

**SPARTANBURG SANITARY
SEWER DISTRICT**



**SPARTANBURG, SOUTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

I. INTRODUCTORY SECTION

SPARTANBURG SANITARY SEWER DISTRICT
SPARTANBURG, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

SUBMITTED BY:
FINANCE DEPARTMENT

SPARTANBURG SANITARY SEWER DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

I. Introductory Section	<u>Page</u>
Title Page	i
Table of Contents	ii
List of Commissioners and Senior Management Staff	iii
Organizational Chart	iv
Letter of Transmittal	v-viii
Certificate of Achievement for Excellence in Financial Reporting	ix
II. Financial Section	<u>Exhibit</u> <u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements	
Statements of Net Position	A 15-16
Statements of Revenues, Expenses and Changes in Net Position	B 17
Statements of Cash Flows	C 18-20
Notes to Financial Statements	21-46
Required Supplementary Information	
Schedule of the District's Proportionate Share of the Collective Net Pension Liability	48
Schedule of the District's Contributions	49
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	50
Schedule of the District's OPEB Contributions	51
Supplementary Information	
Schedules of Operating Expenses	53
III. Statistical Section	<u>Table</u> <u>Page</u>
Contents	54
Financial Trends	
Net Position by Component	1 56
Changes in Net Position	2 57
Revenues by Source	3 58
Operating Expenses	4 59
Revenue Capacity	
Historical Rate Information	5 61
Schedule of Historical Discharge	6 62
Property Tax Collections	7 63
Ten Largest Taxpayers	8 64
Assessed Values	9 65
Assessed Value Summary	10 66
Ten Largest Customers	11 67
Debt Capacity	
Debt Outstanding	12 69
Ratios of General Bonded Debt Outstanding	13 70
Legal Debt Margin	14 71
Historical Statements of Revenues, Expenses, Debt Service and Debt Service Coverage	15 72
Demographic and Economic Information	
Spartanburg County Demographic Statistics	16 74
Spartanburg County, South Carolina Major Employers and Changes	17 75
Operating Information	
Number of District Customers	18 77
Schedule of User Charges	19 78
Schedule of Capacity Fees	20 79
Miles of Sewer Line	21 80
Schedule of Treatment Plants	22 81
Number of Employees	23 82

Spartanburg Sanitary Sewer District Officials

List of Commissioners and Senior Management Staff

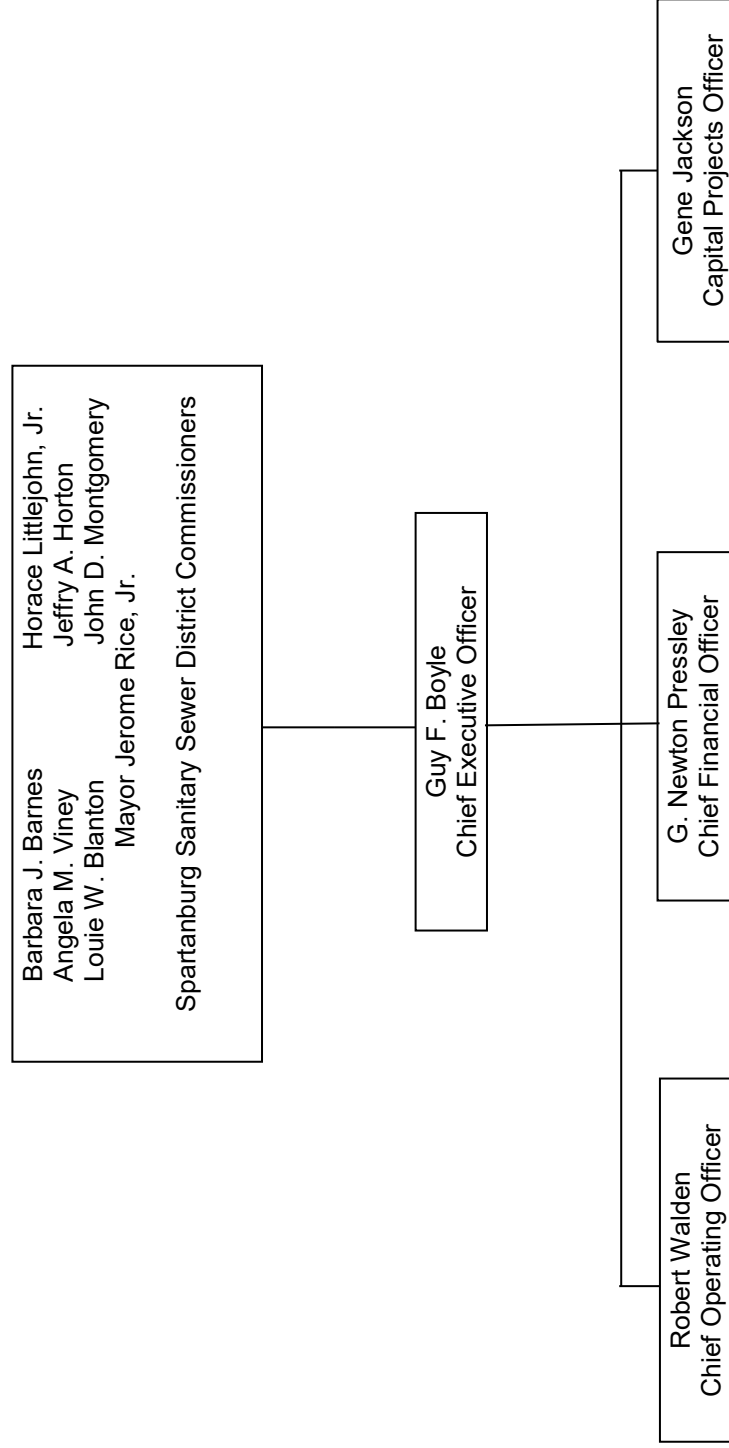
Commissioners

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 Jerome Rice, Jr.	Commissioner

Senior Management Staff

Guy F. Boyle.....	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

Guy F. Boyle, 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
Horace C. Littlejohn, Jr.
John D. Montgomery
Jerome Rice, Jr.
Angela M. Viney
Woody Willard

Letter of Transmittal
December 1, 2022

To the Commissioners and Customers
of the Spartanburg Sanitary Sewer District

We are pleased to submit to you the Annual Comprehensive Financial Report for the Spartanburg Sanitary Sewer District ("the District") for the fiscal year ended June 30, 2022. 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 Annual Comprehensive 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 142,087 acres (222.01 square miles) and include the municipalities of Spartanburg, Cowpens, Landrum, Pacolet, Central Pacolet and Chesnee, 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 nine treatment facilities: Clifton-Converse, Cowpens, Fairforest, Lower North Tyger River, Pacolet Mills, Fingerville, Page Creek (Landrum), Chesnee, and South Tyger River. In addition, the District operates one large transfer station at Lawson Fork and 84 pump stations throughout the service area, and 1,149 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 2022 was 3.5%, as compared with the state rate of 3.4% and the national rate of 3.6%.

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 and provided to the Commission on October 25, 2022. 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, 2022 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 2022 was \$14,399,834, a 20.3% increase for the fiscal year. The customer base increased by 6,582 accounts, or 13.7%, for fiscal year 2022. The average annual growth rate over the past five years was 5.4%. Debt service coverage of 110% is required by the District's revenue bond covenant. The fiscal year 2022 debt service coverage ratio based on the revenue bond covenant was 391%. 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, 2022 balance of \$6,390,035. The Collection System Rehab Fund provides for the evaluation, maintenance and replacement of the collection system; the year-end balance is \$2,831,558. The Rate Stabilization Fund, which was established to provide for the smoother transition of future rate increases, has a balance of \$7,449,297 at June 30, 2022.

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.

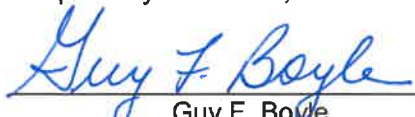
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Spartanburg Sanitary Sewer District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the nineteenth 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 annual comprehensive 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 annual comprehensive 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.

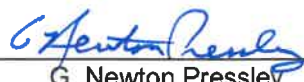
ACKNOWLEDGEMENTS

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

Respectfully Submitted,



Guy F. Boyle
Chief Executive officer



G. Newton Pressley
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Spartanburg Sanitary Sewer District
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

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

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, 2022 and 2021, 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, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Sanitary Sewer District 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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.

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

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 Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections included in the ACFR 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 1, 2022

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, 2022. 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, 2022, total assets of \$234,619,007 and deferred outflows of resources of \$10,053,693 exceed total liabilities of \$156,803,698 and deferred inflows of resources of \$2,379,825 by \$85,489,177. For fiscal year 2021, total assets of \$225,794,769 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 \$71,089,343.

For the fiscal year ended June 30, 2022, increase in net position, before capital contributions, was \$7,274,076. The District's increase in net position, after capital contributions of \$7,125,758, was \$14,399,834. For fiscal year 2021, increase in net position, before capital contributions, was \$6,212,132, and increase in net position, after capital contributions of \$4,275,777, was \$10,487,909.

For fiscal year 2022, operating revenues increased by \$1,140,417 to \$29,421,038, or 4%, non-operating revenues increased by \$752,324 to \$11,497,423, or 7%, and total expenses increased by \$830,797 to \$33,644,385 or 2.5%. 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 \$241,942 to \$32,813,588 or .7%.

Debt service coverage of 110% is required by the District's revenue bond covenant. The fiscal year 2022 debt service coverage ratio based on the revenue bond covenant was 391%. The fiscal year 2021 debt service coverage ratio based on the revenue bond covenant was 357%.

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, 2022, 2021 and 2020.

Financial Analysis of the District Condensed Statements of Net Position

	2022	Restated 2021	Restated 2020
Assets			
Current and noncurrent assets	\$ 52,041,801	\$ 48,989,895	\$ 42,850,385
Capital assets	182,577,206	176,804,874	175,503,395
Total Assets	234,619,007	225,794,769	218,353,780
Deferred outflows of resources			
Deferred loss on refundings	7,616,639	8,324,111	8,296,307
Deferred outflows from pension	1,701,675	1,441,937	948,238
Deferred amounts related to OPEB	735,379	566,571	610,390
	10,053,693	10,332,619	9,854,935
Liabilities			
Current liabilities	9,756,861	9,350,508	7,399,706
Noncurrent liabilities	147,046,837	155,396,676	159,840,514
Total Liabilities	156,803,698	164,747,184	167,240,220
Deferred Inflows of Resources			
Deferred outflows from pension	1,131,702	153,618	278,719
Deferred amounts related to OPEB	1,248,123	137,243	88,342
	2,379,825	290,861	367,061
Net position			
Net investment in capital assets	54,495,567	43,472,485	40,117,104
Unrestricted	30,993,610	27,616,858	20,484,330
Total Net Position	\$ 85,489,177	\$ 71,089,343	\$ 60,601,434

Current and noncurrent assets increased by \$3,051,906 to \$52,041,801 and increased by \$6,139,510 to \$48,989,895 in fiscal year 2022 and 2021, respectively, primarily due to an increase in cash and investments. Additionally, capital assets increased by \$5,772,332 to \$182,577,206 in fiscal year 2022 and increased by \$1,301,479 to \$176,804,874 in fiscal year 2021. See Capital assets section on page 11 for further explanation.

For the current fiscal year the District's long-term debt, including current maturities, decreased by \$5,898,760 to \$141,805,486 or 4.0% and decreased by \$3,696,311 or 2.4% for the prior fiscal year.

Current and noncurrent assets included cash and investments of \$45,024,473 and \$42,260,712 as of June 30, 2022 and 2021, respectively. The distribution by fund of the year-end balances is provided below:

	2022	2021
Operating	\$ 5,928,678	\$ 5,646,498
Debt service trust account	2,016,496	1,827,238
Rate stabilization	7,449,297	6,829,932
Depreciation	6,390,035	5,743,221
Collection system rehab	2,831,558	3,068,323
Capital project funds		
Capital	20,408,410	19,145,500
Total cash and investments	<u>\$ 45,024,473</u>	<u>\$ 42,260,712</u>

Also included in current and noncurrent assets for fiscal year 2022 are receivables of \$5,942,762, with the substantial portion associated with user charge receivables, as follows: billed, not collected, net of allowance for doubtful accounts \$1,549,394, amount collected by Spartanburg Water System and transferred to the District after year-end \$2,667,575 and revenue earned but not yet billed \$1,652,777. For fiscal year 2021 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.

