ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

ANDERSON REGIONAL
JOINT WATER SYSTEM

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

YEARS ENDED JUNE 30, 2022 AND 2021

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEARS ENDED JUNE 30, 2022 AND 2021

Prepared By
Finance Department | Kendall Cleary, CPA | Accounting Manager

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

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ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

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INTRODUCTORY SECTION

ANDERSON REGIONAL
JOINT WATER SYSTEM

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Phone: 864-332-6534 Fax: 864-224-6116
www.arjwater.com

August 29, 2022

To the Commissioners and Customers
of Anderson Regional Joint Water System

We are pleased to present the Annual Comprehensive Financial Report for Anderson Regional Joint Water System (the "Joint Water System") for the year ended June 30, 2022. The Joint Water System assumes responsibility for the accuracy and completeness of the information contained in this report, including all necessary disclosures. The Annual Comprehensive Financial Report is designed to provide the reader with a comprehensive understanding of the Joint Water System's financial activities. The enclosed information has been presented to the best of our knowledge and belief.

The Joint Water System's management has established a system of internal controls designed to provide reasonable, but not absolute, assurance for the safeguarding of assets and financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognized that the cost of internal controls should not exceed the benefits.

Pursuant to Section 6-25-140 of the S.C. Code of Laws, an annual audit is required of each joint water system. The accompanying financial statements were audited by Greene Finney Cauley, LLP, Certified Public Accountants. Their unmodified report on the financial statements is included in the financial section of this report.

Following the Independent Auditor's Report, in the financial section of this report is the Management's Discussion and Analysis ("MD&A"). The MD&A provides an overview and analysis of the Joint Water System's financial statements. This Letter of Transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE SYSTEM

The Joint Water System was established in 2002 when thirteen separate member agencies purchased the Lake Hartwell Water Treatment Plant from Duke Power. Since the purchase of the plant, the Joint Water System has added one additional member agency and is governed by a thirteen-member Board of Commissioners. The thirteen-member Board represents fourteen member agencies including: City of Anderson, Big Creek Water District, Broadway Water District, Belton-Honea Path Water Authority, Town of Central, City of Clemson, Hammond Water District, Homeland Park Water District, Town of Pendleton, Powdersville Water, Sandy Springs Water District, Starr-Iva Water District, West Anderson Water District, and Town of Williamston. The System also services Clemson University as a non-governing wholesale customer.

The Lake Hartwell Water Treatment Plant is a 48 MGD pant that provides water on a wholesale basis to the various water districts. In addition to the water treatment plant, the Joint Water System operates the South Anderson Water Supply which is a raw water intake and pump station that supplies raw water to a local industry. With 50 miles of transmission main, the Joint Water System provides water to approximately 215,000 citizens across Anderson, Pickens, and Abbeville Counties.

FINANCIAL PROFILE OF THE SYSTEM

The Joint Water System adopts an annual budget for management and financial planning purposes. During the budgeting process, the Board reviews and assesses future financial plans including: future rate setting projections, future foreseen debt service needs, and future capital purchases. The Joint Water System adopts the budget prior to the beginning of each fiscal year, and sets rates to meet financial, debt, and contractual obligations. One financial benchmark and contractual obligation that the Joint Water System strives to maintain is a favorable debt service coverage ratio. In the Bond Resolutions, the Joint Water System agrees to maintain a debt service coverage ratio of at least 120%. For the year ended June 30, 2022, the debt service ratio was 138%.

LONG TERM FINANCIAL PLANNING

Multi-Year Financial Plan:

The Joint Water System prepares a 20-year Financial Pro Forma Forecast for long-term financial planning. This tool allows the Joint Water System to estimate future capital and financial needs based on growth and other economic indicators. The results produced by the pro forma are incorporation into the Joint Water System's yearly budget and capital improvement plan, which estimates the cost, timing, and funding source of future capital projects.

Miscellaneous Revenue Policy:

The miscellaneous revenue policy allows for no more than 25% of miscellaneous revenues to be used to fund same year expenses. Unused miscellaneous revenues shall accrue to the operating fund for future year capital requirements.

Rate Stabilization Fund:

Revenues collected in the System Repair and Replacement ("R&R") Fund and the Pumped R&R Fund in excess of fund requirements are transferred to the Rate Stabilization Fund for use in mitigating future year rate spikes.

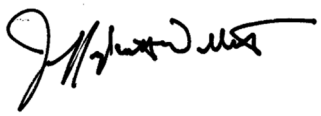
LOCAL ECONOMY

The service area continues to experience modest population growth and job creation. Due in large part to industries returning to normal production levels following the COVID-19 pandemic, the unemployment rate in the area was 3.2% in fiscal year 2022 compared to 4.3% in fiscal year 2021. Sustained population growth, increasing manufacturing production, and the reopening of schools and universities provides the basis for projecting increased annual water demands in the coming years. The service area is well positioned geographically and with adequate infrastructure for sustained future growth in both population and job creation.

ACKNOWLEDGEMENTS

We appreciate the hard work consistently displayed by our commissioners and employees to provide high-quality, clean, safe, reliable, and an economical flow of drinking water to our wholesale customers in Anderson, Pickens, and Abbeville Counties.

Respectively Submitted,



Scott Willett
Executive Director

Anderson Regional Joint Water System

List of Principal Officials

Board of Commissioners

Commissioner		Agency
Dyke Spencer*	Chairman	Powdersville Water
Patrick Jackson*	Vice-Chairman	Starr-Iva Water and Sewer District
Phillip Mishoe*	Secretary	Town of Central
Benjie McGill*	Past-Chairman	City of Clemson
Chuck Cortez*	At Large	Hammond Water District
Vacant*	At Large	
Chuck Cortez		Big Creek Water and Sewerage District
Mitch Ellenburg		Belton-Honea Path Water Authority
Doug Locke		Broadway Water District
Scott Banks		City of Anderson
Larry Harrell		Homeland Park Water District
Tracy Durham		Sandy Springs Water District
Evan Link		Town of Pendleton
David Rogers		Town of Williamston
John Lollis		West Anderson Water District

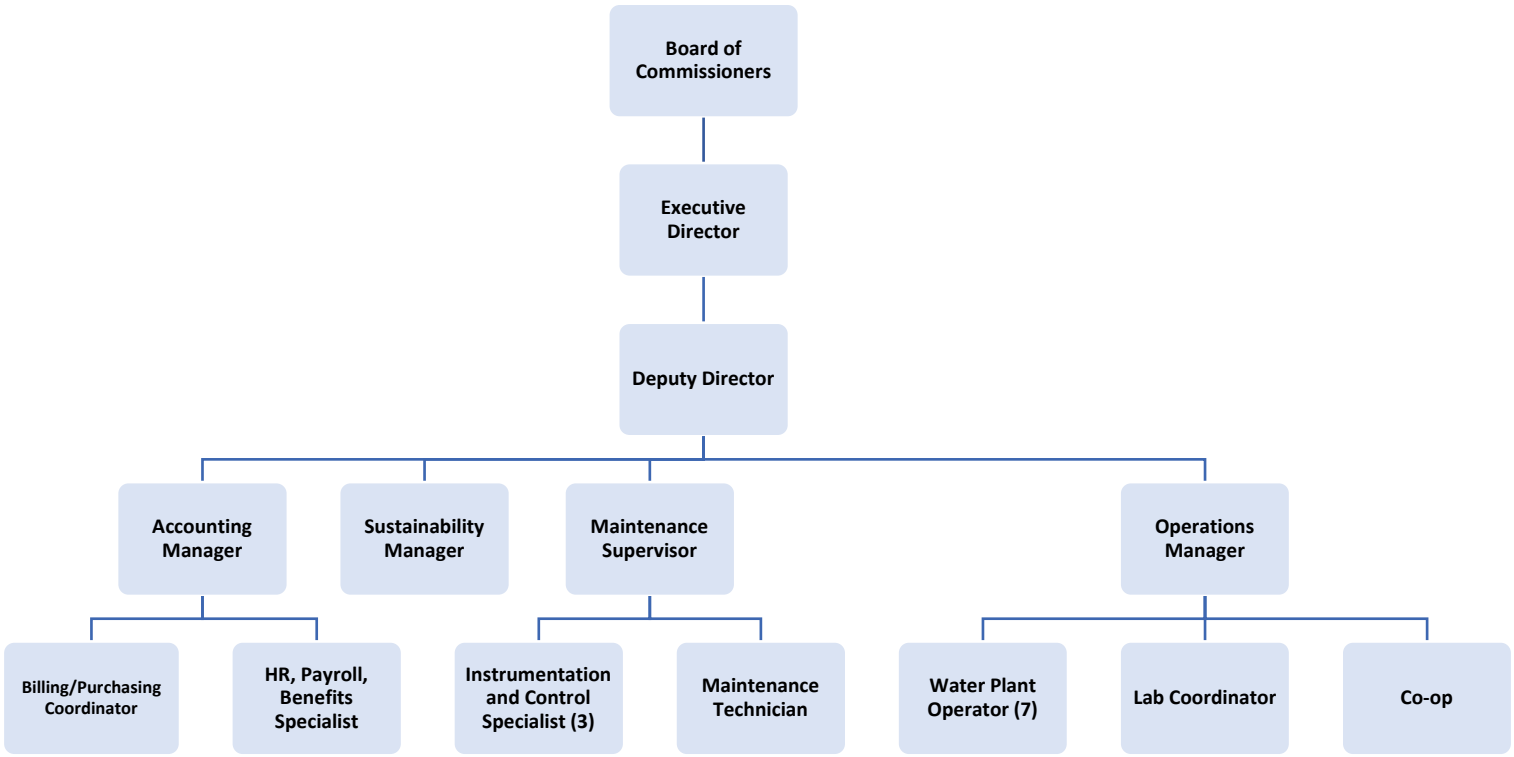
*Executive Committee

Executive Director

Scott Willett

Anderson Regional Joint Water System

Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Anderson Regional Joint Water System
South Carolina

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Anderson Regional Joint Water System
Anderson, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Anderson Regional Joint Water System, South Carolina (the "Joint Water System"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Joint Water System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Joint Water System as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted out audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Joint Water System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Joint Water System's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Joint Water System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Joint Water System's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022 on our consideration of the Joint Water System'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Joint Water System's 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 Joint Water System's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
August 29, 2022

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 and 2021

Board of Commissioners of the Anderson Regional Joint Water System and to the community we serve:

We are pleased to transmit the Annual Financial Report of the Anderson Regional Joint Water System ("Joint Water System") for the fiscal years ending June 30, 2022 and 2021. Statement No. 34 of the Governmental Accounting Standards Board requires that management provide a discussion and analysis to accompany the financial statements. This discussion and analysis of the Joint Water System's financial performance provides an overview of financial activities for the fiscal years ending June 30, 2022, 2021, and 2020, and should be read in conjunction with the Joint Water System's financial statements.

The Joint Water System operates as a utility enterprise and maintains accounting records in accordance with the U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). The basic financial statements include: **Statements of Net Position**; **Statements of Revenues, Expenses, and Changes in Net Position**; **Statements of Cash Flows**; and **Notes to the Financial Statements**.

The **Statements of Net Position** present the financial position of the Joint Water System as of a specific date. These statements provide information about the nature and amount of resources (assets and deferred outflows of resources) and obligations (liabilities and deferred inflows of resources), with the difference reported as net position, some of which may be restricted in accordance with bond covenants and Board of Commissioners' policy. Over time, increases and decreases in net position may serve as indicators of whether the financial position of the Joint Water System is improving or deteriorating.

The **Statements of Revenues, Expenses, and Changes in Net Position** present the results of the Joint Water System over the course of the fiscal year and information about how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. These statements also provide certain information on the Joint Water System's cost recovery. During fiscal year 2022, the Joint Water System recovered 93.7% of its revenue under a direct cost recovery formula. The remaining 6.3% of system costs are recovered under a revenue neutral wholesale rate under contracted sales to Clemson University, compared to 5.0% in fiscal year 2021 and 5.8% in fiscal year 2020.

The **Statements of Cash Flows** present changes in cash and cash equivalents, resulting from operational, financing, and investing activities. These statements present 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 essential to fully understand the data provided in the statements. Required supplementary information and supplementary information contain additional financial data and though not a required part of the financial statements, this data enhances information provided to users.

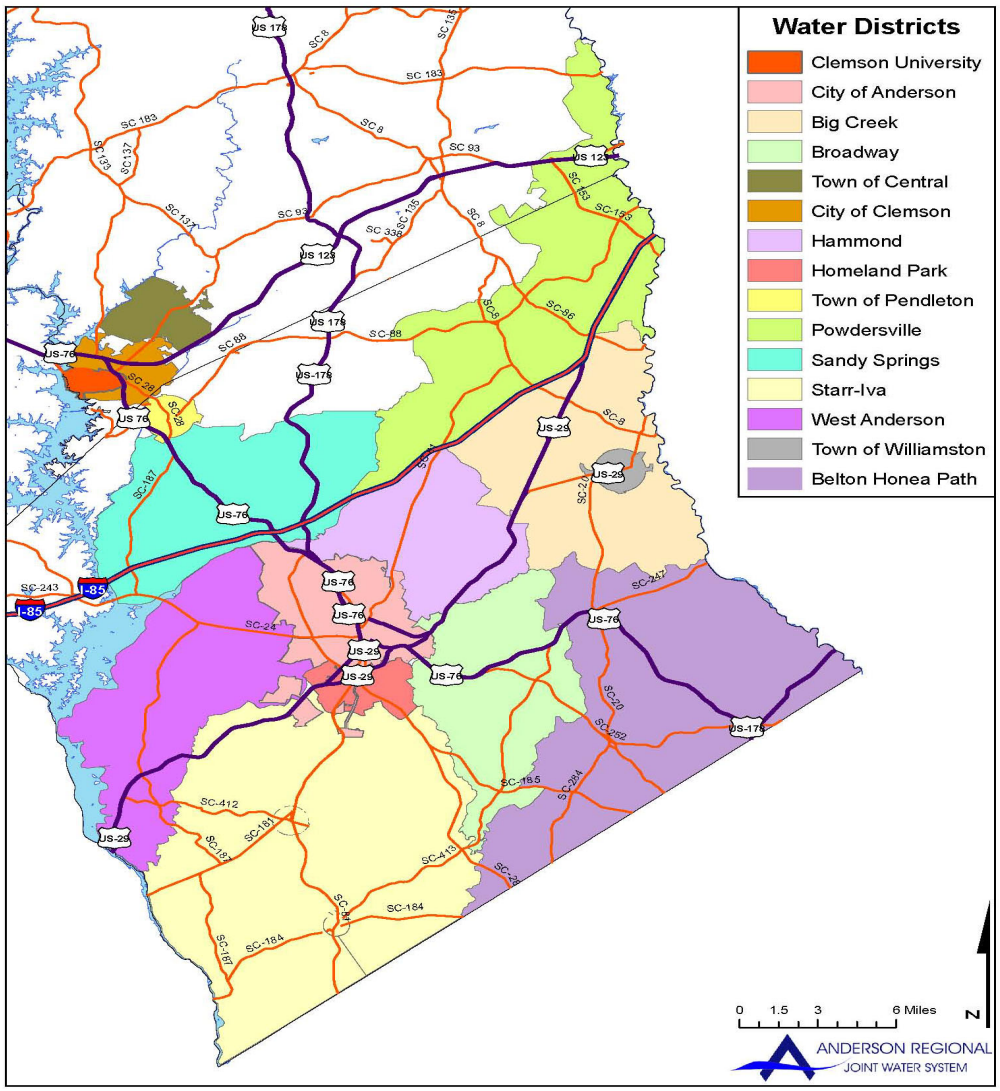
Responsibility for the accuracy of the data as well as the thoroughness of the presentation rests with the management of the Joint Water System. To the best of our knowledge, the enclosed data are accurate in all material respects and adequately present the financial position of the Anderson Regional Joint Water System.

