

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

Board of Water and Sewer Commissioners
of the City of Mobile
Mobile, Alabama

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In an effort to continue to promote our Mission, Vision, and Values, MAWSS has undertaken a major effort to update our strategic plan. This plan includes multiple items under the following categories:

- Fiscal Sustainability
- Internal Process / Operations Efficiency, Effectiveness, and Sustainability
- Customer Satisfaction
- Employee Engagement and Development

Key performance indicators have been developed for all, and will be tracked to determine progress. The underlying goal is to continue to find innovative ways of reducing the cost of service while improving customer services and protecting the environment.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
MOBILE, ALABAMA**

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED

DECEMBER 31, 2020

**Prepared by
MAWSS Accounting Department**

MISSION STATEMENT

Mobile Area Water and Sewer System will protect and enhance the health, safety, and economic well being of our community through responsible management of water resources while providing superior customer service.

VISION STATEMENT

Mobile Area Water and Sewer System will become a model utility to create and protect resources for future generations. We will lead our industry and provide services to accommodate regional economic development and growth.

VALUES

Environment	We are guardians of the environment and honor this great responsibility by ensuring that our actions reflect our resolve to protect the health of the environment.
Communication	Effective communication with the community and throughout our organization is the means by which we will maintain alignment toward our goals and the needs of our customers.
Customer Service	We are servants of the community and make every effort to fulfill this privilege by placing our customers first in all that we do.
Trust	Trust is the foundation of relationships. We strive to understand and rely on each other as we build strong teams and partnerships.
Employees	We acknowledge, respect, and promote the well-being and professional development of our employees because they are the heart of our organization.
Integrity	We weave virtue, honesty, sincerity, and acceptance of duty into our daily efforts so that integrity is the banner of our commitment.
Continuous Improvement	We always seek to improve our organization and ourselves because the community deserves the best we can offer.

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

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INTRODUCTORY SECTION



May 3, 2021

Mr. Walter Bell, Chair
Board of Water and Sewer Commissioners
Mobile, Alabama

To the Chair and Members of the Board:

I am pleased to present the Board of Water and Sewer Commissioners of the City of Mobile's (the Board's) Comprehensive Annual Financial Report for the year ending December 31, 2020. State law and the Board's *Master Trust Indenture* require the Board to publish within 180 days after the close of each year a complete set of audited financial statements. This report is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Jackson Thornton, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the Board's financial statements for the year ended December 31, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Board

The Board was created in 1952 by an Act of the Alabama State Legislature as an independent water and sewer utility. The Board, doing business as Mobile Area Water and Sewer System (MAWSS), provides water and wastewater services to customers in the City of Mobile and the surrounding areas.

While the Board is a separate legal entity from the City of Mobile, each councilperson of the City of Mobile appoints a commissioner to the Board for a six-year term. These

seven appointed commissioners are the policy-making body of the Board. The Board has the authority, among others, to operate and maintain any water or sewer system inside or outside the Mobile corporate limits, issue revenue bonds, and set rates and user fees. While the Board is a related entity of the City of Mobile, it is not considered a component unit of the City of Mobile or any other governmental agency.

The Board currently provides services to approximately 91,000 accounts within the City of Mobile and portions of the unincorporated areas of Mobile County. It also sells treated water from the J. B. Converse Reservoir (Big Creek Lake) to Prichard Water Works and the Spanish Fort Water System. Untreated or raw water, also from Big Creek Lake, is provided to the Board's industrial customers..

The budget serves as the foundation for the Board's financial planning and control. The Board's *Master Trust Indenture* requires the Board to adopt a balanced budget by December 31 of each year. Revenues are used to first pay Operating Expenses, then Debt Service for both Revenue Bonds and Subordinated Debt. The remaining funds are used for Capital Improvements.

Local economy

The City of Mobile serves as the economic hub for the Mobile metropolitan area which includes Mobile and Baldwin counties in lower Alabama. Mobile, located approximately thirty miles north of the Gulf of Mexico at the head of Mobile Bay, is the only seaport in Alabama. The Port of Mobile is the twelfth largest port in the nation in total tonnage. Mobile is served by five railroads and a rail ship service that operates two double deck rail-ferries. Also serving the transportation hub are two municipal airports and two major interstate highways, I-10 and I-65.

Mobile's business sector is diversified with close to fifty international companies located in the area. These include some of the Board's largest consumers; Evonik, INEOS Phenol, Kimberly-Clark, UOP Honeywell, and Mitsubishi Polycrystalline Silicon America. Mobile is home to Evonik's largest North American site, with over 850 employees producing aerosol fumed silica and hydrogen peroxide. INEOS Phenol is the world's fifth largest chemical company and leading manufacturer of phenol and acetone. Their Mobile plant is the largest single train Phenol facility in the United States, facilitated by the excellent transportation networks and access to raw materials and utilities needed for processing. Mobile has a diverse chemical industry, a growing steel industry, and is a regional center for medical care, research and education. Also prevalent are expanding aerospace and maritime industries.

At the end of 2020, the City of Mobile's unemployment rate was at 5.5% compared to the Alabama's 6.0% and the nation's 8.1%. Mobile is a regional hub for technical training. Industries are working with Alabama Industrial Development Training (AIDT), Alabama's worker training agency, to train workers in these expanding job fields. AIDT is the first state workforce training organization in the United States to earn international certification for its quality management system.

Financial planning

Meeting new and revised regulatory permit requirements in the future will require additional capital investment in both the water and wastewater sectors. MAWSS has completed a master planning effort to evaluate the assets of the Board. A risk based approach was used to prioritize assets for long term renewal and funding. This master plan was completed in 2018 and will assist MAWSS in forecasting their needs moving forward. Forecasting regulatory requirements is also a component of the planning effort.

MAWSS utilizes a financial planning model to optimize the balance between necessary rate increases and additional borrowing. Also taken into consideration are financial benchmarks such as days cash on hand and the debt service coverage ratio. The intent is to ensure the sustainability of the funding for capital projects, as well as to keep customer rates as low as possible.

In regard to the water system, the treatment plants and raw water conveyance systems were evaluated during the master plan for resiliency, redundancy, physical condition and technology to ensure the systems remain operational during times of power outage. The E.M. Stickney water treatment plant was constructed in 1944. Planned projects include new renovations to the fifty-million-gallon reservoir as well as a major electrical rehabilitation. The Board's other water treatment plant, the H. E. Myers WTP, has a planned project for solids handling improvements. Also, means of further protecting Big Creek Lake from hazardous material spills include an early contaminant warning system in addition to strategically located boom for isolating spill areas.

The predominant cause of sanitary sewer overflows (SSOs) in MAWSS' aging collection system is storm water inflow and infiltration through defects in aging collection system piping and manholes.

SSOs that reach Waters of the State are considered unauthorized discharges under the Clean Water Act and are prohibited. MAWSS will continue to need to expend resources, and both capital and operational budgets, to control and prevent SSOs within the system so that the potential for future U.S. EPA enforcement action is minimized. The effort to minimize SSOs includes ongoing collection system rehabilitation and the construction of wet weather conveyance and storage facilities in the Halls Mill Creek, Three Mile Creek and Eslava Creek sewer sheds.

Projects underway include the Three Mile Severe Weather Attenuation Tank ("SWAT") and Trunk Sewer, as well as the Wright Smith, Jr. Wastewater Treatment Plant Headworks Replacement.

The Board's master plan addressed the needs for the C. C. Williams WWTP. A \$26 million project to construct new headworks and primary clarifiers was recently completed. Construction of a dewatering facility at the plant is expected to begin in 2021. MAWSS is also in the process of constructing the Williams WWTP to Eslava Creek Parallel Force Main project, with Phase 2 bidding in 2021.

In June of 2020, The Alabama Department of Environmental Management (“ADEM”) filed suit against MAWSS, alleging that MAWSS caused unpermitted discharges in the form of SSOs to occur from its two wastewater treatment plants, and that these unpermitted discharges reached waters of the State. Many of the projects identified in the Board’s master planning effort will be completed with the goal of eliminating these SSOs in the future. MAWSS continues to work with its technical experts to evaluate potential framework scenarios for settlement discussions with ADEM. As mentioned previously, MAWSS is already undertaking major capital projects to address SSOs.

Major initiatives

In 2020, MAWSS basically completed the Advanced Metering Infrastructure (AMI) project. The total investment cost for the AMI project was approximately \$30 million. The replacement of the aging meters in the system has resulted in a higher increase in consumption than was first anticipated. Also, there are many benefits to the customers from the new “Smart Meters”, including real time updates on usage and various consumption alerts.

The Board closed on a \$32,260,000 CWSRF loan in February of 2020. These funds are currently being used in-part for the Three Mile Creek SWAT and Trunk Sewer, the Eslava Creek Force Main project, and the Smith WWTP Headworks project. These projects are part of the previously mentioned efforts to minimize SSOs through collection system rehabilitation and increased conveyance and storage capacity.

In the first quarter of 2020, The Board submitted primary loan applications to ADEM for both a CWSRF loan of \$36,000,000 and a DWSRF loan of \$12,865,000. These loans closed in the first quarter of 2021. The CWSRF funds will be used for additional Eslava Creek sewer shed work, as well as a dewatering facility at the C. C. Williams WWTP. Sludge building upgrades at the H. E. Myers WTP, electrical upgrades at the E. M. Stickney WTP and rehabilitation of a 50 million gallon industrial reservoir at the E.M. Stickney WTP will be funded with the DWSRF loan proceeds.

Relevant financial policies

In conjunction with the new issue and the refunding, the Board adopted its *Master Trust Indenture*, dated November 1, 2014. The new covenants provide for, among other things, the establishment of the following unrestricted and restricted funds: the Revenue Fund, Bond Fund, Reserve Fund, Subordinated Debt Fund, and Capital Improvement Fund. The Board is required to maintain a minimum Capital Improvement Fund balance of \$15 million. The *Master Trust Indenture* requires that the Board maintain a debt service coverage ratio of both parity and subordinate bonds of not less than 1.25. The Board has set internal policies to strive to maintain a debt service coverage ratio of 2.0, and also to maintain 200 days cash on hand.

The Board revised the Cash Reserve Requirements Policy in December 2015 in order to react to the required recording of the unfunded pension liability. This revision created an additional cash reserve for the accumulation of funds to offset the unfunded pension liability due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and*

Financial Reporting for Pensions. The Board, through their annual budget, is continuing to fund the reserve. The amount set aside in 2020 was \$1,200,000.

As a result of two of the GASB Statements adopted in 2017, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Board must also report its net OPEB liability. Through contributions to an OPEB trust, the Board has funded the liability at a rate of 96%.

Awards and acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board of Water and Sewer Commissioners of the City of Mobile for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the nineteenth consecutive year that the Board received this prestigious award. In order to be awarded a Certificate of Achievement, the Board published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Accounting Department. Additionally, I realize that the cooperation of each department within the company is essential, and I wish to express my appreciation for each individual's contribution.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Billy J. McCrory, Jr.", written over a horizontal line.

Billy J. McCrory, Jr., Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Board of Water and Sewer Commissioners
of the City of Mobile, Alabama**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

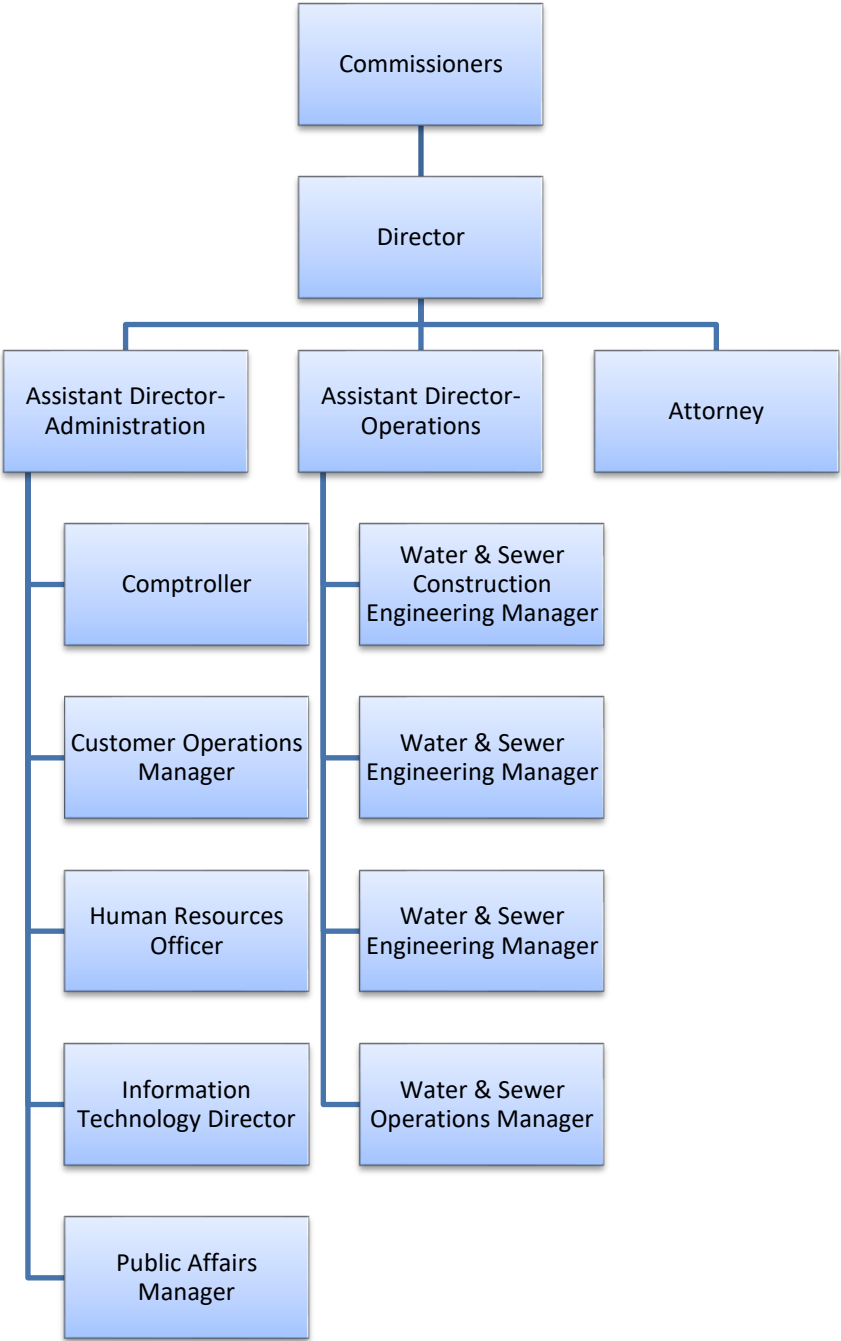
**Appointed Commissioners
December 31, 2020**

Walter A. Bell	Chair September 13, 2016 to April 28, 2020
Sheri N. Weber	Vice Chair October 4, 2016 to October 1, 2022
Thomas Zoghby	Secretary-Treasurer March 23, 2021 to October 1, 2026
Kenneth W. Nichols	Commissioner December 13, 2016 to February 1, 2022
Raymond L. Bell, Jr.	Commissioner August 11, 2020 to October 1, 2024
Barbara Drummond	Commissioner July 7, 2020 to February 2, 2026
Maria Gonzalez	Commissioner April 4, 2020 to April 28, 2026

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

Organization Chart

December 31, 2020



**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**Selected Administrative Staff
December 31, 2020**

Charles Hyland, Jr.	Director
Billy McCrory, Jr.	Assistant Director-Administration
Doug Cote	Assistant Director-Operations
Bradley Dean	Attorney
Dedra Cassidey	Comptroller
Mitch Jackson	Customer Operations Manager
Sharon King	Human Resources Officer
Mahir Butt	Information Technology Director
Monica Allen	Public Affairs Manager
Kenneth Eickelberg	Water and Sewer Construction Engineering Manager
Calressia Clark	Water and Sewer Engineering Manager
Daryl Russell	Water and Sewer Engineering Manager
Russell Lomax	Water and Sewer Operations Manager

FINANCIAL SECTION

Independent Auditor's Report

The Board of Commissioners
The Board of Water and Sewer Commissioners
of the City of Mobile, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type and fiduciary activities of The Board of Water and Sewer Commissioners of the City of Mobile, Alabama (the Board) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type and fiduciary activities of The Board of Water and Sewer Commissioners of the City of Mobile, Alabama as of December 31, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 and the Schedule of Changes in the Net Pension Liability, the Schedule of Employer Contributions, the Schedule of Changes in the Board's Net OPEB Liability and Related Ratios, and the Schedule of Board Contributions on pages 53 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The introductory section, supplementary information section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2021 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Board's internal control over financial reporting and compliance.

Jackson Thornton & Co. PC

Montgomery, Alabama
April 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the Board of Water and Sewer Commissioners of the City of Mobile (the Board) provides an overview of the Board's financial activities for the year ended December 31, 2020. Please read it in conjunction with the transmittal letter, beginning on page i, and the Board's financial statements which begin on page 14.

Financial Highlights

The following are financial highlights of the Board for the year ending December 31, 2020:

- The assets and deferred outflows of resources of the Board exceeded its liabilities and deferred inflows of resources at the close of 2020 and 2019 by \$429.6 million (net position) and \$400.2 million (net position), respectively. Of these amounts, unrestricted net position was \$5.6 million and a deficit of \$(8.2) million as of December 31, 2020 and 2019, respectively.
- The Board adopted both GASB Statement No. 74 and GASB Statement No. 75 dealing with OPEB reporting by recording the full OPEB liability as of January 1, 2017. As a result, a liability of \$14.8 million was recorded. As of the end of 2020, the unfunded portion was \$.7 million. After adopting GASB Statement No. 68, which required the recording of the unfunded pension liability in the amount of \$31 million as of December 31, 2015, the Board had a negative unrestricted net position of \$(8.3) million as of December 31, 2015. However, the Board has designated a total of \$7.6 million over the past six years to offset this liability, and will continue to fund it in the 2021 Budget. The amount of the unfunded liability at the end of 2020 was \$33.3 million.
- The Board's net position increased by \$29.3 million during the current year and by \$18.8 million during the prior year.
- There was a decrease of \$.7 million in operating costs for 2020, or .9%. There were slight decreases in both water and wastewater treatment costs, as well as support services and capital improvement fund expenses. The increase in supervision and general expenses was due to the unfunded pension liability adjustment, and there was also an increase in depreciation expense of \$.7 million. For the year 2019, operating expenses decreased by \$1.6 million to \$83.8 million in 2019, or 1.9%. Supervision and general costs were reduced by \$2.3 million due to a reduction in the OPEB liability, offset by an increase in depreciation expense of \$.7 million.

- 2020 saw an increase of \$5.4 million, or 4.9%, in operating revenues. This was the result of a 6.5% rate increase, offset by an increase to the allowance for doubtful accounts. While the Board saw a decrease in water pumped, gallons sold were basically even. This can be attributed to decreased gallons sold due to COVID-19, equalized by increased gallons sold due to the completion of the Board's Advanced Metering Infrastructure project. Operating revenues increased by \$1.3 million in 2019, or 1.3%, due to increased revenues from a water and sewer rate increase. In 2019, the Board implemented an overall effective rate increase of 6.5%. Changes included adding both water and sewer capital improvement fees by meter size, as well as adopting a three-tiered declining block rate schedule instead of the historical four-tiered schedule. The actual realized effect of the rate increase, approximately 2.6%, was offset by an addition to the allowance for doubtful accounts.
- Transfers to the Capital Improvement Fund accounts for capital projects totaled \$39.1 million in 2020 compared to \$26.4 million in 2019.

Overview of the Financial Statements

The Board's Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The Board's basic financial statements are comprised of financial statements, notes to the financial statements, and required supplementary information.

Financial Statements. The *balance sheets* provide information on the Board's assets and deferred outflows of resources, and also on its liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Board is improving or deteriorating.

The *statements of revenues, expenses, and changes in net position* show the business-type activity of the Board (water and wastewater) and provide information regarding income and expenses, both operating and non-operating, that affect net position. While income and direct expenses of the water system and wastewater system are shown separately, there are no external requirements to account for the activities separately. It is management's decision to report income and direct expenses separately in order to provide support for rates charged for services rendered.

The *statements of cash flows* report changes in cash from the prior year attributed to operating activities, capital and related financing activities, and investing activities. Operating income is reconciled to cash provided by operating activities. The statements, in addition to providing an explanation of changes in cash, help provide insight into future cash flows.

The *statements of fiduciary net position* and the *statements of changes in fiduciary net position* present information on the Board's Other Post-Employment Benefits (OPEB) Trust Fund. The *statements of fiduciary net position* include all assets and liabilities of the OPEB Trust Fund and provide a snapshot of the financial net position of the OPEB Trust Fund at year end. Assets are reduced by liabilities, as applicable, resulting in the net position held in trust for OPEB at year end. The *statements of changes in fiduciary net position* report all additions and deductions during the year for the OPEB Trust Fund. Additions are comprised primarily of employer contributions and investment income. Deductions consist of benefits paid and administrative expenses. The change in net position held in trust for OPEB plus the beginning net position held in trust for OPEB results in net position held in trust for OPEB at year end.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 21 to 52 of this report.

