BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
Brunswick-Glynn County Joint Water & Sewer Commission
Brunswick, Georgia

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the **Brunswick-Glynn County Joint Water & Sewer Commission** (the "Commission"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 11 and the Schedules of Changes in the Commission's Net Pension Liability and Related Ratios and Contributions on pages 33 – 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022, on our consideration of the Brunswick-Glynn Joint Water and Sewer Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Commission'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 Brunswick-Glynn Joint Water and Sewer Commission's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Savannah, Georgia
November 16, 2022

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

As management of the Brunswick-Glynn County Joint Water & Sewer Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements.

Proprietary Fund Accounting and Reporting

The Commission operates as a single fund in a business-like manner. Thus, the Commission uses the accrual approach to account for and report financial transactions. This means that revenues are recognized as they are earned and expenses are recognized as the liability is incurred, regardless of the timing of related cash inflows and outflows. All assets and liabilities that are measurable and probable are included in the financial statements. The full acquisition costs of all fixed assets are included in the Statement of Net Position and are depreciated over their estimated useful life. Consequently, the Commission's accounting practices generally resemble a commercial entity's approach.

Overview of the Financial Statements

Net Position: The following table reflects the overall financial condition of the Commission as of the last two fiscal years:

	2022	2021
Current assets	**$ 12,961,513**	$ 10,552,739
Restricted assets	**67,376,532**	52,454,279
Capital assets	**162,568,079**	142,266,602
Total assets	**242,906,124**	205,273,620
Deferred outflows of resources	**2,312,827**	2,369,084
Current liabilities	**13,628,514**	9,664,131
Long-term liabilities	**61,510,256**	36,891,287
Total liabilities	**75,138,770**	46,555,418
Deferred inflows of resources	**1,153,031**	313,415
Net investment in capital assets	**100,546,595**	106,884,206
Restricted for debt service	**658,491**	635,917
Restricted for capital projects	**1,696,088**	2,123,778
Unrestricted	**66,025,976**	51,129,970
Total net position	**$ 168,927,150**	$ 160,773,871

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table reflects the balances of current and restricted assets for the last two fiscal years:

	2022	2021
Current Assets:		
Cash	**$ 3,673,065**	$ 4,202,919
Accounts receivable, net of allowance for uncollectibles	**3,869,915**	3,461,593
Intergovernmental receivable	**3,628,748**	1,140,587
Inventory	**1,344,527**	1,365,754
Prepaid expenses	**445,258**	381,886
	$ 12,961,513	$ 10,552,739
Restricted Assets:		
Customer Deposits	**$ 2,584,534**	$ 2,588,435
Bond Funds:		
Cost of Issuance Fund	**-**	11,122
Sinking Fund	**658,491**	624,795
Capital Tap Fee Reserves:		
Capital Improvement Fee Reserves	**1,696,085**	2,123,778
Operating, Repair and Replacement and Capital Reserves	**62,437,422**	47,106,149
	$ 67,376,532	$ 52,454,279

The increase in Restricted Assets is largely due to the Repair and Replacement Reserve transfers in advance of the completion of intended capital expenditures.

The Commission paid $866,118 in interest expense on its Series 2017 Revenue Bond and $241,180 on the 2021 Series Revenue Bond during the fiscal year ended June 30, 2022. Interest was paid on three financed purchases in the amount of $14,410.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues, Expenses and Changes in Net Position: The following table illustrates the history of revenues, expenses and changes in net position for the past two years:

	2022	2021
Operating revenues		
Charges for services:		
Water sales	**$ 10,487,184**	$ 10,202,381
Sewer sales	**21,239,832**	20,592,575
Connection fees	**2,812,370**	1,962,860
Other fees and charges	**1,906,891**	2,262,446
Total operating revenues	**36,446,277**	35,020,262
Operating expenses:		
Personnel services	**10,937,918**	11,150,949
Contractual services	**3,621,910**	3,346,878
Supplies	**3,259,807**	2,701,969
Electricity, natural gas and other fuel	**2,082,118**	1,852,837
Other costs	**862,007**	645,038
Depreciation expense	**5,912,321**	6,031,584
Total operating expenses	**26,676,081**	25,729,255
Operating income	**9,770,196**	9,291,007
Non-operating revenues (expenses)		
Interest income	**(1,235,016)**	4,759
Other income (loss)	**16,175**	16,552
Interest expense and fiscal charges	**(1,643,897)**	(1,110,851)
Loan forgiveness	**321,720**	128,895
Total non-operating revenues (expenses), net	**(2,541,018)**	(960,645)
Income before contributions	**7,229,178**	8,330,362
Capital contributions	**924,101**	658,457
Change in net position	**8,153,279**	8,988,819
Total net position, beginning	**160,773,871**	151,785,052
Total net position ending	**$ 168,927,150**	$ 160,773,871

Water and Sewer Revenues – As of June 30, 2022, the Commission utilized a standardized billing structure and rates for all districts. Customers are billed based on the infrastructure they utilize for provision of water and/or sewer service for Debt Recovery Charges. Administrative and usage charges are standardized throughout the service area. All meters are read electronically each month and customers receive a monthly statement based on that reading.