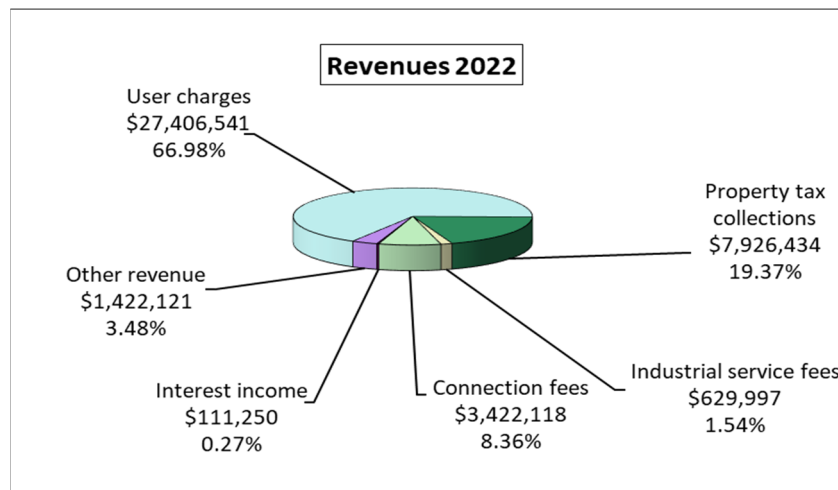
Current liabilities as of June 30, 2022, include accounts payable from operating funds of \$546,356, and accounts payable from capital funds of \$685,315, retainage payable of \$203,819 and the intercompany payable to the Spartanburg Water System of \$1,105,676 that is included in other payables. June 30, 2021 current liabilities 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.

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, 2022, 2021, and 2020.

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

	2022	Restated 2021	Restated 2020
Revenues			
Operating revenues			
User charge revenues	\$ 27,406,541	\$ 26,110,639	\$ 24,852,324
Other operating revenues	2,014,497	2,169,982	1,727,680
	<u>29,421,038</u>	<u>28,280,621</u>	<u>26,580,004</u>
Nonoperating revenues			
Property tax collections	7,926,434	7,743,653	6,927,363
Other nonoperating revenue	3,570,989	3,001,446	2,235,242
	<u>11,497,423</u>	<u>10,745,099</u>	<u>9,162,605</u>
Total revenues	<u>40,918,461</u>	<u>39,025,720</u>	<u>35,742,609</u>
Expenses			
Operating expenses, before depreciation	17,758,415	16,613,553	16,227,958
Depreciation expense	11,154,970	11,070,068	10,772,560
Nonoperating expenses	4,731,000	5,129,967	6,055,012
Total expenses	<u>33,644,385</u>	<u>32,813,588</u>	<u>33,055,530</u>
Excess, before capital contributions	7,274,076	6,212,132	2,687,079
Capital contributions	7,125,758	4,275,777	3,867,906
Increase in net position	14,399,834	10,487,909	6,554,985
Net position, beginning of year, restated	71,089,343	60,601,434	54,046,449
Net position, end of year	<u>\$ 85,489,177</u>	<u>\$ 71,089,343</u>	<u>\$ 60,601,434</u>

Revenues (excluding capital contributions) of \$40,918,461 for the fiscal year ended June 30, 2022, were comprised of the following:



User charge revenue increased from fiscal year 2021 to fiscal year 2022 by \$1,295,902 or 4.96%, primarily due to an increase in usage. The increase from fiscal year 2020 to fiscal year 2021 was \$1,258,315, or 5.06%, primarily due to an increase in usage.

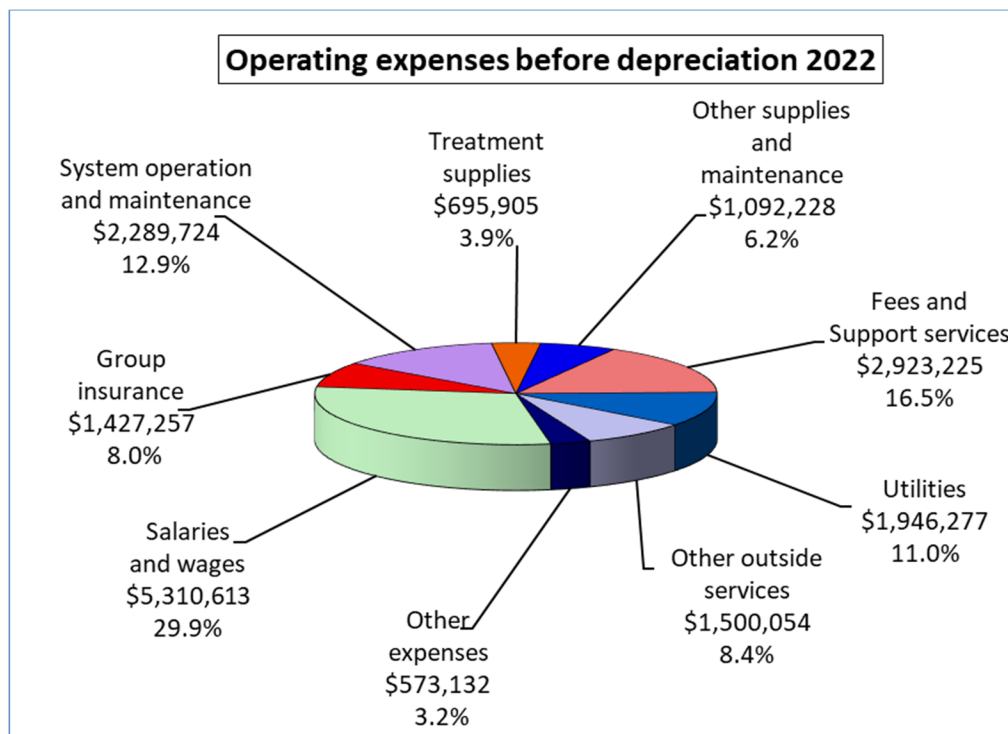
Pursuant to Act No. 1503 of 1970, the District has the authority to levy taxes uniformly throughout the District. The tax revenue may be used to pay debt service on eligible General Obligation (“G.O.”) debt and to pay administrative expenses for the District. Property tax revenue for fiscal year 2022 was \$7,926,434 and increased by \$182,781, or 2.36% primarily due to the increase in real estate and fee in lieu tax collections, offset by manufacturing rebates and delinquent taxes. Property tax revenue during fiscal year 2022 consisted of: real property of \$5,804,948, vehicles of \$694,820, delinquent taxes of \$145,524, homestead reimbursement of \$256,089, and other sources of \$1,025,053. Property tax revenue for fiscal year 2021 was \$7,743,653 and 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 which was increased of \$816,289, or 10.54% primarily due to the increase in real estate, vehicles, manufacturing rebate and fee in lieu tax collections.

Interest income increased \$7,003 or 6.72%, to \$111,250 for fiscal year 2022, due to rising interest rates, following a decrease of \$534,326, or 83.68% in fiscal year 2021, due to falling interest rates and decrease in cash and investments.

Industrial service fees of \$629,997 included industrial service charges of \$307,592 and industrial surcharge revenues of \$322,405 for fiscal year 2022 compared to a total of \$577,009 for fiscal year 2021.

Other revenue includes intercompany reimbursements, grease and septic 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 2022 and 2021 and fiscal year 2021 and 2020 operating expenses for major expense categories.

Comparison of Operating Expenses

Expense Category	Restated		Increase/(Decrease) From 2021 to 2022	
	2022	2021	Amount	% of Change
Salaries and wages	\$ 5,310,613	\$ 5,220,905	\$ 89,708	1.7%
Group insurance	1,427,257	1,233,797	193,460	15.7%
System operation and maintenance	2,289,724	2,245,054	44,670	2.0%
Treatment supplies	695,905	711,645	(15,740)	-2.2%
Other supplies and maintenance	1,092,228	933,254	158,974	17.0%
Fees and support services	2,923,225	2,519,213	404,012	16.0%
Utilities	1,946,277	1,894,234	52,043	2.7%
Other outside services	1,500,054	1,405,379	94,675	6.7%
Other expenses	573,132	450,072	123,060	27.3%
Total operating expenses before depreciation	\$ 17,758,415	\$ 16,613,553	\$ 1,144,862	6.9%

Comparison of Operating Expenses

Expense Category	Restated		Increase/(Decrease) From 2020 to 2021	
	2021	2020	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	1,544,057	\$ (138,678)	-9.0%
Other expenses	450,072	581,512	\$ (131,440)	-22.6%
Total operating expenses before depreciation	\$ 16,613,553	\$ 16,227,958	\$ 385,595	2.4%

Operating expenses, before depreciation, increased by \$1,144,862, or 6.9% from fiscal year 2021 to fiscal year 2022, primarily due to an increase in all expense categories, except treatment supplies, as supply chain issues were on going during fiscal year 2022. The increase from fiscal year 2020 to fiscal year 2021 was \$385,595 or 2.4%, 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. Highlights of the fiscal years 2022-2021 expense comparison is provided below:

- The Salaries and wages increase resulted primarily from the net effect of changes in actuarial assumptions and the difference between the projected and actual earnings on the pension plan investments. This was offset by an increase in salaries and wages due to merit increases and retirement payouts.
- The Group insurance increase resulted from an unfavorable claim experience offset by higher reinsurance payments.
- The System operation and maintenance increase is due to increases in equipment repairs for the wastewater treatment facilities.
- The Treatment supplies decrease is due to the use of supplies purchased in bulk at the end of the prior year, due to supply chains issues.
- The Other supplies and maintenance increase is associated with increased costs for gas and diesel for the District's fleet.
- 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 2022 increase is primarily due to the increase in Collection and Distribution Fee and Administration fee.
- The Utilities increase resulted from an increase in water usage due to underground leaks and water used in the water treatment process.
- The Other outside services increase was a result of using a consulting firm to search for new CEO.
- The Other expenses increase was primarily due to annual membership dues, renewal fees for insurance, customer relations and bad debt expense.

Non-operating expenses totaled \$4,731,000 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 \$141,876 and bond issuance costs decreased by \$257,091.

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 2022 totaled \$7,125,758 an increase of \$2,849,981 or 66.65% compared to 2021, and were primarily comprised of donated lines \$7,061,160. The most significant capital contributions during fiscal year 2021 are as follows: Berkeley Subdivision Pump Station and Force Main, Pine Valley Phases 1C, 1D and 1E, Tyger River Industrial Park and Holland Park. 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 Assets

At June 30, 2022, the District had \$182,577,206 invested in capital assets, as provided in the following schedule:

Capital Assets at Year-End

	2022	Restated 2021	Restated 2020
Treatment plants, interceptor lines, and collection lines	\$ 350,666,455	\$ 329,913,566	\$ 322,894,134
Other facilities and property	2,078,527	1,979,278	1,979,278
Vehicles, office and maintenance equipment	20,975,388	19,905,504	18,808,831
Construction in progress	3,615,679	8,933,419	5,100,601
Subtotal	377,336,049	360,731,767	348,782,844
Accumulated depreciation	(194,758,843)	(183,926,893)	(173,279,449)
Capital assets - net of depreciation	\$ 182,577,206	\$ 176,804,874	\$ 175,503,395

The fiscal year 2022 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 decrease for construction in progress resulted primarily from the completion of the Cowpens WWTF upgrade and also of Ben's Creek Sewer Improvements. Vehicles, office and maintenance increased primarily due to the purchase of an X Camera System, 600HP Drive Panel, SCADA Technology Improvements, a 2021 Kalmar Ottawa T2 and a Blue Star PD500-01 Generator.

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.

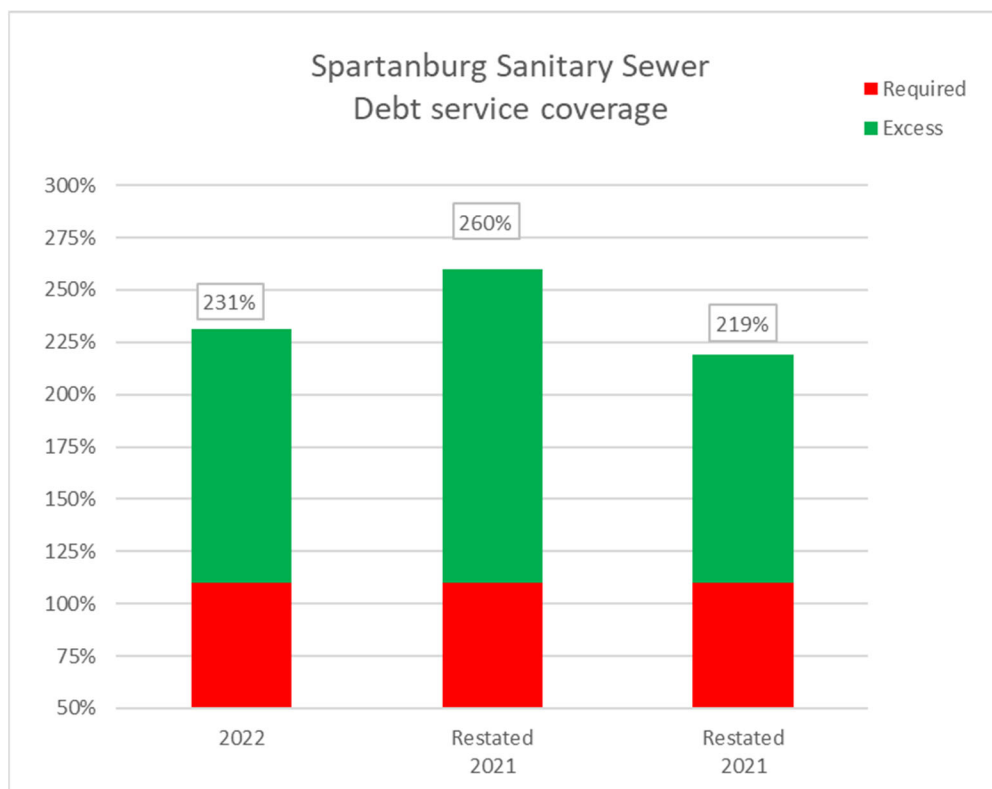
For more information on the changes in capital assets, see Note 3 to the financial statements.