Required Supplementary Information. The *schedule of changes in net pension liability* and the *schedule of employer contributions* provide information on the Board's net pension liability as well as contributions made to the plan by the Board. These statements, arising from GASB 68 requirements, are discussed in detail in Note 5, and can be found following the Notes to the Financial Statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information that may be beneficial to the reader.

Financial Analysis

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the Board, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$429.6 million at the end of 2020, \$400.2 million at the end of 2019, and \$381.4 million at the end of 2018.

Condensed Balance Sheets
(In Thousands)

	2020	2019	2018
	<u> </u>	<u> </u>	<u> </u>
Current assets	\$ 94,371	\$ 84,681	\$ 68,761
Noncurrent assets	48,199	73,137	65,052
Capital assets	<u>630,065</u>	<u>574,457</u>	<u>562,045</u>
Total assets	<u>772,635</u>	<u>732,275</u>	<u>695,858</u>
Deferred outflows of resources	<u>5,090</u>	<u>4,711</u>	<u>4,207</u>
Current liabilities	43,052	44,057	37,218
Noncurrent liabilities	<u>295,781</u>	<u>279,556</u>	<u>278,472</u>
Total liabilities	<u>338,833</u>	<u>323,613</u>	<u>315,690</u>
Deferred inflows of resources	<u>9,337</u>	<u>13,166</u>	<u>2,974</u>
Net position:			
Net investment in capital assets	398,674	382,855	364,662
Restricted	25,274	25,536	23,104
Unrestricted	<u>5,607</u>	<u>(8,184)</u>	<u>(6,365)</u>
Total net position	<u>\$ 429,555</u>	<u>\$ 400,207</u>	<u>\$ 381,401</u>

The largest portion of the Board's net position (92.8% in 2020, 95.7% in 2019, and 95.6% in 2018) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets. The Board uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from user fees or other sources of revenue, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position includes funds restricted for debt service, construction, and capital improvements and replacements. The Board's *Master Trust Indenture* dated November 1, 2014, as supplemented, required the establishment of certain restricted accounts. In addition to accounts relating to bond construction and debt service, the Board is required to maintain the Capital Improvement Fund, previously known as the General Reserve and Repair and Replacement Fund. Monies deposited into the Capital Improvement Fund accounts are used to fund pay-as-you-go projects, extraordinary repairs and maintenance, and if needed, debt service obligations. Over the past five years, the Board has budgeted an average of \$22.9 million annually for pay-as-you-go projects and major repairs and replacements to the system. The Board transferred \$39.1 million from the Operating account to the Capital Improvement Fund account in 2020 compared to \$26.4 million in 2019 and \$19.8 million in 2018.

The Board's Unrestricted Net Position increased by \$13.8 million during 2020 compared to a decrease of \$1.8 million in 2019. The 2020 rate increase was a factor in the current year increase, as was the rate increase in the prior year. The 2019 increase was offset by an increase in OPEB related Deferred Inflows of Resources of \$10.0 million. Operating Revenues and Expenses for each of the two years are discussed below.

The following condensed statements of revenues, expenses, and changes in net position show the results of operations for the current and prior two years. The Board is a separate entity from the City of Mobile, and as such, is not included as a part of the financial statements of the City of Mobile.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
(In thousands)

	2020	2019	2018
REVENUES			
Operating revenues, pledged as security:			
Water sales	\$ 44,575	\$ 42,539	\$ 43,189
Sewer charges	70,034	66,699	64,699
Total operating revenues	<u>114,609</u>	<u>109,238</u>	<u>107,888</u>
Non-operating revenues:			
Investment earnings	505	1,430	1,006
Miscellaneous and sale of property	1,015	913	1,022
Total non-operating revenues	<u>1,520</u>	<u>2,343</u>	<u>2,028</u>
Total revenues	116,129	111,581	109,916
EXPENSES			
Operating expenses:			
Water and sewer services	36,321	37,438	37,002
Support services	4,745	4,943	4,852
Supervision and general expenses	17,470	17,362	19,702
Restricted accounts expenses	721	930	1,466
Depreciation expense	23,852	23,157	22,446
Total operating expenses	<u>83,109</u>	<u>83,830</u>	<u>85,468</u>
Non-operating expenses	<u>8,996</u>	<u>9,151</u>	<u>7,506</u>
Total expenses	<u>92,105</u>	<u>92,981</u>	<u>92,974</u>
Income before contributions	24,024	18,600	16,942
Capital grants and contributions	<u>5,324</u>	<u>206</u>	<u>1,840</u>
Change in net position	29,348	18,806	18,782
Net position - beginning of year	400,207	381,401	362,619
Net position - end of year	<u>\$ 429,555</u>	<u>\$ 400,207</u>	<u>\$ 381,401</u>

Net position increased by \$29.3 million in 2020 over 2019, and \$18.8 million in both 2019 and 2018 over the year before. Key elements of the changes are as follows:

Revenue:

- For 2020, operating revenues increased from \$109.2 million to \$114.6 million, an increase of \$5.4 million, or 4.9%. While volumetric potable water sales were up 7.7%, sewer services showed an increase of only 5.4%. However, when comparing all charges and fees for water and sewer, the increase percentages were basically equal at 4.8% and 5.0%, respectively.
- Operating revenues increased by \$1.3 million in 2019, or 1.3%. Total potable water sold decreased by 160.6 billion gallons, or 1.4%. This decrease in consumption, combined with decreases in both revenues from raw water sales and miscellaneous fees and charges, offset the revenues gained as a result of the rate increase. Potable water sales increased by .4% while sewer services were up by 3.4%. There was a \$.4 million increase in investment earnings for 2019.

Expenses:

- Operating expenses decreased by \$.7 million, or .9% in 2020. Total O&M expenses were down \$1.2 million and capital improvement fund expenses were down \$.2 million. These decreases were offset by an increase in depreciation expense of \$.7 million. The decrease in O&M expenditures included adjustments to the unfunded pension amount and post-employment benefits of \$.7 million and (\$3) million, respectively.
- In 2019, the decrease of \$1.6 million in operating expenses is due to an adjustment of (\$2.3) million to the Board's OPEB expenses, offset by an increase of \$.7 million in depreciation. Water and sewer services increased by \$.4 million, while expenses of the capital improvement fund accounts decreased by \$.5 million. The Board incurred a loss of \$1.2 million on the partial disposal of its grease treatment facility. However, \$.7 million of additional items at the facility have been repurposed and are still in use.

Capital grants and contributions:

- In 2020, total capital grants and contributions totaled \$5.3 million, including \$1.5 million in lines accepted, \$.2 million in contributions, and a \$3.7 million grant from the RESTORE Act. The Spill Impact project is titled the Perch Creek Area Sanitary Sewer Trunk Line Cured in Place Pipe (CIPP).
- The Board received a capital grant of \$.1 million in 2019, plus another \$.1 million in contributions for water and sewer lines accepted.

Capital Asset and Debt Administration

Capital assets. The Board's investment in capital assets as of December 31, 2020, and 2019 amounted to \$630.1 million and \$574.5 million, respectively, net of accumulated depreciation. The investment in capital assets includes land, buildings, infrastructure, machinery and equipment, and timber rights. During 2020, the total increase in the Board's net investment in capital assets was 9.7% compared to the 2019 increase of 2.2%. Construction project commitments at the end of the year totaled \$27.0 million for 2020 compared to \$48.7 million for 2019. Several large projects identified by the master plan were bid and awarded in 2020; notably the Wright Smith, Jr. WWTP Headworks Replacement project in the amount of \$8.9 million, and the Eslava Creek Force Main Replacement, Phase 3 project in the amount of \$8.2 million. Phase 3 is the latest phase of the Eslava Creek Force Main project which had a total cost of \$59 million. A listing of capital project expenditures for 2020 is included in the statistical section.

- Sewer rehabilitation projects accounted for the majority of capital expenditures. A total of \$56,714,848 was spent in 2020 and allocated as follows:
 - Sewer line, mains, and manhole rehabilitation/replacement, \$19,131,533
 - Sewer lift station and decentralization system improvements, \$3,929,913
 - Sewer plant improvements and miscellaneous costs, \$4,684,574
 - Severe Weather Attenuation Basins and Tanks, \$28,968,828
- Water-related project costs for 2020 totaled \$13,992,771. The following items are included in these costs:
 - Advanced metering infrastructure, \$10,321,498
 - Water line extensions and improvements, \$3,671,273
- Other capital expenditures amounted to \$3,505,071 during 2020 and include the following:
 - Water and sewer combined extensions, \$2,222,309
 - Utility Relocations, and other miscellaneous, \$1,282,762
- Major projects completed and capitalized during 2020 include the following:
 - Overlook Road Waterline Improvements, \$1,286,999
 - Halls Mill Lift Station and Eslava Lift Station Surge Tank Installation, \$722,332
 - Eslava Lift Station Multi-Rake Screen and Washer Compactor Replacement, \$3,037,798
 - C.C. Williams Belt Filter Press Installation, \$643,550

During 2019, major capital assets events included: sewer rehabilitation projects in the amount of \$17,145,790; water-related project costs totaling \$12,042,240 and other capital expenditure amounts of \$3,207,492.

Capital Assets
(net of accumulated depreciation)

	2020	2019	2018
Water and sewer systems	\$ 471,902,614	\$ 478,255,236	\$ 443,071,940
Vehicles	3,539,933	3,738,239	4,031,095
Equipment and furnishings	7,251,433	8,015,616	8,568,099
Buildings and improvements	20,234,125	19,544,249	20,086,800
Land	10,419,343	10,385,281	9,447,188
Timber rights and other intangibles	1,436,355	1,115,033	1,234,515
Construction in progress	115,281,461	53,403,530	75,605,016
Total	<u>\$ 630,065,264</u>	<u>\$ 574,457,184</u>	<u>\$ 562,044,653</u>

Additional information on the Board's capital assets can be found in Note 3, beginning on page 30 of this report.

Long-term debt

At December 31, 2020, the Board had total long-term debt outstanding of \$277.4 million versus \$262.1 million in 2019, an increase of 5.9%. This increase is due to the addition of a \$32,260,000 CWSRF loan less combined reductions of \$16.5 million. The State Revolving fund bonds are subordinate to the Revenue Bonds. All bond debt covenants have been met.

At December 31, 2019, the Board had total long-term debt outstanding of \$262.1 million versus \$246.3 million in 2018, an increase of 6.4%. This increase is due to the addition of a \$10,010,000 CWSRF loan and a \$20,010,000 DWSRF loan, less combined reductions of approximately \$14.2 million.

The Board's revenue bond rating from Standard & Poor's is an AA, stable outlook. The rating from Moody's is Aa3.

Additional information on the Board's long-term debt can be found in Note 8, beginning on page 47 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate at December 31, 2020: The City of Mobile at 5.5%, compared to the State of Alabama and the nation at 6.0% and 8.1%, respectively
- Identified capital project needs and anticipated repairs and maintenance to the system
- Estimated customer growth/new development; business additions and/or closures
- MAWSS' rates compared to similar systems' rates
- Weather trends
- Customer usage patterns; impact of an approved rate increase on consumption

The Board had approved a 6.5% volumetric rate increase for 2021, but after re-evaluating due to the effects of COVID-19 on the economy and customers in the Mobile area, this was revised and the Board adopted a 3.0% increase.

The Board continues striving to find innovative ways of reducing the cost of service while improving customer services and protecting the environment. It is an ongoing challenge to meet the demands of replacing an aging infrastructure, while at the same time providing affordable water and sewer services.

Request for Information

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, P.O. Box 180249, Mobile, AL, 36618-0249.

BASIC FINANCIAL STATEMENTS

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

BALANCE SHEETS AT
DECEMBER 31, 2020 AND 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and equivalents	\$ 42,839,970	\$ 32,381,581
Investments	3,473,925	4,236,478
Restricted cash and cash equivalents:		
Revenue bond covenant accounts	14,153,616	14,275,185
Capital improvement funds, partially restricted	14,964,742	14,972,932
Receivables:		
Interest receivable, unrestricted	3,831	34,526
Interest receivable, restricted	47,974	41,757
Billed user charges, net of allowance of \$2,603,585 and \$1,835,974	9,689,363	7,850,162
Unbilled user charges	5,340,236	4,411,939
Contracts receivable, net of allowance of \$107,781 and \$108,245	3,016	8,049
Miscellaneous	161,981	121,523
Inventory of materials, chemicals and supplies - at cost	2,907,439	5,176,941
Prepaid expenses	784,920	1,170,003
Total current assets	<u>94,371,013</u>	<u>84,681,076</u>
NONCURRENT ASSETS		
Investments	707,690	1,618,502
Receivable from Alabama Dept of Environmental Mgmt (ADEM), restricted	40,155,180	67,747,466
Grant proceeds receivable, restricted	3,665,048	100,000
Capital assets:		
Utility plant and equipment	963,087,313	946,946,469
Less accumulated depreciation	<u>458,722,853</u>	<u>436,278,096</u>
	504,364,460	510,668,373
Land	10,419,343	10,385,281
Construction in progress	<u>115,281,461</u>	<u>53,403,530</u>
Total capital assets (net of accumulated depreciation)	<u>630,065,264</u>	<u>574,457,184</u>
Unamortized regulatory asset	<u>3,670,444</u>	<u>3,670,444</u>
Total noncurrent assets	<u>678,263,626</u>	<u>647,593,596</u>
TOTAL ASSETS	<u>772,634,639</u>	<u>732,274,672</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow, bond refunding	2,227,322	2,631,419
Pension related	<u>2,862,903</u>	<u>2,079,269</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,090,225</u>	<u>4,710,688</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 777,724,864</u>	<u>\$ 736,985,360</u>

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

BALANCE SHEETS - CONTINUED

LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND NET POSITION

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable	\$ 6,735,110	\$ 11,467,918
Accrued payroll and related withholdings	964,296	787,439
Compensated absences - current portion	3,358,533	3,196,829
Customer meter deposits	5,607,395	5,270,700
Contingent insurance liability	2,713,123	2,589,870
Contracts and retainages payable	1,790,863	621,042
Interest payable, funded by restricted assets	3,892,521	3,754,090
Current maturities of revenue bonds payable	17,990,232	16,369,212
Total current liabilities	<u>43,052,073</u>	<u>44,057,100</u>
 NONCURRENT LIABILITIES		
Revenue bonds payable	259,448,333	245,711,743
Compensated absences - long-term portion	2,314,768	2,151,633
Net pension liability	33,349,232	29,293,515
Other postemployment benefits	668,431	2,398,682
Total noncurrent liabilities	<u>295,780,764</u>	<u>279,555,573</u>
 TOTAL LIABILITIES	<u>338,832,837</u>	<u>323,612,673</u>
 DEFERRED INFLOWS OF RESOURCES		
Pension related	493,747	3,101,666
Other postemployment benefit related	8,842,940	10,064,373
Total deferred inflows of resources	<u>9,336,687</u>	<u>13,166,039</u>
 NET POSITION		
Net investment in capital assets	395,009,201	382,755,114
Restricted for		
Debt service	10,273,811	10,535,784
Other bond covenants	15,000,000	15,000,000
Unrestricted	<u>9,272,328</u>	<u>(8,084,250)</u>
 TOTAL NET POSITION	<u>429,555,340</u>	<u>400,206,648</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 777,724,864</u>	<u>\$ 736,985,360</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

OPERATING REVENUES PLEDGED AS SECURITY FOR REVENUE BONDS	<u>2020</u>	<u>2019</u>
Water sales	\$ 44,575,097	\$ 42,539,290
Sewer charges	70,034,179	66,698,585
Total operating revenues	<u>114,609,276</u>	<u>109,237,875</u>
 OPERATING EXPENSES		
Water supply	1,906,486	1,878,277
Water treatment	6,046,753	6,456,684
Wastewater treatment	6,728,642	7,506,824
Transmission and collection	21,639,446	21,595,487
Support services	4,744,760	4,943,279
Supervision and general	17,470,121	17,362,468
Capital improvement fund accounts	720,763	929,740
Depreciation	23,851,718	23,156,895
Total operating expenses	<u>83,108,689</u>	<u>83,829,654</u>
 OPERATING INCOME	<u>31,500,587</u>	<u>25,408,221</u>
 NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	504,755	1,429,807
Miscellaneous rentals and sale of property	1,014,502	913,214
Loss on disposal of assets	(346,223)	(1,173,661)
Bond interest expense	(8,639,583)	(7,958,328)
Bond issuance costs	(10,000)	(20,000)
Total non-operating expenses	<u>(7,476,549)</u>	<u>(6,808,968)</u>
 INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	24,024,038	18,599,253
 CAPITAL GRANTS AND CONTRIBUTIONS	<u>5,324,654</u>	<u>205,939</u>
 CHANGE IN NET POSITION	29,348,692	18,805,192
 TOTAL NET POSITION - BEGINNING OF YEAR	<u>400,206,648</u>	<u>381,401,456</u>
 TOTAL NET POSITION - END OF YEAR	<u><u>\$ 429,555,340</u></u>	<u><u>\$ 400,206,648</u></u>

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

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Receipts from customers and users	\$ 112,736,096	\$ 108,984,338
Payments to suppliers	(38,460,426)	(38,561,249)
Payments to employees	(23,367,518)	(23,319,359)
Net cash from operating activities	<u>50,908,152</u>	<u>47,103,730</u>
CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets and payments on construction projects	(77,700,192)	(35,363,487)
Proceeds from bonds	59,852,286	8,090,232
Principal paid on bonds	(16,369,212)	(13,748,231)
Interest paid on bonds	(8,630,233)	(7,873,720)
Bond issuance costs	(10,000)	(20,000)
Proceeds from sale of capital assets	99,709	67,767
Net cash used for capital and related financing activities	<u>(42,757,642)</u>	<u>(48,847,439)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	4,311,875	20,307,897
Purchases of investments	(2,638,510)	(3,043,562)
Interest and dividends received	504,755	1,429,807
Net cash from investing activities	<u>2,178,120</u>	<u>18,694,142</u>
 Net increase in cash and equivalents	 10,328,630	 16,950,433
 Cash and equivalents, beginning of year - restricted and unrestricted	 <u>61,629,698</u>	 <u>44,679,265</u>
 Cash and equivalents, end of year - restricted and unrestricted	 <u>\$ 71,958,328</u>	 <u>\$ 61,629,698</u>

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

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF CASH AND EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO BALANCE SHEETS:		
Cash and equivalents, beginning of year:		
Current	\$ 32,381,581	\$ 18,138,782
Restricted	29,248,117	26,540,483
Total	<u>61,629,698</u>	<u>44,679,265</u>
Net increase (decrease):		
Current	10,458,389	14,242,799
Restricted	(129,759)	2,707,634
Total	<u>10,328,630</u>	<u>16,950,433</u>
Cash and equivalents, end of period:		
Current	42,839,970	32,381,581
Restricted	29,118,358	29,248,117
Total	<u>\$ 71,958,328</u>	<u>\$ 61,629,698</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	<u>\$ 31,500,587</u>	<u>\$ 25,408,221</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	23,851,718	23,156,895
Bad debts	1,170,922	1,790,462
Miscellaneous income (expense)	568,570	(328,214)
(Increase) decrease in receivables	(3,617,705)	(1,715,860)
(Increase) decrease in contracts receivable	5,033	75
(Increase) decrease in inventories	2,269,502	(2,021,398)
(Increase) decrease in prepaid expenses	385,083	(197,800)
(Increase) decrease in regulatory asset	-	(130,831)
Increase (decrease) in payables	(3,562,987)	3,145,617
Increase (decrease) in compensated absences	501,696	511,432
Increase (decrease) in contingent insurance liability	123,253	35,830
Increase (decrease) in other postemployment benefits	(2,951,684)	(2,342,344)
Increase (decrease) in pension liabilities	664,164	(208,355)
Total adjustments	<u>19,407,565</u>	<u>21,695,509</u>
Net cash provided by operating activities	<u>\$ 50,908,152</u>	<u>\$ 47,103,730</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Lines accepted and contributions for extensions	\$ 1,824,654	\$ 205,939
Capital contributions	3,500,000	
Approved but unadvanced bonds	29,692,963	30,000,000

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

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF FIDUCIARY NET POSITION
MAWSS OPEB TRUST FUND
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 468,624	\$ 298,020
Receivables		
Contributions receivable	28,618	287,060
Accrued income	36,540	44,883
Total receivables	<u>65,158</u>	<u>331,943</u>
Investments at fair value		
Equities		
Common Stock	5,732,211	4,603,108
Mutual Funds - equity	3,104,034	2,476,110
Fixed income securities		
US Government obligations	1,455,089	1,505,577
Mortgage backed securities	2,313,079	2,515,249
Corporate bonds	3,205,856	3,085,966
Mutual Funds - fixed income	-	359,467
International		
Foreign stock	672,146	239,129
Mutual Funds - International	676,485	813,834
Total investments	<u>17,158,900</u>	<u>15,598,440</u>
TOTAL ASSETS	<u><u>\$ 17,692,682</u></u>	<u><u>\$ 16,228,403</u></u>
NET POSITION		
Net position restricted for OPEB	<u><u>\$ 17,692,682</u></u>	<u><u>\$ 16,228,403</u></u>

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

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
MAWSS OPEB TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ADDITIONS		
Employer contributions	\$ 849,145	\$ 608,327
Investment income		
Dividends	137,948	149,067
Interest	203,182	199,482
Realized gain	261,848	437,030
Net appreciation (depreciation) in FV of investments	1,524,336	1,696,422
Investment expense	(62,877)	(75,395)
Capital gain distributions	106,856	129,709
Other (loss) gain	(7,695)	6,578
Net investment income	<u>2,163,598</u>	<u>2,542,893</u>
Total additions	<u>3,012,743</u>	<u>3,151,220</u>
DEDUCTIONS		
OPEB benefits paid	1,431,704	1,394,983
Insurance expenses	116,760	117,428
Total deductions	<u>1,548,464</u>	<u>1,512,411</u>
NET INCREASE IN NET POSITION	1,464,279	1,638,809
NET POSITION RESTRICTED FOR OPEB BEGINNING OF YEAR	<u>16,228,403</u>	<u>14,589,594</u>
NET POSITION RESTRICTED FOR OPEB END OF YEAR	<u>\$ 17,692,682</u>	<u>\$ 16,228,403</u>

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

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

I. Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements present the activities of the Board of Water and Sewer Commissioners of the City of Mobile (the “Board”). The Board is a public agency or instrumentality existing under the provisions of Act No. 775 adopted at the 1951 Regular Session of the Legislature of Alabama, as amended, which has been recodified as Code of Alabama 1975, Sections 11-50-340 through 11-50-358, as amended, and by an ordinance adopted by the governmental body of the City of Mobile on September 18, 1952. The Board provides water and wastewater services for the City of Mobile and the surrounding area. The Board is composed of seven (7) board members who serve staggered six (6) year terms.

