

**SPARTANBURG SANITARY
SEWER DISTRICT**



**SPARTANBURG, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING JUNE 30, 2020 AND 2019**

I. INTRODUCTORY SECTION

SPARTANBURG SANITARY SEWER DISTRICT
SPARTANBURG, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019

SUBMITTED BY:
FINANCE DEPARTMENT

SPARTANBURG SANITARY SEWER DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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Spartanburg Sanitary Sewer District Officials

List of Commissioners and Senior Management Staff

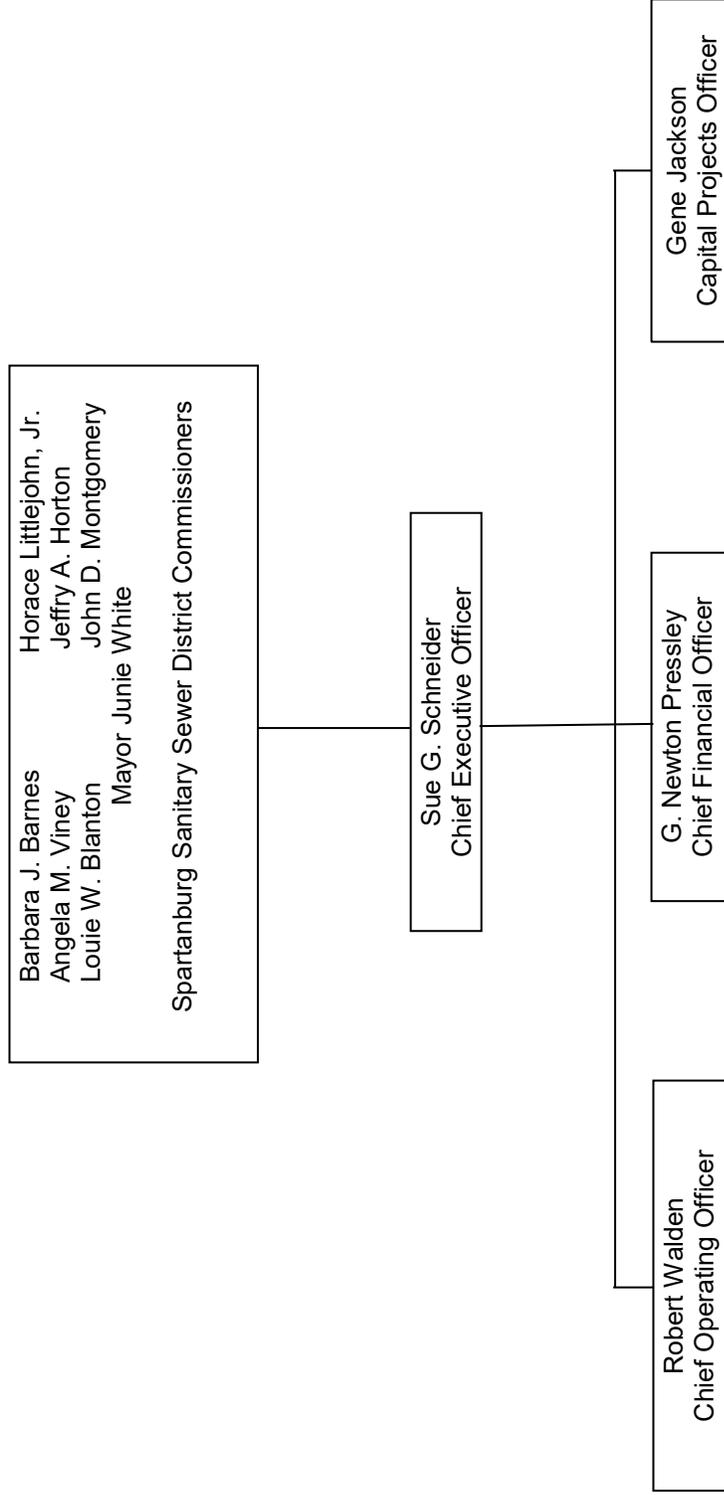
Commissioners

Louie W. Blanton.....	Chairman
Barbara J. Barnes	Commissioner
Jeffrey A. Horton	Commissioner
Horace C. Littlejohn, Jr.....	Commissioner
John D. Montgomery.	Commissioner
Angela M. Viney.....	Commissioner
Mayor Junie White.....	Commissioner

Senior Management Staff

Sue G. Schneider.....	Chief Executive Officer
G. Newton Pressley.....	Chief Financial Officer
Robert Walden	Chief Operating Officer
Gene Jackson	Chief Projects Officer

Spartanburg Sanitary Sewer District Organizational Chart



Horace C. Littlejohn, Jr.
John D. Montgomery
Angela M. Viney

Sue G. Schneider, Chief Executive Officer
G. Newton Pressley, Chief Financial Officer
Robert F. Walden, Chief Operating Officer
Charles E. Jackson, P.E., Capital Projects Officer



Barbara J. Barnes
Louie W. Blanton
Jeffrey A. Horton
Horace C. Littlejohn, Jr.
John D. Montgomery
Angela M. Viney
Junie White

Letter of Transmittal
November 30, 2020

To the Commissioners and Customers
of the Spartanburg Sanitary Sewer District

We are pleased to submit to you the Comprehensive Annual Financial Report ("CAFR") for the Spartanburg Sanitary Sewer District ("the District") for the fiscal year ended June 30, 2020. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District's management has established a system of internal accounting controls designed to provide reasonable, but not absolute, assurance for the safeguarding of assets and financial statement preparation in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits.

The District is required by state law to publish an annual financial report audited by a certified public accountant and this CAFR fulfills that requirement. Halliday, Schwartz & Co., Certified Public Accountants, conducted the independent audit of the District's financial statements. The objective was to obtain reasonable assurance that the financial statements are free of material misstatement. The audit was conducted in accordance with U.S. generally accepted auditing standards. Halliday, Schwartz & Co. issued an unmodified opinion that the District's financial statements are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

A Management Discussion and Analysis ("MD&A") is provided in the financial section of this report. The MD&A serves as a narrative introduction, overview and analysis of the District's financial statements. This Letter of Transmittal is intended to compliment the MD&A and should be read in conjunction with it.

PROFILE OF THE DISTRICT

The District is a special purpose district that was originally established by Act No. 556 of 1929 to provide sewer trunkline and treatment services. The General Assembly further empowered the District through Act No. 1503 of 1970 to provide sewage collection services in addition to transportation and treatment services. On January 1, 2008, the District acquired the City of Spartanburg sewer collection system, previously designated as "Subdistrict A." Currently, there is one subdistrict: "Subdistrict B" is comprised of areas north of the City and is responsible for providing sewage collection services to its residents. Since 1970 the District has assumed primary responsibility for providing sewage collection service to other areas of the District.

The District is located in Spartanburg County, which is located in the northwest Piedmont section of South Carolina on the I-85 corridor between Atlanta, Georgia and Charlotte, North Carolina. The current boundaries of the District encompass 137,911 acres (215.49 square miles) and include the municipalities of Spartanburg, Cowpens, Landrum, Pacolet, and Central Pacolet, and portions of three other special purpose districts, which include the Inman-Campobello Water District, the Liberty-Chesnee-Fingerville Water District and the Startex-Jackson-Wellford-Duncan Water District.

The District is governed by a seven member Commission, all of whom are elected from within the boundaries of the District. The Mayor of the City of Spartanburg ("City") and the three members of the Commission of Public Works of the City of Spartanburg ("CPW") serve as ex officio members of the Commission. The remaining three members are elected from the area of the District outside the City limits. These three members serve concurrent four-year terms.

The District presently operates eight regional treatment facilities: Clifton-Converse, Cowpens, Fairforest, Lower North Tyger River, Pacolet Mills, Fingerville, Page Creek (Landrum) and South Tyger River. In addition, the District operates one large transfer station at Lawson Fork and 79 pump stations throughout the service area, and 1,062 miles of pipeline, of which 371 miles was acquired from the City of Spartanburg as of January 1, 2008.

LOCAL ECONOMY

Spartanburg County possesses a diversified business and industry base. The following types of industry represent major employers in Spartanburg County: automotive, research and development on yarns/chemicals, flexible plastic packaging materials, radial truck tires, china plumbing fixtures, catalog printing and binding, non-woven materials and consumer specialty bags. Spartanburg County has the highest per capita international investment in the nation. The County has an available, skilled labor force and has taken advantage of the State's excellent worker training programs. Other major employers in the area include public schools, state and local governments, and health care providers.

The city serves as the national headquarters for Denny's, QS/1, and Advance America. The Chapman Cultural Center serves Spartanburg's cultural community for visual and performing arts, science and history. The 86,000-square-foot center is in downtown Spartanburg, adjacent to Barnet Park. The USC Upstate George Dean Johnson, Jr. College of Business and Economics is located in the heart of downtown Spartanburg.

Spartanburg County's unemployment rate in June 2020 was 10.1%, as compared with the state rate of 8.7% and the national rate of 11.1%.

FINANCIAL MANAGEMENT

The District adopts an annual operating budget for management and financial planning purposes. The District's computerized financial planning and rate-setting model is updated annually to provide for a five-year financial plan. Capital improvement plans, and applicable debt service projections for future bond issues, are incorporated in the financial planning process. The five-year plan is reviewed with the Commission, which adopts the budget and rates for the upcoming year only. The overall objective of the financial planning process is to minimize the impact of customer rate increases, while maintaining required debt service coverage. Other considerations of the financial planning process include: volume trends by customer class; maintaining sufficient fund balances to meet the District's operations, maintenance, and capital improvement needs; growth trends for various expenditure categories; and the comparison of customer rates to other utilities in the region. During the fiscal year, financial management tracking includes the following: monthly preparation and analytical review of departmental and company-wide financial reports; significant expenditure variances require follow-up with the responsible budget manager; the company-wide financial report is presented at the monthly Commission meeting; utility user charges are monitored monthly in relation to the approved budget and historical results; the tracking of utility user charges is performed for revenues and flows by customer class.

The Red Flags Rule is federal legislation that requires government agencies, including utilities, to develop written, board-approved programs designed to detect, prevent, and mitigate identity theft. A written Red Flags Identity Theft Prevention Program was approved by the Commissioners on April 28, 2009; the program details the procedures implemented to verify the identity of applicants opening new accounts and to protect sensitive customer information such as social security numbers, bank account information, and credit card numbers. The Red Flags Rule program is monitored on an ongoing basis to ensure compliance with procedures and to provide training. The annual Red Flags Program report was updated on June 23, 2020 and provided to the Commission on October 27, 2020. Management concluded that the program is effective, the policies and procedures have been followed, and that the internal controls and electronic security measures are protecting sensitive customer data.

The District's cash management policy provides that available funds are invested overnight and longer-term in accordance with state law, which permits the following types of investments: obligations of the U.S. and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. For more information regarding the June 30, 2020 investment distribution, see Note 2 to the Financial Statements.

The District is a member of the South Carolina Retirement System, one of four defined benefit retirement systems administered and maintained by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA). For information regarding the District's retirement plan, see Note 7 to the Financial Statements.

For information regarding the District's risk management function, see Note 10 to the Financial Statements.

FINANCIAL CONDITION

The increase in net position for fiscal year 2020 was \$5,295,823, a 9.8% increase for the fiscal year. The customer base increased by 650 accounts, or 1.4%, for fiscal year 2020. The average annual growth rate over the past five years was 2.3%. Debt service coverage of 110% is required by the District's revenue bond covenant. The fiscal year 2020 debt service coverage ratio based on the revenue bond covenant was 280%. A recent rate survey of comparable utilities in the region indicated that the District's customer rates compared favorably with the majority of the agencies in the survey.

Various funds are maintained to meet the operational, maintenance, and capital improvement needs of the district. The Depreciation Fund provides for the renovation and replacement of operational equipment and system facilities, and has been adequately funded in recent years with a June 30, 2020 balance of \$2,942,545. The Collection System Rehab Fund provides for the evaluation, maintenance and replacement of the collection system; the year-end balance is \$2,990,529. The Rate Stabilization Fund, which was established to provide for the smoother transition of future rate increases, has a balance of \$5,598,082 at June 30, 2020.

AWARDS

Utility of the Future Today

Spartanburg Water (Spartanburg Water System and Spartanburg Sanitary Sewer District) was recently awarded as one of about 65 utilities worldwide recognized for exceptional performance by a partnership of water sector organizations—the National Association of Clean Water Agencies (NACWA), the Water Environment Federation (WEF), the Water Environment & Reuse Foundation (WE&RF) and the WateReuse Association—with input from the U.S. Environmental Protection Agency (EPA). Spartanburg Water was one of 61 utilities first recognized by the program in 2016 in a three-year designation. This award is given to member agencies that demonstrate bold, transformational leadership in managing resources, partnering effectively in local economic development, and engaging stakeholders – resulting in environmental, economic, and social benefits. Spartanburg Water was recognized for its innovative programs to engage its customers, including Choose Tap, Water Matter and events like Paddle Fest and Lake Sweep. *The Public Information & Education Awards* honor agencies for their inventive efforts to educate the public on the effects of wastewater treatment and pollution control on the environment.

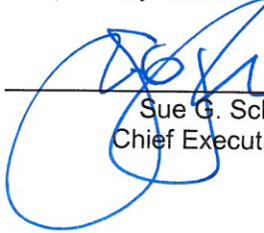
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Spartanburg Sanitary Sewer District for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the seventeenth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP 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.

ACKNOWLEDGEMENTS

We appreciate the support of the Commissioners and the dedication of all our District employees.

Respectfully Submitted,



Sue G. Schneider
Chief Executive officer



G. Newton Pressley
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**Spartanburg Sanitary Sewer District
South Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

II. FINANCIAL SECTION

To the Commissioners and Officers of
Spartanburg Sanitary Sewer District
200 Commerce Street
Spartanburg, South Carolina

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Spartanburg Sanitary Sewer District as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Spartanburg Sanitary Sewer District as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Commissioners and Officers of
Spartanburg Sanitary Sewer District
Page Two

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Spartanburg Sanitary Sewer District's basic financial statements. The schedules of operating expenses and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules of operating expenses are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedules of operating expenses 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.

Halliday, Schwartz & Co.

Spartanburg, South Carolina
November 30, 2020

Spartanburg Sanitary Sewer District Management's Discussion and Analysis

This Management Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements and provides a narrative overview and analysis of the District's financial condition and performance for the fiscal year ended June 30, 2020. This information should be read in conjunction with the transmittal letter and the District's financial statements, as listed in the table of contents included in this report.

Financial Highlights

As of June 30, 2020, total assets of \$217,094,618 and deferred outflows of resources of \$9,854,935 exceed total liabilities of \$167,240,220 and deferred inflows of resources of \$367,061 by \$59,342,272. For fiscal year 2019, total assets of \$220,959,661 and deferred outflows of resources of \$7,947,951 exceeded total liabilities of \$174,378,716 and deferred inflows of resources of \$482,447 by \$54,046,449.

For the fiscal year ended June 30, 2020, increase in net position, before capital contributions, was \$1,427,917. The District's increase in net position, after capital contributions of \$3,867,906, was \$5,295,823. For fiscal year 2019, increase in net position, before capital contributions, was \$2,233,760, and increase in net position, after capital contributions of \$1,983,221, was \$4,216,981.

For fiscal year 2020, operating revenues decreased by \$566,605 to \$26,580,004, or 2.1%, non-operating revenues increased by \$1,028,440 to \$9,162,605, or 12.6%, and total expenses increased by \$1,267,678 to \$34,314,692 or 3.8%. For fiscal year 2019, operating revenues increased by \$1,027,687 to \$27,146,609, or 3.9%. For fiscal year 2019, non-operating revenues increased by \$705,044 to \$8,134,165, or 9.5%, and total expenses increased by \$1,615,822 to \$33,047,014, or 5.1%.

Debt service coverage of 110% is required by the District's revenue bond covenant. The fiscal year 2020 debt service coverage ratio based on the revenue bond covenant was 280%. The fiscal year 2019 total District debt service coverage ratio was 154%.

Overview of the Financial Statements

The financial statements of the District report information about the District using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the District's overall financial status.

The Statements of Net Position present the District's financial position and reports information on all of the assets (resources owned by the District), deferred outflows of resources, liabilities (obligations of the District), and deferred inflows of resources with the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources reported as net position.

All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. Revenue is reported when earned, and expenses are reported when incurred. This statement measures the success of the District's operations over the past year and serves as the basis for determining the District's actual Debt Service Coverage Ratio, as required by the District's revenue bond covenant.

The Statements of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. This statement provides information as to where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

The Condensed Statements of Net Position are provided below as a summary of Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position for the years ended June 30, 2020, 2019 and 2018.

Financial Analysis of the District Condensed Statements of Net Position

	2020	2019	2018 Restated
Assets			
Current and noncurrent assets	\$ 42,850,385	\$ 47,664,609	\$ 46,352,816
Capital assets	174,244,233	173,295,052	178,027,749
Total Assets	<u>217,094,618</u>	<u>220,959,661</u>	<u>224,380,565</u>
Deferred outflows of resources			
Deferred loss on refundings	8,296,307	6,532,883	7,090,095
Deferred amounts related to pensions	948,238	907,900	1,095,186
Deferred amounts related to OPEB	610,390	507,168	439,678
Total Deferred Outflows of Resources	<u>9,854,935</u>	<u>7,947,951</u>	<u>8,624,959</u>
Liabilities			
Current liabilities	7,399,706	9,322,465	11,693,035
Noncurrent liabilities	159,840,514	165,056,251	171,275,948
Total Liabilities	<u>167,240,220</u>	<u>174,378,716</u>	<u>182,968,983</u>
Deferred Inflows of Resources			
Deferred amounts related to pensions	278,719	398,085	134,852
Deferred amounts related to OPEB	88,342	84,362	72,221
Total Deferred Inflows of Resources	<u>367,061</u>	<u>482,447</u>	<u>207,073</u>
Net position			
Net investment in capital assets	38,857,942	36,086,305	37,037,115
Unrestricted	20,484,330	17,960,144	12,792,353
Total Net Position	<u>\$ 59,342,272</u>	<u>\$ 54,046,449</u>	<u>\$ 49,829,468</u>

Current and noncurrent assets decreased by \$4,814,224 to \$42,850,385 and increased by \$1,311,793 to \$47,664,609 in fiscal year 2020 and 2019, respectively, primarily due to a decrease in funds used to help advance refund outstanding debt. Additionally, capital assets increased by \$949,181 to \$174,244,233 in fiscal year 2020 and decreased by \$4,732,697 to \$173,295,052 in fiscal year 2019. See Capital assets section on page 9 for further explanation.

