneous work
 - No longer funding the Water Plant Reserve Fund (\$1,200,000)

12. Debt Service increased by **\$1,579,637**

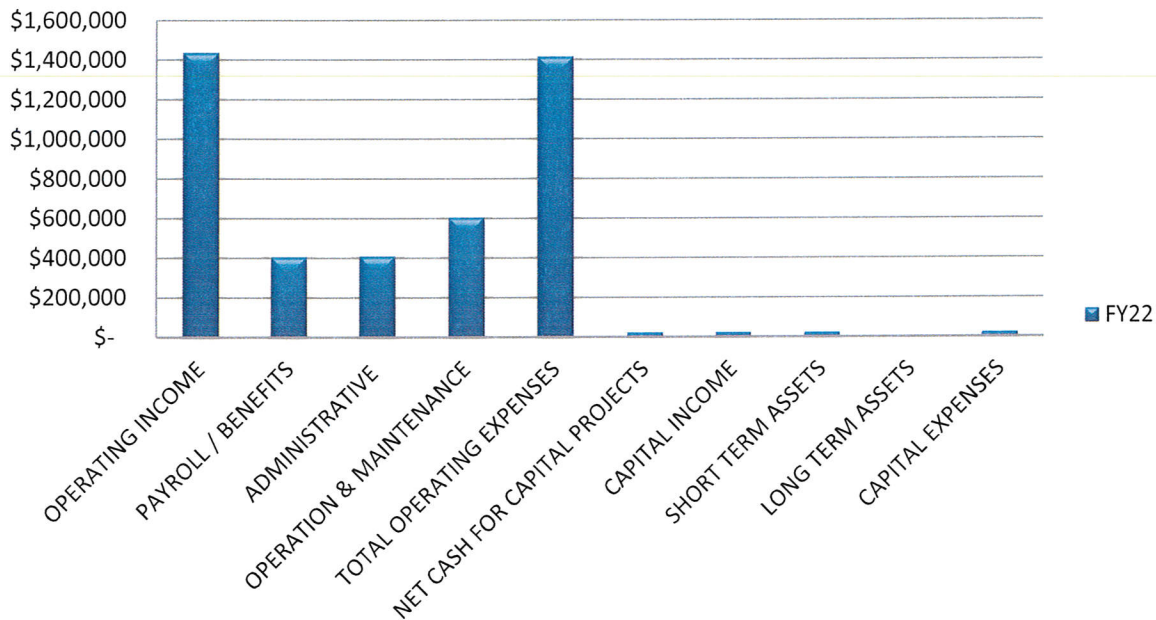
- Increase in Bond Trustee fee due to the new USDA loans
- New debt service established in October 2020 for the USDA loans for the Water Treatment Plant and new distribution line work
 - Early loan closer, September 2020 vs August 2021, will save LCWSC approximately \$264,719 per year for the life of the loan

| | PROPOSED FY22 BUDGET | %OF BUDGET |
|--|---------------------------------|-------------------|
| OPERATING BUDGET INCOME | | |
| Water Distribution Transfer | \$ 1,433,755 | 100.00% |
| TOTAL OPERATING INCOME | \$ 1,433,755 | 100.00% |
| EXPENSES | | |
| PAYROLL | | |
| Gross Salaries (Includes Temporary Help) | \$ 252,971 | |
| Overtime / On Call | \$ 25,620 | |
| FICA/Medicare | \$ 21,312 | |
| S.C. Retirement | \$ 45,863 | |
| Employee YMCA Membership | \$ 900 | |
| Employee Uniform Expenses | \$ 3,975 | |
| S.C. Unemployment | \$ - | |
| Insurance Health/Dental/Long-Term Disability | \$ 46,637 | |
| Insurance Disability (Short Term) | \$ 2,110 | |
| Insurance Workers Compensation | \$ 3,500 | |
| Employee Accrual Cost for Other Retirement Benefits | \$ - | |
| Employee Drug Test / Background Checks | \$ 500 | |
| Employee Health Services | \$ 500 | |
| TOTAL PAYROLL | \$ 403,889 | 28.56% |
| ADMINISTRATIVE | | |
| Administrative Fees | \$ 313,493 | |
| Attorney Fees | \$ - | |
| Computers/Software Maintenance | \$ 7,500 | |
| Consulting Service | \$ - | |
| DHEC / LLR License and Fees | \$ 1,725 | |
| Employee License Renewal/Testing | \$ 370 | |
| Employee Reimbursement (Mileage) | \$ - | |
| Greenwood County Lake Management Fee | \$ 58,333 | |
| Mission Controls Service | \$ 563 | |
| Office, Kitchen and Cleaning Supplies | \$ 2,292 | |
| Phone Landline (Usage/Purchase) | \$ 4,000 | |
| Phone Mobile (Usage/Purchase) | \$ 800 | |
| Training Conferences / Seminars and associated costs | \$ 1,600 | |
| Training Safety | \$ 4,671 | |
| Water Resource Programs | \$ 12,000 | |
| TOTAL ADMINISTRATIVE | \$ 407,348 | 28.81% |

| | PROPOSED FY22 BUDGET | %OF BUDGET |
|---|-------------------------|------------|
| OPERATION AND MAINTENANCE | | |
| Building & Grounds Maintenance (Warehouse, Admin) | \$ 4,061 | |
| C Alum | \$ 79,167 | |
| C Ammonium Sulfate | \$ 9,500 | |
| C GOX | \$ 17,917 | |
| C Hydrogen Peroxide | \$ 8,500 | |
| C Lime | \$ 40,500 | |
| C Orthophosphate | \$ 16,750 | |
| C Polymer | \$ 12,000 | |
| C Sodium Hypochlorite | \$ 18,833 | |
| C Sodium Permanganate | \$ - | |
| C Sodium Thiosulfate/Vitamin C | \$ 8,333 | |
| Chemicals (Herbicides / Pesticides) | \$ 460 | |
| Contract Grounds Maintenance | \$ 11,000 | |
| Contract Plant Operations | \$ - | |
| Contract Sludge Removal | \$ 10,000 | |
| E Oil and Lube | \$ - | |
| E Other Equipment Maintenance | \$ 500 | |
| E Polaris Ranger | \$ 500 | |
| Fittings & Supplies | \$ 500 | |
| L Contract Lab Work | \$ 25,000 | |
| L Supplies | \$ 52,000 | |
| M Bulk Storage | \$ - | |
| M Calflow Liquid Lime | \$ 1,100 | |
| M Chemical Feed Systems | \$ 2,500 | |
| M Flow Meters, Samplers, Instrumentation | \$ - | |
| M High Service Pumps | \$ 5,000 | |
| M Intake | \$ 2,900 | |
| M Intake Generator | \$ - | |
| M Lab | \$ - | |
| M Ozone | \$ - | |
| M Suez / SuperP / Greenleaf | \$ - | |
| M WTP Generator | \$ - | |
| Maintenance Tools & Supplies | \$ 350 | |
| Sampling Special | \$ 6,000 | |
| Tools & Supplies | \$ 750 | |
| Tools Safety Equipment | \$ 1,000 | |
| Utilities Intake | \$ 67,184 | |
| Utilities WTP | \$ 196,080 | |

| | PROPOSED FY22 BUDGET | %OF BUDGET |
|--|-------------------------|----------------|
| WT 1 Maintenance | \$ 1,500 | |
| WT Gasoline | \$ 833 | |
| WT Off Road Fuel | \$ 2,100 | |
| TOTAL OPERATION AND MAINTENANCE | \$ 602,818 | 42.63% |
| TOTAL OPERATING EXPENSE | \$ 1,414,055 | 100.00% |
| NET CASH FOR CAPITAL PROJECTS | \$ 19,700 | |
| CAPITAL BUDGET INCOME | | |
| Revenue | \$ 19,700 | 100.00% |
| Reserve Funds | \$ - | 0.00% |
| Assets Sold | \$ - | 0.00% |
| TOTAL CAPITAL INCOME | \$ 19,700 | 100.00% |
| EXPENSES | | |
| SHORT TERM ASSETS | | |
| Vehicle Purchase | \$ 15,000 | |
| Equipment Purchase (Tractors & such) | \$ - | |
| Tool Purchase | \$ - | |
| Office Furniture and Equipment (Inc. Radios) | \$ - | |
| Mission / GIS | \$ - | |
| Computer/Phone/ Software | \$ 4,700 | |
| TOTAL SHORT TERM ASSETS | \$ 19,700 | 100.00% |
| LONG TERM ASSETS | | |
| Buildings | \$ - | |
| Intake Rehab | \$ - | |
| WTP Rehab | \$ - | |
| Depreciation | \$ - | |
| TOTAL LONG TERM ASSETS | \$ - | 0.00% |
| TOTAL CAPITAL EXPENSES | \$ 19,700 | 100.00% |
| TOTAL EXPENSES | \$ 1,433,755 | |
| NET CASH FOR RESERVE FUNDS | \$ - | |

Water Treatment Budget



Water Treatment

1. **Overall Budget: \$1,433,755**
 - Represents only ten (10) months of operation instead of a full year
2. **Operating Budget: \$1,414,055**
3. **Payroll and Benefits: \$403,889**
 - Includes the following:
 - Full year for the Chief Water Plant Operator
 - Partial year for four (4) full-time Water Plant Operators
 - Partial year for one (1) part-time Water Plant Operator
4. **Administrative: \$407,348**
 - 17.5% in Administration Fee Allocation – *See Administration Budget*
 - Includes a partial year of the Greenwood County Lake Management fee
5. **Operation and Maintenance: \$602,818**
 - Largest expenses include:
 - Chemicals totaling \$211,500
 - Lab work and supplies totaling \$77,000
 - Utilities for the intake and the plant totaling \$263,264
6. **Capital Budget: \$19,700**
 - Revenue from Operations: \$19,700
 - Reserve funds: \$0
7. **Short Term Assets: \$19,700**
 - Purchase truck from Water Distribution
 - Purchase computers and phones

Exhibit H

AUDITED FINANCIAL STATEMENTS

LAURENS COUNTY WATER AND SEWER COMMISSION
LAURENS, SC
FINANCIAL STATEMENTS
JUNE 30, 2021
(With Comparative Totals for June 30, 2020)

**LAURENS COUNTY WATER AND SEWER COMMISSION
YEAR ENDED JUNE 30, 2021**

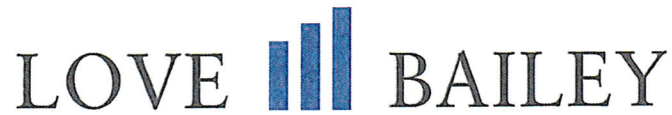
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**LAURENS COUNTY WATER AND SEWER COMMISSION
YEAR ENDED JUNE 30, 2021**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Commissioners
Laurens County Water and Sewer Commission
Laurens, South Carolina

We have audited the accompanying financial statements of Laurens County Water and Sewer Commission, Laurens, South Carolina, as of and for the year ended June 30, 2021, and the related notes to the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 Laurens County Water and Sewer Commission as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 12 to the financial statements, Laurens County Water and Sewer Commission recorded a prior period adjustment related to a management estimate regarding depreciation.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan schedules and other postemployment benefit 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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Laurens County Water and Sewer Commission's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the Laurens County Water and Sewer 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 Laurens County Water and Sewer Commission's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC

Laurens, South Carolina

December 13, 2021

**LAURENS COUNTY WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This section presents management's analysis of the Laurens County Water & Sewer Commission (the "Commission") financial condition and activities for the year. This information should be read in conjunction with the financial statements.

FINANCIAL ANALYSIS AND HIGHLIGHTS

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are self-supporting and are thus accounted for with a separate set of accounts. The opinion of management and the supporting facts presented in this discussion are based on the combined financial statement of all the funds.

The Commission's financial condition is stable with a 3% increase in operating revenue and a 11% increase in net position. This stability can be contributed primarily to continued increases in water sales, water tap fees and wastewater treatment revenues. Management believes consumption is slightly increasing in water sales and that the recently adopted rate plan for sewer collection and sewer treatment will result in sufficient operating revenue. The following are key financial highlights:

- Total assets did increase by \$42.7 million or 35% from the previous fiscal year, primarily from an increase in cash and capital assets. At year-end total assets were \$165.7 million which exceeded total liabilities by \$57.5 million. The Commission's Net Position is still strong at \$58.3 million, an increase of \$5.6 million or 11% from the previous fiscal year.
- Unrestricted cash and cash equivalents to support short-term operations were \$7.9 million compared to \$5.9 million the prior year.
- Operating revenues for fiscal year 2021 increased 3% or \$376 thousand, compared to the previous fiscal year.
- Operating expenses for fiscal year 2021, before depreciation, decreased 7% or \$529 thousand, compared to fiscal year 2020.
- Total operating income for the year was \$1.6 million compared to an operating income of \$1.9 million in the prior year.
- Ratios of operating income to total operating revenues are at 13% for 2021 compared to 16% for 2020.
- Long-term debt increased from \$59.7 million in 2020 to \$96.8 million in 2021; an increase of 38 percent however Series 2020 Anticipation bonds of \$42.7 million were paid in full subsequent to yearend.

OVERVIEW OF ANNUAL FINANCIAL REPORT

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination 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.

**LAURENS COUNTY WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 and provides information about the nature and amount of resources and obligations at year-end. The statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year.

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, dependencies, obligations, and commitments, if any.

The financial statements were prepared by the Commission's external independent auditors from the detailed books and records of the Commission. The financial statements were audited and adjusted, if material, during the independent external audit process.

ECONOMIC CONDITION AND OUTLOOK

The Commission operates in all of Laurens County and portions of southern Greenville County with the exceptions of areas inside the municipal boundaries of Laurens, Clinton and Gray Court, and agreed upon areas contiguous thereto.

Customer growth rate within the Commission's service area continues to increase and there are no signs that this growth is slowing, quite the opposite. Several sites in the upper part County, where public sewer is available, are being considered for large residential developments in excess of 2000 lots. Additionally, because South Carolina is known as an extremely pro-business State, it is anticipated the Upstate of South Carolina, including Laurens County, will continue to see robust growth as the U.S. economy starts to recover from the pandemic. The County has already seen more industrial RFI's (Request for Information) than it did all last year.

The three Clinton Corporate Industrial Parks and associated hotel/restaurant development continues to draw interest from companies looking to locate to the region. The Clinton-Adair Industrial Park, located near the intersection of I-385 and I-26, is home to General Electric and a "Spec" building being considered by another prospective industry. The Pharmacy school and Physicians Assistance Curriculum at Presbyterian College has brought in new faculty members and increased enrollment at the college. This has led to new housing in the form of several apartment complexes and many renovations to existing housing that was formerly unoccupied. The college has adopted a new strategic plan for the next decade that will lead to continued growth in enrollment and engagement in the community. These activities indicate that the Clinton area is poised for growth which will help sustain if not slightly increase sewer revenue moving forward.

**LAURENS COUNTY WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Just over 14 years ago the Commission constructed significant water and sewer infrastructure, including a 1,000,000-gallon elevated tank, in the northern part of its service area to provide enough water and sewer service for both large and small manufacturing facilities that were anticipated to locate in this part of Laurens County. Shortly thereafter, construction of the German owned ZF Transmissions facility in Phase I of Owings Industrial Park was complete. The 1,200,000-square foot manufacturing facility and the associated research and development facility employ over 2,200 people and manufactures some of the most advanced transmissions for automobile suppliers all over the world. Inteplast Group, a plastic company, located in Phase III of the Owings Industrial Park, currently employs 350 employees. A new industrial park, the Connexial Center, is being developed near the Owings Industrial Park. The 500-acre park is almost complete and is home to a 150,000 square foot Spec that was recently purchased by company relocating to the area. Finally, in FY 2018 the Commission installed a \$1.5 million sewer collection system to extend sewer service to an existing industrial park just over two miles south of the Owings Industrial Park. This sewer collection system, funded by the Economic Development Administration (EDA), serves an existing industrial building that has been purchased and repurposed by Fibertex Nonwovens (Fibertex). Fibertex has since decided to locate their North American headquarters at this site and further expand the production lines. As a result, LCWSC has received another \$2.0 million in grant funds from the EDA and an additional \$500 thousand in grant funds from the SC Rural Infrastructure Authority to upsize this entire sewer system to serve Fibertex expansion and other adjacent industrial and residential sites. Industrial prospects continue to look in this area of the County as an attractive location given its proximity to interstate I-385 and Greenville County. For this reason, management anticipates that the industrial/commercial/residential population in the northern part of the Commission's service area will substantially increase over the next 20+ years.

With northern and southern Laurens County primed for industrial development and the residential growth associated with these developments and the development of Lake Greenwood, the Commission's financial outlook for the future continues to look very strong. To better encourage this growth, the Commission will continue to play a leadership role in economic development for Laurens County.