The Board is a separate governmental unit granted independent authority by the State of Alabama General Statutes. The Board does not receive funding from the state or any other local government.

The Board has business activities for the provision of water and sewer services. It is fiscally independent, has the authority to set its own budget, set rates, and issue debt in its own name without the approval of any other governing body. Operations are funded through water and sewer usage fees.

The Board has a fiduciary fund for which it is responsible. The Board established the fiduciary fund to provide assets in trust to meet future other postemployment benefit (OPEB) obligations.

Related Organization

The city council members of the City of Mobile, Alabama are responsible for appointing the seven members of the Board. However, they do not have the power to impose their will upon the members of the Board.

The Board’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

Under provisions of GASB, the Board is considered a special-purpose government and is not a component unit of any other entity. The Board’s financial statements include both the business activities and fiduciary activities of the Board.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting using governmental accounting standards applicable to an enterprise fund for business activities and to fiduciary funds for the Board’s OPEB trust fund.

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Adoption of New Accounting Pronouncements - GASB Pronouncements that have been issued and were effective for the Board's year ended December 31, 2020

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for years beginning after December 15, 2019. The Board has evaluated the effects of GASB 84 and determined there to be no impact on their financial statements.

Future Adoption of New Accounting Pronouncements - GASB Pronouncements that have been issued but are not yet effective at December 31, 2020

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June, 2021. The Board is currently evaluating the impact, if any, that GASB 87 will have on its financial statements.

The Board will implement the new GASB pronouncements in the year no later than the required effective date. The Board has not yet determined if the above listed new GASB pronouncements will have a significant financial impact to the Board or in issuing its financial statements.

Cash and Equivalents

The Board's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including amounts held in revenue bond covenant accounts.

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Investments

The Board's *Master Trust Indenture* authorizes the Board to invest in obligations of the U.S. Treasury, commercial paper, certificates of deposit, repurchase agreements, and federal obligations and agencies. Any stock owned by the Board was given to the Board either when the company went public or in settlement of an outstanding obligation.

Investments are stated at fair value primarily based on bid price at the end of the year.

Valuation of Accounts Receivable

Accounts receivable consist of amounts due from customers primarily for water and sewer charges and are stated at face amount net of an allowance for doubtful accounts of \$2,711,366 and \$1,944,219 as of December 31, 2020 and 2019, respectively. The Board performs credit evaluations and requires meter deposits. The allowance for doubtful accounts is estimated by analysis of accounts receivable balances exceeding 60 days outstanding and historical collection trends. Unbilled receivables represent income earned during the current year but not yet billed. Receivables from Alabama Department of Environmental Management (ADEM) associated with the State Revolving Fund (SRF) Bonds discussed in Note 8 were recorded at the same time as the bond issuance.

Inventory of Materials, Chemicals, and Supplies

Inventories are held for supply purposes. The inventories of materials, chemicals and supplies are stated at cost, which is determined primarily by the average cost method. Inventory items are recorded as expenses when consumed rather than when purchased.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Restricted Assets

Certain proceeds of the Board's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank or trust accounts and their use is limited by applicable bond covenants. Payment of restricted liabilities is funded by these restricted assets. These liabilities are classified as either as funded or partially funded by restricted assets on the balance sheet.

The *Master Trust Indenture* dated November 1, 2014 provides for the establishment of separately named accounts including the following: Bond Fund accounts, Reserve Fund accounts, Subordinated Debt Fund accounts, and a Capital Improvement Fund account. The Bond Fund accounts include a separate trust account for each series of bonds outstanding. The money in each such account is used to pay the principal and interest on the respective series of bonds as they become due and payable. The Reserve Fund accounts include a separate trust account for each series of bonds for which such account is provided for in a Supplemental Indenture. The Subordinated Debt Fund accounts include a separate trust account for each separate issue of

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Subordinated Debt. The money contained in each account shall be used only to pay the principal and interest for each such issue. There is a special trust fund account designated as the Capital Improvement Fund account. Money in this fund is used only for the purpose of paying the costs of capital improvements or capital-related costs. Only to the extent necessary to prevent an event of default will the money in the Capital Improvement Fund account be used to make required principal and interest payments.

Under the Series 2014 Supplemental Indenture, a Construction Fund trust account was established to report the proceeds of the bond issue that are restricted for use in construction or capital purchases. If the Capital Improvement Fund account pays for construction that will ultimately be repaid by the Construction Fund account, this is recorded as Due To/Due From Other Accounts. When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, and then unrestricted resources as they are needed.

The following is a schedule of restricted assets and liabilities at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and equivalents	\$ 29,118,358	\$ 29,248,117
Interest receivable	47,974	41,757
Total restricted assets	<u>\$ 29,166,332</u>	<u>\$ 29,289,874</u>
Liabilities		
Current liabilities		
Interest payable	\$ 3,892,521	\$ 3,754,090
Total restricted liabilities	<u>3,892,521</u>	<u>3,754,090</u>
Net position		
Debt service	10,273,811	10,535,784
Other bond covenants	15,000,000	15,000,000
Total restricted net position	<u>25,273,811</u>	<u>25,535,784</u>
Total restricted liabilities and net position	<u>\$ 29,166,332</u>	<u>\$ 29,289,874</u>

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Capital Assets and Accumulated Depreciation

The practice of the Board is to capitalize expenditures for property, plant additions and improvements, equipment, infrastructure, and intangible assets. Capital assets are defined by the Board as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the books and any resulting gain or loss is recognized in non-operating revenue for the year. Contributions of property are recorded at the contributor's cost, which approximates acquisition value by the Board. The cost of normal maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized.

Provision for depreciation of capital assets is made on a basis considered adequate to amortize the cost of depreciable assets over their estimated useful lives. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives presented in years:

Buildings	50
Building improvements	15 - 20
Water infrastructure	50
Sewer infrastructure	24 - 50
Vehicles, equipment, furniture	5 - 10
Timber rights	40

Capital assets acquired with resources externally restricted for capital acquisition (e.g., capital grants) and contributions of lines from external sources are recorded as capital contributions.

Capital assets having an indefinite useful life, such as land and easements, are capitalized but not amortized.

Deferred Outflows and Inflows of Resources

The balance sheet reports deferred outflows of resources separately from assets. Deferred outflows represent decreases in net position to be amortized over future periods. These outflows will not be recognized as such until the applicable future period.

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that apply to future periods. These items will not be recognized as inflows of resources until the applicable future period.

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Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Board's Retiree Benefits Plan and additions to/deductions from the Board's fiduciary net position have been determined on the same basis as they are reported by the Board. For this purpose, the Board recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bond Discounts, Premiums, and Issuance Costs

Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of related debt.

Bond discount and premiums are presented as a reduction/addition to the face amount of the bonds payable and amortized over the life of the related debt using the interest method.

Gains and losses upon refinancing of long-term debt are captured as deferred inflows or outflows and amortized over the shorter of the remaining life of the old debt refinanced or the life of the new debt issued. Amortization of gains and losses related to the refinancing of long-term debt is recognized on a straight-line basis.

Compensated Absences

The Board's policy is to permit employees to accumulate earned but unused vacation and sick leave, which will be paid to employees upon separation from the Board's service. All vacation pay is accrued when earned. For employees hired prior to January 1, 2013, seventy-five percent (75%) of sick leave is payable only to those retiring from the system after twenty-five years of service at any age or age sixty with ten years of service. For those employees hired beginning January 1, 2013, the requirements are age sixty-two with ten years of service.

Customer deposits

Customer meter deposits are recorded as a liability, until such time they are refunded. GASB requires the cash related to customer meter deposits be presented as a restricted asset. The Board considers \$5,607,395 and \$5,270,700 of its investments and unrestricted cash as of December 31, 2020 and 2019 as being restricted for customer deposits.

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Net position

Net position is divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted - consist of net position that is restricted by the Board's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the Board).

Unrestricted - all other net position is reported in this category.

Recognition of revenue

Business activity revenues are recognized when water is used by the customer or services are provided to the customer. Meters are read throughout the month.

Fiduciary fund revenues are recognized when earned. Earned revenues include the change in fair value of investments for the reporting period as all investments are carried at fair value in the statement of fiduciary net position.

Operating Revenues and Expenses

Operating revenues and expenses result from providing water and wastewater services, which are the Board's principal ongoing operations. The Board also recognizes connection charges and capacity fees to connect to the system as operating revenues. Operating expenses include the costs to provide these services, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Taxes

The Board is not subject to federal and state income taxes. The Board collects utility taxes from its customers on behalf of the State of Alabama. Revenue is presented net of taxes collected in the statement of revenues and expenses.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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Pension Plan

Substantially all of the Board's employees are participants in the Employees' Retirement System of Alabama. The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

2. Deposits and Investments

Interest rate risk. The Board manages its exposure to fair value losses arising from increasing interest rates by limiting the investment period to five years or less for most accounts or having an average maturity life of five years or less, based on cash flow needs. The Board's policy is that investment securities shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such funds.

Credit risk. As a general rule, the Board's investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. During the year, the Board's investments in bonds of U.S. Government Agencies were rated AA+ by Standard and Poor's, and Aaa by Moody's Investors Service.

Concentration of credit risk. The Board's investment policy places no limit on the amount the Board may invest in any one issuer.

Custodial credit risk – deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it. The Board requires each depository to be a bank or trust company having capital stock, surplus, and undivided earnings of \$50 million or more. All moneys held in deposit shall be insured or collateralized under the Security for Alabama Funds Enhancement ("SAFE") Program, a mandatory pooled custody account administered by the Alabama State Treasurer for all Alabama public deposits. Each of the banks holding the Board's deposits is a certified participant in the SAFE program through a collateral pool administered by the Alabama State Treasurer. The Board's policy allows the purchase of certificates of deposit from a bank that has a combined capital, surplus and undivided profits of not less than \$3 million and whose deposits are fully insured or collateralized under the SAFE Program.

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Custodial credit risk – investments. In the case of investments this is the risk that, in the event of the failure of the counter party (e.g. broker – dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Board’s investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments.

Fair value disclosures. Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is described as an exit price.

Recurring fair value measurements are those that the GASB requires or permits in the balance sheet at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value.

- Level 1 – Inputs based on quoted prices for identical assets
- Level 2 – Inputs are significant other observable inputs
- Level 3 – Inputs are significant unobservable inputs

The fair value measurements of the Board’s investments at December 31, 2020 and 2019 are as follows:

<u>2020</u>	<u>Level 1</u>	<u>Total</u>
U.S. Treasury Notes	\$ 2,595,896	\$ 2,595,896
U.S. Government Agencies	707,690	707,690
Certificates of Deposit	878,029	878,029
Total	<u>\$ 4,181,615</u>	<u>\$ 4,181,615</u>
<u>2019</u>	<u>Level 1</u>	<u>Total</u>
U.S. Treasury Notes	\$ 2,575,349	\$ 2,575,349
U.S. Government Agencies	967,365	967,365
Certificates of Deposit	2,312,266	2,312,266
Total	<u>\$ 5,854,980</u>	<u>\$ 5,854,980</u>

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The fair value measurements of investments held by the Board's OPEB Trust at December 31, 2020 and 2019 are as follows:

2020	Level 1	Level 2	Total
Common Stock	\$ 5,735,480		\$ 5,735,480
Mutual Funds - Equity	3,104,034		3,104,034
U.S. Government Obligations	1,459,713		1,459,713
Mortgage Backed Securities		\$ 2,319,194	2,319,194
Corporate Bonds		3,227,811	3,227,811
Foreign Stock	672,146		672,146
Mutual Funds – International	677,062		677,062
Total	<u>\$11,648,435</u>	<u>\$5,547,005</u>	<u>\$17,195,440</u>

2019	Level 1	Level 2	Total
Common Stock	\$ 4,608,655		\$ 4,608,655
Mutual Funds - Equity	2,476,110		2,476,110
U.S. Government Obligations	1,512,528		1,512,528
Mortgage Backed Securities		\$ 2,522,110	2,522,110
Corporate Bonds		3,110,439	3,110,439
Mutual Funds – Fixed Income	360,074		360,074
Foreign Stock	239,129		239,129
Mutual Funds – International	814,278		814,278
Total	<u>\$10,010,774</u>	<u>\$5,632,549</u>	<u>\$15,643,323</u>

3. Capital Assets and Accumulated Depreciation

Major outlays for capital assets and improvements are capitalized during project construction. The Board adopted the provisions of GASB Statement No. 89 during 2018, which allows the Board to expense interest during the construction phase of capital assets as incurred.

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Capital asset activity for the year ended December 31, 2020 and 2019 is as follows:

<u>Capital Assets</u>	<u>1/1/2020</u>	<u>Additions</u>	<u>Transfers / Deletions</u>	<u>12/31/2020</u>
Capital assets not being depreciated				
Land	\$10,385,281	\$34,062	-	\$10,419,343
Construction in progress	53,403,530	74,247,670	\$ 12,369,739	115,281,461
Total capital assets not being depreciated	63,788,811	74,281,732	12,369,739	125,700,804
Capital assets being depreciated				
Buildings and improvements	28,590,356	1,442,293	-	30,032,649
Equipment and furniture	36,724,355	1,297,536	23,595	37,998,296
Vehicles	13,470,117	1,307,565	678,683	14,098,999
Water and sewer systems	863,837,883	13,974,746	1,777,671	876,034,958
Timber rights and other intangibles	4,323,758	598,653	-	4,922,411
Total capital assets being depreciated	946,946,469	18,620,793	2,479,949	963,087,313
Less accumulated depreciation				
Buildings and improvements	9,046,107	752,417	-	9,798,524
Equipment and furniture	28,708,739	2,061,719	23,595	30,746,863
Vehicles	9,731,878	1,505,871	678,683	10,559,066
Water and sewer systems	385,582,647	19,254,380	704,683	404,132,344
Timber rights and other intangibles	3,208,725	277,331	-	3,486,056
Total accumulated depreciation	436,278,096	23,851,718	1,406,961	458,722,853
Total capital assets being depreciated, net	510,668,373	(5,230,925)	1,072,988	504,364,460
Capital assets, net	\$574,457,184	\$69,050,807	\$13,442,727	\$630,065,264

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<u>Capital Assets</u>	<u>1/1/2019</u>	<u>Additions</u>	<u>Transfers / Deletions</u>	<u>12/31/2019</u>
Capital assets not being depreciated:				
Land	\$9,447,188	\$938,093	-	\$10,385,281
Construction in progress	75,605,016	32,388,827	\$ 54,590,313	53,403,530
Total capital assets not being depreciated	85,052,204	33,326,920	54,590,313	63,788,811
Capital assets being depreciated:				
Buildings and improvements	28,420,366	169,990	-	28,590,356
Equipment and furniture	35,228,550	1,524,710	28,905	36,724,355
Vehicles	12,876,274	952,753	358,910	13,470,117
Water and sewer systems	809,986,007	55,225,780	1,373,904.00	863,837,883
Timber rights and other intangibles	4,190,511	133,247	-	4,323,758
Total capital assets being depreciated	890,701,708	58,006,480	1,761,719	946,946,469
Less accumulated depreciation:				
Buildings and improvements	8,333,566	712,541	-	9,046,107
Equipment and furniture	26,660,450	2,077,194	28,905	28,708,739
Vehicles	8,845,179	1,245,609	358,910	9,731,878
Water and sewer systems	366,914,068	18,868,822	200,243	385,582,647
Timber rights and other intangibles	2,955,996	252,729	-	3,208,725
Total accumulated depreciation	413,709,259	23,156,895	588,058	436,278,096
Total capital assets being depreciated, net	476,992,449	34,849,585	1,173,661	510,668,373
Capital assets, net	\$562,044,653	\$68,176,505	\$55,763,974	\$574,457,184

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4. Deferred Outflows and Inflows of Resources

Changes in deferred outflows and inflows (other than pension and OPEB related items discussed in Notes 5 and 6) for the year ended December 31, 2020 and 2019 were as follows (in thousands).

	1/1/2020	Additions	Amortization	12/31/2020
Deferred outflows of resources:				
Deferred charge on bond refunding	\$ 2,632	\$ -	\$ (404)	\$ 2,228

	1/1/2019	Additions	Amortization	12/31/2019
Deferred outflows of resources:				
Deferred charge on bond refunding	\$ 3,036	\$ -	\$ (404)	\$ 2,632

5. Pension Plan

General Information about the Pension Plan

Plan Description. The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

1. The Governor, ex-officio.
2. The State Treasurer, ex-officio.
3. The State Personnel Director, ex-officio
4. The State Director of Finance, ex-officio.
5. Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex-officio trustee is the head.
6. Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

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Benefits Provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

The ERS serves approximately 907 local participating employers. The ERS membership includes approximately 93,986 participants. As of September 30, 2019, membership consisted of:

	ERS	Board
Retirees and beneficiaries currently receiving benefits	25,871	248
Terminated employees entitled to but not yet receiving benefits	1,794	6
Terminated employees not entitled to a benefit	11,001	24
Active members	55,222	381
Post-DROP participants still in active service	98	3
	<hr/>	<hr/>
Total	<u>93,986</u>	<u>662</u>

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Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended December 31, 2020, the Board's active employee contribution rate was 7.07% of covered employee payroll, and the Board's average contribution rate to fund the normal and accrued liability costs was 10.69% of covered employee payroll.

The Board's contractually required contribution rate for the year ended September 30, 2020, was 10.69% of pensionable pay for Tier 1 employees, and 10.68% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$2,221,781 and \$2,210,267 for the years ended December 31, 2020 and 2019, respectively.

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Net Pension Liability

The Board's net pension liability study was measured as of September 30, 2019. The Board has considered additional liability and contributions through December 31, 2020. The Board has adjusted the net pension liability per the September 30, 2019 valuation to include additional liabilities and contributions made through December 31, 2020.

Net pension liability per study as of September 30, 2019	\$ 32,876,798
Roll-forward amounts:	
Additional liabilities	3,186,317
Employer contributions	(2,713,883)
	<u>\$ 33,349,232</u>

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, rolled forward to September 30, 2019, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual</u>
(a) TPL as of September 30, 2018	\$ 102,771,843	\$ 103,295,001
(b) Discount rate	7.70%	7.70%
(c) Entry Age Normal Cost for the period		
October 1, 2018 - September 30, 2019	1,601,369	1,601,369
(d) Transfers Among Employers:		(20,454)
(e) Actual Benefit Payments and Refunds for the period		
October 1, 2018 - September 30, 2019	<u>(5,745,311)</u>	<u>(5,745,311)</u>
(f) TPL as of September 30, 2019		
= [(a) x (1.0770)] + (c) + (d) - [(e) x (1.0385)]	<u>\$ 106,320,138</u>	<u>\$ 106,863,126</u>
(g) Difference between Expected and Actual:		\$ 542,988
(h) Less Liability Transferred for Immediate Recognition:		(20,454)
(i) Experience (Gain)/Loss = (g) - (h)		<u>\$ 563,442</u>

Actuarial assumptions. The total pension liability as of September 30, 2019, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2018. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return *	7.70%

* Net of pension plan investment expense

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Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED RATE OF RETURN *</u>
Fixed income	17.00%	4.40%
U. S. large stocks	32.00%	8.00%
U. S. mid stocks	9.00%	10.00%
U. S. small stocks	4.00%	11.00%
International developed market stocks	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real estate	10.00%	7.50%
Cash equivalents	3.00%	1.50%
	<u>100.00%</u>	

* Includes assumed rate of inflation of 2.75%.