As of June 30, 2022, the Commission has 31,261 (30,790 on 6/30/2021) billable service addresses in the following districts:

District	2022	2021
Brunswick	15,163	14,853
Saint Simons Island	10,956	10,966
North Mainland	4,076	3,928
South Mainland	1,066	1,043
Total	31,261	30,790

Personnel Services Costs consist of the following:

	2022	2021
Salaries, wages and overtime	**$ 7,515,841**	$ 7,709,423
Group insurance	**1,473,358**	1,651,001
Pension	**792,306**	756,969
FICA and Medicare	**565,537**	548,581
Workers compensation insurance	**225,946**	254,392
Personnel administration	**157,591**	158,711
Temporary services	**38,119**	3,177
Commissioner stipends	**30,000**	30,000
Other employee benefits	**139,220**	38,695
	$ 10,937,918	$ 11,150,949

As stated in Note 7 – Defined Pension Plan, "calculations are based on the substantive plan in effect as of September 30, 2021. The timing differences between the actuarial valuation and the fiscal year of the Commission results in a difference between salaries, wages and overtime in the financial statements and covered payroll as stated in the Schedule of Commission's Contributions of $252,972 and $705,770 for 2022 and 2021, respectively. Employee turnover, retirements, merit-based wage adjustments and changes in accruals for wages and compensated absences between the plan date and the fiscal year date also contribute to the differences.

Investment Loss – Funds are invested as permitted in accordance with Chapter 83 of Title 36 of the Official Code of Georgia Annotated ("O.C.G.A."), which establishes guidelines for local government investment procedures. Interest receivable of $175,486 was recorded. A net market adjustment (unrealized loss) of $2,429,689 is included in the investment amount.

Capital Asset and Debt Administration

Capital Assets: The Commission's investment in capital assets as of June 30, 2022 amounts to $162,568,080 (net of accumulated depreciation). This investment in capital assets includes land and easements, buildings, water wells, elevated storage tanks, wastewater treatment plants, system improvements, vehicles, and equipment. A summary of the major infrastructure is as follows:

	City	County	Total
Wastewater treatment facilities	1	2	3
Miles of gravity sewer lines	79	224	303
Miles of forced main sewer lines	7	122	129
Sewer manholes	1,752	5,899	7,651
Sewer lift stations	27	142	169

	City	County	Total
Water wells	2	18	20
Elevated water storage towers	3	7	10
Water pumping facilites	2	13	15
Miles of water lines	121	419	540
Fire hydrants	683	3,561	4,244

Approximately $26.5 million in major additions in capitalized projects were added to the infrastructure during FY22, consisting of Construction in Progress ("CIP") improvements and Georgia Environmental Finance Authority ("GEFA") projects.

Debt Administration:

As an entity created by an act of the General Assembly of the State of Georgia, long-term borrowing by the Commission is provided through Revenue Bonds issued by the Commission and loans from the GEFA.

On December 27, 2017, the Commission issued $36,364,000 of Revenue Bonds at an average yield of 2.904% and a final maturity of June 1, 2035. The proceeds from these bonds were used to defease Series 2010C Revenue Bonds of the Commission and to pay the related costs of issuance associated with the 2017 Bond. No additional funds were borrowed in this issue.

In September 2021, the Commission issued $15,815,000 of Revenue Bonds at a yield ranging from 0.35% - 2.25% and a final maturity of June 1, 2043. The proceeds from these bonds will be used for the purpose of financing the costs of acquiring, constructing, and equipping certain improvements, extensions and additions to the water and sewer system of the Commission.

The ratings for the 2017 issue were AAA from Standard & Poor's and Aa3 from Moody's. These ratings were unchanged from the issuance of the 2010C Revenue Bonds. The rating for the 2021 issue was Aa3 from Moody's.

The 2017 Revenue Bonds include a Rate Covenant containing the requirement that Net Revenues are at least equal to 1.10 times Debt Service in the then current Sinking Fund Year. For the current fiscal year, this debt coverage ratio has been computed to be 4.87 based on total revenues and 3.92 on revenues net of connection fees as follows:

	2022	2021
Income Before Contributions	**$ 7,229,178**	$ 8,330,362
Add: Depreciation Expense	**5,912,321**	6,031,584
Amortization of Bond Issuance	**131,356**	146,173
Bond Interest (before amortization of premium)	**1,102,248**	920,183
	$ 14,375,103	$ 15,428,302
Debt Service	**$ 2,953,118**	$ 2,956,098
Debt Coverage Ratio	**4.87**	5.22

Currently Known Conditions Affecting Future Operations

Capital projects are planned, or underway, to increase capacity in areas identified to have the greatest growth potential. Other areas may have incremental increases in capacity through such methods as increasing pump sizes or adding additional pumping capacity.