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 and 2021

The Joint Water System

Pursuant to Section 6-25-50 of the S.C. Code of Laws, the Anderson County Joint Municipal Water System, subsequently renamed the Anderson Regional Joint Water System pursuant to Resolution No. 10-12-04, effective October 12, 2004, established an entity for including, but not limited to, the planning, financing acquisition and location of water supply and water distribution systems to insure for an adequate, reliable and economical supply of water to the persons and property served by the members of the Joint Water System, and such other purposes as are or may be permitted by law.



A thirteen-member Board of Commissioners ("Board" or "Commission") representing the fourteen participating member agencies governs the Joint Water System. Clemson University is serviced as a non-governing wholesale customer. The Commissioners serve at the pleasure of their appointing Boards or Councils. The Board, under authority of state law, has and may exercise all powers which are granted to special purpose districts by the Constitution and Laws of South Carolina, except the power to levy and collect taxes.

Actions by the Commission are approved via two voting procedures: agency votes and flow-based votes. Debt issuances are approved based on agency votes, with each agency receiving 1 vote. Debt issuances resulting in increases to total capacity require unanimous consent of the agencies participating in the issue. All other debt issuances, for example, necessary to maintain system reliability or refinancing existing debt, require approval of a two thirds super-majority. Officers are selected based on simple majority of agency votes.

All other board actions, including budget adoption, contract award and policy changes require approval of a simple majority of flow-based votes. One thousand flow-based votes are allocated proportionately based an agency's pro rata water purchases during the preceding calendar year. In addition, each commissioner is entitled to 1 vote. The vote allocation is re-computed annually.

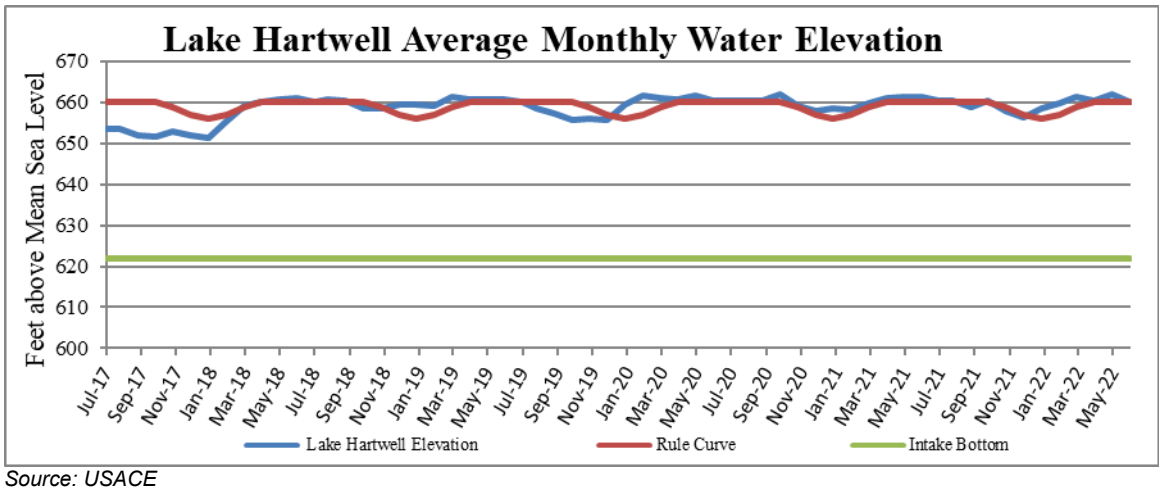
Commission Flow-Based Vote Allocation

	2022 Votes		2021 Votes		2020 Votes	
	Flow	*Total*	*Flow*	*Total*	*Flow*	*Total*
City of Anderson	267	268	262	263	273	274
Big Creek	54	55	55	56	55	56
Broadway	45	46	45	46	43	44
Belton/Honea Path	0	1	0	1	0	1
Town of Central	0	1	0	1	0	1
City of Clemson	126	127	132	133	126	127
Hammond	130	131	132	133	135	136
Homeland Park	42	43	43	44	39	40
Pendleton	22	23	24	25	25	26
Powdersville	11	12	11	12	11	12
Sandy Springs	120	121	118	119	115	116
Starr Iva	67	68	65	66	60	61
West Anderson	85	86	85	86	84	85
Williamston	31	32	28	29	34	35
System Total	**1000**	**1014**	**1000**	**1014**	**1000**	**1014**

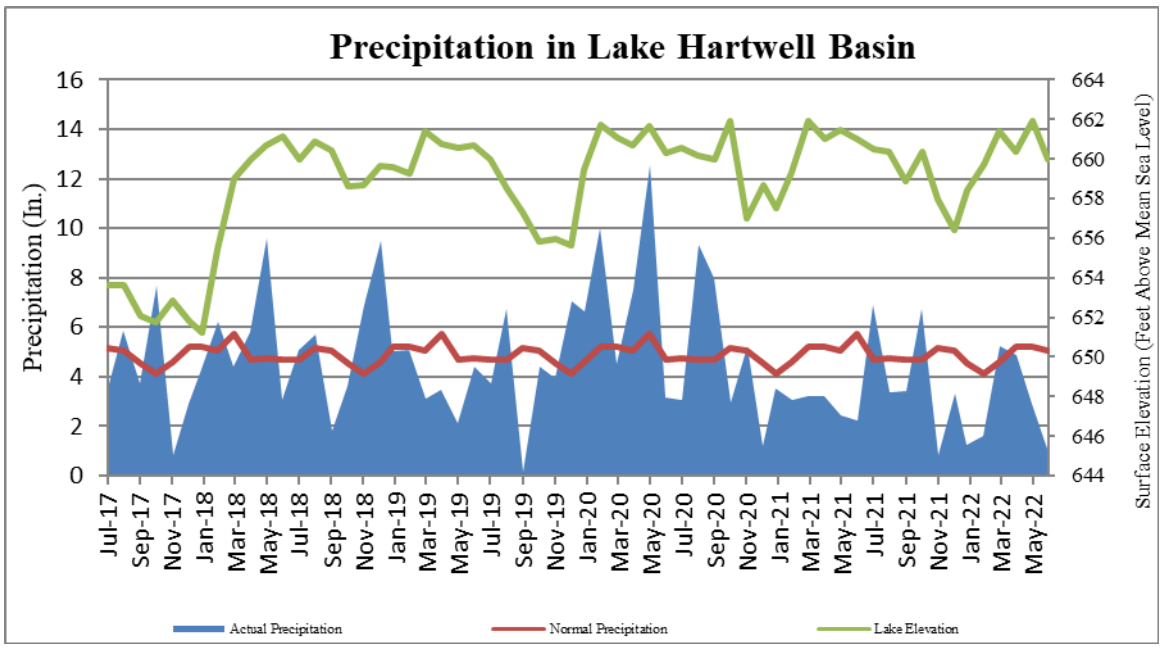
FISCAL YEAR 2022 IN REVIEW

Stable Water Resource Supplies

Fiscal year 2022 was characterized by heavy rainfall in two months at the beginning of the fiscal year, followed by decreased rainfall for the remainder of the fiscal year. Overall, precipitation was below average for the year, but still within normal range, resulting in stable source water levels in the region. Supplies started the year at full-pool and remained there the entire fiscal year. Ground water levels, which provide a long-term indicator of future stream flows, remained near long-term median levels.



Source: USACE



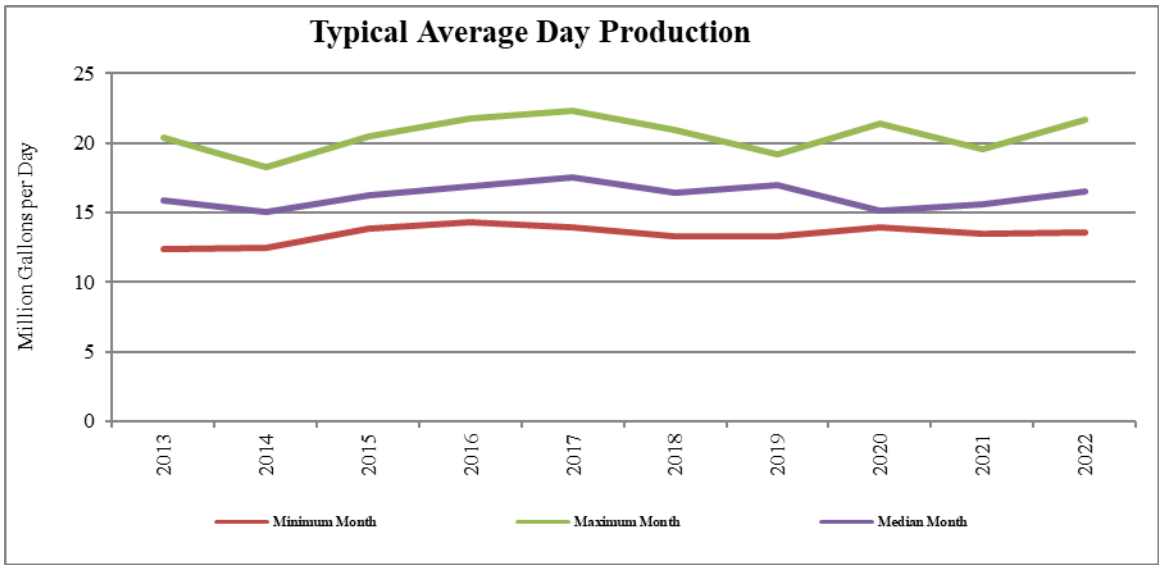
Source: USACE

Demand and Consumption

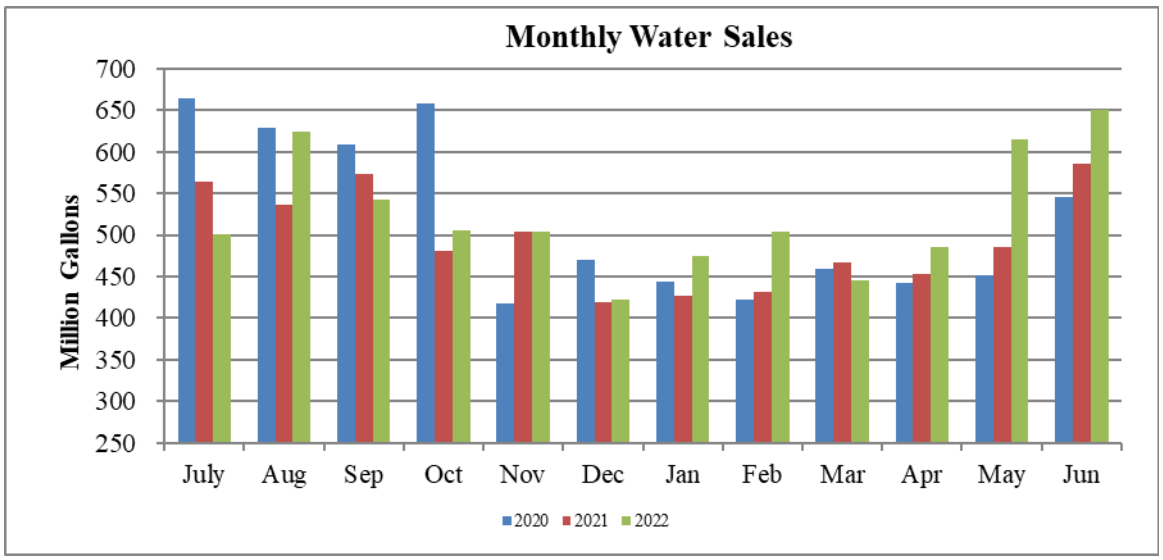
During July and September 2021, the immediate service area experienced higher than average rainfall. The remaining months of the fiscal year the immediate service area experienced significantly lower than average rainfall. This resulted in an increase in annual water sales for almost all of the member agencies.

During fiscal year 2022, Clemson University fully reopened to students and visitors after running on a limited schedule of operations since 2020 due to the COVID-19 pandemic. This resulted in a significant increase in water demand for the University and the immediate surrounding communities compared to fiscal year 2021 and return to more normal levels compared to 2020. These factors provide the impetus for the overall water purchased during fiscal year 2022 to increase by 5.5% from fiscal year 2021.

Examination of typical average day water production data shows a stabilization in average day demand during the minimum month compared to the long-term average. As the chart below illustrates, water demand during the maximum and minimums months increased during fiscal year 2022, showing the impact of the drier weather and Clemson University returning to nomal activities had on total demand over the entire fiscal year.



As the chart below illustrates, July and September 2021 had lower water sales compared to the previous year due to increased rainfall. The remainder of the fiscal year experienced below average rainfall average which resulted in increased water sales compared to fiscal year 2021.