**LAURENS COUNTY WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

TOTAL NET POSITION

The following schedule is a summary of Commission's net position for the fiscal year ended June 30, 2021 and the amount and percentage differences in relation to the prior year net position. The Commission's net position improved 11 percent over the prior fiscal year or \$5.6 million.

| | Total Net Position | | Increase (decrease) | Percent increase (decrease) |
|---|---------------------------|----------------|------------------------|-----------------------------------|
| | <u>FY 2021</u> | <u>FY 2020</u> | <u>from FY 20</u> | |
| <u>Assets</u> | | | | |
| Total Cash | \$ 7,938,040 | \$ 5,992,064 | \$ 1,945,976 | 32% |
| Restricted Cash for Debt Service | 866,420 | 829,852 | 36,568 | 4% |
| Restricted Cash ¹ | 44,973,813 | 31,514,849 | 13,458,964 | 43% |
| Due from Gray Court | 127,293 | 155,580 | (28,287) | -18% |
| Net Receivables | 1,133,579 | 2,166,256 | (1,032,677) | -48% |
| Other Assets | 169,941 | 156,746 | 13,195 | 8% |
| Capital assets | 110,548,058 | 82,232,752 | 28,315,306 | 34% |
| Total assets | 165,757,144 | 123,048,099 | 42,709,045 | 35% |
| <u>Deferred Outflows/Inflows</u> | | | | |
| Deferred Outflows - Pension | 788,975 | 642,415 | 146,560 | 23% |
| Deferred Inflows - Pension | (17,284) | (120,397) | 103,113 | -86% |
| Loss on Refunding of Debt | 7,863 | 15,454 | (7,591) | -49% |
| Total Deferred Outflows | 779,554 | 537,472 | 242,082 | 45% |
| <u>Liabilities</u> | | | | |
| Current liabilities | 48,348,373 | 5,689,140 | 42,659,233 | 750% |
| Long-term liabilities | 51,922,025 | 58,337,221 | (6,415,196) | -11% |
| Other Non-Current Liabilities | 7,955,586 | 6,925,125 | 1,030,461 | 15% |
| Total liabilities | 108,225,984 | 70,951,486 | 37,274,498 | 53% |
| <u>Net Position</u> | | | | |
| Net invested in capital assets | 56,182,434 | 52,379,436 | 3,802,998 | 7% |
| Restricted for Debt Service | 866,420 | 829,852 | 36,568 | 4% |
| Restricted for Future Capacity | 2,160,075 | 1,788,599 | 371,476 | 21% |
| Unrestricted | (898,215) | (2,363,802) | 1,465,587 | -62% |
| Total net position | \$ 58,310,714 | \$ 52,634,085 | \$ 5,676,629 | 11% |

Note 1: Restricted cash consists of Construction Funds and Capacity Fees

**LAURENS COUNTY WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

REVENUES

The following schedule presents a summary of Commission's revenues for the fiscal year ended June 30, 2021 and the amount and percentage differences in relation to prior year revenues.

| <u>Operating Revenues</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase (decrease) from FY 20</u> | <u>Percent increase (decrease)</u> |
|-------------------------------|---------------|-----------------------------|---|--|
| Sewer Collection Revenues | \$ 625,586 | 5% | \$ 38,564 | 7% |
| Wastewater Treatment Revenues | 1,826,845 | 15% | (83,545) | -4% |
| Water Sales | 8,627,868 | 70% | 80,492 | 1% |
| Tap Fees and penalties | 905,627 | 7% | 294,203 | 48% |
| Other Operating Income | 368,240 | 3% | 35,062 | 13% |
| Total Operating Revenue | \$ 12,354,166 | | \$ 364,776 | 3% |

| <u>Non-Operating Revenues (Expenses)</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase (decrease) from FY 20</u> | <u>Percent increase (decrease)</u> |
|--|---------------|-----------------------------|---|--|
| Property Tax Collections | \$ 375,920 | -50% | (13,010) | -3% |
| Interest Earned | 14,736 | -2% | (98,960) | -87% |
| Insurance Proceeds | 42,113 | -6% | 42,113 | 100% |
| Interest Expense | (1,419,779) | 187% | (999,081) | 237% |
| Bond Administration Expense | (30,609) | 4% | (23,820) | 351% |
| Gain on Sale of Assets | 9,560 | -1% | (60,997) | 62% |
| Capacity Fees | 435,375 | -57% | 165,905 | 62% |
| Miscellaneous Income (Expense) | 43,083 | -6% | 266,835 | -119% |
| Sale of Service Area | 1,203,161 | 86% | 1,203,161 | 100% |
| Non Cash - State Retirement | (263,796) | 35% | (76,366) | 41% |
| Non Cash - Post Employment Expense | (516,990) | 68% | (358,023) | 225% |
| Total Non-Operating Revenues (Expenses) | \$ (107,226) | | \$ (602,980) | -31% |

**LAURENS COUNTY WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

EXPENSES

The following schedule presents a summary of Commission's expenses for the fiscal year ended June 30, 2021 and the amount and percentage differences in relation to prior year expenses.

| <u>Expenses</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase (decrease) from FY 20</u> | <u>Percent increase (decrease)</u> |
|------------------------------------|----------------------|-----------------------------|---|--|
| Salaries and Employees' Benefits | \$ 3,003,814 | 28% | \$ (24,540) | -1% |
| Liability Insurance | 93,505 | 1% | 5,649 | 6% |
| Water Purchase | 2,343,452 | 22% | 201,732 | 9% |
| Contract Plant Operations | 187,205 | 2% | 36,156 | 24% |
| Utilities | 415,972 | 4% | 45,256 | 12% |
| Telephone and Other Communications | 84,547 | 1% | (2,442) | -3% |
| Vehicle and Equipment | 269,504 | 3% | 54,012 | 25% |
| Repairs and Maintenance | 702,289 | 7% | 104,389 | 17% |
| Audit and Legal Fees | 113,317 | 1% | 47,794 | 73% |
| Engineering Fees | 38,500 | 0% | 5,910 | 18% |
| Depreciation | 2,715,727 | 25% | 206,972 | 8% |
| Flow Monitoring | 18,900 | 0% | 16,200 | 600% |
| Economic Development | 35,710 | 0% | (141) | 0% |
| Billing | 86,550 | 1% | (10,180) | -11% |
| IVR and Merchant Fees | 118,925 | 1% | 14,080 | 13% |
| All Other | 494,315 | 5% | 26,390 | 6% |
| Total Expenses | \$ 10,722,232 | | \$ 727,237 | 7% |

CONTRIBUTED CAPITAL

Capital Contributions for the fiscal year ended June 30, 2021 were \$4,151,920. This is a decrease of 6 percent or \$402,692 from the prior fiscal year's capital contributions. Capital contributions to the Commission are detailed in Note 4.

**LAURENS COUNTY WATER AND SEWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2021, the Commission had invested \$110.5 million in capital assets. This amount represents an increase (including additions and deductions) of \$28.3 million from the prior year. More detailed information about the Commission's capital assets is presented in Note 3 to the financial statements.

| <u>Capital Assets</u> | <u>FY 2021</u> | <u>Increase (decrease) from FY 20</u> | <u>Percent Increase (decrease)</u> |
|---------------------------------|----------------|---|--|
| Land & Right of Ways | \$ 1,602,073 | \$ 25,748 | 2% |
| Buildings, Furniture & Fixtures | 4,295,979 | 67,668 | 2% |
| Mains, Pumps & Accessories | 14,720,007 | 2,059,362 | 16% |
| Water Distribution System | 56,528,656 | 1,840,991 | 3% |
| Water Capacity Rights | 4,342,243 | - | 0% |
| Sewer WWTP and Lines | 23,226,429 | 177,143 | 1% |
| Dam, Intake Tower & Other | 4,038,145 | - | 0% |
| Equipment | 1,343,126 | 85,190 | 7% |
| Vehicles | 886,635 | 71,112 | 9% |
| Recreation Park | 1,323,485 | - | 0% |
| Construction in Progress | 47,852,888 | 26,596,217 | 125% |
| Accumulated Depreciation | (49,609,558) | (2,606,075) | -6% |
| Net | \$ 110,550,108 | \$ 28,317,356 | 34% |

LONG-TERM DEBT AND CAPITAL LEASES

At year-end, the Commission had \$96.87 million in bonds, notes and capital leases outstanding; a increase of 38 percent or \$41.3 million from the prior year. More detailed information about the Commission's long-term liabilities is presented in Note 5 to the financial statements.

| <u>Outstanding Debt</u> | <u>FY 2021</u> | <u>FY 2020</u> | <u>Increase (decrease) from FY 20</u> | <u>Percent Increase (decrease)</u> |
|-------------------------|----------------|----------------|---|--|
| Bonds and Notes | \$ 96,878,373 | \$ 59,708,184 | \$ 37,170,189 | 62% |
| Capital Leases | - | - | - | 0% |
| Total | \$ 96,878,373 | \$ 59,708,184 | \$ 37,170,189 | 62% |

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 Jeff Field, P.E., Executive Director, Post Office Box 1006, Laurens, South Carolina 29360.

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINED STATEMENTS OF NET POSITION
JUNE 30, 2021
(with summarized comparative totals for June 30, 2020)

| | 2021 | 2020 |
|--------------------------------------|--------------|--------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 7,938,040 | \$ 5,992,064 |
| Restricted cash for debt service | 866,420 | 829,852 |
| Accounts receivable, net | 906,783 | 1,055,443 |
| Contributed capital receivable | 226,796 | 1,110,813 |
| Inventories | 72,119 | 69,222 |
| Prepaid expenses | 97,822 | 87,524 |
| Total current assets | 10,107,980 | 9,144,918 |
| Non-Current Assets | | |
| Restricted cash - capacity funds | 2,160,075 | 1,788,599 |
| Restricted cash - construction funds | 42,813,738 | 29,726,250 |
| Due from Gray Court | 127,293 | 155,580 |
| Capital assets, net | 110,548,058 | 82,232,752 |
| Total non-current assets | 155,649,164 | 113,903,181 |
| Total assets | 165,757,144 | 123,048,099 |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Pensions | 788,975 | 642,415 |
| Loss on refunding of debt | 7,863 | 15,454 |
| Total deferred outflow of resources | 796,838 | 657,869 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 2,793,994 | 3,708,057 |
| Accruals | 163,191 | 222,479 |
| Due to other governmental entities | 65,741 | 36,002 |
| Accrued interest | 300,989 | 284,314 |
| Customer deposits | 50,826 | 50,825 |
| Deferred revenue | 17,284 | 16,500 |
| Current portion of bonds payable | 44,956,348 | 1,370,963 |
| Total current liabilities | 48,348,373 | 5,689,140 |

The accompanying notes are an integral part of these financial statements.

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINED STATEMENTS OF NET POSITION
JUNE 30, 2021
(with summarized comparative totals for June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Non-Current Liabilities | | |
| Bonds payable | 51,922,025 | 58,337,221 |
| Net pension liability | 4,570,539 | 4,057,069 |
| Accrued other post employment benefits | 3,385,047 | 2,868,056 |
| Total non-current liabilities | <u>59,877,611</u> | <u>65,262,346</u> |
| Total liabilities | <u>108,225,984</u> | <u>70,951,486</u> |
| DEFERRED INFLOW OF RESOURCES | | |
| Pensions | <u>17,284</u> | <u>120,397</u> |
| NET POSITION | | |
| Net investment in capital assets | 56,182,434 | 52,379,436 |
| Restricted for debt service | 866,420 | 829,852 |
| Restricted for future capacity | 2,160,075 | 1,788,599 |
| Unrestricted | <u>(898,215)</u> | <u>(2,363,802)</u> |
| Total net position | <u>\$ 58,310,714</u> | <u>\$ 52,634,085</u> |

The accompanying notes are an integral part of these financial statements.

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | 2021 | 2020 |
|---|-------------------|-------------------|
| OPERATING REVENUE | | |
| Collection revenue | \$ 625,586 | \$ 587,022 |
| Wastewater treatment revenue | 1,826,845 | 1,910,390 |
| Water sales | 8,627,868 | 8,547,376 |
| Penalties | 253,695 | 250,778 |
| Tap fees | 651,932 | 360,646 |
| Reinstate, reconnect and delinquent fees | 153,393 | 137,551 |
| Origination fees | 56,570 | 49,825 |
| Other operating revenue | 158,277 | 145,802 |
| | 12,354,166 | 11,989,390 |
| OPERATING EXPENSES | | |
| Salaries | 2,074,079 | 2,101,595 |
| Payroll taxes | 157,848 | 150,807 |
| Group insurance | 384,944 | 374,351 |
| State retirement | 322,516 | 329,096 |
| Worker's compensation | 38,390 | 30,627 |
| Employee health/safety expense | 6,931 | 5,527 |
| Employee memberships | 6,925 | 6,100 |
| Employee training, conferences and seminars | 13,056 | 30,251 |
| Uniform expense | 30,057 | 29,907 |
| Dues, subscriptions and licenses | 15,870 | 14,707 |
| Commissioners & legislative expense | 38,581 | 35,488 |
| Water purchases | 2,343,452 | 2,141,720 |
| Chemicals | 96,904 | 92,935 |
| Contract plant operations | 187,205 | 151,049 |
| System maintenance | 523,127 | 406,506 |
| Vehicle and equipment maintenance | 225,847 | 215,492 |
| Buildings and grounds maint | 86,660 | 90,466 |
| Software and office equipment maintenance | 156,856 | 100,928 |
| Property and casualty insurance | 93,505 | 87,856 |
| Depreciation | 2,715,727 | 2,508,755 |
| Utilities | 415,972 | 370,716 |
| Telephone and mobile communications | 78,277 | 86,989 |
| DHEC licenses and fees | 33,279 | 32,651 |
| Tools and supplies | 36,127 | 54,982 |
| Flow monitoring | 18,900 | 2,700 |
| Right of way maintenance | 56,526 | 58,207 |
| Billing fees | 86,550 | 96,730 |
| Office expense | 73,185 | 51,448 |
| Professional fees | 113,317 | 65,523 |
| Engineering and consulting | 38,500 | 32,590 |
| Economic development | 35,710 | 35,851 |
| Community outreach | 62,467 | 82,198 |
| Entertainment expense | 15,951 | 17,797 |
| IVR and merchant service fees | 118,925 | 104,845 |
| Miscellaneous expense | 20,065 | (2,396) |
| | 10,722,231 | 9,994,994 |
| Total operating expenses | 10,722,231 | 9,994,994 |
| Operating income | 1,631,935 | 1,994,396 |

The accompanying notes are an integral part of these financial statements.

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | 2021 | 2020 |
|---|----------------------|----------------------|
| NON-OPERATING REVENUE (EXPENSES) | | |
| Property tax collections | 375,920 | 388,930 |
| Interest earned | 14,736 | 113,696 |
| Insurance proceeds | 42,113 | - |
| Gain on sale of assets | 9,560 | 70,557 |
| Sale of service area | 1,203,161 | - |
| Capacity fees | 435,375 | 269,470 |
| Bond administration expense | (30,609) | (6,789) |
| Miscellaneous non-operating rev(exp) | 43,083 | (223,752) |
| Interest expense | (1,419,779) | (420,698) |
| Non cash - state retirement | (263,796) | (187,430) |
| Non cash - post employment expense | (516,990) | (158,967) |
| | <u>(107,226)</u> | <u>(154,983)</u> |
| Total non-operating revenue (expense) | | |
| Change in net position before capital contributions | <u>1,524,709</u> | <u>1,839,413</u> |
| CAPITAL CONTRIBUTIONS | <u>4,151,920</u> | <u>4,399,965</u> |
| Change in net position | <u>5,676,629</u> | <u>6,239,378</u> |
| Net position, beginning of year | 52,634,085 | 45,694,851 |
| Prior period adjustment (Note 12) | <u>-</u> | <u>699,856</u> |
| Net position, beginning of year, restated | <u>52,634,085</u> | <u>46,394,707</u> |
| Net position, end of year | <u>\$ 58,310,714</u> | <u>\$ 52,634,085</u> |

The accompanying notes are an integral part of these financial statements.

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINED STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 13,444,500 | \$ 11,126,918 |
| Payments for supplies for goods and services | (6,045,615) | (1,280,343) |
| Payments for labor and related services | (2,250,416) | (2,116,357) |
| Payment for employee benefits | (746,474) | (721,133) |
| Net cash provided by operating activities | <u>4,401,995</u> | <u>7,009,085</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Property tax collections | 375,920 | 388,930 |
| Capital outlay | (29,196,783) | (20,569,759) |
| Capital contributions | 2,421,174 | 4,015,693 |
| Proceeds from sale of assets | (9,560) | (44,415) |
| Interest paid on bonds | (1,412,589) | (408,864) |
| Bonds proceeds, net | 37,170,165 | 41,302,736 |
| Bond administration fees | (30,609) | (6,789) |
| Property lease fees | 81,792 | 86,400 |
| Sale of service area | 1,203,161 | - |
| Bond issuance savings | (55,382) | (310,452) |
| Capacity fees | 435,375 | 269,470 |
| Net cash provided by capital and related financing activities | <u>10,982,664</u> | <u>24,722,950</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 14,736 | 113,696 |
| Net cash flows provided by investing activities | <u>56,849</u> | <u>113,696</u> |
| Net increase in cash | 15,441,508 | 31,845,731 |
| Cash, beginning of year | <u>38,336,765</u> | <u>6,491,034</u> |
| Cash, end of year | <u>\$ 53,778,273</u> | <u>\$ 38,336,765</u> |
| RECONCILIATION TO STATEMENT OF NET POSITION | | |
| Cash and cash equivalents | 7,938,040 | 5,992,064 |
| Restricted cash - debt service funds | 866,420 | 829,852 |
| Restricted cash - capacity funds | 2,160,075 | 1,788,599 |
| Restricted cash - construction funds | 42,813,738 | 29,726,250 |
| Total cash and cash equivalents | <u>\$ 53,778,273</u> | <u>\$ 38,336,765</u> |

The accompanying notes are an integral part of these financial statements.

