

**Woodruff-Roebuck Water District**  
**Financial Statements**  
**Years Ended September 30, 2020 and 2019**

**Woodruff-Roebuck Water District**

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## Independent Auditor's Report

Board of Commissioners  
Woodruff-Roebuck Water District  
Woodruff, South Carolina

We have audited the accompanying financial statements of the **Woodruff-Roebuck Water District** as of and for the years ended September 30, 2020 and 2019, which comprise the statements of net position as of September 30, 2020 and 2019, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodruff-Roebuck Water District as of September 30, 2020 and 2019, and changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the South Carolina Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 38 and 39, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

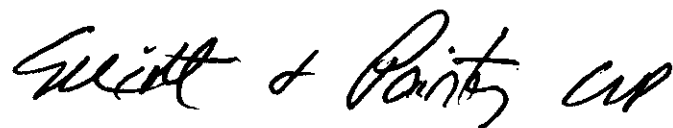
**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Woodruff-Roebuck Water District's basic financial statements. The accompanying schedules of selected revenues and expenses on pages 40 and 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of selected revenues and expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The system information on pages 42 through 46 and annual report relating to the General Obligation Bonds on pages 47 through 51 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2021, on our consideration of Woodruff-Roebuck Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodruff-Roebuck Water District's internal control over financial reporting and compliance.



Spartanburg, South Carolina  
March 17, 2021

**Woodruff-Roeback Water District****Management's Discussion and Analysis**

As management of the Woodruff-Roeback Water District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

**Summary of Organization and Business**

The District is a special purpose district created pursuant to Act No. 1101 of 1956 by the General Assembly of the State of South Carolina, as amended. The District was established for the purpose of providing waterworks, fire, and sewer service within the District. The District provides water service, limited sewer service, and no fire service.

The District has full power and authority to build, operate, and maintain water distribution facilities within its service territory. The District has full power and authority to employ such officers, agents, and employees as the District may, in its sole discretion, deem necessary to administer the operation and maintenance of the system, and to fix the schedule of rates and charges for services furnished by the system. The District is not subject to rate regulation by any other government body.

A five (5) member Board of Commissioners, serving six (6) year staggered terms governs the District. The District elects its own officers.

Operational and maintenance costs of the system are funded from system revenues. The acquisition and construction of capital assets are funded by revenue bond proceeds, general obligation bond proceeds, capital lease proceeds, developers, and customer revenues.

The District issued its Series 2016 General Obligation Bonds in the amount of \$2,170,000 on April 5, 2016 to provide funds for construction and raw water storage facilities, construction and expansion of the water treatment plant and upgrades and improvements to the water distribution system. As of September 30, 2018, all of these funds had been spent on these projects.

The District issued its Water System Refunding Revenue Bonds, Series 2016 in the amount of \$33,790,000 on November 22, 2016 for the purpose of defeasing principal and interest due on the Water System Improvement Revenue Bonds, Series 2010 maturing after June 1, 2020 and to pay costs of issuance, including premium due on any financial guaranty insurance policy.

The District issued its Series 2017 General Obligation Bonds in the amount of \$765,000 on October 27, 2017 to provide funds for construction of raw water treatment facilities, construction and expansion of its water treatment facility and upgrades and improvements to the water distribution system. As of September 30, 2018, all of these funds had been spent on these projects.

The District issued its Series 2018 General Obligation Bonds in the amount of \$451,250 on October 24, 2018 for the purpose of integrating the waterworks system with the adjoining system and for designing, equipping and constructing improvements to the System. As of September 30, 2019, all of these funds had been spent on these projects.

The District issued its Water System Improvement Revenue Bond Anticipation Note, Series 2018 in the amount of \$3,030,000 on November 28, 2018 for the purpose of providing funds to defray the costs of improvements and costs of issuance. As of September 30, 2019, \$2,105,863 of these funds had been spent on these projects.

The District issued its Water System Improvement Revenue Bond Anticipation Note, Series 2019 in the amount of \$4,710,000 on November 26, 2019 for the purpose of redeeming the 2018 Series Bond Anticipation Note and to

**Woodruff-Roebuck Water District****Management's Discussion and Analysis**

provide funds to defray the costs of improvements and the costs of issuance. As of September 30, 2020, \$3,030,000 of these funds had been spent to redeem the 2018 Series Bond Anticipation note and \$25,489 had been spent on the costs of issuance.

The District issued its Series 2020 Revenue Bonds on the amount of \$8,210,000 on June 2, 2020 for the purposes of redeeming the Series 2019 Revenue Bond Anticipation Note and providing funds to defray the costs of improvements and the costs of issuance. As of September 30, 2020 \$4,751,369 had been spent to redeem the 2019 Bond Anticipation Note and \$256,256 had been spent on costs of issuance.

The District's water system currently consists of three (3) booster pump stations, six (6) water storage tanks that have a capacity of holding 4.45 million gallons of water, and approximately 350 miles of water mains and distribution lines varying in size from two (2) to thirty (30) inches in diameter. The system also includes a 4.4 million gallon per day water treatment facility which has the potential for expansion to 17.6 million gallons per day. According to the Department of Health and Environmental Control, the District serves approximately 24,300 residents.

**Financial Highlights**

- The District's total net position increased \$1,427,372 for the year. The increase of net position was the result of operating revenues exceeding operating expenses. Operating income less expenses for the year was \$2,170,055.
- Through September 30, 2020, \$4,392,422 has been expended on a reservoir project, \$232,981 has been expended on water supply projects, \$447 has been expended on the Enoree dam, \$4,381 has been expended on Enoree Phase IV, \$6,041 has been spent on the ABCO project, and \$3,746,647 has been expended on the expansion of the water treatment plant. These costs totaling \$8,382,919 are carried in the construction in progress account in the notes to the financial statements.
- Major capital expenditures during the year included: \$28,323 for a 2020 Ford Ranger; \$2,372,494 for expansion of the water treatment plant and \$20,362 for new computers and software. With the exception of the water treatment plant expansions, these costs have been capitalized in the water distribution system and equipment accounts and are subject to depreciation.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements, which include the statements of net position, statements of revenues, expense and changes in net position, statements of cash flows, and notes to the financial statements, are presented to display information about the District as a whole in accordance with GASB 34. The financial statements are prepared on the accrual basis of accounting. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

**Statements of Net Position** - These statements present information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**Statements of Revenues, Expenses and Changes in Net Position** - These statements present information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

# Woodruff-Roebuck Water District

## Management's Discussion and Analysis

**Statements of Cash Flows** - These statements show the nature of the District's cash flows for the year segregated between operating, capital and related financing, and investing activities. They detail the sources of cash received and how it was dispersed during the year. They also present a reconciliation of net operating income to cash flows from operating activities which shows how changes in various assets and liabilities affect the cash flows.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements are on pages 16 to 38 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning the District's revenues and expenses. Supplementary information can be found beginning on page 39 of this report.

### Government-Wide Financial Analysis

The District's net position at year-end is \$19,275,554. This is an increase of \$1,427,372 over last year's net position of \$17,848,182. The following table provides a summary of the District's net position at September 30, 2020 and 2019:

#### Woodruff-Roebuck Water District's Net Position

	2020	2019
<b>Assets and Deferred Outflows</b>		
Current assets	\$ 6,114,306	\$ 4,592,573
Restricted assets	7,133,474	3,833,456
Capital assets, net of depreciation	55,389,091	54,008,484
Deferred outflows of resources	3,222,138	3,218,107
Total assets and deferred outflows of resources	<u>71,859,009</u>	<u>65,652,620</u>
<b>Liabilities and Deferred Inflows</b>		
Current liabilities (payable from operating fund)	164,420	202,815
Current liabilities (payable from restricted assets)	3,069,178	5,538,551
Long term liabilities	49,149,803	41,915,499
Deferred inflows of resources	200,054	147,573
Total liabilities and deferred inflows of resources	<u>52,583,455</u>	<u>47,804,438</u>
<b>Net position</b>		
Net investment in capital assets	15,372,904	15,591,796
Restricted	557,114	370,529
Unassigned	3,345,536	1,885,857
Total net position	<u>\$ 19,275,554</u>	<u>\$ 17,848,182</u>

The District's investment in capital assets exceeds related debt by \$15,372,904. The District uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

# Woodruff-Roebuck Water District

## Management's Discussion and Analysis

Restricted net position of \$497,404 is available for future debt service on general obligation bonds and \$59,710 is available for capital projects.

The remaining net position is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors. There was an increase of \$1,459,679 in the unrestricted net position for the District's activities resulting in unrestricted net position of \$3,345,536 at September 30, 2020. There was a decrease in net investment in capital assets of \$218,892 and revenue exceeded expenses by \$1,427,372.

The following table provides a summary of the District's changes in net position for the years ended September 30, 2020 and 2019:

### Woodruff-Roebuck Water District's Changes in Net Position

	2020	2019
Program revenues		
Charges for services	\$ 7,020,884	\$ 6,674,865
Other operating revenue	87,887	87,998
Nonoperating revenues		
Property taxes	1,069,258	1,085,965
Other revenues	163,218	179,623
Capital grants		268,300
Total revenues	<u>8,341,247</u>	<u>8,296,751</u>
Program expenses		
Direct operating	2,460,352	2,336,418
General and administrative	946,351	817,086
Depreciation and amortization	1,522,373	1,503,731
Bank credit card charges	9,639	5,345
Nonoperating expenses		
Other expenses	<u>1,975,160</u>	<u>1,715,538</u>
Total expenses	<u>6,913,875</u>	<u>6,378,118</u>
Change in net position	1,427,372	1,918,633
Net position, beginning	<u>17,848,182</u>	<u>15,929,549</u>
Net position, ending	<u>\$ 19,275,554</u>	<u>\$ 17,848,182</u>

The District's total operating revenues increased \$345,908. The total cost of all programs and services increased \$276,136. Net nonoperating expenses increased \$292,733. Key elements of the decrease in net nonoperating expenses are as follows:

- Debt issuance costs increased by \$235,876.