Water Purchases in Gallons and Share of Annual Deliveries

	2022		2021		2020	
Anderson	1,578,551,343	25.17%	1,487,145,721	25.01%	1,551,010,429	24.96%
Big Creek	315,000,000	5.02%	315,200,000	5.30%	315,500,000	5.08%
Broadway	260,069,604	4.15%	250,190,881	4.21%	255,064,351	4.11%
Clemson	749,835,182	11.95%	700,835,520	11.79%	767,367,509	12.35%
Clemson University	381,310,285	6.08%	312,670,406	5.26%	357,523,888	5.75%
Hammond	756,536,956	12.06%	754,681,463	12.69%	802,207,708	12.91%
Homeland Park	225,291,383	3.59%	247,881,902	4.17%	238,282,493	3.84%
Pendleton	138,409,033	2.21%	122,223,161	2.06%	147,377,208	2.37%
Powdersville	87,230,423	1.39%	58,435,701	0.98%	61,810,837	0.99%
Sandy Springs	739,475,713	11.79%	686,813,097	11.55%	677,007,000	10.90%
Starr-Iva	389,099,132	6.20%	362,189,399	6.09%	362,248,451	5.83%
West Anderson	473,445,183	7.55%	487,134,568	8.19%	487,684,885	7.85%
Williamston	177,955,984	2.84%	160,101,443	2.69%	189,669,235	3.05%
TOTAL	6,272,210,221	100.00%	5,945,503,262	100.00%	6,212,753,994	100.00%

System Initiatives

Additional Water Supply Storage Allocation

The Joint Water System's storage rights were initially contracted with the U.S. Army Corps of Engineers for 50 years with the contract expiring in 2017. During fiscal year 2018, the Joint Water System remitted the final payment of the original contract of $2,155,900 to secure the original raw water rights. Additional capacity sufficient to meet customer demands for an estimated 50 years was sought in fiscal year 2012. During fiscal year 2022, the new allocation study was not completed.

STATISTICS

Financial Planning

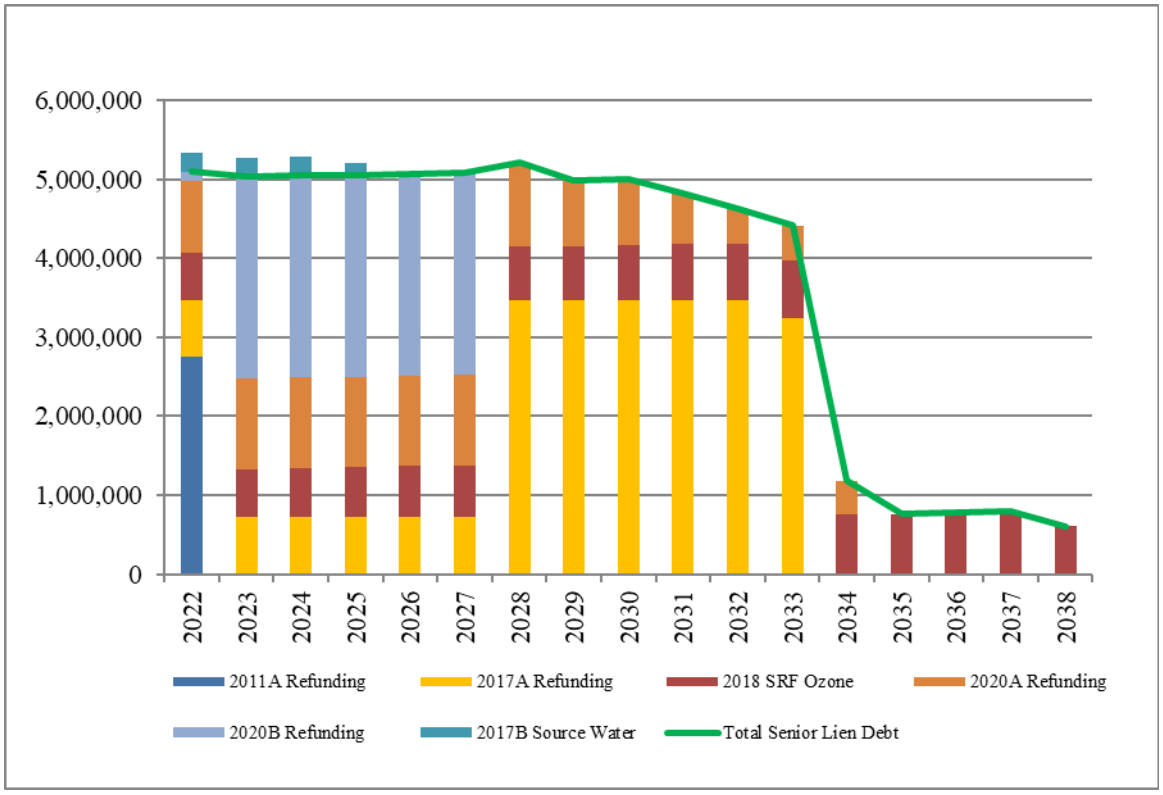
The Board has adopted a Comprehensive Financial Policy that details the parameters necessary to develop a financial model capable of evaluating multiple planning scenarios. The financial model predicts revenue, expenses and water revenue requirements of the utility allowing debt issuances to be optimized under each scenario. The financial model is annually updated to provide multiple year projections for the System and estimated impacts on each member agency.

The Joint Water System adheres to SC state guidelines requiring insured or collateralized accounts with respect to investment policies for all funds. While the System bylaws allow the use of limited variable interest rate debt, the Commission has elected to utilize only fixed rate debt issuances. Debt issuances have been made seeking to minimize the total debt outstanding as well as year-over-year debt service cost increases wherever possible.

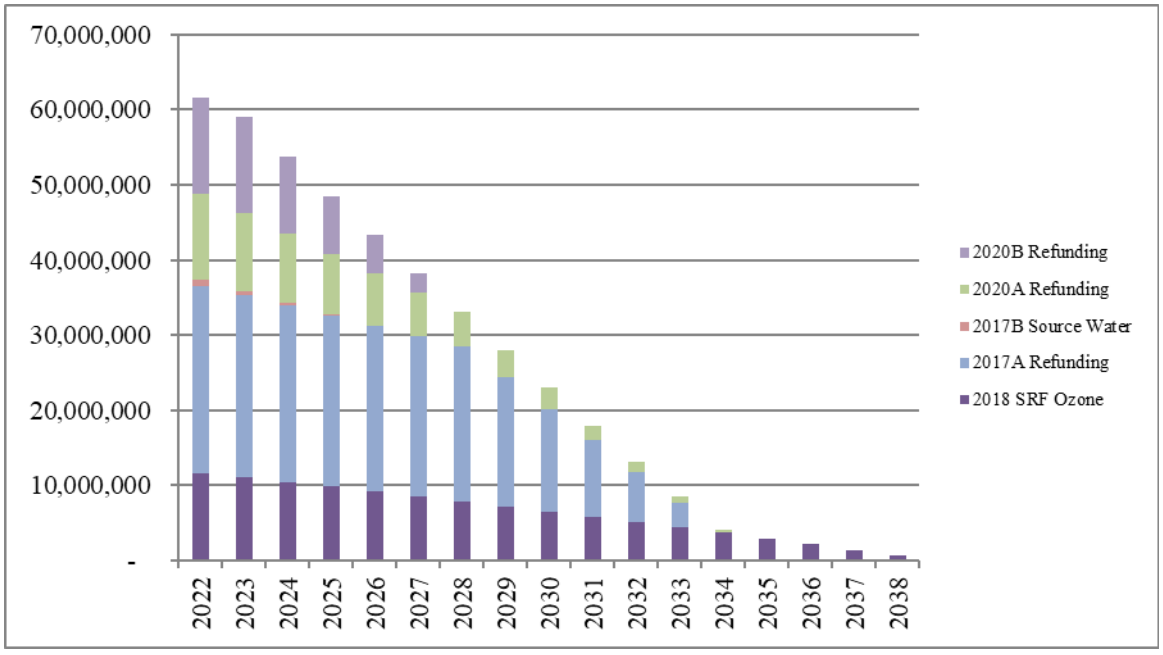
The Joint Water System bond covenants are strong with step-up provisions and absolute repayment obligations. All of the Joint Water System's debt payments, regarding revenue bonds and other loan and repayment contracts, are being made in accordance with prescribed requirements. In addition to the strong financial planning during the budget preparation cycle, it has an excellent record of executing the adopted annual budget. As a result, the Joint Water System is able to maintain an AA- rating on its outstanding bonds from Standard & Poor's and an Aa3 rating from Moody's.

The charts below depict the Joint Water System's existing and planned annual debt service and debt service outstanding:

Annual Debt Service



Total Debt Service Outstanding



Potable Joint Water System Annual Revenue*

FY	O&M Revenue	Debt Service	R&R Revenue	Total Revenue	Demand (kGals)	Average Unit cost
2013	$3,549,009	$4,538,853	$1,392,002	$9,479,864	5,852,492	1.62
2014	3,413,820	4,693,037	1,436,050	9,542,907	5,569,827	1.71
2015	3,902,083	4,636,153	1,412,363	9,950,599	6,033,435	1.65
2016	4,228,816	4,652,903	1,422,323	10,304,042	6,345,893	1.62
2017	4,695,657	4,614,029	1,417,697	10,727,383	6,428,531	1.67
2018	4,683,984	4,658,154	1,497,837	10,839,975	6,054,547	1.79
2019	4,405,153	5,264,847	1,623,394	11,293,394	6,104,910	1.85
2020	4,637,725	5,272,163	1,630,008	11,539,896	6,212,754	1.86
2021	4,737,178	5,334,608	1,644,753	11,716,539	5,945,503	1.97
2022	$5,537,323	$5,318,511	$1,607,758	$12,463,592	6,272,210	1.99

*Does not include miscellaneous revenue.

In lieu of fully funding depreciation, the Joint Water System collects funds for Repair and Replacement ("R&R"). The Water Sale and Purchase Agreement stipulates that an amount equivalent to 30% of the gross debt service payments on senior lien bonds be set aside to fund capital refurbishments. While many of the physical facilities are approaching 50+ years of life, refurbishments have reduced the effective age (age since last major refurbishment) to less than 20 years on all major equipment classes.

Joint Water System Depreciation

FY	Annual Depreciation	Cumulative Depreciation	Annual R&R	Cumulative R&R	Cumulative Depreciation Funding (%)
2013	$1,737,462	$15,606,977	$1,392,002	$13,218,268	84.69%
2014	2,049,183	17,656,160	1,436,050	14,654,318	83.00%
2015	2,222,702	19,878,862	1,412,363	16,066,681	80.82%
2016	2,238,239	22,117,101	1,422,323	17,489,004	79.07%
2017	2,259,007	24,376,108	1,417,697	18,906,701	77.55%
2018	2,424,418	26,800,526	1,497,837	20,404,538	76.13%
2019	2,644,014	29,444,541	1,623,394	22,027,932	74.81%
2020	2,690,616	32,135,157	1,630,008	23,657,940	73.62%
2021	2,573,032*	34,708,189	1,644,753	25,302,693	72.90%
2022	$2,590,770*	$37,298,959	$1,607,758	$26,910,451	72.14%

*Annual depreciation is shown net of fiscal year asset deletions. See Note 3 in the notes to the financial statements for additional information.

FINANCIAL STATEMENTS

Condensed Statements of Net Position

The Statements of Net Position are a financial snapshot of the Joint Water System at June 30, 2022, 2021, and 2020 for both the potable and raw water activities. It presents the fiscal resources of the Joint Water System (assets and deferred outflows of resources), the claims against those resources (liabilities and deferred inflows of resources) and the residual available for future operations (net position). Balance sheet items are classified by liquidity as either current or non-current. Net position is classified by the manner in which these resources may be used for future operations.

The Joint Water System's total assets on June 30, 2022, 2021, and 2020 were $94,087,607, $94,502,177, and $95,695,051, respectively. Assets consisted primarily of net capital assets, which account for $79,400,182 of total assets during fiscal year 2022. The Joint Water System uses its capital assets to facilitate its mission, which is to provide the highest quality water at the lowest possible price. Comparable figures for total capital assets the two previous years were $81,549,177 for fiscal year 2021 and $84,106,187 for fiscal year 2020.

Depreciation provides an ongoing mechanism for accumulating sufficient reserves to replace plant capital when it reaches the end of its useful life. Depreciation is an annual expense that effectively reduces net position to account for facility aging. Accumulated depreciation was $37,298,959 through fiscal year 2022, $34,708,189 through fiscal year 2021, and $32,135,157 through fiscal year 2020. In lieu of funding depreciation, the Joint Water System utilizes a set of Repair and Replacement Accounts. Presently, these accounts have collected 72.14% of cumulative depreciation, compared to 72.90% in fiscal year 2021 and 73.62% in fiscal year 2020.

The Joint Water System's total liabilities at June 30, 2022 totaled $57,287,897, of which $43,158,501 was Bond debt (which includes a premium on the bonds) used to fund capital projects. Comparably, the Joint Water System's total liabilities at June 30, 2021 totaled $61,652,566, of which $46,467,138 was Bond debt (which includes a premium on the bonds), and at June 30, 2020 totaled $65,386,892, of which $38,823,640 was Bond debt used to fund capital projects.

Anderson Regional Joint Water System
Condensed Statements of Net Position

	June 30,		
	2022	**2021**	**2020**
Current assets	$ 14,687,425	$ 12,910,223	$ 11,382,715
Note receivable	-	42,777	206,149
Capital assets, net	79,400,182	81,549,177	84,106,187
Total Assets	94,087,607	94,502,177	95,695,051
Deferred losses on refundings	2,394,029	2,881,582	3,154,282
Deferred pension charges	397,626	498,822	397,463
Total deferred outflows of resources	2,791,655	3,380,404	3,551,745
Current liabilities	5,302,767	4,672,726	5,434,953
Noncurrent liabilities	51,985,130	56,979,840	59,951,939
Total liabilities	57,287,897	61,652,566	65,386,892
Deferred pension credits	481,833	118,324	21,715
Total deferred inflows of resources	481,833	118,324	21,715
Net investment in capital assets	28,019,430	26,784,711	25,701,780
Restricted	11,109,017	9,433,657	8,258,996
Unrestricted	(18,915)	(106,677)	(122,587)
Total net position	$ 39,109,532	$ 36,111,691	$ 33,838,189

The Joint Water System's net position is separated into three categories. The first category, net investment in capital assets, consists of capital assets (net of depreciation) less related outstanding debt (including deferred losses on refundings) incurred to purchase or produce those assets. The net investment in capital assets balances for 2022, 2021, and 2020 were $28,019,430, $26,784,711, and $25,701,780, respectively. The second category, restricted, consists of restricted assets less accrued interest on construction related long-term debt and funds reserved for use in future years for rate stabilization. The restricted balances for 2022, 2021, and 2020 were $11,109,017, $9,433,657, and $8,258,996, respectively. The third category, unrestricted net assets, consists of all other balance sheet amounts unrelated to acquisition of capital assets. The balances unrestricted balances for 2022, 2021, and 2020 were ($18,915), ($106,677), and ($122,587), respectively.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the financial activity of the Joint Water System for the years ended June 30, 2022, 2021, and 2020. The Joint Water system operates two separate activities: a potable water system comprising 98.0% of total and a raw water system comprising the balance. Detailed information by activity can be found in the Combining Schedule of Revenues, Expenses and Changes in Net Position as listed in the table of contents. The focus of the following discussion is on operating revenues and expenses that have a significant effect on the provision of water to the customers of the Joint Water System.