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINED STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 1,631,934 | \$ 1,994,396 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 2,715,727 | 2,508,755 |
| Gain on sale of assets | (9,560) | - |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 921,262 | (935,422) |
| (Increase) decrease in inventory | (2,897) | 2,439 |
| (Increase) decrease in prepaids | (5,768) | (8,057) |
| Increase (decrease) in accounts payable | (881,633) | 3,201,687 |
| Increase (decrease) in due to other governmental entities | 94,028 | (153,008) |
| Increase (decrease) in accrued expenses | (61,098) | 398,295 |
| Total adjustments | <u>2,770,061</u> | <u>5,014,689</u> |
| Net cash provided by operating activities | <u>\$ 4,401,995</u> | <u>\$ 7,009,085</u> |

The accompanying notes are an integral part of these financial statements.

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pursuant to an Ordinance enacted on November 24, 1992, as amended on March 23, 1993, by the Laurens County Council and by an Ordinance enacted on March 2, 1993, by the Greenville County Council, respectively, Rabon Creek Rural Water District and the Laurens County Water Resources Commission were consolidated effective July 1, 1993. The consolidated district is known as Laurens County Water and Sewer Commission (the "Commission"). In enacting the Ordinances, the County Councils determined that the Water Resources Commission and Rabon Creek should be consolidated in order to obtain greater efficiency and economy in the provision of water and sewer services to the residents of rural Laurens County. The consolidation created a unified water supply and distribution and wastewater collection and treatment system for the unincorporated areas of the county. The Commission sells on credit to customers in this rural area of Laurens County and two small areas of Southern Greenville County.

The consolidated district is governed by the Commission, which comprises nine members, each of whom is either an individual user in the service area operated and maintained by the consolidated district or a resident of the service area of the consolidated district. The Commission succeeded to all the rights, powers and privileges and obligations of Rabon Creek Rural Water District and the Laurens County Water Resources Commission as set forth in the acts creating each, including the debt obligations issued by such entities.

The Commission's eight members as appointed by the Governor of South Carolina are as follows:

| <u>Name of Member</u> | <u>Beginning of Term</u> | <u>Expiration of Term</u> |
|-----------------------|--------------------------|---------------------------|
| John S. Peden | 07-01-19 | 06-30-23 |
| Philip O'Dell | 07-01-17 | 06-30-21 |
| Jurell Byrd, Jr. | 07-01-17 | 06-30-21 |
| William Teague | 07-01-19 | 06-30-23 |
| Susan Curry | 07-01-19 | 06-30-23 |
| John L. McMurray | 07-01-17 | 06-30-21 |
| Thomas E. Davenport | 07-01-17 | 06-30-21 |
| Doug Hendrick | 07-01-19 | 06-30-21 |
| Vacant | | |

Notwithstanding the consolidation of Rabon Creek and the Water Resources Commission, the Commission continues to operate the Water Distribution System, the Water Supply System and the Sewer System as separate "systems" and maintains separate books of account for each. In addition, at present, improvements to each system are financed independently and such financing is secured by pledges of the revenues of the applicable system. The Commission is authorized to fix rates for service without any supervision or regulation by the state or county. The Commission is further authorized to build, construct, maintain and operate reservoirs, water treatment facilities, and water distribution systems to sell water on a retail and wholesale basis for domestic, industrial and agricultural uses.

(Continued)

LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Commission may also construct sewage treatment facilities and sewage collection facilities to collect and treat sewage on a retail and wholesale basis.

The Commission is independent of any other governing body. There are no significant continuing relationships between the Commission and Laurens County for carrying out the day to day functions. The Commission hires management and prepares budgets independently. The Commission is responsible for its own debt. It is not financially accountable to Laurens County. Consequently, the County is not entitled to the surpluses of the system and is not obligated for its deficits or debts.

The Commission operates five funds under a Board-Manager form of government.

The accounting policies of Laurens County Water and Sewer Commission conform to generally accepted accounting policies as applicable to governments. The following is a summary of the more significant policies:

Fund Accounting

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements as follows:

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (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 following are brief descriptions of the four enterprise funds presented in this report.

Collection System – The Collection System provides collection and transportation of sewer for treatment by the Clinton/Joanna Wastewater Treatment Plant or by various other treatment providers.

Clinton/Joanna Wastewater Treatment Plant – The plant is a source of sewage treatment for the City of Clinton, Communities of Joanna, Lydia Mill, and local industry.

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Lake Rabon Water Supply System – The watershed is comprised of three dams forming Lake Beulah, Lake Stoddard and Lake Rabon. The Commission owns and operates Lake Rabon which serves as a water supply for Laurens County as well as recreation and flood control. The Commission of Public Works of the City of Laurens also purchases raw water from the watershed.

Water Distribution System – The water distribution system acquires, treats and distributes fresh water for industrial, agricultural, and domestic use. There are approximately 15,263 residential homes and 148 businesses serviced by this system. Included in those numbers are the Town of Gray Courts 392 residential customers (see Note 11).

Internal Service Fund – Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the Commission on a cost-reimbursement basis. The following is a brief description of the Internal Service Fund presented in this report.

Administrative Fund – The Administrative Fund provides the management and other administrative needs required of the other funds for proper execution of their duties. The Administrative Fund is funded by an administrative fee charged to other funds based on time required by the other funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled utility service receivables are recorded at year end. With this measurement focus, all assets and liabilities are included on the Statement of Net Position. Net position is segregated into invested in capital assets, restricted, and unrestricted.

Budgets and Budgetary Accounting

Prior to June 30, the Executive Director submits to the Board of Commissioners a proposed operating budget for each fund for the fiscal year commencing July 1. The operating budgets include proposed expenditures and the means for financing them.

All Commission Board Meetings are open to the public. The commission will discuss the proposed budgets at the public meetings and make changes as necessary. The budgets are passed by the Commissioners by vote at a public meeting to adopt it. They are always adopted prior to the beginning of the fiscal year on July 1.

All changes in the budgets are authorized by the Commission in subsequent meetings. The Executive Director has no authority to make changes in the budget.

(Continued)

LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

All funds presented are budgeted. Revenues and expenses are presented in comparison with the budget.

Budgets for these funds are adopted on a basis consistent with generally accepted accounting principles.

Economic Dependency

The City of Clinton is the major source of revenue for the Clinton/Joanna Wastewater Treatment Plant. The Commission of Public Works of the City of Laurens is the major source of revenue for the Lake Rabon Water Supply System.

Cash and Cash Equivalents

Demand deposits and short-term investments with a maturity of three months or less when purchased are considered cash and cash equivalents.

Investments

The Commission currently or in the past year has primarily used the following investments in its operating activities:

- 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”*, investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments. 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.
- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.
- U.S. Government Agency Bonds are securities that are generally backed by mortgage loans, and due to their creation from particular corporations that are sponsored by the U.S. government, they enjoy credit protection based on either an implicit or explicit guarantee from the U.S. government.

(Continued)

LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Restricted Cash

The Commission is required to maintain debt service funds under the terms of certain bonds (see Note 6). 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 accounts for capacity fees and construction funds that may only be used for construction purposes. These funds are shown as restricted cash on the Statement of Net Position because their use is limited.

Accounts Receivable

The Commission renders bills to residential, commercial, and industrial customers on billing cycles that end on various days throughout the month. The 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.

Collection System customer accounts receivable at June 30, 2021 was \$93,187. The accumulated allowance for doubtful accounts in the Collection System was \$39,978 at June 30, 2021. Collection System bad debt expense for the year ended June 30, 2021 was \$21.

Clinton/Joanna Wastewater Treatment Plant accounts receivable due from the City of Clinton for wastewater services was \$153,228 at June 30, 2021. The accumulated allowance for doubtful accounts in the Clinton/Joanna Wastewater Treatment Plant was \$16,713 at June 30, 2021. Clinton/Joanna Wastewater Treatment Plant bad debt expense for the year ended June 30, 2021 was \$13.

Lake Rabon Water Supply System accounts receivable due from the Laurens Commission of Public Works for sale of raw water was \$26,801 at June 30, 2021 and LCWSC \$16,307 (eliminated in consolidation) at June 30, 2021.

Water Distribution System accounts receivable at June 30, 2021 was \$1,321,136. The accumulated allowance for doubtful accounts in the Water Distribution System was \$632,977 at June 30, 2021. The Water Distribution System bad debt expenses for the year ended June 30, 2021 was \$3,016.

Inventories

Inventory is valued at cost. Cost is determined by the first-in, first-out method.

Inter-fund Transfers

The inter-fund transfers were the transfers from each of the other four funds to the Administrative Fund for each fund's prorated share of the costs incurred by that fund in performing administrative duties for the other four funds. For the year ended June 30, 2021, the Collection System transferred \$171,694, the Clinton/Joanna Wastewater Treatment Plant transferred \$343,386, the Lake Rabon Water Supply System transferred \$128,770, and the Water Distribution System transferred \$1,073,082 to the Administrative Fund.

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets

The accounting and reporting treatment applied to the Capital Assets associated with a fund are determined by its measurement focus. All proprietary funds are accounted for on a cost of service or “capital maintenance” measurement focus. This means that all assets (whether current or non-current) associated with their activity are included on their Statements of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| <u>Description</u> | <u>Useful Life</u> |
|-----------------------------------|--------------------|
| Dam, Intake Tower | 60 – 100 years |
| Plant, Buildings and Improvements | 10 – 50 years |
| Sewer Mains and Pump Stations | 20 – 50 years |
| Water Distribution System | 20 – 60 years |
| Equipment | 5 - 7 years |
| Vehicles | 5 years |

Capitalization of Interest

Amounts incurred for interest costs during the construction phase of fixed assets are capitalized.

Compensated Absences

The Commission has a general leave program which provides employees with annual paid general leave days. Employees can carry a maximum of ninety days of sick time and twenty-five days of accrued leave. At June 30, 2021 \$129,671 for compensated absences is included in accrued expenses reported on the Statement of Net Position. No liability is booked for sick pay because it is not payable to the employee at termination.

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. Gains or losses on debt refundings are deferred and amortized over the life of the new debt or the remaining life of the refunded debt, whichever is shorter, using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Gains or losses on debt refundings are treated as deferred inflows of resources and deferred outflows of resources, respectively.

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) until then. The Commission currently has two

(Continued)

LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

types of deferred outflows of resources. (1) The Commission reports *deferred refunding charges* in its Statement of Net Position. If material, *deferred refunding charges*, which is the difference between the reacquisition price and the net carrying amount of the defeased debt, are deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortization of *deferred refunding charges* is included in interest expense. (2) The Commission also reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

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 one type of deferred inflows of resources. The Commission reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

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.

Pensions

Pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 7 and the required supplementary information immediately following the notes to the financial statements for more information). The Commission recognizes a net pension liability for its qualified pension, which represents 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 liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability 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

(Continued)

LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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.

(Continued)

LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results for the year ended June 30, 2021.

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Financial Institutions

Custodial credit risk is the risk that the Commission's bank deposits may not be returned to it in the event of financial institution failure. All of the Commission's cash deposits are with financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000.

South Carolina Law requires deposits in excess of \$250,000 to be collateralized. Loss would only occur if the financial institution fails and is seized by the Federal Deposit Insurance Corporation, which would not be legally obligated on cash deposits in excess of \$250,000. At June 30, 2021, all of the commission's deposits in excess of the amount insured by the Federal Deposit Insurance Corporation were fully collateralized.

Investment Credit Risk

At June 30, 2021, the Commission has cash equivalent short term investments of \$7,367,094 in the South Carolina Local Government Investment Pool. This investment pool holds investment grade governmental and corporate bonds and notes with an average maturity of ninety days or less. Information regarding the underlying security rating of the Commission's investment in this local government investment pool is available in the South Carolina Local Government Investment Pool's financial statements. This investment pool does not have a credit quality rating assigned. A copy of these financial statements may be obtained by writing to the state treasurer at the following address:

The State Treasurer's Office
Local Governmental Investment Pool
Post Office Box 11778
Columbia, South Carolina 29211

LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|---------------------|-------------------|--------------------|----------------------|
| Capital Assets, Non-Depreciable | | | | | |
| Land | \$ 1,576,325 | \$ 25,748 | \$ - | \$ - | \$ 1,602,073 |
| Construction in Progress | 21,256,671 | 27,827,579 | - | (1,231,362) | 47,852,888 |
| Total Capital Assets, Non-Deprec | 22,832,996 | 27,853,327 | - | (1,231,362) | 49,454,961 |
| Capital Assets, Depreciable | | | | | |
| Buildings, Furniture and Fixtures | 4,228,311 | 67,668 | | | 4,295,979 |
| Mains, Pumps, and Accessories | 12,660,645 | 1,137,230 | (8,882) | 931,014 | 14,720,007 |
| Water Distribution System | 54,687,665 | 1,522,528 | - | 318,463 | 56,528,656 |
| Water Capacity Rights | 4,342,243 | - | - | - | 4,342,243 |
| SS Treatment Plant and Lines | 23,049,286 | 177,143 | - | - | 23,226,429 |
| Dam, Intake Tower, and Other Costs | 4,038,145 | - | - | - | 4,038,145 |
| Equipment | 1,257,936 | 85,190 | - | - | 1,343,126 |
| Vehicles | 815,523 | 199,557 | (100,575) | (27,870) | 886,635 |
| Recreation Park | 1,323,485 | - | - | - | 1,323,485 |
| Total Capital Assets, Depreciable | 106,403,239 | 3,189,316 | (109,457) | 1,221,607 | 110,704,705 |
| Less: Accumulated Depreciation | 47,003,483 | 2,715,727 | (99,897) | (9,755) | 49,609,558 |
| Total Capital Assets, Depreciable, Net | 59,399,756 | 473,588 | (9,560) | 1,231,632 | 61,095,147 |
| Total Capital Assets, Net | \$82,232,752 | \$28,326,916 | \$ (9,560) | \$ - | \$110,550,108 |

Construction in Progress consists of \$62,404 in improvements to the Collection System, \$89,450 in improvements to the Clinton/Joanna Wastewater Treatment, \$21,262 in improvements to the Lake Rabon Water Supply System and \$47,679,773 system improvements to the Water Distribution System.

In 2009, the Commission hired a consultant to perform a water resources master plan. The master plan determined that current water resources are not sustainable for future growth. On November 14, 2019 the Commission held a ground breaking ceremony at the Raw Water Intake on Lake Greenwood. The project's estimated costs is \$56,293,923, at June 30, 2021 the Commission has spent \$47,544,483 in construction in progress and has construction obligations of \$8,749,440. The Commission has obtained revenue bonds (see Note 5) for a majority of the construction costs. As of June 30, 2021, the Commission has also received grant funds of \$500,000 from the South Carolina Rural Infrastructure Authority and of \$2,605,421 from the U.S. Economic Development Administration towards the project's costs. The Commission will receive an additional \$412,457 in grants funds from the U.S. Economic Development Administration and \$5,013,070 from the U.S. Department of Agriculture to cover a portion of the remaining project's costs.

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 4 – CAPITAL CONTRIBUTIONS

During the year ended June 30, 2021, the Commission received a total of \$4,802,657 in capital contributions. The following is a brief description of the various sources of these capital contributions:

The Commission received \$497,370 in federal Community Development Block Grant funds as a sub-recipient from Laurens County for construction of water and sewer facilities.

The Commission received \$1,624,494 from the U.S. Economic Development Administration funds.

The Commission received \$159,835 in nonfederal grants.

Other contributions from homeowners and industry toward waterline and sewer facility construction totaled \$2,520,958.