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 following table:

Debt Service Coverage	2022	Restated 2021	Restated 2020
Net earnings per revenue bond covenant	\$17,452,831	\$19,272,550	\$16,401,903
Debt service requiring coverage, per covenant			
Revenue bond debt service	4,462,343	5,397,930	5,791,765
Debt service amount for coverage test	\$ 4,462,343	\$ 5,397,930	\$ 5,791,765
Debt service coverage ratio based on revenue covenant	3.91	3.57	2.83
Net earnings per revenue bond covenant	17,452,831	19,272,550	16,401,903
Plus: Ad valorem taxes used for G.O. debt service	5,474,572	3,280,815	3,107,534
adjusted net earnings	\$22,927,403	\$22,553,365	\$19,509,437
Total District debt service	\$ 9,936,915	\$ 8,678,745	\$ 8,899,299
Total District debt coverage ratio	2.31	2.60	2.19



Outstanding Debt at Year-End

The District had \$138,304,000 in long-term debt outstanding at year-end, as scheduled below:

	Average Yield	Outstanding Debt		
		2022	2021	2020
Long-term Debt				
General Obligation Bonds				
2011 General Obligation Refunding Bonds	2.89%	-	3,465,000	4,250,000
2013 General Obligation Refunding Bonds	2.50%	3,455,000	3,455,000	3,455,000
2014 General Obligation Refunding Bonds	2.20%	3,159,000	3,906,000	4,637,000
2016 General Obligation Refunding Bonds	2.52%	13,410,000	13,775,000	14,125,000
2019 General Obligation Refunding Bonds	1.32%	8,555,000	10,795,000	10,795,000
2021 General Obligation Refunding Bonds	0.34%	2,680,000	-	-
		<u>31,259,000</u>	<u>35,396,000</u>	<u>37,262,000</u>
Revenue Bonds				
2013A Sewer Revenue Refunding Bonds	3.55%	-	-	8,380,000
2013B Sewer Revenue Refunding Bonds	3.55%	-	-	9,645,000
2014A Sewer Revenue Refunding Bonds	3.86%	3,800,000	3,935,000	4,065,000
2014B Sewer Revenue Refunding Bonds	3.86%	31,780,000	32,185,000	32,575,000
2019 Sewer Revenue Refunding Bonds	1.51%	7,055,000	7,055,000	7,635,000
2020 Sewer Revenue Refunding Bonds	2.95%	44,900,000	45,415,000	46,200,000
2021 Revenue Refunding Bonds	2.55%	19,510,000	19,510,000	-
		<u>107,045,000</u>	<u>108,100,000</u>	<u>108,500,000</u>
Total Long-term Debt Outstanding		<u>138,304,000</u>	<u>143,496,000</u>	<u>145,762,000</u>
Total Debt Outstanding		<u>\$138,304,000</u>	<u>\$ 143,496,000</u>	<u>\$ 145,762,000</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 2021 Assessed Value, less mfg. depreciation reduction	\$ 789,772,533
G.O. debt ceiling percentage	<u>8%</u>
Current G.O. debt ceiling	63,181,803
Less: outstanding G.O. debt	<u>31,259,000</u>
Available G.O. debt capacity	<u>\$ 31,922,803</u>

Bond Ratings

The District had the following ratings during fiscal year 2022:

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

Financial Planning

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

The District Commission approved an annual operating budget for fiscal year 2023 in the total amount of \$39,160,602, which represents a 6.4% increase over the previous year's budgeted revenues and expenditures. The fiscal year 2023 budget included funding of reserves as follows: Depreciation fund - \$2,500,000; 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.
- **County – ARPA Funding**
In November 2022, Spartanburg County Council approved the use of \$24,800,000 of Federal American Rescue Plan Act (ARPA) funds to help fund some of the District's significant gravity sewer projects within Spartanburg County.

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, 2022 AND 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2022	Restated 2021
Assets		
Current assets		
Cash	\$ 5,386,656	\$ 6,580,944
Investments	37,621,322	33,852,530
User charge receivable - net of allowance for doubtful accounts of \$127,350 and \$123,035 for 2022 and 2021, respectively	3,202,171	2,943,275
Taxes receivable - net of allowance for doubtful accounts of \$458,251 and \$462,507 for 2022 and 2021, respectively	63,945	113,194
Assessments and improvement charges receivable	9,071	9,071
Other receivables	2,667,575	2,622,639
Inventories	1,074,566	1,041,004
Total current assets	50,025,306	47,162,657
Noncurrent assets		
Restricted cash	430,267	386,188
Restricted investments	1,586,228	1,441,050
Capital assets - nondepreciable	3,615,679	8,933,419
Capital assets - net of accumulated depreciation	178,961,527	167,871,455
Total noncurrent assets	184,593,701	178,632,112
Total Assets	234,619,007	225,794,769
Deferred Outflows of Resources		
Deferred loss on refundings	7,616,639	8,324,111
Deferred amounts related to pensions	1,701,675	1,441,937
Deferred amounts related to OPEB	735,379	566,571
Total Deferred Outflows of Resources	10,053,693	10,332,619

SPARTANBURG SANITARY SEWER DISTRICT
 STATEMENTS OF NET POSITION - CONTINUED
 JUNE 30, 2022 AND 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2022	Restated 2021
Liabilities		
Current liabilities		
Accounts payable	1,435,490	1,613,812
Accrued salaries and wages	507,285	477,894
Accrued employee benefits	52,333	131,860
Accrued interest expense	1,455,965	1,479,362
Other payables	1,229,788	1,167,580
Long-term debt - current portion	5,076,000	4,480,000
Total current liabilities	9,756,861	9,350,508
Noncurrent liabilities		
Net pension liability	7,578,579	8,306,799
Net other post-employment benefit liability	2,738,772	3,865,631
Long-term debt - net of current portion	136,729,486	143,224,246
Total noncurrent liabilities	147,046,837	155,396,676
Total Liabilities	156,803,698	164,747,184
Deferred Inflows of Resources		
Deferred amounts related to pensions	1,131,702	153,618
Deferred amounts related to OPEB	1,248,123	137,243
Total Deferred Inflows of Resources	2,379,825	290,861
Net Position		
Net investment in capital assets	54,495,567	43,472,485
Unrestricted	30,993,610	27,616,858
Total Net Position	\$ 85,489,177	\$ 71,089,343

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, 2022 AND 2021

	2022	Restated 2021
Operating Revenues		
User charge revenues	\$ 27,406,541	\$ 26,110,639
Industrial service fees	629,997	577,009
Treatment charges	358,415	404,914
Miscellaneous	1,026,085	1,188,059
	<u>29,421,038</u>	<u>28,280,621</u>
Operating Expenses		
Personnel costs	6,766,293	6,472,727
Supplies and maintenance	4,077,857	3,889,953
Outside services	6,369,556	5,818,826
Educational and training expenses	166,297	139,030
Company expenses	378,412	293,017
Depreciation	11,154,970	11,070,068
	<u>28,913,385</u>	<u>27,683,621</u>
Operating Income	<u>507,653</u>	<u>597,000</u>
Nonoperating Revenues (Expenses)		
Connection fees	3,422,118	2,852,735
Property tax collections	7,926,434	7,743,653
Gain on sale of capital assets	37,621	44,464
Interest income	111,250	104,247
Interest expense and paying agent fees	(4,685,250)	(4,827,126)
Bond issuance costs	(45,750)	(302,841)
	<u>6,766,423</u>	<u>5,615,132</u>
Increase in Net Position, Before Capital Contributions	7,274,076	6,212,132
Capital Contributions	<u>7,125,758</u>	<u>4,275,777</u>
Increase in Net Position	14,399,834	10,487,909
Net Position - Beginning of Year - Restated	<u>71,089,343</u>	<u>60,601,434</u>
Net Position - End of Year	<u>\$ 85,489,177</u>	<u>\$ 71,089,343</u>

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

SPARTANBURG SANITARY SEWER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	Restated 2021
Cash Flows Provided (Used) by Operating Activities		
Cash received from customers	\$ 29,166,454	\$ 28,039,385
Cash paid to suppliers for goods and services	(11,165,194)	(9,743,293)
Cash paid to or for the benefit of employees	(7,011,090)	(6,182,861)
	<u>10,990,170</u>	<u>12,113,231</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Capital contributions	64,598	875,693
Connection fees	3,422,118	2,852,735
Property tax collections	7,926,434	7,743,653
Acquisition and construction of capital assets	(9,866,142)	(8,971,463)
Proceeds from sale of capital assets	37,621	44,464
Proceeds from general obligation bond issue	47,000	-
Proceeds from revenue bond issues	-	219,196
Bond issuance costs	(45,750)	(212,144)
Payments to advanced refundings escrow	(10,467)	(173,553)
Principal payments - general obligation bonds	(4,184,000)	(1,866,000)
Principal payments - revenue bonds	(1,055,000)	(1,885,000)
Interest and paying agent fees	(4,674,071)	(4,936,581)
	<u>(8,337,659)</u>	<u>(6,309,000)</u>
Cash Flows Provided (Used) by Investing Activities		
Interest income	111,250	104,247
	<u>111,250</u>	<u>104,247</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,763,761	5,908,478
Cash and Cash Equivalents - Beginning of Year	42,260,712	36,352,234
Cash and Cash Equivalents - End of Year	<u>\$ 45,024,473</u>	<u>\$ 42,260,712</u>

SPARTANBURG SANITARY SEWER DISTRICT
 STATEMENTS OF CASH FLOWS - CONTINUED
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>Restated 2021</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ 507,653	\$ 597,000
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	11,154,970	11,070,068
Pension expense	655,712	853,794
OPEB expense	240,034	379,797
(Increase) decrease in assets		
User charge receivable	(258,896)	(257,627)
Taxes receivable	49,249	(17,267)
Other receivables	(44,936)	33,658
Inventories	(33,562)	10,204
Deferred amounts related to pensions	(665,586)	(615,956)
Deferred amounts related to OPEB	(424,821)	(431,242)
Increase (decrease) in liabilities		
Accounts payable	(178,322)	539,736
Accrued salaries and wages	29,391	18,599
Accrued employee benefits	(79,527)	84,873
Accrued interest expense	(23,397)	8,837
Other current liabilities	62,208	(161,243)
Net Cash Provided by Operating Activities	<u>\$ 10,990,170</u>	<u>\$ 12,113,231</u>
Noncash Investing, Capital and Financing Activities		
Contribution of capital assets	\$ 3,400,084	\$ 3,400,084
Amortization included in interest expense	\$ (109,455)	\$ (109,455)
Advanced refundings		
Proceeds from general obligation bond issue	\$ 3,512,000	\$ -
Defeased general obligation bonds	\$ (3,465,000)	\$ -
Proceeds from revenue bond issues	\$ -	\$ 19,510,000
Defeased revenue bonds	\$ -	\$ (18,025,000)
Deferred loss on refundings	\$ -	\$ (1,348,660)
Bond issuance costs	\$ -	\$ (90,697)

SPARTANBURG SANITARY SEWER DISTRICT
 STATEMENTS OF CASH FLOWS - CONTINUED
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>Restated 2021</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	\$ 5,386,656	\$ 6,580,944
Investments	<u>37,621,322</u>	<u>33,852,530</u>
	<u>43,007,978</u>	<u>40,433,474</u>
Noncurrent assets		
Restricted cash	430,267	386,188
Restricted investments	<u>1,586,228</u>	<u>1,441,050</u>
	<u>2,016,495</u>	<u>1,827,238</u>
	<u>\$ 45,024,473</u>	<u>\$ 42,260,712</u>
Cash flow classifications		
Petty cash	\$ 550	\$ 550
Cash and certificates of deposit	26,816,373	6,966,582
Investments - cash equivalents	<u>18,207,550</u>	<u>35,293,580</u>
Total cash and cash equivalents	<u>\$ 45,024,473</u>	<u>\$ 42,260,712</u>

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

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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 \$458,251 and \$462,507 at June 30, 2022 and 2021, 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 \$827,763,874 and \$790,647,602 for the calendar years 2021 and 2020, 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, 2022 AND 2021

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 assets that applies to future periods and will not be recognized as an expense until then. Deferred inflows of resources represent an acquisition of net assets 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, 2022 AND 2021

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, 2022 and 2021, 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.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS - CONTINUED

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.