Anderson Regional Joint Water System
Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30,		
	2022	**2021**	**2020**
Operating Revenues			
Operations and maintenance	$ 5,537,323	$ 4,737,178	$ 4,637,725
Debt service	5,318,511	5,334,608	5,272,163
Renewal and replacement	1,607,758	1,644,753	1,630,008
Miscellaneous	107,998	163,608	138,747
Total operating revenues	12,571,590	11,880,147	11,678,643
Operating Expenses			
Operations and maintenance	3,067,502	2,794,862	2,512,128
Administrative expenses	2,349,326	2,159,748	2,175,957
Depreciation	2,680,205	2,676,259	2,690,616
Total operating expenses	8,097,033	7,630,869	7,378,701
Net operating income	4,474,557	4,249,278	4,299,942
Nonoperating revenues (expenses)	(1,476,716)	(1,975,776)	(2,011,085)
Increase in net position	2,997,841	2,273,502	2,288,857
Net position, beginning of year	36,111,691	33,838,189	31,549,332
Net position, end of year	$ 39,109,532	$ 36,111,691	$ 33,838,189

Operating Revenues

Total Operating Revenue is generated under four categories: Operations and Maintenance, Capital Charge for Debt Service, Renewal and Replacement Charges, and Miscellaneous. The potable water activity contributed 98.0% of the $12,571,590 in total operating revenues for fiscal year 2022. In comparison, potable water actively contributed 98.0% and 97.8% for fiscal year 2021 and 2020, respectively. As shown in the financial statements, total operating revenue for 2022 increased 5.8% from 2021 and operating revenue for 2021 increased 1.7% from 2020 with relatively equivalent changes in each category.

Operating Expenses

The condensed statements of revenues, expenses, and changes in net position show the three main categories of operating expenses. On the full statement of net position presented with the Basic Financial Statements and during the budget process, operating expenses are further categorized into six functional budget groups. Operations and maintenance expenses detail the major costs of operating the water treatment plant such as chemicals, electricity, laboratory costs, and routine repairs and replacements. Administrative expenses cover most general expenses of doing business, including payroll and employee benefits. Large infrequent repairs or refurbishments that significantly extend the life of a capital item are funded from the System Repair and Replacement Fund or the Pumped Repair and Replacement Fund. Operating expenses for fiscal year 2022 were $8,097,033, an increase of 6.1% from fiscal year 2021. Operating expenses for fiscal year 2021 were $7,630,869, an increase of 3.4% from fiscal year 2020.

Non-operating Revenues and (Expenses)

Non-operating revenues and (expenses) are made up of the cumulative of interest income plus proceeds from the sales of assets and grant revenues received, less interest paid on bonds and notes payable, debt issuance costs, and any applicable water credits. For fiscal year 2022 net non-operating expense was ($1,476,716), compared to ($1,975,776) and ($2,011,085) for 2021 and 2020, respectively.

Statements of Cash Flows

Net cash provided by operating activities was $7,105,099 in fiscal year 2022 compared to $7,134,570 in 2021 and $6,956,821 in 2020. The Joint Water System spent $531,210 for acquisition and construction of capital assets in fiscal year 2022 compared to $119,249 in 2021 and $89,584 in 2020. Normal debt service payments resulted in principal payments of $3,671,630 and interest payments of $1,259,363 for revenue bonds and other long-term debt during fiscal year 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Joint Water System upgrades the Water Treatment Plant and supporting facilities on an ongoing basis. Total capital assets as of June 30, 2022 were $79,400,182, a decrease of $2,148,995 from fiscal year 2021. Capital asset additions during the year consisted of construction in progress of $49,110 and $482,100 related to various equipment upgrades at the treatment plant. These additions were offset by depreciation expense of $2,680,205.

Total capital assets as of June 30, 2021 were $81,549,177, a decrease of $2,557,010 from fiscal year 2020. Capital asset additions during the year consisted of $119,249 related to various equipment upgrades at the treatment plant. These additions were offset by depreciation expense of $2,676,259.

See Note 3 in the accompanying notes to the financial statements for additional discussion of capital asset activity.

Debt Administration

	2022	2021	2020
Series 2005, SRF	$ -	$ -	$ 1,924,930
Series 2009A, SRF 1A	-	-	3,582,772
Series 2011A, Advance Refunding	-	2,120,000	16,360,000
Series 2012B, SRF 1B	-	-	5,492,371
Series 2016, Jr Lien	-	-	510,176
Series 2017, SRF	10,616,280	11,178,910	11,730,976
Series 2017A, Refunding	20,015,000	20,196,000	20,373,000
Series 2017B, Jr Lien	549,000	777,000	993,000
Series 2020A, Refunding	8,710,000	9,270,000	-
Series 2020B, Advance Refunding	12,495,000	12,515,000	-
Total Debt Outstanding	$ 52,385,280	$ 56,056,910	$ 60,971,225

The Joint Water System currently has four revenue bonds outstanding and one other long-term debt issuances outstanding. The System made regular principal and interest payments during fiscal year 2022.

In June 2011, the Joint Water System issued $27,745,000 in revenue bonds in order to refund the remaining balance of the 2002 Bond Issue. The 2011A Bond Issue was fully repaid as of June 30, 2022.

In February 2017, the Joint Water System entered into a loan agreement with the State Revolving Fund for an amount of $13,500,000 to fund the construction of the Advanced Oxidation (Ozone) Treatment Process. The balance on the 2017 SRF Loan is $10,616,280.

In October 2017, the Joint Water System issued $20,712,000 in revenue bonds in order to refund the remaining balance of the 2012A Bond issue. The balance on the 2017A bond issue as of June 30, 2022 is $20,015,000. During the same October 2017 issuance, the System also issued $1,702,303 in revenue bonds in order to make the final payment of the original contract to secure raw water rights from the Amy Corps of Engineers. The balance on the 2017B bond issue as of June 30, 2022 is $549,000.

In September 2020, the Joint Water System issued $9,270,000 in revenue bonds in order to refund the remaining balances of the 2005, 2009A, and 2012B revolving fund loans. The balance of the 2020A Bond Issue as of June 30, 2022 is $8,710,000. During the same September 2020 issuance, the Joint Water System also issued $12,515,000 in revenue bonds in order to partially refund the 2011A Bond Issue. The balance of the 2020B Bond Issue as of June 30, 2022 is $12,495,000.

See Note 5 in the accompanying notes to the basic financial statements for additional discussion of long-term debt activity.

Debt Service Coverage Requirements

In the Bond Resolutions, the Joint Water System covenants and agrees that it will, at all times, maintain rates sufficient to yield annual Net Earnings in the fiscal year equal to at least one hundred twenty percent of the sum of the annual debt service payments for all senior lien bonds outstanding (1.20x). Net earnings are derived by adjusting the change in net position. The Joint Water System continues to use Pay as You Go ("PAYGO") financing of capital projects to minimize debt issuance levels which reduces current year net operating income, but provides reduced debt service expenses in future years. For fiscal year 2022, the debt service ratio was 1.38x, compared to 1.37x in 2021 and 1.45x in 2020.

Rate Covenant Compliance

	2022	2021	2020
Increase in Net Position	$ 2,997,841	$ 2,273,502	$ 2,288,857
Plus Interest Expense	1,493,123	1,565,354	2,071,821
Plus Water Credits	202,678	86,898	147,748
Plus Depreciation	2,680,205	2,676,259	2,690,616
Plus Contingency Reserve Draws	41,000	98,000	271,000
Plus Change in Net Pension Balances	(51,971)	169,238	179,423
Plus Debt Issuance Costs	-	422,481	-
Net Earnings	$ 7,362,876	$ 7,291,732	$ 7,649,465
Debt Service	$ 5,318,511	$ 5,334,608	$ 5,272,163
Debt Service Coverage Ratio	**1.38X**	**1.37X**	**1.45X**
1.20X Required			

Requests for Information

This report is provided as a general overview of the Anderson Regional Joint Water System finances and demonstrates the Joint Water System's accountability for the money it receives and the stewardship of the facilities it maintains. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Executive Director
Anderson Regional Joint Water System
998 Hunters Trail
Anderson, SC 29625

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BASIC FINANCIAL STATEMENTS

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,017,658	$ 1,735,306
Restricted cash and cash equivalents	524,161	417,669
Restricted investments	11,082,622	9,567,910
Accounts receivable		
Trade	896,186	996,679
Accrued interest	73,281	72,079
Prepaid expenses	93,517	120,580
Total current assets	14,687,425	12,910,223
Noncurrent assets:		
Note receivable	-	42,777
Capital assets, net:		
Non-depreciable	13,366,657	13,317,547
Depreciable	66,033,525	68,231,630
Total noncurrent assets	79,400,182	81,591,954
Total assets	94,087,607	94,502,177
DEFERRED OUTFLOWS OF RESOURCES		
Deferred losses on refundings	2,394,029	2,881,582
Deferred pension charges	397,626	498,822
	2,791,655	3,380,404
LIABILITIES		
Current liabilities:		
Accounts payable	267,417	223,022
Accrued interest	497,766	551,922
Accrued expenses and other liabilities	259,187	226,152
Current portion of revenue bonds	3,705,000	3,109,000
Current portion of other long-term debt	573,397	562,630
Total current liabilities	5,302,767	4,672,726
Noncurrent liabilities:		
Revenue bonds, less current portion	39,453,501	43,358,138
Other long-term debt, less current portion	10,042,883	10,616,280
Net pension liability	2,488,746	3,005,422
Total noncurrent liabilities	51,985,130	56,979,840
Total liabilities	57,287,897	61,652,566
DEFERRED INFLOWS OF RESOURCES		
Deferred pension credits	481,833	118,324
NET POSITION		
Net investment in capital assets	28,019,430	26,784,711
Restricted for capital improvements	2,329,592	1,964,440
Restricted for debt service	6,408,688	5,626,849
Restricted for renewal and replacement	2,370,737	1,842,368
Unrestricted	(18,915)	(106,677)
Total net position	$ 39,109,532	$ 36,111,691

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

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Operations and maintenance	$ 5,537,323	$ 4,737,178
Debt service	5,318,511	5,334,608
Renewal and replacement		
Water system	1,537,910	1,575,260
Pump station	69,848	69,493
Miscellaneous	107,998	163,608
Total operating revenues	12,571,590	11,880,147
OPERATING EXPENSES		
Salaries and wages	1,643,212	1,374,535
Payroll taxes and employee benefits	548,465	654,296
Operations and maintenance	3,067,502	2,794,862
Professional fees	43,921	38,556
Insurance	113,728	92,361
Total operating expenses before depreciation	5,416,828	4,954,610
Depreciation	2,680,205	2,676,259
Total operating expenses	8,097,033	7,630,869
Net operating income	4,474,557	4,249,278
NON-OPERATING REVENUES (EXPENSES)		
Interest income	219,085	98,957
Water credits	(202,678)	(86,898)
Debt issuance costs	-	(422,481)
Interest expense	(1,493,123)	(1,565,354)
Net non-operating expenses	(1,476,716)	(1,975,776)
Increase in net position	2,997,841	2,273,502
NET POSITION, beginning of year	36,111,691	33,838,189
NET POSITION, end of year	$ 39,109,532	$ 36,111,691

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

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	$ 12,469,405	$ 11,779,099
Paid to suppliers for goods and services	(3,748,491)	(3,279,870)
Paid to employees for services	(1,615,815)	(1,364,659)
Net cash provided by operating activities	7,105,099	7,134,570
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(531,210)	(119,249)
Proceeds from refunding revenue bonds	-	23,390,645
Principal payments on revenue bonds	(3,109,000)	(2,918,176)
Payment to current refunding escrow agent	-	(10,783,276)
Payment to advance refunding escrow agent	-	(12,797,370)
Payments for debt issuances costs	-	(422,481)
Principal payments on other long-term debt	(562,630)	(791,655)
Interest paid	(1,259,363)	(1,450,272)
Net cash used in capital and related financing activities	(5,462,203)	(5,891,834)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sale (purchase) of investments	(1,514,712)	(931,716)
Interest received	217,883	99,357
Collection of notes receivable	42,777	163,372
Net cash used in investing activities	(1,254,052)	(668,987)
Net increase in cash and cash equivalents	388,844	573,749
CASH AND CASH EQUIVALENTS, beginning of year	2,152,975	1,579,226
CASH AND CASH EQUIVALENTS, end of year	$ 2,541,819	$ 2,152,975
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	$ 4,474,557	$ 4,249,278
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	2,680,205	2,676,259
Water credits	(202,678)	(86,898)
Changes in assets and liabilities:		
Accounts receivable	100,493	(14,150)
Prepaid expenses	27,063	(8,293)
Accounts payable	44,395	143,011
Accrued expenses and other liabilities	33,035	6,125
Net pension liability	(516,676)	173,988
Changes in deferred outflows and inflows:		
Deferred pension charges	101,196	(101,359)
Deferred pension credits	363,509	96,609
Net cash provided by operating activities	$ 7,105,099	$ 7,134,570
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and cash equivalents	$ 2,017,658	$ 1,735,306
Restricted cash and cash equivalents	524,161	417,669
	$ 2,541,819	$ 2,152,975

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

The Anderson Regional Joint Water System (the "Joint Water System") is a special purpose district created by the General Assembly of the State of South Carolina on February 28, 2000. A thirteen-member Board of Commissioners representing the fourteen participating member agencies governs the Joint Water System. Clemson University also purchases water from the System, but because of state statute is exempt from membership on the Board. The fourteen member agencies who serve on the Board of Commissioners are as follows:

- Anderson, City of (Electric City Utilities)
- Belton-Honea Path Water Authority
- Big Creek Water & Sewerage District
- Broadway Water & Sewerage District
- Central, Town of
- Clemson, City of
- Hammond Water District
- Homeland Park Water District
- Pendleton, Town of
- Powdersville Water
- Sandy Springs Water District
- Starr-Iva Water and Sewer District
- West Anderson Water District
- Williamston, Town of

The Joint Water System's function is to plan and finance acquisition and location of water supply and water distribution systems to insure for an adequate, reliable and economical supply of water to the persons and property served by the members of the Joint Water System. During April 2002, water treatment facilities, equipment and trunk lines were acquired by the Joint Water System's issuance of Series 2002 Revenue Bonds. It is the Joint Water System's policy to maintain customer user rates sufficient to meet operational and maintenance expenses and to pay debt service on debt issued to finance acquiring, upgrading and maintaining the System.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

REPORTING ENTITY

This report includes all operations of the Joint Water System for which the Joint Water System's Commissioners are financially accountable. The Joint Water System does not have any component units.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

Fund Accounting

The Joint Water System maintains a single enterprise fund (one of the proprietary fund types) to record its activities which consists of a self-balancing set of accounts. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

Basis of Accounting

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

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting as required by GAAP. Basis of accounting refers to the timing of recording revenues and expenses. Under the accrual basis of accounting, revenues and receivables are recognized when earned and expenses and liabilities are recognized when incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Joint Water System's principal ongoing operations. The principal operating revenues of the Joint Water System are charges to customers for water. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Joint Water System's policy to use restricted resources first, and then unrestricted resources as needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

The Joint Water System considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months when initially purchased and investments in the South Carolina Local Government Investment Pool are reported as investments.