### Financial Analysis of the District

As noted earlier, the District uses the accrual basis of accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Water District is a special purpose district engaged only in business-type activities that accounts for operations



# **Woodruff-Roebuck Water District**

## **Management's Discussion and Analysis**

in a manner similar to a private business enterprise. Operations are accounted for in such a manner as to show net income or loss from operations, and the District is intended to be entirely or predominantly self-supported from user charges.

Service revenue increased \$346,019 from the previous year. Operating expenses increased \$276,136. The increase in service revenue was principally due to an increase of 5.0% in billing rates effective October 1, 2019, although there was an increase in water consumption and new customers during 2020.

### **Capital Assets and Debt Administration**

**Capital Assets.** The District's investment in capital assets for its business-type activities as of September 30, 2020, totals \$55,389,091 (net of accumulated depreciation). These assets include buildings, land, machinery, equipment, vehicles, water distribution systems, treatment plant, and construction in progress.

Major capital asset transactions during the year include the following additions:

Water treatment plant expansion paid for with Revenue BANs and Operating Funds	\$	2,372,494
Computers and software paid for with operating funds	\$	20,362
2020 Ford Ranger paid for with operating funds	\$	28,323

### **Woodruff-Roebuck Water District's Capital Assets**

	2020	2019
Land	\$ 1,172,922	\$ 1,172,922
Land Improvements	1,184,677	1,276,866
Water Distribution System	21,501,752	21,776,308
Treatment plant	20,498,954	20,841,541
Buildings and Equipment	2,533,696	2,830,224
Vehicles	114,171	126,208
Construction in Progress	8,382,919	5,984,415
Total	<u>\$ 55,389,091</u>	<u>\$ 54,008,484</u>

Additional information on the District's capital assets can be found in Note 6 of the basic financial statements.

**Woodruff-Roebuck Water District**  
**Management's Discussion and Analysis**

**Debt Administration.** Long-term obligations consist of the following:

	2020	2019
Long-term obligations		
General Obligation Bonds	\$ 3,505,460	\$ 4,298,923
Revenue Bonds	41,890,000	37,795,000
Capital lease obligation	226,719	285,732
Compensated absences	158,320	121,029
Net pension liability	2,614,317	2,445,316
Total	<u>\$ 48,394,816</u>	<u>\$ 44,946,000</u>

Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, provides that special purpose districts may incur general obligation indebtedness upon such terms and conditions as the General Assembly may prescribe by general law subject to the following limitations: (i) such debt must be incurred only for a purpose which is a corporate purpose for such body, and (ii) unless excepted therefrom, such debt may be issued in an amount not exceeding eight percent of the assessed value of all taxable property of such special purpose district. The District's outstanding general obligation indebtedness was validly issued and incurred in compliance with the Constitution and State law. Given the District's outstanding general obligation indebtedness and its most recent assessed value, as calculated by the County Auditor of Spartanburg County, South Carolina, the District is below the general obligation indebtedness limit at this time.

Property taxes assessed by Spartanburg County, South Carolina are used to fund the repayment of general obligation bonds and the interest thereon. For the year ended September 30, 2020, property tax revenues totaled \$1,069,258 and debt service payments totaled \$882,673.

Interest on the Series 2010 Revenue Bonds of \$25,799 and principal of \$1,045,000 were paid during the year. A portion of the interest due on the 2010 Revenue Bonds was defeased with the issuance of the Water System Refunding Revenue Bonds, Series 2016 which were called during the year ended September 30, 2020.

On November 22, 2016, the Water District issued \$33,790,000 Water System Refunding Revenue Bonds, Series 2016 to place in escrow \$35,454,153 for purposes of defeasing the interest on the Series 2010 Revenue Bonds due after June 1, 2020 and the principal of the bonds due after June 1, 2020. The remaining Revenue Bonds outstanding after June 1, 2020 were subject to call at face value and were called on June 1, 2020. Interest of \$487,950 was paid on these bonds during the year ended September 30, 2020.

Additional information regarding the District's long-term debt can be found in Note 7 of the basic financial statements.

#### **Economic Factors and Next Year's Rates**

The following are key economic indicators for the District:

- The unemployment rate for Spartanburg County, which includes the District compares favorably with the national and state unemployment rate.
- The District serves both the rural and residential community. The District has experienced considerable growth in its customer base in the past few years and continued growth is anticipated.
- For the District's general obligation bond debt service, the property tax rate decreased to 10.2 mills compared to 10.9 mills the previous year. Assessed value of the District's property increased \$5,463,032 for 2019 tax billings.

**Woodruff-Roebuck Water District**

**Management's Discussion and Analysis**

**Requests for Information**

This report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Woodruff-Roebuck Water District, 9890 Highway 221, Woodruff, South Carolina.

## Woodruff-Roebuck Water District

Statements of Net Position  
September 30, 2020 and 2019

## ASSETS

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,315,937	\$ 2,823,670
Certificates of deposit	773,574	765,487
Accounts receivable, net of allowance	358,918	367,913
Grant and other receivables	32,500	11,232
Unbilled revenues	452,170	434,023
Inventory	131,422	152,301
Prepaid expenses	49,785	37,947
Total current assets	<u>6,114,306</u>	<u>4,592,573</u>
Restricted Assets		
Cash and cash equivalents restricted to capital projects	5,780,663	2,666,185
Property taxes receivable, net of allowance	47,292	54,032
Cash with fiscal agent	509,822	316,497
Investments for revenue bonds payable	795,697	796,742
Total restricted assets	<u>7,133,474</u>	<u>3,833,456</u>
Other Assets		
Capital assets, net	<u>55,389,091</u>	<u>54,008,484</u>
Total other assets	<u>55,389,091</u>	<u>54,008,484</u>
Total assets	<u>68,636,871</u>	<u>62,434,513</u>
Deferred Outflows of Resources		
Related to pension	303,919	147,244
Related to revenue bond refunding	<u>2,918,219</u>	<u>3,070,863</u>
Total deferred outflows	<u>3,222,138</u>	<u>3,218,107</u>
Total assets and deferred outflows	<u>\$ 71,859,009</u>	<u>\$ 65,652,620</u>

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

## Woodruff-Roebuck Water District

Statements of Net Position  
September 30, 2020 and 2019

## LIABILITIES AND NET POSITION

	2020	2019
Liabilities		
Current Liabilities (payable from operating fund)		
Accounts payable	\$ 63,405	\$ 79,399
Salaries and benefits payable	34,200	58,248
Accrued interest payable	2,934	3,761
Customer deposits	2,395	2,395
Current portion of lease payable	61,486	59,012
Total current liabilities (payable from operating fund)	<u>164,420</u>	<u>202,815</u>
Current Liabilities (payable from restricted assets)		
Accounts payable	621,883	129,564
Accrued interest on revenue bonds	517,664	500,524
Current portion of general obligation bonds payable	809,631	793,463
Current portion of revenue bonds payable	1,120,000	4,115,000
Total current liabilities (payable from restricted assets)	<u>3,069,178</u>	<u>5,538,551</u>
Long term liabilities		
Compensated absences payable	158,320	121,029
Lease payable, less current portion	165,233	226,720
Revenue bonds payable, less current portion	40,770,000	33,680,000
General obligation bonds payable, less current portion	2,695,829	3,505,460
Bond premium, net	2,746,104	1,936,974
Net pension liability	2,614,317	2,445,316
Total long term liabilities	<u>49,149,803</u>	<u>41,915,499</u>
Total liabilities	<u>52,383,401</u>	<u>47,656,865</u>
Deferred Inflows of Resources	<u>200,054</u>	<u>147,573</u>
Net Position		
Net investment in capital assets	15,372,904	15,591,796
Restricted		
General obligation bond repayments	497,404	310,819
Capital projects	59,710	59,710
Unrestricted	3,345,536	1,885,857
Total net position	<u>19,275,554</u>	<u>17,848,182</u>
Total liabilities and net position	<u>\$ 71,859,009</u>	<u>\$ 65,652,620</u>

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

**Woodruff-Roebuck Water District**

Statements of Revenues, Expenses and Changes in Net Position  
 Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues		
Charges for services	\$ 7,020,884	\$ 6,674,865
Other operating revenue	87,887	87,998
Total operating revenues	<u>7,108,771</u>	<u>6,762,863</u>
Operating expenses		
Personal Services	1,885,915	1,795,790
Water Purchases	28,480	59,844
Contractual Services	67,909	71,110
Repairs, materials and supplies	478,048	409,674
General and administrative	946,352	817,086
Depreciation	1,522,373	1,503,731
Bank credit card charges	9,639	5,345
Total operating expenses	<u>4,938,716</u>	<u>4,662,580</u>
Operating income	2,170,055	2,100,283
Nonoperating revenues (expenses)	<u>(742,683)</u>	<u>(449,950)</u>
Income before capital grants	1,427,372	1,650,333
Capital grants and contributions		<u>268,300</u>
Change in net position	1,427,372	1,918,633
Total net position, beginning of year	<u>17,848,182</u>	<u>15,929,549</u>
Total net position, end of year	<u>\$ 19,275,554</u>	<u>\$ 17,848,182</u>

