

**SPARTANBURG SANITARY  
SEWER DISTRICT**



**SPARTANBURG, SOUTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDING JUNE 30, 2021 AND 2020**

# **I. INTRODUCTORY SECTION**

SPARTANBURG SANITARY SEWER DISTRICT  
SPARTANBURG, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

SUBMITTED BY:  
FINANCE DEPARTMENT

SPARTANBURG SANITARY SEWER DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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# Spartanburg Sanitary Sewer District Officials

## List of Commissioners and Senior Management Staff

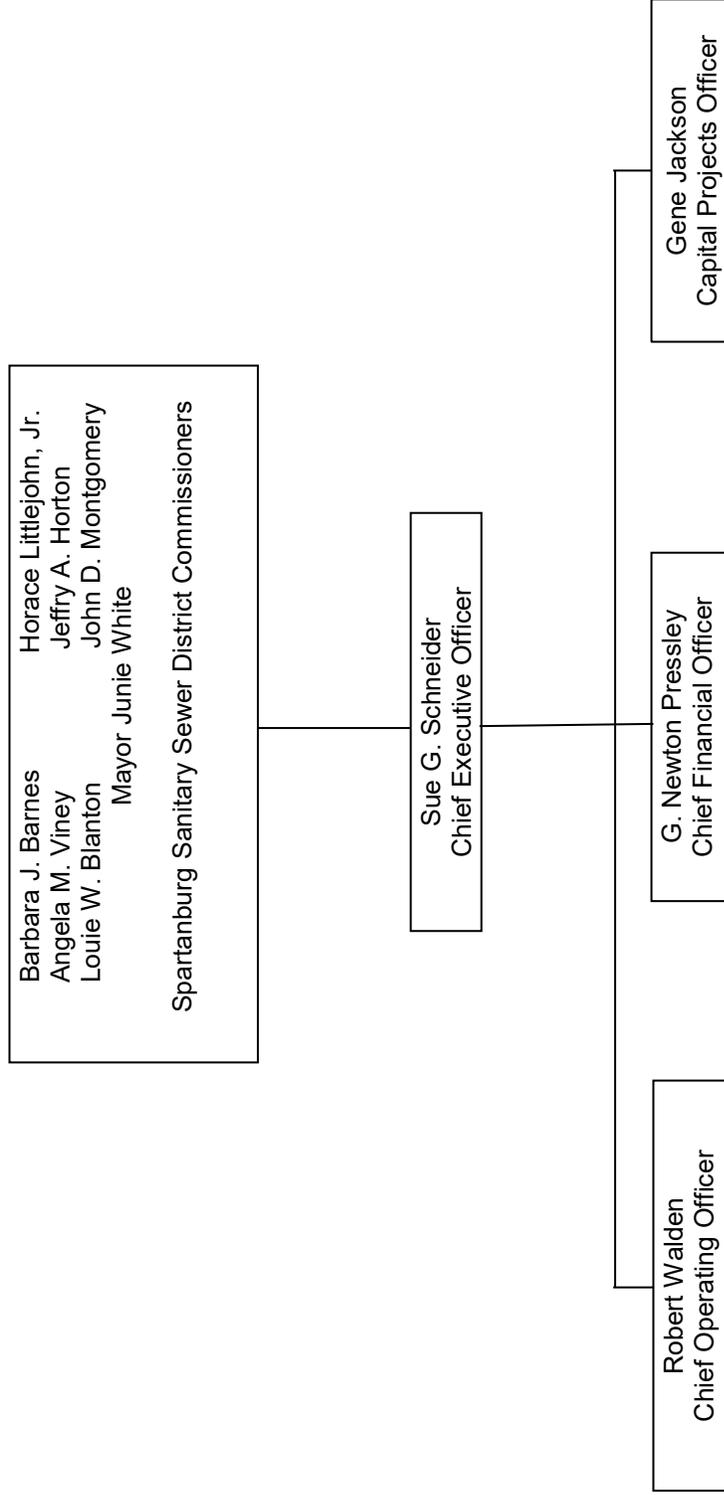
### Commissioners

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  
December 2, 2021

To the Commissioners and Customers  
of the Spartanburg Sanitary Sewer District

We are pleased to submit to you the Comprehensive Annual Financial Report for the Spartanburg Sanitary Sewer District ("the District") for the fiscal year ended June 30, 2021. 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 Comprehensive Annual Financial Report 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 139,393 acres (217.80 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 80 pump stations throughout the service area, and 1,083 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 2021 was 4.5%, as compared with the state rate of 4.5% and the national rate of 5.9%.

## **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 30, 2021 and provided to the Commission on October 26, 2021. 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 collateral secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. For more information regarding the June 30, 2021 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 2021 was \$9,253,009, a 15.6% increase for the fiscal year. The customer base increased by 2,323 accounts, or 5.1%, for fiscal year 2021. The average annual growth rate over the past five years was 3.1%. Debt service coverage of 110% is required by the District's revenue bond covenant. The fiscal year 2021 debt service coverage ratio based on the revenue bond covenant was 357%. 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, 2021 balance of \$5,743,221. The Collection System Rehab Fund provides for the evaluation, maintenance and replacement of the collection system; the year-end balance is \$3,068,323. The Rate Stabilization Fund, which was established to provide for the smoother transition of future rate increases, has a balance of \$6,829,932 at June 30, 2021.

## **AWARDS**

### ***Utility of the Future Today***

Spartanburg Water is proud to announce it is one of just 65 utilities worldwide to receive recognition as a Utility of the Future Today (UoffT) for 2020. The opportunity to achieve this title comes just once every three years – this being the second time since the program's inception in 2016 that Spartanburg Water has taken home the honor. Spartanburg Water is just one of two utilities in all of South Carolina to ever be recognized for this award – and one of just 18 utilities globally to be named a Utility of the Future Today for a second time. Utility of the Future Today was created by the National Association of Clean Water Agencies (NACWA), the Water Environment Federation (WEF), The Water Research Foundation (WRF) and the WaterReuse Association, with input from the U.S. Environmental Protection Agency (EPA), to showcase utilities that have successfully implemented new and creative efforts to address challenges faced by the water industry and the communities it serves. The recognition program seeks to identify and promote utilities that are building on a foundation of excellence in management and that are helping utilities of all sizes transform their operations by instilling the inventive Utility of the Future business model. The 65 honorees, including Spartanburg Water, are credited with embracing and implementing innovative approaches and technologies – related to energy, efficiency, water conservation, green infrastructure, community partnerships, and more – in order to improve sustainability and environmental impacts while lowering operational costs and helping boost the local economy.

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, 2020. 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**

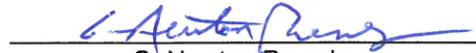
We appreciate the support of the Commissioners and the dedication of all our District employees.

Respectfully Submitted,



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Sue G. Schneider  
Chief Executive officer



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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, 2020

*Christopher P. Morill*

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the business-type activities of the Spartanburg Sanitary Sewer District as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Spartanburg Sanitary Sewer District as of June 30, 2021 and 2020, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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

#### Responsibilities of Management for the Financial Statements

Spartanburg Sanitary Sewer District's 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Spartanburg Sanitary Sewer District's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

(1)

### **Auditor's Responsibilities for the Audit of the Financial Statements – Continued**

In performing an audit in accordance with GAAS, we:

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

**Supplementary Information - Continued**

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 statement 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.

**Other Information Included in the Comprehensive Annual Financial Report**

Management is responsible for the other information included in the comprehensive annual financial report. The other information comprises the introductory and statistical section included in the comprehensive annual financial report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Halliday, Schwartz & Co.*

Spartanburg, South Carolina  
December 2, 2021

## **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, 2021. 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, 2021, total assets of \$223,300,707 and deferred outflows of resources of \$10,332,619 exceed total liabilities of \$164,747,184 and deferred inflows of resources of \$290,861 by \$68,595,281. For fiscal year 2020, total assets of \$217,094,618 and deferred outflows of resources of \$9,854,935 exceeded total liabilities of \$167,240,220 and deferred inflows of resources of \$367,061 by \$59,342,272.

For the fiscal year ended June 30, 2021, increase in net position, before capital contributions, was \$4,977,232. The District's increase in net position, after capital contributions of \$4,275,777, was \$9,253,009. For fiscal year 2020, increase in net position, before capital contributions, was \$1,427,917, and increase in net position, after capital contributions of \$3,867,906, was \$5,295,823.

For fiscal year 2021, operating revenues increased by \$1,700,617 to \$28,280,621, or 6.4%, non-operating revenues increased by \$1,582,494 to \$10,745,099, or 17.3%, and total expenses decreased by \$266,204 to \$34,048,488 or 0.8%. For fiscal year 2020, operating revenues decreased by \$566,605 to \$26,580,004, or 2.1%. For fiscal year 2020, 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%.

Debt service coverage of 110% is required by the District's revenue bond covenant. The fiscal year 2021 debt service coverage ratio based on the revenue bond covenant was 357%. The fiscal year 2020 total District debt service coverage ratio was 280%.

### **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, 2021, 2020 and 2019.

### Financial Analysis of the District Condensed Statements of Net Position

	2021	2020	2019
<b>Assets</b>			
Current and noncurrent assets	\$ 48,989,895	\$ 42,850,385	\$ 47,664,609
Capital assets	174,310,812	174,244,233	173,295,052
<b>Total Assets</b>	<u>223,300,707</u>	<u>217,094,618</u>	<u>220,959,661</u>
<b>Deferred outflows of resources</b>			
Deferred loss on refundings	8,324,111	8,296,307	6,532,883
Deferred amounts related to pensions	1,441,937	948,238	907,900
Deferred amounts related to OPEB	566,571	610,390	507,168
<b>Total Deferred Outflows of Resources</b>	<u>10,332,619</u>	<u>9,854,935</u>	<u>7,947,951</u>
<b>Liabilities</b>			
Current liabilities	9,350,508	7,399,706	9,322,465
Noncurrent liabilities	155,396,676	159,840,514	165,056,251
<b>Total Liabilities</b>	<u>164,747,184</u>	<u>167,240,220</u>	<u>174,378,716</u>
<b>Deferred Inflows of Resources</b>			
Deferred amounts related to pensions	153,618	278,719	398,085
Deferred amounts related to OPEB	137,243	88,342	84,362
<b>Total Deferred Inflows of Resources</b>	<u>290,861</u>	<u>367,061</u>	<u>482,447</u>
<b>Net position</b>			
Net investment in capital assets	41,107,871	38,857,942	36,086,305
Unrestricted	27,487,410	20,484,330	17,960,144
<b>Total Net Position</b>	<u>\$ 68,595,281</u>	<u>\$ 59,342,272</u>	<u>\$ 54,046,449</u>

Current and noncurrent assets increased by \$6,139,510 to \$48,989,895 and decreased by \$4,814,224 to \$42,850,385 in fiscal year 2021 and 2020, respectively, primarily due to an increase in cash and investments. Additionally, capital assets increased by \$66,579 to \$174,310,812 in fiscal year 2021 and increased by \$949,181 to \$174,244,233 in fiscal year 2020. See Capital assets section on page 10 for further explanation.

For the current fiscal year the District's long-term debt, including current maturities, decreased by \$3,696,311 to \$147,704,246 or 2.4% and decreased by \$7,248,644 or 4.6% for the prior fiscal year.