Certain cash and cash equivalents are classified as restricted on the balance sheet because their use is limited by debt covenants or by the Board of Commissioners.

Investments

The Joint Water System's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the Joint Water System to invest in the following:

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

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

(c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(f) Repurchase agreements when collateralized by securities as set forth in this section.

(g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The Joint Water System's cash and investment objectives are preservation of capital, liquidity and yield. The Joint Water Systems guaranteed investment contract is reported at contract value. The Joint Water System reports its other cash and investments at fair value which is normally determined by quoted market prices.

RECEIVABLES AND REVENUES

All trade and other receivables are shown net of an allowance for uncollectible amounts (if material). Trade receivables are generally comprised of amounts due from a member agency, grantor, and other fees and charges. Revenues and receivables, based on water consumption, are recognized when services are provided and are billed monthly.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

INVENTORIES AND PREPAID ITEMS

The Joint Water System accounts for inventories and prepaid items under the consumption method as they are expensed when consumed (except when immaterial). Inventory items are reflected at average cost, determined generally on a first-in, first-out basis.

CAPITAL ASSETS

The Joint Water System defines capital assets as assets with an initial, individual cost of more than $5,000. Capital assets are recorded at cost. Donated capital assets are recorded at estimated acquisition value (as estimated by the Joint Water System) at the date of donation. Capital assets are depreciated on the straight-line method over the estimated useful lives.

Estimated useful lives of the respective capital assets as follows:

Treatment facilities, trunk lines, and equipment	15 - 40 years
Operations and maintenance equipment	5 - 15 years
Office furniture and fixtures	3 - 7 years
Vehicles	5 years

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Construction in progress at June 30, 2022 represents the SAWS pump installation.

COMPENSATED ABSENCES

It is the Joint Water System's policy to permit employees to accumulate earned but unused vacation, compensatory, and sick pay benefits. Unused vacation and compensatory time are accumulated in varying amounts based on years of service up to a maximum of 240 hours of vacation (with those within three years of retirement allowed to accumulate up to 360 hours). Regular full-time employees accumulate 12 days of sick leave per year with a maximum of 720 hours to start each fiscal year.

Earned vacation and compensatory time will be paid out when used or at retirement up to the maximum limits. Sick leave will only be paid out when used by an employee for personal illness and any remaining unused sick leave balances will be forfeited upon separation of employment.

The Joint Water System reports compensated absences in accordance with the provisions of GASB Statement No. 16 "*Accounting for Compensated Absences*." The entire compensated absence liability and expense is reported on the Joint Water System's financial statements.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the Joint Water System's financial statements when incurred. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts. Issuance costs are expensed when incurred.

UNEARNED REVENUE

When applicable, unearned revenues in the Joint Water System represent amounts collected, but not earned.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statements 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Joint Water System currently has two types of deferred outflows of resources: (1) The Joint Water System reports deferred losses on refundings which are the differences between the reacquisition prices and the net carrying amount of the defeased debt. These losses 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 losses on refundings is included in interest expense in the Statements of Revenues, Expenses and Changes in Net Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

The Joint Water System also reports deferred pension charges 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 Statements 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or a reduction of an expense) until that time. The Water System currently has one type of deferred inflows of resources. The Joint Water System reports deferred pension credits 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.

PENSIONS

The Joint Water System recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Joint Water System's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Joint Water System's fiscal year-end (see Note 6 and the required supplementary information immediately following the notes to the financial statements for more information). 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 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.

NET POSITION

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statements of Net Position. Net position is classified into three components as follows:

- *Net Investment in Capital Assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of items that do not meet the definition of "restricted" or "net investment in capital assets."

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. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Joint Water System's deposits might not be recovered. The Joint Water System does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2022, none of the Joint Water System's bank balances of $2,600,902 (with a carrying value of $2,541,819) were exposed to custodial credit risk. Comparatively, as of June 30, 2021, none of the Joint Water System's bank balances of $2,273,426 (with a carrying value of $2,152,975) were exposed to custodial credit risk.

INVESTMENTS

The Joint Water System funds held in the South Carolina Local Government Investment Pool ("LGIP" or "Pool") are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72 "*Fair Value Measurement and Application*," investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

As of June 30, 2022, the Joint Water System had the following investments:

Investment Type	Credit Rating ^	Fair Value Level (1)	Fair Value	Investment Maturities in Years < 1 yr	Investment Maturities in Years > 5 yrs
LGIP	NR, NR	N/A	$ 4,176,167	$ 4,176,167	$ -
Guaranteed Investment Contract	NR, NR	N/A	2,537,980	-	2,537,980
Government Money Market Funds	AAAm, Aaamf	Level 1	4,368,475	4,368,475	-
Total			$ 11,082,622	$ 8,544,642	$ 2,537,980

^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.
NR – Not rated.
N/A -- Not applicable.

As of June 30, 2021, the Joint Water System had the following investments:

Investment Type	Credit Rating ^	Fair Value Level (1)	Fair Value	Investment Maturities in Years < 1 yr	Investment Maturities in Years > 5 yrs
LGIP	NR, NR	N/A	$ 3,389,138	$ 3,389,138	$ -
Guaranteed Investment Contract	NR, NR	N/A	2,537,980	-	2,537,980
Government Money Market Funds	AAAm, Aaamf	Level 1	3,640,792	3,640,792	-
Total			$ 9,567,910	$ 7,029,930	$ 2,537,980

^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.
NR – Not rated.
N/A -- Not applicable.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Joint Water System does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

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

Concentration of Credit Risk for Investments: The Joint Water System places no limit on the amount the Joint Water System may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures. The Joint Water System's Guaranteed Investment Contract ("GIC") with Morgan Stanley exceeds 5% of the Joint Water System's investments for the years ended June 30, 2022 and 2021.

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 Joint Water System 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 Joint Water System 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.

RESTRICTED CASH, CASH EQUIVALENTS, AND INVESTMENTS

Provisions of the revenue bonds require the Joint Water System to establish various funds and restrict the use of certain cash, cash equivalents, and investments. A brief description follows:

Current principal and interest payments funds - reports resources accumulated for the next principal and interest payments.

Debt service reserves funds - reports resources set aside to cover potential future deficiencies in the current principal and interest payments funds.

Renewal and replacement ("R&R") and capital improvement funds - reports resources restricted primarily to fund capital asset replacements.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

RESTRICTED CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Cash, cash equivalents, and investments are restricted as follows at June 30:

	2022	2021
Current principal and interest payments	$ 4,165,796	$ 3,640,791
Debt service reserves	2,740,658	2,537,980
Capital Improvements	2,329,592	1,964,440
Renewal and replacement	2,370,737	1,842,368
Total restricted cash, cash equivalents, and investments	$ 11,606,783	$ 9,985,579

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the Joint Water System for the year ended June 30, 2022, was as follows:

	Balance at June 30, 2021	Increases	Decreases	Transfers	Balance at June 30, 2022
Capital assets not being depreciated:					
Land	$ 3,203,896	$ -	$ -	$ -	$ 3,203,896
Construction In progress	516,622	49,110	-	-	565,732
Water storage agreement	9,597,029	-	-	-	9,597,029
Total capital assets not being depreciated	13,317,547	49,110	-	-	13,366,657
Capital assets being depreciated:					
Facilities and improvements	101,007,393	476,484	(53,955)	-	101,429,922
Buildings	1,067,238	-	-	-	1,067,238
Machinery and equipment	865,188	5,616	(35,480)	-	835,324
Total capital assets being depreciated	102,939,819	482,100	(89,435)	-	103,332,484
Less accumulated depreciation for:					
Facilities and improvements	33,541,312	2,628,092	(53,955)	-	36,115,449
Buildings	347,896	30,924	-	-	378,820
Machinery and equipment	818,981	21,189	(35,480)	-	804,690
Total accumulated depreciation	34,708,189	2,680,205	(89,435)	-	37,298,959
Total capital assets being depreciated, net	68,231,630	(2,198,105)	-	-	66,033,525
Total Capital Assets, Net	$81,549,177	$(2,148,995)	$ -	$ -	$79,400,182

Depreciation expense for the year ended June 30, 2022 was $2,680,205.

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Joint Water System for the year ended June 30, 2021, was as follows:

	Balance at June 30, 2020	Increases	Decreases	Transfers	Balance at June 30, 2021
Capital assets not being depreciated:					
Land	$ 3,203,896	$ -	$ -	$ -	$ 3,203,896
Construction In progress	516,622	-	-	-	516,622
Water storage agreement	9,597,029	-	-	-	9,597,029
Total capital assets not being depreciated	13,317,547	-	-	-	13,317,547
Capital assets being depreciated:					
Facilities and improvements	100,934,709	97,543	(24,859)	-	101,007,393
Buildings	1,067,238	-	-	-	1,067,238
Machinery and equipment	921,850	21,706	(78,368)	-	865,188
Total capital assets being depreciated	102,923,797	119,249	(103,227)	-	102,939,819
Less accumulated depreciation for:					
Facilities and improvements	30,935,529	2,630,642	(24,859)	-	33,541,312
Buildings	320,586	27,310	-	-	347,896
Machinery and equipment	879,042	18,307	(78,368)	-	818,981
Total accumulated depreciation	32,135,157	2,676,259	(103,227)	-	34,708,189
Total capital assets being depreciated, net	70,788,640	(2,557,010)	-	-	68,231,630
Total Capital Assets, Net	$84,106,187	$(2,557,010)	$ -	$ -	$81,549,177

Depreciation expense for the year ended June 30, 2021 was $2,676,259.

NOTE 4 – DEFERRED LOSSES ON REFUNDINGS

Deferred losses on refunding debt consisted of the following at June 30:

	2022	2021
Deferred losses on refundings	$ 3,954,325	$ 5,209,575
Less: accumulated amortization	(1,560,296)	(2,327,993)
Deferred losses on refundings, net	$ 2,394,029	$ 2,881,582

Amortization expense was $487,553 for the year ended June 30, 2022, compared to $333,733 for the year ended June 30, 2021.

NOTE 5 – LONG-TERM OBLIGATIONS

REVENUE BONDS PAYABLE

The Joint Water System is obligated on various series of revenue bonds issued for purposes of acquiring water treatment facilities, equipment, and trunk lines. Each debt issue is either publicly traded (“PT”) or direct borrowings/placements (“DB/DP”). The revenue bonds are generally secured/collateralized by the underlying property and contain acceleration clauses in an event of default (as defined). The debt also requires various restricted accounts (i.e. debt service reserve, renewal and replacement, etc.) to be established and maintained by the Joint Water System. Revenue bonds outstanding are as follows:

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

REVENUE BONDS PAYABLE (CONTINUED)

	2022	2021
Series 2011A serial bonds (PT) dated June 15, 2011 with annual principal payments ranging from $90,000 to $2,690,000, plus interest at 2.00 to 5.00 percent payable semi-annually through July 15, 2026. Partially refunded in fiscal year 2021 with final payment in fiscal year 2022.	$ -	$ 2,120,000
Series 2017A serial bonds (DB/DP) dated October 25, 2017 with annual principal payments ranging from $167,000 to $3,198,000, plus interest at 2.69% payable annually through June 30, 2033.	20,015,000	20,196,000
Series 2017B serial bonds (DB/DP) dated October 25, 2017 with annual principal payments ranging from $19,822 to $20,762, plus interest at 2.70% payable monthly through October 25, 2024 (junior lien debt).	549,000	777,000
Series 2020A serial bonds (PT) dated September 3, 2020 with annual principal payments ranging from $132,348 to $1,148,350, plus interest at 3.00% to 4.00% payable semi-annually through July 15, 2033.	8,710,000	9,270,000
Series 2020B serial bonds (PT) dated September 3, 2020 with annual principal payments ranging from $36,635 to $2,558,548, plus interest at 0.47% to 1.11% payable semi-annually through July 15, 2026.	12,495,000	12,515,000
Gross debt	41,769,000	44,878,000
Premium on bonds	1,389,501	1,589,138
Net debt	43,158,501	46,467,138
Less current portion	(3,705,000)	(3,109,000)
Long-term portion	$ 39,453,501	$ 43,358,138

Interest expense on revenue bonds totaled $999,433 for the year ended June 30, 2022, compared to $1,063,567 for the year ended June 30, 2021. Amortization of bond premiums totaled $199,637 for the year ended June 30, 2022 compared to $92,633 for the year ended June 30, 2021.

The revenue bonds are payable solely from and secured by a pledge of the gross revenues of the Joint Water System.