NOTE 5 – LONG TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2021.

| Long-Term Obligations | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-----------------------|----------------------|---------------|--------------|-------------------|------------------------|
| Bonds: | | | | | |
| Series 2013 | \$ 1,388,000 | \$ - | \$ 319,000 | \$ 1,069,000 | \$ 334,000 |
| Series 2013 USDA | 4,148,682 | - | 81,963 | 4,066,719 | 84,246 |
| Series 2016 | 6,725,000 | - | 475,000 | 6,250,000 | 490,000 |
| Series 2017 | 4,685,000 | - | 485,000 | 4,200,000 | 490,000 |
| Series 2020 BAN | 42,761,502 | - | - | 42,761,502 | 42,761,502 |
| Series 2020 A-F USDA | - | 39,120,814 | 589,662 | 38,531,152 | 796,600 |
| Total Bonds | \$ 59,708,184 | \$ 39,120,814 | \$ 1,950,625 | \$ 96,878,373 | \$ 44,956,348 |

The following is a summary of the long-term obligations at June 30, 2021 operating unit:

Collection System

Series 2013 General Obligation Advanced Refunding Bond

Dated October 31, 2013, due March 1, 2024

Interest rate 2.25%

\$ 1,069,000

Clinton/Joanna Wastewater Treatment Plant

United States Department of Agriculture – Series 2013 USDA Bond

Dated September 26, 2013, due September 26, 2053, at 2.75%

\$ 4,066,719

Water Distribution System

Series 2016 Revenue Bonds

Dated December 7, 2016, due March 1, 2032

Interest rate at 1.90%

\$ 6,250,000

(Continued)

LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 5 – LONG TERM OBLIGATIONS, Continued

| | |
|--|----------------------|
| Series 2017 Revenue Bonds | |
| Dated January 26, 2017, due March 1, 2029 | |
| Interest rate at 1.90% | 4,200,000 |
| USDA Series 2020 A-F Revenue Bonds | |
| Dated October 28, 2020, due September 28, 2060 | |
| Interest rate at 1.500% | 38,531,152 |
| Series 2020 Bond Anticipation Notes | |
| Dated August 1, 2020, due February 1, 2022 | |
| Interest rate at 1.375% | <u>42,761,502</u> |
| Total Water Distribution System Obligations | <u>\$ 91,742,654</u> |
| Total Long-Term Obligations of the Commission | <u>\$ 96,878,373</u> |

Annual debt service requirements to maturity for all long-term debt at June 30, 2021 are as follows:

| Year Ending June 30 | Principal | Interest | Total Requirements |
|------------------------|----------------------|----------------------|-----------------------|
| 2022 | \$ 44,956,348 | \$ 1,654,302 | \$ 46,610,650 |
| 2023 | 2,253,223 | 1,029,964 | 3,283,187 |
| 2024 | 2,141,848 | 990,445 | 3,132,293 |
| 2025 | 1,784,724 | 956,194 | 2,740,918 |
| 2026 | 1,814,857 | 930,306 | 2,745,163 |
| 2027-2031 | 9,750,582 | 3,964,509 | 13,715,091 |
| 2032-2036 | 6,420,188 | 3,245,140 | 9,665,328 |
| 2037-2041 | 5,784,538 | 2,834,670 | 8,619,208 |
| 2042-2046 | 6,083,395 | 2,361,176 | 8,444,571 |
| 2047-2051 | 5,834,156 | 1,794,622 | 7,628,779 |
| 2052-2056 | 5,453,790 | 742,840 | 6,196,630 |
| 2057-2060 | 4,600,724 | 145,340 | 4,746,065 |
| | <u>\$ 96,878,373</u> | <u>\$ 20,649,508</u> | <u>\$ 117,527,881</u> |

All revenue bonds are secured by pledges of revenue of the applicable system. Therefore, sewer system revenue cannot be used to service the debt of the water distribution system, or vice versa. The South Carolina State Budget and Control Board Revolving Fund loan and the United States Department of Agriculture Rural Development loans are secured by a pledge of sewer revenue and a statutory lien on the sewer system.

The Series 2020 Bond Anticipation Notes is interim financing for the Water Treatment Plant under construction (see Note 3). The bond was paid off by the Series 2020 A-F Revenue Bonds subsequent year-end (see Note 12).

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 5 – LONG TERM OBLIGATIONS, Continued

The general obligation bonds of the Collections System is payable through property tax collections from the service area (see Note 9).

The Government Accounting Standards Board (GASB) in Statement No. 23 requires that the loss on debt defeasance be amortized in a rational and systematic way as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. This deferred amount is shown as a Loss on Refunding of Debt in the Deferred Outflows of Resources section of the Statements of Net Position. The losses on refunding of debt per system are as follows:

Collection System \$ 7,591

NOTE 6 – COMPLIANCE WITH BOND REQUIREMENTS – RESTRICTED CASH

The amount of cash or cash equivalents restricted by the bond resolutions is summarized below.

| | Debt Service Fund | Debt Service Reserve Fund | Total |
|---|----------------------|------------------------------|------------|
| Collection System | \$ 210,178 | \$ - | \$ 210,178 |
| Clinton/Joanna Wastewater Treatment Plant | - | 155,548 | 155,548 |
| Water Distribution System | 394,086 | 106,608 | 500,694 |
| Total Debt Service Funds | \$ 604,264 | \$ 262,156 | \$ 866,420 |

NOTE 7 – PENSION PLAN

Employee Retirement Systems

The Commission participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”).

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’ five defined benefit pension plans. PEBA has an 11-member Board of Directors, 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.

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 7 – PENSION PLAN, Continued

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 generally accepted accounting principles (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.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. 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.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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.

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 7 – PENSION PLAN, Continued

State ORP – As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

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 the 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.

The 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.

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 7 – PENSION PLAN, Continued

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 and PORS 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 and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS 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 and PORS 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 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 and PORS 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 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 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 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.

Required employee contribution rates¹ are as follows:

| | <u>Fiscal Year 2021</u> | <u>Fiscal Year 2020</u> |
|----------------------|-------------------------|-------------------------|
| SCRS | | |
| Employee Class Two | 9.00% | 9.00% |
| Employee Class Three | 9.00% | 9.00% |
| State ORP | | |
| Employee | 9.00% | 9.00% |

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 7 – PENSION PLAN, Continued

Required employer contribution rates (1) are as follows:

| | <u>Fiscal Year 2021</u> | <u>Fiscal Year 2020</u> |
|-----------------------------------|-------------------------|-------------------------|
| SCRS | | |
| Employee Class Two | 15.41% | 15.41% |
| Employee Class Three | 15.41% | 15.41% |
| Employer Incidental Death Benefit | 0.15% | 0.15% |
| State ORP | | |
| Employer Contribution (2) | 15.41% | 15.41% |
| Employer Incidental Death Benefit | 0.15% | 0.15% |

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.

(1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

(2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

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

| | SCRS |
|--|--|
| Actuarial Cost Method | Entry age normal |
| Investment Rate of Return | 7.25% |
| Projected Salary Increases | 3.0% to 12.5% (varies by service) ¹ |
| Benefit Adjustments | Lesser of 1% or \$500 annually |
| ¹ Includes Inflation at 2.25% | |

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 7 – PENSION PLAN, 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 System’s mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

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

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

Net Pension Liability

The net pension liability (NPL) represents the total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. SPL totals, as of June 30, 2020, for SCRS is presented below:

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

The TPL 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 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 67 and 68 are not applicable for other purposes, such as determining the plans’ funding requirements.

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 rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. 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. (Continued)

LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 7 – PENSION PLAN, Continued

| <u>Asset Class</u> | <u>Total Asset Allocation</u> | <u>Expected Arithmetic Real Rate of Return</u> | <u>Long-term Expected Portfolio Real Rate of Return</u> |
|----------------------------------|-------------------------------|--|---|
| Global Equity | 51.0% | | |
| 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% |
| Real Assets | 12.0% | | |
| 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% |
| Opportunistic | 8.0% | | |
| Global Tactical Asset | 7.0% | 3.56% | 0.25% |
| Other | 1.0% | 4.41% | 0.04% |
| Credit | 15.0% | | |
| High Yield Bonds/Bank Loans | 4.0% | 4.21% | 0.17% |
| Emerging Marketing Debt | 4.0% | 3.44% | 0.14% |
| Private Debt | 7.0% | 5.79% | 0.40% |
| Rate Sensitive | 14.0% | | |
| Core Fixed Income | 13.0% | 1.60% | 0.21% |
| Cash and Short Duration (net) | 1.0% | 0.56% | 0.01% |
| Total Expected Real Return | 100% | | 5.80% |
| Inflation for Actuarial Purposes | | | 2.25% |
| Total Expected Nominal Return | | | 8.05% |

Pensions

At June 30, 2021, the Commission reported a liability of \$4,570,539 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 7 – PENSION PLAN, Continued

For the year ended June 30, 2021, the Commission recognized pension expense of \$586,312. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Governmental Activities | |
|---|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| SCRS | | |
| Differences between expected and actual experience | \$ 58,338 | \$ 17,284 |
| Changes of assumptions: | | |
| Investment experience changes | 336,202 | - |
| Changes in proportion and differences between: | | |
| Commission contributions and proportionate share of contributions | 71,627 | - |
| Commission contributions subsequent to the measurement date | 322,808 | - |
| Total | \$ 788,975 | \$ 17,284 |

An amount of \$322,808 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4.00 years for SCRS:

| Measurement Period Ending June 30 | | |
|---|----|---------|
| 2021 | \$ | 113,869 |
| 2022 | | 125,375 |
| 2023 | | 123,848 |
| 2024 | | 85,791 |
| Net Balance of Deferred Outflow/(Inflow) of Resources | \$ | 448,883 |

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 SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 7 – PENSION PLAN, Continued

Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower or (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

| System | 1.00% Decrease (6.25%) | Current Discount Rate (7.25%) | 1.00% Increase (8.25%) |
|--------|---------------------------|----------------------------------|---------------------------|
| SCRS | \$ 5,664,621 | \$ 4,570,538 | \$ 3,656,965 |

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems’ audited financial statements for the fiscal year ended June 30, 2020, and the accounting valuation report as of June 30, 2020. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems’ CAFR.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

The Commission’s post-employment benefit plan is a single employer plan that pays a portion of the health insurance premiums of retired employees. Coverage is provided through the Employee Insurance Program for the State of South Carolina. For current retirees age 65 and over, the Commission pays a percentage of the insurance premium of retirees’ Medicare supplemental policies and optional dental insurance. Retirees under age 65 are covered under the same health insurance policy as are active employees, and the Commission pays a portion of their premiums. The plan was amended for employees hired after November 2010, whereby eligibility in the plan remains the same, but the Commission will no longer pay any portion of the health insurance premium when the retiree becomes eligible for Medicare. The Board of Commissioners establishes plan policies, including benefits and contribution requirements of the Commission and plan members, which may be amended at its discretion. The retiree health plan does not issue a publicly available financial report.

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS, Continued

As of June 30, 2021, the measurement date, there were 44 covered participants, including 38 active participants (11 hired before November 2010 and 27 hired after November 2010) and 6 retirees. The percentage of the health insurance premium paid by the Commission for retiree health insurance is based on the number of years of service as follows:

| Continuous Years of Service | Percentage Paid by the Commission |
|--------------------------------|--------------------------------------|
| Less than 10 | 0% |
| 10 | 20% |
| 15 | 40% |
| 20 | 60% |
| 25 | 80% |
| 30+ | 100% |

Funding Policy

The Commission’s annual other post-employment benefits (OPEB) cost (expense) is a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

Health Insurance Continuation of Coverage – As required by the Consolidated Omnibus Budget and Reconciliation Act (COBRA), the Commission provides health insurance benefits to eligible former employees and eligible dependents based upon requirements outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth day of the month for the actual month covered. There is no associated cost to the Commission.

Total OPEB Liability – The Commission’s total OPEB liability of \$3,385,047 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------|--------------|
| Inflation | 2.50 percent |
| Salary increases | 3.00 percent |
| Discount rate | 2.16 percent |

The discount rate was based on the 20-Bond GO Index.

Mortality rates were based on the July 1, 2017, SCRS valuation (see Note 8).

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study with a measurement date of June 30, 2021.

(Continued)

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS, Continued

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|------------------------|-------------------------|
| Balance at 6/30/2020 | \$ 2,868,056 |
| Changes for the year: | |
| Service cost | 127,932 |
| Interest | 79,307 |
| Economic losses | 78,094 |
| Effect of assumptions | 260,976 |
| Employer contributions | (29,317) |
| Net changes | 516,991 |
| Balance at 6/30/2021 | \$ 3,385,047 |

Post-Employment and Other Employee Benefits, Continued

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

| | 1% Decrease (1.16) | Discount Rate (2.16) | 1% Increase (3.16) |
|----------------------|--------------------------|----------------------------|--------------------------|
| Total OPEB liability | \$ 4,004,300 | \$ 3,385,047 | \$ 2,890,050 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the Commission recognized OPEB expense of \$472,919. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ - |
| Changes of assumptions or other inputs | - | - |
| Total | \$ - | \$ - |

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

NOTE 9 – PROPERTY TAXES

Property taxes are levied against all real and tangible personal property located in the Commission’s service area in Laurens County. The Laurens County Treasurer and Auditor annually sets the millage in the Commission’s service area sufficient to service the principal and interest repayment schedules of the General Obligation Bonds of Laurens County Water and Sewer Commission, South Carolina. The county treasurer also collects all levied property taxes for the Commission, and makes principal and interest payments on this debt from the property tax collections.

The Commission reports property taxes actually collected as non-operating revenue. Property tax collections are kept in a debt service fund which is maintained by the Laurens County Treasurer. The Commission reports the balance of funds in this account as restricted cash in debt service funds.

NOTE 10 – LITIGATION

The Laurens County Water and Sewer Commission and the commissioners are not a material party as a defendant or plaintiff in any litigation.

NOTE 11 – UTILITY MANAGEMENT SERVICE AGREEMENT

On January 1, 2020, the Commission signed a three-year utility management service agreement with the Town of Gray Court (the “Town”) to manage and maintain the Town’s water system. The Commission provides operation, maintenance and administrative services for the water system and the Commission collects the monthly water usage fees as payment for these services however the monthly fees cannot be lower than \$3,775. The Town continues to fund certain expenses associated with the water system such as utilities, rehabilitative and upgrades to the system and non-inventory parts used in system maintenance.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The Commission has recorded a prior period adjustment to the prior period’s financial statements due to mistakes in applying management estimates regarding depreciation. The adjustment is summarized as follows:

| | Lake Rabon |
|--|--------------|
| Beginning net position – Lake Rabon Water Supply System, as previously reported at June 30, 2019 | \$ 3,165,459 |
| Prior period adjustment – depreciation estimate | 699,856 |
| Net position – Lake Rabon Water Supply System, as restated at July 1, 2019 | \$ 3,865,315 |

(Continued)

LAURENS COUNTY WATER AND SEWER COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021

NOTE 12 – PRIOR PERIOD ADJUSTMENT, Continued

| | Combined |
|--|----------------------|
| Beginning net position – Combined, as previously reported at June 30, 2019 | \$ 46,694,851 |
| Prior period adjustment – depreciation estimate | <u>699,856</u> |
| Net position – Combined, as restated at July 1, 2019 | <u>\$ 46,394,707</u> |

NOTE 13 – SUBSEQUENT EVENTS

On July 1, 2021, the Commission’s outstanding Water Distribution System Series 2020 Bond Anticipation Notes were paid off (see Note 5).

The Commission has evaluated events and transactions for subsequent events through the date of the auditor’s report, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LAURENS COUNTY WATER AND SEWER COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 SOUTH CAROLINA RETIREMENT SYSTEM
 YEAR ENDED JUNE 30, 2021

Only eight years of information is presented as only eight years of data were available.

| | Year Ended June 30, | | | | | | | |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Commission's proportion of the net pension liability | 0.017887% | 0.017768% | 0.017571% | 0.017040% | 0.016452% | 0.015875% | 0.015862% | 0.015862% |
| Commission's proportionate share of the net pension liability | \$ 4,570,539 | \$ 4,057,069 | \$ 3,937,170 | \$ 3,835,978 | \$ 3,514,123 | \$ 2,986,494 | \$ 2,730,911 | \$ 2,845,077 |
| Commission's covered-employee payroll | \$ 2,074,603 | \$ 1,995,578 | \$ 1,876,214 | \$ 1,701,032 | \$ 1,719,245 | \$ 1,476,446 | \$ 1,440,044 | \$ 1,359,813 |
| Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 220.3% | 203.3% | 209.8% | 225.5% | 204.4% | 202.3% | 189.6% | 209.2% |
| Plan fiduciary net position as a percentage of the total pension liability | 50.7% | 54.4% | 54.1% | 53.3% | 52.9% | 57.0% | 59.9% | 56.4% |

Notes to schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

LAURENS COUNTY WATER AND SEWER COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMMISSION'S PENSION CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM
 YEAR ENDED JUNE 30, 2021

Only eight years of information is presented as only eight years of data were available.

| | Year Ended June 30, | | | | | | | |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contribution | \$ 322,808 | \$ 310,538 | \$ 273,177 | \$ 230,660 | \$ 198,745 | \$ 176,200 | \$ 160,933 | \$ 152,645 |
| Contributions in relation to the contractually required contribution | \$ 322,808 | \$ 310,538 | \$ 273,177 | \$ 230,660 | \$ 198,745 | 176,200 | 160,933 | 152,645 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Commission's covered-employee payroll | \$ 2,074,603 | \$ 1,995,578 | \$ 1,876,214 | \$ 1,701,032 | \$ 1,719,245 | \$ 1,593,126 | \$ 1,476,446 | \$ 1,440,044 |
| Contributions as a percentage of covered-employee payroll | 15.56% | 15.56% | 14.56% | 13.56% | 11.56% | 11.06% | 10.90% | 10.60% |

LAURENS COUNTY WATER AND SEWER COMMISSION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

For the last four fiscal years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability | | | | |
| Service cost | \$ 127,932 | \$ 114,577 | \$ 98,016 | \$ 127,150 |
| Interest | 79,307 | 98,320 | 99,958 | 114,533 |
| Economic losses | 78,094 | (368,801) | (1,533) | (360,043) |
| Effect of assumptions | 260,976 | 344,188 | 348,128 | 189,481 |
| Employer contributions | <u>(29,318)</u> | <u>(29,317)</u> | <u>(28,530)</u> | <u>(27,835)</u> |
| Net change in total OPEB liability | 516,991 | 158,967 | 516,039 | 43,286 |
| Total OPEB liability - beginning | <u>2,868,056</u> | <u>2,709,089</u> | <u>2,193,050</u> | <u>2,149,764</u> |
| Total OPEB liability - ending | <u>\$ 3,385,047</u> | <u>\$ 2,868,056</u> | <u>\$ 2,709,089</u> | <u>\$ 2,193,050</u> |
| Covered-employee payroll | \$ 2,074,603 | \$ 1,995,578 | \$ 1,876,214 | \$ 1,701,032 |
| Total OPEB liability as a percentage of covered-employee payroll | 163.2% | 143.7% | 144.4% | 128.9% |
| Measurement date | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |

Notes

(1) Pursuant to GASB 75, a 10-year history of the information shown above is required. However, until a full 10-year history is compiled, information for those years which are available may be presented.