For the current fiscal year the District's long-term debt, including current maturities, decreased by \$7,248,644 to \$151,400,557 or 4.6% and decreased by \$6,099,784 or 3.7% for the prior fiscal year.

Current and noncurrent assets included cash and investments of \$36,352,234 and \$41,497,529 as of June 30, 2020 and 2019, respectively. The distribution by fund of the year-end balances is provided below:

Fund	2020	2019
Operating	\$ 4,971,773	\$ 5,096,620
Debt service trust account	1,847,595	3,321,981
Debt service reserve account	-	4,226,101
Rate stabilization	5,598,082	3,530,566
Depreciation	2,942,545	4,518,656
Collection system rehab	2,990,529	2,688,904
Capital project funds		
Capital	16,875,436	11,493,046
Bond funds	1,126,274	6,621,655
Total cash and investments	\$ 36,352,234	\$ 41,497,529

Also included in current and noncurrent assets for fiscal year 2020 are receivables of \$5,446,943, with the substantial portion associated with user charge receivables, as follows: billed, not collected, net of allowance for doubtful accounts \$1,580,241, amount collected by Spartanburg Water System and transferred to the District after year-end \$2,656,297 and revenue earned but not yet billed \$1,105,407. For fiscal year 2019 are receivables of \$5,122,992, with the substantial portion associated with user charge receivables, as follows: billed, not collected, net of allowance for doubtful accounts \$1,462,449, amount collected by Spartanburg Water System and transferred to the District after year-end \$2,199,325 and revenue earned but not yet billed \$1,397,048.

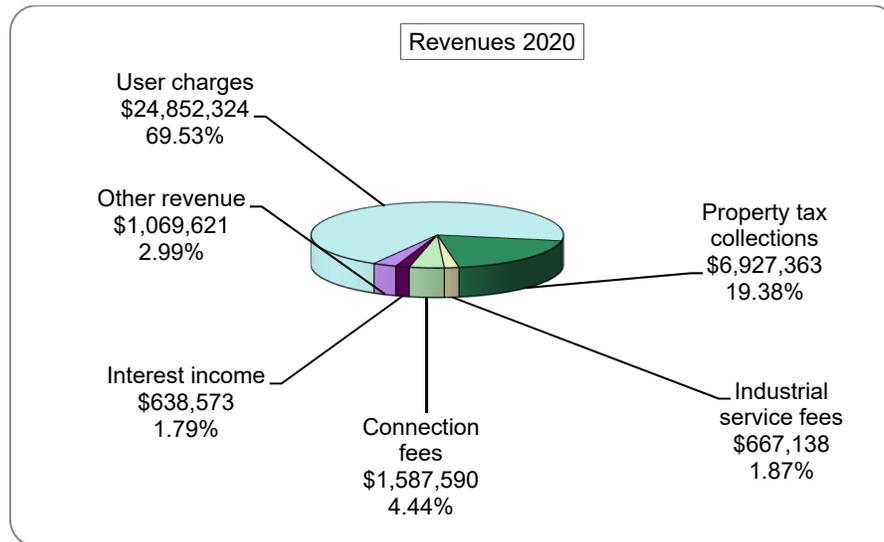
Current liabilities as of June 30, 2020, included accounts payable from operating funds of \$416,261, and accounts payable from capital funds of \$454,061, retainage payable of \$212,775 and the intercompany payable to the Spartanburg Water System of \$1,328,822 that is included in other payables. June 30, 2019 current liabilities included accounts payable from operating funds of \$437,089, and accounts payable from capital funds of \$174,880, retainage payable of \$574,518 and the intercompany payable to the Spartanburg Water System of \$943,839 that is included in other payables.

The Condensed Statements of Revenues, Expenses and Changes in Net Position are provided on the following page as a summary for the fiscal years ended June 30, 2020, 2019, and 2018.

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

	2020	2019	Restated 2018
Revenues			
Operating revenues			
User charge revenues	\$ 24,852,324	\$ 24,917,110	\$ 24,701,500
Other operating revenues	1,727,680	2,229,499	1,417,422
	<u>26,580,004</u>	<u>27,146,609</u>	<u>26,118,922</u>
Nonoperating revenues			
Property tax collections	6,927,363	6,783,557	6,340,946
Other nonoperating revenue	2,235,242	1,350,608	1,088,175
	<u>9,162,605</u>	<u>8,134,165</u>	<u>7,429,121</u>
Total revenues	<u>35,742,609</u>	<u>35,280,774</u>	<u>33,548,043</u>
Expenses			
Operating expenses, before depreciation	16,396,951	15,887,314	14,501,674
Depreciation expense	11,862,729	10,421,350	10,213,381
Non-operating expenses	6,055,012	6,738,350	6,716,137
Total expenses	<u>34,314,692</u>	<u>33,047,014</u>	<u>31,431,192</u>
Change in net position before capital contributions	1,427,917	2,233,760	2,116,851
Capital contributions	<u>3,867,906</u>	<u>1,983,221</u>	<u>2,004,843</u>
Change in net position	5,295,823	4,216,981	4,121,694
Net position, beginning of year, restated (2018)	<u>54,046,449</u>	<u>49,829,468</u>	<u>45,707,774</u>
Net position, end of year	<u>\$ 59,342,272</u>	<u>\$ 54,046,449</u>	<u>\$ 49,829,468</u>

Revenues (excluding capital contributions) of \$35,742,609 for the fiscal year ended June 30, 2020, were comprised of the following:



User charge revenue decreased from fiscal year 2019 to fiscal year 2020 by \$64,786, or 0.26%, primarily to a decrease in usage. The increase from fiscal year 2018 to fiscal year 2019 was \$215,610, or 0.87%, primarily due to an increase in usage.

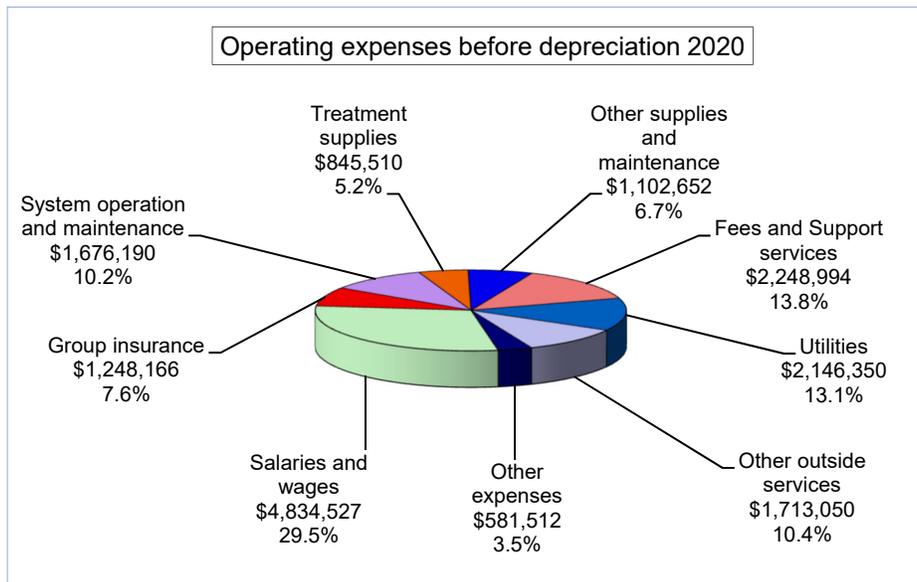
Pursuant to Act No. 1503 of 1970, the District has the authority to levy taxes uniformly throughout the District. The tax revenue may be used to pay debt service on eligible General Obligation (“G.O.”) debt and to pay administrative expenses for the District. Property tax revenue for fiscal year 2020 was \$6,927,363 and increased by \$143,806, or 2.12% primarily due to the increase in real estate, delinquent, and fee in lieu tax collections. Property tax revenue during fiscal year 2020 consisted of: real property of \$5,260,121, vehicles of \$584,377, delinquent taxes of \$200,148, homestead reimbursement of \$253,872, and other sources of \$628,845. Property tax revenue for fiscal year 2019 was \$6,783,557 and consisted of: real property of \$5,168,576, vehicles of \$596,593, delinquent taxes of \$139,401, homestead reimbursement of \$243,349, and other sources of \$635,638 which was an increase of \$442,611, or 6.98%, which was also attributed to an increase in real estate and fee in lieu tax collections.

Interest income decreased \$181,228, or 22.11%, to \$638,573 for fiscal year 2020, due to falling interest rates and decrease in cash and investments, following an increase of \$438,694, or 115.1% in fiscal year 2019, due to rising interest rates.

Industrial service fees of \$667,138 included industrial service charges of \$311,688 and industrial surcharge revenues of \$355,451 for fiscal year 2020 compared to a total of \$657,602 for fiscal year 2019.

Other revenue includes intercompany reimbursements, grease and septage disposal fee, service processing/inspection fees, miscellaneous cost recoveries, and sewer collection fees.

Operating expenses before depreciation were comprised of the following:



The following tables provide a comparison of fiscal year 2020 and 2019 and fiscal year 2019 and 2018 operating expenses for major expense categories.

Comparison of operating expenses before depreciation

Expense Category			Increase/(Decrease)	
	2020	2019	From 2019 to 2020	
			Amount	% of Change
Salaries and wages	\$ 4,834,527	\$ 4,230,898	\$ 603,629	14.3%
Group insurance	1,248,166	1,444,961	(196,795)	-13.6%
System operation and maintenance	1,676,190	1,650,487	25,703	1.6%
Treatment supplies	845,510	751,952	93,558	12.4%
Other supplies and maintenance	1,102,652	678,335	424,317	62.6%
Fees and support services	2,248,994	2,491,937	(242,943)	-9.7%
Utilities	2,146,350	2,300,985	(154,635)	-6.7%
Other outside services	1,713,050	1,728,688	(15,638)	-0.9%
Other expenses	581,512	609,071	(27,559)	-4.5%
Total operating expenses before depreciation	\$ 16,396,951	\$ 15,887,314	\$ 509,637	3.2%

Comparison of operating expenses before depreciation

Expense Category	Increase/(Decrease) From 2018 to 2019			
	2019	2018	Amount	% of Change
Salaries and wages	\$ 4,230,898	\$ 4,208,436	\$ 22,462	0.5%
Group insurance	1,444,961	1,059,410	385,551	36.4%
System operation and maintenance	1,650,487	1,618,098	32,389	2.0%
Treatment supplies	751,952	521,077	230,875	44.3%
Other supplies and maintenance	678,335	723,985	(45,650)	-6.3%
Fees and support services	2,491,937	2,405,163	86,774	3.6%
Utilities	2,300,985	1,935,383	365,602	18.9%
Other outside services	1,728,688	1,435,883	292,805	20.4%
Other expenses	609,071	594,239	14,832	2.5%
Total operating expenses before depreciation	<u>\$ 15,887,314</u>	<u>\$ 14,501,674</u>	<u>\$ 1,385,640</u>	<u>9.6%</u>

Operating expenses, before depreciation, increased by \$509,637, or 3.2% from fiscal year 2019 to fiscal year 2020, primarily due to an increase in treatment supplies, other supplies and maintenance, and salaries and wages. The fiscal year 2020 increase was offset by decreases in group insurance, fees and support services and utilities. The increase from fiscal year 2018 to fiscal year 2019 was \$1,385,640, or 9.6%, primarily due to an increase in treatment supplies, group insurance, utilities and legal fees. Highlights of the fiscal years 2020-2019 expense comparison is provided below:

- The Salaries and wages increase resulted primarily from merit pay increases and retirement payouts in FY20, as well as an increase to the vacation accrual due to the suspension of the 240 max vacation hour allowance.
- The Group insurance decrease resulted from an unfavorable claims experience for fiscal year 2020 that was offset with an increase in stop loss reimbursements.
- The Treatment supplies increase was primarily associated with a usage increase of chemicals at the Cowpens, Pacolet, and South Tyger River facilities, due to abnormally high rainfall. The flow increase associated with the rainfall required more chemical usage for the treatment.
- The Other supplies and maintenance increase is associated with increased Building and grounds maintenance and increased Laboratory supplies needed for new testing and increased in-house testing.
- The Fees and support services line item includes intercompany fees and charges paid to Spartanburg Water System. This line item reflects the District's allocated share of the following costs: Administrative (including Administration, Human Resources, Accounting, Purchasing and Information Technology); Billing, Customer Service and Meter Reading/Field Services; Engineering; Water Quality supervisory group; Maintenance supervisory group; Reclaimed Water Treatment supervisory group. The fiscal year 2020 decrease is primarily due to the additional District labor cost added to Operations to offset the fee paid to Spartanburg Water System.
- The Utilities decrease results from electrical power with Duke Energy overall, and primarily from the from Reclaimed Water Treatment facility.
- The other line items reflected no significant change in the comparison of fiscal year 2020 to fiscal year 2019.

Non-operating expenses totaled \$6,214,408 for the year and consisted of interest expense and paying agent fees and bond issuance costs. Total interest expense and paying agent fees decreased by \$1,347,437 and bond issuance costs increased by \$823,495.

Capital Contributions

The District receives contributions from developers in the form of cash payments and donated lines; and occasionally, contributions from federal/state agencies in the form of grants for capital projects. Accounting principles generally accepted by the United States of America require that these contributions be reflected as a revenue source on the Statements of Revenues, Expenses and Changes in Net Position. Capital contributions for fiscal year 2020 totaled \$3,867,906, an increase of \$1,884,685 or 95.03% compared to 2019, and were comprised of donated lines \$3,867,906. The most significant capital contributions during fiscal year 2020 are as follows: Villas at North Springs, Westgrove Village, Fox Run Subdivision, Peachtree Townes, and Stallion Rd Investment / Glen Meadows. Capital contributions for fiscal year 2019 totaled \$1,983,221, a decrease of \$21,622 or 1.08% compared to 2018, and were comprised of donated lines \$1,983,221. The most significant capital contributions during fiscal year 2019 are as follows: The Village at Anderson Mill, 2010 Nazareth Church Rd., Millsgate Subdivision, Kensington Creek Phase II and Orchards at Reidville Ph2.

Capital Assets

At June 30, 2020, the District had \$174,244,233 invested in capital assets, as provided in the schedule below:

Capital Assets at Year-End			
	2020	2019	Restated 2018
Treatment plants, interceptor lines, and collection lines	\$ 322,893,151	\$ 304,244,707	\$ 298,330,217
Other facilities and property	1,979,281	1,845,999	1,845,999
Vehicles, office and maintenance equipment	18,808,828	17,067,272	16,570,036
Construction in progress	4,931,608	12,750,372	13,881,578
Subtotal	<u>348,612,868</u>	<u>335,908,350</u>	<u>330,627,830</u>
Accumulated depreciation	(174,368,635)	(162,613,298)	(152,600,081)
Capital assets - net of depreciation	<u><u>\$ 174,244,233</u></u>	<u><u>\$ 173,295,052</u></u>	<u><u>\$ 178,027,749</u></u>

The fiscal year 2020 overall increase in capital assets was a result of the increase in Treatment plants, interceptor lines, and collection lines, and vehicles, office and maintenance equipment. The Treatment plants, interceptor lines, and collection lines increase was primarily due to current and prior year construction projects completed as well as an increase in donated sewer lines. The net decrease for construction in progress resulted primarily from the closing of the LNTR WWTP Expansion and Upgrade. Vehicles, office and maintenance increased primarily due to the purchase of a 2020 Freightliner Pump Truck.

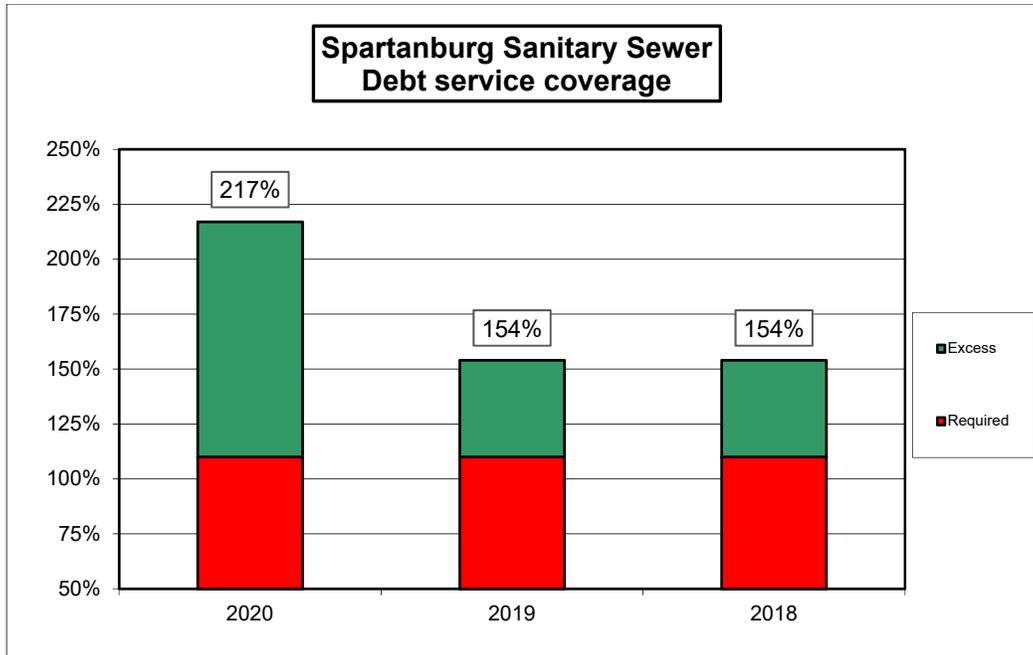
The fiscal year 2019 overall decrease in capital assets was a result of the increase in Treatment plants, interceptor lines, and collection lines, decrease in construction in progress and increase in current year depreciation. The Treatment plants, interceptor lines, and collection lines increase was primarily due to current and prior year construction projects completed with an offsetting decrease in donated sewer lines. The net decrease for construction in progress resulted primarily from the following closed projects: Greenville Branch Creek Sewer Interceptor Rehab, LNTR Basin Sewer Rehab Phase III and Pacolet Mills Liner Replacement.