Current and noncurrent assets included cash and investments of \$42,260,712 and \$36,352,234 as of June 30, 2021 and 2020, respectively. The distribution by fund of the year-end balances is provided below:

<b>Fund</b>	<b>2021</b>	<b>2020</b>
Operating	\$ 5,646,498	\$ 4,971,773
Debt service trust account	1,827,238	1,847,595
Rate stabilization	6,829,932	5,598,082
Depreciation	5,743,221	2,942,545
Collection system rehab	3,068,323	2,990,529
Capital project funds		
Capital	19,145,500	16,875,436
Bond funds	-	1,126,274
<b>Total cash and investments</b>	<b>\$ 42,260,712</b>	<b>\$ 36,352,234</b>

Also included in current and noncurrent assets for fiscal year 2021 are receivables of \$5,688,179, with the substantial portion associated with user charge receivables, as follows: billed, not collected, net of allowance for doubtful accounts \$1,443,506, amount collected by Spartanburg Water System and transferred to the District after year-end \$2,622,639 and revenue earned but not yet billed \$1,499,769. 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.

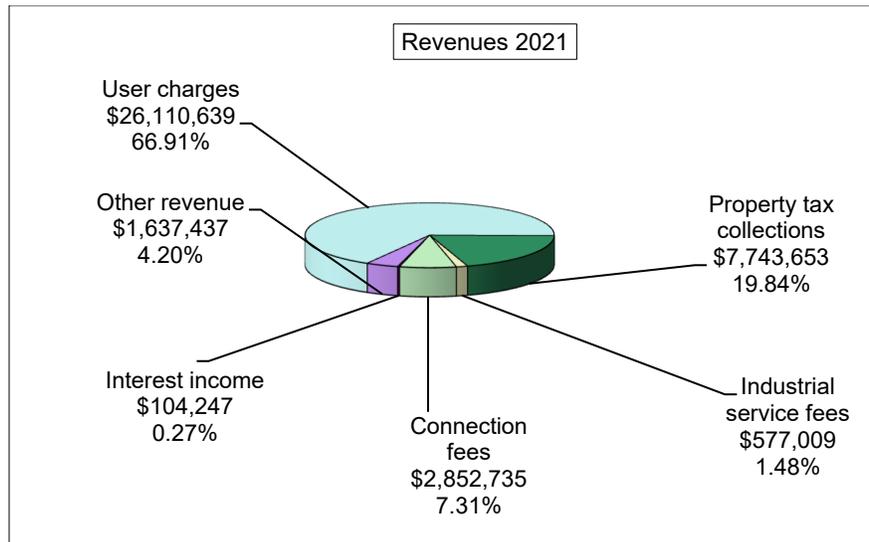
Current liabilities as of June 30, 2021, included accounts payable from operating funds of \$478,339, and accounts payable from capital funds of \$759,115, retainage payable of \$387,139 and the intercompany payable to the Spartanburg Water System of \$1,167,580 that is included in other payables. June 30, 2020 current liabilities 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.

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, 2021, 2020, and 2019.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues			
Operating revenues			
User charge revenues	\$ 26,110,639	\$ 24,852,324	\$ 24,917,110
Other operating revenues	2,169,982	1,727,680	2,229,499
	<u>28,280,621</u>	<u>26,580,004</u>	<u>27,146,609</u>
Nonoperating revenues			
Property tax collections	7,743,653	6,927,363	6,783,557
Other nonoperating revenue	3,001,446	2,235,242	1,350,608
	<u>10,745,099</u>	<u>9,162,605</u>	<u>8,134,165</u>
Total revenues	<u>39,025,720</u>	<u>35,742,609</u>	<u>35,280,774</u>
Expenses			
Operating expenses, before depreciation	16,613,553	16,396,951	15,887,314
Depreciation expense	12,304,968	11,862,729	10,421,350
Non-operating expenses	5,129,967	6,055,012	6,738,350
Total expenses	<u>34,048,488</u>	<u>34,314,692</u>	<u>33,047,014</u>
Change in net position before capital contributions	4,977,232	1,427,917	2,233,760
Capital contributions	<u>4,275,777</u>	<u>3,867,906</u>	<u>1,983,221</u>
Change in net position	9,253,009	5,295,823	4,216,981
Net position, beginning of year	<u>59,342,272</u>	<u>54,046,449</u>	<u>49,829,468</u>
Net position, end of year	<u>\$ 68,595,281</u>	<u>\$ 59,342,272</u>	<u>\$ 54,046,449</u>

Revenues (excluding capital contributions) of \$39,025,720 for the fiscal year ended June 30, 2021, were comprised of the following:



User charge revenue increased from fiscal year 2020 to fiscal year 2021 by \$1,258,315, or 5.1%, primarily due to an increase in usage. The decrease from fiscal year 2019 to fiscal year 2020 was \$64,786, or 0.26%, primarily due to a decrease in usage.

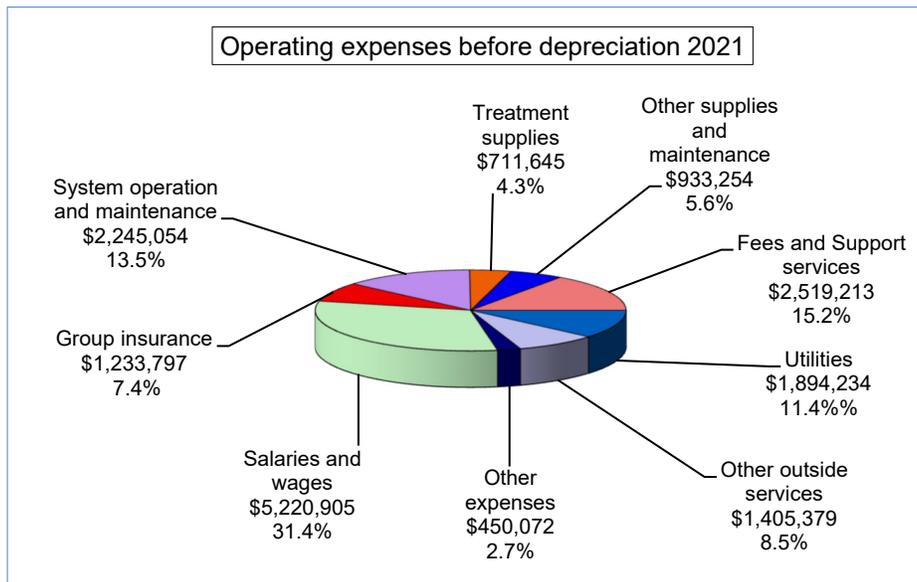
Pursuant to Act No. 1503 of 1970, the District has the authority to levy taxes uniformly throughout the District. The tax revenue may be used to pay debt service on eligible General Obligation (“G.O.”) debt and to pay administrative expenses for the District. Property tax revenue for fiscal year 2021 was \$7,743,653 and increased by \$816,290, or 11.8% primarily due to the increase in real estate, manufacturing rebate and fee in lieu tax collections. Property tax revenue during fiscal year 2021 consisted of: real property of \$5,614,706, vehicles of \$664,728, delinquent taxes of \$217,832, homestead reimbursement of \$253,466, and other sources of \$992,921. Property tax revenue for fiscal year 2020 was \$6,927,363 and 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 which was an increase of \$143,806, or 2.12%, which was attributed to an increase in real estate, delinquent and fee in lieu tax collections.

Interest income decreased \$534,326, or 83.7%, to \$104,247 for fiscal year 2021, due to falling interest rates, following a decrease of \$181,228, or 22.1% in fiscal year 2020, due to falling interest rates and decrease in cash and investments.

Industrial service fees of \$577,009 included industrial service charges of \$309,738 and industrial surcharge revenues of \$267,271 for fiscal year 2021 compared to a total of \$667,138 for fiscal year 2020.

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 2021 and 2020 and fiscal year 2020 and 2019 operating expenses for major expense categories.

**Comparison of operating expenses before depreciation**

Expense Category	2021	2020	Increase/(Decrease) From 2020 to 2021	
			Amount	% of Change
Salaries and wages	\$ 5,220,905	\$ 4,834,527	\$ 386,378	8.0%
Group insurance	1,233,797	1,248,166	(14,369)	-1.2%
System operation and maintenance	2,245,054	1,676,190	568,864	33.9%
Treatment supplies	711,645	845,510	(133,865)	-15.8%
Other supplies and maintenance	933,254	1,102,652	(169,398)	-15.4%
Fees and support services	2,519,213	2,248,994	270,219	12.0%
Utilities	1,894,234	2,146,350	(252,116)	-11.7%
Other outside services	1,405,379	1,713,050	(307,671)	-18.0%
Other expenses	450,072	581,512	(131,440)	-22.6%
<b>Total operating expenses before depreciation</b>	<b>\$ 16,613,553</b>	<b>\$ 16,396,951</b>	<b>\$ 216,602</b>	<b>1.3%</b>

### Comparison of operating expenses before depreciation

Expense Category	Increase/(Decrease) From 2019 to 2020			
	2020	2019	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	<u>\$ 16,396,951</u>	<u>\$ 15,887,314</u>	<u>\$ 509,637</u>	<u>3.2%</u>

Operating expenses, before depreciation, increased by \$216,602, or 1.3% from fiscal year 2020 to fiscal year 2021, primarily due to an increase in system operations and maintenance, fees and support services and salaries and wages. The fiscal year 2021 increase was offset by decreases in other outside services, utilities, other supplies and maintenance and treatment supplies. The increase from fiscal year 2019 to fiscal year 2020 was \$509,637, or 3.2%, 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. Highlights of the fiscal years 2021-2020 expense comparison is provided below:

- The Salaries and wages increase resulted primarily from the addition of staff in the Lab Services section, merit pay increases and retirement payouts in FY21.
- The Group insurance decrease resulted from a favorable claims experience for fiscal year 2021 along with an increase in stop loss reimbursements.
- The System operation and maintenance increase is associated with equipment failures and basin cleaning that was performed in house. The basin cleaning resulted in solids handling issues and increased shipments for added cost.
- The Treatment supplies decrease was primarily associated with reduced chemical costs for the A. Manning Lynch Waste Water Treatment Plant.
- The Other supplies and maintenance decrease is associated with decreased costs for Building and grounds maintenance for the waste water treatment facilities.
- 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; Maintenance supervisory group. The fiscal year 2021 increase is primarily due to the additional labor cost added to Engineering and an increase in the Administration fee.
- The Utilities decrease resulted from a decrease in water usage due to a leak that was repaired in fiscal year 2021 at the A. Manning Lynch Waste Water Treatment facility.

- The Other outside services decrease was a result of a decrease in the intercompany operating labor transfer for the current fiscal year. Spartanburg Water and Spartanburg Sanitary Sewer District share employees throughout the year and reconcile the variance at year end.
- The Other expenses decrease was primarily due to the reduction in cost associated with Conferences and Education, Bad Debt Expense and Customer Relations.

Non-operating expenses totaled \$5,129,967 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 \$404,391 and bond issuance costs decreased by \$520,654.

### 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 2021 totaled \$4,275,777 an increase of \$407,871 or 10.55% compared to 2020, and were primarily comprised of donated lines \$3,400,084. The most significant capital contributions during fiscal year 2021 are as follows: McCraney Industrial Park PS, Olivia Springs phase 1 & 2, Tyger Point phase 2, Pine Valley phase 1a and Bella Casa phase 1 & 2. 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 Assets

At June 30, 2021, the District had \$174,310,812 invested in capital assets, as provided in the schedule below:

#### Capital Assets at Year-End

	2021	2020	2019
Treatment plants, interceptor lines, and collection lines	\$ 329,913,565	\$ 322,894,134	\$ 304,244,707
Other facilities and property	1,979,278	1,979,278	1,845,999
Vehicles, office and maintenance equipment	19,905,505	18,808,831	17,067,272
Construction in progress	8,764,426	4,931,608	12,750,372
Subtotal	<u>360,562,774</u>	<u>348,613,851</u>	<u>335,908,350</u>
Accumulated depreciation	<u>(186,251,962)</u>	<u>(174,369,618)</u>	<u>(162,613,298)</u>
<b>Capital assets - net of depreciation</b>	<b><u>\$ 174,310,812</u></b>	<b><u>\$ 174,244,233</u></b>	<b><u>\$ 173,295,052</u></b>

The fiscal year 2021 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. The net increase for construction in progress resulted primarily from the start of the Cowpens WWTF evaluation and upgrade. Vehicles, office and maintenance increased primarily due to the purchase of a F550 Jetter truck, CAT 430F backhoe, two diesel generators and replacement service trucks.