COMBINING AND INDIVIDUAL FUND SCHEDULES

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2021
(with summarized comparative totals for June 30, 2020)

| | ENTERPRISE | | | | INTERNAL | | 2021 | 2020 |
|--------------------------------------|-------------------|-------------------------------------|--------------------------------|---------------------------|---------------------|-----------------|--------------------|--------------------|
| | Collection System | Clinton/Joanna Wastewater Treatment | Lake Rabon Water Supply System | Water Distribution System | Administration Fund | Eliminations | | |
| ASSETS | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and cash equivalents | \$ 367,409 | \$ 1,633,024 | \$ 450,102 | \$ 5,308,259 | \$ 179,246 | \$ - | \$ 7,938,040 | \$ 5,992,064 |
| Restricted cash for debt service | 210,178 | 155,548 | - | 500,694 | - | - | 866,420 | 829,852 |
| Accounts receivable, net | 53,209 | 136,515 | 43,108 | 688,159 | 2,099 | (16,307) | 906,783 | 1,055,443 |
| Contributed capital receivable | - | - | - | 226,796 | - | - | 226,796 | 1,110,813 |
| Inventories | 8,925 | 49,356 | - | 13,838 | - | - | 72,119 | 69,222 |
| Prepaid expenses | - | - | - | 4,530 | 93,292 | - | 97,822 | 87,524 |
| Total current assets | <u>639,721</u> | <u>1,974,443</u> | <u>493,210</u> | <u>6,742,276</u> | <u>274,637</u> | <u>(16,307)</u> | <u>10,107,980</u> | <u>9,144,918</u> |
| Non-Current Assets | | | | | | | | |
| Restricted cash - capacity funds | 185,248 | - | - | 1,974,827 | - | - | 2,160,075 | 1,788,599 |
| Restricted cash - construction funds | - | - | - | 42,813,738 | - | - | 42,813,738 | 29,726,250 |
| Due from Gray Court | - | - | - | 127,293 | - | - | 127,293 | 155,580 |
| Capital assets, net | <u>10,946,888</u> | <u>12,847,501</u> | <u>3,592,308</u> | <u>82,526,047</u> | <u>635,314</u> | <u>-</u> | <u>110,548,058</u> | <u>82,232,752</u> |
| Total non-current assets | <u>11,132,136</u> | <u>12,847,501</u> | <u>3,592,308</u> | <u>127,441,905</u> | <u>635,314</u> | <u>-</u> | <u>155,649,164</u> | <u>113,903,181</u> |
| Total assets | <u>11,771,857</u> | <u>14,821,944</u> | <u>4,085,518</u> | <u>134,184,181</u> | <u>909,951</u> | <u>(16,307)</u> | <u>165,757,144</u> | <u>123,048,099</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | | | |
| Pensions | 69,686 | 79,654 | 29,762 | 318,346 | 291,527 | - | 788,975 | 642,415 |
| Loss on refunding of debt | 7,863 | - | - | - | - | - | 7,863 | 15,454 |
| Total deferred outflow of resources | <u>77,549</u> | <u>79,654</u> | <u>29,762</u> | <u>318,346</u> | <u>291,527</u> | <u>-</u> | <u>796,838</u> | <u>657,869</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2021
(with summarized comparative totals for June 30, 2020)

| | ENTERPRISE | | | INTERNAL | | Eliminations | 2021 | 2020 |
|--|---------------------|-------------------------------------|--------------------------------|---------------------------|-----------------------|-----------------|----------------------|----------------------|
| | Collection System | Clinton/Joanna Wastewater Treatment | Lake Rabon Water Supply System | Water Distribution System | Administration Fund | | | |
| LIABILITIES | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts payable | 11,540 | 32,163 | 11,808 | 2,683,703 | 71,087 | (16,307) | 2,793,994 | 3,708,057 |
| Accruals | 12,246 | 11,439 | 9,218 | 68,113 | 62,175 | - | 163,191 | 222,479 |
| Due to other governmental entities | - | - | - | 65,741 | - | - | 65,741 | 36,002 |
| Accrued interest | 6,016 | 1,244 | - | 293,729 | - | - | 300,989 | 284,314 |
| Customer deposits | - | - | - | 50,826 | - | - | 50,826 | 50,825 |
| Deferred revenue | - | - | - | 17,284 | - | - | 17,284 | 16,500 |
| Current portion of bonds payable | 334,000 | 84,246 | - | 44,538,102 | - | - | 44,956,348 | 1,370,963 |
| Total current liabilities | <u>363,802</u> | <u>129,092</u> | <u>21,026</u> | <u>47,717,498</u> | <u>133,262</u> | <u>(16,307)</u> | <u>48,348,373</u> | <u>5,689,140</u> |
| Non-Current Liabilities | | | | | | | | |
| Bonds payable | 735,000 | 3,982,473 | - | 47,204,552 | - | - | 51,922,025 | 58,337,221 |
| Net pension liability | 403,691 | 461,435 | 172,409 | 1,844,182 | 1,688,822 | - | 4,570,539 | 4,057,069 |
| Accrued other post employment benefits | 380,469 | 339,105 | 133,860 | 1,327,408 | 1,204,205 | - | 3,385,047 | 2,868,056 |
| Total non-current liabilities | <u>1,519,160</u> | <u>4,783,013</u> | <u>306,269</u> | <u>50,376,142</u> | <u>2,893,027</u> | <u>-</u> | <u>59,877,611</u> | <u>65,262,346</u> |
| Total liabilities | <u>1,882,962</u> | <u>4,912,105</u> | <u>327,295</u> | <u>98,093,640</u> | <u>3,026,289</u> | <u>(16,307)</u> | <u>108,225,984</u> | <u>70,951,486</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | | | | |
| Pensions | 1,527 | 1,745 | 652 | 6,974 | 6,386 | - | 17,284 | 120,397 |
| NET POSITION | | | | | | | | |
| Net investment in capital assets | 9,871,872 | 8,779,538 | 3,592,308 | 33,303,402 | 635,314 | - | 56,182,434 | 52,379,436 |
| Restricted for debt service | 210,178 | 155,548 | - | 500,694 | - | - | 866,420 | 829,852 |
| Restricted for future capacity | 185,248 | - | - | 1,974,827 | - | - | 2,160,075 | 1,788,599 |
| Unrestricted | (302,381) | 1,052,662 | 195,025 | 622,990 | (2,466,511) | - | (898,215) | (2,363,802) |
| Total net position | <u>\$ 9,964,917</u> | <u>\$ 9,987,748</u> | <u>\$ 3,787,333</u> | <u>\$ 36,401,913</u> | <u>\$ (1,831,197)</u> | <u>\$ -</u> | <u>\$ 58,310,714</u> | <u>\$ 52,634,085</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | ENTERPRISE | | | INTERNAL | | Eliminations | 2021 | 2020 |
|---|-------------------|-------------------------------------|--------------------------------|---------------------------|---------------------|------------------|-------------------|-------------------|
| | Collection System | Clinton/Joanna Wastewater Treatment | Lake Rabon Water Supply System | Water Distribution System | Administration Fund | | | |
| OPERATING REVENUE | | | | | | | | |
| Collection revenue | \$ 625,586 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 625,586 | \$ 587,022 |
| Wastewater treatment revenue | - | 1,826,845 | - | - | - | - | 1,826,845 | 1,910,390 |
| Water sales | - | - | 485,547 | 8,305,190 | - | (162,869) | 8,627,868 | 8,547,376 |
| Penalties | - | - | - | 253,695 | - | - | 253,695 | 250,778 |
| Tap fees | 134,500 | - | - | 517,432 | - | - | 651,932 | 360,646 |
| Reinstate, reconnect and delinquent fees | 271 | 34 | - | 153,088 | - | - | 153,393 | 137,551 |
| Origination fees | 2,070 | - | - | 54,500 | - | - | 56,570 | 49,825 |
| Other operating revenue | 25,458 | 9,213 | 32,240 | 100,396 | - | (9,030) | 158,277 | 145,802 |
| Total revenue | 787,885 | 1,836,092 | 517,787 | 9,384,301 | - | (171,899) | 12,354,166 | 11,989,390 |
| OPERATING EXPENSES | | | | | | | | |
| Salaries | 155,324 | 146,880 | 97,387 | 915,306 | 759,182 | - | 2,074,079 | 2,101,595 |
| Payroll taxes | 11,799 | 11,213 | 7,454 | 70,602 | 56,780 | - | 157,848 | 150,807 |
| Group insurance | 30,257 | 32,261 | 9,312 | 217,374 | 95,740 | - | 384,944 | 374,351 |
| State retirement | 24,212 | 22,952 | 11,337 | 143,194 | 120,821 | - | 322,516 | 329,096 |
| Worker's compensation | 5,375 | 5,375 | 3,455 | 20,730 | 3,455 | - | 38,390 | 30,627 |
| Employee health/safety expense | 740 | 623 | 338 | 4,626 | 604 | - | 6,931 | 5,527 |
| Employee memberships | 536 | 538 | 300 | 2,776 | 2,775 | - | 6,925 | 6,100 |
| Employee training, conferences and seminars | 871 | 3,434 | - | 5,859 | 2,892 | - | 13,056 | 30,251 |
| Uniform expense | 4,680 | 4,555 | 840 | 17,613 | 2,369 | - | 30,057 | 29,907 |
| Dues, subscriptions and licenses | 255 | 567 | - | 661 | 14,387 | - | 15,870 | 14,707 |
| Commissioners & legislative expense | - | - | - | - | 38,581 | - | 38,581 | 35,488 |
| Water purchases | - | - | - | 2,506,321 | - | (162,869) | 2,343,452 | 2,141,720 |
| Chemicals | 1,152 | 60,241 | - | 35,511 | - | - | 96,904 | 92,935 |
| Contract plant operations | - | 187,205 | - | - | - | - | 187,205 | 151,049 |
| System maintenance | 48,504 | 54,902 | 4,230 | 415,491 | - | - | 523,127 | 406,506 |
| Vehicle and equipment maintenance and fuel | 26,846 | 50,983 | 18,949 | 129,069 | - | - | 225,847 | 215,492 |
| Buildings and grounds maint | - | 23,790 | 12,722 | 23,897 | 26,251 | - | 86,660 | 90,466 |
| Software and office equipment maintenance | 4,291 | 1,326 | 318 | 18,469 | 132,452 | - | 156,856 | 100,928 |
| Property and casualty insurance | - | - | - | - | 93,505 | - | 93,505 | 87,856 |
| Depreciation | 354,702 | 615,649 | 104,831 | 1,556,870 | 83,675 | - | 2,715,727 | 2,508,755 |
| Utilities | 39,591 | 210,193 | 34,677 | 109,651 | 21,860 | - | 415,972 | 370,716 |
| Telephone and mobile communications | 8,625 | 16,402 | 1,657 | 37,192 | 14,401 | - | 78,277 | 86,989 |
| DHEC licenses and fees | - | 2,205 | - | 31,074 | - | - | 33,279 | 32,651 |
| Tools and supplies | 4,978 | 5,365 | 442 | 25,342 | - | - | 36,127 | 54,982 |
| Flow monitoring | - | - | 18,900 | - | - | - | 18,900 | 2,700 |
| Right of way maintenance | 18,979 | 25,477 | - | 12,070 | - | - | 56,526 | 58,207 |
| Billing fees | 4,515 | 4,515 | - | 86,550 | - | (9,030) | 86,550 | 96,730 |

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | Collection System | Clinton/Joanna Wastewater Treatment | Lake Rabon Water Supply System | Water Distribution System | Administration Fund | Eliminations | 2021 | 2020 |
|---|-------------------|-------------------------------------|--------------------------------|---------------------------|---------------------|--------------|---------------|---------------|
| Office expense | - | 2,247 | - | 80 | 70,858 | - | 73,185 | 51,448 |
| Professional fees | - | - | 4,150 | 24,733 | 84,434 | - | 113,317 | 65,523 |
| Engineering and consulting | - | - | - | 10,150 | 28,350 | - | 38,500 | 32,590 |
| Economic development | - | - | - | - | 35,710 | - | 35,710 | 35,851 |
| Community outreach | - | - | - | - | 62,467 | - | 62,467 | 82,198 |
| Entertainment expense | - | - | - | - | 15,951 | - | 15,951 | 17,797 |
| IVR and merchant service fees | - | - | - | 118,925 | - | - | 118,925 | 104,845 |
| Miscellaneous expense | 8,101 | 5,210 | 3,387 | 3,023 | 345 | - | 20,066 | (2,396) |
| Total operating expenses | 754,333 | 1,494,108 | 334,686 | 6,543,159 | 1,767,845 | (171,899) | 10,722,232 | 9,994,994 |
| Operating income | 33,552 | 341,984 | 183,101 | 2,841,142 | (1,767,845) | - | 1,631,934 | 1,994,396 |
| NON-OPERATING REVENUE (EXPENSES) | | | | | | | | |
| Property tax collections | 375,920 | - | - | - | - | - | 375,920 | 388,930 |
| Interest earned | 1,339 | 2,626 | 819 | 9,291 | 661 | - | 14,736 | 113,696 |
| Insurance proceeds | - | - | - | - | 42,113 | - | 42,113 | - |
| Gain on sale of assets | 942 | 942 | - | 7,676 | - | - | 9,560 | 70,557 |
| Sale of service area | - | - | - | 1,203,161 | - | - | 1,203,161 | - |
| Capacity fees | 2,200 | 21,675 | - | 411,500 | - | - | 435,375 | 269,470 |
| Bond administration expense | - | (3,556) | - | (27,053) | - | - | (30,609) | (6,789) |
| Miscellaneous non-operating rev(exp) | - | 16,673 | - | 26,410 | - | - | 43,083 | (223,752) |
| Interest expense | (36,927) | (113,135) | - | (1,269,717) | - | - | (1,419,779) | (420,698) |
| Non cash - state retirement | (23,300) | (26,632) | (9,951) | (106,440) | (97,473) | - | (263,796) | (187,430) |
| Non cash - post employment expense | (58,108) | (51,791) | (20,444) | (202,732) | (183,915) | - | (516,990) | (158,967) |
| Total non-operating revenue (expense) | 262,066 | (153,198) | (29,576) | 52,096 | (238,614) | - | (107,226) | (154,983) |
| Change in net position before capital contributions and transfers | 295,618 | 188,786 | 153,525 | 2,893,238 | (2,006,459) | - | 1,524,708 | 1,839,413 |
| CAPITAL CONTRIBUTIONS, NET | 1,710,394 | 25,401 | - | 2,416,125 | - | - | 4,151,920 | 4,399,965 |
| TRANSFERS | | | | | | | | |
| Transfer LGIP | - | - | (80,000) | 80,000 | - | - | - | - |
| Transfer administrative fees | (171,694) | (343,386) | (128,770) | (1,073,082) | 1,716,932 | - | - | - |
| Change in net position | 1,834,318 | (129,199) | (55,245) | 4,316,281 | (289,527) | - | 5,676,628 | 6,239,378 |
| Net position, beginning of year | 8,130,599 | 10,116,947 | 3,842,578 | 32,085,632 | (1,541,670) | - | 52,634,086 | 45,694,851 |
| Prior period adjustment (Note 12) | - | - | - | - | - | - | - | 699,856 |
| Net position, beginning of year, restated | 8,130,599 | 10,116,947 | 3,842,578 | 32,085,632 | (1,541,670) | - | 52,634,086 | 46,394,707 |
| Net position, end of year | \$ 9,964,917 | \$ 9,987,748 | \$ 3,787,333 | \$ 36,401,913 | \$ (1,831,197) | \$ - | \$ 58,310,714 | \$ 52,634,085 |