Provisions of the revenue bond agreements require the Joint Water System to maintain user rates sufficient to generate net earnings, as defined by the agreements, of at least 120 percent of the combined annual principal and interest payments, make timely payment of principal and interest on all outstanding debt, maintain required funds for debt service reserves, and meet various other general requirements specified in the bond agreements. Net earnings as defined in the revenue bond agreements provides that the Joint Water System can add back as income amounts transferred from the R&R fund to defray the costs of unforeseen contingencies. Management believes that the Joint Water System was in compliance with these covenants at June 30, 2022 and June 30, 2021.

Future amounts required to pay principal and interest on publicly traded revenue bonds outstanding at June 30, 2022 are as follows:

June 30,	Principal	Interest	Total
2023	$ 3,290,000	$ 415,276	$ 3,705,276
2024	3,340,000	366,898	3,706,898
2025	3,385,000	313,908	3,698,908
2026	3,445,000	256,361	3,701,361
2027	3,505,000	193,134	3,698,134
2028-2032	3,405,000	421,025	3,826,025
2033-2034	835,000	33,700	868,700
	$ 21,205,000	$ 2,000,302	$ 23,205,302

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

REVENUE BONDS PAYABLE (CONTINUED)

Future amounts required to pay principal and interest on direct borrowing/placement revenue bonds outstanding at June 30, 2022 are as follows:

June 30,	Principal	Interest	Total
2023	$ 415,000	$ 547,859	$ 962,859
2024	431,000	536,480	967,480
2025	277,000	526,061	803,061
2026	202,000	520,246	722,246
2027	208,000	514,732	722,732
2028-2032	15,833,000	1,517,631	17,350,631
2033	3,198,000	43,013	3,241,013
	$ 20,564,000	$ 4,206,022	$ 24,770,022

On September 3, 2020, $9,270,000 in waterworks system revenue bonds Series 2020A (with a reoffering premium of $1,605.645) were issued to current refund $10,764,484 of outstanding revolving fund loans. The net proceeds of $10,783,276 (after payments of $179,900 in underwriting fees and other issuance costs) with a transfer of $94,136 from existing debt escrow accounts, the Joint System redeemed the outstanding balances of the Series 2005, 2009, and 2012 revolving fund loans. This refunding decreases total debt service payments by approximately $577,000 resulting in an economic gain of approximately $586,000.

On September 3, 2020, $12,515,000 in waterworks system revenue bonds Series 2020B were issued to advance refund $12,225,000 of outstanding Series 2011A bonds. The net proceeds of $12,797,370 (after a transfer of $526,009 from existing debt escrow accounts and payment of $242,581 in underwriting fees and other issuance costs) were used to purchase SLGS Treasury securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds have been removed from the financial statements. These advanced refunded bonds will ultimately be paid off in July 2026. This refunding decreases total debt service payments by approximately $1,383,000 resulting in an economic gain of approximately $1,068,000.

The Joint Water System's 2017, 2011, and 2020 bond refundings resulted in a loss of $2,576,244, $2,572,297, and $922,175, respectively. The loss is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. Amortization is expensed over the term as a component of interest expense. The unamortized balance follows the debt for purposes of calculating the various components of net position. See Note 4 for more details on the outstanding balances of the deferred losses on refundings at June 30, 2022 and June 30, 2021.

OTHER LONG-TERM DEBT

The Joint Water System is obligated on various other long-term debt issued for purposes of upgrading water treatment facilities, equipment, and trunk lines. Each of the other long-term debt issues are considered direct borrowings/placements and are generally secured/collateralized by the underlying property and contain acceleration clauses in an event of default (as defined). Revolving fund loans outstanding are as follows:

	2022	2021
On February 12, 2017 the Joint Water System entered into an agreement with the South Carolina Water Quality Revolving Fund Authority to borrow up to $13,500,000, plus capitalized interest, if any, to fund cost of construction of an Ozone addition. The Joint Water System will be reimbursed for costs during construction. On July 1, 2018, the Joint Water System began making quarterly principal and interest payments of $203,234 at 1.90 percent interest through April 1, 2038.	10,616,280	11,178,910
Gross debt	10,616,280	11,178,910
Less current portion	(573,397)	(562,630)
Long-term portion	$ 10,042,883	$ 10,616,280

Interest expense on the long-term debt totaled $205,763 for the year ended June 30, 2022, compared to $241,339 for the year ended June 30, 2021.

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

OTHER LONG-TERM DEBT (CONTINUED)

Future amounts required to pay principal and interest on other long-term debt outstanding at June 30, 2022 are as follows:

June 30,	Principal	Interest	Total
2023	$ 573,397	$ 197,640	$ 771,037
2024	584,369	186,668	771,037
2025	595,552	175,485	771,037
2026	606,948	164,089	771,037
2027	618,563	152,474	771,037
2028-2032	3,274,958	580,226	3,855,184
2033-2037	3,600,527	254,657	3,855,184
2038	761,966	9,070	771,036
	$ 10,616,280	$ 1,720,309	$ 12,336,589

CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term debt for the year ended June 30, 2022.

	2022			
	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Revenue Bonds - PT	$ 23,905,000	$ -	$ (2,700,000)	$ 21,205,000
Revenue Bonds - DB/DP	20,973,000	-	(409,000)	20,564,000
Net Premium on Revenue Bonds - PT	1,589,138	-	(199,637)	1,389,501
State Revolving Loans - DB/DP	11,178,910	-	(562,630)	10,616,280
	$ 57,646,048	$ -	$ (3,871,267)	$ 53,774,781

Changes in long-term debt for the year ended June 30, 2021.

	2021			
	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Revenue Bonds - PT	$ 16,360,000	$ 21,785,000	$ (14,240,000)	$ 23,905,000
Revenue Bonds - DB/DP	21,876,176	-	(903,176)	20,973,000
Net Premium on Revenue Bonds - PT	587,464	1,605,645	(603,971)	1,589,138
State Revolving Loans - DB/DP	22,735,049	-	(11,556,139)	11,178,910
	$ 61,558,689	$ 23,390,645	$ (27,303,286)	$ 57,646,048

NOTE 6 – RISK MANAGEMENT AND EMPLOYEE BENEFITS

RISK MANAGEMENT

The Joint Water System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Joint Water System continues to carry commercial insurance coverage for property and casualty insurance and has effectively managed risk through various employee education and prevention programs. Expenses and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions of coverage compared to the prior year.

NOTE 6 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

HEALTH INSURANCE

The Joint Water System offers medical and life insurance through the State of South Carolina. The Joint Water System pays the entire cost of the employee portion of medical and dental coverage, and will pay a portion of dependent coverage if elected by the employee. Medical and life insurance totaled $214,998 for the year ended June 30, 2022, compared to $178,220 for the year ended June 30, 2021. The Joint Water System does not pay for medical insurance for retirees.

DEFERRED COMPENSATION PLAN

The Joint Water System offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the State of South Carolina. The plan, available to all Joint Water System employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Participants' rights under the plan are equal to those of general creditors of the Joint Water System in an amount equal to the fair market value of the deferred account for each participant. CitiStreet (under state contract) is the program administrator of the 457 Plan.

RETIREMENT PLAN

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

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

The PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the System' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through the 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. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the Comprehensive Annual Financial Report of the state.

Plan Description

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

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under the SCRS 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

NOTE 6 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Plan Benefits

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

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

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

Plan Contributions

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

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

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

NOTE 6 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Plan Contributions (Continued)

	SCRS	
	2021	2022
Employer Rate:^		
Retirement	15.41%	16.41%
Incidental Death Benefit	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%
	15.56%	16.56%
Employee Rate^	9.00%	9.00%

^ Calculated on earnable compensation as defined in Title 9 of the South Carolina

The actual and required contributions to the SCRS were $256,421 for the year ended June 30, 2022. The actual and required contributions to the SCRS were $202,275 for the year ended June 30, 2021.

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.

The June 30, 2021 and 2020 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2020 and July 1, 2019, respectively. The TPL was rolled-forward from the valuation dates to the Plans' fiscal year end, June 30th, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of the June 30, 2021 and 2020 measurement dates for the SCRS.

	June 30, 2021	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.25%
Projected Salary Increases*	3.0% to 11.0% (varies by serivce)	3.0% to 12.5% (varies by serivce)
Benefit Adjustments	Lesser of 1% or $500 annually	Lesser of 1% or $500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 and 2020 Public Retirees of South Carolina Mortality table (“2016 PRSC” and “2020 PRSC”), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the respective year.

NOTE 6 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

Assumptions used in the determination of the June 30, 2021 TPL are as follows:

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

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

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

Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 and 2020 fiscal years. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For the June 30, 2021 measurement date, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component. For the June 30, 2020 measurement date, 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.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	**46.0%**	6.87%	3.16%
Bonds	**26.0%**	0.27%	0.07%
Private Equity	**9.0%**	9.68%	0.87%
Private Debt	**7.0%**	5.47%	0.39%
Real Assets	**12.0%**		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Real Return	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.43%

NOTE 6 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. The NPL total, as of the June 30, 2021 measurement date and the June 30, 2020 measurement date, for the SCRS is presented in the following table:

Measurement Date	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the TPL
June 30, 2021	$ 55,131,579,363	$ 33,490,305,970	$ 21,641,273,393	60.7%
June 30, 2020	$ 51,844,187,763	$ 26,292,418,682	$ 25,551,769,081	50.7%

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

At June 30, 2022 and 2021, the Joint Water System reported a liability of $2,488,746 and $3,005,422, respectively, for its proportionate share of the NPL for the SCRS. The NPL was measured as of June 30, 2021 and 2020, and the TPL for the Plan used to calculate the NPL was determined based on the most recent actuarial valuation reports as of July 1st of the preceding year that was projected forward to the measurement date. The Joint Water System's proportion of the NPL was based on a projection of the Joint Water System's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2021 measurement date, the Joint Water System's SCRS proportion was 0.011500 percent, which was a decrease of 0.000262 from its proportion measured as of June 30, 2020. At the June 30, 2020 measurement date, the Joint Water System's SCRS proportion was 0.011762 percent, which was a decrease of 0.000638 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2022, the Joint Water System recognized pension expense of $150,304 for the SCRS. At June 30, 2022, the Joint Water System reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	$ 42,393	$ 3,359
Change in Assumptions	136,226	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	361,524
Changes in Proportion and Differences Between the Employer Contribution and Proportionate Share	16,732	116,950
Joint Water System's Contributions Subsequent to the Measurement Date	202,275	-
Total SCRS	$ 397,626	$ 481,833

NOTE 6 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

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

For the year ended June 30, 2021, the Joint Water System recognized pension expense of $371,514 for the SCRS. At June 30, 2021, the Joint Water System reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	$ 34,679	$ 11,365
Change in Assumptions	3,682	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	221,074	-
Changes in Proportion and Differences Between the Employer Contribution and Proportionate Share	37,112	106,959
Joint Water System's Contributions Subsequent to the Measurement Date	202,275	-
Total SCRS	$ 498,822	$ 118,324

For the year ended June 30, 2022, $202,275 that were reported as deferred outflows of resources related to the Joint Water System's contributions subsequent to the measurement date to the SCRS will be recognized as a reduction of the NPL in the year ended June 30, 2023. For the year ended June 30, 2021, $202,275 that were reported as deferred outflows of resources related to the Joint Water System's contributions subsequent to the measurement date to the SCRS were recognized as a reduction of the NPL in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year Ended June 30,	2022	2021
2022	$ -	$ 29,224
2023	(48,572)	50,408
2024	(56,958)	42,179
2025	(45,674)	56,412
2026	(135,278)	-
Total	$ (286,482)	$ 178,223

Discount Rate

For the year ended June 30, 2022, the discount rate used to measure the TPL was 7.00 percent. For the year ended June 30, 2021, the discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rates assumed that contributions from participating employers in the SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

NOTE 6 – RISK MANAGEMENT AND EMPLOYEE BENEFITS (CONTINUED)

RETIREMENT PLAN (CONTINUED)

Sensitivity Analysis

The following table presents the sensitivity of the Joint Water System's proportionate share of the NPL of the Plan to changes in the discount rate for the year ended June 30, 2022 (measurement date of June 30, 2021), calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Joint Water System's proportionate share of the the net pension liability of the SCRS	$ 3,259,948	$ 2,488,746	$ 1,817,718

The following table presents the sensitivity of the Joint Water System's proportionate share of the NPL of the Plan to changes in the discount rate for the year ended June 30, 2021 (measurement date of June 30, 2020), calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Joint Water System's proportionate share of the the net pension liability of the SCRS	$ 3,724,852	$ 3,005,422	$ 2,404,689

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS. The Comprehensive Annual Financial Report is publicly available on the 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.

Payable to Plan

The Joint Water System reported a payable of $29,687 to the PEBA as of June 30, 2022, representing required employer and employee contributions for the month of June 2022 for the SCRS. This amount is included in Accrued Salaries and Fringe on the financial statements and was paid in July 2022. The Joint Water System reported a payable of $24,864 to the PEBA as of June 30, 2021, representing required employer and employee contributions for the month of June 2021 for the SCRS. This amount is included in Accrued Salaries and Fringe on the financial statements and was paid in July 2021.

NOTE 7 – COMMITMENTS

In February 2013, the Joint Water System entered into a fifteen-year agreement for commercial power electric service. During the initial period of the agreement the Joint Water System is required to pay an excess facilities charge of $1,535 per month through February 2028. The agreement expense was $18,420 for the years ended June 30, 2022 and 2021. Future amounts to be paid for the commercial power electric service agreement are as follows:

NOTE 7 – COMMITMENTS (CONTINUED)

Year Ended June 30,	2022	2021
2022	$ -	$ 18,420
2023	18,420	18,420
2024	18,420	18,420
2025	18,420	18,420
2026	18,420	18,420
2027	18,420	18,420
2028	12,280	12,280
Total	$ 104,380	$ 122,800

In May 2022, the Joint Water System was awarded a $500,000 grant through the South Carolina Rural Infrastructure Authority to construct a transfer manifold as a part of the transfer pump station. The grant requires a 25% match and the project should be completed within 24 months of the grant acceptance date.