The implementation of formal asset management program for all divisions continues to move forward. This program improves operational efficiencies, provides clear risk scores for assets, therefore, greater understanding of proactive maintenance and reinvestment needs to allow the Commission to set priorities and allocate resources more effectively. The Commission's capital reinvestment program is driven by the assigned risk scores.

The Commission is working diligently to complete the remaining portions of two projects funded by the Glynn County Special Purpose Local Option Sales Tax ("SPLOST") 2016 proceeds. As of June 30, 2022, the Commission had $408,512 in SPLOST proceeds remaining. These projects are scheduled to be completed by December 2022.

In September 2019, the Commission was notified it had been approved for a $15,000,000 loan through the GEFA for capital projects at its wastewater treatment plants and trenchless rehabilitation of sanitary sewer lines. The expected completion date for these projects is June 2023. The Commission also received approved funding in the amount of $18.2 million for the replacement of all the existing radio-read water meters. The expected completion date for this project is the Fall of 2023. In September 2019, an application to Georgia Emergency Management Agency for the installation of 22 additional lift station transfer switches was approved. In August 2020, the Commission entered into an agreement with the Georgia Emergency Management Agency for the installation of eight fixed generators. Bids have been received and generators ordered, with expected delivery in the early part of FY24.

Further Information

This financial overview is designed to provide readers with a general overview of the Commission's finances, and to show accountability. If you have questions or would like further information about this financial report, you may contact officials at:

Brunswick-Glynn Joint Water and Sewer Commission
1703 Gloucester St.
Brunswick, Georgia 31520.

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS		
Current assets		
Cash	$	3,673,065
Accounts receivable, net		7,498,663
Inventory		1,344,527
Prepaid expenses		445,258
Restricted cash		24,204,389
Restricted investments		43,172,143
Total current assets		80,338,045
Non-current assets		
Capital assets:		
Nondepreciable assets		38,158,542
Depreciable assets		266,984,661
Less accumulated depreciation		(142,575,124)
Total capital assets, net		162,568,079
Total assets	$	242,906,124
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources		
Deferred charges on refunding	$	937,297
Pension		1,375,530
Total deferred outflows of resources	$	2,312,827

(Continued)

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2022

LIABILITIES		
Current liabilities		
Payable from current assets:		
Accounts payable	$	4,561,177
Retainage payable		1,089,581
Compensated absences payable		209,758
Accrued expenses and other liabilities		539,276
Current portion of financed purchases		161,095
Current portion of notes payable		10,481
Health insurance payable		170,199
Unearned Revenue		2,000,000
Total current liabilities payable from current assets		8,741,567
Payable from restricted assets:		
Accrued interest payable		67,591
Customer deposits payable		2,674,356
Current portion of revenue bonds payable		2,145,000
Total current liabilities payable from restricted assets		4,886,947
Total current liabilities		13,628,514
Long-term liabilities		
Revenue bonds payable, net		41,548,631
Financed purchases		151,552
Compensated absences payable		139,839
Net pension liability		1,817,793
Notes payable		17,852,441
Total long-term liabilities		61,510,256
Total liabilities	$	75,138,770
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources		
Pension	$	1,153,031
Total deferred inflows of resources	$	1,153,031
NET POSITION		
Net investment in capital assets	$	100,546,595
Restricted for debt service		658,491
Restricted for capital projects		1,696,088
Unrestricted		66,025,976
Total net position	$	168,927,150

See Notes to Financial Statements.

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating revenues	
Charges for services:	
Water sales	$ 10,487,184
Sewer sales	21,239,832
Connection fees	2,812,370
Other fees and charges	1,906,891
Total operating revenues	36,446,277
Operating expenses	
Personnel services	10,937,918
Contractual services	3,621,910
Supplies	3,259,807
Electricity, natural gas and other fuel	2,082,118
Other costs	862,007
Depreciation expense	5,912,321
Total operating expenses	26,676,081
Operating income	9,770,196
Non-operating revenues (expenses)	
Investment loss	(1,235,016)
Gain on sale of capital assets	16,175
Interest expense and fiscal charges	(1,643,897)
Loan forgiveness	321,720
Total non-operating expenses, net	(2,541,018)
Income before contributions	7,229,178
Capital contributions	924,101
Change in net position	8,153,279
Total net position, beginning of year	160,773,871
Total net position, end of year	$ 168,927,150

See Notes to Financial Statements.