The District had the following investments, which are not applicable to the fair value hierarchy, as of June 30, 2022 and 2021:

Investment Type	Maturity	Value		Rating
		2022	2021	
State treasurer's investment pool	<60 days	\$ 16,621,322	\$ 33,852,530	Not rated
First American Government Obligation	<60 days	1,586,228	1,441,050	Aaa-mf
		<u>\$ 18,207,550</u>	<u>\$ 35,293,580</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.

	2022	2021
Restricted Assets for Debt Service Reserve and Debt Service Funds		
Cash	\$ 430,267	\$ 386,188
Investments	1,586,228	1,441,050
	<u>\$ 2,016,495</u>	<u>\$ 1,827,238</u>

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets follows:

	2022			Balance June 30, 2022
	Balance June 30, 2021	Additions	Removals/ Disposals	
Capital Assets				
Nondepreciable				
Construction in progress	\$ 8,933,419	\$ 9,230,183	\$ 14,547,923	\$ 3,615,679
Depreciable				
Treatment plants, interceptor and collection lines	268,753,535	13,691,730	-	282,445,265
Collection lines - donated	61,160,030	7,061,160	-	68,221,190
Motor equipment	5,459,805	353,790	247,836	5,565,759
Maintenance equipment	13,724,321	859,504	66,538	14,517,287
Office equipment	721,379	179,609	8,646	892,342
Office real estate	390,712	-	-	390,712
Maintenance facility	648,572	99,249	-	747,821
Joint lab building	939,994	-	-	939,994
Total depreciable	<u>351,798,348</u>	<u>22,245,042</u>	<u>323,020</u>	<u>373,720,370</u>
Total Capital Assets	<u>360,731,767</u>	<u>31,475,225</u>	<u>14,870,943</u>	<u>377,336,049</u>
Accumulated Depreciation				
Treatment plants, interceptor and collection lines	133,784,833	7,975,310	-	141,760,143
Collection lines - donated	32,517,719	1,842,812	-	34,360,531
Motor equipment	4,608,179	445,866	247,836	4,806,209
Maintenance equipment	11,222,876	796,418	66,538	11,952,756
Office equipment	642,729	41,224	8,646	675,307
Office real estate	209,923	14,322	-	224,245
Maintenance facility	440,154	14,036	-	454,190
Joint lab building	500,480	24,982	-	525,462
	<u>183,926,893</u>	<u>11,154,970</u>	<u>323,020</u>	<u>194,758,843</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 176,804,874</u>			<u>\$ 182,577,206</u>

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 3 - CAPITAL ASSETS - CONTINUED

	2021			Balance June 30, 2021
	Balance June 30, 2020	Additions	Removals/ Disposals	
Capital Assets				
Nondepreciable				
Construction in progress	\$ 5,100,601	\$ 6,939,648	\$ 3,106,830	\$ 8,933,419
Depreciable				
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
Total depreciable	343,682,243	8,538,729	422,624	351,798,348
Total Capital Assets	348,782,844	15,478,377	3,529,454	360,731,767
Accumulated Depreciation				
Treatment plants, interceptor and collection lines	126,032,183	7,752,650	-	133,784,833
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
	173,279,449	11,070,068	422,624	183,926,893
Capital Assets, Net of Accumulated Depreciation	\$ 175,503,395			\$ 176,804,874

Depreciation expense for the years ended June 30, 2022 and 2021 was \$11,154,970 and \$11,070,068, respectively.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 4 - LONG-TERM DEBT

2022						
	Balance				Balance	Due Within
	June 30, 2021	Additions	Reductions	Defeased	June 30, 2022	One Year
Bonds Payable						
General obligation bonds	\$ 35,396,000	\$ 3,512,000	\$ (4,184,000)	\$ (3,465,000)	\$ 31,259,000	\$ 3,986,000
Revenue bonds	108,100,000	-	(1,055,000)	-	107,045,000	1,090,000
Plus deferred amounts:						
Bond premium	4,208,246	-	(579,960)	(126,800)	3,501,486	-
	<u>\$ 147,704,246</u>	<u>\$ 3,512,000</u>	<u>\$ (5,818,960)</u>	<u>\$ (3,591,800)</u>	<u>\$ 141,805,486</u>	<u>\$ 5,076,000</u>
2021						
	Balance				Balance	Due Within
	June 30, 2020	Additions	Reductions	Defeased	June 30, 2021	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	-
	<u>\$ 151,400,557</u>	<u>\$ 19,510,000</u>	<u>\$ (4,401,573)</u>	<u>\$ (18,804,738)</u>	<u>\$ 147,704,246</u>	<u>\$ 4,480,000</u>

General Obligation Bonds

Bonds payable at June 30, 2022 and 2021 were comprised of the following issues:

	2022	2021
\$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
\$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
\$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.	3,159,000	3,906,000
\$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.	13,410,000	13,775,000

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 4 - LONG-TERM DEBT - CONTINUED

General Obligation Bonds - Continued

	2022	2021
\$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.	8,555,000	10,795,000
\$3,512,000 General Obligation Bonds, Series 2021, dated September 30, 2021. Annual maturities of \$832,000 to \$902,000 maturing in 2025 with semi-annual interest of 5.00%. Bonds were issued to refund the Series 2011 General Obligation Bonds.	2,680,000	-
	31,259,000	35,396,000
Less: current portion	(3,986,000)	(3,425,000)
Total long-term general obligation bonds payable	\$ 27,273,000	\$ 31,971,000

Debt service requirements to maturity including interest on the general obligation bonds as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 3,986,000	\$ 1,048,274	\$ 5,034,274
2024	4,906,000	916,606	5,822,606
2025	5,093,000	738,078	5,831,078
2026	1,233,000	551,343	1,784,343
2027	1,266,000	516,189	1,782,189
2028-2032	2,420,000	2,367,998	4,787,998
2033-2037	2,760,000	2,038,100	4,798,100
2038-2042	6,660,000	907,150	7,567,150
2043-2046	2,935,000	223,350	3,158,350
	\$ 31,259,000	\$ 9,307,088	\$ 40,566,088

Revenue Bonds

Bonds payable at June 30, 2022 and 2021 were comprised of the following issues:

	2022	2021
\$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.	\$ 3,800,000	\$ 3,935,000

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 4 - LONG-TERM DEBT - CONTINUED

Revenue Bonds - Continued

	2022	2021
\$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.	31,780,000	32,185,000
\$7,635,000 Sewer System Refunding Revenue Bonds, Series 2019, dated December 5, 2019. Annual maturities of \$580,000 to \$2,400,000 maturing in 2028 with semi-annual interest of 5.00%. Bonds were issued to refund the callable maturities of the outstanding Sewer System Refunding Revenue and Convertible Bonds, Series 2009B.	7,055,000	7,055,000
\$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.	44,900,000	45,415,000
\$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	19,510,000
	107,045,000	108,100,000
Less: current portion	(1,090,000)	(1,055,000)
Total long-term revenue bonds payable	\$ 105,955,000	\$ 107,045,000

Debt service requirements to maturity including interest on the revenue bonds as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
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	4,855,000	3,206,998	8,061,998
2028-2032	31,670,000	13,315,364	44,985,364
2033-2037	37,990,000	8,166,725	46,156,725
2038-2040	24,500,000	2,057,420	26,557,420
	\$ 107,045,000	\$ 40,486,976	\$ 147,531,976

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.

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2022 AND 2021

NOTE 5 - DEFEASANCE OF DEBT AND ADVANCED REFUNDINGS

In September 2021, the District issued \$3,512,000 of General Obligation Refunding Bonds, Series 2021. These proceeds were used to advance refund \$3,465,000 of the remaining outstanding Sewer System General Obligation Refunding Bonds, Series 2011. The net proceeds of \$3,465,000 along with District funds of \$10,467 were used to advance refund and defease the remaining outstanding 2011 debt.

The advanced refunding resulted in a gross cash flow gain of \$185,402 and an economic cash flow gain of \$184,277 for the year ending June 30, 2022.

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. For both years ended June 30, 2022 and 2021, \$58,505,000 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, 2022 and 2021 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 \$587,205 and \$541,118 for the years ended June 30, 2022 and 2021, respectively.

NOTE 6 - CAPITAL CONTRIBUTIONS

Donated assets and/or grants provided to finance capital expenditures are accounted for as capital contributions. During the years ended June 30, 2022 and 2021, the District received the following as donated assets:

	2022	2021
Donated assets	\$ 7,061,160	\$ 3,400,084
Private industry and developers	64,598	193,793
Federal/State agencies	-	681,900
	\$ 7,125,758	\$ 4,275,777

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, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 7 - PENSION PLAN - CONTINUED

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 or is age 65 or older on the date of retirement.

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.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 7 - PENSION PLAN - CONTINUED

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

Required employee (both Class II and III) contribution rates for the years ended June 30, 2022 and 2021 was 9%. The required employer contribution rate for the years ended June 30, 2022 and 2021 was 16.41% and 15.41%, respectively. Both required employee and employer contribution rates are calculated on earnable compensation as defined by Title 9 of the South Carolina Code of Laws. Employers also contribute an additional .15% of earnable compensation, if participating in the incidental death benefit program.

Contributions to the Plan from the District were \$665,586 and \$615,956, for the years ended June 30, 2022 and 2021, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a net pension liability of \$7,578,579 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability, net pension liability and sensitivity information are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2021, 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, 2021. Based upon this information, the District's proportion of the collective net pension liability at June 30, 2022 and 2021 was .035019% and .032510%, respectively, an increase of .00251% since June 30, 2020, the prior measurement date.

For the years ended June 30, 2022 and 2021, the District recognized pension expense of \$655,712 and \$853,794, respectively. At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the pension as follows:

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2022 AND 2021

NOTE 7 - PENSION PLAN - CONTINUED

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

2022		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 129,092	\$ 10,228
Changes in assumptions	414,827	-
Net difference between projected and actual earnings on pension plan investments	-	1,100,889
Changes in the District's proportion and differences between the District's contributions and the District's proportionate share of contributions	492,169	20,585
District contributions subsequent to the measurement date	665,586	-
Total	\$ 1,701,674	\$ 1,131,702

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	-
Total	\$ 1,441,937	\$ 153,618

\$665,586 reported as deferred outflows of resources related to pensions in 2022 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, 2023. 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	
2023	\$ (149,376)
2024	(125,573)
2025	(41,376)
2026	411,939
	\$ 95,614

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2022 AND 2021

NOTE 7 - PENSION PLAN - CONTINUED

Actuarial Assumptions - Actuarial valuations of the ongoing 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.

The June 30, 2021 total pension liability, net pension liability, and sensitivity information were determined by and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2021:

Actuarial cost method	Entry age normal
Inflation	2.25%
Salary increases	3.0% to 11.0% (varies by service and includes 2.25% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.00% (includes 2.25% inflation)

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

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 2021 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 7.00% assumed annual investment rate of return used in the calculation of the total pension liability includes 4.75% real rate of return and a 2.25% inflation component.

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2022 AND 2021

NOTE 7 - PENSION PLAN - CONTINUED

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-term Expected Real Rate of Return
Public Equity	46%	6.87%	3.16%
Bonds	26%	0.27%	0.07%
Private Equity	9%	9.68%	0.87%
Private Debt	7%	5.47%	0.39%
Real Assets	12%		
Real Estate	9%	6.01%	0.54%
Infrastructure	3%	5.08%	0.15%
Total Expected Return	100%		5.18%
Inflation for Actuarial Purposes			2.25%
			7.43%

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the collective net pension liability	\$ 9,926,995	\$ 7,578,579	\$ 5,626,560

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, 2021 (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 July 1, 2020. The additional information is publicly available on PEBA's website at www.peba.sc.gov.

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS

Plan Description

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

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2022 AND 2021

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, 2022 was:

Inactive plan members of beneficiaries receiving benefits	31
Active plan members	77
Total plan members	108

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 \$424,821 and \$431,242 in pay-as-you-go and SCORBET contributions for the years ended June 30, 2022 and 2021.

Net OPEB Liability

The District's net OPEB liability as of June 30, 2022 and 2021 of \$2,738,772 and \$3,865,631, respectively was measured as of December 31, 2021 and 2020, respectively, and the total OPEB liability used to calculate the net OPEB liability as of June 30, 2022 and 2021 was determined by an actuarial valuation date of December 31, 2020.