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINING STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | ENTERPRISE | | | | INTERNAL | 2021 | 2020 |
|---|-------------------|-------------------------------------|--------------------------------|---------------------------|---------------------|---------------|---------------|
| | Collection System | Clinton/Joanna Wastewater Treatment | Lake Rabon Water Supply System | Water Distribution System | Administration Fund | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from customers | \$ 780,716 | \$ 1,891,271 | \$ 514,391 | \$ 10,260,160 | \$ (2,038) | \$ 13,444,500 | \$ 11,126,918 |
| Payments for supplies for goods and services | (300,438) | (654,994) | (92,553) | (4,359,195) | (638,435) | (6,045,615) | (1,280,343) |
| Payments for labor and related services | (171,215) | (153,422) | (105,079) | (985,908) | (834,792) | (2,250,416) | (2,116,357) |
| Payment for employee benefits | (59,844) | (61,212) | (24,104) | (381,298) | (220,016) | (746,474) | (721,133) |
| Net cash (used in) provided by operating activities | 249,219 | 1,021,643 | 292,655 | 4,533,759 | (1,695,281) | 4,401,995 | 7,009,085 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | |
| Transfers between funds | (171,694) | (343,386) | (208,770) | (993,082) | 1,716,932 | - | - |
| Net cash (used in) provided by noncapital financing activities | (171,694) | (343,386) | (208,770) | (993,082) | 1,716,932 | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Property tax collections | 375,920 | - | - | - | - | 375,920 | 388,930 |
| Capital outlay | (102,639) | (241,201) | (13,921) | (28,785,272) | (53,750) | (29,196,783) | (20,569,759) |
| Capital contributions | 5,049 | - | - | 2,416,125 | - | 2,421,174 | 4,015,693 |
| Proceeds from sale of assets | (942) | (942) | - | (7,676) | - | (9,560) | (44,415) |
| Interest paid on bonds | (29,336) | (113,135) | (401) | (1,269,717) | - | (1,412,589) | (408,864) |
| Principal paid on bonds, net | (319,000) | (81,987) | - | 37,571,152 | - | 37,170,165 | 41,302,736 |
| Bond administration fees | - | (3,556) | - | (27,053) | - | (30,609) | (6,789) |
| Property lease fees | - | - | - | 81,792 | - | 81,792 | 86,400 |
| Sale of service area | - | - | - | 1,203,161 | - | 1,203,161 | - |
| Bond issuance savings | - | - | - | (55,382) | - | (55,382) | (310,452) |
| Capacity fees | 2,200 | 21,675 | - | 411,500 | - | 435,375 | 269,470 |
| Net cash provided by (used in) capital and related financing activities | (68,748) | (419,146) | (14,322) | 11,538,630 | (53,750) | 10,982,664 | 24,722,950 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Insurance proceeds | - | - | - | - | 42,113 | 42,113 | - |
| Interest income | 1,339 | 2,626 | 819 | 9,291 | 661 | 14,736 | 113,696 |
| Net cash flows provided by investing activities | 1,339 | 2,626 | 819 | 9,291 | 42,774 | 56,849 | 113,696 |
| Net (decrease) increase in cash | 10,116 | 261,737 | 70,382 | 15,088,598 | 10,675 | 15,441,508 | 31,845,731 |
| Cash, beginning of year | 752,719 | 1,526,835 | 379,720 | 35,508,920 | 168,571 | 38,336,765 | 6,491,034 |
| Cash, end of year | \$ 762,835 | \$ 1,788,572 | \$ 450,102 | \$ 50,597,518 | \$ 179,246 | \$ 53,778,273 | \$ 38,336,765 |

LAURENS COUNTY WATER AND SEWER COMMISSION
COMBINING STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | ENTERPRISE | | | INTERNAL | 2021 | 2020 |
|---|-------------------|-------------------------------------|--------------------------------|---------------------------|-----------------------|----------------------|
| | Collection System | Clinton/Joanna Wastewater Treatment | Lake Rabon Water Supply System | Water Distribution System | | |
| RECONCILIATION TO STATEMENT OF NET POSITION | | | | | | |
| Cash and cash equivalents | 367,409 | 1,633,024 | 450,102 | 5,308,259 | 179,246 | 5,992,064 |
| Restricted cash - debt service funds | 210,178 | 155,548 | - | 500,694 | - | 829,852 |
| Restricted cash - capacity funds | 185,248 | - | - | 1,974,827 | - | 1,788,599 |
| Restricted cash - construction funds | - | - | - | 42,813,738 | - | 29,726,250 |
| Total cash and cash equivalents | <u>\$ 762,835</u> | <u>\$ 1,788,572</u> | <u>\$ 450,102</u> | <u>\$ 50,597,518</u> | <u>\$ 179,246</u> | <u>\$ 38,336,765</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | | |
| Operating (loss) income | \$ 33,552 | \$ 341,984 | \$ 183,101 | \$ 2,841,142 | \$ (1,767,845) | \$ 1,994,396 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | | |
| Depreciation | 354,702 | 615,649 | 104,831 | 1,556,870 | 83,675 | 2,508,755 |
| Gain on sale of assets | (942) | (942) | - | (7,676) | - | (9,560) |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in accounts receivable | (5,285) | 56,122 | (3,396) | 875,859 | (2,038) | (935,422) |
| (Increase) decrease in inventory | (240) | (1,484) | - | (1,173) | - | 2,439 |
| (Increase) decrease in prepaids | 1,250 | 1,250 | - | - | (8,268) | (8,057) |
| Increase (decrease) in accounts payable | (127,932) | (651) | 8,357 | (779,087) | 17,680 | 3,201,687 |
| Increase (decrease) in due to other governmental entities | - | - | - | 94,028 | - | (153,008) |
| Increase (decrease) in accrued expenses | (5,886) | 9,715 | (238) | (46,204) | (18,485) | 398,295 |
| Total adjustments | <u>215,667</u> | <u>679,659</u> | <u>109,554</u> | <u>1,692,617</u> | <u>72,564</u> | <u>5,014,689</u> |
| Net cash provided by (used in) operating activities | <u>\$ 249,219</u> | <u>\$ 1,021,643</u> | <u>\$ 292,655</u> | <u>\$ 4,533,759</u> | <u>\$ (1,695,281)</u> | <u>\$ 7,009,085</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
COLLECTION SYSTEM
STATEMENTS OF NET POSITION
JUNE 30, 2021
(with summarized comparative totals for June 30, 2020)

| | 2021 | 2020 |
|--|--------------|--------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 367,409 | \$ 344,966 |
| Restricted cash for general obligation bonds | 210,178 | 184,389 |
| Accounts receivable, net | 53,209 | 45,098 |
| Contributed capital receivable | - | 129,886 |
| Inventories | 8,925 | 8,685 |
| Prepays | - | 1,250 |
| Total current assets | 639,721 | 714,274 |
| Non-Current Assets | | |
| Restricted cash - capacity funds | 185,248 | 223,364 |
| Capital assets, net | 10,946,888 | 9,363,720 |
| Total non-current assets | 11,132,136 | 9,587,084 |
| Total assets | 11,771,857 | 10,301,358 |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Pensions | 69,686 | 67,278 |
| Loss on refunding of debt | 7,863 | 15,454 |
| Total deferred outflow of resources | 77,549 | 82,732 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 11,540 | 147,553 |
| Accruals | 12,246 | 16,338 |
| Accrued interest | 6,016 | 7,810 |
| Current portion of bonds payable | 334,000 | 329,000 |
| Total current liabilities | 363,802 | 500,701 |
| Non-Current Liabilities | | |
| Bonds payable | 735,000 | 1,059,000 |
| Net pension liability | 403,691 | 358,339 |
| Accrued other post employment benefits | 380,469 | 322,361 |
| Total non-current liabilities | 1,519,160 | 1,739,700 |
| Total liabilities | 1,882,962 | 2,240,401 |
| DEFERRED INFLOW OF RESOURCES | | |
| Pensions | 1,527 | 13,090 |
| NET POSITION | | |
| Net investment in capital assets | 9,871,872 | 8,097,796 |
| Restricted for debt service | 210,178 | 184,389 |
| Restricted for future capacity | 185,248 | 223,364 |
| Unrestricted | (302,381) | (374,950) |
| Total net position | \$ 9,964,917 | \$ 8,130,599 |

LAURENS COUNTY WATER AND SEWER COMMISSION
COLLECTION SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | 2021 | Budget | Variance | 2020 |
|---|---------------------|---------------------|---------------------|---------------------|
| OPERATING REVENUE | | | | |
| Collection revenue | \$ 625,586 | \$ 603,445 | \$ 22,141 | \$ 587,022 |
| Tap fees | 134,500 | - | 134,500 | 47,189 |
| Reinstate, reconnect and delinquent fees | 271 | - | 271 | - |
| Origination fees | 2,070 | - | 2,070 | 1,725 |
| Other operating revenue | 25,458 | 27,202 | (1,744) | 25,262 |
| Total revenue | <u>787,885</u> | <u>630,647</u> | <u>157,238</u> | <u>661,198</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 155,324 | 166,467 | (11,143) | 165,167 |
| Payroll taxes | 11,799 | 12,735 | (936) | 11,329 |
| Group insurance | 30,257 | 32,739 | (2,482) | 28,641 |
| State retirement | 24,212 | 25,458 | (1,246) | 41,441 |
| Worker's compensation | 5,375 | 4,750 | 625 | 4,288 |
| Employee health/safety expense | 740 | 1,200 | (460) | 997 |
| Employee memberships | 536 | 900 | (364) | 545 |
| Employee training, conferences and seminars | 871 | 5,766 | (4,895) | 2,716 |
| Uniform expense | 4,680 | 4,260 | 420 | 4,252 |
| Dues, subscriptions and licenses | 255 | 600 | (345) | 25 |
| Chemicals | 1,152 | 1,004 | 148 | 785 |
| System maintenance | 48,504 | 20,000 | 28,504 | 46,161 |
| Vehicle and equipment maintenance | 16,583 | 22,986 | (6,403) | 15,188 |
| Software and office equipment maintenance | 4,291 | 1,250 | 3,041 | 1,904 |
| Depreciation | 354,702 | 122,828 | 231,874 | 331,713 |
| Vehicle and equipment fuel | 10,263 | 13,760 | (3,497) | 9,334 |
| Utilities | 39,591 | 35,352 | 4,239 | 34,864 |
| Telephone and mobile communications | 8,625 | 2,660 | 5,965 | 8,737 |
| Tools and supplies | 4,978 | 4,580 | 398 | 8,138 |
| Right of way maintenance | 18,979 | 22,102 | (3,123) | 18,984 |
| Billing fees | 4,515 | 4,410 | 105 | 4,418 |
| Miscellaneous expense | 8,101 | 1,250 | 6,851 | 112 |
| Total operating expenses | <u>754,333</u> | <u>507,057</u> | <u>247,276</u> | <u>739,739</u> |
| Operating (loss) income | <u>33,552</u> | <u>123,590</u> | <u>(90,038)</u> | <u>(78,541)</u> |
| NON-OPERATING REVENUE (EXPENSES) | | | | |
| Property tax collections | 375,920 | - | 375,920 | 388,930 |
| Interest earned | 1,339 | - | 1,339 | 8,249 |
| Gain on sale of assets | 942 | 10,000 | (9,058) | 10,571 |
| Capacity fees | 2,200 | - | 2,200 | 470 |
| Interest expense | (36,927) | - | (36,927) | (46,563) |
| Non cash - state retirement | (23,300) | - | (23,300) | - |
| Non cash - post employment expense | (58,108) | (7,873) | (50,235) | (14,037) |
| Total non-operating revenue (expense) | <u>262,066</u> | <u>2,127</u> | <u>259,939</u> | <u>347,620</u> |
| Change in net position before capital contributions and transfers | <u>295,618</u> | <u>125,717</u> | <u>169,901</u> | <u>269,079</u> |
| CAPITAL CONTRIBUTIONS, NET | 1,710,394 | - | 1,710,394 | 405,370 |
| TRANSFERS | | | | |
| Transfer administrative fees to admin fund | (171,694) | (174,163) | 2,469 | (163,797) |
| Change in net position | 1,834,318 | (48,446) | 1,882,764 | 510,652 |
| Net position, beginning of year | 8,130,599 | 8,130,599 | - | 7,619,947 |
| Net position, end of year | <u>\$ 9,964,917</u> | <u>\$ 8,082,153</u> | <u>\$ 1,882,764</u> | <u>\$ 8,130,599</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
COLLECTION SYSTEM
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | 2021 | 2020 |
|---|------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 780,716 | \$ 602,556 |
| Payments for supplies for goods and services | (300,438) | (84,694) |
| Payments for labor and related services | (171,215) | (176,517) |
| Payment for employee benefits | (59,844) | (74,370) |
| Net cash provided by operating activities | 249,219 | 266,975 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfer administrative fees to admin fund | (171,694) | (163,797) |
| Net cash used in noncapital financing activities | (171,694) | (163,797) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Property tax collections | 375,920 | 388,930 |
| Capital outlay | (102,639) | (184,954) |
| Capital contributions | 5,049 | 21,098 |
| Gain on sale of assets | (942) | 10,571 |
| Interest paid on bonds | (29,336) | (34,328) |
| Principal paid on bonds | (319,000) | (319,000) |
| Capacity fees | 2,200 | 470 |
| Net cash used in capital and related financing activities | (68,748) | (117,213) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 1,339 | 8,249 |
| Net cash flows provided by investing activities | 1,339 | 8,249 |
| Net increase (decrease) in cash | 10,116 | (5,786) |
| Cash, beginning of year | 752,719 | 758,505 |
| Cash, end of year | \$ 762,835 | \$ 752,719 |
| RECONCILIATION TO STATEMENT OF NET POSITION | | |
| Cash and cash equivalents | 367,409 | 344,966 |
| Restricted cash - debt service funds | 210,178 | 184,389 |
| Restricted cash - capacity funds | 185,248 | 223,364 |
| Total cash and cash equivalents | \$ 762,835 | \$ 752,719 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating loss | \$ 33,552 | \$ (78,541) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 354,702 | 331,713 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (6,227) | 15,534 |
| (Increase) decrease in inventory | (240) | 60 |
| (Increase) decrease in prepaids | 1,250 | (1,250) |
| Increase (decrease) in accounts payable | (127,932) | 1,272 |
| Increase (decrease) in accrued expenses | (5,886) | (1,813) |
| Total adjustments | 215,667 | 345,516 |
| Net cash provided by operating activities | \$ 249,219 | \$ 266,975 |

LAURENS COUNTY WATER AND SEWER COMMISSION
 CLINTON/JOANNA WASTEWATER TREATMENT PLANT
 STATEMENTS OF NET POSITION
 JUNE 30, 2021
 (with summarized comparative totals for June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,633,024 | \$ 1,372,922 |
| Restricted cash for debt service funds | 155,548 | 153,913 |
| Accounts receivable, net | 136,515 | 174,079 |
| Inventories | 49,356 | 47,872 |
| Prepays | - | 1,250 |
| Total current assets | <u>1,974,443</u> | <u>1,750,036</u> |
| Non-Current Assets | | |
| Capital assets, net | <u>12,847,501</u> | <u>13,205,606</u> |
| Total non-current assets | <u>12,847,501</u> | <u>13,205,606</u> |
| Total assets | <u>14,821,944</u> | <u>14,955,642</u> |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Pensions | <u>79,654</u> | <u>73,017</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 32,163 | 34,686 |
| Accruals | 11,439 | 16,110 |
| Accrued interest | 1,244 | 1,268 |
| Current portion of bonds payable | <u>84,246</u> | <u>81,963</u> |
| Total current liabilities | <u>129,092</u> | <u>134,027</u> |
| Non-Current Liabilities | | |
| Bonds payable | 3,982,473 | 4,066,719 |
| Net pension liability | 461,435 | 409,596 |
| Accrued other post employment benefits | <u>339,105</u> | <u>287,314</u> |
| Total non-current liabilities | <u>4,783,013</u> | <u>4,763,629</u> |
| Total liabilities | <u>4,912,105</u> | <u>4,897,656</u> |
| DEFERRED INFLOW OF RESOURCES | | |
| Pensions | <u>1,745</u> | <u>14,057</u> |
| NET POSITION | | |
| Net investment in capital assets | 8,779,538 | 9,055,656 |
| Restricted for debt service | 155,548 | 153,913 |
| Unrestricted | <u>1,052,662</u> | <u>907,377</u> |
| Total net position | <u>\$ 9,987,748</u> | <u>\$ 10,116,946</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
 CLINTON/JOANNA WASTEWATER TREATMENT PLANT
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET TO ACTUAL
 YEAR ENDED JUNE 30, 2021
 (with totals for the year ended June 30, 2020)