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.

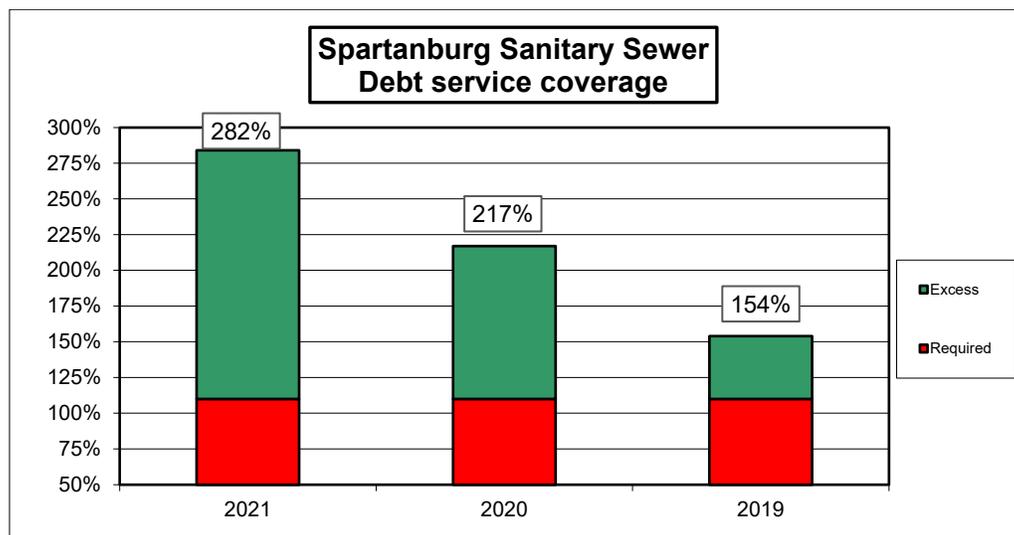
For more information on the changes in capital assets, see Note 3 to the financial statements.

## 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:

<b>Debt Service Coverage</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net earnings per Revenue bond covenant	\$ 19,272,550	\$ 16,232,909	\$ 15,714,545
Debt service requiring coverage, per covenant			
Revenue bond debt service	5,397,929	5,791,765	9,049,389
G.O. Debt service paid with revenues	-	-	-
Debt service amount for coverage test	\$ 5,397,929	\$ 5,791,765	\$ 9,049,389
Debt service coverage ratio based on revenue covenant	3.57	2.80	1.74
Net earnings per revenue bond covenant	19,272,550	16,232,909	15,714,545
Plus: Ad valorem taxes used for G.O. debt service	3,280,815	3,107,534	3,215,995
Adjusted net earnings	\$ 22,553,365	\$ 19,340,443	\$ 18,930,540
Total District debt service	\$ 7,984,538	\$ 8,899,299	\$ 12,265,384
Total District debt coverage ratio	2.82	2.17	1.54



## Current Year Transactions

### 2021 Revenue Refunding

In May 2021, SSSD closed on a taxable refunding of the remaining portion of its outstanding Sewer System Refunding Convertible Bonds, Series 2013A and 2013B. The refunding resulted in Net Present Value Savings of \$1,263,832 and total Cash Flow Savings of \$1,623,137.

### Outstanding Debt at Year-End

The District had \$143,496,000 in long-term debt outstanding at year-end, as scheduled below:

	Average Yield	Outstanding Debt		
		2021	2020	2019
<b>Long-term Debt</b>				
<b>General Obligation Bonds</b>				
2010 General Obligation Refunding Bonds	3.75%	\$ -	\$ -	\$ 12,020,000
2011 General Obligation Refunding Bonds	2.89%	3,465,000	4,250,000	5,005,000
2013 General Obligation Refunding Bonds	2.50%	3,455,000	3,455,000	3,455,000
2014 General Obligation Refunding Bonds	2.20%	3,906,000	4,637,000	5,352,000
2016 General Obligation Refunding Bonds	2.52%	13,775,000	14,125,000	14,455,000
2019 General Obligation Refunding Bonds	1.32%	10,795,000	10,795,000	-
		<u>35,396,000</u>	<u>37,262,000</u>	<u>40,287,000</u>
<b>Revenue Bonds</b>				
2009A Sewer Revenue Refunding Bonds	3.97%	-	-	2,435,000
2009B Sewer Revenue Refunding Bonds	3.97%	-	-	12,595,000
2011 Sewer Taxable Revenue Bond	3.49%	-	-	475,000
2013A Sewer Revenue Refunding Bonds	3.55%	-	8,380,000	8,380,000
2013B Sewer Revenue Refunding Bonds	3.55%	-	9,645,000	50,125,000
2014A Sewer Revenue Refunding Bonds	3.86%	3,935,000	4,065,000	4,195,000
2014B Sewer Revenue Refunding Bonds	3.86%	32,185,000	32,575,000	32,960,000
2019 Sewer Revenue Refunding Bonds	1.51%	7,055,000	7,635,000	-
2020 Sewer Revenue Refunding Bonds	2.60%	45,415,000	46,200,000	-
2021 Sewer Revenue Refunding Bonds	2.57%	19,510,000	-	-
		<u>108,100,000</u>	<u>108,500,000</u>	<u>111,165,000</u>
<b>Loans</b>				
State Revolving Fund Loan	3.50%	-	-	71,259
<b>Total Long-term Debt Outstanding</b>		<u>\$ 143,496,000</u>	<u>\$ 145,762,000</u>	<u>\$ 151,523,259</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 2020 Assessed Value, less	
mfg. depreciation reduction	\$ 790,647,602
G.O. debt ceiling percentage	8%
Current G.O. debt ceiling	<u>63,251,808</u>
Less: outstanding G.O. debt	<u>35,396,000</u>
Available G.O. debt capacity	<u>\$ 27,855,808</u>

### Bond Ratings

The District had the following ratings during fiscal year 2021:

<b>Agency</b>	<b>Revenue</b>	<b>G.O.</b>
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 2022 in the total amount of \$36,789,727, which represents a 5.5% increase over the previous year's budgeted revenues and expenditures. The fiscal year 2022 budget included funding of reserves as follows: Depreciation fund - \$2,000,000; Capital - \$4,285,000; 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 and in fiscal year 2021.
- **In Fiscal Year 2022, the Spartanburg Sanitary Sewer District ("SSSD") executed a refunding bond issuance to generate debt service savings.**
  - In September 2021, SSSD issued \$3,512,000 in General Obligation Refunding Bonds, Series 2021 to refund the remaining outstanding balance of the General Obligation Bonds, Series 2011. The refunding resulted in Net Present Value Savings of \$530,000 over the life of the bonds due to interest rate savings.

## **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, 2021 AND 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2021	2020
Assets		
Current assets		
Cash	\$ 6,580,944	\$ 7,589,574
Investments	33,852,530	25,788,791
User charge receivable - net of allowance for doubtful accounts of \$123,035 and \$145,544 for 2021 and 2020, respectively	2,943,275	2,685,648
Taxes receivable - net of allowance for doubtful accounts of \$462,507 and \$597,168 for 2021 and 2020, respectively	113,194	95,927
Assessments and improvement charges receivable	9,071	9,071
Other receivables	2,622,639	2,656,297
Inventories	1,041,004	1,051,208
Total current assets	47,162,657	39,876,516
Noncurrent assets		
Restricted cash	386,188	357,486
Restricted investments	1,441,050	2,616,383
Capital assets - nondepreciable	8,764,426	4,931,608
Capital assets - net of accumulated depreciation	165,546,386	169,312,625
Total noncurrent assets	176,138,050	177,218,102
Total Assets	223,300,707	217,094,618
Deferred Outflows of Resources		
Deferred loss on refundings	8,324,111	8,296,307
Deferred amounts related to pensions	1,441,937	948,238
Deferred amounts related to OPEB	566,571	610,390
Total Deferred Outflows of Resources	10,332,619	9,854,935

SPARTANBURG SANITARY SEWER DISTRICT  
STATEMENTS OF NET POSITION - CONTINUED  
JUNE 30, 2021 AND 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2021	2020
Liabilities		
Current liabilities		
Accounts payable	1,613,812	1,074,077
Accrued salaries and wages	477,894	459,295
Accrued employee benefits	131,860	46,987
Accrued interest expense	1,479,362	1,470,525
Other payables	1,167,580	1,328,822
Long-term debt - current portion	4,480,000	3,020,000
Total current liabilities	9,350,508	7,399,706
Noncurrent liabilities		
Net pension liability	8,306,799	7,450,161
Net other post-employment benefit liability	3,865,631	4,009,796
Long-term debt - net of current portion	143,224,246	148,380,557
Total noncurrent liabilities	155,396,676	159,840,514
Total Liabilities	164,747,184	167,240,220
Deferred Inflows of Resources		
Deferred amounts related to pensions	153,618	278,719
Deferred amounts related to OPEB	137,243	88,342
Total Deferred Inflows of Resources	290,861	367,061
Net Position		
Net investment in capital assets	41,107,871	38,857,942
Unrestricted	27,487,410	20,484,330
Total Net Position	\$ 68,595,281	\$ 59,342,272

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, 2021 AND 2020

	2021	2020
Operating Revenues		
User charge revenues	\$ 26,110,639	\$ 24,852,324
Industrial service fees	577,009	667,138
Treatment charges	404,914	447,560
Miscellaneous	1,188,059	612,982
	28,280,621	26,580,004
Operating Expenses		
Personnel costs	6,472,727	6,106,194
Supplies and maintenance	3,889,953	3,624,352
Outside services	5,818,826	6,108,394
Educational and training expenses	139,030	157,371
Company expenses	293,017	400,640
Depreciation	12,304,968	11,862,729
	28,918,521	28,259,680
Operating Income	(637,900)	(1,679,676)
Nonoperating Revenues (Expenses)		
Connection fees	2,852,735	1,587,590
Property tax collections	7,743,653	6,927,363
Gain on sale of capital assets	44,464	9,079
Interest income	104,247	638,573
Interest expense and paying agent fees	(4,827,126)	(5,231,517)
Bond issuance costs	(302,841)	(823,495)
	5,615,132	3,107,593
Increase in Net Position, Before Capital Contributions	4,977,232	1,427,917
Capital Contributions	4,275,777	3,867,906
Increase in Net Position	9,253,009	5,295,823
Net Position - Beginning of Year	59,342,272	54,046,449
Net Position - End of Year	\$ 68,595,281	\$ 59,342,272

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, 2021 AND 2020

	2021	2020
Cash Flows Provided (Used) by Operating Activities		
Cash received from customers	\$ 28,039,385	\$ 26,256,053
Cash paid to suppliers for goods and services	(9,743,293)	(10,628,023)
Cash paid to or for the benefit of employees	(6,182,861)	(5,924,846)
	12,113,231	9,703,184
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Capital contributions	875,693	-
Connection fees	2,852,735	1,587,590
Property tax collections	7,743,653	6,927,363
Acquisition and construction of capital assets	(8,971,463)	(8,944,002)
Proceeds from sale of capital assets	44,464	9,079
Proceeds from general obligation bond issue	-	150,534
Proceeds from revenue bond issues	219,196	444,270
Bond issuance costs	(212,144)	(568,334)
Payments to advanced refundings escrow	(173,553)	(6,805,434)
Principal payments - general obligation bonds	(1,866,000)	(1,800,000)
Principal payments - revenue bonds	(1,885,000)	(990,000)
Principal payments - state revolving fund loan	-	(71,259)
Interest and paying agent fees	(4,936,581)	(5,426,859)
	(6,309,000)	(15,487,052)
Cash Flows Provided (Used) by Investing Activities		
Interest income	104,247	638,573
	5,908,478	(5,145,295)
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents - Beginning of Year	36,352,234	41,497,529
Cash and Cash Equivalents - End of Year	\$ 42,260,712	\$ 36,352,234