Actuarial assumptions and other inputs - the Total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2022 AND 2021

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%-9.50%, 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	2.06%, prior measurement date 2.12%
Single equivalent interest rate	4.75%
Health care cost rates	
Pre-medicare	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Medicare	5.25% for 2021 decreasing to an ultimate rate of 4.50% by 2025
Discount rate	Based upon the long-term expected rate of return

Mortality rates were based on the PUB-2010 Mortality Table for Employees with a 135% 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, 2020 valuation were based on the results of the 2020 experience study adopted by the SCRS pension plan. The experience report on the SCRS was most recently issued as of July 1, 2019 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, 2020 valuation were based on a review of recent plan experience done concurrently with the December 31, 2020 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.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, is summarized in the following table:

	Target Allocation	Expected Arithmetic Real Rate of Return
US Government Agency	57.50%	4.50%
US Government MBS/CMO/CMBS	40.00%	5.25%
Cash and Short Duration (Net)	2.50%	2.50%
	<u>100.00%</u>	

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Net OPEB Liability - Continued

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. 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, 2020 valuation date. An expected TOL is determined as of December 31, 2021, the measurement date, using standard roll forward techniques. The roll forward calculation begins with the TOL, as of the prior measurement date, December 31, 2020, 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, 2021 and 2020, is shown in the following table:

	2022		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c)
Balance as of December 31, 2019	\$ 7,395,415	\$ 3,529,784	\$ 3,865,631
Changes for the Year			
Service cost	251,143	-	251,143
Interest	348,434	-	348,434
Difference between expected and actual experience	(910,557)	-	(910,557)
Changes in assumptions and other inputs	(401,251)	-	(401,251)
Contributions - employer	-	504,847	(504,847)
Net investment income	-	(88,969)	88,969
Benefit payments	(121,347)	(121,347)	-
Plan administrative expenses	-	(1,250)	1,250
Net Changes	<u>(833,578)</u>	<u>293,281</u>	<u>(1,126,859)</u>
Balance as of December 31, 2020	<u>\$ 6,561,837</u>	<u>\$ 3,823,065</u>	<u>\$ 2,738,772</u>

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Changes in the Net OPEB Liability - Continued

	2021		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB 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)
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

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	\$ 3,861,651	\$ 2,738,772	\$ 1,839,565

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	\$ 1,696,581	\$ 2,738,772	\$ 4,082,219

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.

For the years ended June 30, 2022 and 2021, the District recognized OPEB expense of \$240,034 and \$379,797, respectively. At June 30, 2022 and 2021, the District reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

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

2022		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 901,242
Changes in assumptions or other inputs	99,945	346,881
Net difference between projected and actual earnings on plan investments	210,613	-
District contributions subsequent to the measurement date	424,821	-
	\$ 735,379	\$ 1,248,123
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

\$424,821 reported as deferred outflows of resources related to OPEB in 2022, 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, 2023. 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		
2023	\$	(119,030)
2024		(134,906)
2025		(133,473)
2026		(125,987)
2027		(171,542)
Thereafter		(252,627)
	\$	(937,565)

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2022 AND 2021

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 \$4,833,539 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, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021:

	2022	2021
Beginning of year liability	\$ 56,182	\$ 50,207
Claims	1,266,553	(12,706)
Claims payments	(1,268,027)	18,681
End of year liability	\$ 54,708	\$ 56,182

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, 2022 AND 2021

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:

	2022	2021
Billing and collection fees	\$ 613,080	\$ 613,488
Administrative fees	1,277,592	1,174,452
Labor reimbursements	610,542	522,260
Water quality and maintenance facility	198,866	153,693
Fleet service fees	129,764	146,315
Engineering	967,997	851,205
	<u>\$ 3,797,841</u>	<u>\$ 3,461,413</u>

The following amounts were due from (to) Spartanburg Water System at June 30, 2022 and 2021:

	2022	2021
User charges collected	\$ 2,337,433	\$ 2,298,842
Other receivables	330,141	323,797
Miscellaneous payable	(1,105,676)	(1,167,580)
	<u>\$ 1,561,898</u>	<u>\$ 1,455,059</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, 2022 and 2021, the District's share is included in capital assets with a cost of \$390,712 and accumulated depreciation of \$224,245 and \$209,923, 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, 2022 and 2021, the District's share is included in capital assets with a cost of \$747,821 and \$648,572 and accumulated depreciation of \$454,190 and \$440,154, 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, 2022 and 2021, the District's share is included in capital assets with a cost of \$939,994 and accumulated depreciation of \$525,462 and \$500,480, 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, 2022 AND 2021

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 \$1,373,532 and \$3,950,654 at June 30, 2022 and 2021, respectively. Subsequent to year end, an additional \$1,168,971 of contract commitments were entered into by the District for various improvement projects and maintenance.

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 \$741,002 and \$516,762 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, 2022 and 2021, respectively. The District received a total of \$773,604 and \$677,450 under both FILOT and SSRC tax agreements for the years ended June 30, 2022 and 2021, 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 \$440,880 and \$264,000, 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 \$300,123 and \$252,762, respectively.

SPARTANBURG SANITARY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

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 – PRIOR PERIOD ADJUSTMENT/RESTATEMENT

For the fiscal year ending June 30, 2021, the District restated beginning net position to include additional costs to construction in progress resulting in an increase in beginning net position of \$168,993. Beginning net position was also restated to increase capital assets – net of accumulated depreciation \$1,090,169 due to calculation errors in depreciation expense overstating accumulated depreciation stemming from a software conversion.

Also, The District has restated its previously issued financial statements for the year ended June 30, 2021 for matters relating to the following previously reported items: capital assets – net of accumulated depreciation and depreciation expense due to calculation errors stemming from a software conversion. The accompanying financial statements for 2021 have been restated to reflect the correction that resulted in an increase in net position of \$1,234,900. Finally, \$129,448 was reclassified from net investment of capital assets to unrestricted net position for accounts payable related to capital assets. The effect on the previously issued 2021 financial statements is summarized as follows:

	Previously Reported 2021	Beginning of Year 2021	Increase (Decrease)	Restated 2021
Statements of Net Position				
Capital assets - nondepreciable	\$ 8,764,426	\$ 168,993	\$ -	\$ 8,933,419
Capital assets - net of accumulated depreciation	165,546,386	1,090,169	1,234,900	167,871,455
Total noncurrent assets	176,138,050	1,259,162	1,234,900	178,632,112
Total assets	223,300,707	1,259,162	1,234,900	225,794,769
Net investment in capital assets	41,107,871	1,259,162	1,105,452	43,472,485
Unrestricted	27,487,410	-	129,448	27,616,858
Total net position	68,595,281	1,259,162	1,234,900	71,089,343
Statements of Revenues, Expenses and Changes in Net Position				
Depreciation expense	12,304,968	-	(1,234,900)	11,070,068
Total operating expenses	28,918,521	-	(1,234,900)	27,683,621
Operating Income	(637,900)	-	1,234,900	597,000
Increase in net position before capital contributions	4,977,232	-	1,234,900	6,212,132
Increase in net position	9,253,009	-	1,234,900	10,487,909
Net Position - Beginning of Year	59,342,272	1,259,162	-	60,601,434
Net Position - End of Year	68,595,281	1,259,162	1,234,900	71,089,343

SPARTANBURG SANITARY SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2022 AND 2021

NOTE 15 - PRIOR PERIOD ADJUSTMENT/RESTATEMENT - CONTINUED

	Previously Reported 2021	Beginning of Year 2021	Increase (Decrease)	Restated 2021
Statements of Cash Flows				
Reconciliation of operating income to net cash provided operating activities:				
Operating income	(637,900)	-	1,234,900	597,000
Depreciation expense	12,304,968	-	(1,234,900)	11,070,068

NOTE 16 - SUBSEQUENT EVENT

In November 2022, Spartanburg County Council approved the use of \$24,800,000 of Federal American Rescue Plan Act Funds (ARPA Funds) to help fund some of the District's significant gravity sewer projects within Spartanburg County.

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*

	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Collective Net Pension Liability	0.032510%	0.032510%	0.032627%	0.031607%	0.033456%	0.034070%	0.034171%	0.034769%
District's Proportionate Share of the Collective Net Pension Liability	\$ 7,578,579	\$ 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	\$ 3,958,588	\$ 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	191.45%	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	60.75%	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

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorially Required Contributions	\$ 665,586	\$ 615,956	\$ 564,345	\$ 501,643	\$ 410,479	\$ 390,224	\$ 364,896	\$ 344,422
Contributions in Relation to the Statutorially Required Contributions	665,586	615,956	564,345	501,643	410,479	390,224	364,896	344,422
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,019,238	\$ 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	16.56%	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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 251,143	\$ 243,827	\$ 222,851	\$ 216,360	\$ 210,058
Interest on total OPEB liability	348,434	330,190	304,962	290,060	277,159
Difference between expected and actual experience	(910,557)	(72,077)	(18,345)	(24,263)	(81,564)
Changes of assumptions or other inputs	(401,251)	-	157,830	-	-
Benefit payments	(121,347)	(114,476)	(157,354)	(179,293)	(89,831)
Net Change in Total OPEB Liability	(833,578)	387,464	509,944	302,864	315,822
Total OPEB Liability - Beginning of Year	7,395,415	7,007,951	6,498,007	6,195,143	5,879,321
Total OPEB Liability - End of Year (a)	<u>\$ 6,561,837</u>	<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	\$ 504,847	\$ 475,476	\$ 473,854	\$ 468,293	\$ 369,831
Net investment income	(88,969)	175,579	135,523	33,054	54,351
Benefit payments	(121,347)	(114,476)	(157,354)	(179,293)	(89,831)
Administrative expenses	(1,250)	(4,950)	-	-	(16,918)
Net Change in Plan Fiduciary Net Position	293,281	531,629	452,023	322,054	317,433
Plan Fiduciary Net Position - Beginning of Year	3,529,784	2,998,155	2,546,132	2,224,078	1,906,645
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 3,823,065</u>	<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>\$ 2,738,772</u>	<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	58.26%	47.73%	42.78%	39.18%	35.90%
Covered Payroll	\$ 3,230,782	\$ 3,213,410	\$ 3,213,410	\$ 3,299,959	\$ 3,299,959
Net OPEB Liability as a Percentage of Covered Payroll	84.77%	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 2022, the decremental and salary increase assumptions updated based on the most recent SCRS experience analysis and the changes in the medical trend assumptions resulted in changes in the assumptions and other inputs.

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

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

	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 484,892	\$ 462,884	\$ 442,105	\$ 408,947	\$ 364,489
Contributions in Relation to the ADC	486,296	485,157	462,443	488,805	447,207
Annual Contribution Deficiency (Excess)	<u>\$ (1,404)</u>	<u>\$ (22,273)</u>	<u>\$ (20,338)</u>	<u>\$ (79,858)</u>	<u>\$ (82,718)</u>
Covered Payroll	\$ 4,328,748	\$ 4,076,354	\$ 3,784,617	\$ 3,468,225	\$ 3,284,878
Actual Contributions as a Percentage of Covered Payroll	11.23%	11.90%	12.22%	14.09%	13.61%

Notes to Schedule:

Valuation Date: December 31, 2020
 Methods and Assumptions Used to Determine Contributions Rates:
 Actuarial Cost Method: Entry age normal
 Amortization Method: Level percent of pay, closed
 Amortization Period: 17 years
 Asset Valuation Method: Based on a smoothing method beginning with the July 1, 2011 valuation, 80%-120% corridor
 Inflation: 2.25%
 Healthcare Cost Trend Rates:
 Pre-medicare: 7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
 Medicare: 5.25% for 2021 decreasing to an ultimate rate of 4.50% by 2031
 Salary Increases: 3.00%-9.50%, including wage inflation of 3.00%
 Investment Rate of Return: 4.75%, net of OPEB plan investment expense, including price inflation
 Participation Rates: The assumed annual rates of plan participation and spouse coverage were 90% and 15%, respectively
 Demographic Assumptions: Based on the 2020 experience study adopted for the SCRS
 Mortality: Based on the PUB-2010 Mortality Tables for Employees with a 135% multiplier to better reflect anticipated experience and provide a margin for future improvements

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

SUPPLEMENTARY INFORMATION

SPARTANBURG SANITARY SEWER DISTRICT
SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Personnel Costs		
Salaries and wages	\$ 4,328,748	\$ 4,076,354
State retirement	668,571	851,781
Employer's social security taxes	313,294	292,770
Group insurance	1,427,257	1,233,797
Workers' compensation	28,423	16,859
Unemployment compensation	-	1,166
	6,766,293	6,472,727
Supplies and Maintenance		
Printing and office supplies	19,769	10,481
Safety equipment and supplies	64,076	51,598
Equipment maintenance	156,363	116,537
Vehicle operation and maintenance	118,719	127,547
Fuel	199,181	118,731
System operation and maintenance	2,289,724	2,245,054
Building and grounds maintenance	380,399	378,120
Treatment and filter supplies	695,905	711,645
Laboratory supplies	153,721	130,240
	4,077,857	3,889,953
Outside Services		
Utilities	1,808,467	1,767,034
Telephone	137,810	127,200
Uniform rentals	43,206	41,030
Legal fees	42,916	11,510
Consulting services	211,004	82,064
Audit	18,750	18,750
Fees and support services	2,923,225	2,519,213
Postage and delivery	94,156	75,503
Other	1,090,022	1,176,522
	6,369,556	5,818,826
Educational and Training Expenses		
Conferences and education	34,050	14,884
Professional dues and memberships	103,603	92,489
Employment expenses	11,763	7,966
Safety and employee programs	16,881	23,691
	166,297	139,030
Company Expenses		
Property and liability insurance	257,057	220,614
Bad debt expense	90,598	58,030
Public relations and information	16,545	2,085
Miscellaneous expense	14,212	12,288
	378,412	293,017
Total Operating Expenses	\$ 17,758,415	\$ 16,613,553

**III. STATISTICAL SECTION
(UNAUDITED)**

Statistical Section

This part of the Spartanburg Sanitary Sewer District's annual comprehensive 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.