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

## Woodruff-Roebuck Water District

Statements of Cash Flows  
Years ended September 30, 2020 and 2019

	2020	2019
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 7,099,617	\$ 7,182,106
Cash paid for goods and services	(1,569,880)	(1,315,893)
Cash paid to employees for services	(1,807,865)	(1,694,880)
Other expenses	(2,500)	(2,354)
Net cash provided by (used in) operating activities	<u>3,719,372</u>	<u>4,168,979</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Property tax collections	1,075,998	1,066,360
Change in cash held by fiscal agent	(193,325)	93,294
Proceeds from capital grants	11,232	262,568
Interest paid on capital lease obligation	(11,252)	(13,627)
Interest paid on general obligation bonds	(89,210)	(114,327)
Interest paid on revenue bonds	(1,425,742)	(1,331,126)
Principal payments on capital leases	(59,012)	(56,637)
Proceeds from issuance of general obligation bonds		451,250
Principal payments on general obligation bonds	(793,463)	(1,045,327)
Proceeds from revenue bond anticipation notes	13,785,632	3,030,000
Principal paid on revenue bonds	(8,825,000)	(1,050,000)
Payments for debt issuance costs incurred	(197,743)	(43,570)
Proceeds from sale of capital assets		10,951
Acquisition and construction of capital assets	(2,410,661)	(1,873,371)
Net cash provided by (used in) capital and related financing activities	<u>867,454</u>	<u>(613,562)</u>
<b>Cash Flows from Investing Activities</b>		
Interest earned on investments	26,960	39,759
Interest reinvested - net	(8,086)	(12,744)
Net proceeds from revenue bond investments	1,045	(304)
Net cash provided by (used in) investing activities	<u>19,919</u>	<u>26,711</u>
Net increase (decrease) in cash and cash equivalents	4,606,745	3,582,128
Cash and cash equivalents, Beginning of year	<u>5,489,855</u>	<u>1,907,727</u>
Cash and cash equivalents, End of year	<u><u>\$ 10,096,600</u></u>	<u><u>\$ 5,489,855</u></u>

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

## Woodruff-Roeback Water District

Statements of Cash Flows  
Years ended September 30, 2020 and 2019

	2020	2019
Reconciliation of Operating Income to Net Cash		
Provided by (Used in) Operating Activities		
Operating income	\$ 2,170,055	\$ 2,100,283
Adjustments to reconcile operating income (loss)		
to net cash provided by (used in) operating activities		
Depreciation and amortization	1,522,373	1,503,731
Other expenses	(2,500)	(2,354)
Pension expense	64,805	81,419
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	8,995	237,364
(Increase) decrease in unbilled revenue	(18,147)	181,879
(Increase) decrease in inventory	20,879	24,146
(Increase) decrease in prepaid expenses	(11,837)	(239)
(Increase) decrease in other receivables	(32,500)	
Increase (decrease) in accounts payable	(15,994)	23,260
Increase (decrease) in accrued salaries and benefits payable	(24,048)	14,536
Increase (decrease) in accrued compensated absences	37,291	4,954
Total adjustments	1,549,317	2,068,696
Net cash provided by (used in)		
operating activities	\$ 3,719,372	\$ 4,168,979

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



**Woodruff-Roeback Water District**

## Notes to Financial Statements

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of Woodruff-Roeback Water District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are presented below.

**a. Reporting Entity**

Woodruff-Roeback Water District ("District") is a special purpose tax district, created on February 25, 1956 by the General Assembly of the State of South Carolina under Act. No. 1101 ("Act"). Under the Act, the District is empowered to construct, operate, maintain, improve and extend a water distribution system, a sewer system, and a system of fire protection within the District. Currently the District provides a treatment plant, water distribution system and a small sewer system (Enoree). The District is operated and managed by a commission consisting of five elected members who serve six (6) year staggered terms.

The financial statements of the District consist only of the operations and related assets of the District. The District has no oversight responsibility for any other governmental entity, since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

**b. Basis of Presentation**

The District operates as an enterprise fund. 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.

**c. Measurement Focus and Basis of Accounting**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP) using full accrual basis accounting.

Major revenue sources susceptible to accrual include property taxes and charges for services.

Property tax revenues are assessed and collected by Spartanburg County and are remitted to the District. Property taxes are levied each September (except automobiles which are annually assessed on the first day of the month the automobiles are registered) on the assessed value as of the prior December 31 for all real and personal property located in the County. Taxes are due in one payment on or before January 15. A three percent penalty is added on January 16. If taxes remain unpaid on February 2, a seven percent penalty is added to the total of taxes plus penalties. If taxes remain unpaid on the March 17 lien date, an additional five percent penalty is added to the total of taxes and penalties plus a \$15 delinquent execution charge.

Operating income includes revenues and expenses related to the primary continuing operation of the District. Operating revenue includes charges for water service and related items. Operating expenses consist of the costs of providing the goods and services and include administrative expenses and depreciation of the capital assets.

**Woodruff-Roebuck Water District**

## Notes to Financial Statements

**Note 1 - (continued)****d. Budgets and Budgetary Accounting**

The District prepares an annual budget for its operations that is approved by the Board of Commissioners. The budget may be amended by the Commissioners during the year. It is prepared on the modified cash basis of accounting.

**e. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position**

*Statement of Cash Flows* - For the purposes of the Statement of Cash Flows, the District considers all highly liquid investments (excluding cash with fiscal agents and held in trust by third parties) with a maturity of three months or less when purchased to be cash equivalents.

*Restricted Cash* - Certain cash and investments are restricted for debt service and capital expenditures by the District's Bond Ordinances. As of September 30, 2020 and 2019, investments of \$795,697 and \$796,742 were restricted for debt service reserves, cash equivalents of \$5,780,663 and \$2,666,185 were restricted to capital projects, and cash with fiscal agent of \$509,822 and \$316,497 were restricted for debt service and capital projects.

**1. Allowance for Doubtful Accounts**

All receivables that historically experience uncollectible accounts (taxes and water billings) are shown net of an allowance for doubtful accounts. This amount is estimated by reviewing the aging reports and analyzing the percentage of receivables that were not collected in prior years.

**2. Inventory**

Inventory is carried at weighted average cost determined on the first-in/first-out method. It consists primarily of plant and water distribution supplies, chemicals, and spare parts.

**3. Investments**

The District reports all equity and debt securities at fair value in the statement of net position and all changes in fair value as increases or decreases in capital assets under construction in the statement of net position. Such fair values are based on quoted market prices.

**4. Capital Assets**

The District's capital assets are recorded at cost or estimated historical costs. Donated capital assets are recorded at their estimated fair value at the date of donation.

It is the policy of the District to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

# Woodruff-Roebuck Water District

## Notes to Financial Statements

### Note 1 - (continued)

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

	Years
Land Improvements	20
Building, Treatment Plant and Water Distribution System	5-50
Machinery and Equipment	3-10
Vehicles and Office Equipment	5-10

When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded as nonoperating revenues and expenses.

#### 5. Capitalized Interest

Interest costs, less related interest income, are capitalized into construction in progress during an extended period of construction.

#### 6. Premium on Bonds Payable

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Material bond premiums and discounts are recorded in the statement of net position and amortized over the life of the bonds using the straight-line method that approximates the effective interest method.

The premium on revenue bonds payable at September 30, 2020 and 2019, of \$2,729,405 and \$1,907,045 (net of accumulated amortization of \$372,131 and \$314,852) is being amortized over the term of the bonds. The premium on general obligation bonds payable at September 30, 2020 and 2019 of \$16,699 and \$29,929 (net of accumulated amortization of \$65,766 and \$52,536) is also being amortized over the term of the bonds.

#### 7. Compensated Absences

The annual leave policy of the District grants employees up to 19 days of annual leave based on years of employment which can be utilized for vacation, personal and family illness, and personal appointments and errands. The District allows employees to accumulate their unused annual leave up to a maximum of 90 days, in a long-term disability account. Unused accumulated long-term disability days are forfeited when an employee separates from service unless the employee retires or becomes disabled. The accrued liability for compensated absences totaled \$158,320 and \$121,029 at September 30, 2020 and 2019.

#### 8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and additions to/deductions from SCRS' fiduciary net position have been determined on the same basis as they are reported by the South Carolina Public Employee Benefit Authority (PEBA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Woodruff-Roebuck Water District**

## Notes to Financial Statements

**Note 1 - (continued)****9. Deferred Outflows/Inflows of Resources**

As defined by GASB Concept Statement No. 4 "Elements of Financial Statements", deferred outflows of resources and deferred inflows of resources are the consumption of net position by the government that are applicable to a future reporting period and an acquisition of net position by the government that are applicable to a future reporting period, respectively.

**10. Operating Revenues and Expenses**

Operating revenues and expenses consist of those revenues 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 type of activities and result from non-exchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position first.

**11. Nonexchange Transactions**

The District recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim arises, or when all eligibility requirements are met. Nonexchange transactions occur when one party provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Grants and capital contributions are examples of nonexchange transactions.

Transmission and distribution system assets contributed to the District by independent installers are capitalized at the installers' costs, which approximate fair value at the time of the District's acquisition, and recorded as revenue when received. For the years ended September 30, 2020 and 2019, there were \$0 and \$5,755 of contributions, respectively.

**12. Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**13. Net Position**

Net position in the financial statements is classified as net investment in capital assets, restricted, and unrestricted. Net position is reported as restricted when there are legal limitations imposed on their use by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

The District has a revenue spending policy that provides guidance for programs with multiple revenue sources. The General Manager will use resources in the following hierarchy: federal funds, state funds, county funds, and local funds. For purposes of net position classification, expenditures are to be spent from restricted net position first. The Board of Commissioners has the authority to deviate from this policy if it is in the best interest of the District.