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. 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 the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan 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 total pension liability.

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Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 98,268,410	\$ 70,072,299	\$ 28,196,111
Changes for the year:			
Service cost	1,555,364	-	1,555,364
Interest	7,387,327	-	7,387,327
Changes of assumptions	529,314	-	529,314
Difference between expected and actual experience	917,733	-	917,733
Contributions - employer	-	2,057,351	(2,057,351)
Contributions - employee	-	1,481,771	(1,481,771)
Net investment income	-	6,376,383	(6,376,383)
Benefit payments, including refunds of employee contributions	(5,896,115)	(5,896,115)	-
Transfers among employers	9,810	9,810	-
Net changes	<u>4,503,433</u>	<u>4,029,200</u>	<u>474,233</u>
Balances at September 30, 2018	102,771,843	74,101,499	28,670,344
Changes for the year:			
Service cost	1,601,369	-	1,601,369
Interest	7,692,237	-	7,692,237
Difference between expected and actual experience	563,442	-	563,442
Contributions - employer	-	2,171,106	(2,171,106)
Contributions - employee	-	1,602,284	(1,602,284)
Net investment income	-	1,877,204	(1,877,204)
Benefit payments, including refunds of employee contributions	(5,745,311)	(5,745,311)	-
Transfers among employers	(20,454)	(20,454)	-
Net changes	<u>4,091,283</u>	<u>(115,171)</u>	<u>4,206,454</u>
Balances at September 30, 2019	<u>\$ 106,863,126</u>	<u>\$ 73,986,328</u>	<u>\$ 32,876,798</u>

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Sensitivity of the net pension liability to changes in the discount rate. The following table presents the Board's net pension liability calculated using the discount rate of 7.70%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.70%) or 1- percentage-point higher (8.70%) than the current rate.

	1.00% Decrease (6.70%)	Current Discount Rate (7.70%)	1.00% Increase (8.70%)
Plan's Net Pension Liability	\$ 44,788,700	\$ 33,349,232	\$ 22,782,448

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2019. The auditor's report dated August 27, 2020, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

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

For the year ended December 31, 2020 and 2019, the Board recognized pension expense of \$2,901,750 and \$2,001,912 respectively.

At December 31, 2020, the Board reported deferred outflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,166,599	\$ 493,747
Changes in assumptions	839,372	
Net difference between projected and actual earnings on plan investments	856,932	
Total	<u>\$ 2,862,903</u>	<u>\$ 493,747</u>

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At December 31, 2019, the Board reported deferred outflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 905,440	\$ 658,330
Changes in assumptions	1,173,829	-
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>2,443,336</u>
Total	<u><u>\$ 2,079,269</u></u>	<u><u>\$ 3,101,666</u></u>

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

Year ended December 31:	
2021	\$ 125,891
2022	376,423
2023	720,862
2024	1,068,263
2025	<u>77,717</u>
Total	<u><u>\$ 2,369,156</u></u>

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6. Other Post-Employment Benefits

General Information about the OPEB Plan

Basis of Accounting. The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the Board has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Plan assets have been segregated and restricted in an irrevocable trust fund with a local custodian bank. Plan assets are dedicated to providing retiree benefits and are protected from creditors. Investments are reported at fair value, which is determined by the trustee based on most recent bid and asked prices.

Plan description and benefits provided. The Board provides certain health care and life insurance benefits to its retired employees, as a part of a single-employer defined benefit plan. Benefits include healthcare and dental care for eligible retirees and for retiree spouses to age 65 through the Board's group health insurance plan, which covers both active and retired members. The Board self-funds its health and dental benefit plan. For retirees over age 65, the Board provides a supplemental Medicare policy. Life insurance is provided for retirees meeting eligibility requirements. No separate stand-alone OPEB plan financial statements are publicly available. However, information on funding progress, contributions, and other elements are included in these financial statements.

Employees covered by benefit terms. For health and dental benefits and for life insurance benefits, eligible employees must have been hired prior to January 1, 2002, and prior to September 1, 1994, respectively, and retire from the Board after meeting age and years of service conditions. At December 31, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently	
receiving benefit payments	187
Inactive plan members entitled to but not yet	
receiving benefit payments	0
Active plan members	390
Total	<u><u>577</u></u>

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Contributions. For employees hired prior to January 1, 2002, the Board pays 100% of life insurance for the retiree (up to \$15,000 coverage) and from 50% to 100% of the health and dental benefit for the retiree (up to age 65) and family (spouse up to age 65 and dependents through age 25), depending on both age and years of service at the time of retirement. Once the retiree reaches age 65, a portion of the cost of a Medicare supplement premium is paid by the Board for the retiree only. The required contribution is based on projected pay-as-you go financing requirements. For employees hired after January 1, 2002, the employee may continue health and dental coverage by paying 102% of the rate calculated for the plan, with coverage ceasing for the retired employee and/or the spouse when reaching age 65. Once a retiree is deceased, spouse and/or dependents are eligible for COBRA and are removed from the retiree health and dental insurance plan.

The Board of Directors also serves as the Board for the Fiduciary Fund. The Board contributed \$544,058 and \$320,000 to the Fiduciary Fund for future benefits for 2020 and 2019, respectively. Plan members receiving benefits contributed \$276,469 and \$288,327 of the cost in 2020 and 2019, respectively. The contribution requirements of retirees and the Board are established and may be modified, reduced, or amended by the Board.

Net OPEB Liability

The Board's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020.

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Mid-term: 2.15%, ultimate 2.5%
Salary increases	3.25% to 5.00%, including inflation, varies by years of service
Investment rate of return	4.25%
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.50% to reflect actual first year costs, 6.25% in the second year and gradually decreasing to an ultimate trend rate of 4.24%

Mortality rates were based on the Pub-2010, Headcount-Weighted, Below-Median Income, General Employees' mortality tables with fully generational projection using MP-2020 for non-disabled lives.

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The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Mid-term: 2.15%, ultimate 2.5%
Salary increases	3.25% to 5.00%, including inflation, varies by years of service
Investment rate of return	4.25%
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.50% to reflect actual first year costs, 6.25% in the second year and gradually decreasing to an ultimate trend rate of 4.24%

Mortality rates were based on the Pub-2010, Headcount-Weighted, Below-Median Income, General Employees' mortality tables with fully generational projection using MP-2020 for non-disabled lives.

Discount rate. The discount rate used to measure the total OPEB liability was 4.25% at December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that the Board's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the OPEB liability.

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Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 12/31/2018	\$ 29,373,458	\$ 14,589,594	\$ 14,783,864
Changes for the year:			
Service cost	287,460		287,460
Interest	1,261,846		1,261,846
Differences between expected and actual experience	(3,959,194)		(3,959,194)
Changes of assumptions	(6,941,502)		(6,941,502)
Contributions - employer		608,327	(608,327)
Net investment loss		2,425,465	(2,425,465)
Benefit payments	(1,394,983)	(1,394,983)	-
Net changes	(10,746,373)	1,638,809	(12,385,182)
Balances at 12/31/2019	18,627,085	16,228,403	2,398,682
Changes for the year:			
Service cost	203,526		203,526
Interest	773,879		773,879
Contributions - employer		544,058	(544,058)
Net investment income		2,163,598	(2,163,598)
Benefit payments	(1,243,377)	(1,243,377)	-
Net changes	(265,972)	1,464,279	(1,730,251)
Balances at 12/31/2020	\$ 18,361,113	\$ 17,692,682	\$ 668,431

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Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current discount rate:

Discount Rate Sensitivity			
	1% Decrease (3.25%)	Discount Rate (4.25%)	1% Increase (5.25%)
Net OPEB liability	\$ 2,589,184	\$ 668,431	\$ (1,303,390)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate:

Healthcare Trend Rate Sensitivity			
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ (1,460,878)	\$ 668,431	\$ 2,802,810

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020 and 2019, the Board recognized OPEB (income) expense of (\$2,436,244) and (\$2,022,344), respectively. At December 31, 2020, the Board reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,447,499
Changes of assumptions	-	4,271,694
Net difference between projected and actual earnings on OPEB plan investments	-	2,123,747
Total	\$ -	\$ 8,842,940

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At December 31, 2019, the Board reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,214,114
Changes of assumptions	-	5,606,598
Net difference between projected and actual earnings on OPEB plan investments	-	1,243,661
Total	<u>\$ -</u>	<u>\$ 10,064,373</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended December 31		
2021	\$ -	\$ 2,710,184
2022	-	2,710,184
2023	-	2,705,560
2024	-	717,012
2025	-	-

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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7. Contingent Insurance Liability

The Board self-funds its health and dental care benefit plan for its employees and retirees. The Board has an administrative service agreement with an insurance carrier to serve as claims administrator for its health and dental care benefits. In order to limit claims cost, the Board has an excess risk insurance policy which covers claims exceeding \$135,000 per year per covered person with an aggregating specific deductible of \$140,000 per year.

The policy has an unlimited specific maximum per covered person. The actuarial estimate for the Board's claims liability at December 31, 2020 and 2019 of \$456,600 and \$425,200, respectively was provided by the claims administrator, net of refunds due.

Changes in the balances of claims liabilities during the past year were as follows:

Self-Insured Health Insurance:	Year ended 12/31/20	Year ended 12/31/19	Year ended 12/31/18
Claims liability, beginning of year	\$ 425,200	\$ 416,800	\$ 382,400
Inurred claims and expenses	5,477,342	5,276,384	5,048,960
Claims payments	(5,445,942)	(5,112,496)	(4,926,865)
Claims settlements, excess policy		(155,488)	(87,695)
Claims liability, end of year	<u>\$ 456,600</u>	<u>\$ 425,200</u>	<u>\$ 416,800</u>

8. Bonds Payable

The Board issues water and sewer revenue bonds to provide funds for the acquisition and construction of major capital assets, including infrastructure. The water and sewer revenue bonds are on parity, while the State Revolving Fund bonds are subordinate. Total operating revenues are pledged as security on the bonds, regardless of the source of the revenue or the use of the proceeds.

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The following is a schedule of bonds payable:

	2020 <u>(In thousands)</u>	2019 <u>(In thousands)</u>
Series 2001 \$10,000,000 Water and Sewer Revenue Bond, issued December 28, 2001, interest at 4.62% due monthly through December 1, 2021	\$ 1,000	\$ 2,000
Series 2010 \$55,000,000 Water and Sewer Revenue Refunding Bond, issued July 26, 2010, at 2.71%, due annually through January 1, 2022	7,873	13,362
Series 2014 \$102,375,000 Water and Sewer Revenue Bonds, issued November 1, 2014, at 4% to 5%, due annually through January 1, 2036	102,375	102,375
Series 2016 \$22,240,000 Water and Sewer Revenue Bonds, issued February 4, 2016, at 1.84%, due annually through August 15, 2025	15,695	18,390
SRF 2004 \$10,310,000 Subordinated Revenue Bond, issued November 1, 2004, at 3.05%, due annually through August 15, 2024	2,600	3,200
SRF 2010-A-CWSRF \$9,345,000 Subordinated Revenue Refunding Bond issued December 15, 2010, at 2.50%, paid off August 15, 2020	-	1,105
SRF 2012-CWSRF-DL \$20,000,000 Subordinated Revenue Bond issued August 15, 2012, at 2.90%, due annually through February 15, 2032	13,355	14,275
SRF 2014-CWSRF-DL \$20,010,000 Subordinated Revenue Bond issued August 15, 2014, at 2.45%, due annually through August 15, 2034	15,000	15,885
SRF 2016-CWSRF-DL \$19,950,000 Subordinated Revenue Bond issued September 15, 2016, at 1.45% to 2.20%, due annually through August 15, 2036	16,625	17,485
SRF 2018-CWSRF \$31,510,000 Subordinated Revenue Bond issued November 1, 2018, at 2.20%, due annually through August 15, 2038	28,945	30,240
SRF 2018-DWSRF \$7,510,000 Subordinated Revenue Bond issued November 1, 2018, at 2.20%, due annually through August 15, 2038	6,895	7,205
SRF 2019-CWSRF \$10,010,000 Subordinated Revenue Bond issued November 1, 2019, at 2.20%, due annually through August 15, 2039	9,605	10,010
SRF 2019-DWSRF \$20,010,000 Subordinated Revenue Bond issued August 1, 2019, at 2.20%, due annually through February 15, 2039	19,205	20,010
SRF 2020-CWSRF \$32,260,000 Subordinated Revenue Bond issued February 15, 2020, at 2.20%, due annually through February 15, 2040	32,260	
Subtotal	<u>271,433</u>	<u>255,542</u>
Plus: bond premium	<u>6,006</u>	<u>6,539</u>
Total bonds payable	<u><u>\$ 277,439</u></u>	<u><u>\$ 262,081</u></u>

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The following is a schedule of maturities of bonds payable:

Years Ending December 31	Principal (In thousands)	Interest (In thousands)	Total (In thousands)
2021	\$ 17,990	\$ 8,594	\$ 26,584
2022	14,773	8,211	22,984
2023	13,765	7,907	21,672
2024	10,320	7,579	17,899
2025	13,175	7,311	20,486
2026 - 2030	77,800	29,243	107,043
2031 - 2035	87,950	14,761	102,711
2036 - 2040	35,660	1,731	37,391
Subtotals	271,433	85,337	356,770
Plus: bond premium	6,006	(6,006)	-
Total bonds payable	\$ 277,439	\$ 79,331	\$ 356,770

Subordinated Water and Sewer Revenue Bond Series 2020-CWSRF-DL

On February 15, 2020, the Board issued a \$32,260,000 Subordinated Water and Sewer Revenue Bond at 2.20%. The funds will be used for improvements to the sanitary sewer system and treatment facilities.

9. Changes in noncurrent liabilities

Activity of noncurrent liabilities for the year ended December 31, 2020 and 2019 was as follows (in thousands):

	1/1/2020	Additions	Reductions	12/31/2020	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 136,127	-	\$ 9,184	\$ 126,943	\$ 10,460
SRF bonds	119,415	\$ 32,260	7,185	144,490	7,530
Plus: Bond premium	6,539	-	533	6,006	533
Total bonds payable	262,081	32,260	16,902	277,439	18,523
Compensated absences	5,348	325		5,673	
Net pension liability	29,294	4,056		33,350	
OPEB	2,399		1,730	669	
Noncurrent liabilities	\$ 299,122	\$ 36,641	\$ 18,632	\$ 317,131	\$ 18,523

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NOTES TO FINANCIAL STATEMENTS
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	1/1/2019	Additions	Reductions	12/31/2019	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 144,060	-	\$ 7,933	\$ 136,127	\$ 9,184
SRF bonds	95,210	\$ 30,020	5,815	119,415	7,185
Plus: Bond premium	7,066	-	527	6,539	527
Total bonds payable	246,336	30,020	14,275	262,081	16,896
Compensated absences	4,942	406		5,348	
Net pension liability	28,744	550		29,294	
OPEB	14,784		12,385	2,399	
Noncurrent liabilities	<u>\$ 294,806</u>	<u>\$ 30,976</u>	<u>\$ 26,660</u>	<u>\$ 299,122</u>	<u>\$ 16,896</u>

10. Trusteed Funds and Other Restricted Funds

Under the terms of the new *Master Trust Indenture* dated November 1, 2014, it is required that certain funds of the Board be held in trust in the Bond Fund, the Reserve Fund, the Subordinated Debt Fund, and the Capital Improvement Fund. All money in the Revenue Fund is applied first as payment of operating expenses, the remainder applied as required in the Funds listed above, in that order. Once the \$15,000,000 reserve requirement for the Capital Improvement Fund has been met, all additional excess revenues are held in the Operating Fund as unrestricted funds. They are available for transfer to maintain the \$15,000,000 minimum at the end of each month.

11. Operating Leases - Lessor

The Board leases water tower space to third parties under cancelable operating leases. Total rentals received during 2020 and 2019 were equal to \$461,735 and \$456,238, respectively. The cost of the leased assets was \$1,242,393 as of December 31, 2020 and 2019. The accumulated depreciation was \$494,987 and \$470,039, while the carrying value was \$747,506 and \$772,354 at December 31, 2020 and 2019, respectively.

12. Construction Commitments

The Board had contractual commitments of approximately \$26,981,838 for water and sewer plant construction at December 31, 2020. These commitments are provided by the following bond restricted accounts: State Revolving Loan Construction and Capital Improvement.

13. General Usage of the System

The number of customers of the water system, the sewer system, and the total combined customers of these systems as of December 31, 2020, was 87,448, 84,619, and 91,156 respectively. The number of customers at December 31, 2019 was 86,561, 83,764, and 90,261, respectively.

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

14. Risk Management

The Board is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective April 15, 2002, the Board became self-insured for claims and judgments, general liability, and general automobile liability. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses and attorney fees related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The Board is self-insured for claims and judgments, general liability, and general automobile liability. Based on an actuarial reserve and funding study performed by a third-party actuary, the Board recorded a liability for \$2,256,523 and \$2,164,670 for net cash reserves and possible unknown claims as of December 31, 2020 and 2019, respectively. All amounts are considered due within one year.

Changes in the balance of claims liabilities during the past year were as follows:

	Year Ended 12/31/2020	Year Ended 12/31/2019	Year Ended 12/31/2018
Claims liability, beginning of year	\$ 2,164,670	\$ 2,137,240	\$ 1,557,861
Estimated claims	271,000	474,738	
Incurred claims (including IBNRs)	144,061	96,271	809,439
Claims and expenses paid	(323,208)	(543,579)	(230,060)
Claims liability, end of year	<u>\$ 2,256,523</u>	<u>\$ 2,164,670</u>	<u>\$ 2,137,240</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE, ALABAMA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

15. Contingencies

The Board is a defendant in legal proceedings involving a rate dispute and claiming property damage and personal injury. Such proceedings are not uncommon to a public water board. The Board is contesting these cases vigorously and believes the claims are without merit. The Board has reported a loss contingency (see Note 14) in the amount of \$2,256,523 which includes an amount for claims that have occurred but not been reported as well as a reserve for outstanding claims and estimated claims expense.

16. Trust Agreement Compliance

The Board adopted the new *Master Trust Indenture* dated November 1, 2014, and is not aware of default of any of the covenants, agreements or conditions on its part contained this document. This Indenture replaces the *Indenture of Trust* dated November 1, 1985.

The Board has calculated possible arbitrage rebate under the U. S. Treasury Department's regulations regarding the issuance of the 2001 Series bonds, the 2010 Series bonds, the 2013 Series bonds, the 2014 Series bonds, and the 2016 Series bonds. Accrued arbitrage liability as of December 31, 2020 and 2019 was \$-0-.

17. Subsequent Events

The Board has evaluated subsequent events through April 23, 2021 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2020 have been incorporated into these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE, ALABAMA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
FISCAL YEAR ENDING SEPTEMBER 30,

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:						
Service cost	\$ 1,601,369	\$ 1,555,364	\$ 1,549,963	\$ 1,583,878	\$ 1,556,455	\$ 1,582,611
Interest	7,692,237	7,387,327	7,193,341	6,968,312	6,683,650	6,387,141
Changes of assumptions		529,314		1,468,458		
Differences between expected and actual experience	563,442	917,733	(987,496)	272,077	24,192	
Benefit payments, including refunds of employee contributions	(5,745,311)	(5,896,115)	(5,161,202)	(4,697,197)	(4,714,834)	(3,811,964)
Transfers among employers	(20,454)	9,810	275,897	349,878		
Net change in total pension liability	4,091,283	4,503,433	2,870,503	5,945,406	3,549,463	4,157,788
Total pension liability - beginning	102,771,843	98,268,410	95,397,907	89,452,501	85,903,038	81,745,250
 Total pension liability - end (a)	 <u>\$ 106,863,126</u>	 <u>\$ 102,771,843</u>	 <u>\$ 98,268,410</u>	 <u>\$ 95,397,907</u>	 <u>\$ 89,452,501</u>	 <u>\$ 85,903,038</u>
 PLAN FIDUCIARY NET POSITION:						
Contributions - employer	\$ 2,171,106	\$ 2,057,351	\$ 1,963,630	\$ 2,020,517	\$ 1,929,674	\$ 1,930,322
Contributions - member	1,602,284	1,481,771	1,443,549	1,465,536	1,435,421	1,450,779
Net investment income	1,877,204	6,376,383	8,037,592	5,910,185	693,537	6,362,684
Benefit payments, including refunds of employee contributions	(5,745,311)	(5,896,115)	(5,161,202)	(4,697,197)	(4,714,834)	(3,811,964)
Transfers among employees	(20,454)	9,810	275,897	349,878	(26,853)	(57,694)
Net change in plan fiduciary net position	(115,171)	4,029,200	6,559,466	5,048,919	(683,055)	5,874,127
Plan net position - beginning	74,101,499	70,072,299	63,512,833	58,463,914	59,146,969	53,272,842
 Plan net position - end (b)	 <u>\$ 73,986,328</u>	 <u>\$ 74,101,499</u>	 <u>\$ 70,072,299</u>	 <u>\$ 63,512,833</u>	 <u>\$ 58,463,914</u>	 <u>\$ 59,146,969</u>
 Net pension liability - ending (a) - (b)	 \$ 32,876,798	 \$ 28,670,344	 \$ 28,196,111	 \$ 31,885,074	 \$ 30,988,587	 \$ 26,756,069
 Plan fiduciary net position as a percentage of the total pension liability	 69.23%	 72.10%	 71.31%	 66.58%	 65.36%	 68.85%
 Covered payroll	 \$ 22,187,526	 \$ 21,781,572	 \$ 19,920,850	 \$ 20,612,003	 \$ 21,117,748	 \$ 20,561,574
 Net pension liability as a percentage of covered employee payroll	 148.18%	 131.63%	 141.54%	 154.69%	 146.74%	 130.13%

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDING DECEMBER 31,

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution *	\$ 2,221,781	\$ 2,210,267	\$ 2,152,676	\$ 2,057,430	\$ 2,522,052	\$ 2,476,164
Contributions in relation to the actuarially determined contribution	2,221,781	2,210,267	2,152,676	2,057,430	2,522,052	2,476,164
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll **	20,789,354	22,187,526	\$ 21,378,330	\$ 20,457,428	\$ 20,612,003	\$ 20,612,003
Contributions as a percentage of covered-employee payroll	10.69%	9.96%	10.07%	10.06%	12.24%	12.01%

* Amounts of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

** Employer's covered payroll for 2020 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to schedule:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported.