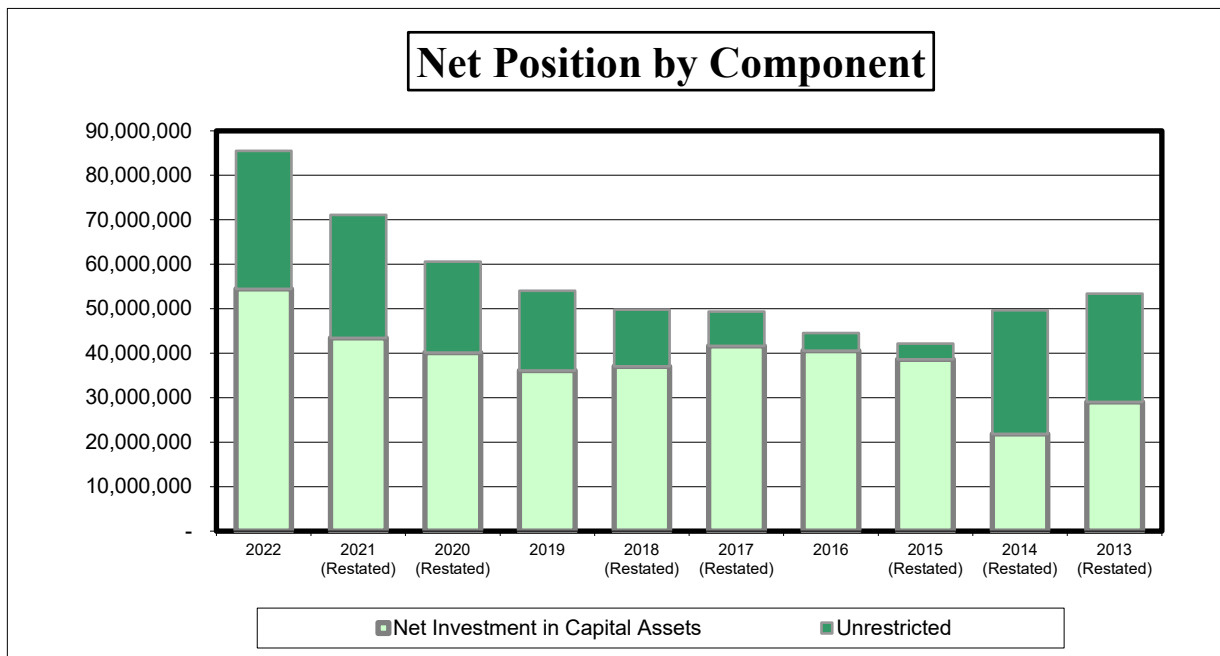
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Financial Trends

Net Position by Component

FY 2013 to FY 2022

Fiscal Year	Net Investment in Capital Assets	Unrestricted	Total Net Position
2022	\$ 54,495,567	\$ 30,993,610	\$ 85,489,177
2021 (Restated)	43,472,485	27,616,858	71,089,343
2020 (Restated)	40,117,104	20,484,330	60,601,434
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



* 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 .

Spartanburg Sanitary Sewer District

Table 2

		FY 2013 to FY 2022									
Changes in Net Position		FY 2022	FY 2021 (Restated)	FY 2020 (Restated)	FY 2019	FY 2018 (Restated)	FY 2017 (Restated)	FY 2016	FY 2015 (Restated)	FY 2014	FY 2013 (Restated)
Revenues											
Operating revenues											
User charge revenues	\$ 27,406,541	\$ 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	
Other operating revenues	2,014,497	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	
Total operating revenues	29,421,038	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	
Nonoperating revenues											
Property tax collections	7,926,434	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	
Other nonoperating revenues	3,570,989	3,001,446	2,235,242	1,350,608	1,088,175	778,754	624,630	391,386	279,639	358,637	
Total nonoperating revenues	11,497,423	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	
Total revenues	40,918,461	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	
Expenses											
Operating expenses, before depreciation	17,758,415	16,613,553	16,227,958	15,887,314	14,501,674	14,523,095	14,147,144	13,862,028	15,624,500	13,228,455	
Depreciation expense	11,154,970	11,070,068	10,772,560	10,421,350	10,213,381	10,371,935	10,095,657	9,640,858	9,225,118	8,950,903	
Nonoperating expenses	4,731,000	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	
Total expenses	33,644,385	32,813,588	33,055,530	33,047,014	31,431,192	31,955,746	30,854,795	30,381,786	31,765,820	29,725,823	
Change in net position before capital contributions	7,274,076	6,212,132	2,687,079	2,233,760	2,116,851	1,191,396	(1,001,454)	(3,640,225)	(5,024,535)	(3,131,789)	
Capital contributions	7,125,758	4,275,777	3,867,906	1,983,221	2,116,851	3,678,468	3,334,211	2,475,057	1,222,135	1,479,036	
Change in net position	14,399,834	10,487,909	6,554,985	4,216,981	4,233,702	4,869,864	2,332,757	(1,165,168)	(3,802,400)	(1,652,753)	
Net position, beginning of year, restated (2021/2020/2018/2017/2015)	71,089,343	60,601,434	54,046,449	49,829,468	45,707,774	44,527,893	42,195,136	43,360,304	53,423,820	56,497,648	
Change in accounting principle	-	-	-	-	-	-	-	-	-	(1,421,075)	
Net position, beginning of year, restated (2013)	-	-	-	-	-	-	-	-	-	-	55,076,573
Net position, end of year	\$ 85,489,177	\$ 71,089,343	\$ 60,601,434	\$ 54,046,449	\$ 49,941,476	\$ 49,397,757	\$ 44,527,893	\$ 42,195,136	\$ 49,621,420	\$ 53,423,820	

Spartanburg Sanitary Sewer District

Table 3

Revenues By Source

FY 2013 to FY 2022

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			
2022	\$ 27,406,541	\$ 629,997	\$358,415	\$ 1,026,085	\$3,422,118	\$ 7,926,434	\$ 111,250	\$ 37,621		\$ 40,918,461	
2021 (Restated)	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	4,933,521	36,495	(6,931)		26,741,491	
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	

Operating Expenses

FY 2013 to FY 2022

Fiscal Year	Personnel Costs	Supplies and Maintenance	Outside Services	Educational and Training	Company Expenses	Depreciation Expense	Total Operating Expenses
2022	\$ 6,766,293	\$ 4,077,857	\$ 6,369,556	\$ 166,297	\$ 378,412	\$ 11,154,970	\$ 28,913,385
2021 (Restated)	6,472,727	3,889,953	5,818,826	139,030	293,017	11,070,068	27,683,621
2020 (Restated)	6,106,194	3,624,352	5,939,401	157,371	400,640	10,772,560	27,000,518
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

Revenue Capacity

Historical Rate Information

FY 2013 to FY 2022

Fiscal Year	Residential Rate History	Volume Charge (per 100 gal)
2022	43.50	0.675
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

* 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 2012 to CY 2021

Calendar Year	Billion Gallons	Average MGD*
2021	4.862	13.354
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

*Million gallons per day of effluent discharge

Spartanburg Sanitary Sewer District

Table 7

Property Tax Collections

CY 2012 to CY 2021

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
2021	\$ 6,569,487	\$ 6,279,921	95.59%	\$ 127,950	1.95%	\$ 6,407,871	97.54%	7.7	0.9	8.6
2020	6,221,177	5,990,534	96.29%	202,616	3.26%	6,193,150	99.55%	7.7	0.9	8.6
2019	5,809,918	5,531,904	95.21%	205,278	3.53%	5,737,182	98.75%	7.7	0.9	8.6
2018	5,523,930	5,283,828	95.65%	207,547	3.76%	5,491,375	99.41%	7.5	1.1	8.6
2017	5,046,954	4,802,196	95.15%	176,844	3.50%	4,979,040	98.65%	7.5	1.4	8.9
2016	4,654,268	4,411,841	94.79%	207,547	4.46%	4,619,388	99.25%	7.5	1.4	-
2015	4,548,071	4,319,618	94.98%	174,100	3.83%	4,493,718	98.80%	7.5	-	-
2014	4,460,353	4,232,404	94.89%	182,588	4.09%	4,414,992	98.98%	7.5	-	-
2013	4,465,012	4,215,799	94.42%	169,090	0.50%	4,238,289	94.92%	7.5	-	-
2012	4,286,070	4,061,083	94.75%	177,206	4.13%	4,238,289	98.89%	7.5	-	-

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

Source: Spartanburg County Treasurer

Ten Largest Taxpayers

CY 2012 & CY 2021

Customer	2012			2021		
	Assessed Value	Taxes Paid	2012 Ranking	Assessed Value	Taxes Paid	2021 Ranking
BMW Manufacturing Co, LLC				\$ 68,243,974	\$ 24,428,303	1
Duke Energy Corp	\$ 10,598,120	\$ 3,799,470	1	42,237,350	17,759,322	2
Michelin North America	7,817,572	2,644,697	2	25,757,761	9,245,274	3
Plastic Omnium Auto Exteriors, LLC				9,916,330	4,077,185	4
SEW Eurodrive, Inc.				6,098,910	2,318,061	5
Spartanburg DC, Inc.				5,959,723	2,280,786	6
Lexington Corporate Properties, Inc.				5,904,000	2,445,437	7
Transcontinental Gas Pipeline				5,732,320	2,144,586	8
Veyron/KDP I Partners, LLC				5,561,651	2,001,082	9
Piedmont Natural Gas				5,377,800	2,177,059	10
R.R. Donnelley & Sons	6,015,384	2,483,752	3			
American Fund US Investments	3,332,357	1,124,004	4			
Bellsouth Telecommunications	2,805,000	997,552	5			
Yeomans Charles L III Et Al	2,785,300	831,969	6			
General Motors LLC	2,355,110	823,272	7			
Kohler Company	2,319,677	917,432	8			
Land O Sun Dairies LLC	2,297,790	777,620	9			
Tietex International LTD	2,232,630	726,275	10			
TOTAL	<u>\$ 42,558,940</u>	<u>\$ 15,126,043</u>		<u>\$ 180,789,819</u>	<u>\$ 68,877,095</u>	

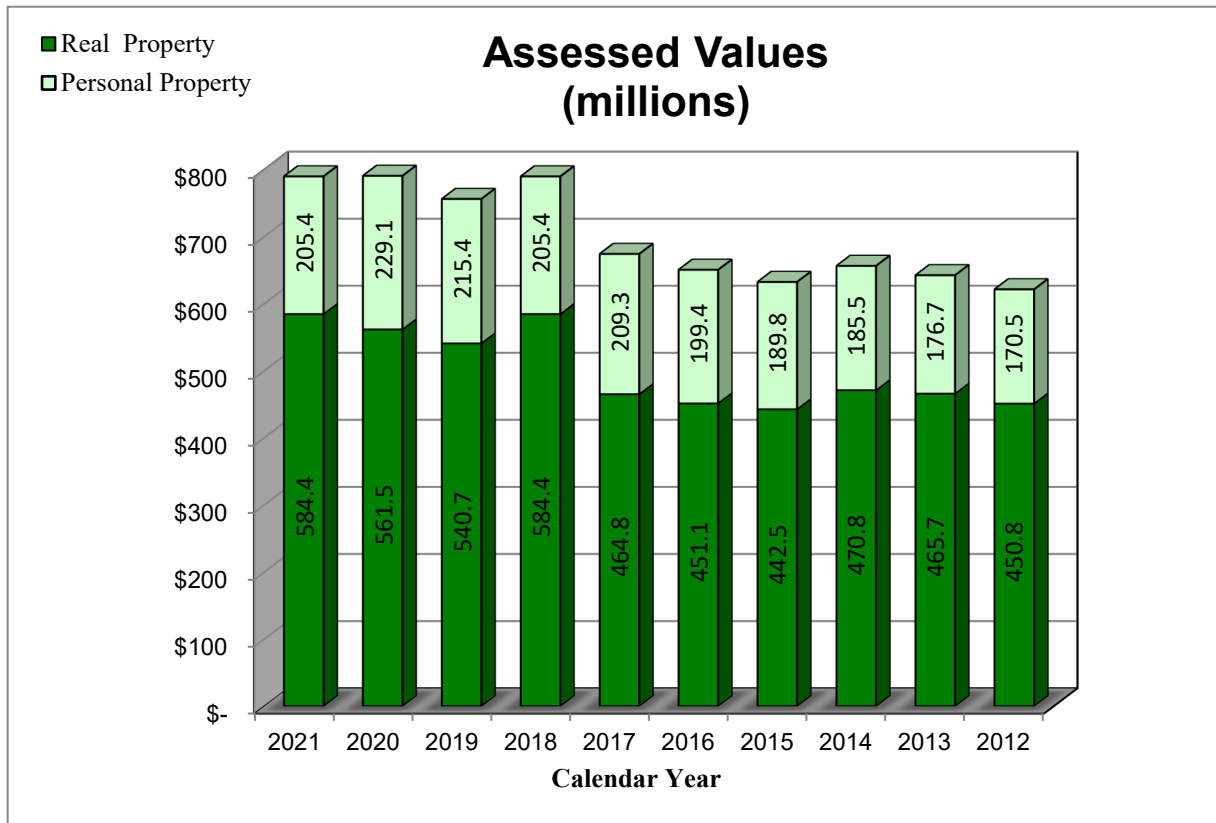
Taxes Paid includes fee in lieu of tax payments.