**Woodruff-Roebuck Water District****Notes to Financial Statements****Note 1 - (continued)****14. Income Taxes**

Woodruff-Roebuck Water District is recognized as a public utility for federal income tax purposes. As such, gross revenues of the District are excluded from federal income taxes under Internal Revenue Code Section 115.

**Note 2 - Cash and Cash Equivalents**

The District maintains various checking accounts with three financial institutions. At September 30, 2020, the carrying amount of the District's deposits was \$6,680,629 and the bank balance was \$6,640,056. Of the bank balance at September 30, 2020, \$1,236,974 was insured by federal depository insurance, \$5,369,767 was collateralized with securities held by the financial institution in the District's name and \$33,315 was uncollateralized. The District has not experienced any losses in these bank accounts and believes that they are not exposed to any significant risk on cash and temporary investments. The District has no policy regarding custodial credit risks for deposits. In addition, the District has a formal policy regarding investment decisions and credit risk.

**Note 3 - Investments**

As of September 30, 2020 and 2019, the District had \$795,697 and \$796,742 of investments in cash, obligations of the United States and its agencies. At September 30, 2020 and 2019, all investments were in the First American Government Obligation Fund.

Required payments from the District to the Debt Service Fund for the 2010 Revenue Bonds totaled \$717,567 and \$1,065,196 for the years ended September 30, 2020 and 2019.

Required payments from the District to the Debt Service Fund for the 2016 Refunding Revenue Bonds totaled \$1,664,123 and \$1,298,656 for the years ended September 30, 2020 and 2019.

Concurrent with the issuance of the Series 2016 Revenue Refunding Bonds, Assured Guaranty Municipal Corporation issued its Municipal Bond Insurance Policy for the Series 2016 Bonds. The policy guarantees the scheduled payment of principal and interest on the Series 2016 Bonds when due as set forth in the form of the policy. The policy is not covered by any insurance security or guaranty fund established under any state insurance law.

Concurrent with the issuance of the Series 2020 Revenue Bonds, Assured Guaranty Municipal Corporation issued its Municipal Bond Insurance Policy for the Series 2020 Bonds. The policy guarantees the scheduled payment of principal and interest on the Series 2020 Bonds when due as set forth in the form of the policy. The policy is not covered by any insurance security or guaranty fund established under any state insurance law.

**Woodruff-Roebuck Water District****Notes to Financial Statements****Note 3 - (continued)**

Investments of the District are invested pursuant to statutes established by the State of South Carolina. The statutes allow for the investment of money in the following investments:

1. Obligations of the United States and its agencies;
2. General obligations of the State of South Carolina and any of its political units. Savings and loan association deposits to the extent they are insured by the Federal Deposit Insurance Corporation;
3. Certificates of deposit which are collaterally secured by securities of the type described above, held by a third party as escrow agent or custodian, at a market value not less than the amount of certificates of deposit secured, including interest, provided, however, such collateral shall not be required to the extent the same are insured by an Agency of the Federal government.
4. Collateralized repurchase agreements which are collateralized by securities as set forth in (1) and (2);
5. South Carolina Pooled Investment Fund established and maintained by the State Treasurer.

**Note 4 - Taxes Receivable**

Taxes receivable (current and delinquent) represent property and vehicle taxes which have been collected and remitted to Spartanburg County Treasurer's office for its distribution to the District and taxes due but uncollected net of an allowance for uncollectible. At September 30, 2020 and 2019, the District's uncollected assessed taxes that have been transferred to the Spartanburg County Delinquent Tax Collector for the District were \$81,153 and \$75,293. These amounts net of allowances for doubtful accounts of \$50,691 and \$48,442, and plus delinquent and vehicle taxes collected and unremitted of \$16,830 and \$27,181 are shown as taxes receivable in the accompanying statements.

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, excluding merchant's inventory, in the District's area was assessed at \$90,062,941 and \$84,599,909. The District's debt service tax rate was 10.2 and 10.9 mills for the years ended September 30, 2020 and 2019.

**Note 5 - Receivables and Allowances for Doubtful Accounts**

Accounts receivable consists entirely of water charges to the District's customers. The receivable is shown net of allowance for uncollectible of \$48,000 and \$48,000 at September 30, 2020 and 2019. The District estimates uncollectible accounts based on aging of accounts receivable and collection history.

## Woodruff-Roebuck Water District

## Notes to Financial Statements

## Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance September 30, 2019	Additions	Deletions	Balance September 30, 2020
Not being depreciated				
Land	\$ 1,172,922	\$	\$	\$ 1,172,922
Construction in Progress	5,984,415	2,398,504		8,382,919
Total capital assets not being depreciated	7,157,337	2,398,504		9,555,841
Being depreciated				
Land Improvements	1,890,384			1,890,384
Buildings and Equipment	4,802,435	24,922	62,367	4,764,990
Water Distribution System	31,412,037	448,502		31,860,539
Treatment plant	24,047,933	2,730	225,048	23,825,615
Vehicles	509,773	28,323	74,254	463,842
Total capital assets being depreciated	62,662,562	504,477	361,669	62,805,370
Less accumulated depreciation				
Land Improvements	613,518	92,188		705,706
Buildings and Equipment	1,972,211	162,604	62,367	2,072,448
Water Distribution System	9,635,729	723,057		10,358,786
Treatment plant	3,206,392	504,163	225,048	3,485,507
Vehicles	383,565	40,362	74,254	349,673
Total accumulated depreciation	15,811,415	1,522,374	361,669	16,972,120
Total capital assets being depreciated, net	46,851,147	(1,017,897)		45,833,250
Capital assets, net	<u>\$ 54,008,484</u>	<u>\$ 1,380,607</u>	<u>\$</u>	<u>\$ 55,389,091</u>

## Woodruff-Roeback Water District

## Notes to Financial Statements

## Note 6 - (continued)

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance September 30, 2018	Additions	Deletions	Balance September 30, 2019
Not being depreciated				
Land	\$ 1,172,922	\$	\$	\$ 1,172,922
Construction in Progress	5,473,006	1,202,147	690,738	5,984,415
Total capital assets not being depreciated	6,645,928	1,202,147	690,738	7,157,337
Being depreciated				
Land Improvements	1,862,550	27,834		1,890,384
Buildings and Equipment	4,620,169	182,266		4,802,435
Water Distribution System	30,249,042	1,162,995		31,412,037
Treatment plant	24,047,933			24,047,933
Vehicles	452,029	57,744		509,773
Total capital assets being depreciated	61,231,723	1,430,839		62,662,562
Less accumulated depreciation				
Land Improvements	520,012	93,506		613,518
Buildings and Equipment	1,782,991	189,220		1,972,211
Water Distribution System	8,949,424	686,305		9,635,729
Treatment plant	2,725,433	480,959		3,206,392
Vehicles	329,824	53,741		383,565
Total accumulated depreciation	14,307,684	1,503,731		15,811,415
Total capital assets being depreciated, net	46,924,039	(72,892)		46,851,147
Capital assets, net	<u>\$ 53,569,967</u>	<u>\$ 1,129,255</u>	<u>\$ 690,738</u>	<u>\$ 54,008,484</u>

On September 30, 2020 and 2019 construction in progress amounted to \$8,382,919 and \$5,984,415, of which approximately \$4,500,000 represents accumulated costs on a long-range water supply project.

Depreciation expense for the years ended September 30, 2020 and 2019, was charged to operations and totaled \$1,522,373 and \$1,503,731, respectively.



## Woodruff-Roeback Water District

## Notes to Financial Statements

**Note 7 - Long-Term Obligations**

A summary of changes in long-term obligations for the District for the year ended September 30, 2020 is as follows:

	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020
General Obligation Bonds	\$ 4,298,923	\$	\$ 793,463	\$ 3,505,460
Revenue Bonds	34,765,000	8,210,000	1,085,000	41,890,000
Revenue Bond Anticipation Note	3,030,000	4,710,000	7,740,000	
Capital lease obligation	285,732		59,013	226,719
Compensated absences	121,029	37,291		158,320
Net pension liability	2,445,316	169,001		2,614,317
	<u>\$ 44,946,000</u>	<u>\$ 13,126,292</u>	<u>\$ 9,677,476</u>	<u>\$ 48,394,816</u>

The following details the changes in long-term debt of the District for the year ended September 30, 2020:

	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020
General Obligation Bonds, Series 2012 for \$3,395,000 with annual principal payments between \$25,000 and \$410,000. Interest payments due semiannually between 1% and 2.625%. Issued May 15, 2012. (Current principal of \$310,000	\$ 2,530,000	\$	\$ 25,000	\$ 2,505,000
General Obligation Bonds, Series 2017 for \$765,000 with principal payments between \$105,000 and \$335,000. Interest payments due semiannually at 1.93%; matures March 1, 2022. (Current principal of \$110,000)	325,000		110,000	215,000
General Obligation Bonds, Series 2016 for \$2,170,000 with principal payments between \$230,000 and \$615,000. Interest payments due semiannually at 2%, matures March 1, 2022. (Current principal of \$345,000)	1,310,000		615,000	695,000