Debt Administration

Debt Service Coverage

In the District's revenue bond resolution, the District covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the system which, together with other income, are reasonably expected to yield annual net earnings in the current fiscal year equal to at least 110% of the annual principal and interest requirements for all revenue bonds outstanding in such fiscal year, plus 100% of debt service on any general obligation bonds not paid from ad valorem tax receipts. The computation of net earnings is presented by the detailed schedule of Debt Service Coverage, which is provided in the statistical section of this report. The District's historical debt service coverage is summarized by the table below:

Debt Service Coverage	2020	2019	2018 (Restated)
Net earnings per Revenue bond covenant	\$ 16,232,911	\$ 15,714,545	\$ 15,644,508
Debt service requiring coverage, per covenant			
Revenue bond debt service	5,791,765	9,049,389	9,043,103
G.O. Debt service paid with revenues	-	-	-
Debt service amount for coverage test	\$ 5,791,765	\$ 9,049,389	\$ 9,043,103
Debt service coverage ratio based on revenue covenant	2.80	1.74	1.73
Net earnings per revenue bond covenant	16,232,911	15,714,545	15,644,508
Plus: Ad valorem taxes used for G.O. debt service	3,107,534	3,215,995	3,219,960
Adjusted net earnings	\$ 19,340,445	\$ 18,930,540	\$ 18,864,468
Total District debt service	\$ 8,899,299	\$ 12,265,384	\$ 12,263,063
Total District debt coverage ratio	2.17	1.54	1.54



Current Year Transactions

2019 G.O. Refunding

In December 2019, SSSD closed on a tax-exempt current refunding of its outstanding General Obligation Refunding Bonds, Series 2010. The refunding resulted in Net Present Value Savings of \$958,128 (7.97%) and total Cash Flow Savings of \$1,005,961.

2019 Revenue Refunding

In December 2019, SSSD closed on a tax-exempt current refunding of its outstanding Sewer System Revenue Bonds, Series 2009B. The refunding resulted in Net Present Value Savings of \$1,571,740 (13.92%) and total Cash Flow Savings of \$4,252,617 (including a \$2,368,323 Debt Service Reserve Fund release).

2020 Revenue Refunding

In May 2020, SSSD closed on a taxable advance refunding of a portion of its outstanding Sewer System Refunding Convertible Bonds, Series 2013B. The refunding resulted in Net Present Value Savings of \$4,526,747 (11.18%) and total Cash Flow Savings of \$6,169,290.

Outstanding Debt at Year-End

The District had \$145,762,000 in long-term debt outstanding at year-end, as scheduled below:

	Average Yield	Outstanding Debt		
		2020	2019	2018 (Restated)
Long-term Debt				
General Obligation Bonds				
2010 General Obligation Refunding Bonds	3.75%	\$ -	\$ 12,020,000	\$ 12,020,000
2011 General Obligation Refunding Bonds	2.89%	4,250,000	5,005,000	5,730,000
2013 General Obligation Refunding Bonds	2.50%	3,455,000	3,455,000	3,455,000
2014 General Obligation Refunding Bonds	2.20%	4,637,000	5,352,000	6,052,000
2016 General Obligation Refunding Bonds	2.52%	14,125,000	14,455,000	14,770,000
2019 General Obligation Refunding Bonds	1.32%	10,795,000	-	-
		<u>37,262,000</u>	<u>40,287,000</u>	<u>42,027,000</u>
Revenue Bonds				
2009A Sewer Revenue Refunding Bonds	3.97%	-	2,435,000	3,585,000
2009B Sewer Revenue Refunding Bonds	3.97%	-	12,595,000	13,860,000
2011 Sewer Taxable Revenue Bond	3.49%	-	475,000	1,445,000
2013A Sewer Revenue Refunding Bonds	3.55%	8,380,000	8,380,000	8,380,000
2013B Sewer Revenue Refunding Bonds	3.55%	9,645,000	50,125,000	50,125,000
2014A Sewer Revenue Refunding Bonds	3.86%	4,065,000	4,195,000	4,320,000
2014B Sewer Revenue Refunding Bonds	3.86%	32,575,000	32,960,000	33,330,000
2019 Sewer Revenue Refunding Bonds	1.51%	7,635,000	-	-
2020 Sewer Revenue Refunding Bonds	2.60%	46,200,000	-	-
		<u>108,500,000</u>	<u>111,165,000</u>	<u>115,045,000</u>
Loans				
State Revolving Fund Loan	3.50%	-	71,259	126,844
Total Long-term Debt Outstanding		<u>\$ 145,762,000</u>	<u>\$ 151,523,259</u>	<u>\$ 157,198,844</u>

For more information on changes in long-term debt, see Note 4 to the financial statements.

G.O. Debt Limit

The District may issue G.O. debt up to an amount equal to 8% of the last certified District assessment, without the requirement of conducting a referendum. Current G.O. debt capacity is determined as follows:

Final 2019 Assessed Value, less	
mfg. depreciation reduction	\$ 756,152,229
G.O. debt ceiling percentage	8%
Current G.O. debt ceiling	<u>60,492,178</u>
Less: outstanding G.O. debt	<u>37,262,000</u>
Available G.O. debt capacity	<u>\$ 23,230,178</u>

Bond Ratings

In fiscal year 2020, Moody's upgraded the revenue bond rating from A1 to Aa3 and Standard & Poor's upgraded from AA- to AA. The District had the following ratings during fiscal year 2020:

Agency	Revenue	G.O.
Standard & Poor's	AA	AA
Moody's	Aa3	Aa3

Financial Planning

Although the District does not have a legally adopted budget, an annual operating budget is adopted for management and financial planning purposes. The District conducts an update of the financial planning process as follows: departmental staffing plans, detailed budget requests, and depreciation schedules are prepared; District-wide budget information, including revenues, flow estimates, debt service, cost allocations, etc., are completed; capital improvement plans, and applicable debt service projections are utilized for long-term financial planning; the computerized financial planning and rate-setting model is updated to provide for a five-year financial projection; the annual operating budget is presented to the Commission; and a public hearing is advertised and held prior to final approval of the budget, tax levy, and user charges.

The District Commission approved an annual operating budget for fiscal year 2021 in the total amount of \$34,887,483, which represents a 0.2% increase over the previous year's budgeted revenues and expenditures. The fiscal year 2021 budget included funding of reserves as follows: Depreciation fund - \$2,000,000; Capital - \$3,500,000; and the Collection system rehab fund - \$1,200,000.

Other Significant Matters

- **Collection System Rehab Program**
The District has continued rehab program efforts associated with the Collection System infrastructure. These project activities include sewer line rehab work, creek crossings, manhole rehab work, right-of-way clearing, and large line cleaning.
- **COVID-19**
In March 2020, the South Carolina Governor issued a State of Emergency for the ongoing COVID-19 pandemic. Also in March, the Governor requested that utilities suspend service disconnections for non-payment, which the District implemented effective March 16. The Governor lifted the utility service disconnect directive in May, and the District resumed disconnects in July. Due to the economic impact associated with the pandemic, the District experienced a reduction in commercial and industrial customer flows during the fourth quarter of fiscal year 2020.
- **In Fiscal Year 2020, the Spartanburg Sanitary Sewer District ("SSSD") executed three refunding bond issuances to generate debt service savings.**
 - In December 2019, SSSD closed on a tax-exempt current refunding of its outstanding General Obligation Refunding Bonds, Series 2010. The refunding resulted in Net Present Value Savings of \$958,128 (7.97%) and total Cash Flow Savings of \$1,005,961.
 - At the same time, SSSD also closed on a tax-exempt current refunding of its outstanding Sewer System Revenue Bonds, Series 2009B. The refunding resulted in Net Present Value Savings of \$1,571,740 (13.92%) and total Cash Flow Savings of \$4,252,617 (including a \$2,368,323 Debt Service Reserve Fund release).
 - In May 2020, SSSD closed on a taxable advance refunding of a portion of its outstanding Sewer System Refunding Convertible Bonds, Series 2013B. The refunding resulted in Net Present Value Savings of \$4,526,747 (11.18%) and total Cash Flow Savings of \$6,169,290.
 - Total Net Present Value Savings is \$7,056,615, while total Cash Flow Savings is \$11,427,868.

Requests for Information

This financial report is intended to provide a general overview of the District's finances. For questions concerning this report or other requests for financial information, please contact:

Chief Financial Officer
Spartanburg Sanitary Sewer District
P.O. Box 251
Spartanburg, SC 29304
(864) 583-7361

SPARTANBURG SANITARY SEWER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2020	2019
Assets		
Current assets		
Cash	\$ 7,589,574	\$ 1,767,589
Investments	25,788,791	25,560,182
User charge receivable - net of allowance for doubtful accounts of \$145,544 and \$133,013 for 2020 and 2019, respectively	2,685,648	2,859,497
Taxes receivable - net of allowance for doubtful accounts of \$597,168 and \$465,666 for 2020 and 2019, respectively	95,927	55,099
Assessments and improvement charges receivable	9,071	9,071
Other receivables	2,656,297	2,199,325
Inventories	1,051,208	1,044,088
Total current assets	39,876,516	33,494,851
Noncurrent assets		
Restricted cash	357,486	422,500
Restricted investments	2,616,383	13,747,258
Capital assets - nondepreciable	4,931,608	12,750,372
Capital assets - net of accumulated depreciation	169,312,625	160,544,680
Total noncurrent assets	177,218,102	187,464,810
Total Assets	217,094,618	220,959,661
Deferred Outflows of Resources		
Deferred loss on refundings	8,296,307	6,532,883
Deferred amounts related to pensions	948,238	907,900
Deferred amounts related to OPEB	610,390	507,168
Total Deferred Outflows of Resources	9,854,935	7,947,951

SPARTANBURG SANITARY SEWER DISTRICT
STATEMENTS OF NET POSITION - CONTINUED
JUNE 30, 2020 AND 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2020	2019
Liabilities		
Current liabilities		
Accounts payable	1,074,076	1,178,024
Accrued salaries and wages	459,295	354,802
Accrued employee benefits	46,987	137,246
Accrued interest expense	1,470,525	2,081,707
Other payables	1,328,823	943,839
Long-term debt - current portion	3,020,000	4,626,847
Total current liabilities	7,399,706	9,322,465
Noncurrent liabilities		
Net pension liability	7,450,161	7,082,022
Net other post-employment benefit liability	4,009,796	3,951,875
Long-term debt - net of current portion	148,380,557	154,022,354
Total noncurrent liabilities	159,840,514	165,056,251
Total Liabilities	167,240,220	174,378,716
Deferred Inflows of Resources		
Deferred amounts related to pensions	278,719	398,085
Deferred amounts related to OPEB	88,342	84,362
Total Deferred Inflows of Resources	367,061	482,447
Net Position		
Net investment in capital assets	38,857,942	36,086,305
Unrestricted	20,484,330	17,960,144
Total Net Position	\$ 59,342,272	\$ 54,046,449

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

SPARTANBURG SANITARY SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Operating Revenues		
User charge revenues	\$ 24,852,324	\$ 24,917,110
Industrial service fees	667,138	657,602
Treatment charges	447,560	394,185
Miscellaneous	612,982	1,177,712
	<u>26,580,004</u>	<u>27,146,609</u>
Operating Expenses		
Personnel costs	6,106,194	5,738,096
Supplies and maintenance	3,624,352	3,080,774
Outside services	6,108,394	6,521,610
Educational and training expenses	157,371	210,870
Company expenses	400,640	335,964
Depreciation	11,862,729	10,421,350
	<u>28,259,680</u>	<u>26,308,664</u>
Operating Income	<u>(1,679,676)</u>	<u>837,945</u>
Nonoperating Revenues (Expenses)		
Connection fees	1,587,590	451,023
Property tax collections	6,927,363	6,783,557
Gain on sale of capital assets	9,079	79,784
Interest income	638,573	819,801
Interest expense and paying agent fees	(5,231,517)	(6,738,350)
Bond issuance costs	(823,495)	-
	<u>3,107,593</u>	<u>1,395,815</u>
Increase in Net Position, Before Capital Contributions	1,427,917	2,233,760
Capital Contributions	<u>3,867,906</u>	<u>1,983,221</u>
Increase in Net Position	5,295,823	4,216,981
Net Position - Beginning of Year	<u>54,046,449</u>	<u>49,829,468</u>
Net Position - End of Year	<u>\$ 59,342,272</u>	<u>\$ 54,046,449</u>

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

SPARTANBURG SANITARY SEWER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows Provided (Used) by Operating Activities		
Cash received from customers	\$ 26,256,053	\$ 27,579,329
Cash paid to suppliers for goods and services	(10,628,023)	(12,227,338)
Cash paid to or for the benefit of employees	(5,924,846)	(5,757,196)
	<u>9,703,184</u>	<u>9,594,795</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Connection fees	1,587,590	451,023
Property tax collections	6,927,363	6,783,557
Acquisition and construction of capital assets	(8,944,002)	(3,713,488)
Proceeds from sale of capital assets	9,079	87,840
Proceeds from general obligation bond issue	150,534	-
Proceeds from revenue bond issues	444,270	-
Bond issuance costs	(568,334)	-
Payments to advanced refundings escrow	(6,805,434)	-
Principal payments - general obligation bonds	(1,800,000)	(1,740,000)
Principal payments - revenue bonds	(990,000)	(3,880,000)
Principal payments - state revolving fund loan	(71,259)	(55,586)
Interest and paying agent fees	(5,426,859)	(6,605,336)
	<u>(15,487,052)</u>	<u>(8,671,990)</u>
Cash Flows Provided (Used) by Investing Activities		
Interest income	638,573	819,801
Net Increase (Decrease) in Cash and Cash Equivalents	(5,145,295)	1,742,606
Cash and Cash Equivalents - Beginning of Year	41,497,529	39,754,923
Cash and Cash Equivalents - End of Year	<u>\$ 36,352,234</u>	<u>\$ 41,497,529</u>

SPARTANBURG SANITARY SEWER DISTRICT
 STATEMENTS OF CASH FLOWS - CONTINUED
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ (1,679,676)	\$ 837,945
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	11,862,729	10,421,350
Pension expense	772,780	502,700
OPEB expense	371,675	343,695
(Increase) decrease in assets		
User charge receivable	173,849	392,345
Taxes receivable	(40,828)	(889)
Other receivables	(456,972)	74,917
Inventories	(7,120)	(35,560)
Deferred amounts related to pensions	(564,345)	(501,643)
Deferred amounts related to OPEB	(412,996)	(418,234)
Increase (decrease) in liabilities		
Accounts payable	(103,948)	(2,106,158)
Accrued salaries and wages	104,493	(32,899)
Accrued employee benefits	(90,259)	53,628
Accrued interest expense	(611,182)	15,611
Other current liabilities	384,984	47,987
Net Cash Provided by Operating Activities	\$ 9,703,184	\$ 9,594,795
Noncash Investing, Capital and Financing Activities		
Contribution of capital assets	\$ 1,983,221	\$ 1,983,221
Amortization included in interest expense	\$ (195,342)	\$ 133,015
Advanced refundings		
Proceeds from general obligation bond issue	\$ 10,795,000	\$ -
General obligation bond premium	\$ 1,485,223	\$ -
Defeased general obligation bonds	\$ (12,020,000)	\$ -
Proceeds from revenue bond issues	\$ 53,835,000	\$ -
Revenue bond premiums	\$ 1,707,970	\$ -
Defeased revenue bonds	\$ (55,510,000)	\$ -
Deferred loss on refundings	\$ (6,248,659)	\$ -
Bond issuance costs	\$ (255,161)	\$ -

SPARTANBURG SANITARY SEWER DISTRICT
 STATEMENTS OF CASH FLOWS - CONTINUED
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Cash and Investments as Shown on the Statements of Net Position and Cash Flows		
Statement of net position classifications		
Current assets		
Cash	\$ 7,589,574	\$ 1,767,589
Investments	<u>25,788,791</u>	<u>25,560,182</u>
	<u>33,378,365</u>	<u>27,327,771</u>
Noncurrent assets		
Restricted cash	357,486	422,500
Restricted investments	<u>2,616,383</u>	<u>13,747,258</u>
	<u>2,973,869</u>	<u>14,169,758</u>
	<u>\$ 36,352,234</u>	<u>\$ 41,497,529</u>
Cash flow classifications		
Petty cash	\$ 550	\$ 550
Cash deposits	15,063,548	2,189,539
Investments - cash equivalents	<u>21,288,136</u>	<u>39,307,440</u>
Total cash and cash equivalents	<u>\$ 36,352,234</u>	<u>\$ 41,497,529</u>

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

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Spartanburg Sanitary Sewer District (the District) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the District's management, which are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (US GAAP) and have been consistently applied in the preparation of the financial statements.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

Reporting Entity

The District provides public sewer utility services to the residents and businesses of Spartanburg, South Carolina and surrounding communities. The District is a special purpose district created in the year 1929 by the General Assembly of the State of South Carolina. The District is a primary government with no component units. The District is governed by a seven-member commission comprised of three commissioners of the Commission of Public Works of the City of Spartanburg, the Mayor of the City of Spartanburg and three commissioners elected by citizens residing within the District but outside the area of the City of Spartanburg.

Basis of Accounting

Under US GAAP, the District is considered to be a self-supporting enterprise, and these financial statements are presented accordingly. Enterprise funds are used to account for operations which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The basis of accounting employed is the accrual method whereby revenues are recognized when they are earned and expenses are recognized when they are incurred. Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles.

Use of Restricted Resources

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

Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions and ancillary activities.

Cash and Cash Equivalents

For purposes of reporting cash flows, all investments with a maturity of three months or less at the time of purchase are considered to be cash equivalents.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

Investments are stated at fair value.

Accounts Receivable

User charge receivables include fees for charges earned but not yet collected. Unbilled (i.e. cycle billings) receivables at year end are estimated to record revenues earned through year end. Receivables are reported net of applicable allowances for uncollectible accounts, which management determines based on historical collection trends and other factors.

Taxes Receivable and Ad Valorem Taxes

Taxes receivable (current and delinquent) represent property taxes that have been collected and remitted to the Spartanburg County Treasurer's office for its distribution to the District.

The District's uncollected assessed taxes that have been transferred to the Spartanburg County Delinquent Tax Collector were \$597,168 and \$465,666 at June 30, 2020 and 2019, respectively. The District has established an offsetting allowance for uncollectible taxes of the same amount.