Source: Spartanburg County Auditor.

Assessed Values

CY 2012 to CY 2021

Calendar Year	Real Property	Personal Property	Total Assessed Value	Total Market Value	Ratio of Total Assessed to Total Market Value
2021	\$ 584,360,692	\$ 205,411,841	\$ 789,772,533	\$15,332,817,161	5.15%
2020	561,537,782	229,109,820	790,647,602	14,966,364,269	5.28%
2019	540,706,559	215,445,670	756,152,229	14,628,619,868	5.17%
2018	584,360,692	205,411,841	708,139,488	12,829,158,087	5.52%
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%



Source: Spartanburg County Auditor & Assessor

Spartanburg Sanitary Sewer District

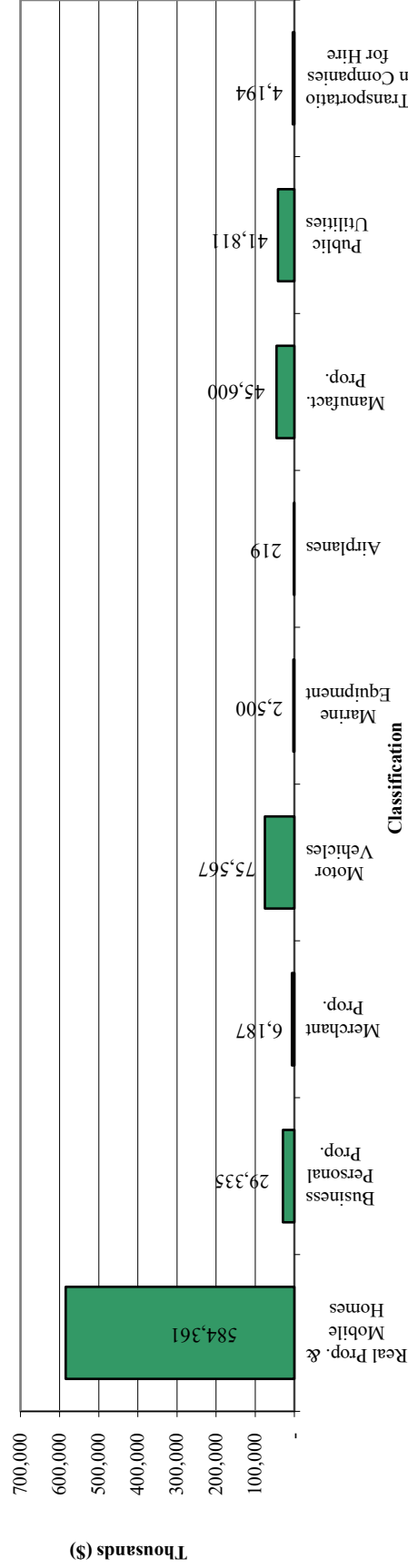
Table 10

Assessed Value Summary

CY 2021

Classification	Assessed Value	Assessment Ratio	Market Value
1. Real Property and Mobile Homes	\$ 584,360,692	4-6%	12,829,158,087
2. Business Personal Property	29,334,590	10.5%	279,377,047
3. Merchants' Furniture, Fixtures, and Equipment	6,186,720	10.5%	58,921,142
4. Motor Vehicles	75,567,474	6.0%	1,259,457,900
5. Marine Equipment	2,499,709	10.5%	23,806,752
6. Airplanes	218,630	4.0%	5,465,750
7. Manufacturing Property	45,599,600	10.5%	434,281,904
8. Public Utilities	41,811,031	10.5%	398,200,295
9. Transportation Companies for Hire	4,194,087	9.5%	44,148,284
TOTALS	\$ 789,772,533		\$ 15,332,817,161

Assessment Summary



Source: Spartanburg County Auditor

Ten Largest Customers

FY 2013 & FY 2022

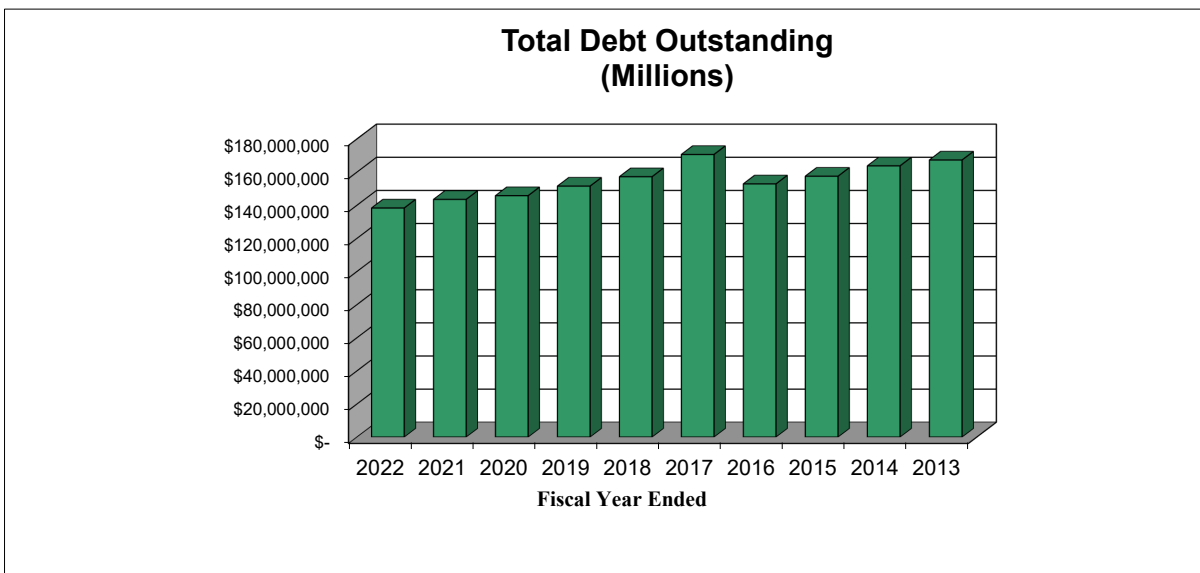
Customer	2013			2022		
	Total Annual Revenue*	Percent of 2013 Operating Revenue	2013 Ranking	Total Annual Revenue*	Percent of 2022 Operating Revenue	2022 Ranking
SRHS DISTRICT, INC.	\$ 430,790	2.00%	1	588,107	2.00%	1
TORAY COMPOSITE MATERIALS AMERICA, INC				434,181	1.48%	2
DFA DAIRY BRANDS FLUID, LLC	295,760	1.37%	4	367,657	1.25%	3
WOFFORD COLLEGE	219,632	1.02%	5	250,722	0.85%	4
CONTECT INC	204,239	0.95%	7	237,454	0.81%	5
BASF CORP	177,856	0.82%	9	213,726	0.73%	6
BLACKMAN UHLER MFG CO	217,989	1.01%	6	187,693	0.64%	7
MICHELIN TIRE CORP				184,258	0.63%	8
ARAMARK UNIFORM SERVICES				178,098	0.61%	9
SC DEPT OF CORRECTION - NORTHSIDE	187,060	0.87%	8	127,599	0.43%	10
SPARTANBURG HOUSING AUTHORITY	409,528	1.90%	2			
SODEXO MARRIOTT SVC	337,730	1.56%	3			
TIETEX CORPORATION	177,100	0.82%	10			
	<u>\$ 2,657,684</u>	<u>12.31%</u>		<u>\$ 2,769,495</u>	<u>9.42%</u>	

Debt Capacity

Debt Outstanding

FY 2013 to FY 2022

Fiscal Year	General Obligation Bonds	Revenue Bonds	State Revolving Fund Loans	Bond Anticipation Note	Total Debt Outstanding	Per Capita*	As Share of Personal Income
2022	31,259,000	107,045,000	-	-	\$ 138,304,000	\$ 412	0.81%
2021 (Restated)	35,396,000	108,100,000	-	-	143,496,000	440	0.95%
2020	37,262,000	108,500,000	-	-	145,762,000	456	1.03%
2019	40,287,000	111,165,000	71,259	-	151,523,259	483	1.12%
2018 (Restated)	42,027,000	115,045,000	126,844	-	157,198,844	537	1.36%
2017 (Restated)	44,799,229	125,657,109	181,197	-	170,637,535	543	1.40%
2016	30,470,117	129,637,081	234,343	250,000	152,871,343	540	1.61%
2015 (Restated)	31,832,173	133,511,661	286,310	-	157,508,310	594	1.70%
2014	24,255,865	139,154,093	337,124	-	163,747,082	607	1.73%
2013 (Restated)	21,691,429	145,226,728	386,812	-	167,304,969	608	1.81%



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

Ratios of General Bonded Debt Outstanding

FY 2013 to FY 2022

Fiscal Year	General Obligation Bonds (1)	Percentage of Taxable Market Value (2)	Per Capita* (3)
2022	\$ 31,259,000	0.20%	\$ 93
2021 (Restated)	35,396,000	0.24%	109
2020	37,262,000	0.25%	117
2019	40,287,000	0.31%	128
2018 (Restated)	42,027,000	0.33%	137
2017 (Restated)	44,799,229	0.37%	149
2016	30,470,117	0.25%	102
2015 (Restated)	31,832,173	0.26%	108
2014	24,255,865	0.20%	83
2013 (Restated)	21,691,429	0.19%	75

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, 2022**

Assessed Valuation	
Latest assessed valuation less manufacturing depreciation reduction	<u>\$ 789,772,533</u>
Legal Debt Limit - 8% of assessed valuation	\$ 63,181,803
Amount of Debt Applicable to Debt Limit:	
General obligation bonds outstanding June 30, 2022	<u>31,259,000</u>
Legal Debt Margin*	<u>\$ 31,922,803</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
2022	\$ 63,181,803	\$ 31,259,000	\$31,922,803	49.47%	50.53%
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%