NOTE 8 - MAJOR CUSTOMERS

At June 30, 2022, the Joint Water System had four customers which accounted for 26 percent, 12 percent, 10 percent, and 10 percent of operating revenue and 24 percent, 13 percent, 11 percent, and 10 percent of trade accounts receivable. At June 30, 2021, the Joint Water System had four customers which accounted for 27 percent, 12 percent, 10 percent and 10 percent of operating revenue and 26 percent, 13 percent, 11 percent and 10 percent of trade accounts receivable.

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REQUIRED SUPPLEMENTARY INFORMATION

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF ANDERSON REGIONAL JOINT WATER SYSTEM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SOUTH CAROLINA RETIREMENT SYSTEM

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Anderson Regional Joint Water System's Proportion of the Net Pension Liability	0.011500%	0.011762%	0.012400%	0.012090%	0.012095%	0.019200%	0.011083%	0.011640%	0.011640%
Anderson Regional Joint Water System's Proportionate Share of the Net Pension Liability	$ 2,488,746	$ 3,005,422	$ 2,831,434	$ 2,709,028	$ 2,722,779	$ 2,332,496	$ 2,101,944	$ 2,004,022	$ 2,087,801
Anderson Regional Joint Water System's Covered Payroll	$ 1,299,970	$ 1,312,221	$ 1,309,406	$ 1,252,881	$ 1,220,323	$ 1,057,430	$ 1,039,146	$ 1,056,723	$ 995,630
Anderson Regional Joint Water System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	191.45%	229.03%	216.24%	216.22%	223.12%	220.58%	202.28%	189.64%	209.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The Joint Water System adopted GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.
The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$ 256,421	$ 202,275	$ 204,182	$ 190,650	$ 169,891	$ 141,070	$ 116,952	$ 113,267	$ 112,013
Contributions in Relation to the Contractually Required Contribution:									
Contributions from the Anderson Regional Joint Water System	256,421	202,275	204,182	190,650	159,105	141,070	116,952	113,267	112,013
Contributions from the State	-	-	-	-	10,786	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Anderson Regional Joint Water System's Covered Payroll	$ 1,548,435	$ 1,299,970	$ 1,312,221	$ 1,309,406	$ 1,252,881	$ 1,220,323	$ 1,057,430	$ 1,039,146	$ 1,056,723
Contributions as a Percentage of Covered Payrol	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%	10.60%

Notes to Schedule:

The Joint Water System adopted GAS #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

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SUPPLEMENTARY INFORMATION

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Potable Water	Raw Water	Total
OPERATING REVENUES			
Operations and maintenance	$ 5,327,457	$ 209,866	$ 5,537,323
Debt service	5,318,511	-	5,318,511
Renewal and replacement			
Water system	1,503,260	34,650	1,537,910
Pump station	69,848	-	69,848
Miscellaneous	107,998	-	107,998
Total operating revenues	12,327,074	244,516	12,571,590
OPERATING EXPENSES			
Salaries and wages	1,643,212	-	1,643,212
Payroll taxes and employee benefits	548,465	-	548,465
Operations and maintenance	2,823,782	243,720	3,067,502
Professional fees	43,921	-	43,921
Insurance	113,728	-	113,728
Total operating expenses before depreciation	5,173,108	243,720	5,416,828
Depreciation	2,362,233	317,972	2,680,205
Total operating expenses	7,535,341	561,692	8,097,033
Net operating income (loss)	4,791,733	(317,176)	4,474,557
NON-OPERATING REVENUES (EXPENSES)			
Interest income	219,085	-	219,085
Water credits	(202,678)	-	(202,678)
Interest expense	(1,493,123)	-	(1,493,123)
Net non-operating expenses	(1,476,716)	-	(1,476,716)
Increase (decrease) in net position	3,315,017	(317,176)	2,997,841
NET POSITION, beginning of year	31,191,818	4,919,873	36,111,691
NET POSITION, end of year	$ 34,506,835	$ 4,602,697	$ 39,109,532

ANDERSON REGIONAL JOINT WATER SYSTEM
ANDERSON, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021

	Potable Water	Raw Water	Total
OPERATING REVENUES			
Operations and maintenance	$ 4,535,162	$ 202,016	$ 4,737,178
Debt service	5,334,608	-	5,334,608
Renewal and replacement			
Water system	1,538,759	36,501	1,575,260
Pump station	69,493	-	69,493
Miscellaneous	163,608	-	163,608
Total operating revenues	11,641,630	238,517	11,880,147
OPERATING EXPENSES			
Salaries and wages	1,374,535	-	1,374,535
Payroll taxes and employee benefits	654,296	-	654,296
Operations and maintenance	2,620,926	173,936	2,794,862
Professional fees	38,556	-	38,556
Insurance	92,361	-	92,361
Total operating expenses before depreciation	4,780,674	173,936	4,954,610
Depreciation	2,358,287	317,972	2,676,259
Total operating expenses	7,138,961	491,908	7,630,869
Net operating income (loss)	4,502,669	(253,391)	4,249,278
NON-OPERATING REVENUES (EXPENSES)			
Interest income	98,957	-	98,957
Water credits	(86,898)	-	(86,898)
Debt issuance costs	(422,481)	-	(422,481)
Interest expense	(1,565,354)	-	(1,565,354)
Net non-operating expenses	(1,975,776)	-	(1,975,776)
Increase (decrease) in net position	2,526,893	(253,391)	2,273,502
NET POSITION, beginning of year	28,664,925	5,173,264	33,838,189
NET POSITION, end of year	$ 31,191,818	$ 4,919,873	$ 36,111,691

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STATISTICAL SECTION

STATISTICAL SECTION
TABLE OF CONTENTS

This part of Anderson Regional Joint Water System's ("Joint Water System") comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Joint Water System's overall financial health.

Contents	**Page(s)**
Financial Trends Information *These schedules contain trend information to help the reader understand how the Joint Water System's financial performance and well-being have changed over time.*	65-66
Revenue Capacity Information *These schedules contain information to help the reader assess the Joint Water System's most significant local revenue source.*	67-68
Debt Capacity Information *These schedules present information to help the reader assess the affordability of the Joint Water System's current levels of outstanding debt and the Joint Water System's ability to issue additional debt in the future.*	69-70
Demographic and Economic Information *These schedules offer demographic and economic indicators to help the reader understand the environment within which the Joint Water System's financial activities take place.*	71-72
Operating Information *These schedules contain service and infrastructure data to help the reader understand how the information in the Joint Water System's financial report relates to the services the Joint Water System provides and the activities it performs.*	73-75

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Anderson Regional Joint Water System
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year									
	2013^	**2014**	**2015(1)**	**2016**	**2017^**	**2018**	**2019**	**2020(2)**	**2021**	**2022**
Net investment in capital assets	$ 10,381,807	$ 13,051,846	$ 14,347,080	$ 14,989,451	$ 19,878,163	$ 20,985,489	$ 23,982,911	$ 25,701,780	$ 26,784,682	$ 28,019,430
Restricted for capital improvements	6,581,662	6,239,421	6,330,607	6,653,008	7,006,699	7,932,707	8,420,416	506,765	1,964,440	2,329,592
Restricted for debt service	-	-	-	-	-	-	-	5,450,478	5,626,850	6,408,688
Restricted for renewal and replacement	-	-	-	-	-	-	-	2,301,753	1,842,367	2,370,737
Unrestricted	3,364,198	2,301,035	(514,825)	(331,653)	(402,082)	470,898	(853,995)	(122,587)	(106,648)	(18,915)
Total net position	$ 20,327,667	$ 21,592,302	$ 20,162,862	$ 21,310,806	$ 26,482,780	$ 29,389,094	$ 31,549,332	$ 33,838,189	$ 36,111,691	$ 39,109,532

^As restated
(1) Restated due to the implementation of GASB #68 on pensions.
(2) Restated due to a change in the presentation of restricted funds on the Statements of Net Position.

Anderson Regional Joint Water System
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2013^	**2014**	**2015(1)**	**2016**	**2017^**	**2018**	**2019**	**2020**	**2021**	**2022**
OPERATING REVENUES										
Operation and maintenance	$ 3,549,009	$ 3,413,820	$ 3,902,083	$ 4,228,816	$ 4,695,657	$ 4,683,984	$ 4,405,153	$ 4,637,725	$ 4,737,178	$ 5,537,323
Debt service	4,538,853	4,693,037	4,636,153	4,652,903	4,614,029	4,658,154	5,264,847	5,272,163	5,334,608	5,318,511
Renewal and replacement										
Water system	1,312,796	1,364,045	1,341,219	1,350,834	1,347,009	1,426,240	1,555,184	1,561,647	1,575,260	1,537,910
Pump station	79,206	72,005	71,144	71,489	70,688	71,597	68,210	68,361	69,493	69,848
Miscellaneous	48,652	38,140	162,336	85,634	99,678	121,179	93,994	138,747	163,608	107,998
Total operating revenues	9,528,516	9,581,047	10,112,935	10,389,676	10,827,061	10,961,154	11,387,388	11,678,643	11,880,147	12,571,590
OPERATING EXPENSES										
Salaries and wages	1,030,091	1,038,668	1,116,469	1,068,753	1,210,804	1,170,826	1,352,999	1,374,560	1,374,535	1,643,212
Payroll taxes and employee benefits	378,340	363,824	433,579	403,306	456,396	592,894	538,854	668,166	654,296	548,465
Operations and maintenance	1,869,062	2,233,994	2,968,608	2,834,616	2,698,472	2,197,611	2,489,320	2,512,128	2,794,862	3,067,502
Professional fees	68,093	57,001	134,612	145,737	194,928	151,769	23,600	39,030	38,556	43,921
Insurance	83,228	90,647	94,995	88,388	84,244	88,729	97,075	94,201	92,361	113,728
Total operating expenses before deprecation	3,428,814	3,784,134	4,748,263	4,540,800	4,644,844	4,201,829	4,501,848	4,688,085	4,954,610	5,416,828
Depreciation	1,955,937	2,267,658	2,441,177	2,456,714	2,259,007	2,424,418	2,644,014	2,690,616	2,676,259	2,680,205
Total operating expenses	5,384,751	6,051,792	7,189,440	6,997,514	6,903,851	6,626,247	7,145,862	7,378,701	7,630,869	8,097,033
Net operating income	4,143,765	3,529,255	2,923,495	3,392,162	3,923,210	4,334,907	4,241,526	4,299,942	4,249,278	4,474,557
NON-OPERATING REVENUES										
Interest income	158,947	158,650	158,133	157,646	160,739	182,033	211,579	208,484	98,957	219,085
Gain (loss) on sale of capital assets	-	(3,346)	-	-	-	-	-	-	-	-
Water credits	(160,466)	(143,790)	(144,177)	(144,164)	(144,171)	(147,396)	(149,341)	(147,748)	(86,898)	(202,678)
Debt issuance costs	-	-	-	-	-	-	-	-	(422,481)	-
Interest expense	(2,436,919)	(2,352,959)	(2,394,320)	(2,257,700)	(2,197,538)	(1,929,505)	(2,193,873)	(2,071,821)	(1,565,354)	(1,493,123)
Amortization	-	-	-	-	-	-	-	-	-	-
Net non-operating expenses	(2,438,438)	(2,341,445)	(2,380,364)	(2,244,218)	(2,180,970)	(1,894,868)	(2,131,635)	(2,011,085)	(1,975,776)	(1,476,716)
INCOME BEFORE CONTRIBUTIONS	1,705,327	1,187,810	543,131	1,147,944	1,742,240	2,440,039	2,109,891	2,288,857	2,273,502	2,997,841
Contributions in aid of construction	5,628,942	76,825	3,217	-	-	466,275	50,347	-	-	-
Change in net position	7,334,269	1,264,635	546,348	1,147,944	1,742,240	2,906,314	2,160,238	2,288,857	2,273,502	2,997,841
NET POSITION, beginning of year	**13,798,316**	**20,327,667**	**21,592,302**	**20,162,862**	**21,310,806**	**26,482,780**	**29,389,094**	**31,549,332**	**33,838,189**	**36,111,691**
Prior period adjustment/Restatement	(804,918)	-	(1,975,788)	-	3,429,734	-	-	-	-	-
NET POSITION, end of year	**$ 20,327,667**	**$ 21,592,302**	**$ 20,162,862**	**$ 21,310,806**	**$ 26,482,780**	**$ 29,389,094**	**$ 31,549,332**	**$ 33,838,189**	**$ 36,111,691**	**$ 39,109,532**

^As restated
(1) Restated due to the implementation of GASB #68 on pensions.