| | 2021 | Budget | Variance | 2020 |
|---|---------------------|---------------------|-------------------|----------------------|
| OPERATING REVENUE | | | | |
| Wastewater treatment revenue | \$ 1,826,845 | \$ 1,658,704 | \$ 168,141 | \$ 1,910,390 |
| Reinstate, reconnect and delinquent fees | 34 | - | 34 | 23 |
| Other operating revenue | 9,213 | - | 9,213 | 8,502 |
| Total revenue | <u>1,836,092</u> | <u>1,658,704</u> | <u>177,388</u> | <u>1,918,915</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 146,880 | 161,738 | (14,858) | 156,483 |
| Payroll taxes | 11,213 | 11,995 | (782) | 10,945 |
| Group insurance | 32,261 | 34,645 | (2,384) | 31,153 |
| State retirement | 22,952 | 23,981 | (1,029) | 22,498 |
| Worker's compensation | 5,375 | 4,750 | 625 | 4,288 |
| Employee health/safety expense | 623 | 1,200 | (577) | 808 |
| Employee memberships | 538 | 900 | (362) | 560 |
| Employee training, conferences and seminars | 3,434 | 7,241 | (3,807) | 4,614 |
| Uniform expense | 4,555 | 4,095 | 460 | 4,619 |
| Dues, subscriptions and licenses | 567 | 600 | (33) | 25 |
| Contract plant operations | 98,400 | 99,600 | (1,200) | 99,600 |
| Sludge disposal | 74,512 | 45,000 | 29,512 | 35,303 |
| System maintenance | 54,902 | 21,600 | 33,302 | 33,942 |
| Vehicle and equipment maintenance | 39,591 | 26,093 | 13,498 | 31,986 |
| Building and grounds maintenance | 23,790 | 18,900 | 4,890 | 16,058 |
| Software and office equipment maintenance | 1,326 | 1,250 | 76 | 1,250 |
| Depreciation | 615,649 | 625,903 | (10,254) | 595,764 |
| Vehicle and equipment fuel | 11,392 | 14,750 | (3,358) | 13,282 |
| Office expense | 2,247 | 2,500 | (253) | 2,241 |
| Utilities | 210,193 | 187,017 | 23,176 | 200,574 |
| Telephone and mobile communications | 16,402 | 17,872 | (1,470) | 18,183 |
| DHEC licenses and fees | 2,205 | 2,500 | (295) | 2,205 |
| Sampling and testing | 14,293 | 14,570 | (277) | 16,146 |
| Chemicals | 60,241 | 63,015 | (2,774) | 57,141 |
| Tools and supplies | 5,365 | 4,838 | 527 | 8,580 |
| Professional fees | - | 500 | (500) | - |
| Engineering and consulting service | - | 5,000 | (5,000) | 800 |
| Right of way maintenance | 25,477 | 18,600 | 6,877 | 13,723 |
| Billing fees | 4,515 | 4,410 | 105 | 4,418 |
| Miscellaneous expense | 5,210 | 3,000 | 2,210 | 40 |
| Total operating expenses | <u>1,494,108</u> | <u>1,428,063</u> | <u>66,045</u> | <u>1,387,229</u> |
| Operating (loss) income | <u>341,984</u> | <u>230,641</u> | <u>111,343</u> | <u>531,686</u> |
| NON-OPERATING REVENUE (EXPENSES) | | | | |
| Interest earned | 2,626 | - | 2,626 | 12,472 |
| Gain on sale of assets | 942 | 10,000 | (9,058) | 10,571 |
| Santee Cooper credit | 16,673 | - | 16,673 | - |
| Capacity fees | 21,675 | - | 21,675 | 14,600 |
| Bond administration charge | (3,556) | - | (3,556) | (3,556) |
| Interest expense | (113,135) | - | (113,135) | (115,257) |
| Non cash - state retirement | (26,632) | - | (26,632) | (20,756) |
| Non cash - post employment expense | (51,791) | (12,315) | (39,476) | (16,056) |
| Total non-operating revenue (expense) | <u>(153,198)</u> | <u>(2,315)</u> | <u>(150,883)</u> | <u>(117,982)</u> |
| Change in net position before capital contributions and transfers | <u>188,786</u> | <u>228,326</u> | <u>(39,540)</u> | <u>413,704</u> |
| CAPITAL CONTRIBUTIONS, NET | 25,401 | - | 25,401 | - |
| TRANSFERS | | | | |
| Transfer administrative fees to admin fund | (343,386) | (348,326) | 4,940 | (327,594) |
| Change in net position | (129,199) | (120,000) | (9,199) | 86,110 |
| Net position, beginning of year | 10,116,947 | 10,116,947 | - | 10,030,837 |
| Net position, end of year | <u>\$ 9,987,748</u> | <u>\$ 9,996,947</u> | <u>\$ (9,199)</u> | <u>\$ 10,116,947</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
 CLINTON/JOANNA WASTEWATER TREATMENT PLANT
 STATEMENTS OF CASH FLOWS
 YEAR ENDED JUNE 30, 2021
 (with summarized comparative totals for the year ended June 30, 2020)

| | 2021 | 2020 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 1,891,271 | \$ 1,919,554 |
| Payments for treatment plant operations | (654,994) | (582,029) |
| Payments for labor and related services | (153,422) | (193,669) |
| Payment for employee benefits | (61,212) | (58,747) |
| Net cash provided by operating activities | 1,021,643 | 1,085,109 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfer administrative fees to admin fund | (343,386) | (327,594) |
| Net cash used in noncapital financing activities | (343,386) | (327,594) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital outlay | (241,201) | (197,093) |
| Gain on sale of assets | (942) | (10,571) |
| Interest paid on bonds | (113,135) | (115,257) |
| Principal paid on bonds | (81,987) | (79,766) |
| Bond administration fees | (3,556) | (3,556) |
| Capacity fees | 21,675 | 14,600 |
| Net cash used in capital and related financing activities | (419,146) | (391,643) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 2,626 | 12,472 |
| Net cash flows provided by investing activities | 2,626 | 12,472 |
| Net increase in cash | 261,737 | 378,344 |
| Cash, beginning of year | 1,526,835 | 1,148,491 |
| Cash, end of year | \$ 1,788,572 | \$ 1,526,835 |
| RECONCILIATION TO STATEMENT OF NET POSITION | | |
| Cash and cash equivalents | 1,633,024 | 1,372,922 |
| Restricted cash - debt service funds | 155,548 | 153,913 |
| Total cash and cash equivalents | \$ 1,788,572 | \$ 1,526,835 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 341,984 | \$ 531,685 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 615,649 | 595,764 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 55,180 | 662 |
| (Increase) decrease in inventory | (1,484) | (2,584) |
| (Increase) decrease in prepaids | 1,250 | (1,250) |
| Increase (decrease) in accounts payable | (651) | (50,445) |
| Increase (decrease) in accrued expenses | 9,715 | 11,277 |
| Total adjustments | 679,659 | 553,424 |
| Net cash provided by operating activities | \$ 1,021,643 | \$ 1,085,109 |

**LAURENS COUNTY WATER AND SEWER COMMISSION
LAKE RABON WATER SUPPLY SYSTEM
STATEMENTS OF NET POSITION
JUNE 30, 2021
(with summarized comparative totals for June 30, 2020)**

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 450,102 | \$ 379,720 |
| Accounts receivable | 43,108 | 39,712 |
| Total current assets | <u>493,210</u> | <u>419,432</u> |
| Non-Current Assets | | |
| Capital assets, net | <u>3,592,308</u> | <u>3,683,218</u> |
| Total non-current assets | <u>3,592,308</u> | <u>3,683,218</u> |
| Total assets | <u>4,085,518</u> | <u>4,102,650</u> |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Pensions | <u>29,762</u> | <u>26,289</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 11,808 | 3,451 |
| Accruals | 9,218 | 11,433 |
| Total current liabilities | <u>21,026</u> | <u>14,884</u> |
| Non-Current Liabilities | | |
| Net pension liability | 172,409 | 153,040 |
| Accrued other post employment benefits | 133,860 | 113,416 |
| Total non-current liabilities | <u>306,269</u> | <u>266,456</u> |
| Total liabilities | <u>327,295</u> | <u>281,340</u> |
| DEFERRED INFLOW OF RESOURCES | | |
| Pensions | <u>652</u> | <u>5,021</u> |
| NET POSITION | | |
| Net investment in capital assets | 3,592,308 | 3,683,218 |
| Unrestricted | 195,025 | 159,360 |
| Total net position | <u>\$ 3,787,333</u> | <u>\$ 3,842,578</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
LAKE RABON WATER SUPPLY SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2021
(totals for the year ended June 30, 2020)

| | 2021 | Budget | Variance | 2020 |
|--|---------------------|---------------------|--------------------|---------------------|
| OPERATING REVENUE | | | | |
| Laurens Commission of Public Works | | | | |
| water sales | \$ 322,678 | \$ 321,606 | \$ 1,072 | \$ 317,664 |
| Water Distribution sales | 162,869 | 148,789 | 14,080 | 147,014 |
| Recreation permits and shelter rentals | 32,240 | 24,000 | 8,240 | 22,885 |
| Total revenue | <u>517,787</u> | <u>494,395</u> | <u>23,392</u> | <u>487,563</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 97,387 | 112,492 | (15,105) | 109,462 |
| Payroll taxes | 7,454 | 8,606 | (1,152) | 7,996 |
| Group insurance | 9,312 | 15,997 | (6,685) | 9,307 |
| State retirement | 11,337 | 13,715 | (2,378) | 10,169 |
| Worker's compensation | 3,455 | 3,250 | 205 | 2,756 |
| Employee health/safety expense | 338 | 310 | 28 | 130 |
| Employee memberships | 300 | 300 | - | 300 |
| Uniform expense | 840 | 1,890 | (1,050) | 1,288 |
| Vehicle and equipment maintenance | 12,216 | 6,100 | 6,116 | 9,258 |
| Building and grounds maintenance | 12,601 | 10,549 | 2,052 | 12,391 |
| Trail maintenance | 121 | 2,500 | (2,379) | 1,472 |
| Software and office equipment maintenance | 318 | 500 | (182) | 109 |
| Destrat system maintenance | 4,230 | 6,500 | (2,270) | 402 |
| Vehicle and equipment fuel | 6,733 | 7,500 | (767) | 6,148 |
| Depreciation | 104,831 | 160,416 | (55,585) | 98,578 |
| Flow monitoring systems | 18,900 | 12,600 | 6,300 | 2,700 |
| Utilities | 34,677 | 26,544 | 8,133 | 11,769 |
| Telephone and mobile communications | 1,657 | 1,704 | (47) | 1,736 |
| Tools and supplies | 442 | 1,300 | (858) | 831 |
| Professional fees | 4,150 | 5,000 | (850) | - |
| Permits | 1,810 | 2,000 | (190) | 1,858 |
| Miscellaneous expense | 1,577 | - | 1,577 | - |
| Total operating expenses | <u>334,686</u> | <u>399,773</u> | <u>(65,087)</u> | <u>288,660</u> |
| Operating income | <u>183,101</u> | <u>94,622</u> | <u>88,479</u> | <u>198,903</u> |
| NON-OPERATING REVENUE (EXPENSES) | | | | |
| Interest earned | 819 | - | 819 | 3,405 |
| Gain on sale of assets | - | - | - | 2,500 |
| Non cash - state retirement | (9,951) | - | (9,951) | (7,755) |
| Non cash - post employment expense | (20,444) | (2,000) | (18,444) | (5,993) |
| Total non-operating revenue (expense) | <u>(29,576)</u> | <u>(2,000)</u> | <u>(27,576)</u> | <u>(7,843)</u> |
| Change in net position before transfers | <u>153,525</u> | <u>92,622</u> | <u>60,903</u> | <u>191,060</u> |
| TRANSFERS | | | | |
| Transfer LGIP funds to water distribution | (80,000) | - | (80,000) | (50,000) |
| Transfer administrative fees to admin fund | (128,770) | (130,622) | 1,852 | (163,797) |
| Total transfers | <u>(208,770)</u> | <u>(130,622)</u> | <u>(78,148)</u> | <u>(213,797)</u> |
| Change in net position | <u>(55,245)</u> | <u>(38,000)</u> | <u>(17,245)</u> | <u>(22,737)</u> |
| Net position, beginning of year | <u>3,842,578</u> | <u>3,842,578</u> | <u>-</u> | <u>3,165,459</u> |
| Prior period adjustment (Note 12) | - | - | - | 699,856 |
| Net position, beginning of year, restated | <u>3,842,578</u> | <u>3,842,578</u> | <u>-</u> | <u>3,865,315</u> |
| Net position, end of year | <u>\$ 3,787,333</u> | <u>\$ 3,804,578</u> | <u>\$ (17,245)</u> | <u>\$ 3,842,578</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
LAKE RABON WATER SUPPLY SYSTEM
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 514,391 | \$ 515,358 |
| Payments to suppliers for goods and services | (92,553) | (50,392) |
| Payments for labor and related services | (105,079) | (135,529) |
| Payment for employee benefits | (24,104) | (8,483) |
| Net cash provided by operating activities | <u>292,655</u> | <u>320,954</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfer LGIP funds to water distribution system | (80,000) | (50,000) |
| Transfer administrative fees to admin fund | (128,770) | (163,797) |
| Net cash used in noncapital financing activities | <u>(208,770)</u> | <u>(213,797)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital outlay | (13,921) | (68,074) |
| Proceeds from sale of assets | - | 2,500 |
| Interest paid on bonds | (401) | (401) |
| Net cash used in capital and related financing activities | <u>(14,322)</u> | <u>(65,975)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 819 | 3,405 |
| Net cash flows provided by investing activities | <u>819</u> | <u>3,405</u> |
| Net increase in cash | 70,382 | 44,587 |
| Cash, beginning of year | 379,720 | 335,133 |
| Cash, end of year | <u>\$ 450,102</u> | <u>\$ 379,720</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 183,101 | \$ 198,903 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 104,831 | 98,578 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (3,396) | 27,795 |
| Increase (decrease) in accounts payable | 8,357 | (5,846) |
| Increase (decrease) in accrued expenses | (238) | 1,524 |
| Total adjustments | <u>109,554</u> | <u>122,051</u> |
| Net cash provided by operating activities | <u>\$ 292,655</u> | <u>\$ 320,954</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
WATER DISTRIBUTION SYSTEM
STATEMENTS OF NET POSITION
JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | 2021 | 2020 |
|--|---------------|---------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 5,308,259 | \$ 3,725,885 |
| Restricted cash for debt service funds | 500,694 | 491,550 |
| Accounts receivable, net | 688,159 | 809,887 |
| Contributed capital receivable | 226,796 | 980,927 |
| Inventories | 13,838 | 12,665 |
| Prepays | 4,530 | - |
| Total current assets | 6,742,276 | 6,020,914 |
| Non-Current Assets | | |
| Restricted cash - capacity funds | 1,974,827 | 1,565,235 |
| Restricted cash - construction funds | 42,813,738 | 29,726,250 |
| Due from Gray Court | 127,293 | 155,580 |
| Capital assets, net | 82,526,047 | 55,314,969 |
| Total non-current assets | 127,441,905 | 86,762,034 |
| Total assets | 134,184,181 | 92,782,948 |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Pensions | 318,346 | 238,008 |
| Total deferred outflow of resources | 318,346 | 238,008 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 2,683,703 | 3,482,354 |
| Accruals | 68,113 | 97,593 |
| Due to other governmental entities | 65,741 | 36,002 |
| Accrued interest | 293,729 | 275,236 |
| Customer deposits | 50,826 | 50,825 |
| Deferred revenue | 17,284 | 16,500 |
| Current portion of bonds payable | 44,538,102 | 960,000 |
| Total current liabilities | 47,717,498 | 4,918,510 |
| Non-Current Liabilities | | |
| Bonds payable | 47,204,552 | 53,211,502 |
| Net pension liability | 1,844,182 | 1,637,000 |
| Accrued other post employment benefits | 1,327,408 | 1,124,676 |
| Total non-current liabilities | 50,376,142 | 55,973,178 |
| Total liabilities | 98,093,640 | 60,891,688 |
| DEFERRED INFLOW OF RESOURCES | | |
| Pensions | 6,974 | 43,637 |
| NET POSITION | | |
| Net investment in capital assets | 33,303,402 | 30,594,481 |
| Restricted for debt service | 500,694 | 491,550 |
| Restricted for future capacity | 1,974,827 | 1,565,235 |
| Unrestricted | 622,990 | (565,635) |
| Total net position | \$ 36,401,913 | \$ 32,085,631 |

LAURENS COUNTY WATER AND SEWER COMMISSION
WATER DISTRIBUTION SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2021
(totals for the year ended June 30, 2020)

| | 2021 | Budget | Variance | 2020 |
|---|----------------------|----------------------|---------------------|----------------------|
| OPERATING REVENUE | | | | |
| Water sales | \$ 8,305,190 | \$ 8,257,146 | \$ 48,044 | \$ 8,229,715 |
| Penalties | 253,695 | 300,000 | (46,305) | 250,778 |
| Tap fees | 517,432 | 230,000 | 287,432 | 313,457 |
| Reinstate, reconnect and delinquent fees | 153,088 | 168,140 | (15,052) | 137,528 |
| Origination fees | 54,500 | 49,200 | 5,300 | 48,100 |
| Testing, sampling and valve install fees | 44,546 | 42,864 | 1,682 | 47,114 |
| Other operating revenue | 55,850 | 11,700 | 44,150 | 42,171 |
| Total revenue | <u>9,384,301</u> | <u>9,059,050</u> | <u>325,251</u> | <u>9,068,863</u> |
| OPERATING EXPENSES | | | | |
| Salaries | 915,306 | 987,023 | (71,717) | 920,420 |
| Payroll taxes | 70,602 | 75,507 | (4,905) | 66,251 |
| Group insurance | 217,374 | 225,140 | (7,766) | 210,340 |
| State retirement | 143,194 | 151,054 | (7,860) | 138,800 |
| Worker's compensation | 20,730 | 19,000 | 1,730 | 16,539 |
| Employee health/safety expense | 4,626 | 4,300 | 326 | 3,007 |
| Employee memberships | 2,776 | 3,600 | (824) | 2,745 |
| Employee training, conferences and seminars | 5,859 | 6,567 | (708) | 13,135 |
| Uniform expense | 17,613 | 18,525 | (912) | 16,873 |
| Dues, subscriptions and licenses | 661 | 1,400 | (739) | 330 |
| System maintenance | 415,491 | 109,641 | 305,850 | 315,149 |
| Vehicle and equipment maintenance | 75,769 | 51,300 | 24,469 | 63,143 |
| Building and grounds maintenance | 23,897 | 36,499 | (12,602) | 28,095 |
| Software and office equipment maintenance | 18,469 | 29,524 | (11,055) | 25,381 |
| Vehicle and equipment fuel | 53,300 | 54,120 | (820) | 43,019 |
| Water purchases | 2,506,321 | 2,422,565 | 83,756 | 2,288,737 |
| Depreciation | 1,556,870 | 2,467,860 | (910,990) | 1,396,081 |
| Utilities | 109,651 | 99,533 | 10,118 | 101,446 |
| Telephone and mobile communications | 37,192 | 27,900 | 9,292 | 38,051 |
| DHEC licenses and fees | 31,074 | 29,006 | 2,068 | 28,588 |
| Sampling and testing | 35,511 | 32,890 | 2,621 | 35,009 |
| Tools and supplies | 25,342 | 23,650 | 1,692 | 37,433 |
| Right of way maintenance | 12,070 | 16,775 | (4,705) | 25,500 |
| Professional fees | 24,733 | 7,500 | 17,233 | 15,999 |
| Engineering and consulting service | 10,150 | 6,000 | 4,150 | 5,000 |
| Billing fees | 86,550 | 87,804 | (1,254) | 87,894 |
| IVR and merchant service fees | 118,925 | 106,500 | 12,425 | 104,845 |
| Office expense | 80 | - | 80 | - |
| Miscellaneous expense | 3,023 | 32,000 | (28,977) | 2,244 |
| Total operating expenses | <u>6,543,159</u> | <u>7,133,183</u> | <u>(590,024)</u> | <u>6,030,054</u> |
| Operating income | <u>2,841,142</u> | <u>1,925,867</u> | <u>915,275</u> | <u>3,038,809</u> |
| NON-OPERATING REVENUE (EXPENSES) | | | | |
| Interest earned | 9,291 | 3,313 | 5,978 | 87,278 |
| Gain on sale of assets | 7,676 | - | 7,676 | 46,915 |
| Sale of service area | 1,203,161 | - | 1,203,161 | - |
| Capacity fees | 411,500 | 276,000 | 135,500 | 254,400 |
| Lease revenue | 81,792 | 81,346 | 446 | 86,400 |
| Bond administration expense | (27,053) | - | (27,053) | (3,233) |
| Bond issuance cost | (55,382) | - | (55,382) | (310,152) |
| Interest expense | (1,269,717) | - | (1,269,717) | (258,878) |
| Non cash - state retirement | (106,440) | (42,665) | (63,775) | (82,954) |
| Non cash - post employment expense | (202,732) | - | (202,732) | (64,143) |
| Total non-operating revenue (expense) | <u>52,096</u> | <u>317,994</u> | <u>(265,898)</u> | <u>(244,367)</u> |
| Change in net position before transfers | <u>2,893,238</u> | <u>2,243,861</u> | <u>649,377</u> | <u>2,794,442</u> |
| CAPITAL CONTRIBUTIONS, NET | 2,416,125 | - | 2,416,125 | 3,994,595 |
| TRANSFERS | | | | |
| Transfer LGIP funds from Lake Rabon | 80,000 | - | 80,000 | 50,000 |
| Transfer administrative fees to admin fund | (1,073,082) | (1,088,520) | 15,438 | (982,781) |
| Total transfers | <u>(993,082)</u> | <u>(1,088,520)</u> | <u>95,438</u> | <u>(932,781)</u> |
| Change in net position | <u>4,316,281</u> | <u>1,155,341</u> | <u>3,160,940</u> | <u>5,856,256</u> |
| Net position, beginning of year | <u>32,085,632</u> | <u>32,085,632</u> | <u>-</u> | <u>26,229,376</u> |
| Net position, end of year | <u>\$ 36,401,913</u> | <u>\$ 33,240,973</u> | <u>\$ 3,160,940</u> | <u>\$ 32,085,632</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
WATER DISTRIBUTION SYSTEM
STATEMENTS OF CASH FLOWS
BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for June 30, 2020)