## Woodruff-Roebuck Water District

## Notes to Financial Statements

## Note 7 - (continued)

	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020
General Obligation Bonds, Series 2018 for \$451,250 with principal payments between \$317,327 and \$43,463. Interest due semiannually at 2.65% matures March 1, 2022. (Current principal of \$44,631)	133,923		43,463	90,460
Total General Obligation Bonds	4,298,923		793,463	3,505,460
Water System Improvement Revenue Bonds Series 2010 in the original amount of \$37,185,000 with annual principal payments commencing on June 1, 2014 with a final payment on June 1, 2040. Interest is at 3.00% and increases rateably to 5.00% over the bonds period. Secured by a pledge and lien on net revenues and a priority statutory lien on the system as a whole. Interest only was paid for years 2012 and 2013.	1,045,000		1,045,000	
Refunding Revenue Bonds Series 2016 in the amount of \$33,790,000 with annual principal payments beginning June 1, 2018 with a final payment due June 1, 2040. Interest varies from 3.00% to 5.00%. (Current principal of \$1,120,000)	33,720,000		40,000	33,680,000
Water System Improvement Revenue Bonds Series 2020 in the original amount of \$8,210,000 with annual principal payments commencing on June 1, 2022 with a final payment on June 1, 2050. Interest is at 3.00% to 4.00% over the bonds period. Secured by a pledge and lien on net revenues and a priority statutory lien on the system as a whole. Interest only will be paid for year 2021.		8,210,000		8,210,000
Total Revenue Bonds	34,765,000	8,210,000	1,085,000	41,890,000

## Woodruff-Roebuck Water District

## Notes to Financial Statements

## Note 7 - (continued)

	Balance September 30, 2019	Increases	Decreases	Balance September 30, 2020
Water System Improvement Revenue Bond Anticipation Note, Series 2018 in the original amount of \$3,030,000 with interest at 2.65% matured November 28, 2019	3,030,000		3,030,000	
Water System Improvement Revenue Bond Anticipation Note, Series 2019 in the original amount of \$4,710,000 with interest at 1.7% matured May 26, 2020		4,710,000	4,710,000	
Capital Lease Obligation for \$570,000 with semiannual payments of \$35,132, including interest at 4.15% through December 2023. Collateralized by certain water system equipment. (Current principal of \$61,486)	285,732		59,013	226,719
	<u>\$ 42,379,655</u>	<u>\$12,920,000</u>	<u>\$ 9,677,476</u>	<u>\$45,622,179</u>

The District issues general obligation bonds to provide funds for the acquisition of major capital assets. General obligations are backed by the pledge of the full faith and credit of the District.

The outstanding general obligation bond issues are repayable solely through ad valorem property taxes. The taxes are collected and held in escrow by the Spartanburg County Treasurer's Office. On due dates, principal and interest is paid for the District by the County Treasurer's Office.

A summary of changes in long-term obligations for the District for the year ended September 30, 2019 is as follows:

	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019
General Obligation Bonds	\$ 4,893,000	\$ 451,250	\$ 1,045,327	\$ 4,298,923
Revenue Bonds	35,815,000		1,050,000	34,765,000
Revenue Bond Anticipation Notes		3,030,000		3,030,000
Capital lease obligation	342,369		56,637	285,732
Compensated absences	116,075	4,954		121,029
Net pension liability	2,544,723		99,407	2,445,316
	<u>\$ 43,711,167</u>	<u>\$ 3,486,204</u>	<u>\$ 2,251,371</u>	<u>\$ 44,946,000</u>

## Woodruff-Roebuck Water District

## Notes to Financial Statements

## Note 7 - (continued)

The following details the changes in long-term debt of the District for the year ended September 30, 2019:

	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019
General Obligation Bond, Series 2008 for \$2,388,000 with annual payments varying between \$76,594 and \$428,804 including interest at 3.3%. Issued December 23, 2008; matures December 23, 2018.	\$ 368,000	\$	\$ 368,000	
General Obligation Bonds, Series 2012 for \$3,395,000 with annual principal payments between \$25,000 and \$410,000. Interest payments due semiannually between 1% and 2.625%; matures March 1, 2027.	2,555,000		25,000	2,530,000
General Obligation Bonds, Series 2017 for \$765,000 with principal payments between \$105,000 and \$335,000. Interest payments due semiannually at 1.93%, matures March 1, 2022.	430,000		105,000	325,000
General Obligation Bonds, Series 2016 for \$2,170,000 with principal payments between \$230,000 and \$615,000. Interest payments due semiannually at 2%; matures March 1, 2022.	1,540,000		230,000	1,310,000
General Obligation Bonds, Series 2017 for \$765,000 with principal payments between \$105,000 and \$335,000. Interest payments due semiannually at 1.93%; matures March 1, 2022.		451,250	317,327	133,923
Total General Obligation Bonds	4,893,000	451,250	1,045,327	4,298,923

## Woodruff-Roebuck Water District

## Notes to Financial Statements

## Note 7 - (continued)

	Balance September 30, 2018	Increases	Decreases	Balance September 30, 2019
Water System Improvement Revenue Bonds Series 2010 in the original amount of \$37,185,000 with annual principal payments commencing on June 1, 2014 with a final payment on June 1, 2040. Interest is at 3.00% and increases rateably to 5.00% over the bonds term. Secured by a pledge and lien on net revenues and a priority statutory lien on the system as a whole. Interest only paid for fiscal years 2012 and 2013.	2,060,000		1,015,000	1,045,000
Refunding Revenue Bonds Series 2016 in the amount of \$33,790,000 with annual principal payments beginning June 1, 2018 with a final payment due June 1, 2040. Interest varies from 3.00% to 5.00%.	33,755,000		35,000	33,720,000
Total Revenue Bonds	35,815,000		1,050,000	34,765,000
Water System Improvement Revenue Bond Anticipation Note, Series 2018 in the original amount of \$3,030,000 with interest at 2.65%, matures November 28, 2019.		3,030,000		3,030,000
Capital Lease Obligation for \$570,000 with semiannual payments of \$35,132, including interest at 4.15% through December 2023. Collateralized by certain water system equipment.	342,369		56,637	285,732
	\$ 41,050,369	\$ 3,481,250	\$ 2,151,964	\$ 42,379,655

Interest expense for the years ended September 30, 2020 and 2019 was \$1,542,517 and \$1,516,970. In addition, amortization of deferred outflows from the issuance of the Series 2016 Refunding Revenue Bonds totaled \$152,644 and \$152,644 for the years ended September 30, 2020 and 2019 and is included in interest expense.

## Woodruff-Roebuck Water District

## Notes to Financial Statements

## Note 7 - (continued)

The annual debt service requirements to retire the above referenced general obligation bonds as of September 30, 2020 are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 809,631	\$ 72,788	\$ 882,419
2022	825,829	55,614	881,443
2023	340,000	42,800	382,800
2024	350,000	34,388	384,388
2025	375,000	25,325	400,325
2026-2030	805,000	21,081	826,081
	<u>\$ 3,505,460</u>	<u>\$ 251,996</u>	<u>\$ 3,757,456</u>

The annual debt service requirements to retire the above referenced revenue bonds as of September 30, 2020 are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,120,000	\$ 1,564,397	\$ 2,684,397
2022	1,335,000	1,520,425	2,855,425
2023	1,390,000	1,457,075	2,847,075
2024	1,465,000	1,390,975	2,855,975
2025	1,535,000	1,319,525	2,854,525
2026-2030	8,685,000	5,569,275	14,254,275
2031-2035	10,375,000	3,879,925	14,254,925
2036-2040	12,205,000	2,042,669	14,247,669
2041-2045	1,705,000	625,200	2,330,200
2046-2050	2,075,000	255,800	2,330,800
	<u>\$ 41,890,000</u>	<u>\$ 19,625,266</u>	<u>\$ 61,515,266</u>

The annual debt service requirements on the above referenced capital lease as of September 30, 2020 are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 61,487	\$ 8,777	\$ 70,264
2022	64,065	6,199	70,264
2023	66,751	3,513	70,264
2024	34,416	715	35,131
	<u>\$ 226,719</u>	<u>\$ 19,204</u>	<u>\$ 245,923</u>

**Woodruff-Roeback Water District**

## Notes to Financial Statements

**Note 8 - Defined Benefit Pension Plan**

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by Governor and General Assembly Leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, 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 as they are reported by the System in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

**a. Plan Description**

The District's eligible employees participate in the South Carolina Retirement System (SCRS). The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

**b. Membership**

SCRS membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. 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. An employee member of the System with an effective date of membership on or after July 1, 2012, is a Class Three member.

**Woodruff-Roebuck Water District**

## Notes to Financial Statements

**Note 8 - (continued)****c. Benefits**

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. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for the SCRS is presented below.

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. 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. 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. An incidental death benefit is also available to beneficiaries of active and retired members who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars 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.

**d. Contributions Required and Contributions Made**

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 liability (UAAL) over a period that does not exceed the number of years scheduled in 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 percent 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 one percent increase in the SCRS employer contribution rate that was scheduled to go into effect beginning July 1, 2020. If the scheduled rates are not sufficient to meet the funding periods set forth in state statute, the board shall increase the employer 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.



## Woodruff-Roebuck Water District

## Notes to Financial Statements

## Note 8 - (continued)

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the System for funding purposes shows a ratio of the actuarial value of the systems to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective the following July 1, 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 percent. 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 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Plan members are required to contribute 9.00% of their annual covered salary. The District is required to contribute an actuarially determined rate. The current rates are 15.41% through June 30, 2020 and 15.41% until June 30, 2021 of annual covered payroll.