SPARTANBURG SANITARY SEWER DISTRICT  
 STATEMENTS OF CASH FLOWS - CONTINUED  
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ (637,900)	\$ (1,679,676)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	12,304,968	11,862,729
Pension expense	853,794	772,780
OPEB expense	379,797	371,675
(Increase) decrease in assets		
User charge receivable	(257,627)	173,849
Taxes receivable	(17,267)	(40,828)
Other receivables	33,658	(456,972)
Inventories	10,204	(7,120)
Deferred amounts related to pensions	(615,956)	(564,345)
Deferred amounts related to OPEB	(431,242)	(412,996)
Increase (decrease) in liabilities		
Accounts payable	539,736	(103,948)
Accrued salaries and wages	18,599	104,493
Accrued employee benefits	84,873	(90,259)
Accrued interest expense	8,837	(611,182)
Other current liabilities	(161,243)	384,984
Net Cash Provided by Operating Activities	\$ 12,113,231	\$ 9,703,184
 Noncash Investing, Capital and Financing Activities		
Contribution of capital assets	\$ 3,400,084	\$ 3,867,906
Amortization included in interest expense	\$ (109,455)	\$ (195,342)
 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	\$ 19,510,000	\$ 53,835,000
Revenue bond premiums	\$ -	\$ 1,707,970
Defeased revenue bonds	\$ (18,025,000)	\$ (55,510,000)
Deferred loss on refundings	\$ (1,348,660)	\$ (6,248,659)
Bond issuance costs	\$ (90,697)	\$ (255,161)

SPARTANBURG SANITARY SEWER DISTRICT  
 STATEMENTS OF CASH FLOWS - CONTINUED  
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</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	\$ 6,580,944	\$ 7,589,574
Investments	<u>33,852,530</u>	<u>25,788,791</u>
	<u>40,433,474</u>	<u>33,378,365</u>
Noncurrent assets		
Restricted cash	386,188	357,486
Restricted investments	<u>1,441,050</u>	<u>2,616,383</u>
	<u>1,827,238</u>	<u>2,973,869</u>
	<u>\$ 42,260,712</u>	<u>\$ 36,352,234</u>
Cash flow classifications		
Petty cash	\$ 550	\$ 550
Cash deposits	6,966,582	15,063,548
Investments - cash equivalents	<u>35,293,580</u>	<u>21,288,136</u>
Total cash and cash equivalents	<u>\$ 42,260,712</u>	<u>\$ 36,352,234</u>

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

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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, 2021 AND 2020

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 \$462,507 and \$597,168 at June 30, 2021 and 2020, 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 \$790,647,602 and \$756,152,229 for the calendar years 2020 and 2019, 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.

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020, 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. 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, 2021 AND 2020

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, 2021 and 2020:

Investment Type	Maturity	Value		Rating
		2021	2020	
State treasurer's investment pool	<60 days	\$ 33,852,530	\$ 19,798,028	Not rated
First American Government Obligation	<60 days	1,441,050	1,490,108	Aaa-mf
		<u>\$ 35,293,580</u>	<u>\$ 21,288,136</u>	

The Spartanburg Sanitary Sewer District is required under bond indenture agreements in connection with the issuance of bonds, to segregate certain assets. The following assets have been segregated and are restricted in use for the acquisition and construction of capital assets and debt service reserve funds. They are shown in their respective categories in the accompanying statements of net position.

	2021	2020
Restricted Assets for the Acquisition and Construction of Capital Assets Investments	<u>\$ -</u>	<u>\$ 1,126,274</u>
Restricted Assets for Debt Service Reserve and Debt Service Funds		
Cash	386,188	357,486
Investments	1,441,050	1,490,109
	<u>1,827,238</u>	<u>1,847,595</u>
	<u>\$ 1,827,238</u>	<u>\$ 2,973,869</u>

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2021 AND 2020

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets follows:

	2021			Balance June 30, 2021
	Balance June 30, 2020	Additions	Removals/ Disposals	
<b>Capital Assets</b>				
<b>Nondepreciable</b>				
Construction in progress	\$ 4,931,608	\$ 6,939,648	\$ 3,106,830	\$ 8,764,426
<b>Depreciable</b>				
Treatment plants, interceptor and collection lines	265,134,188	3,619,347	-	268,753,535
Collection lines - donated	57,759,946	3,400,084	-	61,160,030
Motor equipment	5,376,237	328,280	244,712	5,459,805
Maintenance equipment	12,737,461	1,154,251	167,391	13,724,321
Office equipment	695,133	36,767	10,521	721,379
Office real estate	390,712	-	-	390,712
Maintenance facility	648,572	-	-	648,572
Joint lab building	939,994	-	-	939,994
<b>Total depreciable</b>	<b>343,682,243</b>	<b>8,538,729</b>	<b>422,624</b>	<b>351,798,348</b>
<b>Total Capital Assets</b>	<b>348,613,851</b>	<b>15,478,377</b>	<b>3,529,454</b>	<b>360,562,774</b>
<b>Accumulated Depreciation</b>				
Treatment plants, interceptor and collection lines	127,122,352	8,987,550	-	136,109,902
Collection lines - donated	30,677,131	1,840,588	-	32,517,719
Motor equipment	4,376,620	476,271	244,712	4,608,179
Maintenance equipment	10,480,593	909,674	167,391	11,222,876
Office equipment	614,258	38,992	10,521	642,729
Office real estate	195,601	14,322	-	209,923
Maintenance facility	427,565	12,589	-	440,154
Joint lab building	475,498	24,982	-	500,480
	<b>174,369,618</b>	<b>12,304,968</b>	<b>422,624</b>	<b>186,251,962</b>
<b>Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 174,244,233</b>			<b>\$ 174,310,812</b>

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2021 AND 2020

NOTE 3 - CAPITAL ASSETS - CONTINUED

	2020			
	Balance June 30, 2019	Additions	Removals/ Disposals	Balance June 30, 2020
<b>Capital Assets</b>				
<b>Nondepreciable</b>				
Construction in progress	\$ 12,750,372	\$ 8,680,276	\$ 16,499,040	\$ 4,931,608
<b>Depreciable</b>				
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
<b>Total depreciable</b>	<u>323,157,978</u>	<u>20,630,674</u>	<u>106,409</u>	<u>343,682,243</u>
<b>Total Capital Assets</b>	<u>335,908,350</u>	<u>29,310,950</u>	<u>16,605,449</u>	<u>348,613,851</u>
<b>Accumulated Depreciation</b>				
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>
<b>Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 173,295,052</u>			<u>\$ 174,244,233</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$12,304,968 and \$11,862,729, respectively.

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2021 AND 2020

NOTE 4 - LONG-TERM DEBT

2021						
	Balance June 30, 2020	Additions	Reductions	Defeased	Balance June 30, 2021	Due Within One Year
Bonds Payable						
General obligation bonds	\$ 37,262,000	\$ -	\$ (1,866,000)	\$ -	\$ 35,396,000	\$ 3,425,000
Revenue bonds	108,500,000	19,510,000	(1,885,000)	(18,025,000)	108,100,000	1,055,000
Plus deferred amounts:						
Bond premium	5,638,557	-	(650,573)	(779,738)	4,208,246	-
	\$ 151,400,557	\$ 19,510,000	\$ (4,401,573)	\$ (18,804,738)	\$ 147,704,246	\$ 4,480,000

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)	-	-	-
Plus deferred amounts:						
Bond premium	7,125,942	3,193,192	(657,995)	(4,022,582)	5,638,557	-
	\$ 158,649,201	\$ 67,823,192	\$ (3,519,254)	\$ (71,552,582)	\$ 151,400,557	\$ 3,020,000

General Obligation Bonds

Bonds payable at June 30, 2021 and 2020 were comprised of the following issues:

	2021	2020
\$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.	\$ 3,465,000	\$ 4,250,000
\$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, 2021 AND 2020

NOTE 4 - LONG-TERM DEBT - CONTINUED

General Obligation Bonds - Continued

	2021	2020
\$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.	3,906,000	4,637,000
\$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.	13,775,000	14,125,000
\$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	10,795,000
	35,396,000	37,262,000
Less: current portion	(3,425,000)	(1,135,000)
Total long-term general obligation bonds payable	\$ 31,971,000	\$ 36,127,000

Debt service requirements to maturity including interest on the general obligation bonds as of June 30, 2021 are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 3,425,000	\$ 1,264,600	\$ 4,689,600
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	1,233,000	551,343	1,784,343
2027-2031	3,181,000	2,431,811	5,612,811
2032-2036	2,680,000	2,115,975	4,795,975
2037-2041	6,565,000	1,173,200	7,738,200
2042-2046	3,615,000	331,800	3,946,800
	\$ 35,396,000	\$ 10,797,563	\$ 46,193,563

SPARTANBURG SANITARY SEWER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2021 AND 2020

NOTE 4 - LONG-TERM DEBT - CONTINUED

Revenue Bonds

Bonds payable at June 30, 2021 and 2020 were comprised of the following issues:

	2021	2020
<p>\$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.</p>	\$ -	\$ 8,380,000
<p>\$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.</p>	-	9,645,000
<p>\$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.</p>	3,935,000	4,065,000
<p>\$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.</p>	32,185,000	32,575,000

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2021 AND 2020

NOTE 4 - LONG-TERM DEBT - CONTINUED

Revenue Bonds - Continued

	2021	2020
\$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.	7,055,000	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.	45,415,000	46,200,000
\$19,510,000 Sewer System Taxable Refunding Revenue Bonds, Series 2021, dated May 28, 2020. Annual maturities of \$1455,000 to \$3,450,000 maturing in 2040 with semi-annual interest of 1.19% to 2.90%. Bonds were issued to refund the outstanding Sewer System Refunding Revenue and Convertible Bonds, Series 2013A & B.	19,510,000	-
	108,100,000	108,500,000
Less: current portion	(1,055,000)	(1,885,000)
Total long-term revenue bonds payable	\$ 107,045,000	\$ 106,615,000

Debt service requirements to maturity including interest on the revenue bonds as of June 30, 2021 are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,055,000	\$ 3,407,343	\$ 4,462,343
2023	1,090,000	3,480,873	4,570,873
2024	1,120,000	3,455,282	4,575,282
2025	1,140,000	3,422,257	4,562,257
2026	4,680,000	3,382,057	8,062,057
2027-2031	29,590,000	14,227,959	43,817,959
2032-2036	36,865,000	9,292,764	46,157,764
2037-2039	32,560,000	3,225,784	35,785,784
	\$ 108,100,000	\$ 43,894,319	\$ 151,994,319

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2021 AND 2020

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 was 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.

There are a number of limitations and restrictions contained in the various debt instruments. The District is in compliance with all significant limitations and restrictions.

NOTE 5 - DEFEASANCE OF DEBT AND ADVANCED REFUNDINGS

In May 2021, the District issued \$19,510,000 of Taxable Refunding Revenue Bonds, Series 2021. These proceeds were used to advance refund \$8,380,000 of the remaining outstanding Sewer System Refunding Revenue Bonds, Series 2013 A and to advance refund \$9,645,000 of the remaining outstanding Sewer System Refunding Revenue and Convertible Bonds, Series 2013B. The net proceeds of \$19,204,303 along with District funds of \$173,552 were used to advance refund and defease the remaining outstanding 2013A and 2013B debt.