| | 2021 | 2020 |
|---|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | \$ 10,260,160 | \$ 8,089,451 |
| Payments to suppliers for goods and services | (4,359,195) | 31,378 |
| Payments for labor and related services | (985,908) | (818,072) |
| Payment for employee benefits | (381,298) | (365,679) |
| Net cash provided by operating activities | 4,533,759 | 6,937,078 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfer LGIP funds from Lake Rabon | 80,000 | 50,000 |
| Transfer administrative fees to admin fund | (1,073,082) | (982,781) |
| Net cash used in noncapital financing activities | (993,082) | (932,781) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital outlay | (28,785,272) | (20,095,850) |
| Capital contributions | 2,416,125 | 3,994,595 |
| Gain on sale of assets | (7,676) | (46,915) |
| Interest paid on bonds, note and capital leases | (1,269,717) | (258,878) |
| Principal paid on bonds, note and capital leases, net | 37,571,152 | 41,701,502 |
| Bond administration fees | (27,053) | (3,233) |
| Capacity fees | 411,500 | 254,400 |
| Bond reissuance cost | (55,382) | (310,152) |
| Property lease fees | 81,792 | 86,400 |
| Net cash provided by capital and related financing activities | 11,538,630 | 25,321,869 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 9,291 | 87,278 |
| Net cash flows provided by investing activities | 9,291 | 87,278 |
| Net increase in cash | 15,088,598 | 31,413,444 |
| Cash, beginning of year | 35,508,920 | 4,095,476 |
| Cash, end of year | \$ 50,597,518 | \$ 35,508,920 |
| RECONCILIATION TO STATEMENT OF NET POSITION | | |
| Cash and cash equivalents | 5,308,259 | 3,725,885 |
| Restricted cash - debt service funds | 500,694 | 491,550 |
| Restricted cash - capacity funds | 1,974,827 | 1,565,235 |
| Restricted cash - construction funds | 42,813,738 | 29,726,250 |
| Total cash and cash equivalents | \$ 50,597,518 | \$ 35,508,920 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 2,841,142 | \$ 3,038,809 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 1,556,870 | 1,396,081 |
| Gain on sale of assets | (7,676) | - |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 121,728 | 1,515 |
| (Increase) decrease in inventories | (1,173) | 4,963 |
| (Increase) decrease in due to/from | 754,131 | (980,927) |
| Increase (decrease) in accounts payable | (779,087) | 3,254,118 |
| Increase (decrease) in due to/from governmental entities | 94,028 | (153,008) |
| Increase (decrease) in accrued expenses | (46,204) | 375,528 |
| Total adjustments | 1,692,617 | 3,898,270 |
| Net cash provided by operating activities | \$ 4,533,759 | \$ 6,937,079 |

LAURENS COUNTY WATER AND SEWER COMMISSION
ADMINISTRATIVE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 179,246 | \$ 168,571 |
| Accounts receivable | 2,099 | 61 |
| Prepays | 93,292 | 85,024 |
| Total current assets | <u>274,637</u> | <u>253,656</u> |
| Non-Current Assets | | |
| Capital assets, net | 635,314 | 665,239 |
| Total non-current assets | <u>635,314</u> | <u>665,239</u> |
| Total assets | <u>909,951</u> | <u>918,895</u> |
| DEFERRED OUTFLOW OF RESOURCES | | |
| Pensions | <u>291,527</u> | <u>237,823</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 71,087 | 53,407 |
| Accruals | 62,175 | 81,005 |
| Total current liabilities | <u>133,262</u> | <u>134,412</u> |
| Non-Current Liabilities | | |
| Net pension liability | 1,688,822 | 1,499,094 |
| Accrued other post employment benefits | 1,204,205 | 1,020,289 |
| Total non-current liabilities | <u>2,893,027</u> | <u>2,519,383</u> |
| Total liabilities | <u>3,026,289</u> | <u>2,653,795</u> |
| DEFERRED INFLOW OF RESOURCES | | |
| Pensions | <u>6,386</u> | <u>44,592</u> |
| NET POSITION | | |
| Net investment in capital assets | 635,314 | 665,239 |
| Unrestricted | <u>(2,466,511)</u> | <u>(2,206,908)</u> |
| Total net position | <u>\$ (1,831,197)</u> | <u>\$ (1,541,669)</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
ADMINISTRATIVE FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | 2021 | Budget | Variance | 2020 |
|---|-----------------------|-----------------------|---------------------|-----------------------|
| OPERATING EXPENSES | | | | |
| Salaries | \$ 759,182 | \$ 759,610 | \$ (428) | \$ 750,063 |
| Payroll taxes | 56,780 | 61,186 | (4,406) | 54,286 |
| Group insurance | 95,740 | 97,837 | (2,097) | 94,910 |
| State retirement | 120,821 | 121,679 | (858) | 116,188 |
| Worker's compensation | 3,455 | 2,500 | 955 | 2,756 |
| Employee health/safety expense | 604 | 1,100 | (496) | 585 |
| Employee memberships | 2,775 | 3,600 | (825) | 1,950 |
| Employee training, conferences and seminars | 2,892 | 19,542 | (16,650) | 9,761 |
| Uniform expense | 2,369 | 3,660 | (1,291) | 2,875 |
| Dues, subscriptions and licenses | 14,387 | 14,500 | (113) | 14,352 |
| Commissioners expense | 37,276 | 38,500 | (1,224) | 34,348 |
| Legislative expense | 1,305 | 1,500 | (195) | 1,140 |
| Entertainment expense | 15,951 | 18,000 | (2,049) | 17,797 |
| Building and grounds maintenance | 26,251 | 19,465 | 6,786 | 18,562 |
| Software and office equipment maintenance | 132,452 | 102,995 | 29,457 | 107,339 |
| Property and casualty insurance | 93,505 | 92,753 | 752 | 87,856 |
| Depreciation | 83,675 | 83,000 | 675 | 86,619 |
| Utilities | 21,860 | 24,000 | (2,140) | 22,063 |
| Telephone and mobile communications | 14,401 | 16,260 | (1,859) | 15,665 |
| Office expense | 64,039 | 38,715 | 25,324 | 55,154 |
| Postage and shipping | 6,819 | 8,408 | (1,589) | 7,827 |
| Professional fees | 84,434 | 53,000 | 31,434 | 49,524 |
| Engineering and consulting service | 28,350 | 30,440 | (2,090) | 26,790 |
| Economic development | 35,710 | 39,600 | (3,890) | 35,851 |
| Community outreach | 62,467 | 71,100 | (8,633) | 82,199 |
| Miscellaneous expense | 345 | - | 345 | - |
| Total operating expenses | <u>1,767,845</u> | <u>1,722,950</u> | <u>44,895</u> | <u>1,696,460</u> |
| Operating loss | <u>(1,767,845)</u> | <u>(1,722,950)</u> | <u>(44,895)</u> | <u>(1,696,460)</u> |
| NON-OPERATING REVENUE (EXPENSES) | | | | |
| Interest earned | 661 | - | 661 | 2,292 |
| Insurance proceeds | 42,113 | - | 42,113 | - |
| Non cash - state retirement | (97,473) | (657) | (96,816) | (75,965) |
| Non cash - post employment expense | (183,915) | (18,025) | (165,890) | (58,738) |
| Total non-operating revenue (expense) | <u>(238,614)</u> | <u>(18,682)</u> | <u>(219,932)</u> | <u>(132,411)</u> |
| Change in net position before transfers | <u>(2,006,459)</u> | <u>(1,741,632)</u> | <u>(264,827)</u> | <u>(1,828,871)</u> |
| TRANSFERS | | | | |
| Transfer administrative fees to admin fund | 1,716,932 | 1,741,632 | (24,700) | 1,637,969 |
| Change in net position | <u>(289,527)</u> | <u>-</u> | <u>(289,527)</u> | <u>(190,902)</u> |
| Net position, beginning of year | <u>(1,541,670)</u> | <u>(1,541,670)</u> | <u>-</u> | <u>(1,350,768)</u> |
| Net position, end of year | <u>\$ (1,831,197)</u> | <u>\$ (1,541,670)</u> | <u>\$ (289,527)</u> | <u>\$ (1,541,670)</u> |

LAURENS COUNTY WATER AND SEWER COMMISSION
ADMINISTRATIVE FUND
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

| | 2021 | 2020 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers for goods and services | \$ (638,435) | \$ (594,606) |
| Payments for labor and related services | (834,792) | (792,570) |
| Payment for employee benefits | (220,016) | (213,854) |
| Collected from (advances to) employees | (2,038) | (1) |
| Net cash used in operating activities | (1,695,281) | (1,601,031) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfer in for administrative fees | 1,716,932 | 1,637,969 |
| Net cash provided by noncapital financing activities | 1,716,932 | 1,637,969 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital outlay | (53,750) | (23,788) |
| Net cash used in capital and related financing activities | (53,750) | (23,788) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 661 | 2,292 |
| Insurance proceeds | 42,113 | - |
| Net cash flows provided by investing activities | 42,774 | 2,292 |
| Net increase in cash | 10,675 | 15,442 |
| Cash, beginning of year | 168,571 | 153,129 |
| Cash, end of year | \$ 179,246 | \$ 168,571 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES | | |
| Operating loss | \$ (1,767,845) | \$ (1,696,459) |
| Adjustments to reconcile operating income to net cash used in operating activities: | | |
| Depreciation | 83,675 | 86,619 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (2,038) | (1) |
| (Increase) decrease in prepaid expenses | (8,268) | (5,557) |
| Increase (decrease) in accounts payable | 17,680 | 2,588 |
| Increase (decrease) in accrued expenses | (18,485) | 11,779 |
| Total adjustments | 72,564 | 95,428 |
| Net cash used in operating activities | \$ (1,695,281) | \$ (1,601,031) |

OTHER SUPPLEMENTAL INFORMATION

LAURENS COUNTY WATER AND SEWER COMMISSION
REVENUE BOND DEBT COVERAGE RATIO
JUNE 30, 2021

| | Water Distribution System | Clinton/Joanna Wastewater Treatment Plant |
|--|----------------------------------|--|
| | Series 2016, 2017 Series 2020 | Series 2013 |
| Change in net position before transfers | \$ 2,893,238 | \$ 484,404 |
| Less: Gain on sale of assets | (7,676) | (1,884) |
| Less: Sale of service area | (1,203,161) | - |
| Less: Allocated administrative loss | (1,254,037) | (601,938) |
| Less: Property tax collections | - | (375,920) |
| Plus: Capital contribution | - | - |
| Plus: GASB 75 noncash expenses | 202,732 | 109,899 |
| Plus: GASB 75 noncash expenses - administrative | 114,947 | 55,175 |
| Plus: GASB 68 noncash expenses | 106,440 | 49,932 |
| Plus: GASB 68 noncash expenses - administrative | 60,921 | 29,242 |
| Plus: Depreciation | 1,556,870 | 970,351 |
| Plus: Allocate administrative depreciation | 52,297 | 25,103 |
| Plus: Interest expense on bonds | 1,269,717 | 150,062 |
| Net earnings of the system (per bond resolution) | \$ 3,792,288 | \$ 894,426 |
| Debt service requirement | \$ 2,599,962 | \$ 195,024 |
| Debt service coverage ratio | 1.46 | 4.59 |

At June 30, 2021, the Water Distribution System and Clinton/Joanna Wastewater Treatment Plant were in compliance with the debt service ratio requirements.

COMPLIANCE SECTION

LOVE BAILEY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Board of Commissioners
Laurens County Water and Sewer Commission
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 business-type activities of the Laurens County Water and Sewer Commission, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Laurens County Water and Sewer Commission's basic financial statements, and have issued our report thereon dated December 13, 2021.

Internal Control over Financial Reporting

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

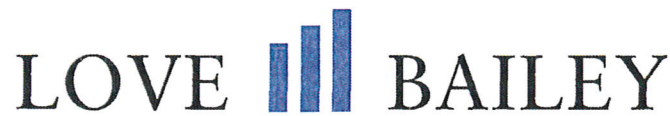
As part of obtaining reasonable assurance about whether the Laurens County Water and Sewer Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which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

Purpose of this Report

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.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
December 13, 2021



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Board of Commissioners
Laurens County Water and Sewer Commission
Laurens, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the Laurens County Water and Sewer Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Laurens County Water and Sewer Commission's major federal programs for the year ended June 30, 2021. Laurens County Water and Sewer Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Laurens County Water and Sewer Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Laurens County Water and Sewer Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Laurens County Water and Sewer Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Laurens County Water and Sewer Commission, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Laurens County Water and Sewer Commission, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Laurens County Water and Sewer Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Laurens County Water and Sewer Commission's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC

Laurens, South Carolina

December 13, 2021

LAURENS COUNTY WATER AND SEWER COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2021

| <u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|---------------------------------|
| <u>U.S. Department of Commerce</u> | | |
| Economic Adjustment Assistance - Stagecoach | 11.307 | \$ 828,206 |
| Economic Adjustment Assistance - Milam Road | 11.307 | <u>796,288</u> |
| Total U.S. Department of Commerce | | <u>1,624,494</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | |
| Community Development Block Grant | 14.228 | <u>497,370</u> |
| <u>U.S. Department of Agriculture and Rural Development</u> | | |
| Water & Wastewater Disposal Systems for Rural Communities: | | |
| Waterworks System Revenue Bond, Series 2020 | 10.760 | <u>39,120,814</u> |
| Total Federal Expenditures | | <u>\$ 41,242,678</u> |

See accompanying notes to the schedule of expenditures of federal awards.

**LAURENS COUNTY WATER AND SEWER COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Commission under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Commission

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Commission has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 – USDA BONDS OUTSTANDING

At June 30, 2021, the outstanding balances of USDA Bonds were as follows:

| | |
|-------------------|----------------------|
| USDA Series 2020A | \$ 8,582,065 |
| USDA Series 2020B | 8,582,065 |
| USDA Series 2020C | 8,582,065 |
| USDA Series 2020D | 8,582,065 |
| USDA Series 2020E | 3,471,016 |
| USDA Series 2020F | <u>731,876</u> |
| | <u>\$ 38,531,152</u> |

**LAURENS COUNTY WATER AND SEWER COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified?

Yes X No

- Significant deficiency(ies) Identified?

Yes X None
Noted

Noncompliance material to financial statements noted?

Yes X No

Federal awards

Internal control over major programs:

- Material Weakness(es) Identified?

Yes X No

- Significant deficiency(ies) Identified?

Yes X None
Noted

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes X No

Identification of major programs:

Water and Waste Disposal System for Rural Communities

10.760

Economic Adjustment Program

11.307

Dollar threshold used to distinguish between type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X Yes No

LAURENS COUNTY WATER AND SEWER COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

None reported