Contributions for fiscal year 2020 were based on the September 30, 2017 actuarial valuation.

Methods and assumptions used to determine the contribution rates for the period January 1, 2020 to December 31, 2020:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization method	26.9 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE, ALABAMA

SCHEDULE OF CHANGES IN THE BOARD'S NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDING DECEMBER 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY:				
Service cost	\$ 203,526	\$ 287,460	\$ 303,067	\$ 283,579
Interest	773,879	1,261,846	1,095,006	1,086,452
Differences between expected and actual experience		(3,959,194)	(21,535)	(26,787)
Changes of assumptions		(6,941,502)	-	-
Benefit payments	(1,243,377)	(1,394,983)	(1,245,337)	(1,424,834)
Net change in total OPEB liability	(265,972)	(10,746,373)	131,201	(81,590)
Total OPEB liability - beginning	18,627,085	29,373,458	29,242,257	29,323,847
Total OPEB liability - ending (a)	<u>\$ 18,361,113</u>	<u>\$ 18,627,085</u>	<u>\$ 29,373,458</u>	<u>\$ 29,242,257</u>
PLAN FIDUCIARY NET POSITION:				
Contributions - employer	\$ 544,058	\$ 608,327	\$ 1,859,437	\$ 1,988,590
Net investment income	2,163,598	2,425,465	(417,342)	1,851,608
Benefit payment	(1,243,377)	(1,394,983)	(1,245,337)	(1,424,836)
Administrative expense			(90,467)	(54,346)
Net change in plan fiduciary net position	1,464,279	1,638,809	106,291	2,361,016
Plan fiduciary net position - beginning	16,228,403	14,589,594	14,483,303	12,122,287
Plan fiduciary net position - ending (b)	<u>17,692,682</u>	<u>16,228,403</u>	<u>14,589,594</u>	<u>14,483,303</u>
Board's net OPEB liability - ending (a)-(b)	<u>\$ 668,431</u>	<u>\$ 2,398,682</u>	<u>\$ 14,783,864</u>	<u>\$ 14,758,954</u>
Plan fiduciary net position as a percentage of the total OPEB liability	96.36%	87.12%	49.67%	49.53%
Covered - employee payroll	\$ 20,058,912	\$ 19,380,591	\$ 22,130,972	\$ 21,027,723
Board's net OPEB liability as a percentage of covered employee payroll	3.33%	12.38%	66.80%	70.19%

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE, ALABAMA

SCHEDULE OF BOARD CONTRIBUTIONS
FOR THE YEAR ENDING DECEMBER 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 849,145	\$ 608,327	\$ 1,859,437	\$ 1,424,836
Contributions in relation to the actuarially determined contribution	<u>849,145</u>	<u>608,327</u>	<u>1,859,437</u>	<u>1,424,836</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 20,058,912	\$ 19,380,591	\$ 22,130,972	\$ 21,027,723
Contributions as a percentage of covered-employee payroll	4.23%	3.14%	8.40%	6.78%

Notes to schedule:

Valuation date:	January 1, 2020
Measurement date:	December 31, 2020

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization method	10 years
Asset valuation method	Market value
Inflation	Mid-term: 2.15%, ultimate 2.5%
Investment rate of return	4.25%
Salary increases	3.25% to 5.00%, including inflation, varies by years of service
Retirement age	Experience-based table of rates that are specific to the plan and type of eligibility condition
Mortality	Pub-2010, Headcount-Weighted, Below-Median Income, General tables with fully generational projection using MP-2019 for non-disabled lives. These tables are based on a mortality study of public pension plans by the Society of Actuaries (SOA).
Healthcare cost trend rates	
	Based on the Getzen Model, with trend starting at 6.5% to reflect actual first year costs, 6.25% in the second year and gradually decreasing to an ultimate trend rate of 4.24% by 2040.
Aging Factors	Based on the results of the study published (June 2013) in Health Care Costs - From Birth to Death sponsored by the Society of Actuaries and authored by Mr. Dale H. Yamamoto.
Expenses	Administrative expenses are included in the per capita health costs.

SUPPLEMENTARY INFORMATION

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULE OF BOND RESTRICTED ACCOUNTS
DECEMBER 31, 2020
(with comparative totals as of December 31, 2019)

	Total	Capital Improvement Fund Accounts	Sinking Fund Bond Service Accounts	State Revolving Fund Bond Service Accounts	2019 Total
ASSETS					
Cash and cash equivalents	\$29,118,358	\$14,964,742	\$ 9,646,211	\$ 4,507,405	\$29,248,117
Interest receivable	47,974	35,258	12,700	16	41,757
Total assets	<u>\$29,166,332</u>	<u>\$15,000,000</u>	<u>\$ 9,658,911</u>	<u>\$ 4,507,421</u>	<u>\$29,289,874</u>
LIABILITIES					
Interest payable	3,892,521	-	2,643,072	1,249,449	3,754,090
Total liabilities	3,892,521	-	2,643,072	1,249,449	3,754,090
NET POSITION					
Restricted	<u>25,273,811</u>	<u>15,000,000</u>	<u>7,015,839</u>	<u>3,257,972</u>	<u>25,535,784</u>
Total liabilities and net position	<u>\$29,166,332</u>	<u>\$15,000,000</u>	<u>\$ 9,658,911</u>	<u>\$ 4,507,421</u>	<u>\$29,289,874</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF REVENUE FUND ACCOUNTS TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Water revenue		
Potable water system	\$ 40,902,868	\$ 37,970,822
Water installation charges	413,788	291,908
Capacity fees	178,890	159,637
Miscellaneous charges and services	1,848,970	2,625,824
Industrial water accounts	<u>1,230,581</u>	<u>1,491,099</u>
Total water revenue	<u>44,575,097</u>	<u>42,539,290</u>
Sewer revenue		
Sewer services	67,323,009	63,884,147
Sewer connection charges	348,712	236,215
Capacity fees	492,340	405,210
Miscellaneous charges and services	1,078,049	1,379,502
Pretreatment fees	<u>792,069</u>	<u>793,511</u>
Total sewer revenue	<u>70,034,179</u>	<u>66,698,585</u>
Total operating revenues	114,609,276	109,237,875
OPERATING EXPENSES		
Water supply	1,906,486	1,878,277
Water treatment	6,046,753	6,456,684
Wastewater treatment	6,728,642	7,506,824
Transmission and collection	21,639,446	21,595,487
Support services	4,744,760	4,943,279
Supervision and general expense	<u>17,470,121</u>	<u>17,362,468</u>
Total operating expenses	<u>58,536,208</u>	<u>59,743,019</u>
OPERATING INCOME (revenue fund accounts)	56,073,068	49,494,856
NON-OPERATING REVENUES (EXPENSES)		
Interest income:		
Revenue and operating account investments	466,374	1,270,116
FEMA reimbursement	-	-
Miscellaneous rentals and sale of property	915,804	761,247
Miscellaneous expense	<u>(1,010)</u>	<u>(126)</u>
NET INCOME (revenue and operating accounts)	<u>57,454,236</u>	<u>51,526,093</u>
DEDUCTIONS FROM (ADDITIONS TO) NET INCOME		
Payments to (from) debt service funds:		
Sinking Fund Bond Service Account	15,237,188	14,212,760
State Revolving Fund Bond Service Account	9,753,163	10,038,662
Transfers to restricted accounts	<u>23,158,141</u>	<u>21,470,231</u>
Total deductions from net income	<u>48,148,492</u>	<u>45,721,653</u>
CHANGE IN NET POSITION		
REVENUE FUND ACCOUNTS	<u>\$ 9,305,744</u>	<u>\$ 5,804,440</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF COMPARISON OF RECEIPTS AND DISBURSEMENTS TO BUDGET -
REVENUE FUND ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES						
Water revenue	\$ 46,033,458	\$ 44,575,097	\$ (1,458,361)	\$ 44,312,381	\$ 42,539,290	\$ (1,773,091)
Sewer revenue	73,180,122	70,034,179	(3,145,943)	66,008,966	66,698,585	689,619
Total operating revenues	<u>119,213,580</u>	<u>114,609,276</u>	<u>(4,604,304)</u>	<u>110,321,347</u>	<u>109,237,875</u>	<u>(1,083,472)</u>
OPERATING EXPENSES	<u>(64,331,000)</u>	<u>(58,536,208)</u>	<u>5,794,792</u>	<u>(62,619,450)</u>	<u>(59,743,019)</u>	<u>2,876,431</u>
OPERATING INCOME	54,882,580	56,073,068	1,190,488	47,701,897	49,494,856	1,792,959
NON OPERATING REVENUES/(EXPENSES)						
Investment income	650,000	466,374	(183,626)	375,000	1,270,116	895,116
Other income	510,000	915,804	405,804	425,000	761,247	336,247
Miscellaneous expenses	<u>-</u>	<u>(1,010)</u>	<u>(1,010)</u>	<u>-</u>	<u>(126)</u>	<u>(126)</u>
Net income	<u>56,042,580</u>	<u>57,454,236</u>	<u>1,411,656</u>	<u>48,501,897</u>	<u>51,526,093</u>	<u>3,024,196</u>
OTHER REVENUE DEDUCTIONS						
Sinking Fund Bond Service Account	(14,730,987)	(15,237,188)	(506,201)	(14,182,814)	(14,212,760)	(29,946)
State Revolving Fund Bond Service Account	(11,983,281)	(9,753,163)	2,230,118	(8,810,874)	(10,038,662)	(1,227,788)
Transfers to restricted accounts	<u>(29,328,312)</u>	<u>(23,158,141)</u>	<u>6,170,171</u>	<u>(25,508,209)</u>	<u>(21,470,231)</u>	<u>4,037,978</u>
Total other revenue deductions	<u>(56,042,580)</u>	<u>(48,148,492)</u>	<u>7,894,088</u>	<u>(48,501,897)</u>	<u>(45,721,653)</u>	<u>2,780,244</u>
CHANGE IN NET POSITION						
REVENUE FUND ACCOUNTS	<u>\$ -</u>	<u>\$ 9,305,744</u>	<u>\$ 9,305,744</u>	<u>\$ -</u>	<u>\$ 5,804,440</u>	<u>\$ 5,804,440</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF OPERATING EXPENSES - REVENUE FUND ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
WATER SUPPLY		
Labor Cost	\$ 308,721	\$ 254,362
Payroll Taxes	23,201	19,192
Fringe Benefits	103,512	88,099
Other Post Employment Benefits	6,965	2,902
Administrative Expenses	46,248	45,450
Electricity and Natural Gas	839,917	905,400
Maintenance and Repairs	97,672	63,444
Misc Outside Services	295,675	243,165
Chemicals	14,604	9,954
Offices Supplies and Expenses	1,144	1,244
Operating Supplies and Materials	78,398	82,469
Vehicle and Equipment Expense	90,429	162,596
	<u>\$ 1,906,486</u>	<u>\$ 1,878,277</u>
WATER TREATMENT		
Labor Cost	\$ 1,619,514	\$ 1,658,183
Payroll Taxes	120,282	124,395
Fringe Benefits	487,867	534,931
Other Post Employment Benefits	33,434	17,829
Administrative Expenses	29,992	43,981
Electricity and Natural Gas	522,766	586,950
Maintenance and Repairs	16,814	25,239
Misc Outside Services	651,160	572,162
Chemicals	2,089,593	2,320,082
Offices Supplies and Expenses	5,454	3,779
Operating Supplies and Materials	176,392	180,674
Vehicle and Equipment Expense	293,485	388,479
	<u>\$ 6,046,753</u>	<u>\$ 6,456,684</u>
WASTEWATER TREATMENT		
Labor Cost	\$ 2,365,174	\$ 2,294,000
Payroll Taxes	176,337	172,374
Fringe Benefits	646,517	717,742
Other Post Employment Benefits	52,937	24,472
Administrative Expenses	24,896	50,118
Electricity and Natural Gas	1,389,792	1,506,176
Maintenance and Repairs	78,191	59,281
Misc Outside Services	1,205,625	1,654,459
Chemicals	249,970	355,383
Offices Supplies and Expenses	9,467	14,748
Operating Supplies and Materials	211,638	285,493
Vehicle and Equipment Expense	318,098	372,578
	<u>\$ 6,728,642</u>	<u>\$ 7,506,824</u>

	2020	2019
TRANSMISSION AND COLLECTION		
Labor Cost	\$ 7,267,916	\$ 7,237,668
Payroll Taxes	553,058	561,628
Fringe Benefits	2,547,574	2,641,480
Other Post Employment Benefits	196,424	87,133
Administrative Expenses	104,429	137,542
Electricity and Natural Gas	1,382,446	1,529,491
Maintenance and Repairs	21,944	28,983
Misc Outside Services	5,077,369	5,270,791
Chemicals	363,995	296,796
Offices Supplies and Expenses	10,594	17,390
Operating Supplies and Materials	2,854,626	2,274,746
Vehicle and Equipment Expense	1,259,071	1,511,839
	<u>\$ 21,639,446</u>	<u>\$ 21,595,487</u>
SUPPORT SERVICES		
Labor Cost	\$ 2,372,155	\$ 2,309,465
Payroll Taxes	176,349	175,853
Fringe Benefits	888,144	872,794
Other Post Employment Benefits	58,509	28,013
Administrative Expenses	39,845	48,292
Electricity and Natural Gas	501	211
Maintenance and Repairs	61,688	58,447
Misc Outside Services	908,882	932,151
Chemicals	-	-
Offices Supplies and Expenses	3,763	4,525
Operating Supplies and Materials	86,221	347,611
Vehicle and Equipment Expense	148,703	165,917
	<u>\$ 4,744,760</u>	<u>\$ 4,943,279</u>
SUPERVISION, ENGINEERING, ACCOUNTING, COLLECTIONS AND GENERAL EXPENSE		
Labor Cost	\$ 7,835,076	\$ 7,989,096
Payroll Taxes	576,377	591,506
Fringe Benefits	3,783,773	3,008,894
Other Post Employment Benefits	(2,758,984)	(2,182,694)
Administrative Expenses	1,999,170	2,002,114
Electricity and Natural Gas	249,303	306,920
Maintenance and Repairs	1,823,322	1,641,941
Misc Outside Services	3,357,490	3,228,494
Chemicals	-	-
Offices Supplies and Expenses	66,505	79,136
Operating Supplies and Materials	115,009	252,635
Vehicle and Equipment Expense	423,080	444,426
	<u>\$ 17,470,121</u>	<u>\$ 17,362,468</u>

BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE

SCHEDULES OF CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020 Totals	Unrestricted	
		Operating Cash Reserve Fund Accounts	Self-Insurance Cash Reserve Fund Accounts
CHANGES RESULTING FROM OPERATIONS - INCREASE (DECREASE)			
Operating income - revenue fund	\$ 56,072,529	\$ 56,462,003	\$ (389,474)
Operating expenses - capital improvement fund account	(720,763)	-	-
Depreciation	(23,851,718)	-	-
FEMA reimbursement	-	-	-
Investment earnings	504,754	466,374	-
Miscellaneous rentals and sale of property	669,829	916,343	-
Miscellaneous expense	(1,010)	(1,010)	-
Bond interest expense	(8,639,583)	-	-
Bond issuance costs	(10,000)	-	-
INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	24,024,038	57,843,710	(389,474)
CAPITAL GRANTS AND CONTRIBUTIONS			
Lines accepted by the Board without reimbursement	1,459,666	-	-
Contributions for extensions/repair and replacement	199,940	-	-
Capital grants	3,665,048	-	-
CHANGES FROM INTER-ACCOUNT TRANSFERS			
Cash transfers from revenue fund (net)	-	(50,322,279)	771,770
Additions to utility plant:			
Equipment, vehicles and building improvements	-	-	-
Construction in progress	-	-	-
Proceeds from bond sales	-	-	-
Debt retired	-	-	-
CHANGE IN NET POSITION	29,348,692	7,521,431	382,296
TOTAL NET POSITION - BEGINNING OF YEAR	400,206,648	(2,469,869)	2,886,828
TOTAL NET POSITION - END OF YEAR	\$ 429,555,340	\$ 5,051,562	\$ 3,269,124

Unrestricted			Restricted			2019 Totals
Customer Deposit Cash Reserve Fund Accounts	Unfunded Pension Liability Cash Reserve Fund Accounts	Capital Assets and Debt	Capital Improvement Fund Accounts	Construction Accounts	Debt Service and Reserve Accounts	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,256,103
-	-	-	(720,763)	-	-	(929,740)
-	-	(23,851,718)	-	-	-	(23,156,895)
-	-	-	-	-	-	-
-	-	-	-	1,848	36,532	1,429,807
-	-	(346,223)	99,709	-	-	(1,021,694)
-	-	-	-	-	-	-
-	-	129,081	-	-	(8,768,664)	(7,958,328)
-	-	-	-	(10,000)	-	(20,000)
-	-	(24,068,860)	(621,054)	(8,152)	(8,732,132)	18,599,253
-	-	1,459,666	-	-	-	105,939
-	-	-	199,940	-	-	-
-	-	-	3,665,048	-	-	100,000
202,017	1,200,000	(150,980)	94,663,758	(71,354,637)	24,990,351	-
-	-	4,804,776	(4,804,776)	-	-	-
-	-	73,541,578	(73,541,578)	-	-	-
-	-	(32,260,000)	-	32,260,000	-	-
-	-	16,520,192	-	-	(16,520,192)	-
202,017	1,200,000	39,846,372	19,561,338	(39,102,789)	(261,973)	18,805,192
3,162,420	6,342,000	318,570,144	(7,259,943)	62,708,699	16,266,369	381,401,456
<u>\$ 3,364,437</u>	<u>\$ 7,542,000</u>	<u>\$ 358,416,516</u>	<u>\$ 12,301,395</u>	<u>\$ 23,605,910</u>	<u>\$ 16,004,396</u>	<u>\$ 400,206,648</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the Board's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information intended to assist users in understanding and assessing how the Board's financial position has changed over time.</i>	65
Revenue Capacity <i>These schedules contain information to assist users in understanding and assessing the factors affecting a government's ability to generate its own-source revenues.</i>	67
Debt Capacity <i>These schedules present information intended to assist users in understanding and assessing the Board's debt burden and its ability to issue additional debt.</i>	72
Demographic and Economic Information <i>These schedules offer demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the Board operates and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.</i>	76
Operating Information <i>These schedules contain information intended to provide contextual information about the Board's operations and resources to assist readers in using financial statement information to understand and assess the Board's economic condition.</i>	80

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

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**SCHEDULES OF CHANGES IN NET POSITION
Last Ten Years**