Required contributions for Class Two and Class Three members (100% funded) for the years ended September 30, 2020, 2019 and 2018 are as follows:

Year Ended September 30,	Employee		Employer	
	Amount	Percent of Wages	Amount	Percent of Wages
2020	\$ 106,232	9.00%	\$ 181,892	15.41%
2019	\$ 98,976	9.00%	\$ 162,885	14.56/15.56%
2018	\$ 106,900	9.00%	\$ 161,462	13.56 / 14.56%

## e. Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study should be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

The June 30, 2019 total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the System's consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles.

## Woodruff-Roebuck Water District

## Notes to Financial Statements

## Note 8 - (continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020.

Actuarial cost method	Entry age normal
Investment rate of return	7.25%
Projected salary increases	3% to 12.5%
Includes inflation at	2.25%
Benefit adjustments	lesser of 1% or \$500 annually

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

Assumptions used in the determination of the June 30, 2020 TPL for general employees job classification was the 2016 PRSC Males multiplied by 100% and the 2016 PRSC Females multiplied by 111%.

## f. Net Pension Liability

The net pension liability (NPL) represents the System's total pension liability determined in accordance with GASB No. 67 less the System's fiduciary net position. NPL totals as of June 30, 2020 for the SCRS are presented below.

Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%

The total pension liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the System's actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plan's funding requirements.

## g. Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the TPL includes a 5% real rate of return and a 2.25% inflation component.

## Woodruff-Roebuck Water District

## Notes to Financial Statements

## Note 8 - (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>51.0%</b>		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
<b>Credit</b>	<b>15.0%</b>		
Hield Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	<u>100.0%</u>		<u>5.80%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>8.05%</u>

## h. Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on provisions in 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.

## Woodruff-Roebuck Water District

## Notes to Financial Statements

**Note 8 - (continued)**

## i. Sensitivity Analysis

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	<u>\$ 3,240,125</u>	<u>\$ 2,614,317</u>	<u>\$ 2,091,759</u>

**Note 9 - Litigation**

Due to the nature of the District's normal operating activities, it is subject to a variety of claims and demands by various individuals and entities. At present the District is not aware of any material pending or threatened litigation, claims, or assessments. In addition, the District is not aware of any unasserted possible claims or assessments that are expected to significantly affect the District's operations.

**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 and natural disasters for which the District carries commercial insurance.

The District also participates in the State Accident Fund for workers' compensation insurance coverage up to the statutory limits. The Fund is a self-insurer and purchases reinsurance to limit losses. The District pays premiums to the Fund which issues policies, accumulates assets to cover risks of loss, and pays claims for covered losses.

There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. Commercial insurance is also carried for health coverage.

**Note 11 - Series 2016 Refunding Revenue Bonds Rate Covenant**

The Series 2016 Refunding Revenue Bonds and the Series 2020 Revenue Bonds impose an annual rate covenant on the District within the 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 will yield annual net revenues (as described below) in the current fiscal year, equal to at least 125% of the Annual Principal and Interest Requirement for all Series of Revenue Bonds outstanding in such fiscal year. Net Revenues is defined as Gross Revenues of the System, less Operation and Maintenance Expenses. Gross Revenues is defined in the resolution, but basically includes all revenue except ad valorem taxes and capital grants and includes the proceeds of capital assets sold.

**Woodruff-Roebuck Water District****Notes to Financial Statements****Note 11 - (continued)**

Operation and Maintenance Expenses are also defined in the Bond Resolution and basically include all expenses including principal and interest payments with respect to lease financing agreements except depreciation and amortization allowances, extraordinary repairs, debt issuance costs, amounts paid from government grants, unfunded net pension liabilities or other post-employment benefits that do not result in any actual disposition of cash and interest on Bonds. It is considered an event of default under the Bond Resolution if the District fails to comply with its rate covenant for two consecutive years. For the year ended September 30, 2020, Net Revenues equaled approximately 150.43% of the Annual Principal and Interest Requirement.

**Note 12 - Municipal Bond Debt Service Reserve Insurance**

Section 4.07(b) of the Series Resolution for the Revenue Bonds provides that in lieu of the deposit of moneys into the various Debt Service Reserve Funds, the District may satisfy all or a portion of the Reserve Requirement by causing to be credited thereof an irrevocable and unconditional surety bond, line of credit, letter of credit or insurance policy. In accordance with Section 7.05(C) of the Bond Resolution, upon execution and delivery of the Policy, the Trustee shall transfer any excess cash that exceeds the Reserve Requirement from the Debt Service Reserve Fund into the Debt Service Fund.

An Insurance Agreement (Surety Policy) was issued on November 21, 2014 for an amount equal to the reserve requirement of the Water System Improvement Revenue Bonds, Series 2010 in consideration of a premium payment. This policy was cancelled with the call of the bonds on June 1, 2020. An Insurance Agreement (Surety Policy) was issued on November 22, 2016 for an amount equal to the reserve requirement of the Water System Refunding Revenue Bonds, Series 2016 in consideration of a premium payment. An Insurance Agreement (Surety Policy) was issued June 2, 2020 for an amount equal to the reserve requirement of the Water System Improvement Revenue Bonds, Series 2020 in consideration of a premium payment. The policies may not be cancelled or revoked prior to maturity of the underlying Bonds which is the earlier of June 1, 2040 or the date the Bonds are no longer outstanding. The District will pay all policy costs including any draws under the Reserve Policy, expenses and interest accrued thereon. The District's payment obligations with respect to policy costs are payable solely from and secured by a pledge of and a lien upon the net revenues of the District. For purposes of calculation of the additional bonds test and the rate covenant in the Bond Resolution, any policy costs due and owing shall be included in the debt service requirements.

**Note 13 - Refunding Revenue Bonds**

On November 22, 2016, the District issued \$33,790,000 in Water System Refunding Revenue Bonds, Series 2016 with an average interest rate of 3.63 percent to advance refund \$31,845,000 of outstanding Water System Improvement Revenue Bonds, Series 2010 maturing after June 1, 2020. The net proceeds of the 2016 Series of bonds, plus original issue discount, less underwriter's discount and expenses totaling \$35,454,153 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2010 Series revenue bonds maturing after June 1, 2020. As a result, all 2010 Series revenue bonds maturing after June 1, 2020 (callable at par) were considered to be defeased and the liability for those bonds was removed from the statement of net position.

**Woodruff-Roebuck Water District**

## Notes to Financial Statements

**Note 13 - (continued)**

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,510,813. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, is being charged to other expenses through the year 2040 using the effective-interest method.

The amount of defeased debt still outstanding at September 30, 2019 totaled \$31,845,000. The defeased bonds were called on June 1, 2020 so no defeased debt was outstanding at September 30, 2020.

**Note 14 - Tax Abatements**

Spartanburg County utilizes an economic development program to attract businesses and industry to the County for purposes of expanding and diversifying the local economy and creating jobs. The two mechanisms that the County employs are Fee in Lieu of Tax agreements and Special Source Revenue Credits. For the 2020 and 2019 tax assessments, abatements from Fee in Lieu of Tax agreements totaled \$(35,716) and \$(21,315) for the District.

**Note 15 - COVID-19 Pandemic**

The 2019 Novel Coronavirus (or "COVID-19") has adversely affected, and may continue to adversely affect, economic activity globally, nationally and locally.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The extent of the impact on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, severity of the impact on the economy, and governmental, regulatory and private sector responses. The full extent of the economic uncertainty caused by COVID-19 on the District's financial statements in future periods is not yet determinable.

**Note 16 - Subsequent Events**

Management has evaluated subsequent events through March 17, 2021, the date the financial statements were available to be issued.

**Woodruff -Roebuck Water District**

**Woodruff-Roebuck Water District's Proportionate Share of Net Pension Liability  
Last Seven Fiscal Years\***

**South Carolina Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Woodruff-Roebuck's proportion of the net pension liability (%)	0.010231%	0.010709%	0.011357%	0.011595%	0.010953%	0.011243%	0.011713%
Woodruff-Roebuck's proportion of the net pension liability (\$)	2,614,317	2,445,316	2,554,723	2,610,221	2,339,545	2,132,289	2,021,120
Woodruff-Roebuck's covered-employee payroll	1,141,458	1,130,845	1,115,791	1,230,979	1,075,723	1,054,170	1,063,379
Woodruff-Roebuck's proportionate share of the net pension liability as a percentage of its covered-employee payroll	229.03%	216.24%	228.96%	212.04%	217.49%	202.27%	190.07%
Plan fiduciary net postion as a percentage of the net pension liability**	54.40%	54.40%	54.10%	53.34%	52.90%	56.99%	59.88%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the SCRS plan.