The advanced refunding resulted in a gross cash flow gain of \$1,623,137 and an economic cash flow gain of \$1,263,832 for the year ending June 30, 2021.

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, 2021 and 2020, \$58,505,000 and \$40,480,000, respectively, of bonds outstanding are considered defeased from current and prior years.

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, 2021 and 2020 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 \$541,118 and \$462,653 for the years ended June 30, 2021 and 2020, respectively.

SPARTANBURG SANITARY SEWER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2021 AND 2020

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, 2021 and 2020, the District received the following as donated assets:

	2021	2020
Donated assets	\$ 3,400,084	\$ 3,867,906
Private industry and developers	375,693	-
Federal/State agencies	500,000	-
	\$ 4,275,777	\$ 3,867,906

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 (Annual Report) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Annual Report is publicly available through PEBA's website at [www.peba.sc.gov](http://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, and its 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, 2021 AND 2020

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 beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the 1% increase in the SCRS employer contribution rate that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in 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 85%. 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 1<sup>st</sup>, 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 1<sup>st</sup>, 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, 2021 and 2020 was 9%. The required employer contribution rate for the years ended June 30, 2021 and 2020 was 15.41%. 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 incidental death benefit program.

Contributions to the Plan from the District were \$615,956 and \$564,345, for the years ended June 30, 2021 and 2020, respectively.

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2021 AND 2020

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, 2021, the District reported a net pension liability of \$8,306,799 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability, net pension liability and sensitivity information are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2020, 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, 2020. Based upon this information, the District's proportion of the collective net pension liability at June 30, 2021 and 2020 was .032510% and .032627%, respectively, an decrease of .00012% since June 30, 2019, the prior measurement date.

For the years ended June 30, 2021 and 2020, the District recognized pension expense of \$853,794 and \$772,780, respectively. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the pension as follows:

2021		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 95,849	\$ 31,412
Changes in assumptions	10,177	-
Net difference between projected and actual earnings on pension plan investments	611,035	-
Changes in the District's proportion and differences between the District's contributions and the District's proportionate share of contributions	108,920	122,206
District contributions subsequent to the measurement date	615,956	-
<b>Total</b>	<b>\$ 1,441,937</b>	<b>\$ 153,618</b>
2020		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,120	\$ 53,521
Changes in assumptions	150,132	-
Net difference between projected and actual earnings on pension plan investments	65,959	-
Changes in the District's proportion and differences between the District's contributions and the District's proportionate share of contributions	162,682	225,198
District contributions subsequent to the measurement date	564,345	-
<b>Total</b>	<b>\$ 948,238</b>	<b>\$ 278,719</b>

SPARTANBURG SANITARY SEWER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS – CONTINUED  
 JUNE 30, 2021 AND 2020

NOTE 7 – PENSION PLAN – CONTINUED

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued** - \$615,956 reported as deferred outflows of resources related to pensions in 2021 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, 2022. 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:

Year Ended June 30	
2022	\$ 76,091
2023	232,828
2024	207,520
2025	155,921
	\$ 672,360

**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, 2019, for first use in the July 1, 2021 actuarial valuation.

The June 30, 2020 total pension liability, net pension liability, and sensitivity information determined by and based on an actuarial valuation as of July 1, 2019, 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 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation, and is summarized in the 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, 2021 AND 2020

NOTE 7 - PENSION PLAN - CONTINUED

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	51%	3.89%
Real Assets	12%	0.69%
Opportunistic	8%	0.29%
Credit	15%	0.71%
Rate Sensitive	14%	0.22%
Total Expected Return	<u>100%</u>	<u>5.80%</u>
Inflation for Actuarial Purposes		<u>2.25%</u>
		<u>8.05%</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	\$ 10,295,259	\$ 8,306,799	\$ 6,646,411

**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, 2020 (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, 2020. The additional information is publicly available on PEBA's website at [www.peba.sc.gov](http://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, 2021 AND 2020

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. A copy of the Comprehensive Annual Financial Report 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 June 30, 2021 was :

Inactive plan members of beneficiaries receiving benefits	27	
Active plan members	81	
Total plan members	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; width: 100%;"></td> </tr> </table>	

**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 \$485,157 and \$462,443 in pay-as-you-go and SCORBET contributions for the years ended June 30, 2021 and 2020.

**Net OPEB Liability**

The District's net OPEB liability as of June 30, 2021 and 2020 of \$3,865,631 and \$4,009,796, 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, 2021 and 2020 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, 2021 AND 2020

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	2.12%
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:

US Government Agency	57.50%
US Government MBS/CMO/CMBS	40.00%
Cash and Short Duration (Net)	2.50%
	<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, 2021 AND 2020

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, 2020, the measurement date, using standard roll forward techniques. An expected TOL is determined as of December 31, 2019 for the year ending 2020 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of the prior measurement date, December 31, 2019, 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, 2020 and 2019, is shown in the following table:

	2021		
	Total OPEB	Plan	Net OPEB
	Liability	Fiduciary Net Position	Liability
	(a)	(b)	(c)
Balance as of December 31, 2019	\$ 7,007,951	\$ 2,998,155	\$ 4,009,796
Changes for the Year			
Service cost	243,827	-	243,827
Interest	330,190	-	330,190
Difference between expected and actual experience	(72,077)	-	(72,077)
Changes in assumptions and other inputs	-	-	-
Contributions - employer	-	475,476	(475,476)
Net investment income	-	175,579	(175,579)
Benefit payments	(114,476)	(114,476)	-
Plan administrative expenses	-	(4,950)	4,950
Net Changes	387,464	531,629	(144,165)
Balance as of December 31, 2020	\$ 7,395,415	\$ 3,529,784	\$ 3,865,631

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2021 AND 2020

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Changes in the Net OPEB Liability - Continued

2020			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB 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	\$ 7,007,951	\$ 2,998,155	\$ 4,009,796

*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	\$ 5,143,184	\$ 3,865,631	\$ 2,840,476

*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	\$ 2,597,983	\$ 3,865,631	\$ 5,518,042

*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, 2021 AND 2020

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, 2021 and 2020, the District recognized OPEB expense of \$379,797 and \$371,675, respectively. At June 30, 2021 and 2020, the District reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

2021		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 137,243
Changes in assumptions or other inputs	119,240	
Net difference between projected and actual earnings on plan investments	16,089	-
District contributions subsequent to the measurement date	431,242	-
	\$ 566,571	\$ 137,243
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

\$431,242 reported as deferred outflows of resources related to OPEB in 2021, 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, 2022. 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:

Year Ended June 30		
2022	\$	14,081
2023		5,601
2024		(10,275)
2025		(8,842)
2026		(1,358)
Thereafter		(1,121)
	\$	(1,914)

SPARTANBURG SANITARY SEWER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 JUNE 30, 2021 AND 2020

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 \$4,636,908 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, 2020 to June 30, 2021 and July 1, 2019 to June 30, 2020:

	2021	2020
Beginning of year liability	\$ 50,207	\$ 75,692
Claims	812,326	(65,218)
Claims payments	(806,351)	39,733
End of year liability	\$ 56,182	\$ 50,207

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, 2021 AND 2020

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:

	2021	2020
Billing and collection fees	\$ 613,488	\$ 616,320
Administrative fees	1,174,452	1,096,452
Labor reimbursements	522,260	743,848
Water quality and maintenance facility	153,693	153,837
Fleet service fees	146,315	179,311
Engineering	851,205	642,576
Operations fee	-	11,959
	<u>\$ 3,461,413</u>	<u>\$ 3,444,303</u>

The following amounts were due from (to) Spartanburg Water System at June 30, 2021 and 2020:

	2021	2020
User charges collected	\$ 2,298,842	\$ 2,198,926
Other receivables	323,797	457,371
Miscellaneous payable	(1,167,580)	(1,328,822)
	<u>\$ 1,455,059</u>	<u>\$ 1,327,475</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, 2021 and 2020, the District's share is included in capital assets with a cost of \$390,712 and accumulated depreciation of \$209,923 and \$195,601, 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, 2021 and 2020, the District's share is included in capital assets with a cost of \$648,572 and accumulated depreciation of \$440,154 and \$427,565, 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, 2021 and 2020, the District's share is included in capital assets with a cost of \$939,994 and accumulated depreciation of \$500,480 and \$475,498, 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, 2021 AND 2020

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 \$3,950,654 and \$421,280 at June 30, 2021 and 2020, 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 \$516,762 and \$579,415 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, 2021 and 2020, respectively. The District received a total of \$677,450 and \$544,694 under both FILOT and SSRC tax agreements for the years ended June 30, 2021 and 2020, 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 \$264,000 and \$366,865, 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 \$252,762 and \$212,550, respectively.

SPARTANBURG SANITARY SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2021 AND 2020

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.

NOTE 15 - SUBSEQUENT EVENTS

In September 2021, the District issued \$3,512,000 of General Obligation Refunding Bonds, Series 2021 for the purpose of refunding the outstanding General Obligation Refunding Bonds, Series 2011.

**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\*

	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Collective Net Pension Liability	0.032510%	0.032627%	0.031607%	0.033456%	0.034070%	0.034171%	0.034769%
District's Proportionate Share of the Collective Net Pension Liability	\$ 8,306,799	\$ 7,450,161	\$ 7,082,022	\$ 7,531,484	\$ 7,277,302	\$ 6,480,695	\$ 5,986,069
District's Covered Payroll	\$ 3,626,899	\$ 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	229.03%	216.24%	216.22%	223.11%	220.58%	202.27%	189.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.71%	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

	2021	2020	2019	2018	2017	2016	2015
Statutorially Required Contributions	\$ 615,956	\$ 564,345	\$ 501,643	\$ 410,479	\$ 390,224	\$ 364,896	\$ 344,422
Contributions in Relation to the Statutorially Required Contributions	615,956	564,345	501,643	410,479	390,224	364,896	344,422
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,958,588	\$ 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%	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**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 243,827	\$ 222,851	\$ 216,360	\$ 210,058
Interest on total OPEB liability	330,190	304,962	290,060	277,159
Difference between expected and actual experience	(72,077)	(18,345)	(24,263)	(81,564)
Changes of assumptions or other inputs	-	157,830	-	-
Benefit payments	<u>(114,476)</u>	<u>(157,354)</u>	<u>(179,293)</u>	<u>(89,831)</u>
Net Change in Total OPEB Liability	387,464	509,944	302,864	315,822
Total OPEB Liability - Beginning of Year	<u>7,007,951</u>	<u>6,498,007</u>	<u>6,195,143</u>	<u>5,879,321</u>
Total OPEB Liability - End of Year (a)	<u>\$ 7,395,415</u>	<u>\$ 7,007,951</u>	<u>\$ 6,498,007</u>	<u>\$ 6,195,143</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 475,476	\$ 473,854	\$ 468,293	\$ 369,831
Net investment income	175,579	135,523	33,054	54,351
Benefit payments	(114,476)	(157,354)	(179,293)	(89,831)
Administrative expenses	<u>(4,950)</u>	<u>-</u>	<u>-</u>	<u>(16,918)</u>
Net Change in Plan Fiduciary Net Position	531,629	452,023	322,054	317,433
Plan Fiduciary Net Position - Beginning of Year	<u>2,998,155</u>	<u>2,546,132</u>	<u>2,224,078</u>	<u>1,906,645</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 3,529,784</u>	<u>\$ 2,998,155</u>	<u>\$ 2,546,132</u>	<u>\$ 2,224,078</u>
Net OPEB Liability - Ending (a-b)	<u>\$ 3,865,631</u>	<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	47.73%	42.78%	39.18%	35.90%
Covered Payroll	\$ 3,213,410	\$ 3,213,410	\$ 3,299,959	\$ 3,299,959
Net OPEB Liability as a Percentage of Covered Payroll	120.30%	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