	2011	2012	2013	2014 (restated)	2015	2016 (restated)	2017	2018	2019	2020
Operating revenues										
Water sales	\$ 37,630,321	\$ 37,558,244	\$ 37,350,332	\$ 38,645,369	\$ 39,566,223	\$ 41,764,407	\$ 39,947,830	\$ 43,189,371	\$ 42,539,290	\$ 44,575,097
Sewer charges	50,963,736	52,825,864	53,940,407	56,975,397	58,917,122	61,686,576	60,670,012	64,699,127	66,698,585	70,034,179
Total operating revenues	88,594,057	90,384,108	91,290,739	95,620,766	98,483,345	103,450,983	100,617,842	107,888,498	109,237,875	114,609,276
Operating expenses										
Water supply	1,719,756	1,614,535	1,456,555	1,426,220	1,570,247	1,545,130	1,659,151	1,874,955	1,878,277	1,906,486
Water, sewer, treatment, and administration	49,982,030	52,227,106	52,773,316	54,624,738	53,786,657	55,624,133	55,575,856	59,681,542	57,864,742	56,629,722
Capital improvement fund accounts	1,161,607	2,141,229	587,987	566,230	1,369,583	2,227,136	2,314,627	1,465,627	929,740	720,763
Depreciation	19,099,155	19,415,011	19,718,326	19,988,036	20,495,573	20,846,352	21,684,555	22,446,265	23,156,895	23,851,718
Total operating expenses	71,962,548	75,397,881	74,536,184	76,605,224	77,222,060	80,242,751	81,234,189	85,468,389	83,829,654	83,108,689
Net revenue from operations	16,631,509	14,986,227	16,754,555	19,015,542	21,261,285	23,208,232	19,383,653	22,420,109	25,408,221	31,500,587
Non operating revenues (expenses)										
FEMA reimbursement	-	54,474	6,204	195,924	32,654	-	-	-	-	-
Investment earnings	384,391	207,788	89,744	496,608	319,843	331,392	540,985	1,006,525	1,429,807	504,755
Miscellaneous rentals and sale of property	676,593	613,685	694,545	4,785,339	916,922	632,649	981,699	1,017,713	913,214	1,014,502
Miscellaneous expense and loss on disposal of assets	-	-	-	-	(15,511)	(11,617)	(281)	(96)	(1,173,661)	(346,223)
Bond interest expense	(9,614,173)	(9,486,792)	(8,579,573)	(8,087,920)	(7,266,160)	(6,257,210)	(5,456,955)	(7,481,890)	(7,958,328)	(8,639,583)
Bond issuance costs	(234,566)	-	(24,500)	(688,026)	-	(78,510)	-	(20,000)	(20,000)	(10,000)
Income (loss) before capital grants and contributions	7,843,754	6,375,382	8,940,975	15,717,467	15,249,033	17,824,936	15,449,101	16,942,361	18,599,253	24,024,038
Capital grants and contributions										
Lines accepted by the Board without reimbursement	1,603,316	1,820,758	813,555	971,388	1,492,169	710,929	1,494,115	-	105,939	1,459,666
Contributions for extensions / repair and replacement	94,910	62,842	77,506	466,161	262,097	371,440	-	1,839,914	-	-
Capital grants	-	101,531	304,186	12,639	100,916	-	-	-	100,000	3,665,048
Total capital grants and contributions	1,698,226	1,985,131	1,195,247	1,450,188	1,855,182	1,082,369	1,494,115	1,839,914	205,939	5,324,654
Prior year adjustment										
Debt issuance costs	(2,268,024)	-	-	-	-	(470,417)	-	-	-	-
OPEB	-	-	-	(26,042,086)	-	(14,590,382)	-	-	-	-
Pension	-	-	-	-	-	(753,184)	-	-	-	-
Change in net position	9,541,980	8,360,513	10,136,222	(8,874,431)	17,104,215	3,093,322	16,943,216	18,782,275	18,805,192	29,348,692
Total net position										
Beginning	308,582,168	315,856,124	324,216,637	334,352,859	325,478,428	342,582,643	345,675,965	362,619,181	381,401,456	400,206,648
Total net position										
Ending	<u>\$315,856,124</u>	<u>\$324,216,637</u>	<u>\$334,352,859</u>	<u>\$325,478,428</u>	<u>\$342,582,643</u>	<u>\$345,675,965</u>	<u>\$362,619,181</u>	<u>\$381,401,456</u>	<u>\$400,206,648</u>	<u>\$429,555,340</u>

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**NET POSITION BY COMPONENT
Last Ten Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>(restated)</u>	<u>2015</u>	<u>2016</u> <u>(restated)</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net investment in capital assets	\$ 261,367,843	\$ 256,089,642	\$ 282,770,315	\$ 265,425,990	\$ 284,998,850	\$ 297,123,608	\$ 352,047,706	\$ 364,662,008	\$ 382,855,114	\$ 398,674,249
Restricted for debt service	1,458,797	2,157,854	2,176,881	2,102,209	2,269,520	2,374,525	9,077,577	8,104,795	10,535,784	10,273,811
Restricted for construction and other bond covenants	35,718,761	48,730,752	35,268,851	68,993,710	63,652,826	70,403,814	15,000,000	15,000,000	15,000,000	15,000,000
Unrestricted net position	<u>17,310,723</u>	<u>17,238,389</u>	<u>14,136,812</u>	<u>(11,043,481)</u>	<u>(8,338,553)</u>	<u>(24,225,982)</u>	<u>(13,506,102)</u>	<u>(6,365,347)</u>	<u>(8,184,250)</u>	<u>5,607,280</u>
Total net position	<u>\$ 315,856,124</u>	<u>\$ 324,216,637</u>	<u>\$ 334,352,859</u>	<u>\$ 325,478,428</u>	<u>\$ 342,582,643</u>	<u>\$ 345,675,965</u>	<u>\$ 362,619,181</u>	<u>\$ 381,401,456</u>	<u>\$ 400,206,648</u>	<u>\$ 429,555,340</u>

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**REVENUES BY TYPE
Last Ten Years**

Year Ended December 31	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating revenues										
Water revenue										
Potable water system sales	\$ 32,594,201	\$ 32,491,498	\$ 32,757,295	\$ 34,208,940	\$ 34,929,662	\$ 36,915,832	\$ 35,361,254	\$ 37,828,334	\$ 37,970,822	\$ 40,902,868
Water connection (service line) fees	291,453	331,080	224,897	311,792	312,755	333,177	293,635	327,916	291,908	413,788
Water connection (capacity) fees	181,506	208,742	204,440	165,865	198,070	194,590	205,310	217,600	159,637	178,890
Miscellaneous water income	2,847,939	2,697,020	2,807,156	2,833,570	2,652,869	2,602,105	2,597,719	3,029,187	2,625,824	1,848,970
Water supply system sales (industrial)	1,715,222	1,829,904	1,356,544	1,125,202	1,472,867	1,718,703	1,489,912	1,786,334	1,491,099	1,230,581
Total water revenue	37,630,321	37,558,244	37,350,332	38,645,369	39,566,223	41,764,407	39,947,830	43,189,371	42,539,290	44,575,097
Sewer revenue										
Sewer system charges	48,340,581	50,090,610	51,272,411	54,281,829	56,240,161	59,015,216	57,924,969	61,810,368	63,884,147	67,323,009
Sewer connection (service line) fees	217,818	206,487	201,311	236,645	215,271	261,122	229,717	287,706	236,215	348,712
Sewer connection (capacity) fees	519,792	549,144	500,406	440,571	501,400	481,036	578,600	531,364	405,210	492,340
Miscellaneous sewer income	1,292,050	1,277,900	1,308,323	1,307,779	1,295,437	1,303,735	1,304,365	1,270,151	1,379,502	1,078,049
Pre-treatment fees	593,495	701,723	657,956	708,573	664,853	625,467	632,361	799,538	793,511	792,069
Total sewer revenue	50,963,736	52,825,864	53,940,407	56,975,397	58,917,122	61,686,576	60,670,012	64,699,127	66,698,585	70,034,179
Total operating revenues	88,594,057	90,384,108	91,290,739	95,620,766	98,483,345	103,450,983	100,617,842	107,888,498	109,237,875	114,609,276
Non-operating revenues										
Investment earnings	384,391	207,788	89,744	496,608	319,843	331,392	540,985	1,006,525	1,429,807	504,755
Grant proceeds	-	-	-	-	-	-	-	-	-	-
FEMA reimbursements (uncollectible)	-	54,474	6,204	195,924	32,654	-	-	19,015	-	-
Miscellaneous rentals and sale of property	676,593	613,685	694,545	4,785,339	916,922	632,649	981,699	1,002,876	913,214	1,014,502
Total non-operating revenues	1,060,984	875,947	790,493	5,477,871	1,269,419	964,041	1,522,684	2,028,416	2,343,021	1,519,257
Total revenues	\$ 89,655,041	\$ 91,260,055	\$ 92,081,232	\$ 101,098,637	\$ 99,752,764	\$ 104,415,024	\$ 102,140,526	\$ 109,916,914	\$ 111,580,896	\$ 116,128,533

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WATER AND SEWER BILLINGS BY METER SIZE
(In Thousands)
Last Ten Years**

Meter size	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
5/8"	\$ 45,239	\$ 45,872	\$ 47,411	\$ 48,320	\$ 50,782	\$ 54,330	\$ 52,553	\$ 53,319	\$ 55,032	\$ 59,630
1"	3,375	3,330	3,379	3,273	3,610	3,724	3,366	3,581	3,708	3,766
1 1/2 "	688	742	774	818	962	1,023	932	1,045	1,129	1,126
2"	6,631	6,821	6,804	7,722	7,344	7,648	7,426	7,124	8,225	8,169
3"	2,304	2,375	2,350	2,755	2,544	2,514	2,582	3,010	2,881	2,853
4"	7,658	7,747	7,581	8,647	8,116	8,283	8,113	8,393	8,654	9,409
6"	5,605	5,596	6,943	6,879	7,812	7,983	8,425	12,203	10,449	11,222
8"	5,302	5,396	5,094	5,891	6,060	5,913	5,248	6,452	7,400	7,772
10" - 12"	4,133	4,703	3,694	4,186	3,940	4,513	4,641	4,512	4,377	4,279
	\$ 80,935	\$ 82,582	\$ 84,030	\$ 88,491	\$ 91,170	\$ 95,931	\$ 93,286	\$ 99,639	\$ 101,855	\$ 108,226
Untreated water	1,715	1,830	1,357	1,125	1,473	1,719	1,490	1,786	1,491	1,231
Total	<u>\$ 82,650</u>	<u>\$ 84,412</u>	<u>\$ 85,387</u>	<u>\$ 89,616</u>	<u>\$ 92,643</u>	<u>\$ 97,650</u>	<u>\$ 94,776</u>	<u>\$ 101,425</u>	<u>\$ 103,346</u>	<u>\$ 109,457</u>

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WATER AND SEWER RATES
Last Ten Years**

Year	Rate Increase Effective Date	Water		Sewer	
		Rate per 1,000 Gallons	Minimum Charge	Rate per 1,000 Gallons	Minimum Charge
2011	1/1/2011	\$ 2.43	\$ 8.08	\$ 5.69	\$ 16.23
2012	2/1/2012	\$ 2.55	\$ 8.38	\$ 5.97	\$ 16.93
2013	1/1/2013	\$ 2.68	\$ 8.70	\$ 6.27	\$ 17.68
2014	1/1/2014	\$ 2.81	\$ 9.03	\$ 6.58	\$ 18.45
2015	1/1/2015	\$ 2.95	\$ 9.38	\$ 6.91	\$ 19.28
2016	1/1/2016	\$ 3.10	\$ 9.75	\$ 7.26	\$ 20.15
2017		\$ 3.10	\$ 9.75	\$ 7.26	\$ 20.15
2018	1/1/2018	\$ 3.12	\$ 10.10	\$ 7.57	\$ 21.23
2019	1/1/2019	\$ 3.28	\$ 10.50	\$ 7.95	\$ 22.18
2020	1/1/2020	\$ 3.28	\$ 10.61	\$ 8.19	\$ 24.38

Notes: Rates are based on a standard 5/8" household meter.

Minimum charges and capital improvement fees increase according to meter size; 5/8" minimum includes 2,500 gallons.

There was no rate increase in 2017.

Beginning in 2018, the service charges for water and sewer both increased from \$2.00 to \$2.30.

Rates are based on a declining block schedule and begin decreasing after 2,000,000 gallons.

Beginning in 2020, water and sewer capital improvement fees were added to the minimum charge for all meter sizes.

Details on the rate increase effective January 1, 2021, for all customers can be found on our website at

www.mawss.com.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**SCHEDULES OF OPERATING REVENUES -
INDUSTRIAL WATER ACCOUNTS
Last Ten Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Big Creek System										
Mobile Water Service	\$ 2,746,820	\$ 2,666,138	\$ 2,597,563	\$ 3,014,386	\$ 3,143,078	\$ 3,244,971	\$ 3,039,470	\$ 3,373,112	\$ 3,348,447	\$ 3,342,400
Less: Intra-fund eliminations	(2,746,820)	(2,666,138)	(2,597,563)	(3,014,386)	(3,143,078)	(3,244,971)	(3,039,470)	(3,373,112)	(3,348,447)	(3,342,400)
Kimberly-Clark Corp.	1,388,906	1,504,139	1,095,070	1,086,721	1,076,861	1,322,037	1,194,848	1,412,126	1,174,898	1,003,976
Kemira Water Solutions	6,259	4,429	5,007	7,477	6,225	5,525	5,741	7,194	6,295	4,628
Occidental Chemical	4,375	3,932	3,765	4,336	4,724	10,302	10,888	6,482	4,308	2,943
UOP	126,320	145,966	157,017	176,695	191,924	207,395	188,971	220,949	193,314	133,061
Merchants Transfer (formerly Multisorb Technologies and Eagle Chemical Company)	3,624	3,681	3,765	4,301	4,494	4,668	4,719	4,724	4,308	2,943
Mobile Paper Board Corp.	21,402	23,598	25,689	31,081	26,637	31,249	32,721	38,043	26,294	6,431
Mobile Energy	<u>46,954</u>	<u>74,821</u>	<u>54,753</u>	<u>40,914</u>	<u>143,844</u>	<u>135,719</u>	<u>52,024</u>	<u>96,816</u>	<u>81,682</u>	<u>76,599</u>
Total Big Creek System	1,597,840	1,760,566	1,345,066	1,351,525	1,454,709	1,716,895	1,489,912	1,786,334	1,491,099	1,230,581
Mobile River System										
SSAB Steel	117,382	69,338	45,234	29,720	18,158	1,808	-	-	-	-
SSAB Steel prior year adjustment	-	-	(33,756)	(256,043)	-	-	-	-	-	-
Kimberly-Clark Corp.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Mobile River System	<u>117,382</u>	<u>69,338</u>	<u>11,478</u>	<u>(226,323)</u>	<u>18,158</u>	<u>1,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues - Industrial Water Accounts	<u>\$ 1,715,222</u>	<u>\$ 1,829,904</u>	<u>\$ 1,356,544</u>	<u>\$ 1,125,202</u>	<u>\$ 1,472,867</u>	<u>\$ 1,718,703</u>	<u>\$ 1,489,912</u>	<u>\$ 1,786,334</u>	<u>\$ 1,491,099</u>	<u>\$ 1,230,581</u>

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**SCHEDULE OF TEN LARGEST USERS
Last Ten Years**

User	2011		2012		2013		2014		2015	
	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold
Prichard Water and Sewer	1,170,582,200	8.67%	1,082,743,900	8.49%	1,050,426,500	8.84%	1,061,450,700	8.58%	964,938,500	8.02%
Spanish Fort Water	200,784,500	1.49%	223,285,000	1.75%	181,012,500	1.52%	222,343,500	1.80%	228,835,000	1.90%
Huls America/Degussa/Evonik	649,744,000	4.81%	640,333,000	5.02%	582,181,500	4.90%	495,438,300	4.01%	457,294,900	3.80%
Alabama State Docks	308,346,700	2.28%	253,886,400	1.99%	247,167,300	2.08%	384,062,800	3.10%	280,572,000	2.33%
Mitsubishi Polysilicon	210,794,500	1.56%	285,309,700	2.24%	201,746,000	1.70%	199,026,100	1.61%	197,112,700	1.64%
Phenolchemie Inc.	369,087,700	2.74%	529,890,100	4.15%	158,440,000	1.33%	139,800,000	1.13%	174,600,000	1.45%
Alabama Power	284,055,300	2.10%	273,537,700	2.14%	326,877,700	2.75%	288,794,900	2.33%	271,218,800	2.26%
Kimberly Clark Corp.	n/a	n/a	n/a	n/a	127,722,800	1.07%	134,103,100	1.08%	116,993,100	0.97%
Holcim (US) Inc.	137,765,000	1.02%	153,976,500	1.21%	n/a	n/a	n/a	n/a	n/a	n/a
Praxair	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
University of South Alabama	184,646,200	1.37%	194,266,400	1.52%	174,046,600	1.46%	152,984,900	1.24%	167,222,000	1.39%
Mobile Infirmary	n/a	n/a	115,655,900	0.91%	n/a	n/a	n/a	n/a	n/a	n/a
Mobile Housing Board	117,839,300	0.87%	n/a	n/a	108,775,700	0.92%	n/a	n/a	112,264,600	0.93%
Mobile Public Schools	n/a	n/a	n/a	n/a	n/a	n/a	100,368,500	0.81%	n/a	n/a

User	2016		2017		2018		2019		2020	
	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold	Total Consumption	% of Total Treated Water Sold
Prichard Water and Sewer	970,807,800	7.92%	1,054,229,000	9.70%	1,167,902,100	10.28%	1,097,756,050	9.53%	1,336,005,800	11.60%
Spanish Fort Water	220,642,700	1.80%	196,991,300	1.81%	261,017,700	2.30%	293,784,000	2.55%	329,090,900	2.86%
Huls America/Degussa/Evonik	463,246,000	3.78%	523,476,000	4.82%	331,116,200	2.91%	336,092,100	2.92%	289,287,800	2.51%
Alabama State Docks	445,407,800	3.63%	338,406,400	3.11%	295,343,800	2.60%	384,209,600	3.33%	276,803,900	2.40%
Mitsubishi Polysilicon	207,072,100	1.69%	304,431,200	2.80%	224,077,700	1.97%	203,394,500	1.77%	203,359,900	1.77%
Phenolchemie Inc.	184,500,000	1.50%	182,050,000	1.68%	187,900,000	1.65%	179,650,000	1.56%	200,200,000	1.74%
Alabama Power	169,264,400	1.38%	176,664,100	1.63%	215,062,900	1.89%	208,837,800	1.81%	187,084,200	1.62%
Kimberly Clark Corp.	111,907,400	0.91%	138,080,400	1.27%	116,501,700	1.03%	118,947,600	1.03%	117,016,000	1.02%
Holcim (US) Inc.	n/a	n/a	n/a	n/a	n/a	n/a	96,286,600	0.84%	87,100,200	0.76%
Praxair	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	81,185,900	0.70%
University of South Alabama	149,368,100	1.22%	199,699,100	1.84%	173,291,300	1.53%	113,957,400	0.99%	n/a	n/a
Mobile Infirmary	n/a	n/a	n/a	n/a	80,641,800	0.71%	n/a	n/a	n/a	n/a
Mobile Housing Board	126,284,700	1.03%	99,697,200	0.92%	n/a	n/a	n/a	n/a	n/a	n/a
Mobile Public Schools	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: Information on all ten top users for 2020 was not recorded in all cases for each year from 2011 through 2019.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**SCHEDULE OF FUTURE DEBT PAYMENTS - REVENUE BONDS
(In Thousands)
December 31, 2020**

Water and Sewer Revenue Bonds						SRF Subordinate Revenue Bonds										Total
		Series 2001	Series 2010	Series 2014	Series 2016	Total	Series 2004	Series 2012	Series 2014	Series 2016	Series 2018 CWSRF	Series 2018 DWSRF	Series 2019 CWSRF	Series 2019 DWSRF	Series 2020 CWSRF	Total
2021	Prin	1,000	5,640	-	3,820	10,460	620	945	910	875	1,325	315	415	825	1,300	7,530
	Int	25	137	4,848	289	5,299	79	374	368	366	637	152	211	414	695	3,296
2022	Prin	-	2,233	-	4,825	7,058	640	975	930	895	1,355	325	420	845	1,330	7,715
	Int	-	30	4,848	219	5,097	60	346	345	347	608	145	202	395	666	3,114
2023	Prin	-	-	950	4,920	5,870	660	1,000	955	915	1,385	330	430	860	1,360	7,895
	Int	-	-	4,848	130	4,978	41	317	322	327	578	138	193	376	637	2,929
2024	Prin	-	-	1,005	1,230	2,235	680	1,030	980	935	1,415	335	440	880	1,390	8,085
	Int	-	-	4,801	39	4,840	21	288	299	307	547	130	183	357	607	2,739
2025	Prin	-	-	4,695	900	5,595	-	1,060	1,005	955	1,445	345	450	900	1,420	7,580
	Int	-	-	4,751	16	4,767	-	257	275	286	516	123	174	338	576	2,545
2026	Prin	-	-	5,940	-	5,940	-	1,090	1,025	980	1,480	350	460	920	1,450	7,755
	Int	-	-	4,516	-	4,516	-	226	250	265	484	115	164	318	544	2,366
2027	Prin	-	-	7,240	-	7,240	-	1,125	1,055	1,000	1,510	360	470	940	1,480	7,940
	Int	-	-	4,219	-	4,219	-	194	225	243	452	108	154	297	512	2,185
2028	Prin	-	-	7,600	-	7,600	-	1,155	1,080	1,025	1,545	370	480	960	1,515	8,130
	Int	-	-	3,857	-	3,857	-	161	200	222	418	100	143	276	479	1,999
2029	Prin	-	-	7,980	-	7,980	-	1,190	1,105	1,045	1,580	375	490	980	1,550	8,315
	Int	-	-	3,477	-	3,477	-	127	173	199	385	92	133	255	445	1,809
2030	Prin	-	-	8,380	-	8,380	-	1,225	1,135	1,070	1,615	385	500	1,005	1,585	8,520
	Int	-	-	3,078	-	3,078	-	92	146	176	350	83	122	233	411	1,613
2031	Prin	-	-	8,715	-	8,715	-	1,260	1,160	1,095	1,650	395	515	1,025	1,615	8,715
	Int	-	-	2,743	-	2,743	-	56	118	152	315	75	111	211	376	1,414
2032	Prin	-	-	9,150	-	9,150	-	1,300	1,190	1,115	1,690	400	525	1,050	1,655	8,925
	Int	-	-	2,307	-	2,307	-	19	89	128	278	66	99	188	340	1,207
2033	Prin	-	-	9,520	-	9,520	-	-	1,220	1,140	1,725	410	535	1,070	1,690	7,790
	Int	-	-	1,941	-	1,941	-	-	61	104	241	57	88	165	303	1,019