Anderson Regional Joint Water System
Customers in Gallons and Dollars
Last Ten Fiscal Years

In Gallons	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City of Anderson	1,494,611,114	1,515,362,989	1,659,869,416	1,692,085,040	1,675,420,886	1,550,307,863	1,601,455,883	1,551,010,429	1,487,145,721	1,578,551,343
Hammond Water District	622,300,000	611,716,150	695,128,492	742,951,907	817,724,414	721,836,600	719,674,319	802,207,708	754,681,463	756,536,956
City of Clemson	624,500,000	619,933,190	687,687,393	684,002,810	719,833,496	678,279,597	709,287,155	767,367,509	700,835,520	749,835,182
Sandy Springs Water District	685,171,000	574,342,000	634,376,000	693,464,000	676,145,000	644,365,000	646,722,002	677,007,000	686,813,097	739,475,713
West Anderson Water District	456,863,000	437,154,070	483,558,585	488,211,643	499,088,397	476,433,623	497,168,675	487,684,885	487,134,568	473,445,183
Starr-Iva Water District	357,600,000	349,500,000	344,625,844	335,393,612	344,136,647	347,549,155	356,585,786	362,248,451	362,189,399	389,099,132
Clemson University	324,200,000	290,319,434	325,848,985	334,739,199	372,396,234	339,557,047	368,504,193	357,523,888	312,670,406	381,310,285
Big Creek Water District	356,000,000	320,500,000	327,300,000	319,300,000	329,500,000	346,400,000	341,000,000	315,500,000	315,200,000	315,000,000
Broadway Water District	239,967,800	219,143,702	246,409,751	265,805,885	266,481,792	260,901,281	254,509,570	255,064,351	250,190,881	260,069,604
Homeland Park Water	224,319,000	246,768,000	244,141,000	260,162,000	235,569,245	242,189,114	233,363,541	238,282,493	247,881,902	225,291,383
Town of Williamston	206,400,000	222,527,864	182,186,406	199,366,923	201,995,056	180,843,845	192,152,054	189,669,235	160,101,443	177,955,984
Town of Pendleton	106,560,000	103,760,000	108,510,000	110,180,000	103,540,000	85,184,693	132,686,522	147,377,208	122,223,161	138,409,033
Powdersville Water District	153,900,000	58,800,000	121,700,000	220,230,000	168,700,000	180,700,000	51,800,000	61,810,837	58,435,701	87,230,423

In Dollars	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City of Anderson	$ 2,498,978	$ 2,657,415	$ 2,767,976	$ 2,802,047	$ 2,861,114	$ 2,909,988	$ 3,071,297	$ 3,088,871	$ 3,177,801	$ 3,302,075
Sandy Springs Water District	1,174,368	1,168,649	1,215,057	1,258,638	1,280,991	1,305,225	1,360,301	1,394,760	1,468,730	1,546,315
City of Clemson	840,701	951,472	1,014,988	1,039,026	1,087,300	1,087,486	1,155,688	1,224,273	1,229,974	1,306,927
Hammond Water District	838,792	907,984	962,662	999,185	1,099,190	1,057,912	1,112,860	1,177,184	1,213,362	1,232,053
West Anderson Water District	610,298	636,466	665,973	677,507	724,872	734,071	770,078	779,940	810,945	811,667
Clemson University	502,510	449,562	550,685	585,767	687,497	617,994	681,733	672,145	587,820	781,686
Starr-Iva Water District	584,918	586,511	586,004	583,391	607,711	630,307	655,026	672,084	700,680	741,678
Big Creek Water District	523,522	536,951	550,207	547,475	563,446	595,746	611,431	600,271	625,308	639,415
Broadway Water District	316,790	339,786	361,180	376,588	391,688	403,150	418,561	427,805	444,766	454,504
Town of Williamston	317,934	345,782	322,584	334,333	344,850	337,965	356,705	359,852	353,160	372,494
Homeland Park Water	286,555	304,076	302,273	316,774	311,761	326,381	324,699	336,689	361,707	361,094
Town of Pendleton	181,454	194,782	200,872	205,410	202,753	197,450	242,112	259,268	253,914	270,142
Powdersville Water District	$ 212,519	$ 157,624	$ 192,614	$ 273,812	$ 262,532	$ 269,084	$ 169,595	$ 171,728	$ 172,714	$ 198,053

Anderson Regional Joint Water System
Ten Largest Businesses
Last Ten Fiscal Years

In Gallons	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Clemson University	324,200,000	290,319,434	325,848,985	334,739,199	385,745,471	339,557,047	368,504,193	357,523,888	312,670,406	381,310,285
Michelin (Sandy Springs)	142,815,800	146,465,300	131,032,000	145,248,800	139,164,600	140,023,800	222,301,600	133,258,500	110,901,000	134,747,600
Michelin (City of Anderson)	34,244,936	46,922,788	60,248,408	58,219,084	54,603,910	54,039,260	59,875,156	65,877,108	61,956,092	69,388,220
Glen Raven Mills	51,070,900	52,254,700	51,988,600	60,195,300	65,070,700	66,003,000	63,463,200	52,062,500	60,749,700	68,768,000
Owens Corning Fiberglass	62,219,388	65,429,804	68,760,648	79,341,856	45,749,176	48,577,364	69,273,028	33,314,424	47,003,572	71,041,300
AnMed Health (City of Anderson)	42,340,540	41,762,336	48,153,996	54,138,744	49,830,264	48,756,884	43,254,620	41,881,268	38,697,780	58,186,172
JPS Composite Materials Corp	33,291,236	33,339,856	32,992,784	30,138,416	26,600,376	29,920,000	38,250,476	31,529,696	34,968,252	42,358,492
Robert Bosch Corporation	38,833,000	39,157,000	40,527,000	40,356,000	41,489,000	41,610,000	43,168,000	38,993,000	39,939,000	37,691,000
Anderson University				30,143,652	23,597,904	32,294,900	33,502,172	28,288,612		32,627,760
Anderson County										27,132,204
AnMed Health (Hammond)	28,376,000	30,014,000	29,433,000	30,182,000		33,887,000	25,870,000	26,698,000	34,409,000	
Plastic Omnium Industries									34,958,528	
Electrolux Home Products*		27,833,000	29,835,000		20,894,000					
First Quality Tissue SE	556,752,856									

In Dollars	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Clemson University	$ 502,510	$ 449,562	$ 550,685	$ 585,767	$ 687,497	$ 617,994	$ 681,733	$ 672,145	$ 587,820	$ 781,686
Michelin (Sandy Springs)	444,657	316,339	280,999	290,729	319,973	331,630	344,566	318,215	477,841	358,284
Michelin (City of Anderson)	88,108	124,094	160,440	159,898	153,784	147,594	164,015	188,629	189,222	222,658
Glen Raven Mills	202,796	215,124	178,684	316,745	420,463	447,734	430,722	359,709	479,824	567,113
Owens Corning Fiberglass	179,098	183,454	182,928	199,280	145,629	183,220	197,029	199,880	214,577	240,232
AnMed Health (City of Anderson)	84,314	84,248	98,799	114,317	104,268	104,519	98,558	101,386	100,879	148,928
JPS Composite Materials Corp	60,898	60,982	60,384	55,461	49,359	55,084	73,335	64,720	76,059	96,284
Robert Bosch Corporation	134,943	131,645	151,452	153,208	175,682	162,051	168,352	158,182	169,203	171,870
Anderson University				95,978	73,500	103,502	112,712	108,488		142,751
Anderson County										$ 149,839
AnMed Health (Hammond)	104,392	110,949	119,964	$ 121,082		$ 141,545	$ 90,796	$ 107,425	161,297	
Plastic Omnium Industries									$ 75,782	
Electrolux Home Products*		$ 187,411	$ 200,924		$ 146,942					
First Quality Tissue SE	$ 270,617									

*Data not available for Electrolux Home Products for year 2011 thruough 2013

Anderson Regional Joint Water System
Ratios of Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Revenue bonds*	State revolving loans	Note Payable	Personal income (in thousands)	Estimated Population (1)	As a share of personal income	Per capita
2013	$ 52,340,641	$ 16,003,977	$ 272,157	$ 5,928,003	195,779	1.16%	$ 350
2014	49,494,056	16,350,486	198,274	6,074,773	197,117	1.09%	335
2015	46,904,694	15,531,019	121,353	6,662,035	199,222	0.94%	314
2016	47,230,642	14,665,796	41,269	6,855,779	200,506	0.90%	309
2017	44,687,195	16,882,731	-	6,953,875	202,140	0.89%	305
2018	45,189,150	25,680,383	-	7,244,229	206,527	0.98%	343
2019	42,058,898	24,223,215	-	7,774,898	207,924	0.85%	319
2020	38,823,640	22,735,049	-	5,676,996	214,097	1.08%	288
2021	46,467,138	11,178,910	-	6,181,639	216,497	0.93%	266
2022	$ 43,158,501	$ 10,616,280	$ -	$ 7,057,634	217,372	0.76%	$ 247

(1) Sources: Appalachian Council of Governments and Federal Reserve Bank of St. Louis.
* Debt balances include premiums and discounts
^As restated

Anderson Regional Joint Water System
Debt Service Coverage Ratio
Last Ten Fiscal Years

	Fiscal Year									
	2013^~	**2014**	**2015(1)**	**2016**	**2017^**	**2018**	**2019**	**2020**	**2021**	**2022**
Change in Net Position	$ 7,334,269	$ 1,264,635	$ 546,348	$ 1,147,944	$ 1,742,240	$ 2,906,314	$ 2,160,238	$ 2,288,857	$ 2,273,502	$ 2,997,841
Less Contributions in Aid	(5,628,942)	(76,825)	(3,217)	-	-	(466,275)	(50,347)	-	-	-
Plus Interest Expense	2,436,919	2,352,959	2,394,320	2,257,700	2,197,538	1,929,505	2,193,873	2,071,821	1,565,354	1,493,123
Plus Water Credits	160,466	143,790	144,177	144,164	144,171	147,396	149,341	147,748	86,898	202,678
Plus Gain/Loss on Capital Assets	-	3,346	-	-	-	-	-	-	-	-
Plus Depreciation	1,955,937	2,267,658	2,441,177	2,456,714	2,259,007	2,424,418	2,644,014	2,690,616	2,676,259	2,680,205
Plus Contingency Reserve Draws	-	467,841	613,887	180,000	25,500	132,000	466,000	271,000	98,000	41,000
Plus Changes in Pension Related Balances	-	-	-	11,401	34,884	130,162	96,893	179,423	169,238	(51,971)
Plus Debt Issue Costs	-	-	-	-	-	-	-	-	422,481	-
Net Earnings	$ 6,258,649	$ 6,423,404	$ 6,136,692	$ 6,197,923	$ 6,403,340	$ 7,203,520	$ 7,660,012	$ 7,649,465	$ 7,291,732	$ 7,362,876
Debt Service	$ 4,562,007	$ 5,033,392	$ 4,657,618	$ 4,652,903	$ 4,614,092	$ 4,658,154	$ 5,264,847	$ 5,272,163	$ 5,334,608	$ 5,318,511
Debt Serivice Coverage Ratio*	1.37X	1.28X	1.32X	1.33X	1.39X	1.55X	1.45X	1.45X	1.37X	1.38X

*1.20X Required
^As restated
~Recalculated based on updated methods
(1) Restated due to the implementation of GASB #68 on pensions.

Anderson Regional Joint Water System
Principal Employers (Anderson and Pickens County)
Current Fiscal Year and Nine Fiscal Years Ago

	Fiscal Year 2022			Fiscal Year 2013		
Employer	Employees	Rank	% of System Employment	Employees	Rank	% of System Employment
Clemson University	5,400	1	2.49%	4,727	1	2.41%
Anderson County School Districts	4,184	2	1.93%	5,085	2	2.60%
Anderson Area Medical Center	3,777	3	1.74%	3,500	3	1.79%
Electrolux Home Products, Inc.	2,000	4	0.92%	1,400	5	0.72%
State of South Carolina	1,705	5	0.79%	1,826	4	0.93%
Robert Bosch Corporation	1,431	6	0.66%	1,380	6	0.70%
Michelin North America	1,365	7	0.63%	1,200	8	0.61%
Anderson County	1,118	8	0.52%	960	7	0.49%
Techtronic Industries	1,100	9	0.51%			
Anderson University	935	10	0.43%			
Glen Raven				772	9	0.39%
Wal-Mart Supercenters				725	10	0.37%

(1) Source: Appalachian Council of Governments.
(2) Most recent data available is as of June 30, 2021.

Anderson Regional Joint Water System
Demographic and Economic Data
Last Ten Fiscal Years

Fiscal Year	Estimated Population (1)	Personal income (1)	Unemployment Rate (2)
2013	195,779	$ 30,716	8.0%
2014	197,117	31,418	6.1%
2015	199,222	34,228	6.1%
2016	200,506	35,083	5.0%
2017	202,140	35,297	4.1%
2018	206,527	36,147	3.8%
2019	207,924	38,271	3.2%
2020	214,097	26,516	8.5%
2021	216,497	28,553	4.3%
2022	217,372	$ 32,468	3.2%

(1) Source: Appalachian Council of Governments.
(2) Source: Federal Reserve Bank of St. Louis.

Anderson Regional Joint Water System
Departmental Breakdown of System Employees
Last Ten Fiscal Years

	Fiscal Year									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Department										
Administrative	5	5	5	5	5	4	4	3	3	3
Engineering	1	1	1	1	1	1	1	1	1	1
Maintenance	5	5	5	5	6	6	6	6	6	6
Operations	10	10	9	9	9	8	8	7	7	7
	21	21	20	20	21	19	19	17	17	17

Anderson Regional Joint Water System
Capital Assets
Last Ten Fiscal Years

	Fiscal Year									
Water Distribution System	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Appurtenances										
Elevated Tanks	10	10	10	10	10	10	10	10	10	10
Ground Storage Tanks	3	3	3	3	3	3	3	3	3	3
Booster Pump Stations	2	2	2	2	2	2	2	2	2	2
Master Meters	41	41	41	41	41	41	41	41	41	41
Plant Capacity	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD	48 MGD
Water Mains										
Total Linear Feet	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000	264,000
Total Linear Miles	50	50	50	50	50	50	50	50	50	50

Anderson Regional Joint Water System
Wholesale and Retail Level of Effort
For the Year Ended June 30, 2022

	Wholsale Water Rate (per 5,000 gals)	Retail Water Rate (per 5,000 gals)	Median Household Income	Wholesale Level of Effort	Retail Level of Effort
City of Anderson	$ 10.46	$ 27.84	$ 45,082	0.28%	0.74%
Big Creek Water District	10.15	57.50	56,578	0.22%	1.22%
Broadway Water & Sewer District	8.74	58.85	56,333	0.19%	1.25%
City of Clemson	8.71	39.96	43,943	0.24%	1.09%
Clemson University[1]	10.25	N/A	N/A	N/A	N/A
Hammond Water District	8.14	51.57	86,101	0.11%	0.72%
Homeland Park Water & Sewer District	8.01	29.35	38,035	0.25%	0.93%
Town of Pendleton	9.76	39.39	49,575	0.24%	0.95%
Powdersville Water District	11.35	40.65	83,561	0.16%	0.58%
Sandy Springs Water District	10.46	46.89	75,946	0.17%	0.74%
Starr-Iva Water & Sewer District	9.53	62.55	50,926	0.22%	1.47%
West Anderson Water District	8.57	45.02	63,191	0.16%	0.85%
Town of Williamston	$ 10.47	36.42	49,654	0.25%	0.88%
Town of Central[2]	N/A	$ 28.65	$ 31,929	N/A	1.08%

Per the Rural Infrastructure Authority, any amount above a 2% level of effort for retail water rates is considered unaffordable.

[1] Clemson University is a state agency that does not bill water to consumers based on consumption.

[2] Town of Central sits on the Board of Anderson Regional Joint Water System, but they are not billed directly for wholesale water. The Town of Central receives wholesale water via the City of Clemson and are billed by them accordingly.

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COMPLIANCE SECTION

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Anderson Regional Joint Water System
Anderson, 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 Anderson Regional Joint Water System, South Carolina (the "Joint Water System"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Joint Water System's basic financial statements, and have issued our report thereon dated August 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Joint Water System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Joint Water System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Joint Water System's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Joint Water System'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 financial statements. 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.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
August 29, 2022