BRUNSWICK-GLYNN COUNTY JOINT
WATER & SEWER COMMISSION

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 33,549,794
Payments to suppliers	(4,743,885)
Payments to employees	(11,976,201)
Net cash provided by operating activities	16,829,708
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(25,304,617)
Proceeds from sale of capital assets	31,095
Proceeds from issuance of notes payable	12,331,122
Proceeds from revenue bonds	15,961,860
Principal payments on long-term borrowings, net of forgiveness	(2,553,111)
Interest paid on long-term borrowings	(1,668,642)
Net cash used in capital and related financing activities	(1,202,293)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(10,941,625)
Net cash used in investing activities	(10,941,625)
Net increase in cash	4,685,790
Cash and cash equivalents, beginning of year	23,191,664
Cash and cash equivalents, end of year	$ 27,877,454
Classified as:	
Cash	$ 3,673,065
Restricted assets, cash	24,204,389
	$ 27,877,454

(Continued)

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$	9,770,196
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		5,912,321
Changes in assets and liabilities:		
Increase in accounts receivable		(2,896,483)
Decrease in inventory		21,227
Increase in prepaid expenses		(63,372)
Decrease in deferred outflows of resources		56,257
Increase in accounts payable and accrued expenses		1,641,304
Increase in retainage payable		396,966
Increase in customer deposits payable		163,170
Decrease in accrued compensated absences		(4,218)
Increase in unearned revenue		2,000,000
Decrease in net pension liability		(1,038,283)
Increase in claims payable		31,007
Increase in deferred inflows of resources		839,616
Net cash provided by operating activities	$	16,829,708
SCHEDULE OF NON-CASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions - capital assets	$	924,101

See Notes to Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Brunswick-Glynn County Joint Water & Sewer Commission (the "Commission") was established by an act of the Georgia State Assembly in 2006 and approved by referendum on July 18, 2006. The Commission is governed by a seven-member board of Commissioners. The Act creating the Commission was amended in 2012 to change the structure of the governing body. As of January 1, 2013, the governing body consists of: one member appointed by the City of Brunswick and one member appointed by Glynn County from their respective Boards of Commissioners; three members selected by the Grand Jury of Glynn County, and two members elected in the state-wide general election. The Commission provides and accounts for the provision of water and sewer services to the residents of Glynn County and the City of Brunswick.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement 14, *The Financial Reporting Entity,* as amended by GASB Statement 39, *Determining Whether Certain Organizations Are Component Units,* and GASB Statement 61, *The Financial Reporting Entity: Omnibus*, which defines a primary government as an entity with a governing body elected in a general election, and which is legally separate and fiscally independent. Any entity that does not meet the above criteria is potentially a component unit of a primary government.

A component unit is a legally separate entity for which a primary government is financially accountable by virtue of the fact that it both appoints the governing board and is able to impose its will on the component unit, or the fact that it provides financial benefits or imposes a financial burden on the primary government.

Based on the above requirements, there are no entities which meet the criteria detailed above for inclusion with the Commission's financial statements as component units, nor is the Commission considered a component unit.

Fund Accounting

The Commission uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The fund presented in this report is a Proprietary Fund Type - *Enterprise Fund.* Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, deferred inflows of resources, and liabilities associated with the operation of these funds are included in the Statement of Net Position. Net position is segregated into net investment in capital assets and restricted and unrestricted net position components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net position. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are charges for goods and services provided. Operating expenses of the Commission include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Basis of Accounting

The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission exclusively follows the standards set forth by the GASB for its proprietary operations.

Management Estimates

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Commission.

For purposes of the Statement of Cash Flows, the Commission considers all highly liquid investments (including restricted assets) with an original maturity date of three months or less, and customer deposits to be cash equivalents.

Customer Accounts Receivable

Customer accounts receivable include billed, but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

Inventories

Inventories of materials and supplies are stated at cost, which approximates market, using the *first-in/first-out* (“FIFO”) *method*. The Commission uses the *consumption method* of accounting for inventory, in that as materials are purchased, they are coded to inventory and then as subsequently used, they are expensed.

Restricted Assets

Restricted cash and cash equivalents consist of three restricted fund types. Amounts recorded in this category include funds received in payment of customer deposits and refunds of customer deposits, funds received in payment of capital tap fees, and certain proceeds from the issuance of the Commission's revenue bonds, as well as certain resources set aside for their repayment, and are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets

Capital assets are carried at cost. Donated capital assets are recorded at their acquisition value. These assets are depreciated over the estimated useful life using the straight-line method. The Commission defines its capitalization policy as assets costing $5,000 and having an estimated useful life of greater than one year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets are depreciated using the straight-line method over the following useful lives:

Asset Classification	Years
Buildings	10 – 50
Infrastructure	5 – 50
Machinery and equipment	2 – 25
Vehicles	5

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 Commission had four items that qualify for reporting in this category. Three items relate to the pension as deferred outflows of resources during the year ended June 30, 2022, under the heading “pension.” Experience losses result from periodic studies by the Commission’s actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. Changes in actuarial assumptions, which adjust the net pension liability, are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, any contributions made by the Commission to the pension plan before year-end, but subsequent to the measurement date of the Commission’s net pension liability are reported as deferred outflows of resources. The fourth item relates to the deferred charge on refunding. This results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission reported two items related to their pension as deferred inflows of resources during the year ended June 30, 2022, under the heading “pension.” Experience gains result from periodic studies by the Commission’s actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. In addition, the difference between projected and actual earnings on pension plan investments is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred inflow of resources.