**SUPPLEMENTARY INFORMATION**

SPARTANBURG SANITARY SEWER DISTRICT  
SCHEDULES OF OPERATING EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Personnel Costs		
Salaries and wages	\$ 4,076,354	\$ 3,784,617
State retirement	851,781	782,066
Employer's social security taxes	292,770	267,844
Group insurance	1,233,797	1,248,166
Workers' compensation	16,859	23,501
Unemployment compensation	1,166	-
	6,472,727	6,106,194
Supplies and Maintenance		
Printing and office supplies	10,481	21,894
Safety equipment and supplies	51,598	64,251
Equipment maintenance	116,537	129,078
Vehicle operation and maintenance	127,547	115,032
Fuel	118,731	105,754
System operation and maintenance	2,245,054	1,676,190
Building and grounds maintenance	378,120	533,926
Treatment and filter supplies	711,645	845,510
Laboratory supplies	130,240	132,717
	3,889,953	3,624,352
Outside Services		
Utilities	1,767,034	2,036,919
Telephone	127,200	109,431
Uniform rentals	41,030	38,988
Legal fees	11,510	90,524
Consulting services	82,064	100,924
Audit	18,750	15,432
Fees and support services	2,519,213	2,248,994
Postage and delivery	75,503	60,345
Other	1,176,522	1,406,837
	5,818,826	6,108,394
Educational and Training Expenses		
Conferences and education	14,884	38,061
Professional dues and memberships	92,489	90,428
Employment expenses	7,966	10,020
Safety and employee programs	23,691	18,862
	139,030	157,371
Company Expenses		
Property and liability insurance	220,614	223,931
Bad debt expense	58,030	155,126
Public relations and information	2,085	10,353
Miscellaneous expense	12,288	11,230
	293,017	400,640
Total Operating Expenses	\$ 16,613,553	\$ 16,396,951

**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.

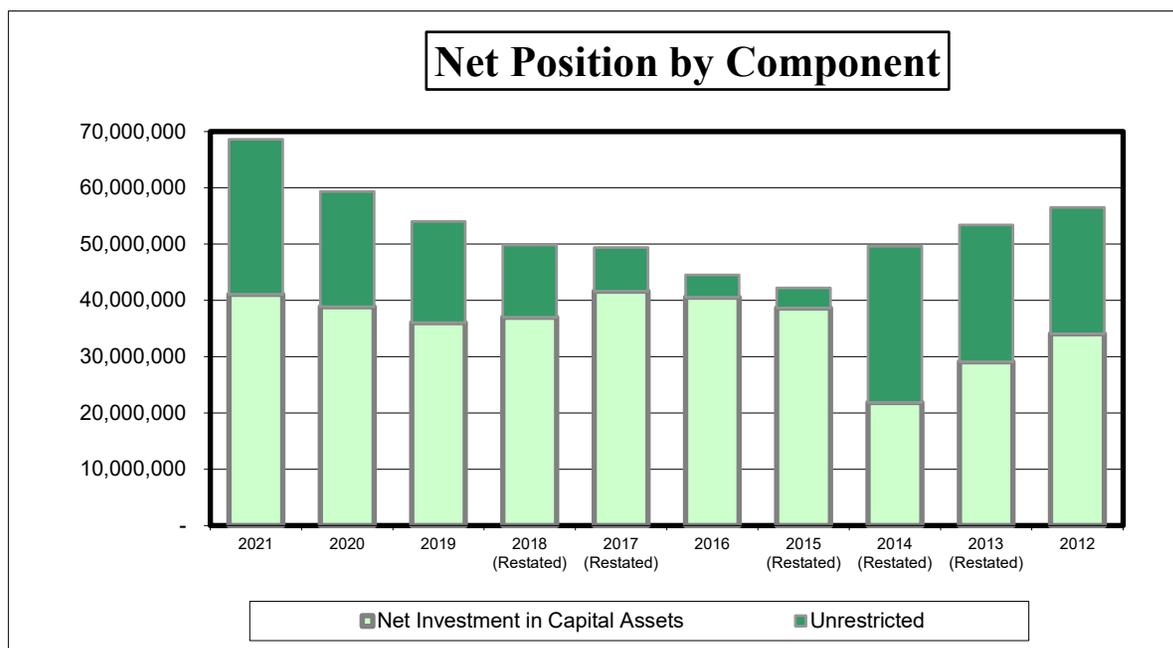
**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# Financial Trends

**Net Position by Component**

**FY 2012 to FY 2021**

Fiscal Year	Net Investment in Capital Assets	Unrestricted	Total Net Position
2021	\$ 41,107,871	\$ 27,487,410	\$ 68,595,281
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



\* 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 2012 TO FY 2021

	FY 2021	FY 2020	FY 2019	FY 2018 (Restated)	FY 2017 (Restated)	FY 2016	FY 2015 (Restated)	FY 2014	FY 2013 (Restated)	FY 2012
<b>Revenues</b>										
Operating revenues										
User charge revenues	\$ 26,110,639	\$ 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
Other operating revenues	2,169,982	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
Total operating revenues	28,280,621	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
Nonoperating revenues										
Property tax collections	7,743,653	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
Other nonoperating revenues	3,001,446	2,235,242	1,350,608	1,088,175	778,754	624,630	391,386	279,639	358,637	257,584
Total nonoperating revenues	10,745,099	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
Total revenues	39,025,720	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
<b>Expenses</b>										
Operating expenses, before depreciation	16,613,553	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
Depreciation expense	12,304,968	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
Nonoperating expenses	5,129,967	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
Total expenses	34,048,488	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
Change in net position before capital contributions	4,977,232	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)
Capital contributions	4,275,777	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
Change in net position	9,253,009	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)
Net position, beginning of year, restated (2018)	59,342,272	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
Change in accounting principle	-	-	-	-	-	-	-	-	(1,421,075)	-
Net position, beginning of year, restated (2013)	-	-	-	-	-	-	-	-	55,076,573	-
Net position, end of year	\$ 68,595,281	\$ 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

## FY 2012 to FY 2021

## 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	
2021	\$ 26,110,639	\$ 577,009	\$ 404,914	\$ 1,188,059	\$ 2,852,735	\$ 7,743,653	\$ 104,247	\$ 44,464	\$ 39,025,720
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

## Operating Expenses

FY 2012 to FY 2021

Fiscal Year	Personnel Costs	Supplies and Maintenance	Outside Services	Educational and Training	Company Expenses	Depreciation Expense	Total Operating Expenses
2021	\$ 6,472,727	\$ 3,889,953	\$ 5,818,826	\$ 139,030	\$ 293,017	\$ 12,304,968	\$ 28,918,521
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

# Revenue Capacity

## Historical Rate Information

## FY 2012 to FY 2021

Fiscal Year	Residential Rate History	Volume Charge (per 100 gal)
2021	43.50	0.675
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

\* 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 2011 to CY 2020

Calendar Year	Billion Gallons	Average MGD*
2020	5.406	14.780
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

\*Million gallons per day of effluent discharge

**Property Tax Collections****CY 2011 to CY 2020**

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
2020	\$6,221,177	\$5,990,534	96.29%	\$ 202,616	3.38%	\$6,193,150	99.55%	7.7	0.9	8.6
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	-	-

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

Source: Spartanburg County Treasurer

**Ten Largest Taxpayers**

**CY 2011 & CY 2020**

Customer	2011			2020		
	Assessed Value	Taxes Paid	2011 Ranking	Assessed Value	Taxes Paid	2020 Ranking
Michelin North America	\$ 8,106,327	\$ 2,677,251	2	\$ 19,739,881	\$ 6,953,408	1
Duke Energy Corp	10,488,940	4,116,995	1	14,088,650	5,831,590	2
Duke Energy Carolinas				7,629,090	3,477,017	3
Spartanburg DC Inc				6,318,085	2,395,186	4
RR Donnelley & Sons Company			3	6,195,571	2,768,671	5
DSI Draexlmaier Service Inc	6,716,109	2,623,107		5,997,738	2,127,411	6
Toray Composite Materials America Inc				5,377,789	2,000,000	7
Norfolk Southern Corp				3,566,370	1,409,882	8
DAA Draexlmaier Automotive of America				3,547,140	1,311,377	9
Spectrum Southeast LLC				3,193,410	1,540,735	10
Yeomans Charles L III Etal	2,785,300	1,111,335	6			
Bellsouth Communications	3,047,470	1,282,973	4			
American Fund US Investments	3,302,980	1,124,004	5			
JM Smith Corporation	2,721,530	1,062,437	7			
Kohler Company	2,446,483	956,330	8			
Milliken & Company Inc	2,461,723	874,552	9			
BASF Corporation	2,263,491	851,432	10			
<b>TOTAL</b>	<b>\$ 44,340,353</b>	<b>\$ 16,680,416</b>		<b>\$ 75,653,724</b>	<b>\$ 29,815,277</b>	

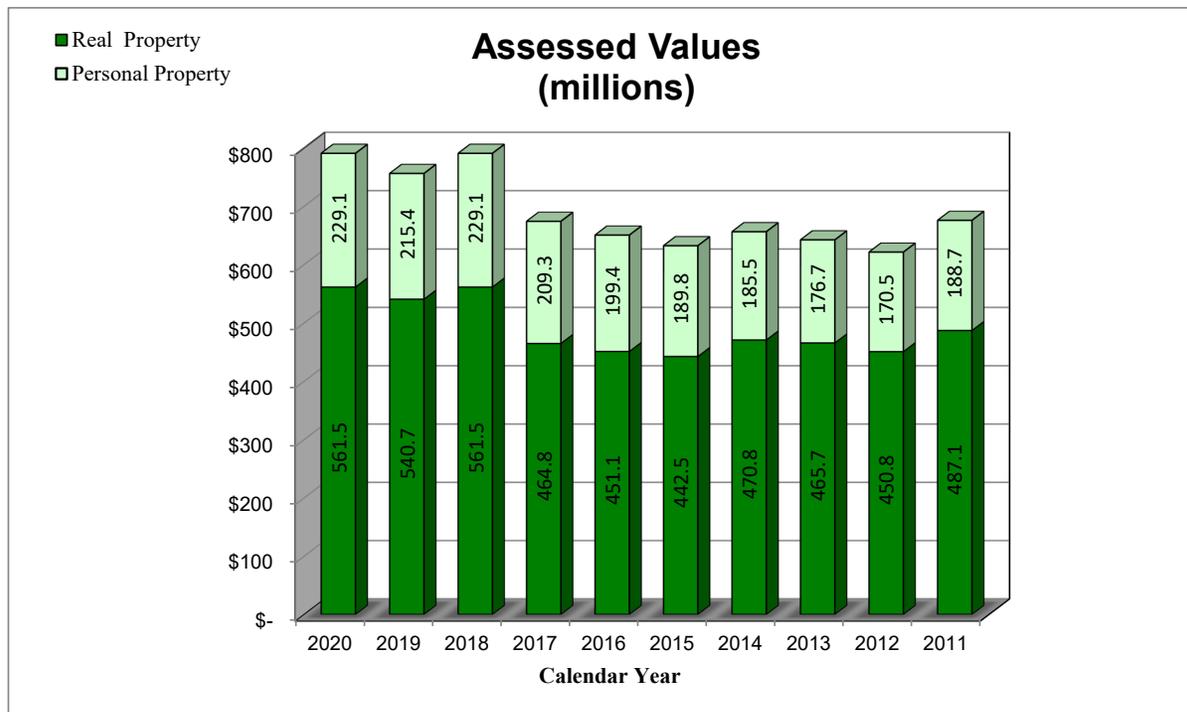
Taxes Paid includes fee in lieu of tax payments.

Source: Spartanburg County Auditor.

**Assessed Values**

**CY 2011 to CY 2020**

Calendar Year	Real Property	Personal Property	Total Assessed Value	Total Market Value	Ratio of Total Assessed to Total Market Value
2020	\$ 561,537,782	\$ 229,109,820	\$ 790,647,602	\$ 14,966,364,270	5.28%
2019	540,706,559	215,445,670	756,152,229	14,628,619,868	5.17%
2018	561,537,782	229,109,820	790,647,602	12,204,176,452	5.80%
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%

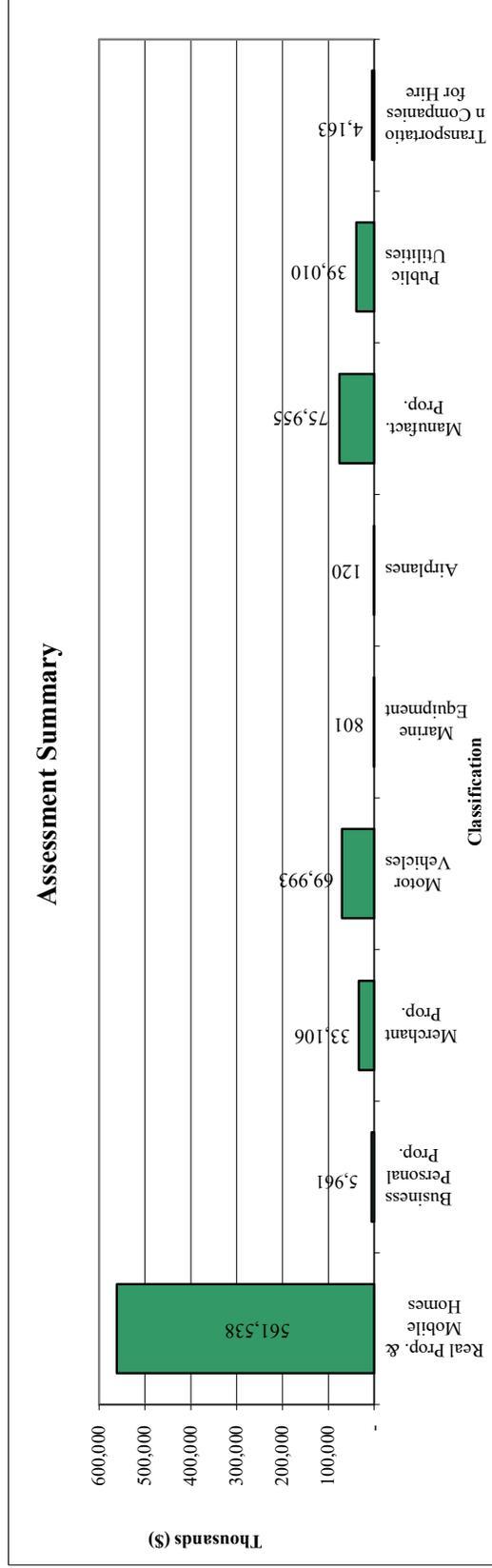


Source: Spartanburg County Auditor & Assessor

**Assessed Value Summary**

**CY 2020**

Classification	Assessed Value	Assessment Ratio	Market Value
1. Real Property and Mobile Homes	\$ 561,537,782	4-6%	\$ 12,278,387,129
2. Business Personal Property	5,961,470	10.5%	56,775,905
3. Merchants' Furniture, Fixtures, and Equipment	33,106,180	10.5%	315,296,952
4. Motor Vehicles	69,993,166	6.0%	1,166,552,767
5. Marine Equipment	801,203	10.5%	7,630,505
6. Airplanes	119,840	4.0%	2,996,000
7. Manufacturing Property	75,955,300	10.5%	723,383,810
8. Public Utilities	39,010,092	10.5%	371,524,686
9. Transportation Companies for Hire	4,162,569	9.5%	43,816,516
<b>TOTALS</b>	<b>\$ 790,647,602</b>		<b>\$ 14,966,364,270</b>



Source: Spartanburg County Auditor

**Ten Largest Customers**

**FY 2012 & FY 2021**

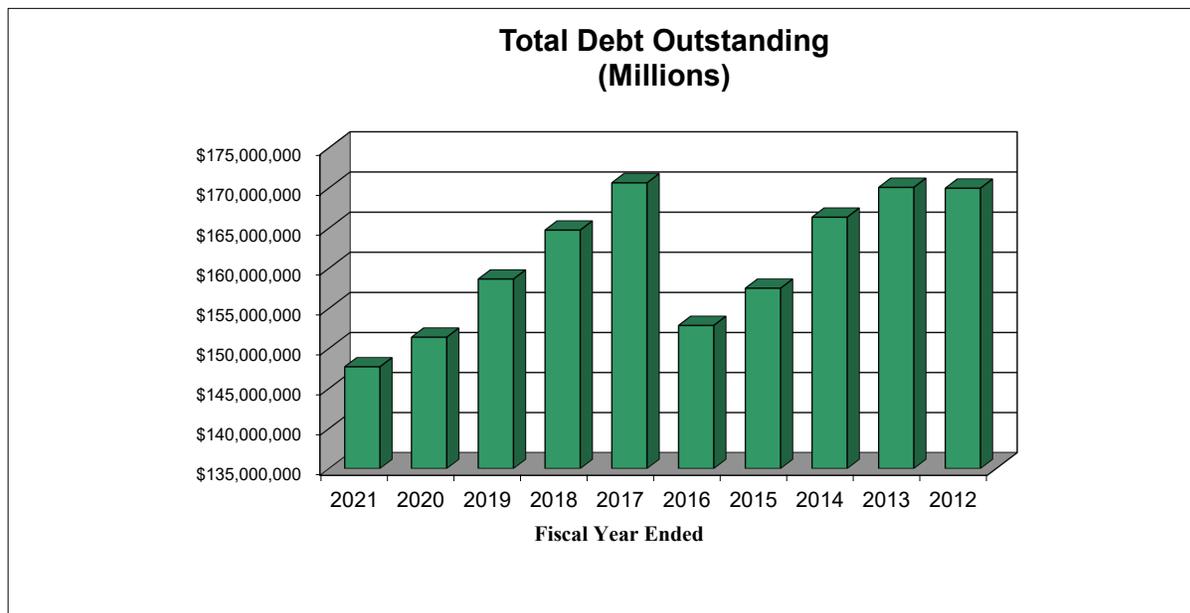
Customer	2012			2021		
	Total Annual Revenue*	Percent of 2012 Operating Revenue	2012 Ranking	Total Annual Revenue*	Percent of 2021 Operating Revenue	2021 Ranking
Spartanburg Regional Medical Center	\$ 407,609	1.95%	1	\$ 574,736	2.03%	1
Pet Inc Dairy Div	231,327	1.10%	4	328,646	1.16%	2
Wofford College	188,472	0.90%	7	238,227	0.84%	3
Contec Inc	180,951	0.86%	8	221,876	0.78%	4
Michelin Tire Corp				214,173	0.76%	5
Blackman Uhler MFG Co	226,234	1.08%	5	178,492	0.63%	6
BASF Corp AP Dept	202,674	0.97%	6	177,601	0.63%	7
Aramark Uniform Services				151,869	0.54%	8
Crown Healthcare Laundry Service				138,992	0.49%	9
Toray Composite Materials America Inc				120,713	0.43%	10
Spartanburg Housing Authority	380,514	1.82%	2			
Tietex International	263,384	1.26%	3			
SC Dept of Corrections	167,592	0.80%	9			
Spartanburg School District 6	154,224	0.74%	10			
	<u>\$ 2,402,981</u>	<u>11.48%</u>		<u>\$ 2,345,325</u>	<u>8.30%</u>	

# Debt Capacity

**Debt Outstanding**

**FY 2012 to FY 2021**

Fiscal Year	General Obligation Bonds	Revenue Bonds	State Revolving Fund Loans	Bond Anticipation Note	Total Debt Outstanding	Per Capita*	As Share of Personal Income
2021	\$37,132,649	\$110,571,597	\$ -	\$ -	\$ 147,704,246	\$ 453	0.97%
2020	39,443,037	111,957,520	-	-	151,400,557	473	1.07%
2019	41,219,906	117,358,036	71,259	-	158,649,201	505	1.17%
2018 (Restated)	43,039,146	121,582,994	126,844	-	164,748,984	537	1.36%
2017 (Restated)	44,804,071	125,652,267	181,197	-	170,637,535	543	1.40%
2016	30,476,930	129,630,268	234,343	250,000	152,871,343	540	1.61%
2015 (Restated)	31,839,096	133,504,738	286,310	-	157,508,310	594	1.70%
2014	24,469,263	141,549,428	337,124	-	166,355,815	607	1.73%
2013 (Restated)	21,691,429	147,990,578	386,812	-	170,068,819	608	1.81%
2012	23,283,791	146,249,585	435,396	-	169,968,772	596	1.87%



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

**Ratios of General Bonded Debt Outstanding****FY 2012 to FY 2021**

Fiscal Year	General Obligation Bonds (1)	Percentage of Taxable Market Value (2)	Per Capita* (3)
2021	\$ 37,132,649	0.25%	\$ 114
2020	39,443,037	0.27%	123
2019	41,219,906	0.34%	131
2018 (Restated)	43,039,146	0.34%	140
2017 (Restated)	44,804,071	0.37%	149
2016	30,476,930	0.25%	103
2015 (Restated)	31,839,096	0.26%	108
2014	24,469,263	0.20%	84
2013 (Restated)	21,691,429	0.19%	75
2012	23,283,791	0.19%	81

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, 2021**

Assessed Valuation	
Latest assessed valuation less manufacturing depreciation reduction	<u>\$ 790,647,602</u>
Legal Debt Limit - 8% of assessed valuation	\$ 63,251,808
Amount of Debt Applicable to Debt Limit:	
General obligation bonds outstanding June 30, 2021	<u>35,396,000</u>
Legal Debt Margin*	<u>\$ 27,855,808</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
2021	\$ 63,251,808	\$ 35,396,000	\$ 27,855,808	55.96%	44.04%
2020	60,492,178	35,396,000	25,096,178	58.51%	41.49%
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%