The District's property taxes (except vehicles) are levied by the Spartanburg County Auditor each fall on the assessed value of the property located in the District's area as of the preceding January 1. The tax books are open for collection September 1, with the first penalty of 3% applied to payments made after January 15, the due date. A total penalty of 10% is charged for payments made after January 31. Uncollected property taxes attach as an enforceable lien on January 1. Uncollected property taxes as of March 15 are transferred to the Spartanburg County Delinquent Tax Collector at which time a total penalty of 15% is assessed. Spartanburg County bills and collects the District's property taxes. The District's property tax revenues are recognized when assessed.

Assessed values for real estate are established annually by the County Tax Assessor based on the assessment ratio applied to the appropriate class of property. Real and personal property taxes in the District's area were assessed at \$756,152,229 and \$708,139,488 for the calendar years 2019 and 2018, respectively.

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption.

Capital Assets

Capital assets are stated at cost. Donated capital assets are recorded at estimated acquisition value on the date donated. Assets are recorded as capital assets when valued at \$1,000 or more.

Prior to fiscal year 2019, major outlays for capital assets and improvements were capitalized as projects were constructed. These costs primarily included construction costs, engineering fees, legal fees and settlements related to acquisition. Effective for fiscal year 2019, the District discontinued capitalized interest on a prospective basis per GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets - Continued

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

	<u>Years</u>
System infrastructure	10 - 40
Motor equipment	5 - 10
Maintenance equipment	10
Office equipment	3 - 10
Buildings and improvements	20 - 33

Compensated Absences

The District provides eligible employees annual leave for each full calendar month of service. When an employee separates from employment, he is compensated for any unused annual leave.

Employees also accumulate sick leave based upon months of service. Sick leave does not vest and is lost upon termination of employment and thus is not accrued. A portion of accumulated sick leave, not to exceed forty-five days, may be redeemed for cash upon retirement. This redemption liability is neither reasonably estimable in aggregate nor accrued for financial statement purposes.

Long-Term Liabilities

Bond premium and discounts are deferred and equally amortized over the life of the bonds.

Deferred Outflows and Inflows of Resources

In the Statements of Net Position, in addition to assets and liabilities, separate sections for deferred outflows and deferred inflows of resources are reported. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an expense until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until that time. The District's deferred outflows of resources consist of deferred loss on refundings, which is the difference in the carrying value of refunded debt and its reacquisition price, deferred and amortized over the shorter of the life of the refunded or refunding debt; and amounts related to the District's defined benefit pension and OPEB plans. The District's deferred inflows of resources are amounts related to the District's defined benefit pension and OPEB plans.

Capital Contributions

The District frequently has contributions to its sewer system from developers and contractors. In addition, the District receives grant monies for construction of improvements or extensions to its system at various times. The contributions are recognized in the Statements of Revenues, Expenses and Changes in Net Position when earned.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Custodial credit risk - deposits - the risk that in the event of a bank failure, the deposits may not be returned to the District. The District's policy is to secure funds in accordance with Section 6-5-15 of the S.C. Code of Laws, and will include collateralization of deposits through appropriately pledged securities or other investments. As of June 30, 2020 and 2019, the District was not exposed to custodial credit risk.

Statutes authorized the District to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collateralized, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool (SC Pool). The SC Pool, established pursuant to Section 6-6-10 of the South Carolina Code, is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any governing body of a political subdivision of the State, may be deposited.

In addition to the state laws governing allowable investment instruments, the District adopted a formal deposit and investment policy in 2019. The District is to invest its funds based on the following objectives, in priority order: safety, liquidity, and yield.

Credit risk - The District's policy to minimize the risk of loss due to the failure of the security issuer or backer is to limit investments to the safest type of securities; pre-qualify the financial institutions; and diversify the investment portfolio so that potential losses on individual securities will be minimized.

Interest rate risk - the District's policy to minimize the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include markets that are not considered active.

Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as a particular investment's risk. Assets classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The SC Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. In accordance with governmental accounting statements, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the SC Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by SC Pool participants at any time and may be withdrawn up to 24 hours' notice. Financial statements for the SC Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2020 AND 2019

NOTE 2 - CASH DEPOSITS AND INVESTMENTS - CONTINUED

The District had the following investments, which are not applicable to the fair value hierarchy, as of June 30, 2020 and 2019:

Investment Type	Maturity	Value		Rating
		2020	2019	
State treasurer's investment pool	<60 days	\$ 19,798,028	\$ 32,181,858	Not rated
First American Government Obligation	<60 days	1,490,108	7,125,582	Aaa-mf
		<u>\$ 21,288,136</u>	<u>\$ 39,307,440</u>	

The Spartanburg Sanitary Sewer District is required under bond indenture agreements in connection with the issuance of bonds, to segregate certain assets. The assets listed below have been segregated and are restricted in use. They are shown in their respective categories in the accompanying statements of net position.

	2020	2019
Restricted Assets for the Acquisition and Construction of Capital Assets Investments	<u>\$ 1,126,274</u>	<u>\$ 6,621,676</u>
Restricted Assets for Debt Service Reserve and Debt Service Funds		
Cash	357,486	422,500
Investments	<u>1,490,109</u>	<u>7,125,582</u>
	<u>1,847,595</u>	<u>7,548,082</u>
	<u>\$ 2,973,869</u>	<u>\$ 14,169,758</u>

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets follows:

	2020			Balance June 30, 2020
	Balance June 30, 2019	Additions	Removals/ Disposals	
Capital Assets				
Nondepreciable				
Construction in progress	\$ 12,750,372	\$ 8,680,276	\$ 16,499,040	\$ 4,931,608
Depreciable				
Treatment plants, interceptor and collection lines	250,352,667	14,781,521	-	265,134,188
Collection lines - donated	53,892,040	3,867,906	-	57,759,946
Motor equipment	4,914,671	520,613	59,047	5,376,237
Maintenance equipment	11,474,646	1,300,429	37,614	12,737,461
Office equipment	677,955	26,926	9,748	695,133
Office real estate	257,433	133,279	-	390,712
Maintenance facility	648,572	-	-	648,572
Joint lab building	939,994	-	-	939,994
Total depreciable	<u>323,157,978</u>	<u>20,630,674</u>	<u>106,409</u>	<u>343,682,243</u>
Total Capital Assets	<u>335,908,350</u>	<u>29,310,950</u>	<u>16,605,449</u>	<u>348,613,851</u>
Accumulated Depreciation				
Treatment plants, interceptor and collection lines	118,478,885	8,643,467	-	127,122,352
Collection lines - donated	28,847,026	1,830,105	-	30,677,131
Motor equipment	3,942,886	492,781	59,047	4,376,620
Maintenance equipment	9,699,080	819,127	37,614	10,480,593
Office equipment	591,986	32,020	9,748	614,258
Office real estate	187,943	7,658	-	195,601
Maintenance facility	414,976	12,589	-	427,565
Joint lab building	450,516	24,982	-	475,498
	<u>162,613,298</u>	<u>11,862,729</u>	<u>106,409</u>	<u>174,369,618</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 173,295,052</u>			<u>\$ 174,244,233</u>

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 3 - CAPITAL ASSETS - CONTINUED

	2019			Balance June 30, 2019
	Balance June 30, 2018	Additions	Removals/ Disposals	
Capital Assets				
Nondepreciable				
Construction in progress	\$ 13,881,578	\$ 2,712,706	\$ 3,843,912	\$ 12,750,372
Depreciable				
Treatment plants, interceptor and collection lines	246,421,398	3,931,269	-	250,352,667
Collection lines - donated	51,908,819	1,983,221	-	53,892,040
Motor equipment	5,196,715	105,931	387,975	4,914,671
Maintenance equipment	10,717,883	764,070	7,307	11,474,646
Office equipment	655,438	43,424	20,907	677,955
Office real estate	257,433	-	-	257,433
Maintenance facility	648,572	-	-	648,572
Joint lab building	939,994	-	-	939,994
Total depreciable	316,746,252	6,827,915	416,189	323,157,978
Total Capital Assets	330,627,830	9,540,621	4,260,101	335,908,350
Accumulated Depreciation				
Treatment plants, interceptor and collection lines	111,224,565	7,254,320	-	118,478,885
Collection lines - donated	27,012,468	1,834,558	-	28,847,026
Motor equipment	3,828,571	502,290	387,975	3,942,886
Maintenance equipment	8,942,430	756,802	152	9,699,080
Office equipment	583,927	28,065	20,006	591,986
Office real estate	180,787	7,156	-	187,943
Maintenance facility	401,909	13,067	-	414,976
Joint lab building	425,424	25,092	-	450,516
	152,600,081	10,421,350	408,133	162,613,298
Capital Assets, Net of Accumulated Depreciation	\$ 178,027,749			\$ 173,295,052

Depreciation expense for the years ended June 30, 2020 and 2019 was \$11,862,729 and \$10,421,350, respectively.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 4 - LONG-TERM DEBT

2020						
	Balance June 30, 2019	Additions	Reductions	Defeased	Balance June 30, 2020	Due Within One Year
Bonds Payable						
General obligation bonds	\$ 40,287,000	\$ 10,795,000	\$ (1,800,000)	\$ (12,020,000)	\$ 37,262,000	\$ 1,135,000
Revenue bonds	111,165,000	53,835,000	(990,000)	(55,510,000)	108,500,000	1,885,000
State revolving fund loan	71,259	-	(71,259)	-	-	-
Less deferred amounts:						
Bond premium	7,125,942	3,193,192	(657,995)	(4,022,582)	5,638,557	-
	<u>\$ 158,649,201</u>	<u>\$ 67,823,192</u>	<u>\$ (3,519,254)</u>	<u>\$ (71,552,582)</u>	<u>\$ 151,400,557</u>	<u>\$ 3,020,000</u>
2019						
	Balance June 30, 2018	Additions	Reductions	Defeased	Balance June 30, 2019	Due Within One Year
Bonds Payable						
General obligation bonds	\$ 42,027,000	\$ -	\$ (1,740,000)	\$ -	\$ 40,287,000	\$ 1,085,000
Revenue bonds	115,045,000	-	(3,880,000)	-	111,165,000	3,485,000
State revolving fund loan	126,845	-	(55,586)	-	71,259	56,847
Less deferred amounts:						
Bond premium	7,550,140	-	(424,198)	-	7,125,942	-
	<u>\$ 164,748,985</u>	<u>\$ -</u>	<u>\$ (6,099,784)</u>	<u>\$ -</u>	<u>\$ 158,649,201</u>	<u>\$ 4,626,847</u>

General Obligation Bonds

Bonds payable at June 30, 2020 and 2019 were comprised of the following issues:

	2020	2019
\$12,135,000 General Obligation Refunding Bonds, Series 2010, dated January 7, 2010. Annual maturities of \$115,000 to \$3.275 million maturing in 2025 with semi-annual interest of 2.00% to 4.00%. Bonds were issued to refund the 2001, 2002 and 2004 General Obligation Bonds.	\$ -	\$ 12,020,000
\$9,480,000 General Obligation Refunding Bonds, Series 2011, dated April 14, 2011. Annual maturities of \$115,000 to \$920,000 maturing in 2025 with semi-annual interest of 2.00% to 4.00%. Bonds were issued to refund most of the Series 2002 General Obligation Bonds.	4,250,000	5,005,000
\$3,455,000 General Obligation Bonds, Series 2013, dated March 1, 2014. One lump sum principal payment due upon maturity in 2038 with semi-annual interest of 5.00%. Bonds were converted from the Series 2013B Refunding Revenue and Convertible Bonds.	3,455,000	3,455,000

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 4 - LONG-TERM DEBT - CONTINUED

General Obligation Bonds - Continued

	2020	2019
\$8,062,000 General Obligation Bonds, Series 2014, dated July 8, 2014. Annual maturities of \$655,000 to \$816,000 maturing in 2027 with semi-annual interest of 1.10%. Bonds were issued to defray the costs of District improvements.	4,637,000	5,352,000
\$15,325,000 General Obligation Bonds, Series 2016, dated August 30, 2016. Annual maturities of \$250,000 to \$765,000 maturing in 2046 with semi-annual interest of 2.00% to 4.00%. Bonds were issued to defray the costs of District improvements and pay off the Bond Anticipation Note.	14,125,000	14,455,000
\$10,795,000 General Obligation Bonds, Series 2019, dated December 5, 2019. Annual maturities of \$2,240,000 to \$2,990,000 maturing in 2025 with semi-annual interest of 5.00%. Bonds were issued to refund the Series 2010 General Obligation Bonds.	10,795,000	-
	37,262,000	40,287,000
Less: current portion	(1,135,000)	(1,085,000)
Total long-term general obligation bonds payable	\$ 36,127,000	\$ 39,202,000

Debt service requirements to maturity including interest on the general obligation bonds as of June 30, 2020 are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 1,135,000	\$ 1,313,500	\$ 2,448,500
2022	4,156,000	1,358,573	5,514,573
2023	4,692,000	1,181,315	5,873,315
2024	4,894,000	978,007	5,872,007
2025	5,111,000	769,512	5,880,512
2026-2030	3,919,000	2,519,681	6,438,681
2031-2035	2,605,000	2,187,848	4,792,848
2036-2040	6,475,000	1,436,550	7,911,550
2041-2045	3,510,000	437,100	3,947,100
2046	765,000	22,950	787,950
	\$ 37,262,000	\$ 12,205,036	\$ 49,467,036

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 4 - LONG-TERM DEBT - CONTINUED

Revenue Bonds

Bonds payable at June 30, 2020 and 2019 were comprised of the following issues:

	2020	2019
\$7,865,000 Sewer System Refunding Revenue Bonds Series 2009A, dated December 30, 2009. Maturities from 2014 to 2021 with semi-annual interest of 2.50% to 5.0%. Bonds issued to refund the outstanding 1999 Series A Refunding Revenue Bonds.	\$ -	\$ 2,435,000
\$21,265,000 Sewer System Refunding Convertible Bonds Series 2009B, dated December 30, 2009. Maturities from 2011 to 2022 and 2026 to 2028 with semi-annual interest of 2.50% to 5.0%. Bonds issued to refund the most of the outstanding 1999 Series B CIB and all the outstanding 1999 Series B CAB Refunding Revenue Bonds including the accreted interest.	-	12,595,000
\$10,260,000 Sewer System Taxable Revenue Bonds Series 2011, dated November 2, 2011. Maturities from 2016 to 2025 with semi-annual interest of 1.89% to 4.18%. Bonds issued to retire the outstanding Sewer System Revenue Bond Anticipation Note, Series 2010. In 2014, a portion of these bonds were partially refunded with the Sewer System Refunding Revenue Bonds, Series 2014B.	-	475,000
\$9,220,000 Sewer System Refunding Revenue and Convertible Bonds Series 2013A, dated April 3, 2013. Maturities from 2014 to 2040 with semi-annual interest of 1.00% to 4.00%. Bonds issued to retire the outstanding Sewer System Convertible Bonds, Series 2003A.	8,380,000	8,380,000
\$53,730,000 Sewer System Refunding Revenue and Convertible Bonds, Series 2013B, dated April 3, 2013. Maturities from 2014 to 2038 with semi-annual interest of 1.00% to 5.00%. Bonds issued to retire the outstanding Sewer System Improvement and Refunding Convertible Bonds, Series 1999B and the outstanding Sewer System Convertible Bonds, Series 2003B. In 2013, converted \$3,455,000 to General Obligation Bonds.	9,645,000	50,125,000
\$4,680,000 Sewer System Refunding Revenue Bonds, Series 2014A, dated December 4, 2014. Annual maturities of \$15,000 to \$295,000 maturing in 2040 with semi-annual interest of 2.00% to 5.00%. Bonds were issued to retire the outstanding Sewer System Revenue Bonds, Series 2005A.	4,065,000	4,195,000

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 4 - LONG-TERM DEBT - CONTINUED

Revenue Bonds - Continued

	2020	2019
\$34,480,000 Sewer System Refunding Revenue Bonds, Series 2014B, dated December 4, 2014. Annual maturities of \$100,000 to \$8,685,000 maturing in 2040 with semi-annual interest of 2.00% to 5.00%. Bonds were issued to retire the outstanding Sewer System Revenue Bonds, Series 2005B.	32,575,000	32,960,000
\$7,635,000 Sewer System Refunding Revenue Bonds, Series 2019, dated December 5, 2019. Annual maturities of \$580,000 to \$2,400,000 maturing in 2028 with semi-annual interest of 5.00%. Bonds were issued to refund the callable maturities of the outstanding Sewer System Refunding Revenue and Convertible Bonds, Series 2009B.	7,635,000	-
\$46,200,000 Sewer System Taxable Refunding Revenue Bonds, Series 2020, dated May 28, 2020. Annual maturities of \$785,000 to \$5,215,000 maturing in 2037 with semi-annual interest of 1.35% to 2.95%. Bonds were issued to refund a portion of the outstanding Sewer System Refunding Revenue and Convertible Bonds, Series 2013B.	46,200,000	-
	108,500,000	111,165,000
Less: current portion	(1,885,000)	(3,485,000)
Total long-term revenue bonds payable	\$ 106,615,000	\$ 107,680,000

Debt service requirements to maturity including interest on the revenue bonds as of June 30, 2020 are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 1,885,000	\$ 3,512,930	\$ 5,397,930
2022	1,055,000	3,731,569	4,786,569
2023	1,090,000	3,702,764	4,792,764
2024	1,120,000	3,677,173	4,797,173
2025	1,140,000	3,644,148	4,784,148
2026-2030	26,770,000	16,111,702	42,881,702
2031-2035	35,205,000	11,175,434	46,380,434
2036-2040	40,235,000	4,959,666	45,194,666
	\$ 108,500,000	\$ 50,515,386	\$ 159,015,386

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 4 - LONG-TERM DEBT - CONTINUED

Revenue Bonds - Continued

State Revolving Fund Loan

\$626,900 South Carolina Water Quality Revolving Fund Authority Loan (State revolving fund loan) was assumed by the District with the transfer of the City of Spartanburg's sewer lines. The loan had principal and interest payments quarterly of \$14,493 and an interest rate of 2.25%. The balance as of June 30, 2019 was \$71,259 and paid in full as of June 30, 2020. In a separate agreement, the state revolving fund loan was given first lien bond status and deemed fully secured by the gross revenues of the District, same as the revenue bonds.

NOTE 5 - DEFEASANCE OF DEBT AND ADVANCED REFUNDINGS

On December 5, 2019, the District issued \$10,795,000 of General Obligation Refunding Bonds, Series 2019. These proceeds were used to advance refund \$12,020,000 of outstanding General Obligation Refunding Bonds, Series 2010 maturing March 1 of the years 2022 through 2025. The net proceeds of \$12,105,555 along with District funds of \$109,549 were used to advance refund and defease the outstanding 2010 debt.