Compensated Absences

The liability for compensated absences has been accrued and reported in the Statement of Net Position. The Commission permits employees to accumulate earned but unused vacation and sick pay benefits. Employees may carry over a maximum of 160 hours of vacation time from year to year. Accumulated vacation benefits will be liquidated in future years as employees elect to use them or will be paid upon termination of employment. Accumulated sick pay benefits are not payable upon termination of employment. In the normal course of business, all payments of accumulated benefits will be funded by revenues of the year in which the benefits are paid. All compensated absences are accrued when earned by employees. An employee may accrue an unlimited amount of sick leave. Sick leave may be taken only for personal illness or illness of an immediate family member.

Long-Term Obligations

Long-term debt and other obligations financed by the Commission are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as deferred refunding costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed in the year incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is classified and displayed in three components within the Statements of Net Position. These three classifications are as follows:

a) Net investment in capital assets 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 improvements of those assets.
b) Restricted net position consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
c) Unrestricted net position consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

NOTE 2. CASH AND INVESTMENTS

Total deposits and investments as of June 30, 2022, are summarized as follows:

Amounts as presented on the entity-wide Statement of Net Position:	
Cash	$ 3,673,065
Restricted investments	43,172,143
Restricted cash	24,204,389
Total	$ 71,049,597

Cash deposited with financial institutions	$ 27,877,454
Investments held at financial institutions	43,172,143
	$ 71,049,597

As of June 30, 2022, the Commission held the following investments:

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1 - 5	Rating
U.S. treasury notes	$ 15,888,893	$ 4,263,065	$ 11,625,828	N/A
Government sponsored enterprise securities	27,283,250	13,045,393	13,466,887	AA+
Total fair value	$ 43,172,143	$ 17,308,458	$ 25,092,715	

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Credit Risk

State statutes authorize the Commission to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest Rate Risk

The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the Commission's investments are Level 1 investments.

The Commission's investment in U.S. treasury notes and government sponsored enterprise securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those investments.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2022, the Commission did not have any deposits which were uninsured or under collateralized as defined by GASB pronouncements.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

NOTE 3. RECEIVABLES

Receivables, including the applicable allowances for uncollectible accounts, consisted of the following at June 30, 2022:

Receivables	$ 7,556,113
Less allowance for uncollectible accounts	(57,450)
Net receivables	$ 7,498,663

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, is as follows:

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated:					
Land	$ 1,064,272	$ -	$ -	$ -	$ 1,064,272
Construction in progress	21,197,767	24,541,649	(8,645,146)	-	37,094,270
Total	22,262,039	24,541,649	(8,645,146)	-	38,158,542
Capital assets, being depreciated:					
Buildings	4,415,593	17,827	-	-	4,433,420
Site improvements	92,792	-	-	-	92,792
Infrastructure	234,833,931	924,101	8,645,146	-	244,403,178
Machinery and equipment	10,594,422	432,966	-	-	11,027,388
Office furniture and equipment	3,750,411	7,170	-	(1,879)	3,755,702
Vehicles	3,057,483	305,005	-	(90,307)	3,272,181
Total	256,744,632	1,687,069	8,645,146	(92,186)	266,984,661
Less accumulated depreciation for:					
Buildings	(818,173)	(123,554)	-	-	(941,727)
Site improvements	(9,569)	(1,454)	-	-	(11,023)
Infrastructure	(120,856,019)	(4,832,403)	-	-	(125,688,422)
Machinery and equipment	(9,378,581)	(537,239)	-	-	(9,915,820)
Office furniture and equipment	(3,343,109)	(171,335)	-	1,879	(3,512,565)
Vehicles	(2,334,618)	(246,336)	-	75,387	(2,505,567)
Total	(136,740,069)	(5,912,321)	-	77,266	(142,575,124)
Total capital assets, being depreciated, net	120,004,563	(4,225,252)	8,645,146	(14,920)	124,409,537
Total capital assets, net	$ 142,266,602	$ 20,316,397	$ -	$ (14,920)	$ 162,568,079