**Woodruff-Roebuck Water District**

Woodruff-Roebuck Water District's Contributions  
Last Seven Fiscal Years

South Carolina Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 183,662	\$ 162,889	\$ 161,462	\$ 128,752	\$ 122,757	\$ 113,892	\$ 114,270
Contributions in relation to contractually required contribution	183,662	162,889	161,462	128,752	122,757	113,892	114,270
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Woodruff-Roebuck's covered- employee payroll	\$ 1,180,351	\$ 1,099,735	\$ 1,187,779	\$ 1,157,210	\$ 1,122,344	\$ 1,041,119	\$ 1,070,402
Contributions as a percentage of covered-employee payroll	15.56%	14.81%	13.59%	11.13%	10.94%	10.94%	10.68%



## Woodruff-Roeback Water District

Schedules of Selected Revenues and Expenses  
Years Ended September 30, 2020 and 2019

	2020	2019
<b>Operating Revenues</b>		
Charges for services		
Customer service fees	\$ 48,080	\$ 41,316
Water sales	6,660,725	6,345,523
Cut off fees	108,724	160,411
Tap fees	138,750	68,150
Line installation fees	64,605	59,465
Total charges for services	<u>\$ 7,020,884</u>	<u>\$ 6,674,865</u>
<b>Operating Expense</b>		
Personal services		
Salaries	\$ 1,242,546	\$ 1,159,477
Payroll taxes	90,858	87,107
Retirement	248,470	244,133
Group insurance	276,341	281,473
Commissioner fee	27,700	23,600
Total personal services	<u>\$ 1,885,915</u>	<u>\$ 1,795,790</u>
Contractual services		
Accounting	\$ 34,775	\$ 37,635
Legal fees	2,938	7,236
Janitorial service and supplies	9,058	9,595
Water analysis	11,559	15,735
Uniform rentals	9,579	909
Total contractual services	<u>\$ 67,909</u>	<u>\$ 71,110</u>
Repairs, materials and supplies		
Gas and oil	\$ 28,808	\$ 33,703
Trucks and equipment	13,058	15,749
Water meters	8,455	14,715
Distribution system supplies/repairs	349,681	307,779
Tank repairs and maintenance	61,508	27,487
Enoree sewer system	1,835	360
Radio repairs	1,052	64
Building	13,651	9,817
Total repairs, materials and supplies	<u>\$ 478,048</u>	<u>\$ 409,674</u>

## Woodruff-Roebuck Water District

Schedules of Selected Revenues and Expenses  
Years Ended September 30, 2020 and 2019

	2020	2019
Operating Expense		
General and administrative		
Consulting expense	\$ 355,364	\$ 222,919
Office supplies and equipment	16,213	18,712
Utilities - power	266,994	264,725
Insurance - general	62,112	61,438
Taxes, licenses and permits		2,172
Telephone	24,611	20,690
Insurance - workmen's compensation	18,915	19,590
Postage and bill mailing cost	81,009	78,815
Heating fuel	5,810	1,144
Seminars	7,944	12,746
Meetings and entertainment	5,850	9,237
DHEC fees	31,753	34,453
Dues and subscriptions	13,788	11,565
Computer and office maintenance	30,407	45,372
Car expense	8,250	9,000
Miscellaneous expenses	17,332	4,508
Total general and administrative	<u>\$ 946,352</u>	<u>\$ 817,086</u>
Nonoperating Revenues (Expenses)		
Property taxes	\$ 1,069,258	\$ 1,085,965
Other income		5,500
Interest income	26,960	39,759
Gain (loss) on fixed asset sales		10,951
Debt issuance costs	(273,659)	(37,783)
Insurance and fee expenses on bonds	(3,840)	(5,787)
Interest expense	(1,695,161)	(1,669,614)
Amortization of bond premiums	136,259	123,413
Miscellaneous expense	(2,500)	(2,354)
Total nonoperating revenues (expenses), net	<u>\$ (742,683)</u>	<u>\$ (449,950)</u>

# WOODRUFF-ROEBUCK WATER DISTRICT

## **SYSTEM INFORMATION**

Prepared by

WOODRUFF-ROEBUCK WATER DISTRICT

### **COMMISSIONERS**

Gary P. Kirkland, Chairman  
G. Curtis Walker, Secretary  
Patsy Taylor, Commissioner  
Niles Brown, Commissioner  
Mark West, Commissioner

# WOODRUFF-ROEBUCK WATER DISTRICT

## Operating Data

Fiscal Year 2020

### Annual Report

The following information is presented in accordance with the "Continuing Disclosure Certificate" executed by the District in connection with the issuance of its \$33,790,000 Water System Refunding Revenue Bonds, Series 2016 and its \$8,210,000 Water System Revenue Bonds, Series 2020.

### Customers

The following table shows the system's number of customers for the Fiscal Years ending September 30, 2016 through 2020.

<u>Year</u>	<u>Number of Meters</u>	<u>Increase</u>	<u>Percentage of Increase</u>
2016	10,413	174	1.67%
2017	10,637	224	2.15%
2018	10,759	122	1.15%
2019	10,899	140	1.30%
2020	11,232	333	3.06%

### Usage

The following table shows the System's total annual and daily average potable water flows, peak daily flows and peak monthly flows for the Fiscal Years ending September 30, 2016 through 2020. Such amounts reflect gallons pumped by the District and not actual gallons sold to customers.

<u>Year</u>	<u>Total Annual Flow (MG)</u>	<u>Daily Average Flow (MG)</u>	<u>Peak Daily Flow (MG)</u>	<u>Peak Monthly Flow (MG)</u>
2016	1011.29	2.77	3.84	102.54
2017	1035.57	2.84	3.88	102.40
2018	1058.56	2.90	3.89	102.17
2019	1066.71	2.92	4.08	107.02
2020	1062.13	2.91	4.05	106.94

### Ten Largest Customers

Set forth below is information relating to the ten largest water customers of the System for the fiscal year ended September 30, 2020.

Customer Name	Annual Consumption in Gallons	Annual Billing	Percentage of Fiscal Year 2020 Revenues (%)
Celanese Emulsions	73,170,000	\$ 331,253.40	4.72%
Meansville Riley Water	45,710,200	\$ 91,420.40	1.30%
Toray	37,539,900	\$ 75,079.80	1.07%
Praxair, Inc.	26,310,800	\$ 129,211.32	1.84%
Inman Mills Ramey Plant	21,021,900	\$ 106,948.87	1.52%
Synthomer USA, LLC	13,989,500	\$ 75,964.70	1.08%
Spartanburg County District 6	12,934,100	\$ 74,189.87	1.06%
Siemens 446300	9,739,100	\$ 52,322.06	0.75%
Roebuck Greenhouses	6,394,800	\$ 35,042.73	0.50%
Woodruff District 4 Schools	6,064,000	\$ 35,774.15	0.51%

All water customers pay minimum water charges. Thus usage does not, in many instances, directly correspond to the revenues derived from a particular customer.

### Ratemaking

**Water Rates.** The following water rates charged by the District have been in effect since October 1, 2019.

#### Monthly Rates

One Month Minimum	2,500 Gallons	\$ 32.55
Next 7,500 Gallons	Cost/1,000 Gallons	6.75
Next 15,00 Gallons	Cost/1,000 Gallons	5.94
Next 975,000 Gallons	Cost/1,000 Gallons	5.65
Next 1,000,000 Gallons	Cost/1,000 Gallons	4.89
Over 2,000,000 Gallons	Cost/1,000 Gallons	4.54
SCDHEC Fee - Industrial		3.00
SCDHEC Fee - Residential		0.15

**Water Tap Fees.** The District charges homeowners and businesses an initial tap fee in order for them to receive service from the District. Fees for taps larger than those shown on the table below are negotiated and special installation requests are assessed an extra charge.

Meter Size	Tap Fees
¾ Inch	\$ 1,500.00
1 Inch	\$ 1,750.00

## Historical Revenues and Expenditures

The following table shows the historical net revenues and expenditures for the District (business activities), including debt service due and available coverage for the fiscal years ended September 30, 2016 through 2020. For purposes of this summary, Gross Revenues, Operation and Maintenance Expenses and Net Revenues have been determined in accordance with the provisions of the Bond Resolution. As a consequence, certain numbers may differ slightly from the numbers provided in the District's audited financial statements.

	Fiscal Year Ended September 30,				
	2016	2017	2018	2019	2020
Gross Revenues	\$ 5,665,905	\$ 5,983,613	\$ 6,227,879	\$ 6,819,073	\$ 7,135,731
Operation & Maintenance Expenses	2,706,050	2,966,094	3,124,949	3,155,213	3,548,531
Net Revenues	\$ 2,959,855	\$ 3,017,519	\$ 3,102,930	\$ 3,663,860	\$ 3,587,200
Debt Service Requirement on Revenue Bonds	\$ 2,184,585	\$ 2,302,539	\$ 2,386,875	\$ 2,381,125	\$ 2,384,625
Coverage Percentage	135.49%	131.05%	130.00%	153.87%	150.43%

## Debt Service Requirements

The following table sets forth, on a fiscal year basis, the debt service on the Series 2016 Bonds.

September 30	Principal	Interest	Service
2021	\$ 1,120,000	\$ 1,267,075	\$ 2,387,075
2022	1,165,000	1,222,275	2,387,275
2023	1,220,000	1,164,025	2,384,025
2024	1,285,000	1,103,025	2,388,025
2025	1,350,000	1,038,775	2,388,775
2026	1,415,000	971,275	2,386,275
2027	1,455,000	928,825	2,383,825
2028	1,530,000	856,075	2,386,075
2029	1,590,000	794,875	2,384,875
2030	1,655,000	731,275	2,386,275
2031	1,720,000	665,075	2,385,075
2032	1,775,000	613,475	2,388,475
2033	1,820,000	560,225	2,380,225
2034	1,880,000	505,625	2,385,625
2035	1,935,000	449,225	2,384,225
2036	1,995,000	388,756	2,383,756
2037	2,075,000	308,956	2,383,956
2038	2,160,000	225,956	2,385,956
2039	2,230,000	153,056	2,383,056
2040	2,305,000	77,794	2,382,794
	\$ 33,680,000	\$ 14,025,644	\$ 47,705,644

The following table sets forth, on a fiscal year basis, the debt service on the Series 2020 Revenue Bonds.