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

FY 2013 to FY 2022

	2013 (Restated)	2014	2015 (Restated)	2016	2017 (Restated)	2018 (Restated)	2019	2020 (Restated)	2021 (Restated)	2022
Net Income	\$ 21,590,054	\$ 21,666,380	\$ 21,416,584	\$ 24,204,021	\$ 26,330,277	\$ 26,119,922	\$ 27,146,609	\$ 26,580,004	\$ 28,280,621	\$ 29,421,038
Operating revenues	(13,228,455)	(15,624,500)	(13,862,028)	(14,147,144)	(14,523,095)	(14,501,673)	(15,887,314)	(16,227,956)	(16,613,553)	(17,758,415)
Operating expenses before depreciation and amortization	8,361,599	6,041,880	7,554,556	10,056,877	11,807,182	11,617,249	11,259,295	10,352,048	11,667,068	11,662,623
Operating income before depreciation and amortization	(8,950,903)	(9,225,118)	(9,640,858)	(10,095,657)	(10,371,935)	(10,213,381)	(10,421,350)	(10,772,560)	(11,070,068)	(11,154,970)
Depreciation	-	-	-	-	-	-	-	-	-	-
Amortization of bond cost	-	-	-	-	-	-	-	-	-	-
Operating Income (Loss)	(589,304)	(3,183,238)	(2,086,302)	(38,780)	1,435,247	1,403,868	837,945	(420,512)	597,000	507,653
Nonoperating Revenues	4,645,343	4,795,266	4,933,591	5,024,690	6,038,111	6,340,946	6,783,557	6,927,363	7,743,553	7,926,434
Ad valorem taxes	358,637	279,639	391,386	624,630	778,754	1,088,175	1,350,608	2,235,242	3,001,446	3,570,989
Other nonoperating revenues	(7,546,465)	(6,916,202)	(6,878,900)	(6,611,994)	(7,060,716)	(6,716,137)	(6,738,350)	(6,055,013)	(5,129,967)	(4,731,000)
Nonoperating Expenses	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	7,125,758
Capital Contributions	(1,652,753)	(3,802,400)	(1,165,168)	2,332,757	4,869,864	4,233,703	4,216,981	6,554,986	10,487,909	14,399,834
Net Income (Loss) Per Financial Statements	\$ (1,652,753)	\$ (3,802,400)	\$ (1,165,168)	\$ 2,332,757	\$ 4,869,864	\$ 4,233,703	\$ 4,216,981	\$ 6,554,986	\$ 10,487,909	\$ 14,399,834
Net Income (Loss) Per Financial Statements	(82,482)	(18,378)	6,931	(69,992)	(106,302)	(150,414)	(79,784)	(9,079)	(44,464)	(37,621)
Less: (Gain) loss on sale of capital assets	(3,030)	(2,351)	(18,522)	(29,309)	(157,282)	(270,665)	(309,654)	(163,250)	(731)	(361)
Less: Restricted investment income	(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)	(7,125,758)
Less: Capital Contributions	(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)	(5,474,572)
Less: Ad valorem used for GO debt service (1)	(208,892)	450,000	800,000	385,000	(251,016)	(937,209)	(85,150)	(2,067,516)	(1,231,850)	(619,366)
Less: Transfers into rate stabilization fund	208,892	-	-	-	251,016	-	85,150	2,067,516	1,231,850	619,366
Plus: Excess transfers in over out	8,950,903	9,225,118	9,640,858	10,095,657	10,371,935	10,213,381	10,421,350	10,772,560	11,070,068	11,154,970
Plus: Depreciation	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	4,685,250
Plus: Interest expense	226,723	-	517,554	74,908	218,171	-	-	823,495	302,841	45,750
Plus: Amortization of bond cost	-	-	74,972	-	226,865	292,681	1,057	208,435	237,838	(9,874)
Plus: Bond issuance costs	-	-	-	-	-	(53,303)	(74,539)	(41,321)	(51,445)	(184,787)
Plus: Pension Adjustment	-	-	-	-	-	-	-	-	-	-
Plus: OPEB adjustment	-	-	-	-	-	-	-	-	-	-
Net Earnings per Revenue Bond Covenant	\$ 11,208,758	\$ 9,987,883	\$ 11,904,354	\$ 14,198,022	\$ 15,619,578	\$ 15,644,509	\$ 15,714,545	\$ 16,401,903	\$ 19,272,550	\$ 17,452,831

Debt Service Requiring Coverage, Per Covenant	2013 (Restated)	2014	2015 (Restated)	2016	2017 (Restated)	2018 (Restated)	2019	2020 (Restated)	2021 (Restated)	2022
Revenue Bond Debt Service	\$ 7,614,245	\$ 8,431,899	\$ 9,394,938	\$ 9,092,681	\$ 9,090,061	\$ 9,043,103	\$ 9,049,389	\$ 5,791,765	\$ 5,397,930	\$ 4,462,343
GO Bond Debt Service Paid with Revenues (1)	188,661	-	-	-	-	-	-	-	-	-
Debt Service Covenant for Coverage Test	\$ 7,802,906	\$ 8,431,899	\$ 9,394,938	\$ 9,092,681	\$ 9,090,061	\$ 9,043,103	\$ 9,049,389	\$ 5,791,765	\$ 5,397,930	\$ 4,462,343
Debt Service Coverage Ratio Based on Revenue Bond Coverage (2) (4)	1.44	1.18	1.27	1.56	1.72	1.73	1.74	2.83	3.57	3.91

Total District Debt Service Coverage Calculation	2013 (Restated)	2014	2015 (Restated)	2016	2017 (Restated)	2018 (Restated)	2019	2020 (Restated)	2021 (Restated)	2022
Net Earnings per Revenue Bond Covenant	\$ 11,208,758	\$ 9,987,883	\$ 11,904,354	\$ 14,198,022	\$ 15,619,578	\$ 15,644,509	\$ 15,714,545	\$ 16,401,903	\$ 19,272,550	\$ 17,452,831
Plus: Ad valorem taxes used for GO debt service	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	5,474,572
Adjusted Net Earnings	\$ 13,141,561	\$ 11,420,221	\$ 13,688,253	\$ 16,052,157	\$ 18,587,328	\$ 18,864,469	\$ 18,930,540	\$ 19,509,437	\$ 22,553,365	\$ 22,927,403
Total District Debt Service	10,242,527	10,243,396	10,085,583	10,946,816	12,057,811	12,263,063	12,265,384	8,899,299	8,678,745	9,936,915
Total District Debt Service Coverage (3), (4)	1.28	1.11	1.36	1.47	1.54	1.54	1.54	2.19	2.60	2.31

(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&T (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 2012 to CY 202

Calendar Year	(1) July 1 Population	Personal Income (1)		(3) Median Age	(4) School Enrollment	(5) Unemployment Rate
		Total	Per Capita			
2021	335,864	\$ 16,993,490,000	\$ 50,596	38.0	52,324	4.1%
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%

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 2022 & FY 2012

Company Name	Business/Product	Employees and % of Workforce	
		2022	2012
BMW Manufacturing Corporation	Automotive manufacturer	11,000	7,200
Spartanburg Regional Medical Center	Hospital	9,648	5,624
Spartanburg County Schools	Public school system	7,851	6,560
State of South Carolina	State government	2,593	2,275
Spartanburg County	County government, courts, law enforcement	1,568	1,453
Adidas	Sporting and recreational goods and supplies	1,450	N/A*
Draexlmaier Automotive of America LLC	Automotive component supplier	1,225	N/A*
Michelin North America	Radial truck tire manufacturer	1,150	1,070
Benore Logistics Systems	Logistics	1,100	N/A*
Plastic Omnium	Plastic injection molded interiors	1,100	N/A*

Data Source:

Spartanburg County Economic Development Corporation and individual employers

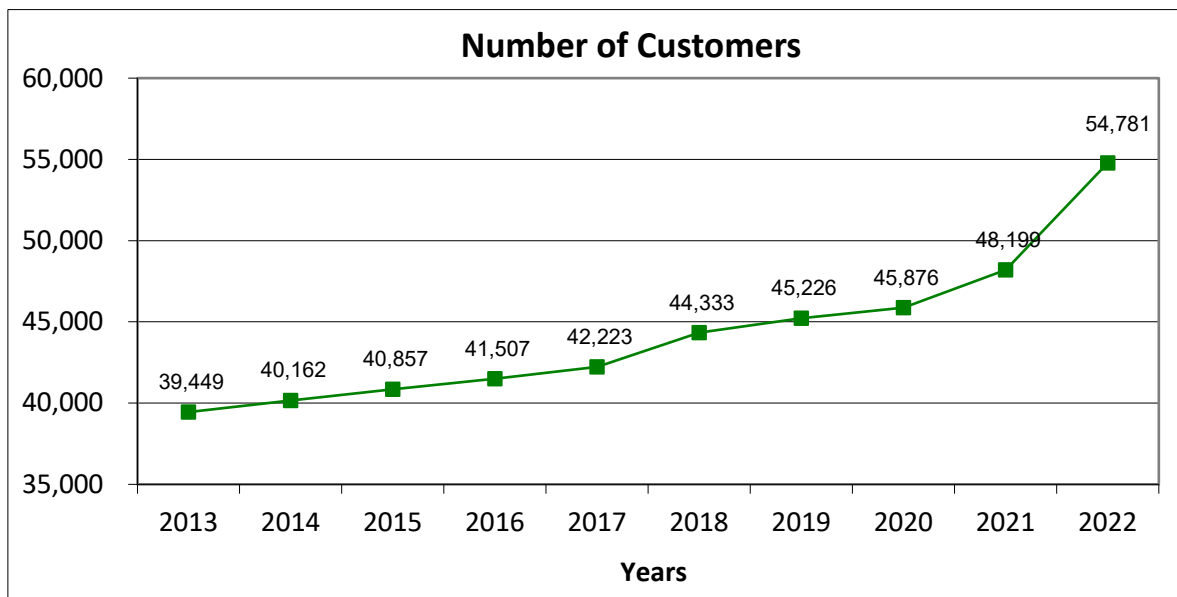
(N/A*) Data unavailable

Operating Information

Number of District Customers

FY 2013 to FY 2022

Fiscal Year	Total Number of Customers
2022	54,781
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



Schedule of User Charges

FY 2022

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.

SPARTANBURG SANITARY SEWER DISTRICT CAPACITY FEES**Single-Family and Multi-Family Capacity Fee Rates (Effective 8/2/2021)**

REU	GALLONS/DAY	DISTRICT CAPACITY FEE	SUB-DISTRICT CAPACITY FEE
Single-Family	300	\$1,200	\$466
Multi-Family 3-bedroom	300	\$1,200	\$466
Multi-Family 2-bedroom	225	\$900	\$349
Multi-Family 1-bedroom	150	\$600	\$233

Non-Residential Capacity Fee Rates (Effective 8/2/2021)

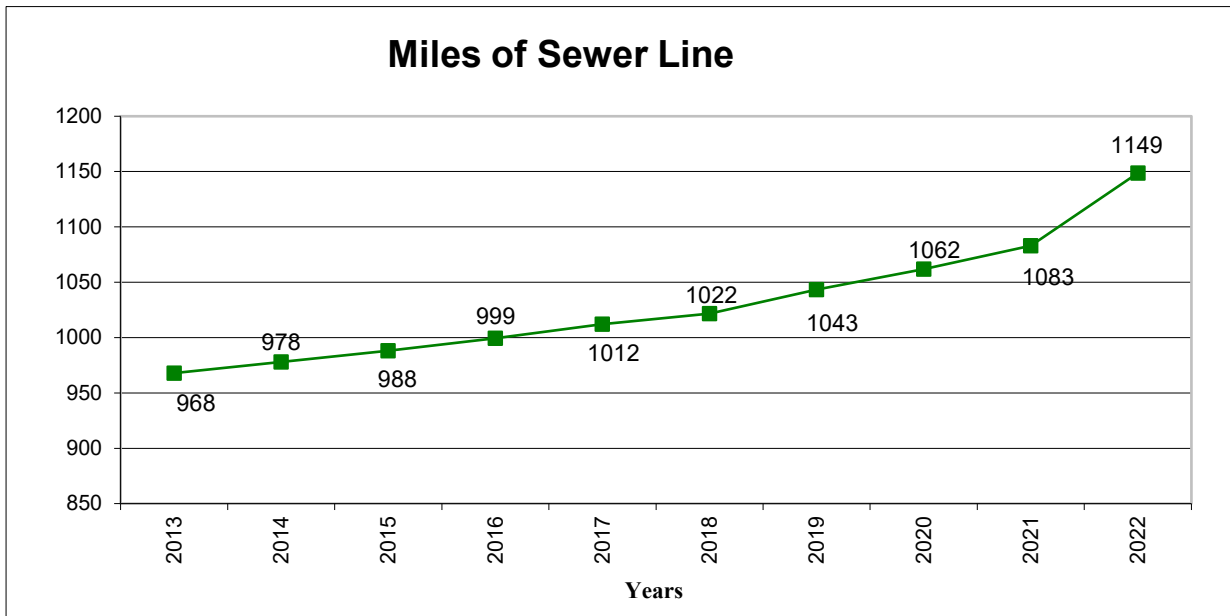
METER SIZE	RATIO	DISTRICT CAPACITY FEE	SUB-DISTRICT CAPACITY FEE
5/8"	1	\$1,200	\$466
1"	2.5	\$3,000	\$1,165
1 ½"	5	\$6,000	\$2,330
2"	8	\$9,600	\$3,728
3"	18	\$21,600	\$8,388
4"	29	\$34,800	\$13,514
6"	108	\$129,600	\$50,328
8"	132	\$158,400	\$61,512

*Meter sizes larger than 8" to be negotiated by SWS staff.

Miles of Sewer Line

FY 2013 to FY 2022

Fiscal Year	Miles of Sewer Line	Percent Increase
2013	968	2.20%
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%
2022	1149	6.07%



Schedule of Treatment Plants

FY 2022

Treatment Plant	Permitted Capacity (MGD)	Average Flow (MGD)
Clifton Converse	0.290	0.121
Cowpens	1.500	0.170
Fairforest	25.000	10.156
Fingerville	0.020	0.002
Lower North Tyger River	3.100	1.461
Pacolet Mills	0.300	0.062
Page Creek	1.000	0.295
South Tyger River	1.000	0.335
Chesnee	0.490	0.160
	<u>32.700</u>	<u>12.762</u>

Number of Employees

FY 2013 to FY 2022

Fiscal Year	Number of Employees
2013	69
2014	68
2015	70
2016	73
2017	76
2018	74
2019	74
2020	74
2021	80
2022	80