**Historical Statements of Revenues, Expenses, Debt Service and Debt Service Coverage FY 2012 to FY 2021**

	2012	2013 (Restated)	2014	2015 (Restated)	2016	2017 (Restated)	2018 (Restated)	2019	2020	2021
Net Income	\$ 20,939,211	\$ 21,590,054	\$ 21,666,380	\$ 21,416,584	\$ 24,204,021	\$ 26,330,277	\$ 26,118,922	\$ 27,146,609	\$ 26,580,004	\$ 28,280,621
Operating revenues	(12,455,487)	(13,228,455)	(15,624,500)	(13,862,028)	(14,147,144)	(14,523,095)	(14,501,673)	(15,887,314)	(16,396,951)	(16,613,553)
Operating expenses before depreciation and amortization	8,483,744	8,361,599	6,041,880	7,554,556	10,056,877	11,807,182	11,617,249	11,259,295	10,183,053	11,667,068
Operating income before depreciation and amortization	(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)	(12,304,968)
Depreciation	(130,235)	-	-	-	-	-	-	-	-	-
Amortization of bond cost	(307,333)	(589,304)	(3,183,238)	(2,086,302)	(38,780)	1,435,247	1,403,868	837,945	(1,679,676)	(637,900)
Operating Income (Loss)	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	7,743,653
Nonoperating Revenues	257,584	358,637	279,639	391,386	624,630	778,754	1,088,175	1,350,608	2,235,242	3,001,446
Ad valorem taxes	(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)	(5,129,967)
Other nonoperating revenues	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	4,275,777
Nonoperating Expenses										
Capital Contributions										
Net Income (Loss) Per Financial Statements	\$ (1,933,498)	\$ (1,652,763)	\$ (3,802,400)	\$ (1,165,168)	\$ 2,332,757	\$ 4,869,864	\$ 3,447,340	\$ 4,216,981	\$ 5,295,823	\$ 9,253,009
Net Income (Loss) Per Financial Statements	\$ (1,933,498)	\$ (1,652,763)	\$ (3,802,400)	\$ (1,165,168)	\$ 2,332,757	\$ 4,869,864	\$ 4,121,694	\$ 4,216,981	\$ 5,295,823	\$ 9,253,009
Less: (Gain) loss on sale of capital assets	(13,700)	(82,482)	(18,378)	6,931	(69,992)	(106,302)	(150,414)	(79,784)	(9,079)	(44,464)
Less: Restricted investment income	(6,617)	(3,030)	(2,351)	(18,522)	(29,724)	(157,282)	(270,665)	(309,654)	(163,250)	(731)
Less: Capital Contributions	(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)	(4,275,777)
Less: Ad valorem used for GO debt service (1)	(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)	(3,280,815)
Less: Transfers into rate stabilization fund	(10,621)	(5,985)	(7,918)	(7,918)	(14,647)	(251,016)	(937,209)	(85,150)	(2,067,516)	(1,231,850)
Plus: Transfers out of rate stabilization fund	-	(208,892)	450,000	800,000	385,000	-	-	-	-	-
Plus: Excess transfers in over out	10,621	208,892	-	-	-	251,016	937,209	85,150	2,067,516	1,231,850
Plus: Depreciation	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	12,304,968
Plus: Interest expense	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	4,827,126
Plus: Amortization of bond cost	130,235	-	-	-	-	-	-	-	-	-
Plus: Bond issuance costs	-	226,723	-	517,554	-	218,171	-	-	823,495	302,841
Plus: Pension Adjustment	-	-	-	74,972	74,908	226,865	292,681	1,057	208,435	237,838
Plus: OPEB adjustment	-	-	-	-	-	-	(53,503)	(74,539)	(41,321)	(51,445)
Net Earnings per Revenue Bond Covenant	\$ 11,072,981	\$ 11,208,748	\$ 9,987,883	\$ 11,904,354	\$ 14,197,607	\$ 15,619,578	\$ 15,644,508	\$ 15,714,545	\$ 16,232,909	\$ 19,272,550
Debt Service Requiring Coverage, Per Covenant	\$ 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	\$ 5,397,929
Revenue Bond Debt Service	190,664	188,661	-	-	-	-	-	-	-	-
GO Bond Debt Service Paid with Revenues (1)										
Debt Service Covenant for Coverage Test	\$ 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	\$ 5,397,929
Debt Service Coverage Ratio Based on Revenue Bond Coverage (2) (4)	1.41	1.44	1.18	1.27	1.56	1.72	1.73	1.74	2.80	3.57
Total District Debt Service Coverage Calculation	\$ 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	\$ 19,272,550
Net Earnings per Revenue Bond Covenant	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	3,280,815
Plus: Ad valorem taxes used for GO debt service										
Adjusted Net Earnings	\$ 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	\$ 22,553,365
Total District Debt Service	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	7,984,538
Total District Debt Service Coverage (3), (4)	1.32	1.30	1.11	1.36	1.47	1.54	1.54	1.54	2.17	2.82

(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 T&I (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 2011 to CY 2020

Calendar Year	(1)	Personal Income (1)		(3)	(4)	(5)
	July 1 Population	Total	Per Capita	Median Age	School Enrollment	Unemployment Rate
2020	326,205	\$ 15,182,676,000	\$ 46,543	38.2	48,569	6.7%
2019	319,785	14,124,521,000	44,169	38.2	49,078	2.5%
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	4.0%
2016	301,463	11,501,469,000	38,686 *	38.5	47,825	4.7%
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	6.3%
2013	290,969	10,033,000,000 *	35,040	38.5	46,846	7.8%
2012	288,745	9,819,000,000	33,518	35.5	44,174	9.6%
2011	286,236	9,241,000,000	31,873	38.1	42,552	9.5%

## 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 2021 & FY 2011**

Company Name	Employees and % of Workforce	
	2021	%
BMW Manufacturing Corporation	11,000	7.4%
Spartanburg Regional Medical Center	9,000	6.1%
Spartanburg County Schools	6,012	4.1%
State of South Carolina	2,493	1.7%
Adidas	2,000	1.3%
Spartanburg County	1,568	1.1%
Draexlmaier Automotive of America LLC	1,223	0.8%
Michelin Tire Company	1,165	0.8%
Benore Logistics Systems	1,100	0.7%
AFL Corporation	977	0.7%
		5.8%
		4.8%
		5.4%
		1.8%
		N/A*
		1.2%
		0.6%
		N/A*
		N/A*

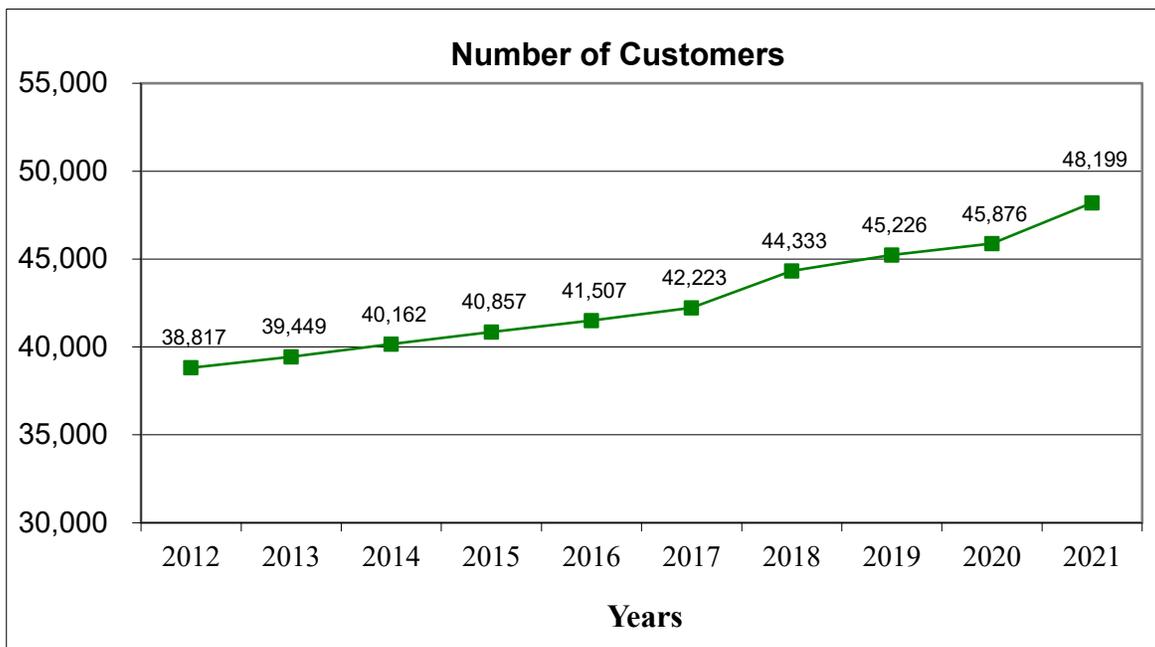
Data Source:  
 Spartanburg County Economic Development Corporation and individual employers  
 (N/A\*) Data unavailable

# Operating Information

**Number of District Customers**

**FY 2012 to FY 2021**

Fiscal Year	Total Number of Customers
2021	48,199
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



## Schedule of User Charges

FY 2021

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)**

Subdistrict Volume Charge	\$	0.483
Collection Charge	\$	0.192
District Volume Charge	\$	<u>0.675</u>

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

## Schedule of Capacity Fees

FY 2021

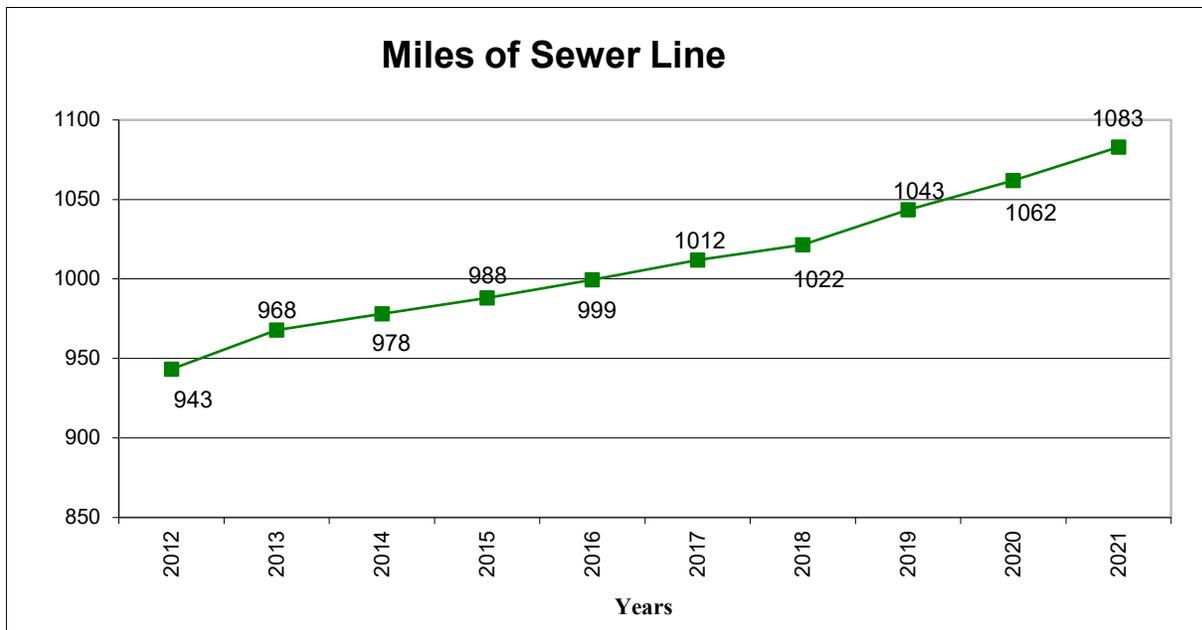
REU (1)	Discharge Gallons per Day	Capacity Fee Rates(2) (\$)
1	300	450
5	1,500	1,125
15	4,500	2,250
32	9,600	3,600
75	22,500	7,200
113	33,900	8,975
150	45,000	11,250
253	75,900	17,438
355	106,500	23,625
458	137,400	29,813
560	168,000	36,000
670	201,000	39,500
780	234,000	43,000
890	267,000	46,500
1000	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 2012 to FY 2021**

Fiscal Year	Miles of Sewer Line	Percent Increase
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%
2021	1083	1.97%



**Schedule of Treatment Plants****FY 2021**

Treatment Plant	Permitted Capacity (MGD)	Average Flow (MGD)
Clifton Converse	0.290	0.160
Cowpens	1.500	0.234
Fairforest	25.000	11.759
Fingerville	0.020	0.003
Lower North Tyger River	3.100	1.307
Pacolet Mills	0.300	0.080
Page Creek	1.000	0.349
South Tyger River	1.000	0.286
	<u>32.210</u>	<u>14.178</u>

**Number of Employees**

**FY 2012 to FY 2021**

Fiscal Year	Number of Employees
2012	69
2013	69
2014	68
2015	70
2016	73
2017	76
2018	74
2019	74
2020	74
2021	80