Fiscal Year Ending September 30	Principal	Interest	Annual Debt Service
2021	\$ -	\$ 297,322	\$ 297,322
2022	170,000	298,150	468,150
2023	170,000	293,050	463,050
2024	180,000	287,950	467,950
2025	185,000	280,750	465,750
2026	190,000	273,350	463,350
2027	200,000	265,750	465,750
2028	210,000	257,750	467,750
2029	215,000	249,350	464,350
2030	225,000	240,750	465,750
2031	235,000	231,750	466,750
2032	240,000	224,700	464,700
2033	250,000	217,500	467,500
2034	255,000	210,000	465,000
2035	265,000	202,350	467,350
2036	270,000	194,400	464,400
2037	280,000	186,300	466,300
2038	290,000	177,900	467,900
2039	295,000	169,200	464,200
2040	305,000	160,350	465,350
2041	315,000	151,200	466,200
2042	325,000	138,600	463,600
2043	340,000	125,600	465,600
2044	355,000	112,000	467,000
2045	370,000	97,800	467,800
2046	380,000	83,000	463,000
2047	400,000	67,800	467,800
2048	415,000	51,800	466,800
2049	430,000	35,200	465,200
2050	450,000	18,000	468,000
	<u>\$ 8,210,000</u>	<u>\$ 5,599,622</u>	<u>\$ 13,809,622</u>

**2020 Annual Report**

**Woodruff-Roebuck Water District, South Carolina**

Relating to

General Obligation Bonds of the Woodruff-Roebuck Water  
District, South Carolina



**2020\* Market Value/Assessment Summary**

<u>Classification</u>	<u>Assessed Value</u>	<u>Assessment Ratio</u>	<u>Market Value (as of June 30, 2020)</u>
1. Real Property	\$58,462,354	4 & 6%	\$1,765,650,212.00
2. Mobile Homes	1,378,233	4 & 6%	30,277,910.00
3. Business Personal Property	1,458,670	10.5%	13,892,095.24
4. Merchant's Furniture, Fixtures and Equipment	124,410	10.5%	1,184,857.14
5. Motor Vehicles <sup>1</sup>	10,102,371	6.0%	168,372,850.00
6. Marine Equipment <sup>2</sup>	456,240	10.5%	4,345,142.86
7. Airplanes	0	4.0%	0.00
8. Manufacturing Property	7,987,620	10.5%	76,072,571.43
9. Public Utilities	10,843,834	10.5%	103,274,609.52
10. Transportation	344,510	9.5%	3,626,421.05
<b>TOTAL</b>	<b>\$91,158,242</b>		<b>\$2,166,696,669.24</b>

\* Values as of June 30, 2020.

<sup>1</sup> Includes personal automobiles and commercial vehicles, which are assessed at different ratios.

<sup>2</sup> Includes personal watercraft and commercial fishing boats, which are assessed at different ratios.

Figures do not include Merchant's Inventory, motor carrier reimbursement or manufacturer's depreciation reimbursement.

Source: Office of the County Auditor.

**Tax Collection Record**

*District-only taxes.* The following table shows taxes levied by the County Auditor and collected by the County Treasurer for the District over the past five years. Delinquent taxes include taxes levied in prior years but collected in the year shown.

<u>Fiscal Year</u>	<u>Taxes Subject to Collection</u>	<u>Current Collections</u>	<u>Current % Collected</u>	<u>Delinquent Taxes Collected</u>	<u>Total Collections</u>	<u>Total % Collected</u>
2019-20	\$953,072	\$903,770	94.8%	\$42,916	\$946,686	99.3%
2018-19	986,429	935,362	94.8	36,916	972,278	98.6
2017-18	800,522	745,285	93.1	37,834	783,119	97.8
2016-17	733,502	681,359	92.9	40,768	722,127	98.4
2015-16	727,368	671,120	92.3	51,721	722,841	99.1

Source: Offices of the County Treasurer and Auditor.

NOTE: Information as of June 30, 2020

### Largest Taxpayers

The following table shows the 2020 assessed values and property taxes (including county, school district, municipality and other non-county taxes and fee in lieu payments) paid in Fiscal Year 2019-20 by the ten largest taxpayers in the District:

<u>Entity</u>	<u>2019-20*</u> <u>Assessed</u> <u>Value</u>	<u>2019-20*</u> <u>Amounts Paid</u>	<u>Percentage of</u> <u>Total District</u> <u>Assessed Value</u>
Toray Composite Materials America Inc.	\$5,377,789	\$2,000,000	5.89
Transcontinental Gas Pipeline Co., LLC	\$3,166,020	\$1,143,759	3.47
Ritrama Inc.	\$2,146,382	\$798,240	2.35
Celanese LTD	\$2,541,997	\$742,646	2.79
Duke Energy Corp	\$1,896,510	\$709,689	2.08
Dominion Carolina Gas Trans	\$1,956,950	\$694,408	2.15
TGES America LTD	\$1,862,972	\$692,711	2.04
Kobelco Construction Machinery USA	\$1,234,818	\$459,229	1.35
Praxair Inc.	\$1,188,016	\$441,823	1.30
Laurens Electric Coop Inc.	\$1,226,940	\$433,317	1.35

\* Information as of June 30, 2020.

Source: Offices of the County Assessor, Auditor and Treasurer.

### Outstanding Debt

The following table\* shows the annual principal and interest requirements on all of the District Outstanding general obligation bonds:

<u>Fiscal Year</u>	<u>2012 Bonds</u>	<u>2016 Bonds</u>	<u>2017 Bonds</u>	<u>2018 Bonds</u>	<u>Total</u>
2021	\$367,444	\$355,450	\$113,088	\$46,437	\$882,419
2022	375,494	353,500	106,013	46,436	881,443
2023	382,800	-	-	-	382,800
2024	384,388	-	-	-	384,388
2025	400,325	-	-	-	400,325
2026	410,700	-	-	-	410,700
2027	415,381	-	-	-	415,381
<b>TOTAL</b>	<b>\$2,736,532</b>	<b>\$708,950</b>	<b>\$219,101</b>	<b>\$92,873</b>	<b>\$3,757,456</b>

\* Some totals may not foot due to rounding.

**Overlapping Debt**

The following table shows those local political subdivisions that overlap the District and had outstanding general obligation debt as of July 30, 2020:

<u>Jurisdiction</u>	<u>Assessed Value 1</u>	<u>Overlapping Assessed Value</u>	<u>Outstanding General Obligation Debt</u>	<u>Percentage Applicable to the District 2</u>	<u>Amount Applicable to the District</u>
<u>The County</u>					
Spartanburg County	\$1,253,505,743	\$ 87,745,402	\$ 31,467,728	7.00%	\$ 2,202,740
<u>School Districts</u>					
Spartanburg County School District No. 4	60,331,566	31,408,613	1,850,000	52.06%	963,110
Spartanburg County School District No. 6	327,476,101	106,920,947	10,260,000	32.65%	3,349,890
Spartanburg County School District No. 7	224,616,764	224,616	207,626,000	.001%	2,076
<u>Special Purpose Districts</u>					
Croft Fire District	35,328,959	399,217	1,802,870	1.13%	18,028
Spartanburg Sanitary Sewer District	756,152,229	37,807,611	37,262,000	5.00%	1,863,100
Pelham-Batesville Sanitary Sewer District	158,681,511	126,945	6,420,000 3	.08%	5,592
<b>TOTAL:</b>					<b>\$ 9,088,746</b>

Sources: Spartanburg County Auditor; Croft Fire District Financial Statements for the fiscal year ended June 30, 2020; Pelham-Batesville Fire District Financial Statements for the fiscal year ended June 30, 2019; Spartanburg County Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020; Spartanburg County School District No. 4 Financial Statements for the fiscal year ended June 30, 2020; Spartanburg County School District No. 6 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020; Spartanburg County School District No.7 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020; and Spartanburg Sanitary Sewer District Comprehensive Annual Financial Report for the year ended June 30, 2020.

<sup>1</sup> Amounts obtained from the Spartanburg County Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

<sup>2</sup> Percentages do not conform to percentages from prior reporting years. These updated percentages have been confirmed by the County Auditor.

<sup>3</sup> Pursuant to the District's most recent audit this amount is outstanding as of December 31, 2019.

The following political subdivisions also overlap the District, however, based upon a review of the most recent available financial statements for each entity, none had general obligation bonds outstanding: the Glenn Springs-Pauline Rural Fire District, Poplar Springs Fire District, Reidville Fire District, The Roebuck Community Fire Service Area, the Trinity Fire Service Area, and Westview-Fairforest Fire District. Any or all of these entities could increase the overlapping outstanding debt burden of taxpayers within the District through the issuance of general obligations bonds.

**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Commissioners of  
Woodruff-Roebuck Water District  
Woodruff, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Woodruff-Roebuck Water District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Woodruff-Roebuck Water District's basic financial statements, and have issued our report thereon dated March 17, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Woodruff-Roebuck Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodruff-Roebuck Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodruff-Roebuck Water District's internal control.

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

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

*Segregation of Duties* - The District should continually keep in mind that there is a potential for internal control problems because of the small size of Woodruff-Roebuck Water District's staff, which makes it physically impossible to fully segregate duties in such a manner as to achieve a workable set of checks and balances on each employee. The purpose behind the need for checks and balances is to reduce possibilities for errors arising from such causes as misunderstanding of instructions, mistakes of judgment, personal carelessness, distraction, or fatigue. Even procedures whose effectiveness depends on segregation of duties can be circumvented by collusion. We recommend that Woodruff-Roebuck Water District continue in its efforts to segregate duties as much as possible and we encourage the Board of Commissioners, management, and others with oversight responsibility to continue to monitor the accuracy and completeness of the financial transactions and reports on a timely basis.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Woodruff-Roebuck Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Witt & Poiry, LLP". The signature is written in a cursive, flowing style.

Spartanburg, South Carolina  
March 17, 2021