(Continued)

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

SCHEDULE OF FUTURE DEBT PAYMENTS - REVENUE BONDS (CONTINUED)
(In Thousands)
December 31, 2020

Water and Sewer Revenue Bonds						SRF Subordinate Revenue Bonds										Total
	Series 2001	Series 2010	Series 2014	Series 2016	Total	Series 2004	Series 2012	Series 2014	Series 2016	Series 2018 CWSRF	Series 2018 DWSRF	Series 2019 CWSRF	Series 2019 DWSRF	Series 2020 CWSRF	Total	
2034 Prin	-	-	9,900	-	9,900	-	-	1,250	1,165	1,765	420	550	1,095	1,725	7,970	17,870
Int	-	-	1,560	-	1,560	-	-	31	79	203	48	76	141	265	843	2,403
2035 Prin	-	-	10,390	-	10,390	-	-	-	1,195	1,805	430	560	1,120	1,765	6,875	17,265
Int	-	-	1,065	-	1,065	-	-	-	53	164	39	64	116	227	663	1,728
2036 Prin	-	-	10,910	-	10,910	-	-	-	1,220	1,845	440	570	1,145	1,805	7,025	17,935
Int	-	-	544	-	544	-	-	-	27	125	30	52	92	188	514	1,058
2037 Prin	-	-	-	-	-	-	-	-	-	1,885	450	585	1,170	1,845	5,935	5,935
Int	-	-	-	-	-	-	-	-	-	84	20	39	66	147	356	356
2038 Prin	-	-	-	-	-	-	-	-	-	1,925	460	600	1,195	1,885	6,065	6,065
Int	-	-	-	-	-	-	-	-	-	43	10	26	40	106	225	225
2039 Prin	-	-	-	-	-	-	-	-	-	-	-	610	1,220	1,925	3,755	3,755
Int	-	-	-	-	-	-	-	-	-	-	-	13	13	65	91	91
2040 Prin	-	-	-	-	-	-	-	-	-	-	-	-	-	1,970	1,970	1,970
Int	-	-	-	-	-	-	-	-	-	-	-	-	-	21	21	21
Prin	1,000	7,873	102,375	15,695	126,943	2,600	13,355	15,000	16,625	28,945	6,895	9,605	19,205	32,260	144,490	271,433
Premium	-	(7)	6,013	-	6,006	-	-	-	-	-	-	-	-	-	-	6,006
Total Prin	1,000	7,866	108,388	15,695	132,949	2,600	13,355	15,000	16,625	28,945	6,895	9,605	19,205	32,260	144,490	277,439
Interest	25	167	53,403	693	54,288	201	2,457	2,902	3,281	6,428	1,531	2,247	4,291	7,610	30,948	85,236
Premium	-	7	(6,013)	-	(6,006)	-	-	-	-	-	-	-	-	-	-	(6,006)
Total Int	25	174	47,390	693	48,282	201	2,457	2,902	3,281	6,428	1,531	2,247	4,291	7,610	30,948	79,230
	<u>\$ 1,025</u>	<u>\$ 8,040</u>	<u>\$ 155,778</u>	<u>\$ 16,388</u>	<u>\$ 181,231</u>	<u>\$ 2,801</u>	<u>\$ 15,812</u>	<u>\$ 17,902</u>	<u>\$ 19,906</u>	<u>\$ 35,373</u>	<u>\$ 8,426</u>	<u>\$ 11,852</u>	<u>\$ 23,496</u>	<u>\$ 39,870</u>	<u>\$175,438</u>	<u>\$ 356,669</u>

NOTE: Both water and sewer revenues are pledged on the above bonds.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**RATIO OF ANNUAL NET REVENUES
TO ANNUAL DEBT SERVICE
Last Ten Years**

REVENUE BONDS--ON PARITY AND SUBORDINATED

Water and Sewer Revenue Bonds									State Revolving Fund Revenue Bonds					Debt Coverage - Parity and Subordinated *****
Year	System Revenues *	Operating Expenses **	Annual Net Income ***	Debt Service Principal	Debt Service Interest	Principal and Interest Requirements	Debt Coverage - Parity Debt Only	Subordinated Debt Service Principal	Subordinated Debt Service Interest	Subordinated Debt Principal and Interest Requirements	Total Principal and Interest Requirements - Parity and Subordinated ****			
2011	\$ 89,426,024	\$ 49,986,627	\$ 39,439,397	\$ 7,637,451	\$ 8,700,337	\$ 16,337,788	2.41	\$ 3,240,000	\$ 1,482,963	\$ 4,722,963	\$ 21,060,751	1.87		
2012	\$ 91,033,789	\$ 51,664,967	\$ 39,368,822	\$ 8,925,682	\$ 8,403,440	\$ 17,329,122	2.27	\$ 3,360,000	\$ 1,589,203	\$ 4,949,203	\$ 22,278,325	1.77		
2013	\$ 91,866,803	\$ 54,229,871	\$ 37,636,932	\$ 9,446,750	\$ 7,405,079	\$ 16,851,829	2.23	\$ 4,230,000	\$ 1,833,709	\$ 6,063,709	\$ 22,915,538	1.64		
2014	\$ 96,397,005	\$ 56,617,188	\$ 39,779,817	\$ 11,169,981	\$ 6,153,194	\$ 17,323,175	2.30	\$ 4,320,000	\$ 2,000,411	\$ 6,320,411	\$ 23,643,586	1.68		
2015	\$ 99,109,305	\$ 55,356,904	\$ 43,752,401	\$ 11,449,401	\$ 5,858,501	\$ 17,307,902	2.53	\$ 3,850,000	\$ 1,877,638	\$ 5,727,638	\$ 23,035,540	1.90		
2016	\$ 103,450,983	\$ 57,169,263	\$ 46,281,720	\$ 12,184,401	\$ 6,253,549	\$ 18,437,950	2.51	\$ 4,005,000	\$ 1,401,588	\$ 5,406,588	\$ 23,844,538	1.94		
2017	\$ 100,617,842	\$ 57,235,007	\$ 43,382,835	\$ 11,176,106	\$ 5,940,337	\$ 17,116,443	2.53	\$ 4,120,000	\$ 1,516,993	\$ 5,636,993	\$ 22,753,436	1.91		
2018	\$ 107,888,498	\$ 61,556,497	\$ 46,332,001	\$ 9,184,213	\$ 5,546,775	\$ 14,730,988	3.15	\$ 5,975,000	\$ 2,123,503	\$ 8,098,503	\$ 22,829,491	2.03		
2019	\$ 109,237,875	\$ 59,743,019	\$ 49,494,856	\$ 9,184,213	\$ 5,546,775	\$ 14,730,988	3.36	\$ 7,185,000	\$ 2,728,597	\$ 9,913,597	\$ 24,644,585	2.01		
2020	\$ 114,609,276	\$ 58,536,208	\$ 56,073,068	\$ 10,460,232	\$ 5,299,307	\$ 15,759,539	3.56	\$ 7,530,000	\$ 3,294,788	\$ 10,824,788	\$ 26,584,327	2.11		

Per *Master Trust Indenture* dated November 1, 2014:

* System Revenues include all revenues and income of whatever nature derived by the Board from the operation of the System. Borrowed funds and customer deposits are not considered revenues.

** Operating Expenses include the reasonable and necessary expenses of efficiently and economically administering and operating the System and maintaining it in good repair and operating condition. Depreciation, amortization and interest on debt are not included.

*** Annual Net Income is defined as Net System Revenues. Any gain or loss resulting from the disposition of assets and any other extraordinary items of income or loss are excluded.

**** Principal and interest requirements for the years 2011 - 2013 consist of debt service for that year. Beginning in 2014, principal and interest requirements are equal to the maximum annual debt service.

***** The Board's *Master Trust Indenture* requires a minimum Debt Service Coverage Ratio of 1.25x. The Board has adopted an internal goal of 2.0.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
OUTSTANDING DEBT BY TYPE AND DEBT PER CUSTOMER
Business Type Activities
Last Ten Years**

Year	Number of Customers	Water And Sewer Revenue Bonds (000s)	State Revolving Fund Revenue Bonds - Subordinated Debt (000s)	Total Revenue Bonds (000s)	Debt per Customer
2011	88,306	\$194,032	\$46,230	\$240,262	\$2,721
2012	88,606	\$185,067	\$62,870	\$247,937	\$2,798
2013	88,906	\$175,712	\$58,640	\$2,233	\$25
2014	88,911	\$163,326	\$74,275	\$237,601	\$2,672
2015	89,447	\$152,436	\$70,085	\$222,521	\$2,488
2016	90,007	\$162,613	\$64,315	\$226,928	\$2,521
2017	90,121	\$155,545	\$60,310	\$215,855	\$2,395
2018	90,154	\$144,060	\$95,210	\$239,270	\$2,654
2019	90,261	\$136,127	\$119,415	\$255,542	\$2,831
2020	91,186	\$132,948	\$144,490	\$277,438	\$3,043

**BOARD OF WATER & SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

MISCELLANEOUS STATISTICAL DATA

Population (per census):

<u>Year</u>	<u>City of Mobile</u>	<u>Mobile County</u>
1920	60,777	110,117
1930	68,202	118,363
1940	78,720	141,974
1950	129,009	231,105
1960	202,779	314,301
1970	190,026	317,308
1980	200,452	364,379
1990	196,278	378,643
2000	198,915	399,843
2010	195,111	412,992
2020	n/a	n/a

Source: The US Census Bureau
(Data for 2020 is not yet available.)

Assessed Valuation (Real and Personal Property):

<u>Tax Year</u>	<u>City of Mobile</u>	<u>Mobile County</u>
2011	\$1,859,394,800	\$4,119,936,420
2012	\$1,857,069,520	\$4,124,549,140
2013	\$1,841,670,160	\$4,064,514,140
2014	\$1,995,058,000	\$4,120,812,140
2015	\$2,034,454,720	\$4,206,832,820
2016	\$2,181,411,020	\$4,544,381,160
2017	\$2,171,648,160	\$4,539,702,700
2018	\$2,260,610,540	\$4,593,639,640
2019	\$2,329,222,240	\$4,753,336,680
2020	\$2,597,488,600	\$5,091,898,360

Source: 2011 through 2020 - Revenue Commissioner's Office

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**MOBILE COUNTY DEMOGRAPHIC STATISTICS
Last Ten Years**

Year	Population	School Enrollment	Per Capita Personal Income	Median Income Per Household	Labor Force	Unemployment Rate Percent	Employment
2011	413,462	60,946	\$ 33,738	\$ 44,119	190,570	9.0%	173,512
2012	413,936	59,706	\$ 33,554	\$ 43,252	187,925	8.3%	172,410
2013	414,560	59,582	\$ 33,924	\$ 41,800	186,004	8.0%	171,163
2014	415,123	59,746	\$ 34,675	\$ 44,264	183,668	6.7%	171,415
2015	415,395	58,537	\$ 36,169	\$ 43,844	187,902	6.6%	175,493
2016	415,635	57,694	\$ 35,031	\$ 45,821	187,465	6.5%	175,320
2017	413,955	56,572	\$ 35,348	\$ 45,233	185,118	4.1%	177,529
2018	414,270	62,089	\$ 35,951	\$ 45,802	187,172	4.6%	186,017
2019	414,328	54,144	\$ 37,089	\$ 46,166	192,453	3.0%	184,147
2020	414,659	53,286	\$ 40,112	\$ 46,166	188,111	8.3%	172,427

Sources: The US Census Bureau, Bureau of Labor Statistics, Mobile Area Chamber of Commerce, and Mobile County Public School System

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**MOBILE COUNTY
SINGLE-FAMILY RESIDENCES
Last Ten Years**

<u>Year</u>	<u>Number of Homes Sold</u>	<u>Average Sales Price</u>	<u>Median Sales Price</u>	<u>Months of Inventory</u>
2011	3,397	\$121,901	\$104,450	12.37
2012	3,474	\$126,232	\$105,000	10.69
2013	3,882	\$137,462	\$106,750	9.96
2014	3,878	\$133,414	\$116,250	8.94
2015	4,394	\$142,061	\$123,425	7.22
2016	4,533	\$158,349	\$137,000	6.72
2017	4,491	\$160,132	\$138,038	5.03
2018	4,613	\$169,095	\$146,496	4.15
2019	4,858	\$176,569	\$153,974	3.50
2020	5,435	\$195,707	\$168,550	1.90

Source: Alabama Center for Real Estate

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**MOBILE COUNTY TOP TEN EMPLOYERS
2020 AND NINE YEARS AGO**

Employer	2020			2011		
	Full-Time Employees	Rank	Percentage of Total Employment	Full-Time Employees	Rank	Percentage of Total Employment
Mobile County Public School System	7,500	1	4.35%	7,795	1	4.49%
Univ of South Alabama & USA Medical Facilities	6,000	2	3.48%	5,300	3	3.05%
Infirmiry Health Systems (Mobile Infirmiry)	5,750	3	3.33%	5,500	2	3.17%
Austal USA	4,000	4	2.32%	2,600	5	1.50%
City of Mobile	2,100	5	1.22%	2,300	6	1.33%
CPSI	2,000	6	1.16%	-	-	
Mobile County	1,670	7	0.97%	1,460	10	0.84%
AM/NS Calvert	1,600	8	0.93%	-	-	
Providence Hospital	1,480	9	0.86%	2,300	7	1.33%
AltaPointe	1,450	10	0.84%	-	-	
Wal-Mart	-	-		2,920	4	1.68%
ThysenKrup Steel	-	-		1,950	8	1.12%
ST Aerospace Mobile	-	-		1,500	9	0.86%
Totals	33,550		19.46%	33,625		19.38%
Total Number of Employees - All Mobile County Employers	172,427			173,512		

Source: Mobile Area Chamber of Commerce

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WATER SUPPLY CHARACTERISTICS
CONVERSE RESERVOIR ANNUAL DATA**

Year	(1) Annual Rainfall (inches)	(2) Annual Rainfall (inches)	Low Level Elevation (Date)		(3) Level Elevation	High (Date)	Spillway Release (Billion Gallons)	(4) Average Pumping Rate (MGD)
2010-2011	45.05	53.26	107.20	(07/11)	110.70	(03/11)	8.37	65.90
2011-2012	67.15	58.26	109.70	(07/09)	110.60	(07/30)	8.70	63.69
2012-2013	66.65	68.90	107.80	(02/19)	111.70	(05/02)	29.54	61.74
2013-2014	77.44	77.45	108.60	(10/07)	111.30	(04/30)	53.52	52.74
2014-2015	55.72	63.47	108.90	(03/13)	110.70	(09/17)	25.88	52.61
2015-2016	75.01	71.12	108.80	(10/25)	111.40	(07/23)	35.35	52.91
2016-2017	65.42	72.13	108.30	(11/28)	111.50	(08/13)	54.11	52.71
2017-2018	56.77	61.26	108.10	(09/11)	110.40	(10/10)	52.24	53.40
2018-2019	53.56	53.60	107.20	(09/01)	110.10	(12/25)	33.57	55.67
2019 -2020	69.57	71.76	107.90	(10/11)	110.60	(11/1)	38.92	52.52
10 Year Average	63.23	65.12	108.25		110.90		34.02	56.39

(1) Based on rain gauge at Gaillard Pumping Station

(2) Based on rain gauge at Saraland Pumping Station

(3) Top of Tainter Gates is Elevation 111

(4) Average pumping rate is measured in millions of gallons per day (mgd)

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WATER FLOW TO SYSTEM
(In Millions of Gallons)
For the Year Ended December 31, 2020**

		<u>E. M. STICKNEY</u>	<u>H. E. MYERS WATER</u>	<u>COMBINED WATER</u>
		<u>WATER FILTRATION</u>	<u>FILTRATION FACILITY</u>	<u>FILTRATION</u>
		<u>FACILITY</u>		<u>FACILITIES</u>
January	Total Million Gallons:	760.51	325.70	1,086.21
	Daily Average:	24.53	10.51	35.04
	Daily Maximum:	27.60	11.34	38.94
	Daily Minimum:	20.01	9.05	29.06
February	Total Million Gallons:	708.93	285.04	993.97
	Daily Average:	24.45	9.83	34.28
	Daily Maximum:	27.92	11.09	39.01
	Daily Minimum:	20.09	8.66	28.75
March	Total Million Gallons:	816.24	303.62	1,119.86
	Daily Average:	26.33	9.79	36.12
	Daily Maximum:	30.74	10.31	41.05
	Daily Minimum:	22.28	9.43	31.71
April	Total Million Gallons:	806.76	293.53	1,100.29
	Daily Average:	26.89	9.78	36.67
	Daily Maximum:	29.96	10.75	40.71
	Daily Minimum:	21.80	8.88	30.68
May	Total Million Gallons:	890.55	316.63	1,207.18
	Daily Average:	28.73	10.21	38.94
	Daily Maximum:	35.37	10.90	46.27
	Daily Minimum:	20.97	9.71	30.68
June	Total Million Gallons:	881.05	288.48	1,169.53
	Daily Average:	29.37	9.62	38.99
	Daily Maximum:	37.97	12.07	50.04
	Daily Minimum:	19.32	8.07	27.39
July	Total Million Gallons:	842.01	324.43	1,166.44
	Daily Average:	27.16	10.47	37.63
	Daily Maximum:	33.65	11.45	45.10
	Daily Minimum:	23.00	7.65	30.65
August	Total Million Gallons:	923.97	335.28	1,259.25
	Daily Average:	29.87	10.82	40.69
	Daily Maximum:	35.65	11.58	47.23
	Daily Minimum:	22.53	6.92	29.45
September	Total Million Gallons:	798.01	342.75	1,140.76
	Daily Average:	26.60	11.43	38.03
	Daily Maximum:	33.20	11.83	45.03
	Daily Minimum:	21.78	11.17	32.95
October	Total Million Gallons:	815.53	353.50	1,169.04
	Daily Average:	26.31	11.40	37.71
	Daily Maximum:	29.10	11.99	41.09
	Daily Minimum:	23.01	10.50	33.51
November	Total Million Gallons:	756.88	335.79	1,092.67
	Daily Average:	25.23	11.19	36.42
	Daily Maximum:	29.98	12.16	42.14
	Daily Minimum:	19.90	9.95	29.85
December	Total Million Gallons:	748.26	333.53	1,081.79
	Daily Average:	24.14	10.76	34.90
	Daily Maximum:	28.03	11.96	39.99
	Daily Minimum:	20.10	9.58	29.68
<hr/>		<hr/>		
Annual	Total Million Gallons:	9,748.71	3,838.27	13,586.99
	Daily Average:	26.63	10.48	37.12
	Daily Maximum:	37.97	12.16	50.04
	Daily Minimum:	19.32	6.92	27.39

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**ANNUAL WATER FLOWS TO SYSTEM
Last Ten Years**

YEAR	E. M. STICKNEY WFF			H. E. MYERS WFF			TOTAL			
	AVERAGE (MGD)	TOTAL MILLION GALLONS	% Capacity	AVERAGE (MGD)	TOTAL MILLION GALLONS	% Capacity	AVERAGE (MGD)	TOTAL MILLION GALLONS	% Capacity	Billion Gallons (Yr.)
2011	28.58	10,431.08	47.6%	11.71	4,272.70	39.0%	40.28	14,703.78	44.8%	14.70
2012	26.29	9,621.41	43.8%	11.49	4,205.03	38.4%	37.88	13,826.44	42.1%	13.83
2013	24.18	8,824.39	40.3%	11.77	4,294.37	39.2%	35.94	13,118.76	39.9%	13.12
2014	24.50	8,941.72	40.8%	11.75	4,369.65	39.9%	36.47	13,311.37	40.5%	13.31
2015	24.66	9,002.59	41.1%	11.80	4,305.36	39.3%	36.46	13,307.95	40.5%	13.31
2016	24.67	9,030.65	41.1%	11.78	4,310.52	39.4%	36.55	13,341.17	40.6%	13.34
2017	25.19	9,192.94	41.9%	11.60	4,235.36	38.7%	36.79	13,428.30	40.9%	13.43
2018	28.88	10,542.41	48.0%	10.74	3,918.34	35.8%	39.62	14,460.75	44.0%	14.46
2019	28.75	10,493.58	47.8%	11.09	4,048.29	37.0%	39.84	14,541.87	44.3%	14.54
2020	26.71	9,748.71	44.4%	10.52	3,838.28	35.1%	37.22	13,586.99	41.4%	13.59
10 Year Average	26.24	9,582.95	44%	11.42	4,179.79	38%	37.71	13,762.74	42%	13.76

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

WASTEWATER TREATMENT FACILITY VOLUMES

Year	C. C. WILLIAMS WWTF			WRIGHT SMITH, JR. WWTF		
	Permit Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)	Permit Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)
2011	28.0	20.59	58.91	12.8	8.37	25.23
2012	28.0	22.79	71.99	12.8	9.49	29.11
2013	28.0	25.61	79.04	12.8	9.46	28.26
2014	28.0	26.41	65.99	12.8	9.61	29.90
2015	28.0	25.81	69.72	12.8	10.48	29.83
2016	28.0	25.82	62.90	12.8	12.16	24.74
2017	28.0	26.44	74.10	12.8	9.63	28.89
2018	28.0	23.25	65.44	12.8	8.84	32.61
2019	28.0	22.23	58.02	12.8	8.19	23.70
2020	28.0	20.45	66.71	12.8	7.82	20.94
10 Year Average	28.0	23.9	67.3	12.8	9.4	27.3

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

DECENTRALIZED WASTEWATER TREATMENT FACILITY FLOWS

Year	HUTCHENS DWWTF			COPELAND DWWTF			SNOW ROAD DWWTF		
	Constructed Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)	Constructed Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)	Construct ed Daily Capacity (MGD)	Avg. Daily Flow (MGD)	Peak Daily Flow (MGD)
2011	0.060	0.0276	0.0704	0.056	0.0419	0.0692	0.020	0.0050	0.0170
2012	0.060	0.0166	0.0367	0.056	0.0375	0.0833	0.020	0.0049	0.0166
2013	0.060	0.0148	0.0290	0.056	0.0451	0.0794	0.020	0.0046	0.0109
2014	0.060	0.0150	0.1036	0.056	0.0492	0.0883	0.020	0.0036	0.0094
2015	0.060	0.0132	0.0730	0.056	0.0420	0.0740	0.020	0.0051	0.0099
2016	0.060	0.0168	0.0279	0.056	0.0461	0.0698	0.020	0.0056	0.0097
2017	0.060	0.0158	0.0223	0.056	0.0517	0.0741	0.020	0.0039	0.0090
2018	0.060	0.0161	0.0243	0.056	0.0496	0.0635	0.020	0.0034	0.0077
2019	0.060	0.0157	0.0215	0.056	0.0530	0.0634	0.020	0.0035	0.0072
2020	0.060	0.0154	0.0205	0.056	0.0525	0.0594	0.020	0.0020	0.0058
10 Year Average	0.060	0.017	0.043	0.056	0.047	0.072	0.020	0.004	0.010

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**C. C. WILLIAMS WWTF
2020 STATISTICS**

Month		Flow mgd	Raw Flow gd	Dig Flow gd	Waste Flow gd	Rain inches	CL2 lbs	SO2 lbs	Air Temp f	Grit ft3	Nat Gas ft3	Dig Gas ft3
January	Max	49.91	103,644	649,387	173,550	2.45	34,000	93,000	69	550	94,000	38,000
	Min	16.59	6,700	-	-	-	460	260	37	-	-	-
	Avg	23.19	53,512	83,365	55,716	0.20	2,371	3,397	58	46	38,032	13,258
February	Max	40.01	154,145	196,114	173,352	2.10	1,760	540	70	270	500,000	29,000
	Min	19.16	5,200	84,000	5,624	0.01	600	300	41	270	56	1,500
	Avg	23.85	58,508	131,121	67,993	0.80	976	398	59	270	42,643	11,685
March	Max	25.23	173,654	394,345	171,496	0.73	1,660	520	83	270	91,000	38,000
	Min	17.84	4,251	21,000	56	0.01	480	280	53	220	1,000	1,000
	Avg	20.81	79,912	152,902	70,556	0.31	924	396	70	240	32,736	13,759
April	Max	21.84	124,780	172,588	126,180	0.83	1,200	480	84	270	92,000	26,000
	Min	11.47	11,930	9,000	1,272	0.01	440	260	59	175	1,000	1,000
	Avg	17.51	70,062	119,465	58,303	0.35	713	380	74	223	36,346	9,138
May	Max	25.09	115,994	176,920	164,818	74.00	1,060	480	86	270	93,000	61,000
	Min	13.11	7,474	-	1,336	-	400	240	68	-	-	2,000
	Avg	15.58	62,077	80,104	65,426	2.46	660	331	77	15	29,613	18,452
June	Max	66.71	145,767	217,683	231,660	5.70	2,020	4,000	91	540	145,000	59,000
	Min	15.40	4,600	22,600	25,760	0.01	600	240	73	200	1,000	1,000
	Avg	21.61	56,624	117,140	79,985	1.24	1,019	551	83	303	27,000	22,433
July	Max	30.49	145,931	149,703	78,090	2.05	1,550	400	92	405	89,000	106,871
	Min	15.66	71	-	-	-	600	220	76	-	-	4,000
	Avg	19.57	55,613	78,471	23,282	0.35	1,050	309	84	42	17,226	29,296
August	Max	27.96	162,987	162,987	140,848	1.14	1,460	780	91	270	75,000	60,000
	Min	16.00	16,007	-	1,244	-	720	200	78	-	-	-
	Avg	19.64	70,195	79,929	73,057	0.19	1,096	308	85	28	17,290	18,290
September	Max	50.99	189,121	146,769	169,028	4.75	2,092	440	93	270	95,000	81,000
	Min	20.07	-	-	-	-	680	180	67	-	-	-
	Avg	24.13	62,603	67,001	75,784	0.40	1,114	291	80	54	20,133	21,433
October	Max	35.61	153,431	200,194	97,097	2.50	2,180	720	91	270	78,000	39,000
	Min	19.43	10,916	-	-	-	640	220	58	-	-	4,000
	Avg	21.91	63,817	65,277	43,896	0.14	1,001	407	74	32	24,871	15,839
November	Max	22.20	132,270	120,480	99,882	0.84	1,400	500	82	270	91,000	23,000
	Min	11.32	-	-	4,862	-	600	80	40	-	-	8,000
	Avg	18.59	57,874	84,347	51,679	0.06	945	398	66	16	29,267	14,500
December	Max	36.53	188,165	263,225	106,798	1.70	1,720	500	72	270	97,000	74,000
	Min	11.55	4,602	-	6,372	-	680	200	33	-	-	1,200
	Avg	19.03	83,455	108,509	70,414	0.13	1,057	376	53	36	41,461	22,755
Annual	Max	66.71	189,121	649,387	231,660	74.00	34,000	93,000	93	550	500,000	106,871
	Min	11.32	-	-	-	-	400	80	33	-	-	-
	Avg	20.45	64,521	97,303	61,341	0.55	1,077	629	72	109	29,718	17,570

Note: Permit daily capacity (mgd) is 28.0.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**WRIGHT SMITH, JR. WWTF
2020 STATISTICS**

Month		Eff Flow mgd	Rain inches	CL2 lbs	SO2 lbs	Grit ft3
January	Max	18.98	2.41	279	221	147
	Min	7.04	0.14	133	60	74
	Avg	9.28	0.51	191	123	112
February	Max	15.69	1.74	249	196	126
	Min	6.75	-	149	53	-
	Avg	9.44	0.15	195	116	24
March	Max	11.06	0.97	322	157	137
	Min	6.10	-	131	12	-
	Avg	7.39	0.06	198	98	26
April	Max	8.93	1.12	245	137	221
	Min	5.93	0.01	125	36	32
	Avg	6.65	1.12	194	87	221
May	Max	10.36	1.62	254	172	169
	Min	5.03	-	144	64	-
	Avg	6.39	0.11	187	102	30
June	Max	20.94	4.37	290	172	380
	Min	5.80	-	116	20	-
	Avg	8.77	0.33	200	105	41
July	Max	12.24	2.53	325	163	105
	Min	5.85	-	117	38	-
	Avg	7.39	0.32	197	98	7
August	Max	11.29	1.20	283	139	136
	Min	6.12	-	152	43	-
	Avg	7.72	0.16	204	107	21
September	Max	20.73	2.30	267	181	211
	Min	5.96	-	167	49	-
	Avg	8.53	0.21	208	111	18
October	Max	13.60	2.00	225	158	158
	Min	6.19	-	113	61	-
	Avg	7.49	0.11	178	95	14
November	Max	9.18	0.72	247	139	148
	Min	5.63	-	146	51	-
	Avg	7.07	0.07	182	96	13
December	Max	17.04	1.88	219	250	190
	Min	6.18	-	100	12	-
	Avg	7.74	0.14	148	95	14
Annual	Max	20.94	4.37	325	250	380
	Min	5.03	-	100	12	-
	Avg	7.82	0.28	190	103	45

Note: Permit daily capacity (mgd) is 12.8.

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**TOTAL NUMBER OF CUSTOMERS
Last Ten Years**

YEAR	WATER	SEWER	TOTAL
2011	84,747	81,889	88,306
2012	84,989	82,203	88,606
2013	85,266	82,482	88,906
2014	85,219	82,412	88,911
2015	85,678	82,923	89,447
2016	86,166	83,497	90,007
2017	86,271	83,662	90,121
2018	86,276	83,696	90,154
2019	86,561	83,764	90,261
2020	87,448	84,649	91,186

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE**

**TOTAL NUMBER OF EMPLOYEES BUDGETED
Last Ten Years**

**Full time equivalent employees
by function**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Supply	3	3	3	3	3	3	5	5	6	6.5
Water Treatment	26	26	26	23	25	25	27	30	30	29.0
Wastewater Treatment	36	36	36	37	35	36	40	43	43	43.0
Transmission and Collection	136	135	137	141	139	147	146	159	157	159.5
Support Services	47	46	47	44	46	46	44	48	47	48.5
Supervision, Engineering, Accounting, Collections, and General Expense	141	140	142	139	137	139	134	145	145	136.0
	<u>389</u>	<u>386</u>	<u>391</u>	<u>387</u>	<u>385</u>	<u>396</u>	<u>396</u>	<u>430</u>	<u>428</u>	<u>422.5</u>

* Note: 2011 through 2012 FTE have been restated from original breakdown by Water, Wastewater, Support Services, and Administration

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
SCHEDULE OF 2020 CAPITAL PROJECT EXPENDITURES**

<u>PROJECT NUMBER</u>	<u>WATER PROJECTS</u>	<u>AMOUNT</u>
854363	Sensus M400 Base Station	\$ 48,198
10164554	Stickney Finished Water Piping Improvements	11,848
10170707	Myers Solids Handling Improvements	21,084
10179339	WTP Residuals Characterization And Dewaterability	29,025
10194727	Stickney WTP Filter Waste Pipe Fittings Replacement	421,345
10195981	Stickney Reservoir Improvements	574,313
10199152	Stickney Electrical Upgrade	414,071
175668273	Big Creek Lake Hoist And Gate Automation	341,790
2016-3005-09	Little Flower Water Main Replacement	172,886
4123.ALU	2019 DWSRF Water Meter Replacement Installation	10,273,300
AL18053	Calais-Paris Barrone-Chartres Water Main Upgrades	50,006
D3171600	Liquid Lime System Installation	341,730
M5712-2640	Large Water Line Valves Replacement	438,608
M5712-2657	Overlook Waterline Replacement from University Blvd to Mississippi Street	640,082
M5712-2673	Mobile River 16" Waterline Replacement	121,137
M5712-2684	Myers WTP Locker Room HVAC Replacement	73,277
M5712-2699	Phenol Chemie 12" Water Replacement Meter	8,836
VARIOUS	Miscellaneous Water Projects	11,236
		<hr/> 13,992,771
	<u>WASTEWATER PROJECTS</u>	
5323.06	Force Main Surge Protection Tanks	6,050
5610.190	August Lift Station Force Main	203,276
5611.190	C.C. Williams Digester Cleaning	31,861
18028	Gulf Field Sewer Rehabilitation	23,879
19008	Halls Mill Creek Trunk Sewer Abandonment 42" Sewer Line	368,860
19051	Manhole Installation	446,261
20019	Florida Street Sewer Rehabilitation-Phase 1	85,623
50175	Halls Mill Trunk Sewer Extension-16" Force Main	2,297,863
100316.24	Small Diameter Lining and Manhole Rehab (TM-12)	807,619
100316.25	2019 Large Diameter CIPP Sewer Lining	2,105,706
100316.32	B051A01 System Rehab Phase -1	39,470
398476	Eslava Lift Station Multi-Rake Screen and Washer Compactor Repl	2,193,608
674299	Three Mile Creek Severe Weather Attenuation Basin	12,680,782
677611	Eslava Creek Severe Weather Attenuation Basin Investigation	17,070
3123300	Williams WWTP Process Modeling and Alternative Analysis	26,657
3180900	Collection System Dynamic Model	276,076
3197100	Wright Smith WWTP Headworks Replacement	1,576,696
3226100	C.C. Williams Dewatering Facility and Other Improvements	1,272,538
3385400	Three Mile Creek SWAT Rehabilitation	59,286
3424000	Norton Lane Severe Attenuation Tank	91,198
50108990	Clear Creek and Royal Street Sewer Improvement	183,850
2016-202-17	Baltimore Street Development	600,537
395044DR	Dog River Dr Lift Station Relocation	756,309
5608.ALU	Magnolia Grove Gravity Sewer Investigation	29,572
AL19109	Azalea Road Emergency Sewer Replacement	11,669
CMOB160039	Three Mile Creek Trunk SEOW Upgrade	15,796,238
CMOB180014	Wright Smith Primary Digester Cover Replacement	1,436,708

(continued)

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE
SCHEDULE OF 2020 CAPITAL PROJECT EXPENDITURES**

<u>PROJECT NUMBER</u>	<u>WASTEWATER PROJECTS</u>	<u>AMOUNT</u>
CMOB190288	Old Shell Road and Florida Street Intersection Utility Replacement	40,567
CMOB190299	Eslava Creek Trunk Sewer Upgrades	223,687
CMOB190300	Crenshaw Street Lift Station and Sewer Force Main Improvements	153,148
CMOB190336	Halls Mill and Eslava Creek Lift Stations Valve Replacement	617,522
CMOB200010	Hillsdale Sewer Improvements	155,559
IEMAWSS-0102	New 12" Equalization Line for Daniels Road Lift Station	25,069
M5712-2609AB-3	2018 Annual Contract-Manhole Rehabilitation Year 3	410,569
M5712-2610-2	2018 Annual Contract-Manhole Frame and Cover Replacement Year 2	14,862
M5712-2611-3	2018 Annual Contract-CIPP Rehabilitation Large Diameter Sewer Mains Year 3	700,408
M5712-2613-2	2018 Annual Contract-CIPP Rehabilitation Public Laterals Year 2	145,440
M5712-2613-3	2018 Annual Contract-CIPP Rehabilitation Public Laterals Year 3	298,628
M5712-2614-3	2018 Annual Contract-Access Roads and Easement Maintenance Year 3	1,135,378
M5712-2625-3	2018 Annual Contract To Install And Replace Sewer Laterals Year 3	90,600
M5712-2643-2	2019 Annual Contract-CIPP Small Diameter Sanitary Sewer Rehab Year 2	949,608
M5712-2650	Eslava Creek Force Main Replacement Phase 3-1A Broad Street to Baker Street	4,584,795
M5712-2650 PH-3	Eslava Creek Force Main Replacement Phase 3: Baker Street to WWTP	3,537,891
M5712-2690	2021 Annual Contract-Access Roads and Easement Maintenance Year 1	7,871
M5712-2692	2021 Annual Contract-Manhole Frame and Cover Replacement Year 1	6,035
M5712-2694	2021 Annual Contract-CIPP Rehabilitation Public Laterals Year 1	7,441
M5712-2695	2021 Annual Contract-Manhole Rehabilitation Year 1	5,970
M5712-2696	2021 Annual Contract-CIPP Rehabilitation Large Diameter Sewer Mains Year 1	9,876
M5712-2697	2021 Annual Contract To Install And Replace Sewer Laterals Year 1	6,882
M5712-2701	Coalesway Drive Emergency Sewer Repair	126,112
VARIOUS	Miscellaneous Wastewater Projects	35,666
		<hr/> 56,714,848
	<u>OTHER PROJECTS</u>	
17049	Robert E Lee Water and Sewer Replacement	123,340
3180700	Scada Hardware Standards and Software Selection	250,448
3180800	Risk and Resiliency and Emergency Response Plan	9,541
50108991	Duncan Avenue Water and Sewer Replacement	32,606
4118.ALU	Broad Street Utility Relocation Phases 1 and 2	550,542
AL19102	Scottish Highlands Water and Sewer	33,251
M0042-4123	Widening Ziegler Boulevard from Athey Road to Forrest Hill Drive	101,837
M5712-2313	Briley Collins Sewer Replacement and Waterline Improvement	1,700,837
M5712-2558	Utility Relocation at Dawes and Jeff Hamilton Road	8,836
M5712-2639	Bridge Replacement SR-16 (US-90) Westbound Over Tensaw-Spanish River	31,281
M5712-2644	Roof Replacement At Various Locations	43,540
M5712-2669	Springhill Payment Center Generator Replacement	71,738
M5712-2682	Roof Replacement At Bucks Pumping Station	98,382
M5712-2683	City Proj for ROW Restoration N McGregor Ave Reconstr Wtr and Swr Repl	49,296
M5712-2691	Truck Wash Facility	5,563
MCP-301-15	Leroy Stevens Road Waterline Relocation	30,912
NS.13996.000	Del Barco Drive Water and Sewer Replacement	290,068
NS.14622.000	Widen Ziegler Blvd Water and Sewer Relocation from Schillinger Rd to Cody Rd	40,301
NS.15593.000	McDonald Avenue Waterline Improvements	9,875
VARIOUS	Miscellaneous Other Projects	22,877
		<hr/> 3,505,071
	<u>TOTAL CAPITAL PROJECT EXPENDITURES - 2020</u>	<hr/> \$ 74,212,690 <hr/>

SINGLE AUDIT SECTION

**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***

The Board of Commissioners
The Board of Water and Sewer Commissioners
of the City of Mobile, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type and fiduciary activities of The Board of Water and Sewer Commissioners of the City of Mobile, Alabama (the Board), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jackson Thornton & Co. PC

Montgomery, Alabama
April 23, 2021

**Independent Auditor's Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

The Board of Commissioners
The Board of Water and Sewer Commissioners
of the City of Mobile, Alabama

Report on Compliance for Each Major Federal Program

We have audited The Board of Water and Sewer Commissioners of the City of Mobile, Alabama's (the Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended December 31, 2020. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Board 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 December 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

Jackson Thornton & Co. PC

Montgomery, Alabama
April 23, 2021

**BOARD OF WATER AND SEWER COMMISSIONERS
OF THE CITY OF MOBILE, ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY:</u>			
Passed through the Alabama Department of Environmental Management:			
Clean Water State Revolving Fund			
Capitalization Grants for Clean Water State Revolving Fund	66.458	CWSRF-DL	\$ 41,548,247
Subtotal Clean Water State Revolving Fund			41,548,247
Drinking Water State Revolving Fund			
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF-DL	18,293,980
Subtotal Drinking Water State Revolving Fund			18,293,980
Total U.S. Environmental Protection Agency			59,842,227
Total expenditures of federal awards			\$ 59,842,227

Board of Water and Sewer Commissioners of the City of Mobile, Alabama
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal loan activity of the Board of Water and Sewer Commissioners of the City of Mobile, Alabama (the Board) under programs of the federal government for the year ended December 31, 2020. Expenditures reported on the schedule are reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Reporting Entity

The Board's reporting entity is fully described in Note 1 to the financial statements.

Note 3 - Indirect Cost Rate

The Board has elected not to use the 10 percent *de minimis* indirect cost rate allowed under Uniform Guidance.

Note 4 - Subrecipients

There were no awards passed through to subrecipients.

Board of Water and Sewer Commissioners of the City of Mobile, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X No
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X No

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 section 510(a) of Circular A-133?

_____ Yes X No

Identification of major programs:

<i>CFDA</i> <i>Number(s)</i>	<u>Name of Federal Program</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Board of Water and Sewer Commissioners of the City of Mobile, Alabama
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section II - Financial Statement Findings:

No matters to be reported.

Section III - Findings and Questioned Costs for Federal Awards:

No matters to be reported.

Board of Water and Sewer Commissioners of the City of Mobile, Alabama
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

There were no prior year findings reported.