The advanced refunding resulted in a gross cash flow gain of \$1,005,961 and an economic cash flow gain of \$958,128 for the year ending June 30, 2020.

On December 5, 2019, the District issued \$7,635,000 of Sewer System Refunding Revenue Bonds, Series 2019. These proceeds were used to advance refund the \$12,595,000 of callable maturities of the outstanding Refunding Convertible Revenue Bonds, Series 2009B. The net proceeds of \$9,119,071 along with District funds of \$3,705,948 were used to advance refund and defease the outstanding 2009B bonds. As part of the same transaction, additional District funds of \$2,483,866 were provided to also advance refund and defease the \$2,435,000 outstanding balance of the Sewer System Refunding Revenue Bonds, Series 2019.

The advanced refunding resulted in a gross cash flow gain of \$4,252,617 and an economic cash flow gain of \$1,571,740 for the year ending June 30, 2020.

On May 28, 2020, the District issued \$46,200,000 of Taxable Sewer System Refunding Revenue Bonds, Series 2020. These proceeds were used to advance refund \$40,480,000 of the outstanding Sewer System Refunding Revenue Bonds, Series 2013B. The net proceeds of \$45,752,931 along with District funds of \$506,070 were used to advance refund and defease the outstanding 2013B debt.

The advanced refunding resulted in a gross cash flow gain of \$6,169,290 and an economic cash flow gain of \$4,526,747 for the year ending June 30, 2020.

The proceeds from current and previous bonds issued that defeased certain general obligation and revenue bonds in current and prior years were placed in an irrevocable trust to provide for all future debt payments on the old bonds. Accordingly, the trust accounts' assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2020 and 2019, \$40,480,000 and \$0 of bonds outstanding are considered defeased from current and prior years.

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2020 AND 2019

NOTE 5 - DEFEASANCE OF DEBT AND ADVANCED REFUNDINGS - CONTINUED

In current and prior years, advanced refundings resulted in book losses that are being amortized over the original remaining life of the old bonds that were defeased or the life of the new debt, whichever is less. The unamortized losses at June 30, 2020 and 2019 are shown on the Statements of Net Position as deferred loss on refundings under deferred outflows of resources. Amortization has been included in interest expense and was \$462,653 and \$557,212 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 - CAPITAL CONTRIBUTIONS

Donated assets and/or grants provided to finance capital expenditures are accounted for as capital contributions. During the years ended June 30, 2020 and 2019, the District received the following as donated assets:

	2020	2019
Donated assets	\$ 3,867,906	\$ 1,983,221

NOTE 7 - PENSION PLAN

Plan Description - The District, as the employer, participates in the South Carolina Retirement System (SCRS/system) Plan - a cost-sharing multiple-employer defined benefit pension plan administered and managed by the South Carolina Public Employee Benefit Authority (PEBA), a state agency. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Benefits Provided/Membership - SCRS provides retirement and other benefits for teachers and employees of the state, its public school districts, and political subdivisions. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary.

This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit.

An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 7 - PENSION PLAN - CONTINUED

Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions - Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in the state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS. The legislation also increased employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in the state statute, the System shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the System is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 8%. If the most recent actuarial valuation of the System for funding purposes shows a ratio of the actuarial value of the system assets to the actuarial accrued liability of the system (the funded ratio) that is equal or greater than 85%, then the system, effective on the following July 1st, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85%. If contribution rates are decreased pursuant to this provision and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85%, then effective on the following July 1st, and annually thereafter as necessary, the system shall increase the then contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85%.

Required employee (both Class II and III) contribution rates for the years ended June 30, 2020 and 2019 was 9%. The required employer contribution rate for the years ended June 30, 2020 and 2019 was 15.41% and 14.41%, respectively. Both required employee and employer contribution rates are calculated on earnable compensation as defined by Title 9 of the South Carolina Code of Laws. Employers also contribute an additional .15% of earnable compensation, if participating in the death benefit program.

Contributions to the Plan from the District were \$564,345 and \$501,643, for the years ended June 30, 2020 and 2019, respectively.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 7 - PENSION PLAN - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a net pension liability of \$7,450,161 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability, net pension liability and sensitivity information are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2019, using generally accepted actuarial procedures. The allocation of the District's proportionate shares of the collective net pension liability and pension expense were calculated on the basis of the District's contributions actually remitted to the plan relative to the total contributions remitted to the plan for all participating employers, less employer contributions that are not a representative of future contributions efforts, as of June 30, 2019. Based upon this information, the District's proportion of the collective net pension liability at June 30, 2020 and 2019 was .032627% and .031607%, respectively, an increase of .00102% since June 30, 2018, the prior measurement date.

For the years ended June 30, 2020 and 2019, the District recognized pension expense of \$772,780 and \$536,354, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the pension as follows:

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

2020		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 167,802	\$ 278,719
Changes in assumptions	150,132	-
Net difference between projected and actual earnings on pension plan investments	65,959	-
District contributions subsequent to the measurement date	564,345	-
Total	\$ 948,238	\$ 278,719
2019		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,784	\$ 398,085
Changes in assumptions	280,975	-
Net difference between projected and actual earnings on pension plan investments	112,498	-
District contributions subsequent to the measurement date	501,643	-
Total	\$ 907,900	\$ 398,085

\$564,345 reported as deferred outflows of resources related to pensions in 2020 resulted from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2020 AND 2019

NOTE 7 - PENSION PLAN - CONTINUED

Year Ended June 30		
2021	\$	132,365
2022		(105,445)
2023		51,543
2024		26,711
	\$	<u>105,174</u>

Actuarial Assumptions - Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the System was most recently issued for the period ending July 1, 2015.

The June 30, 2019 total pension liability, net pension liability, and sensitivity information determined by the July 1, 2018 valuation, used the following actuarial assumptions and methods:

Actuarial cost method	Entry age normal
Inflation	2.25%
Salary increases	3.0% to 12.5% (varies by service and includes 2.25% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.25% (includes 2.25% inflation)

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

The long-term expected rate of return on pension plan investments is based upon the 20 year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. Expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation, and is summarized in the following table. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes 5.00% real rate of return and a 2.25% inflation component.

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2020 AND 2019

NOTE 7 - PENSION PLAN - CONTINUED

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	51%	3.61%
Real Assets	12%	0.69%
Opportunistic	8%	0.26%
Credit	15%	0.64%
Rate Sensitive	14%	0.21%
Total Expected Return	<u>100%</u>	<u>5.41%</u>
Inflation for Actuarial Purposes		<u>2.25%</u>
		<u>7.66%</u>

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the collective net pension liability calculated using the discount rate of 7.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the collective net pension liability	\$ 9,385,643	\$ 7,450,161	\$ 5,834,888

Pension Plan Fiduciary Net Position - Detailed information regarding the fiduciary net position of the plan, administered by PEBA, is available in the Systems' audited financial statements for the fiscal year ended June 30, 2019 (including the unmodified opinion on the financial statements). Information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the accrual basis of accounting. Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2019. The additional information is publically available on PEBA's Retirement Benefits' website at www.peba.sc.gov.

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS

Plan Description

The District, through its substantive commitment to provide other post-employment benefits (OPEB), maintains an agent employer defined benefit plan to provide certain postretirement health care benefits. The plan provides health care and prescription drug coverage in the Group insurance plan; and upon becoming eligible for Medicare coverage, retirees are provided with Medicare supplement insurance which includes health care and prescription drug coverage. Participants must be eligible to retire under the SCRS with a minimum of 12 years of service to receive benefits.

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2020 AND 2019

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Plan Description - Continued

The District explicitly provides a portion of the cost of coverage for retirees and the retirees are required to pay a portion of the premiums which is determined each year. Retirees may continue dependent coverage (and pay the full premium for this coverage) if enrolled in dependent coverage at the time of retirement. Spouses age 65 or older may continue coverage by paying the total cost of coverage. Spouses are not covered for pre or post-65 retirees.

The District, upon majority vote of the seven member Commission, has the authority to establish and amend benefit provisions.

The Plan's assets are held in an irrevocable trust for the exclusive benefit of the Plan participants and are administered by the South Carolina Other Retirement Benefits Employer Trust (SCORBET). Each member shares in the SCORBET's administrative and investment related expenses. The SCORBET issues a publically available Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained by submitting a request to Risk Management Services, Municipal Association of South Carolina, Post Office Box 12109, Columbia, SC 29211.

Plan Membership

Membership in the plan as of December 31, 2018, the date of the last actuarial valuation was :

Inactive plan members of beneficiaries receiving benefits	27
Active plan members	73
Total plan members	<u>100</u>

Contributions

The Plan is financed on a pay-as-you-go basis and through separate contributions to SCORBET based on the actuarially determined employer contribution. The SCORBET allows each member to choose a contribution amount into the trust based on the actuarially determined employer contribution. The District paid \$462,443 and \$488,805 in pay-as-you-go and SCORBET contributions for the years ended June 30, 2020 and 2019.

Net OPEB Liability

The District's net OPEB liability as of June 30, 2020 and 2019 of \$4,009,796 and \$3,951,875, respectively was measured as of December 31, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability as of June 30, 2020 and 2019 was determined by an actuarial valuation date of December 31, 2018.

Actuarial assumptions and other inputs - the Total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2020 AND 2019

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Net OPEB Liability - Continued

Actuarial assumptions and other inputs - continued -

Inflation	2.25%
Salary increases	3.00%-7.00%, including wage inflation of 3.00%
Investment rate of return	4.75%, net of OPEB plan investment expense, including price inflation
Municipal bond index rate	3.55%
Single equivalent interest rate	4.75%
Health care cost rates	
Pre-medicare	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Medicare	5.38% for 2019 decreasing to an ultimate rate of 4.75% by 2023
Discount rate	Based upon the long-term expected rate of return

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2018 valuation were based on the 2016 experience study adopted by the SCRS pension plan. The experience report on the SCRS was most recently issued as of July 1, 2015, and is required to be completed at least once in each five-year period by S.C. state statute. The remaining actuarial assumptions (e.g., initial per capita costs, health care costs trends, rate of plan participation, rates of plan election, etc.) used in the December 31, 2018 valuation were based on a review of recent plan experience done concurrently with the December 31, 2018 valuation.

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

Fixed income	94.00%
Cash and cash equivalents	6.00%
	<u>100.00%</u>

Discount rate - the discount rate used to measure the total OPEB liability was 4.75%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Net OPEB Liability - Continued

Discount rate - continued - In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions; active employees do not explicitly contribute to the plan; the District continues to contribute the full actuarially determined employer contribution through deposit to the SCORBET and direct payment of benefits to the plan members as the benefits come due; projected assets do not include employer contributions that fund estimated service costs of future employees; and cash flows occur mid-year. Based on those assumptions, the plan's fiduciary net position was projected to not be depleted.

Changes in the Net OPEB Liability

The total OPEB liability (TOL) is based upon the actuarial valuation performed as of the December 31, 2018 valuation date. An expected TOL is determined as of December 31, 2019, the measurement date, using standard roll forward techniques. An expected TOL is determined as of December 31, 2018 for the year ending 2019 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of the prior measurement date, December 31, 2018, subtracts the expected benefit payments for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the service cost). The procedure used to determine the TOL, as of December 31, 2019 and 2018, is shown in the following table:

	2020		
	Total OPEB	Plan	Net OPEB
	Liability	Fiduciary Net Position	Liability
	(a)	(b)	(c)
Balance as of December 31, 2018	\$ 6,498,007	\$ 2,546,132	\$ 3,951,875
Changes for the Year			
Service cost	222,851	-	222,851
Interest	304,962	-	304,962
Difference between expected and actual experience	(18,345)	-	(18,345)
Changes in assumptions and other inputs	157,830	-	157,830
Contributions - employer	-	473,854	(473,854)
Net investment income	-	135,523	(135,523)
Benefit payments	(157,354)	(157,354)	-
Net Changes	509,944	452,023	57,921
Balance as of December 31, 2019	<u>\$ 7,007,951</u>	<u>\$ 2,998,155</u>	<u>\$ 4,009,796</u>

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Changes in the Net OPEB Liability - Continued

	2019		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c)
Balance as of December 31, 2017	\$ 6,195,143	\$ 2,224,078	\$ 3,971,065
Changes for the Year			
Service cost	216,360	-	216,360
Interest	290,060	-	290,060
Difference between expected and actual experience	(24,263)	-	(24,263)
Contributions - employer	-	468,293	(468,293)
Net investment income	-	33,054	(33,054)
Benefit payments	(179,293)	(179,293)	-
Net Changes	302,864	322,054	(19,190)
Balance as of December 31, 2018	<u>\$ 6,498,007</u>	<u>\$ 2,546,132</u>	<u>\$ 3,951,875</u>

Sensitivity of the net OPEB liability to changes in the discount rate - the following presents the net OPEB liability of the District's plan, calculated using the discount rate of 4.75%, as well as what the District's plan's net OPEB liability would be if it were calculated using a discount rate 1.0% lower or 1.0% higher than the current discount rate:

	Discount Rate Sensitivity		
	1% Decrease	Discount Rate	1% Increase
	3.75%	4.75%	5.75%
Net OPEB Liability	\$ 5,231,914	\$ 4,009,796	\$ 3,029,902

Sensitivity of the net OPEB liability to changes in the health care cost trend rates - the following presents the net OPEB liability of the District's plan, calculated using current health care cost trend rates, as well as what the District's plan's net OPEB liability would be if it were calculated using health care cost trend rates that are 1.0% lower or 1.0% higher than the current health care cost trend rates:

	Health Care Cost Trend Rate Sensitivity		
	1%	Current	1%
	Decrease	Current	Increase
Net OPEB Liability	\$ 2,854,065	\$ 4,009,796	\$ 5,510,685

OPEB plan fiduciary net position - detailed information about the OPEB plan's fiduciary net position is available in a separately issued SCORBET financial report prepared using the economic resources measurement focus and the accrual basis of accounting. The report may be obtained in writing to Risk Management Services, Municipal Association of South Carolina, Post Office Box 12109, Columbia, South Carolina 29211.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

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

For the years ended June 30, 2020 and 2019, the District recognized OPEB expense of \$371,675 and \$343,695, respectively. At June 30, 2020 and 2019, the District reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 88,342
Changes in assumptions or other inputs	138,535	
Net difference between projected and actual earnings on plan investments	58,859	-
District contributions subsequent to the measurement date	412,996	-
	\$ 610,390	\$ 88,342
2019		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 84,362
Net difference between projected and actual earnings on plan investments	88,934	-
District contributions subsequent to the measurement date	418,234	-
	\$ 507,168	\$ 84,362

\$412,996 reported as deferred outflows of resources related to OPEB in 2020, resulted from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Meaurement Period Ended December 31:	
2020	\$ 27,853
2021	27,854
2022	19,374
2023	3,498
2024	4,930
Thereafter	25,543
	\$ 109,052

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2020 AND 2019

NOTE 9 - DEFERRED COMPENSATION PLANS

Two deferred compensation plans are available to District employees. The multiple-employer plans, created under Internal Revenue Code Sections 401(k) and 457 are administered and accounted for by the State of South Carolina. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ between the two plans. The plans, available to all District employees, permit them to defer a portion of their salary until future years. Participation in the plans is optional and participants elect how their salary deferrals are invested.

Compensation deferred under the Section 401(k) and 457 plans is placed in trust for the contributing employees. Neither the State nor the District has any liability for losses under the plan.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is insured under policies through the South Carolina Office of Insurance Services, South Carolina Reserve Fund (IRF), a public entity risk pool, which issues policies to assume those risks of loss, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses the District is exposed to, related to the following assets, activities, and/or events:

1. Real property, its contents, and other equipment.
2. Motor vehicles.
3. General tort claims.

The IRF purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability insurance. The IRF's rates are determined actuarially.

The District did not have settled claims that exceeded the District's insurance coverage in any of the past three years.

The District provides employee health care under a self-funded insurance program. A commercial insurance company provides aggregate stop loss coverage for claims in excess of \$4,360,618 including Spartanburg Water System and specific stop loss coverage for each claim in excess of \$105,000. The following represents the change in unfilled, unpaid claims from July 1, 2019 to June 30, 2020 and July 1, 2018 to June 30, 2019:

	2020	2019
Beginning of year liability	\$ 75,692	\$ 67,279
Claims	1,054,864	1,111,388
Claims payments	(1,080,349)	(1,102,975)
End of year liability	\$ 50,207	\$ 75,692

The liability is included in accrued employee benefits on the Statements of Net Position.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 11 - RELATED PARTY TRANSACTIONS

The Spartanburg Water System provides billing, collection, fleet, engineering and labor services as well as other administrative functions for the District. The amounts paid to Spartanburg Water System for all services were as follows:

	2020	2019
Billing and collection fees	\$ 616,320	\$ 611,460
Administrative fees	1,096,452	1,019,832
Labor reimbursements	743,848	599,870
Water quality and maintenance facility	153,837	220,428
Fleet service fees	179,311	131,968
Engineering	642,576	755,413
Operations fee	11,959	136,551
	<u>\$ 3,444,303</u>	<u>\$ 3,475,522</u>

The following amounts were due from (to) Spartanburg Water System at June 30, 2020 and 2019:

	2020	2019
User charges collected	\$ 2,198,926	\$ 1,792,577
Other receivables	457,371	406,748
Miscellaneous payable	(1,328,822)	(943,839)
	<u>\$ 1,327,475</u>	<u>\$ 1,255,486</u>

The District with the Spartanburg Water System jointly owns an office building on North Liberty Street in downtown Spartanburg, South Carolina. The facility provides offices for the engineering and other support service departments that serve both organizations. The District owns an undivided interest of the office building. At June 30, 2020 and 2019, the District's share is included in capital assets with a cost of \$390,712 and \$257,433 and accumulated depreciation of \$195,601 and \$187,943, respectively.

The District also jointly owns with the Spartanburg Water System approximately 42 acres on Highway 295 by-pass in Spartanburg County for future additional space requirements and facilities to accommodate a maintenance shop and personnel involved in maintenance activities. At June 30, 2020 and 2019, the District's share is included in capital assets with a cost of \$648,572 and accumulated depreciation of \$427,564 and \$414,976, respectively.