NOTE 5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt activity for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable - direct borrowing	$ 29,825,000	$15,815,000	$ (2,087,000)	$ 43,553,000	$ 2,145,000
Revenue bond premium	-	146,860	(6,229)	140,631	-
Revenue bonds, net	29,825,000	15,961,860	(2,093,229)	43,693,631	2,145,000
Financed purchases	778,758	-	(466,111)	312,647	161,095
Compensated absences	353,815	109,003	(113,221)	349,597	209,758
Notes payable - direct borrowing	5,853,519	12,331,122	(321,719)	17,862,922	10,481
Net pension liability	2,856,076	1,488,909	(2,527,192)	1,817,793	-
Total long-term liabilities	$ 39,667,168	$29,890,894	$ (5,521,472)	$ 64,036,590	$ 2,526,334

Revenue Bonds – Direct Borrowing

In December 2017, the Commission issued Refunding Revenue Bonds, Series 2017 in the amount of $36,364,000. The Series 2017 bonds were issued to provide funds to refund (advance refunding) all of the Commission's 2010C Revenue Bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2010C bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The advance refunding of the Series 2010C bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,618,208. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to expense through the year 2035 using the effective interest method. The refunding decreased the total debt service payments over the next 18 years by $6,492,690 and produced an economic gain of $2,659,689. Principal payments are due each year on June 1, beginning June 1, 2019. Interest payments are due each December 1 and June 1, beginning June 1, 2018. The bonds are secured by a pledge and lien on revenues of the water and sewer systems and yield 2.904% interest.

In September 2021, the Commission issued Revenue Bonds, Series 2021 in the amount of $15,815,000. Principal payments are due each year on June 1, beginning June 1, 2024. Interest payments are due each December 1 and June 1, beginning June 1, 2022. The bonds are secured by a pledge and lien on revenues of the water and sewer systems and yield between 2 - 5% interest.

NOTE 5. LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds – Direct Borrowing (Continued)

Debt service requirements to maturity on the revenue bonds are as follows:

Fiscal Year Payable	Principal	Interest	Total
2023	$ 2,145,000	$ 1,046,692	$ 3,191,692
2024	1,866,000	1,083,711	2,949,711
2025	1,923,000	1,031,119	2,954,119
2026	1,976,000	974,123	2,950,123
2027	2,035,000	915,587	2,950,587
2028 – 2032	11,108,000	3,622,682	14,730,682
2033 – 2037	12,480,000	1,918,026	14,398,026
2038 – 2042	9,000,000	628,950	9,628,950
2043	1,020,000	22,440	1,042,440
Total	$ 43,553,000	$ 11,243,330	$ 54,796,330

Financed Purchases

The Commission has entered into various finance purchasing agreements for the acquisition of certain assets. The debt service requirements to maturity on the finance purchases are as follows:

Fiscal Year Payable	Principal	Interest	Total
2023	$ 161,095	$ 5,865	$ 166,960
2024	129,769	2,047	131,816
2025	21,783	205	21,988
Total	$ 312,647	$ 8,117	$ 320,764

Notes Payable – Direct Borrowing

The Commission incurred debt of $18,313,537 to the Georgia Environmental Finance Authority for construction of various water and sewer system projects during current and prior years. Forgiveness of debt was recognized of $321,720 in the current year and $128,895 in the prior year, leaving a remaining amount due at June 30, 2022 of $17,862,922. Repayment on these notes will be determined when construction is complete, and all draws have been made.

NOTE 6. NET INVESTMENT IN CAPITAL ASSETS AND RESTRICTED NET POSITION

Net Investment in Capital Assets – The balances that make up the Commission's net investment in capital assets at June 30, 2022, are as follows:

Net capital assets	$ 162,568,079
Deferred charges on refunding	937,297
Less: Capital related debt	(62,958,781)
Net investment in capital assets	$ 100,546,595

Restricted for Debt Service – These funds are set aside by the Commission for the retirement of future debt payments in accordance with bond requirements.

Restricted for Capital Projects – These funds are capital tap fees collected by the Commission for the improvement of the water and sewer system infrastructure.

NOTE 7. DEFINED BENEFIT PENSION PLAN

Plan Description

The Commission, as authorized by the Board of Commissioners, has established a non-contributory defined benefit pension plan, the Brunswick-Glynn County Joint Water & Sewer Commission Retirement Plan (the "Plan"), covering substantially all of the Commission's employees. The Commission's pension plan is administered through the Georgia Municipal Employee Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 2% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The Board of Commissioners, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the Commission and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303, or by calling (404) 688-0472.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

Plan Membership. As of January 1, 2022, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not receiving benefits	54
Active plan members	132
Total	213

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the Commission's Board, is to contribute an amount equal to the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, the Commission's contribution rate was 10.46% of annual payroll. For employees hired after July 1, 2020, employees are required to contribute 3% of annual pay to the plan. Commission contributions to the Plan were $732,565 for the year ended June 30, 2022.