The District additionally with the Spartanburg Water System jointly owns a laboratory building on Highway 295 by-pass in Spartanburg County. The facility provides offices and laboratories for the industrial wastewater, backflow prevention and water quality services. At June 30, 2020 and 2019, the District's share is included in capital assets with a cost of \$939,994 and accumulated depreciation of \$475,498 and \$450,516, respectively.

NOTE 12 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

Sick Pay

As described more fully in Note 1, no estimate of any potential liability has been made.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 12 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS -
CONTINUED

Unemployment Compensation

The District is required to pay unemployment compensation on covered employees. It has chosen the alternative of paying claims as billed by the South Carolina Employment Security Commission. However, under this method of funding, no accurate estimate of any potential liability has been made.

Federal and State Assisted Programs

The District has received proceeds from federal and state grants, and/or entitlements. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Underground Storage Tanks

The District has underground storage tanks that are subject to federal and state regulations concerning cleanup costs and third party liability claims. The District has 24 hour a day monitoring systems installed on all storage tanks. However, the District is not insured in the event that a leak should occur, and no estimate of potential liability, if any, has been made in the accompanying financial statements.

Construction Commitments

Outstanding commitments on construction contracts totaled \$421,280 and \$833,382 at June 30, 2020 and 2019, respectively.

Arbitrage Rebate Liabilities

Arbitrage represents the difference or "spread" between lower interest rates on tax-exempt government securities and the higher interest on taxable investment securities. The Internal Revenue Code requires local governments to rebate arbitrage earnings to the federal government every five years for as long as the local government has tax-exempt bonds outstanding. The District does not believe an estimate of potential liability, if any, is required in the accompanying financial statements.

NOTE 13 - TAX ABATEMENTS

The District's property tax revenues were reduced by \$579,415 and \$581,398 under Fee in Lieu of Ad Valorem Tax (FILOT) agreements and Special Source Revenue Credits (SSRC) entered into by Spartanburg County for the years ended June 30, 2020 and 2019, respectively. The District received a total of \$544,694 and \$477,081 under both FILOT and SSRC tax agreements for the years ended June 30, 2020 and 2019, respectively. Under the FILOT agreements, taxpayers receive a reduction in ad valorem property taxes through reduced assessed valued and locked millage rates. Due to these agreements, the taxpayers realized a benefit of \$366,865 and \$426,419, respectively. Under the SSRC program, taxpayers receive a percentage reduction off their total property tax bill if their property qualified for the program. Due to this program, the taxpayers realized a benefit of \$212,550 and \$154,979, respectively.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020 AND 2019

NOTE 14 - RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SPARTANBURG SANITARY SEWER DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
 THE COLLECTIVE NET PENSION LIABILITY
 SOUTH CAROLINA RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015
District's Proportion of the Collective Net Pension Liability	0.032627%	0.031607%	0.033456%	0.034070%	0.034171%	0.034769%
District's Proportionate Share of the Collective Net Pension Liability	\$ 7,450,161	\$ 7,082,022	\$ 7,277,302	\$ 6,480,695	\$ 5,986,069	\$ 5,986,069
District's Covered Payroll	\$ 3,445,353	\$ 3,275,319	\$ 3,375,640	\$ 3,299,241	\$ 3,203,928	\$ 3,156,544
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Payroll	216.24%	216.22%	215.58%	196.43%	186.84%	189.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

*The amounts presented were determined as of the prior fiscal years ending June 30.

Notes to Schedule:

June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.

SPARTANBURG SANITARY SEWER DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015
Statutorially Required Contributions	\$ 564,345	\$ 501,643	\$ 410,479	\$ 390,224	\$ 364,896	\$ 344,422
Contributions in Relation to the Statutorially Required Contributions	564,345	501,643	410,479	390,224	364,896	344,422
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,626,899	\$ 3,445,353	\$ 3,275,319	\$ 3,375,640	\$ 3,299,241	\$ 3,203,928
Contributions as a Percentage of Covered Payroll	15.56%	14.56%	12.53%	11.56%	11.06%	10.75%

Notes to Schedule:

June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.

SPARTANBURG SANITARY SEWER DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS ENDED JUNE 30

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 222,851	\$ 216,360	\$ 210,058
Interest on total OPEB liability	304,962	290,060	277,159
Difference between expected and actual experience	(18,345)	(24,263)	(81,564)
Changes of assumptions or other inputs	157,830	-	-
Benefit payments	(157,354)	(179,293)	(89,831)
Net Change in Total OPEB Liability	509,944	302,864	315,822
Total OPEB Liability - Beginning of Year	6,498,007	6,195,143	5,879,321
Total OPEB Liability - End of Year (a)	<u>\$ 7,007,951</u>	<u>\$ 6,498,007</u>	<u>\$ 6,195,143</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 473,854	\$ 468,293	\$ 369,831
Net investment income	135,523	33,054	54,351
Benefit payments	(157,354)	(179,293)	(89,831)
Administrative expenses	-	-	(16,918)
Net Change in Plan Fiduciary Net Position	452,023	322,054	317,433
Plan Fiduciary Net Position - Beginning of Year	2,546,132	2,224,078	1,906,645
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 2,998,155</u>	<u>\$ 2,546,132</u>	<u>\$ 2,224,078</u>
Net OPEB Liability - Ending (a-b)	<u>\$ 4,009,796</u>	<u>\$ 3,951,875</u>	<u>\$ 3,971,065</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	42.78%	39.18%	35.90%
Covered Payroll	\$ 3,213,410	\$ 3,299,959	\$ 3,299,959
Net OPEB Liability as a Percentage of Covered Payroll	124.78%	119.76%	120.34%

Notes to Schedule:

June 30, 2018 was the first year of GASB 75 implementation, therefore 10-year data is not yet available.

For 2020, changes in the medical trend and retiree contribution trends have been made resulting in changes in the assumptions and other inputs

SPARTANBURG SANITARY SEWER DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
LAST TEN FISCAL YEARS ENDING JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 442,105	\$ 408,947	\$ 364,489
Contributions in Relation to the ADC	<u>462,443</u>	<u>488,805</u>	<u>447,207</u>
Annual Contribution Deficiency (Excess)	<u>\$ (20,338)</u>	<u>\$ (79,858)</u>	<u>\$ (82,718)</u>
Covered Payroll	\$ 3,784,617	\$ 3,468,225	\$ 3,284,878
Actual Contributions as a Percentage of Covered Payroll	12.22%	14.09%	13.61%

Notes to Schedule:

Valuation Date December 31, 2018

Methods and Assumptions Used to Determine Contributions Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of pay, closed
Amortization Period	20 years
Asset Valuation Method	5-year smoothed market value, 80%-120% corridor
Inflation	2.25%
Healthcare Cost Trend Rates	
Pre-medicare	7.25% for 2019 decreasing to an ultimate rate of 4.75% by 2029
Medicare	5.38% for 2019 decreasing to an ultimate rate of 4.75% by 2023
Salary Increases	3.00%-7.00%, including wage inflation of 3.00%
Investment Rate of Return	4.75%, net of OPEB plan investment expense, including price inflation
Participation Rates	The assumed annual rates of plan participation and spouse coverage were 90% and 15%, respectively.
Demographic Assumptions	Based on the 2016 experience study adopted for the SCRS pension plan.
Mortality	Based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect anticipated experience and provide a margin for future improvements.

June 30, 2018 was the first year of GASB 75 implementation, therefore 10-year data is not yet available.

SUPPLEMENTARY INFORMATION

SPARTANBURG SANITARY SEWER DISTRICT
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Personnel Costs		
Salaries and wages	\$ 3,784,617	\$ 3,468,225
State retirement	782,066	518,584
Employer's social security taxes	267,844	244,089
Group insurance	1,248,166	1,444,961
Workers' compensation	23,501	62,237
	6,106,194	5,738,096
Supplies and Maintenance		
Printing and office supplies	21,894	15,635
Safety equipment and supplies	64,251	16,448
Equipment maintenance	129,078	102,390
Vehicle operation and maintenance	115,032	103,394
Fuel	105,754	132,575
System operation and maintenance	1,676,190	1,650,487
Building and grounds maintenance	533,926	251,981
Treatment and filter supplies	845,510	751,952
Laboratory supplies	132,717	55,912
	3,624,352	3,080,774
Outside Services		
Utilities	2,036,919	2,162,375
Telephone	109,431	138,610
Uniform rentals	38,988	46,613
Legal fees	90,524	261,184
Consulting services	100,924	122,753
Audit	15,432	15,055
Fees and support services	2,248,994	2,491,937
Postage and delivery	60,345	83,758
Other	1,406,837	1,199,325
	6,108,394	6,521,610
Educational and Training Expenses		
Conferences and education	38,061	67,364
Professional dues and memberships	90,428	111,092
Employment expenses	10,020	13,706
Safety and employee programs	18,862	18,708
	157,371	210,870
Company Expenses		
Property and liability insurance	223,931	203,908
Bad debt expense	155,126	86,161
Public relations and information	10,353	25,474
Miscellaneous expense	11,230	20,421
	400,640	335,964
Total Operating Expenses	\$ 16,396,951	\$ 15,887,314

**III. STATISTICAL SECTION
(UNAUDITED)**

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant revenue sources, user charges and property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

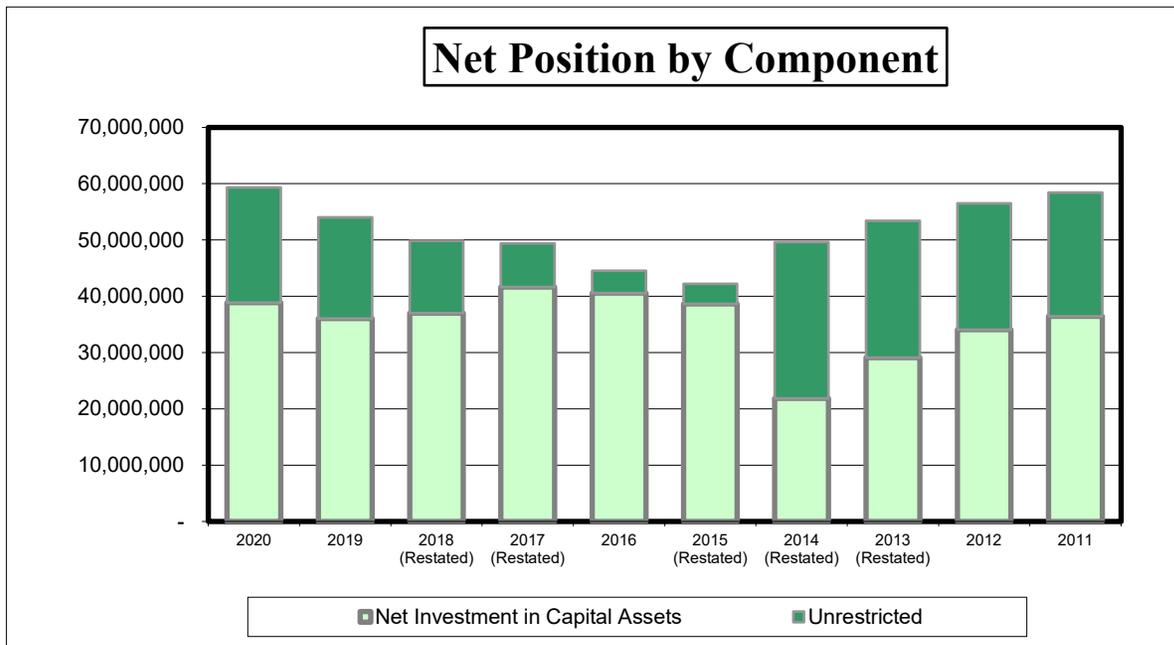
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Financial Trends

Net Position by Component

FY 2011 to FY 2020

Fiscal Year	Net Investment in Capital Assets	Unrestricted	Total Net Position
2020	\$ 38,857,942	\$ 20,484,330	\$ 59,342,272
2019	36,086,305	17,960,144	54,046,449
2018 (Restated)	37,037,115	12,792,353	49,829,468
2017 (Restated)	41,632,938	7,764,819	49,397,757
2016	40,584,822	3,943,071	44,527,893
2015 (Restated)	38,642,654	3,552,482	42,195,136
2014 (Restated)	21,861,156	27,760,264	49,621,420
2013 (Restated)	29,089,018	24,334,802	53,423,820
2012	34,054,965	22,442,683	56,497,648
2011	36,450,190	21,980,956	58,431,146



* The significant decrease in unrestricted net position in Fiscal Year 2015 was due to the implementation of GASB 68 - *Accounting and Financial Reporting for Pensions*.

Changes in Net Position

FY 2011 TO FY 2020

	FY 2020	FY 2019	FY 2018 (Restated)	FY 2017 (Restated)	FY 2016	FY 2015 (Restated)	FY 2014	FY 2013 (Restated)	FY 2012	FY 2011
Revenues										
Operating revenues										
User charge revenues	\$ 24,852,324	\$ 24,917,110	\$ 24,701,500	\$ 25,081,281	\$ 22,919,183	\$ 20,123,998	\$ 20,383,889	\$ 20,261,923	\$ 19,612,860	\$ 18,036,732
Other operating revenues	1,727,680	2,229,499	1,417,422	1,248,996	1,284,838	1,292,586	1,282,491	1,328,131	1,326,351	1,194,606
Total operating revenues	26,580,004	27,146,609	26,118,922	26,330,277	24,204,021	21,416,584	21,666,380	21,590,054	20,939,211	19,231,338
Nonoperating revenues										
Property tax collections	6,927,363	6,783,557	6,340,946	6,038,111	5,024,690	4,933,591	4,795,266	4,645,343	4,585,212	4,603,660
Other nonoperating revenues	2,235,242	1,350,608	1,088,175	778,754	624,630	391,386	279,639	358,637	257,584	245,214
Total nonoperating revenues	9,162,605	8,134,165	7,429,121	6,816,865	5,649,320	5,324,977	5,074,905	5,003,980	4,842,796	4,848,874
Total revenues	35,742,609	35,280,774	33,548,043	33,147,142	29,853,341	26,741,561	26,741,285	26,594,034	25,782,007	24,080,212
Expenses										
Operating expenses, before depreciation	16,396,951	15,887,314	14,501,674	14,523,095	14,147,144	13,862,028	15,624,500	13,228,455	12,455,467	12,088,292
Depreciation expense	11,862,729	10,421,350	10,213,381	10,371,935	10,095,657	9,640,858	9,225,118	8,950,903	8,660,842	8,512,687
Nonoperating expenses	6,055,012	6,738,350	6,716,137	7,060,716	6,611,994	6,878,900	6,916,202	7,546,465	7,747,848	7,916,738
Total expenses	34,314,692	33,047,014	31,431,192	31,955,746	30,854,795	30,381,786	31,765,820	29,725,823	28,864,157	28,517,717
Change in net position before capital contributions	1,427,917	2,233,760	2,116,851	1,191,396	(1,001,454)	(3,640,225)	(5,024,535)	(3,131,789)	(3,082,150)	(4,437,505)
Capital contributions	3,867,906	1,983,221	2,004,843	3,678,468	3,334,211	2,475,057	1,222,135	1,479,036	1,148,652	698,675
Change in net position	5,295,823	4,216,981	4,121,694	4,869,864	2,332,757	(1,165,168)	(3,802,400)	(1,652,753)	(1,933,498)	(3,738,830)
Net position, beginning of year, restated (2017)	54,046,449	49,829,468	45,707,774	44,527,893	42,195,136	43,360,304	53,423,820	56,497,648	58,431,146	62,169,976
Change in accounting principle	-	-	-	-	-	-	-	(1,421,075)	-	-
Net position, beginning of year, restated (2013)	-	-	-	-	-	-	-	55,076,573	-	-
Net position, end of year	\$ 59,342,272	\$ 54,046,449	\$ 49,829,468	\$ 49,397,757	\$ 44,527,893	\$ 42,195,136	\$ 49,621,420	\$ 53,423,820	\$ 56,497,648	\$ 58,431,146

FY 2011 to FY 2020

Revenues By Source

Fiscal Year	Operating Revenues				Non Operating Revenues				Total Revenues
	User Charge Revenues	Industrial Service Fees	Treatment Charges	Miscellaneous	Connection Fees	Property Tax Collections	Interest Income	Other Revenue	
2020	\$ 24,852,324	\$ 667,138	\$ 447,560	\$ 612,982	\$ 1,587,590	\$ 6,927,363	\$ 638,573	\$ 9,079	\$ 35,742,609
2019	24,917,110	657,602	394,185	1,177,712	451,023	6,783,557	819,801	79,784	35,280,774
2018 (restated)	24,701,500	566,058	275,210	576,154	556,654	6,340,946	381,107	150,414	33,548,043
2017 (restated)	25,081,281	492,704	145,320	610,972	466,277	6,038,111	206,175	106,302	33,147,142
2016	22,919,183	495,097	179,700	610,041	493,660	5,024,690	60,978	69,992	29,853,341
2015 (restated)	20,123,998	525,505	157,965	609,116	361,822	5,324,977	36,495	(6,931)	27,132,947
2014	20,383,889	497,374	144,513	640,604	240,208	4,795,266	21,053	18,378	26,741,285
2013	20,261,923	501,578	110,580	715,973	228,255	4,645,343	47,900	82,482	26,594,034
2012	19,612,860	470,096	98,280	757,975	180,472	4,585,212	63,412	13,700	25,782,007
2011	18,036,732	452,401	85,645	656,560	147,642	4,603,660	94,645	2,927	24,080,212

Operating Expenses

FY 2011 to FY 2020

Fiscal Year	Personnel Costs	Supplies and Maintenance	Outside Services	Educational and Training	Company Expenses	Depreciation Expense	Total Operating Expenses
2020	\$ 6,106,194	\$ 3,624,352	\$ 6,108,394	\$ 157,371	\$ 400,640	\$ 11,862,729	\$ 28,259,680
2019	5,738,096	3,080,774	6,521,610	210,870	335,964	10,421,350	26,308,664
2018 (Restated)	5,309,966	2,863,160	5,776,429	185,340	366,779	10,213,381	24,715,055
2017 (Restated)	5,436,508	3,072,230	5,560,810	156,140	297,407	10,371,935	24,895,030
2016	4,956,742	2,999,581	5,779,333	144,600	266,888	10,095,657	24,242,801
2015 (Restated)	5,138,186	2,905,400	5,365,774	199,654	253,014	9,640,858	23,502,886
2014	5,183,109	4,656,950	5,387,059	150,367	247,015	9,225,118	24,849,618
2013	4,911,436	2,725,398	5,172,432	161,616	257,573	8,950,903	22,179,358
2012	4,713,928	2,600,460	4,723,378	118,332	299,369	8,660,842	21,116,309
2011	4,507,888	2,314,832	4,795,687	110,793	359,092	8,512,687	20,600,979

Revenue Capacity

Historical Rate Information

FY 2011 to FY 2020

Fiscal Year	Residential Rate History	Volume Charge (per 100 gal)
2020	43.50	0.675
2019**	43.50	0.675
2018*	87.13	0.675
2017*	87.13	0.675
2016*	80.50	0.675
2015*	73.80	0.644
2014*	73.80	0.644
2013*	73.80	0.644
2012*	69.00	0.602
2011*	63.45	0.552

* Residential rate history (avg. 2 mth. bill) is based on an average demand of 11,220 gallons per billing cycle.

** Changed from Bi- monthly billing to monthly billing. 5,600G/ billing cycle.

Schedule of Historical Discharge

CY 2010 to CY 2019

Calendar Year	Billion Gallons	Average MGD*
2019	4.852	13.357
2018	4.953	13.463
2017	4.307	11.742
2016	4.482	12.207
2015	5.189	14.218
2014	5.129	14.051
2013	5.436	14.892
2012	4.618	12.644
2011	4.432	12.143
2010	4.215	11.550

*Million gallons per day of effluent discharge

Property Tax Collections**CY 2010 to CY 2019**

Calendar Year End	Property Taxes Levy	Property Taxes Collected	Percent Collected	Delinquent Taxes Collected	Percent Delinquent Collected	Total Collections To Date	Total Percent Collected	General Fund Millage	Bond Millage	Total Direct Rate
2019	\$5,809,918	\$5,531,904	95.21%	\$ 205,278	3.71%	\$5,737,182	98.75%	7.7	0.9	8.6
2018	5,523,930	5,283,828	95.65%	207,547	3.93%	5,491,375	99.41%	7.5	1.1	8.6
2017	5,046,954	4,802,196	95.15%	176,844	3.68%	4,979,040	98.65%	7.5	1.4	8.9
2016	4,654,268	4,411,841	94.79%	207,547	4.70%	4,619,388	99.25%	7.5	1.4	8.9
2015	4,548,071	4,319,618	94.98%	174,100	4.03%	4,493,718	98.80%	7.5	-	-
2014	4,460,353	4,232,404	94.89%	182,588	4.31%	4,414,992	98.98%	7.5	-	-
2013	4,465,012	4,215,799	94.42%	169,090	4.01%	4,384,889	98.21%	7.5	-	-
2012	4,286,070	4,061,083	94.75%	177,206	4.36%	4,238,289	98.89%	7.5	-	-
2011	4,286,748	4,041,995	94.29%	168,760	4.18%	4,210,755	98.23%	7.5	-	-
2010	4,255,448	3,963,300	93.13%	122,998	3.10%	4,086,298	96.03%	7.5	-	-

* Total Direct Rate is equivalent to the Ad Valorem Tax Millage

Ten Largest Taxpayers

CY 2010 & CY 2019

Customer	2010			2019		
	Assessed Value	Taxes Paid	2010 Ranking	Assessed Value	Taxes Paid	2019 Ranking
Duke Energy Corp	10,171,000	4,011,794	1	13,458,760	5,237,782	1
Michelin North America	6,953,449	2,319,204	3	11,165,595	4,077,054	2
R R Donnelley & Sons Co.	6,923,961	2,701,015	2	6,018,990	2,836,148	3
Spartanburg DC Inc				5,763,534	2,174,005	4
Toray Composite Materials America Inc				5,377,790	2,000,000	5
DSI Draexlmaier Service INC				3,999,231	1,476,916	6
DAA Draexlmaier Automotive of America				3,845,060	1,419,981	7
Norfolk Southern Corp				3,483,979	1,334,096	8
Amazon.com Services Inc				2,084,930	1,063,349	9
Suso 4 Dorman LP				2,760,000	918,528	10
Mary Black Health System LLC	2,653,830	1,011,635	8			
Yeomans Charles L III Etal	2,785,300	1,107,992	7			
BellSouth Communications	3,169,615	1,341,983	4			
American Fund US Investments	3,450,949	1,178,154	5			
JM Smith Corporation	2,888,550	1,118,366	6			
NGMCO Inc	3,481,530	996,974	9			
Kohler Company	2,489,114	973,023	10			
TOTAL	\$ 44,967,298	\$ 16,760,140		\$ 57,957,869	\$ 22,537,859	

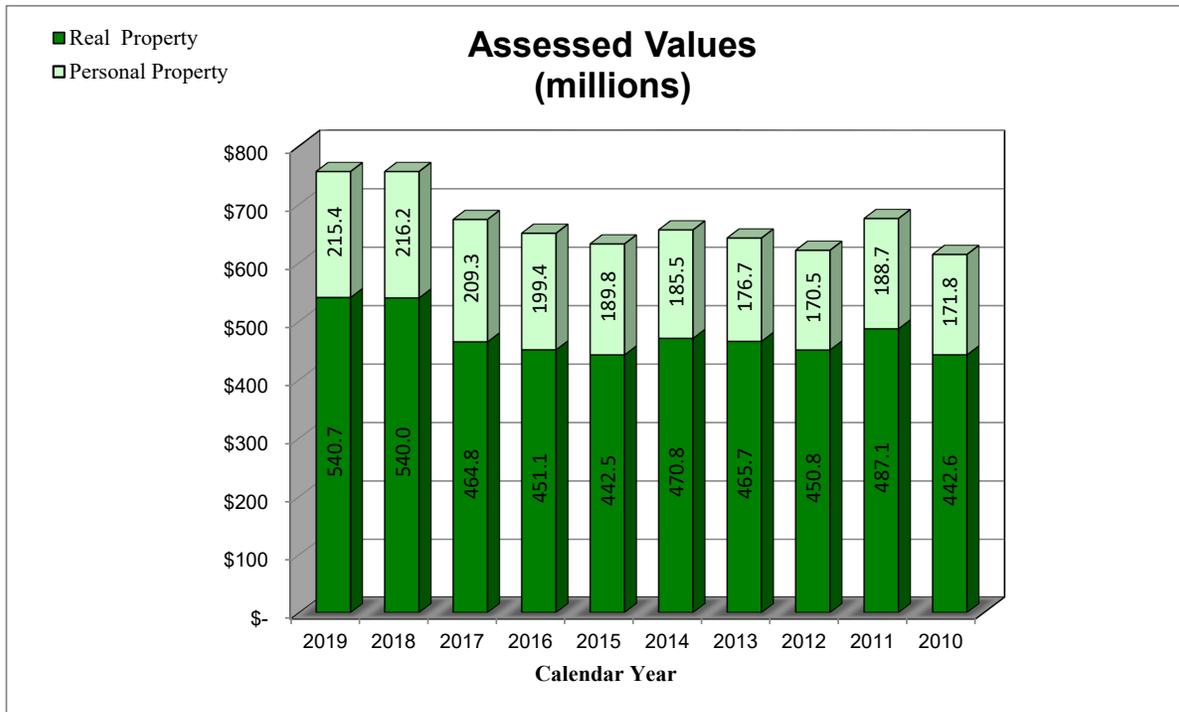
Taxes Paid includes fee in lieu of tax payments.

Source: Spartanburg County Auditor.

Assessed Values

CY 2010 to CY 2019

Calendar Year	Real Property	Personal Property	Total Assessed Value	Total Market Value	Ratio of Total Assessed to Total Market Value
2019	540,706,559	215,445,670	756,152,229	14,628,619,868	5.17%
2018	539,956,546	216,195,683	708,139,488	12,062,940,487	5.87%
2017	464,836,614	209,282,058	674,118,672	12,704,176,452	5.31%
2016	451,147,672	199,382,197	650,529,869	12,071,913,210	5.39%
2015	442,472,475	189,832,607	632,305,082	12,071,913,310	5.24%
2014	470,822,346	185,478,388	656,300,734	12,435,584,275	5.28%
2013	465,685,663	176,669,073	642,354,736	12,215,954,989	5.26%
2012	450,846,048	170,504,586	621,350,634	11,708,359,340	5.31%
2011	487,104,198	188,653,908	675,758,106	12,103,408,186	5.58%
2010	442,550,588	171,756,394	614,306,982	12,430,532,872	4.94%

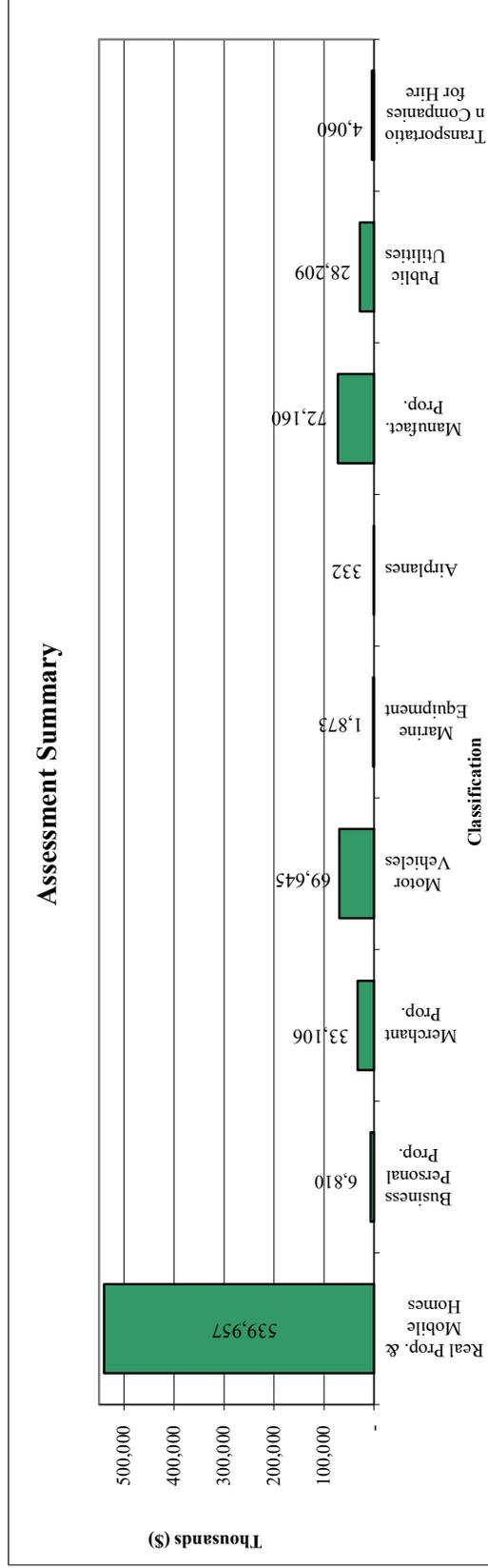


Source: Spartanburg County Auditor & Assessor

Assessed Value Summary

CY 2019

Classification	Assessed Value	Assessment Ratio	Market Value
1. Real Property and Mobile Homes	539,956,546	4-6%	12,062,940,487
2. Business Personal Property	6,810,030	10.5%	64,857,429
3. Merchants' Furniture, Fixtures, and Equipment	33,106,450	10.5%	315,299,524
4. Motor Vehicles	69,644,626	6.0%	1,160,743,767
5. Marine Equipment	1,872,595	10.5%	17,834,238
6. Airplanes	332,190	4.0%	8,304,750
7. Manufacturing Property	72,160,410	10.5%	687,242,000
8. Public Utilities	28,209,332	10.5%	268,660,305
9. Transportation Companies for Hire	4,060,050	9.5%	42,737,368
TOTALS	\$ 756,152,229		\$ 14,628,619,868



Source: Spartanburg County Auditor

Ten Largest Customers

FY 2011 & FY 2020

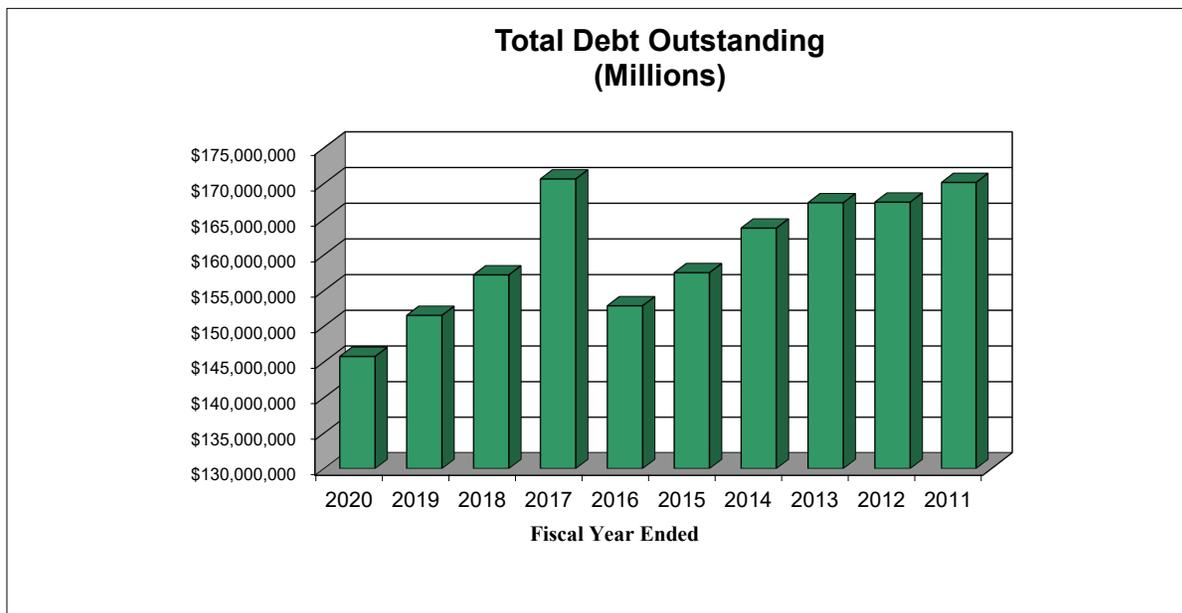
Customer	2011			2020		
	Total Annual Revenue*	Percent of 2011 Operating Revenue	2011 Ranking	Total Annual Revenue*	Percent of 2020 Operating Revenue	2020 Ranking
Spartanburg Regional Medical Center	\$ 346,194	1.86%	2	541,158	2.04%	1
Pet Inc Dairy Div	247,595	1.33%	4	330,771	1.24%	2
Wofford College	208,180	1.12%	6	255,308	0.96%	3
Toray Composite Materials America Inc				227,799	0.86%	4
BASF Corp AP Dept	149,616	0.80%	7	226,166	0.85%	5
Michelin Tire Corp				212,831	0.80%	6
Contec Inc				194,237	0.73%	7
Spartanburg Housing Authority	356,131	1.91%	1	188,744	0.71%	8
Aramark Uniform Services				181,989	0.68%	9
Encore Construction Services LLC				149,183	0.56%	10
Blackman Uhler MFG Co	254,028	1.36%	3		-	
Tietex International	222,058	1.19%	5		-	
SC Dept of Corrections	145,884	0.78%	8		-	
Spartanburg County Courthouse Annex	143,795	0.77%	9		-	
Miliken & Company	142,400	0.76%	10		-	
	<u>\$ 2,215,881</u>	<u>11.88%</u>		<u>\$ 2,508,186</u>	<u>9.45%</u>	

Debt Capacity

Debt Outstanding

FY 2011 to FY 2020

Fiscal Year	General Obligation Bonds	Revenue Bonds	State Revolving Fund Loans	Bond Anticipation Note	Total Debt Outstanding	Per Capita*	As Share of Personal Income
2020	\$37,262,000	\$108,500,000	\$ -	\$ -	\$ 145,762,000	\$ 456	1.03%
2019	40,287,000	111,165,000	71,259	-	151,523,259	483	1.12%
2018 (Restated)	42,027,000	115,045,000	126,844	-	157,198,844	537	1.36%
2017 (Restated)	44,799,229	125,657,109	181,197	-	170,637,535	543	1.40%
2016	30,470,117	129,637,081	234,343	250,000	152,871,343	540	1.61%
2015 (Restated)	31,832,173	133,511,661	286,310	-	157,508,310	594	1.70%
2014	24,255,865	139,154,093	337,124	-	163,747,082	607	1.73%
2013 (Restated)	21,691,429	145,226,728	386,812	-	167,304,969	608	1.81%
2012	23,283,791	143,669,145	435,396	-	167,388,332	596	1.87%
2011	24,866,154	134,725,553	481,534	10,068,000	170,141,241	593	2.67%



*Per capita number is based on the Spartanburg County population.

Ratios of General Bonded Debt Outstanding**FY 2011 to FY 2020**

Fiscal Year	General Obligation Bonds (1)	Percentage of Taxable Market Value (2)	Per Capita* (3)
2020	\$ 37,262,000	0.25%	\$ 117
2019	40,287,000	0.33%	128
2018 (Restated)	42,027,000	0.33%	137
2017 (Restated)	44,799,229	0.37%	149
2016	30,470,117	0.25%	102
2015 (Restated)	31,832,173	0.26%	108
2014	24,255,865	0.20%	83
2013 (Restated)	21,691,429	0.19%	75
2012	23,283,791	0.19%	81
2011	24,866,154	0.20%	87

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

- (1) General bonded debt, net of related premium
- (2) See the Schedule of Assessed Values (Table 9) for property value data
- (3) Population data can be found in the Spartanburg County Demographic Statistics (Table 15)

Legal Debt Margin**June 30, 2020**

Assessed Valuation	
Latest assessed valuation less manufacturing depreciation reduction	<u>\$ 756,152,229</u>
Legal Debt Limit - 8% of assessed valuation	\$ 60,492,178
Amount of Debt Applicable to Debt Limit:	
General obligation bonds outstanding June 30, 2020	<u>37,262,000</u>
Legal Debt Margin*	<u>\$ 23,230,178</u>

*The District may issue general obligation debt up to an amount equal to 8% of the last certified District assessment, without the requirement of conducting a referendum.

Ten Year Data

Fiscal Year	Debt Limit	Net Debt Subject to Limit	Legal Debt Margin	Outstanding Net Debt/Debt Ceiling	Legal Debt Margin/Debt Ceiling
2020	\$ 60,492,178	\$ 37,262,000	\$ 23,230,178	61.60%	38.40%
2019	56,651,159	40,287,000	16,364,159	71.11%	28.89%
2018	53,929,494	42,027,000	11,902,494	77.93%	22.07%
2017	51,385,537	43,712,000	7,673,537	85.07%	14.93%
2016	46,728,334	29,982,000	16,746,334	64.16%	35.84%
2015	47,815,961	31,287,000	16,528,961	65.43%	34.57%
2014	48,852,088	23,860,000	24,992,088	48.84%	51.16%
2013	49,480,747	21,025,000	28,455,747	42.49%	57.51%
2012	44,831,116	22,560,000	22,271,116	50.32%	49.68%
2011	48,816,244	24,085,000	24,731,244	49.34%	50.66%
2010	48,234,912	25,650,000	22,584,912	53.18%	46.82%

Historical Statements of Revenues, Expenses, Debt Service and Debt Service Coverage

FY 2011 to FY 2020

	2011	2012	2013 (Restated)	2014	2015 (Restated)	2016	2017 (Restated)	2018 (Restated)	2019	2020
Net Income	\$ 19,231,338	\$ 20,839,211	\$ 21,590,054	\$ 21,666,380	\$ 21,416,564	\$ 24,204,021	\$ 26,330,277	\$ 26,118,922	\$ 27,146,609	\$ 26,580,004
Operating revenues	(12,088,292)	(12,455,467)	(13,228,455)	(15,624,500)	(13,862,028)	(14,147,144)	(14,523,095)	(14,501,873)	(15,887,314)	(16,396,951)
Operating expenses before depreciation and amortization	7,143,046	8,483,744	8,361,599	6,041,880	7,554,556	10,066,877	11,807,182	11,617,249	11,259,295	10,183,053
Depreciation	(8,512,687)	(8,660,842)	(8,950,903)	(9,225,118)	(9,640,858)	(10,095,657)	(10,371,935)	(10,213,381)	(10,421,350)	(11,862,729)
Amortization of bond cost	(130,265)	(130,235)	-	-	-	-	-	-	-	-
Operating Income (Loss)	(1,499,906)	(307,333)	(589,304)	(3,183,238)	(2,086,302)	(38,780)	1,435,247	1,403,868	837,945	(1,679,676)
Nonoperating Revenues	4,603,660	4,585,212	4,645,343	4,795,266	4,933,591	5,024,690	6,038,111	6,340,946	6,783,557	6,927,363
Ad valorem taxes	245,214	257,584	358,637	279,639	391,366	624,630	778,754	1,088,175	1,350,608	2,235,242
Other nonoperating revenues	(7,786,473)	(7,617,613)	(7,546,465)	(6,916,202)	(6,878,900)	(6,611,994)	(7,060,716)	(6,716,137)	(6,738,350)	(6,055,012)
Nonoperating Expenses	698,675	1,148,652	1,479,036	1,222,135	2,475,057	3,334,211	3,678,468	2,116,851	1,983,221	3,867,906
Capital Contributions	(3,738,830)	(1,933,498)	(1,652,753)	(3,802,400)	(1,165,168)	2,332,757	4,869,864	3,447,340	4,216,981	5,295,823
Net Income (Loss) Per Financial Statements	\$ (3,738,830)	\$ (1,933,498)	\$ (1,652,753)	\$ (3,802,400)	\$ (1,165,168)	\$ 2,332,757	\$ 4,869,864	\$ 3,447,340	\$ 4,216,981	\$ 5,295,823
Net Income (Loss) Per Financial Statements	\$ (3,738,830)	\$ (1,933,498)	\$ (1,652,753)	\$ (3,802,400)	\$ (1,165,168)	\$ 2,332,757	\$ 4,869,864	\$ 3,447,340	\$ 4,216,981	\$ 5,295,823
Less: (Gain)/loss on sale of capital assets	(2,927)	(13,700)	(82,482)	(18,378)	6,931	(69,992)	(106,302)	(150,414)	(79,784)	(9,079)
Less: Restricted investment income	(9,351)	(6,617)	(3,030)	(2,351)	(18,522)	(29,724)	(157,282)	(270,865)	(309,654)	(163,250)
Less: Capital Contributions	(698,675)	(1,148,652)	(1,479,036)	(1,222,135)	(2,475,057)	(3,334,211)	(3,678,468)	(2,004,843)	(1,983,221)	(3,867,906)
Less: Ad valorem used for GO debt service (1)	(2,637,456)	(2,213,339)	(1,932,803)	(1,432,338)	(1,783,899)	(1,854,135)	(2,967,750)	(3,219,960)	(3,215,995)	(3,107,534)
Less: Transfers into rate stabilization fund	(14,259)	(10,621)	(14,259)	(5,985)	(7,918)	(14,647)	(251,016)	(937,209)	(85,150)	(2,067,516)
Plus: Transfers out of rate stabilization fund	1,000,000	-	(206,892)	450,000	800,000	385,000	-	-	-	-
Plus: Excess transfers in over out	-	10,621	206,892	-	-	-	251,016	937,209	85,150	2,067,516
Plus: Depreciation	8,512,687	8,660,842	8,950,903	9,225,118	9,640,858	10,095,657	10,371,935	10,213,381	10,421,350	11,862,729
Plus: Interest expense	7,769,937	7,597,710	7,181,236	6,796,352	6,314,603	6,611,994	6,842,545	6,716,137	6,738,350	5,231,517
Plus: Bond issuance costs	130,265	130,235	-	-	-	-	-	-	-	-
Plus: Amortization of bond cost	-	-	226,723	-	517,554	-	218,171	-	-	-
Plus: Pension Adjustment	-	-	-	-	74,972	74,908	226,865	292,681	1,057	208,435
Plus: OPEB adjustment	-	-	-	-	-	-	-	(53,503)	(74,539)	(41,321)
Net Earnings per Revenue Bond Covenant	\$ 10,311,391	\$ 11,072,981	\$ 11,208,748	\$ 9,957,883	\$ 11,904,354	\$ 14,197,607	\$ 15,619,578	\$ 15,644,508	\$ 15,714,545	\$ 16,232,909
Debt Service Requiring Coverage, Per Covenant	\$ 7,066,293	\$ 7,683,658	\$ 7,614,245	\$ 8,431,899	\$ 9,394,938	\$ 9,092,681	\$ 9,090,061	\$ 9,043,103	\$ 9,049,389	\$ 5,791,765
Revenue Bond Debt Service	294,834	190,664	168,661	-	-	-	-	-	-	-
GO Bond Debt Service Paid with Revenues (1)	-	-	-	-	-	-	-	-	-	-
Debt Service Covenant for Coverage Test	\$ 7,361,127	\$ 7,874,322	\$ 7,802,906	\$ 8,431,899	\$ 9,394,938	\$ 9,092,681	\$ 9,090,061	\$ 9,043,103	\$ 9,049,389	\$ 5,791,765
Debt Service Coverage Ratio Based on Revenue Bond Coverage (2) (4)	1.40	1.41	1.44	1.18	1.27	1.56	1.72	1.73	1.74	2.80
Total District Debt Service Coverage Calculation	\$ 10,311,391	\$ 11,072,981	\$ 11,208,748	\$ 9,987,883	\$ 11,904,354	\$ 14,197,607	\$ 15,619,578	\$ 15,644,509	\$ 15,714,545	\$ 16,232,911
Net Earnings per Revenue Bond Covenant	2,637,456	2,213,339	1,932,803	1,432,338	1,783,899	1,854,135	2,967,750	3,219,960	3,215,995	3,107,534
Plus: Ad valorem taxes used for GO debt service	-	-	-	-	-	-	-	-	-	-
Adjusted Net Earnings	\$ 12,948,847	\$ 13,286,320	\$ 13,141,551	\$ 11,420,221	\$ 13,688,253	\$ 16,051,742	\$ 18,587,328	\$ 18,864,469	\$ 18,930,540	\$ 19,340,445
Total District Debt Service	9,998,583	10,087,661	10,242,527	10,243,396	10,085,583	10,946,816	12,057,811	12,263,063	12,265,384	8,899,299
Total District Debt Service Coverage (3), (4)	1.30	1.32	1.30	1.11	1.36	1.47	1.54	1.54	1.54	2.17

(1) Based on percentages provided in the SSSD Financial Planning and Rate Model Schedule 2B Debt Service Cost Allocations to determine portion of GO debt attributable to 1% (treatment and transportation) and Collection.
 (2) The coverage is determined by dividing the Net Earnings per Revenue Bond Covenant by the Total Revenue Bond Debt Service.
 (3) The coverage is determined by dividing the Adjusted Net Earnings by the Total System Debt Service Coverage.
 (4) The Revenue Bond Coverage must be at least 110% to be in compliance with the Revenue Bond Covenant.

Demographic and Economic Information

Spartanburg County Demographic Statistics

CY 2010 to CY 2019

Calendar Year	(1)	Personal Income (1)		(1)	(2)	(3)
	July 1 Population	Total	Per Capita	Median Age	School Enrollment	Unemployment Rate
2019	319,785	\$14,124,521,000	\$ 44,169	38.2	49,078	2.1%
2018	313,888	13,543,549,000	43,148	37.8	50,706	3.1%
2017	306,854	11,873,558,000	39,386	38.2	46,385	3.7%
2016	301,463	11,501,469,000	38,686 *	38.5	47,825	3.4%
2015	297,302	10,738,530,000	33,600 *	38.4	47,298	5.8%
2014	293,542	10,252,621,000 *	34,946 *	38.5	47,306	6.4%
2013	290,969	10,033,000,000 *	35,040	38.5	46,846	7.3%
2012	288,745	9,819,000,000	33,518	35.5	44,174	8.8%
2011	286,236	9,241,000,000	31,873	38.1	42,552	9.5%
2010	284,307	8,959,000,000	22,230	37.7	44,398	11.7%

Data Sources:

(1) U.S. Census Bureau of Economic Analysis

(2) Local School Districts

(3) SC Works Online

Spartanburg County, South Carolina Major Employers and Changes FY 2020 & FY 2010

Company Name	Employees and % of Workforce	
	2020	2010
BMW Manufacturing Corporation	11,000	6,200
Spartanburg Regional Medical Center	9,000	5,600
Spartanburg County Schools	7,441	6,643
State of South Carolina	2,174	2,312
Adidas	2,000	N/A*
Spartanburg County	1,543	1,411
Draexlmaier Automotive of America LLC	1,225	N/A*
Michelin Tire Company	1,165	965
Benore Logistics Systems	1,100	N/A*
AFL Corporation	977	N/A*
Sitel	968	
Milliken & Company	903	1,300
Inman Mills	700	675
DISH Network	660	N/A*
Spartanburg Steel	650	520

Data Source:

Spartanburg County Economic Development Corporation and individual employers

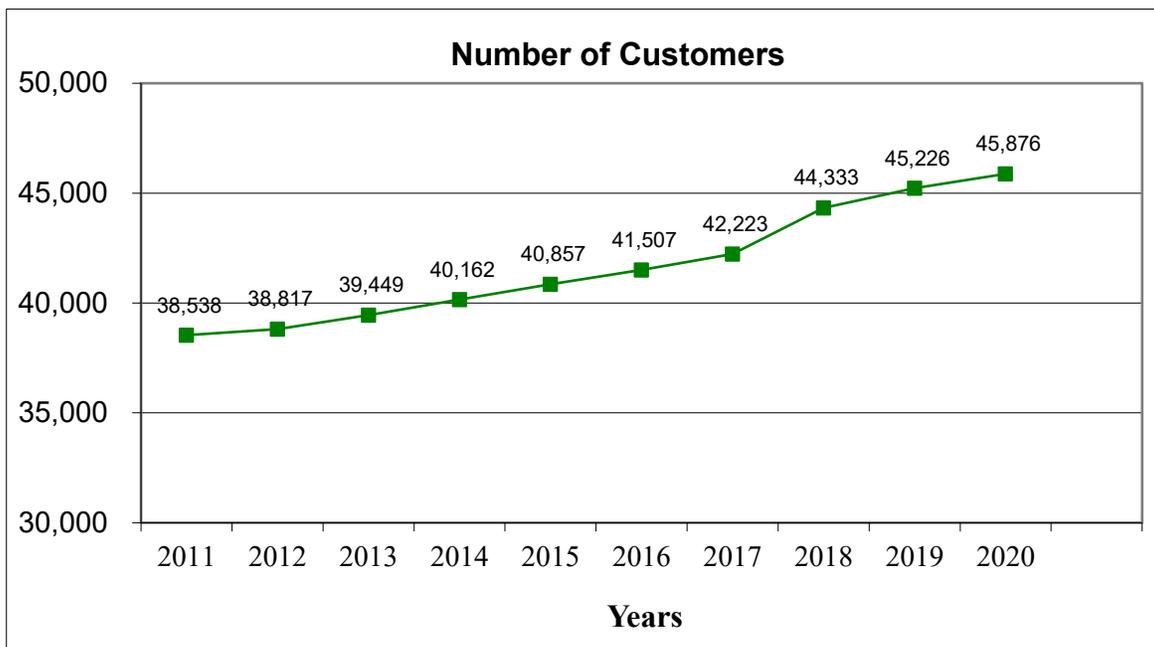
(N/A*) Data unavailable

Operating Information

Number of District Customers

FY 2011 to FY 2020

Fiscal Year	Total Number of Customers
2020	45,876
2019	45,226
2018	44,333
2017	42,223
2016	41,507
2015	40,857
2014	40,162
2013	39,449
2012	38,817
2011	38,538



Schedule of User Charges

FY 2020

Meter Size	Monthly	Bimonthly
5/8"	\$ 5.70	\$ 11.40
1"	\$ 11.94	\$ 23.87
1-1/2"	\$ 22.33	\$ 44.65
2"	\$ 34.80	\$ 69.60
3"	\$ 63.90	\$ 127.80
4"	\$ 105.47	\$ 210.94
6"	\$ 209.40	\$ 418.80
8"	\$ 334.11	\$ 668.22
10"	\$ 479.61	\$ 959.22

Volume Charge (per 100 gallons)

Treatment and Transportation Charge	\$	0.483
Collection Charge	\$	0.192
	\$	<u>0.675</u>

Collection Charge is only charged to customers for which the District provides collection services.

Schedule of Capacity Fees

FY 2020

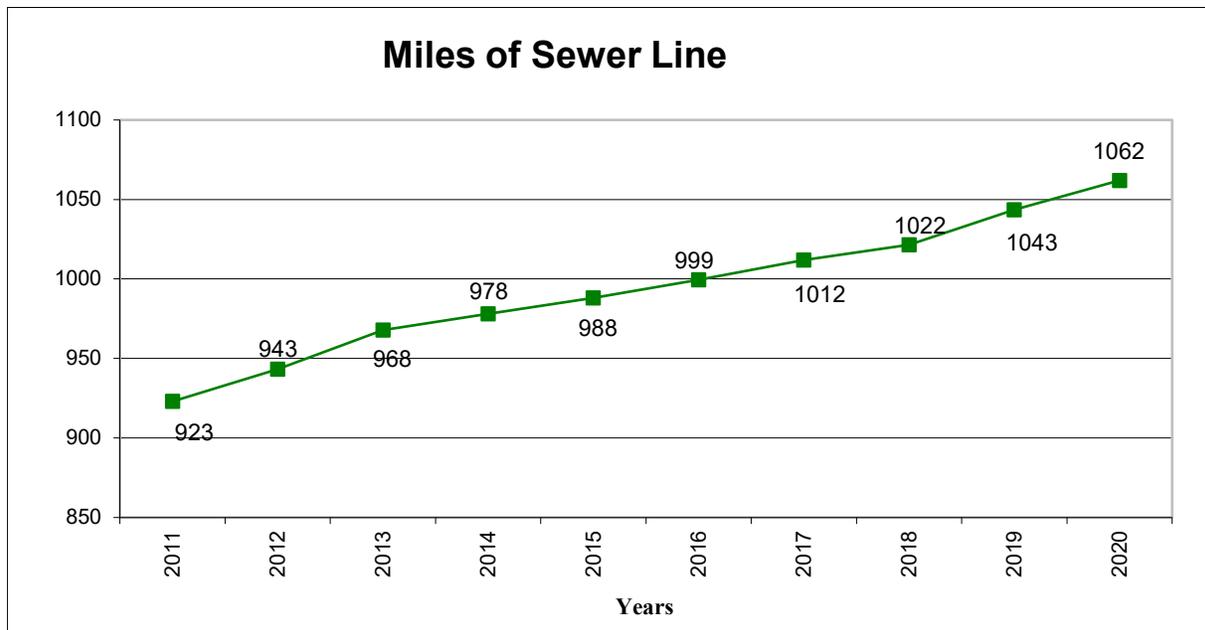
REU (1)	Discharge Gallons per Day	Capacity Fee Rates(2) (\$)
1	300	450
5	1,500	1,125
15	4,500	2,250
32	9,600	3,600
75	22,500	7,200
113	33,900	8,975
150	45,000	11,250
253	75,900	17,438
355	106,500	23,625
458	137,400	29,813
560	168,000	36,000
670	201,000	39,500
780	234,000	43,000
890	267,000	46,500
1000	300,000	50,000

- (1) Capacity fees for flows not listed in the table are calculated based upon straight line interpolation between listed fees. In making the calculations, discharge flows are rounded to the nearest whole Residential Equivalent Unit ("REU") which is equal to 300 gallons per day. The wastewater discharge from a single family residence is equal to one (1) REU.
- (2) Capacity fee rates include recovery of a portion of capital costs related to collection system assets in addition to treatment plant and interceptor assets.

Miles of Sewer Line

FY 2011 to FY 2020

Fiscal Year	Miles of Sewer Line	Percent Increase
2011	923	1.54%
2012	943	2.20%
2013	968	2.61%
2014	978	1.04%
2015	988	1.02%
2016	999	1.16%
2017	1012	1.25%
2018	1022	0.95%
2019	1043	2.14%
2020	1062	1.78%



Schedule of Treatment Plants**FY 2020**

Treatment Plant	Permitted Capacity (MGD)	Average Flow (MGD)
Clifton Converse	0.290	0.158
Cowpens	1.500	0.233
Fairforest	25.000	12.271
Fingerville	0.020	0.004
Lower North Tyger River	3.100	1.336
Pacolet Mills	0.300	0.096
Page Creek	1.000	0.400
South Tyger River	1.000	0.232
	<u>32.210</u>	<u>14.730</u>

Number of Employees

FY 2011 to FY 2020

Fiscal Year	Number of Employees
2011	69
2012	69
2013	69
2014	68
2015	70
2016	73
2017	76
2018	74
2019	74
2020	74