Net Pension Liability of the Commission

The Commission's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022.

Actuarial assumptions. The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% – 8.50%, including inflation
Investment rate of return	7.375%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with gender-distinct rates, set forward two years for males and one year for females.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Commission (Continued)

Actuarial assumptions (Continued). The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

Salary increase adjustments were assumed to be 3.00% although the Plan allowance for annual cost of living adjustment is variable, as established by the Commission Board, in an amount not to exceed 8.50%.

Discount Rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	45%	6.55%
International equity	20%	7.30%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
Global fixed income	5%	0.50%
	100%	

* Rates shown are net of the 2.25% assumed rate of inflation.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Commission (Continued)

Changes in the Net Pension Liability of the Commission. The changes in the components of the net pension liability of the Commission for the year ended June 30, 2022, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 9,788,643	$ 6,932,567	$ 2,856,076
Changes for the year:			
Service Cost	338,377	-	338,377
Interest	738,123	-	738,123
Differences between expected and actual experience	384,663	-	384,663
Contributions - employer	-	799,366	(799,366)
Contributions - employee	-	10,740	(10,740)
Net investment income	-	1,717,086	(1,717,086)
Benefit payments, including refunds of employee contributions	(237,149)	(237,149)	-
Administrative expense	-	(27,746)	27,746
Net Changes	1,224,014	2,262,297	(1,038,283)
Balances at June 30, 2022	$ 11,012,657	$ 9,194,864	$ 1,817,793

The required schedule of changes in the Commission's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Commission, calculated using the discount rate of 7.375%, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Commission's net pension liability	$ 3,451,559	$ 1,817,793	$ 471,069

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Commission (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2021, and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Commission recognized a pension expense of $477,679. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 677,504	$ 180,076
Changes in assumptions	129,248	-
Difference between projected and actual earnings on pension plan investments	-	972,955
Commission contributions subsequent to the measurement date	568,778	-
Total	$ 1,375,530	$ 1,153,031

Commission contributions subsequent to the measurement date of $568,778 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,		
2023	$	(30,029)
2024		(63,853)
2025		(154,463)
2026		(162,045)
2027		64,111
Total	$	(346,279)

NOTE 8. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to: torts; theft of assets; damage to and destruction of assets; errors and omissions; and natural disasters. The Commission carries commercial insurance for these risks of loss, as well as other risks of loss such as workers' compensation insurance and general property and liability insurance.

Effective August 1, 2020, the Commission became self-insured with respect to employee health insurance. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claims are administered by a third party.

Liabilities include an amount for health self-insured claims payable that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The change in the balance of health self-insured payable during the year is as follows:

		2022
Health self-insured payable, beginning of year	$	139,192
Incurred claims		223,928
Payments made		(192,921)
Health self-insured payable, end of year	$	170,199

NOTE 9. COMMITMENTS AND CONTINGENCIES

At June 30, 2022, in addition to the liabilities enumerated on the balance sheet, the Commission also had contractual commitments on uncompleted construction contracts in the amount of $10,587,871 for the completion of various projects.

REQUIRED SUPPLEMENTARY INFORMATION

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COMMISSION'S NET PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,

	2022	2021	2020	2019
Total pension liability				
Service cost	**$ 338,377**	$ 388,544	$ 415,887	$ 318,851
Interest on total pension liability	**738,123**	697,086	615,911	533,380
Differences between expected and actual experience	**384,663**	(270,112)	206,543	276,712
Changes of assumptions	**-**	-	-	-
Benefit payments, including refunds of employee contributions	**(237,149)**	(180,684)	(132,569)	(118,545)
Other changes	**-**	-	185,487	-
Net change in total pension liability	**1,224,014**	634,834	1,291,259	1,010,398
Total pension liability - beginning	**9,788,643**	9,153,809	7,862,550	6,852,152
Total pension liability - ending (a)	**$ 11,012,657**	$ 9,788,643	$ 9,153,809	$ 7,862,550
Plan fiduciary net position				
Contributions - employer	**$ 810,106**	$ 619,292	$ 584,691	$ 509,910
Net investment income	**1,717,086**	610,871	181,570	456,652
Benefit payments, including refunds of employee contributions	**(237,149)**	(180,684)	(132,569)	(118,545)
Administrative expenses	**(27,746)**	(29,270)	(23,216)	(23,796)
Net change in plan fiduciary net position	**2,262,297**	1,020,209	610,476	824,221
Plan fiduciary net position - beginning	**6,932,567**	5,912,358	5,301,882	4,477,661
Plan fiduciary net position - ending (b)	**$ 9,194,864**	$ 6,932,567	$ 5,912,358	$ 5,301,882
Commission's net pension liability - ending (a) - (b)	**$ 1,817,793**	$ 2,856,076	$ 3,241,451	$ 2,560,668
Plan fiduciary net position as a percentage of the total pension liability	**83.49%**	70.82%	64.59%	67.43%
Covered payroll	**$ 7,262,869**	$ 7,003,653	$ 7,566,909	$ 7,554,006
Commission's net pension liability as a percentage of covered payroll	**25.03%**	40.78%	42.84%	33.90%

Notes to the Schedule:
The schedule will present 10 years of information once it is accumulated.

	2018	2017	2016	2015
	$ 290,707	$ 293,353	$ 245,679	$ 244,062
	452,681	399,112	335,690	298,149
	227,855	96,885	331,132	20,708
	81,397	-	-	(24,046)
	(83,071)	(113,206)	(75,099)	(33,844)
	-	-	-	-
	969,569	676,144	837,402	505,029
	5,882,583	5,206,439	4,369,037	3,864,008
	$ 6,852,152	$ 5,882,583	$ 5,206,439	$ 4,369,037
	$ 466,145	$ 387,759	$ 365,501	$ 381,081
	559,750	341,613	18,511	246,730
	(83,071)	(113,206)	(75,099)	(33,844)
	(25,025)	(12,450)	(12,226)	(9,731)
	917,799	603,716	296,687	584,236
	3,559,862	2,956,146	2,659,459	2,075,223
	$ 4,477,661	$ 3,559,862	$ 2,956,146	$ 2,659,459
	$ 2,374,491	$ 2,322,721	$ 2,250,293	$ 1,709,578
	65.35%	60.52%	56.78%	60.87%
	$ 6,156,245	$ 5,362,432	$ 5,174,265	$ 4,621,888
	38.57%	43.31%	43.49%	36.99%

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMISSION'S CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30,

	2022	2021	2020	2019
Actuarially determined contribution	**$ 732,565**	$ 657,603	$ 584,691	$ 560,387
Contributions in relation to the actuarially determined contribution	**732,565**	657,603	584,691	560,387
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -
Covered payroll	**$ 7,003,653**	$ 7,566,909	$ 7,877,077	$ 7,794,901
Contributions as a percentage of covered payroll	**10.46%**	8.69%	7.42%	7.19%

Notes to the Schedule:

Valuation Date	1/1/2022
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 13 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.38%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	0.00%

The schedule will present 10 years of information once it is accumulated.

2018	2017	2016	2015
$ 493,084	$ 457,166	$ 364,624	$ 365,794
493,084	457,166	364,624	365,794
$ -	$ -	$ -	$ -
$ 7,554,006	$ 6,156,245	$ 5,362,432	$ 5,174,265
6.53%	7.43%	6.80%	7.07%

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the Board of Commissioners of the
Brunswick-Glynn County Joint Water & Sewer Commission
Brunswick, Georgia

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 **Brunswick-Glynn County Joint Water & Sewer Commission** (the "Commission") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 16, 2022.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Savannah, Georgia
November 16, 2022

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the Board of Commissioners of the
Brunswick-Glynn County Joint Water & Sewer Commission
Brunswick, Georgia

Report on Compliance For Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **Brunswick-Glynn Joint Water & Sewer Commission's** (the "Commission") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2022. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Mauldin & Jenkins, LLC

Savannah, Georgia
November 16, 2022

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor	Federal AL Number	Agency Grant Number	Federal Expenditures
U.S. Environmental Protection Agency:			
Grants for Clean Water State Revolving Fund Passed through the Georgia Environmental Finance Authority ("GEFA")	66.458	CW2019008	$ 6,632,627
Total Clean Water State Revolving Fund Cluster			6,632,627
Grants for Drinking Water State Revolving Fund Passed through the Georgia Environmental Finance Authority ("GEFA")	66.468	DW2020040	2,124,282
Total Drinking Water State Revolving Fund Cluster			2,124,282
Total U.S. Environmental Protection Agency			$ 8,756,909

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of $750,000, or 3%, of total federal expenditures. The threshold of $750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The Commission did not qualify as a low-risk auditee for the fiscal year ended June 30, 2022.

De-Minimis Indirect Cost Rate

During the year ended June 30, 2022, the Commission did not use the de-minimis indirect cost rate.

Subrecipients

The Commission did not pass through any funds to subrecipients during the fiscal year.

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiency identified not considered to be material weaknesses?	____ Yes __X__ None Reported
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes __X__ No

Identification of major programs:

AL Number	Name of Federal Program or Cluster
66.458	U.S. Environmental Protection Agency; Assistance Listing Capitalization Grants for Drinking Water State Revolving Funds – Clean Water State Revolving Fund Cluster
66.468	U.S. Environmental Protection Agency; Assistance Listing Capitalization Grants for Drinking Water State Revolving Funds – Drinking Water State Revolving Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ Yes __X__ No

BRUNSWICK-GLYNN COUNTY JOINT WATER & SEWER COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported