PRELIMINARY OFFICIAL STATEMENT DATED MARCH 16, 2011

NEW ISSUE
FULL BOOK-ENTRY-ONLY

RATINGS: Moody's Investors Service: "Aa3"
Standard & Poor's: "AA"
(See "Ratings" herein)

In the opinion of Bond Counsel, assuming continuing compliance by the District with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations and judicial decisions. Interest on the Bonds is not an item of tax preference in computing the alternative minimum taxable income of individuals or corporations. Interest on the Bonds will, however, be included in the computation of certain taxes including alternative minimum tax for corporations. See "TAX EXEMPTION" for a brief description of alternative minimum tax treatment and certain other federal income tax consequences to certain recipients of interest on the Bonds. The Bonds and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes. The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

$9,670,000*
SPARTANBURG SANITARY SEWER DISTRICT, SOUTH CAROLINA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011

Dated: April 14, 2011 **Due: As Shown Below**

The General Obligation Refunding Bonds, Series 2011 (the "Bonds") will be general obligation bonds of Spartanburg Sanitary Sewer District, South Carolina (the "District") and as such the full faith, credit, taxing power and resources of the District will be irrevocably pledged for the payment thereof. The Bonds will be issued only as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form (without certificates) in denominations of $5,000 or any integral multiple thereof. Principal shall be paid on the maturity date to the registered owner upon presentation and surrender of each Bond at the principal corporate trust office of U.S. Bank National Association, as paying agent (the "Paying Agent"). So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payment of the principal and interest on such Bonds will be made directly to Cede & Co. Disbursements of such payments to Beneficial Owners will be the responsibility of Direct Participants or Indirect Participants described herein, and the District shall not be responsible for such disbursements. See "THE BONDS - Book-Entry-Only System".

The Bonds will be dated as of April 14, 2011, and will mature on March 1 in each of the years and in the principal amounts and bear interest at the rates shown below. Interest on the Bonds is first payable on September 1, 2011, and semiannually thereafter on each March 1 and September 1. The Bonds are subject to redemption prior to their stated maturities as stated herein.

MATURITY SCHEDULE

Due March 1	Principal Amount	Interest Rate	Yield	Price	Due March 1	Principal Amount	Interest Rate	Yield	Price
2012	$125,000				2019	$745,000			
2013	335,000				2020	765,000			
2014	645,000				2021	795,000			
2015	660,000				2022	825,000			
2016	680,000				2023	855,000			
2017	700,000				2024	890,000			
2018	720,000				2025	930,000			

The Bonds are offered when, as and if issued and subject to the approving opinion as to legality of Haynsworth Sinkler Boyd, P.A., Columbia, South Carolina. Stephens Inc., Atlanta, Georgia, is serving as Financial Advisor to the District. It is expected that the Bonds in definitive form will be available for delivery on or about April 14, 2011, through the facilities of DTC, against payment therefor.

This cover page contains certain information for quick reference only. It is **not** a summary of the issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. The District deems the Preliminary Official Statement to be final as of its date for purposes of S.E.C. Rule 15c2-12, except for information which may be omitted therefrom pursuant to Rule 15c2-12.

Dated: ________________, 2011

***Throughout this Preliminary Official Statement, the asterisk as it relates to the principal amount of the Bonds indicates such amount is preliminary and subject to change.**

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by Spartanburg Sanitary Sewer District, South Carolina (the "Issuer") from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the Issuer, except for the omission of certain information referred to in the succeeding paragraph.

The Official Statement, when further supplemented by an addendum or addenda or final official statement specifying the interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

By awarding the Bonds to any underwriting syndicate submitting a bid pursuant to the terms of the Official Notice of Sale, the Issuer agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Official Statement and the addendum or addenda or the Final Official Statement described in the preceding paragraph in the amount specified in the Official Notice of Sale.

The Issuer designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering a bid with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

U.S. Bank National Association, as Paying Agent, has not provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the interest on the Bonds.

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the Issuer and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE THEREOF.

Reference herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request.

**SPARTANBURG SANITARY SEWER DISTRICT,
SOUTH CAROLINA**

COMMISSIONERS

A. Manning Lynch, Jr., Chairman
W.C. Alexander, IV
Barbara J. Barnes
Linda P. Bilanchone
Louie W. Blanton
Junie L. White
Myles R. Whitlock, Jr.

SEWER SYSTEM OFFICERS

Sue G. Schneider, General Manager
G. Newton Pressley, Director of Finance and Administration

BOND COUNSEL

Haynsworth Sinkler Boyd, P.A.
Columbia, South Carolina

FINANCIAL ADVISOR

Stephens Inc.
Atlanta, Georgia

TABLE OF CONTENTS

OFFICIAL NOTICE OF SALE
$9,670,000*
GENERAL OBLIGATION ADVANCED REFUNDING BONDS,
SERIES 2011,
OF SPARTANBURG SANITARY SEWER DISTRICT, SOUTH CAROLINA
(*Preliminary, Subject To Change)

SEALED PROPOSALS, addressed to the undersigned, will be received by Spartanburg Sanitary Sewer District Commission until 11:00 o'clock a.m. (Eastern Daylight Time) on Tuesday, March 22, 2011, at which time said proposals will be publicly opened in the offices of Haynsworth Sinkler Boyd, P.A., 1201 Main Street, 22nd Floor, Columbia, South Carolina, for the purchase of Nine Million Six Hundred Seventy Thousand Dollars ($9,670,000) of General Obligation Advanced Refunding Bonds, Series 2011 (the "Bonds"). The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

The Bonds will be payable as to principal in accordance with the following schedule:

March 1 of the Year	Principal Amount
2012	$125,000
2013	335,000
2014	645,000
2015	660,000
2016	680,000
2017	700,000
2018	720,000
2019	745,000
2020	765,000
2021	795,000
2022	825,000
2023	855,000
2024	890,000
2025	930,000

The Bonds will be dated April 14, 2011, the date of delivery, and will bear interest from the date thereof, on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each, payable on each March 1 and September 1, beginning on September 1, 2011, until they respectively mature. Both principal and interest will be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, at the Corporate Trust Office of the Registrar/Paying Agent of the Bonds.

Redemption Provisions: All Bonds maturing subsequent to March 1, 2021 shall be subject to redemption on and after March 1, 2021, at the option of the District, in whole or in part at any time, but if in part, in such maturities as designated by the District and by lot as to Bonds or portions of Bonds within a maturity (but only in integral multiples of $5,000), at the redemption price of par, together in each case, with accrued interest to the date fixed for redemption. If less than all the Bonds of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected in accordance with the procedures of DTC or a successor securities depository or, if the Bonds are no longer in book-entry only form, then by lot by the Registrar/Paying Agent. Partial redemptions of Bonds shall be made of such maturities of Bonds as determined by the District.

Bid Requirements: A bid for less than all the Bonds or a bid at a price less than par will not be considered. Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of 1/20th or 1/8th of 1% with no greater difference than two percent (2%) between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for the Bonds of that maturity from their date to such maturity date. Any premium offered must be paid in cash as a part of the purchase price for the Bonds.

Award of Bonds: The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost to the District. True interest cost shall be determined from the date of delivery of the Bonds, which will be April 14, 2011. The Commission reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 3:00 p.m., South Carolina time, on the date of the sale.

Adjustment of Par Amount of Bonds: The aggregate principal amount of the Bonds is subject to adjustment, both before and after the receipt and opening of sealed bids for their purchase. Changes to be made prior to the sale will be published on Munifacts not later than 9:30 a.m. EDT on the date of sale. If, after final computation of the proposals, the District determines in its sole discretion that the funds necessary to accomplish the purposes for which the Bonds are being issued are either more or less than the proceeds of the sale of the amount of the Bonds as shown in this Notice of Sale, it reserves the right either to decrease or increase the principal amount of the Bonds of any maturity (all calculations to be rounded to the nearest $5,000), provided that any such decrease or increase shall not exceed 10% of the principal amounts shown above. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the District in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. The total purchase price of the Bonds will be increased or decreased in the direct proportion that the adjustment bears to the aggregate principal amount of the Bonds specified herein; and the Bonds of each maturity, as adjusted, will bear interest at the same rate and must have the same reoffering yield as are specified by the successful bidder for the Bonds of that maturity. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph.

Bid Submission: Proposals for the Bonds should be marked "Proposal for $9,670,000* General Obligation Advanced Refunding Bonds of Spartanburg Sanitary Sewer District, South Carolina, Series 2011" and should be directed to the Chairman of the Spartanburg Sanitary Sewer District Commission at the address in the first paragraph hereof.

If a bidder for the Bonds desires to have the Bonds insured, the bidder shall specify in its bid whether bond insurance will be purchased and the premium of such bond insurance must be paid at or prior to closing by the successful bidder.

Proposals may be delivered by hand, by mail, by electronic bidding system, or by facsimile (facsimile no. 803-540-7721), but no proposal shall be considered which is not actually received by the District at the place, date and time appointed and the District shall not be responsible for any delay, failure, misdirection or error in the means of transmission selected by any bidder. No agent or employee of the District will undertake to receive proposals by means of oral communication.

Electronic bids must be submitted to the Parity Bidding System ("Parity"). No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by Parity shall constitute the official time with respect to all bids submitted.

If any provisions of this Official Notice of Sale conflict with information provided by Parity as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about Parity may be obtained from Parity, 1359 Broadway, 2nd Floor, New York, NY 10018, telephone (212) 849-5021.

Written bids must be submitted on the Bid Form included with the Preliminary Official Statement or on a reasonable facsimile thereof. Electronic bids must be submitted to Parity. Both written bids and electronic bids must be unconditional and received by the District and/or Parity, respectively, before the time stated above. The District is not liable for any costs incurred in the preparation, delivery, acceptance or rejection of any bid, including, without limitation, the providing of a bid security deposit.

Good Faith Deposit: By 12:00 p.m., Eastern Time, on the date following the Sale Date, the sum of $50,000 shall be wired at the direction of the District as a good faith deposit. The District reserves the right to revoke its award of the Bonds upon the failure of the successful bidder for the Bonds to comply with this paragraph. The District shall be subject to no expenses, penalties or claims for damages of any kind in the event it revokes the award of the Bonds as provided in this paragraph.

Purpose: The Bonds are issued for the purposes of refunding certain outstanding general obligation indebtedness of the District and paying costs of issuance thereof.

Security: The Bonds shall constitute binding general obligations of the District and the full faith, credit, taxing power, and resources of the District are irrevocably pledged for the payment of the Bonds. There shall be levied and collected annually in the same manner as county taxes are levied and collected, a tax, without limit, on all taxable property in the District sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

Official Statement: The Preliminary Official Statement dated March 16, 2011, has been deemed final by the District for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") but is subject to revision, amendment and completion in a final Official Statement as provided in the Rule. The District will furnish the successful bidder with a sufficient number of copies of the final Official Statement in order to allow the bidder to comply with the Rule, without charge, within seven working days of the acceptance of a bid for the Bonds.

Continuing Disclosure: In order to assist bidders in complying with the Rule, the District will undertake, pursuant to the bond resolution authorizing the issuance of the Bonds and a Continuing Disclosure Certificate, to annually file a report containing its audited financial statements and certain financial information and operating data, and, in addition, to provide notice of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Final Official Statement.

Legal Opinion: The Commission shall furnish upon delivery of the Bonds the final approving opinion of Haynsworth Sinkler Boyd, P.A., Bond Counsel, Columbia, South Carolina, together with the usual closing documents, including a certificate that no litigation is pending affecting the Bonds.

Certificates as to Issue Price and Yield: The successful bidder for the Bonds must provide a certificate to the District not later than two business days following the sale date, and confirmed by a certificate delivered at closing, stating the initial reoffering price of the Bonds to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Bonds were sold to the public, in form satisfactory to Bond Counsel.

Delivery: The Bonds will be available for delivery on or about April 14, 2011 through the facilities of DTC at the expense of the District, or at such other place as may be agreed upon with the purchasers at the expense of the purchaser. The balance of the purchase price then due (including the amount of accrued interest) must be paid in Federal funds or other immediately available funds. The cost of preparing the Bonds will be borne by the District.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the District; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

Persons seeking further fiscal information relative to the District should communicate with Mr. G. Newton Pressley, Deputy General Manager of Finance and Administration, Spartanburg Sanitary Sewer District, 200 Commerce Street, Spartanburg, South Carolina 29306, telephone (864) 583-7361, the District's Financial Advisor, Lyman Wray, Stephens Inc., 3344 Peachtree Road, Suite 1650, Atlanta, Georgia 30326, telephone (404) 461-5115, or Bond Counsel, Haynsworth Sinkler Boyd, P.A., Post Office Box 11889, Columbia, South Carolina 29211, Attn: Theodore B. DuBose, telephone (803) 540-7830.

This Notice is given to evidence the District's intent to receive bids for and award the Bonds on the date stated above. Such sale may be postponed upon no less than twelve hours notice given prior to the time bids are to be received and as published on Thomson Municipal Market Monitor or Bloomberg. If canceled, the sale may be thereafter rescheduled within 60 days of the date of the publication of this Official Notice of Sale, and notice of such rescheduled date of sale will be posted at least 48 hours prior to the time for receipt of bids on Thomson Municipal Market Monitor or Bloomberg.

Chairman, Spartanburg Sanitary
Sewer District Commission

INTRODUCTION

This Introduction briefly describes the contents of this Official Statement and is expressly qualified by reference to the entire contents hereof, including appendices, as well as of the documents summarized or described herein.

The Issuer	The $9,670,000* General Obligation Refunding Bonds, Series 2011 (the "Bonds") are being issued by Spartanburg Sanitary Sewer District, South Carolina (the "District"), a body politic and corporate and a political subdivision of the State of South Carolina.
Security	For the payment of the principal of and interest on the Bonds, the full faith, credit, taxing power and resources of the District are irrevocably pledged. See "THE BONDS - Security" herein.
Purpose of the Bonds	The Bonds are being issued by the District for the purpose of refunding the $14,100,000 original principal amount General Obligation Bonds of the District dated February 1, 2002, and paying costs of issuance of the Bonds.
Details of the Bonds	The Bonds will be general obligation bonds of the District; will be issuable in fully registered form and, when issued, will be registered to Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"); will be dated as of April 14, 2011; and will bear interest from their date at the rates shown on the cover hereof payable initially on September 1, 2011, and semiannually thereafter on March 1 and September 1 of each year until they mature. The Bonds will mature in successive annual installments on March 1 in each of the years and in the principal amounts set forth on the cover hereof. The Bonds are subject to redemption prior to their stated maturities as stated herein. See "THE BONDS" for further information.
Tax Status of Interest on the Bonds	Assuming the District's continued compliance with certain covenants, in the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations and court decisions. Interest on the Bonds is not a specific item of tax preference for purposes of an individual's or corporation's alternative minimum tax. Such interest will, however, be included in the computation of certain taxes including alternative minimum tax for corporations. Under the present laws of the State of South Carolina, the Bonds and the interest thereon will also be exempt from all taxes in the State of South Carolina, except estate or other transfer taxes and certain franchise taxes. Such opinion is subject to certain limitations and conditions described in the form of opinion of Bond Counsel, set forth in Appendix B, and under the caption "TAX EXEMPTION". The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.
Professionals Involved in the Offering	U.S. Bank National Association is serving as Registrar and Paying Agent (the "Registrar/Paying Agent") and also as Escrow Agent (the "Escrow Agent") for the Bonds. Haynsworth Sinkler Boyd, P.A., Columbia, South Carolina, is serving as Bond Counsel. Stephens Inc., Atlanta, Georgia, is serving as Financial Advisor. Barthe & Wahrman is serving as Verification Agent.
Independent Auditors	The Financial Statements for the fiscal year ended June 30, 2010, included as Appendix A, have been audited by McAbee, Talbert, Halliday & Co., CPA's.

Authorization

Pursuant to Section 11-15-410 et seq. and 11-21-10 et seq., of the Code of Laws of South Carolina, 1976, as amended, the District is authorized to issue general obligation bonds for the purpose of refunding previously issued general obligation debt. The Bonds are being issued pursuant to the Constitution and laws of the State of South Carolina, and a resolution (the "Resolution") duly adopted by the Spartanburg Sanitary Sewer District Commission (the "Commission"), the governing body of the District, on November 30, 2010.

Information Concerning Terms of the Offering

The Bonds are being issued in book-entry-only form. It is expected that the Bonds will be delivered to Cede & Co., at the offices of DTC, on or about April 14, 2011, and will be available for credit to the accounts of the participants and, through them, the Beneficial Owners on such date. Information on limitations on transfer of ownership is set forth in "THE BONDS - Book-Entry-Only System".

General

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Preliminary Official Statement and the Official Statement will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314. Copies of the Preliminary Official Statement, the Official Statement, the Resolution of the Commission authorizing the issuance of the Bonds and related documents and information are available by contacting G. Newton Pressley, Deputy General Manager of Finance & Administration, Spartanburg Sanitary Sewer District, 200 Commerce Street, Spartanburg, South Carolina 29306, (864) 583-7361. Copies of such documents can also be obtained during the offering period from the District's Financial Advisor, Lyman Wray, Stephens Inc., 3344 Peachtree Road, Suite 1650, Atlanta, Georgia 30326, (404) 461-5115. After the offering period, copies of such documents may be obtained from the District at the address set forth above.

The Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Bonds and the District and other information pertinent to this issue.

All information included herein has been provided by the District except where attributed to other sources. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument.

$9,670,000*
SPARTANBURG SANITARY SEWER DISTRICT, SOUTH CAROLINA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011

THE BONDS

Description of the Bonds

The Bonds here offered are issued in the aggregate principal amount of $9,670,000* and mature on March 1 in the years and in the principal amounts as follows:

March 1 of the Year	Principal Amount	March 1 of the Year	Principal Amount
2012	$125,000	2019	$745,000
2013	335,000	2020	765,000
2014	645,000	2021	795,000
2015	660,000	2022	825,000
2016	680,000	2023	855,000
2017	700,000	2024	890,000
2018	720,000	2025	930,000

The Bonds will be issued by the District under the DTC Book-Entry-Only system in the denominations of $5,000 or any whole multiple thereof not exceeding the principal amount of Bonds maturing each year. The Bonds shall be registered in the name of Cede & Co. as the registered owner and nominee of the Depository Trust Company, New York, New York, which will act as securities depository for the Bonds. The Bonds shall be numbered from R-1 upward in such a fashion as to maintain a proper record thereof.

The Bonds shall be dated as of April 14, 2011. Interest on the Bonds will be payable on September 1, 2011 and semiannually thereafter on March 1 and September 1 of each year (the "Bond Payment Dates") until payment of the principal thereof.

Book-Entry-Only System

THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORDKEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE BONDS TO DIRECT AND INDIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC (AS DEFINED BELOW), THE DIRECT AND INDIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC TO THE DISTRICT FOR INCLUSION IN THIS OFFICIAL STATEMENT. ACCORDINGLY, THE DISTRICT NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

The Depository Trust Company ("DTC"), New York, New York, will initially act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of

1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Ordinance (as defined herein). For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar/Paying Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct

Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Registrar/Paying Agent on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Registrar/Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and the Registrar/Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District and the Registrar/Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District does not takes responsibility for the accuracy thereof.

The District and the Registrar/Paying Agent cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of, premium, if any, and interest with respect to the Bonds, (ii) confirmations of their ownership interests in the Bonds or (iii) prepayment or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

NEITHER THE DISTRICT NOR THE REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE TERMS OF THE ORDINANCE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

Beneficial Owners of the Bonds may experience some delay in their receipt of distributions of principal and interest on the Bonds since such distributions will be forwarded by the Registrar/Paying Agent to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants. Issuance of the Bonds in book-entry form may reduce the liquidity of the Bonds in the secondary trading market since investors may be unwilling to purchase Bonds for which they cannot obtain physical certificates. In addition, since transactions in the Bonds can be effected only through DTC, Direct Participants, Indirect Participants, and certain banks, the ability of a Beneficial Owner to pledge Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Registrar/Paying Agent as registered owners for purposes of the Resolution, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct or Indirect Participants.

Optional Redemption

The Bonds maturing on or prior to March 1, 2021 are not subject to redemption prior to maturity. The Bonds maturing subsequent to March 1, 2021 shall be subject to redemption on and after March 1, 2021, at the option of the District, in whole or in part at any time, but if in part, in such maturities as designated by the District and by lot as to Bonds or portions of Bonds within a maturity (but only in integral multiples of $5,000), at the redemption price of par, together in each case, with accrued interest to the date fixed for redemption.

Purchase of Bonds

The Bonds are subject to purchase by the District. Purchases of Bonds Outstanding may be made by the District at any time with money available to it from any source. Upon any such purchase the District shall deliver such Bonds to the Registrar/Paying Agent for cancellation.

Conditions as to Naming Rates of Interest

The Bonds shall bear such rate or rates of interest as shall at the sale of such Bonds reflect the lowest true interest cost to the District from the date of delivery of the Bonds at a price of not less than par, but:

(a) all Bonds of the same maturity shall bear the same rate of interest;

(b) no rate of interest named shall be more than two percentum (2%) higher than the lowest rate of interest named;

(c) each interest rate named shall be a multiple of 1/8th or 1/20th of one percentum (1%); and

(d) any premium offered must be paid in cash as a part of the purchase price.

Authorization for the Bonds

The Commission is authorized pursuant to Act No. 1503 of the Acts and Joint Resolutions of the South Carolina General Assembly for the year 1970, as amended, to issue general obligation bonds of the District in order to acquire, construct, install, improve, enlarge and extend sewage collection, transmission, treatment or disposal facilities within the District. Pursuant to the provisions of Sections 11-15-410 through 11-15-600, inclusive, Code of Laws of South Carolina, 1976, as amended, Sections 11-21-10 through 11-21-80, as amended, and Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended (together, the "Act"), the District is authorized to issue general obligation bonds, the proceeds of which are used to refund outstanding general obligation bonds of the District where such refunding bonds are issued more than six months prior to the date of redemption of the bonds to be refunded. A resolution authorizing the issuance of the Bonds (the "Bond Resolution") was adopted by the Spartanburg Sanitary Sewer District Commission (the "Commission"), the governing body of the District, on November 30, 2010.

Security

The Bonds are general obligations of the District and the full faith, credit, taxing power and resources of the District are irrevocably pledged to the payment of the principal of and interest thereof. Pursuant to Article X, Section 14 of the Constitution of the State of South Carolina 1895, as amended (the "State Constitution"), the Bonds are payable from an ad valorem tax to be levied upon all taxable property in the District without limitation as to rate or amount. The Resolution adopted by the Commission of the District authorizing the Bonds has directed the levy and collection of such tax. The Enabling Act provides in substance that the County Auditor of Spartanburg County shall levy annually and the County Treasurer of Spartanburg County shall collect, in the same manner as county taxes are levied and collected, a tax without limit on all taxable property located within the special purpose district sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor. The obligation to levy and collect ad valorem taxes is an essential obligation of the contract between the District and its bondholders and, if necessary, could be enforced by mandamus or other equitable remedies.

As required by the Bond Resolution (but not the Enabling Act), the tax levy therein ordered shall be reduced to the extent that there has been deposited with the Spartanburg County Treasurer moneys derived from the revenues of the Sewer System of the District (the "System") on the occasion in each year when the ad valorem tax levy is to be made, and in all instances where an annual tax levy is so reduced, the moneys derived from such revenues shall be applied to the payment of the principal of and interest on the Bonds and other general obligation bonds of the District. Nonetheless, revenues of the System are not pledged in any manner to secure the Bonds and whether such revenues are deposited as described in this paragraph is in the sole discretion of the District.

Plan of Financing and Use of Bond Proceeds

The District presently has outstanding, among other obligations, its General Obligation Bonds, Series 2002, maturing on June 1 of the years 2011 through 2025, inclusive (the "2002 Bonds"). The Commission is advised that a savings may be achieved through a refunding of (all or a portion of)the 2002 Bonds maturing in the year 2013, (depending on market conditions at the time of sale) and all 2002 Bonds maturity in the years 2014 through 2025, inclusive currently outstanding in the principal amount of $________ (the "Refunded Bonds").

The Commission has determined to raise the sum of $9,670,000* through the issuance of the Bonds in order to refund the Refunded Bonds and pay the costs of issuance of the Bonds. In order to accomplish the advanced refunding of the Refunded Bonds, a portion of the proceeds from the sale of the Bonds will be deposited with U.S. Bank, National Association, as Escrow Agent, invested in direct obligations of the United States of America, and applied to pay in full on June 1, 2012 the outstanding principal amount of the Refunded Bonds plus interest thereon accrued prior to and on the date of redemption. The District will achieve a net present value savings of $_______ through its refunding of the Refunded Bonds.

Debt Limit

The Refunded Bonds were issued within the debt limitation imposed upon the District by Article X, Section 14 of the State Constitution. The refunding of the Refunded Bonds does not create a new indebtedness, but merely continues an existing indebtedness, and thus the District may borrow the sum of $9,670,000* to refund the Refunded Bonds without reference to its debt limit, provided a savings results therefrom.

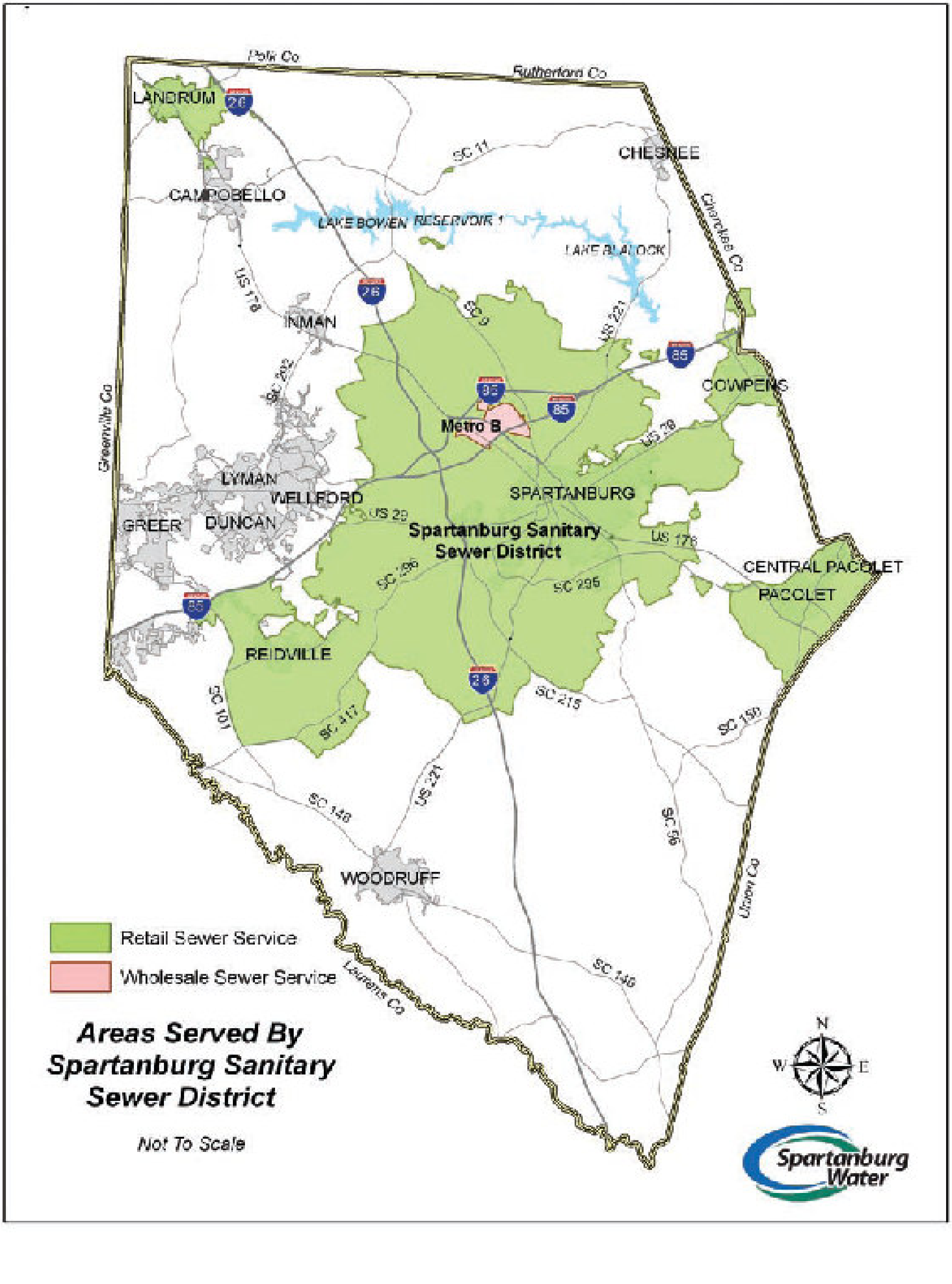
SPARTANBURG SANITARY SEWER DISTRICT

Description of the District

The District is a special purpose district located in Spartanburg County, South Carolina (the "County"). A small area located in Cherokee County, South Carolina has recently been annexed into the District, as well. Special purpose districts are limited purpose local governments created by or pursuant to Acts of the South Carolina General Assembly. The District is a body corporate and politic and is a political subdivision of the State.

The County is located in the northwest piedmont section of the State on the I-85 corridor between Atlanta, Georgia and Charlotte, North Carolina. The County has an area of 813 square miles and is bordered on the north by the State of North Carolina, on the east by Cherokee and Union Counties, on the west by Greenville County and on the south by Laurens County. The County includes the City of Spartanburg, South Carolina (the "City"), which is the county seat and the eighth largest city in the State. The City is located approximately 175 miles northeast of Atlanta, Georgia and approximately 75 miles southwest of Charlotte, North Carolina.

The District was originally created as the "Spartanburg Metropolitan District" by the South Carolina General Assembly through Act No. 556 of 1929. Its original purpose was to provide interceptor trunk lines and sewerage treatment facilities within the District's boundaries, and to provide a method by which communities within the District could be designated "sub-districts" for the purpose of providing sewage collection lines.


Polk Co
Rutherford Co
LANDRUM
CAMPOBELLO
CHESNEE
SC 11
LAKE BOWEN
RESERVOIR 1
LAKE BLALOCK
Cherokee Co
US 176
INMAN
SC 9
US 221
COWPENS
SC 292
Metro B
Greenville Co
LYMAN
WELLFORD
SPARTANBURG
US 29
GREER
DUNCAN
Spartanburg Sanitary
Sewer District
US 176
CENTRAL PACOLET
PACOLET
SC 296
SC 295
REIDVILLE
SC 215
SC 101
SC 417
SC 150
SC 146
US 221
SC 56
WOODRUFF
Union Co
Retail Sewer Service
Wholesale Sewer Service
Laurens Co
SC 146
Areas Served By
Spartanburg Sanitary
Sewer District
Not To Scale
N
W
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Spartanburg Water

There is currently one subdistrict. "Subdistrict B", comprised of areas north of the City, was created pursuant to the provisions of Act No. 556 of 1929.

The General Assembly further empowered the District through Act No. 1503 of 1970 ("Act 1503") to provide sewage collection services in addition to transportation and treatment services. Although the duty of establishing and constructing sewage collection lines remains the responsibility of Subdistrict B within its service area, the District since the adoption of Act 1503 has assumed primary responsibility for providing sewage collection service to other areas of the District, including those areas within the boundaries of municipalities and of other special purpose districts which provide waterworks service. In each instance in which the District has expanded its service responsibilities, it simultaneously has expanded its boundaries, including, a small area in Cherokee County, South Carolina. See "THE SEWER SYSTEM – Service Area" herein.

Approximately 63% of the property of Spartanburg County is located within the District, and property located within the City comprises approximately 24% of the assessed value of the property located within the District. The District contains approximately 214 square miles and embraces practically all of the industrial area around the City.

District Management

The Commission serves as the governing body of the District. This Commission consists of seven members: three of the Commissioners serve ex officio by virtue of their office as duly elected Commissioners of Public Works of the City of Spartanburg (the "CPW", which operates the City of Spartanburg Water System, hereafter referred to as the "Water System"); the Mayor of the City also serves as a Commissioner ex officio. The remaining three Commissioners are elected from and must reside in the area of the District outside the corporate limits of the City.

The current members of the Commission, their occupations, and terms of office are shown in the following table:

Name	Occupation	Expiration of Term
A. Manning Lynch, Jr., Chairman	Developer/Builder	November, 2014
W.C. Alexander, IV[(1)]	Computer Industry	November, 2011
Barbara J. Barnes	Consultant	November, 2014
Junie L. White	Mayor, City of Spartanburg	January, 2014
Linda P. Bilanchone[(1)]	Education/Media Center Director, Wofford College	November, 2015
Louie W. Blanton	Banker	November, 2014
Myles W. Whitlock, Jr.[(1)]	Retired Retail Furniture Business Owner	November, 2013

(1) Commissioner of Public Works

The General Manager of the District is responsible for the overall functioning of the District which includes operational, maintenance, administration, planning and technical aspects. The General Manager is assisted by the Deputy General Manager of Engineering and Technical Services and the Deputy General Manager of Finance and Administration.

Sue G. Schneider was appointed General Manager of the District in 2007. Ms. Schneider earned a Bachelor of Science degree in Landscape Architecture from Ohio State University in 1978, a Master of Science degree in Environmental Science from the University of Cincinnati in 1987 and a Master of Business Administration degree from Wake Forest University in 2003. Ms. Schneider's experience includes over 25 years in water/wastewater consulting, hazardous/industrial waste management, and environmental/regulatory management.

Rebecca F. West was employed as the Director of Technical Services of the District in 2002 and is currently the Deputy General Manager of Engineering & Technical Services. Ms. West graduated from Wofford College in 1986 with a Bachelor of Science degree in Biology.

G. Newton Pressley was employed as the Director of Finance of the District in 1986 and is currently the Deputy General Manager of Finance & Administration. He also serves as Secretary/Treasurer of the Commission. Mr. Pressley is a certified public accountant and received a bachelor's degree in Accounting from the University of South Carolina in 1977.

Currently, the District has approximately 69 full-time and part-time employees including the Commissioners.

Budget

The District's budget process is coordinated annually by the Deputy General Manager of Finance & Administration. The key steps in the budget process are as follows:

- Coordinate department budget requests, including updating of staffing plans, preparation of depreciation schedules, and preparation of line-item budgets.
- Completion of District-wide budget information, including revenues, flow estimates, cost allocations, etc.
- Revenue and Expenditure data are input into a computerized financial planning and rate setting model and a review of the capital improvement program is conducted by the District's management.
- Rates and five year projections of revenues and expenses are provided to the District by the District's rate and feasibility consultants.
- Budget presented to the Commission for review.
- Public hearing advertised and held prior to final approval of budget, tax levy and user charges.

GASB 45

The District was required to implement Governmental Accounting Standards Board Statement No. 45 ("GASB 45") during the fiscal year ending June 30, 2009 for proper financial statement recognition of other post-employment benefits ("OPEB"). In order to pre-fund OPEB liabilities and avoid a substantial OPEB obligation on the balance sheet, the District established participation in the SC Other Retirement Benefits Trust (SC ORBET was established by the Municipal Association of South Carolina; it is intended to be tax exempt under IRS Code 115 and an irrevocable trust under applicable South Carolina State law). District management utilized actuarial services to determine the Annual Required Contribution for retiree health insurance costs. The District has implemented the required financial reporting and funding methods to provide for GASB 45 compliance.

Retirement Plan

The District is a member of the South Carolina Retirement System ("SCRS"), one of four defined benefit retirement systems maintained by the Retirement Division of the State Budget and Control Board. Each system publishes their own component unit financial report. The systems provide retirement, death and disability benefits to State employees, public school employees and employees of counties, municipalities and certain other State political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants. SCRS is a cost-sharing, multiple-employer pension system that benefits employees of public schools, the State and its political subdivisions including the District. Membership is required as a condition of employment. Employees contribute at 6.50% and employers at 9.24%. In addition to those rates, participating employers of SCRS contribute 0.15% of payroll to provide a group life insurance benefit for their participants.

The District's contributions to the SCRS for the last five fiscal years are as follows:

	Fiscal Year				
	2006	2007	2008	2009	2010
Contributions					
District	$174,585	$183,568	$235,599	$260,091	$253,122
Employee	132,339	135,862	162,177	176,459	175,219

The District has paid all required contributions for fringe benefits as they have come due and there are no liabilities for underfunding of such fringe benefits.

Insurance

Subject to specific immunity set forth in the State Tort Claims Act, local governments including the District are liable for damages not to exceed $300,000 per incident/person and $600,000 per occurrence/aggregate. No punitive or exemplary damages are permitted under the Act. Insurance protection to units of local government is provided from either the South Carolina Insurance Reserve Fund established by the State Budget and Control Board, private carriers, self insurance or pooled self insurance funds. The District currently maintains liability insurance coverage with the South Carolina Insurance Reserve Fund. In the opinion of the General Manager, the amount of liability coverage maintained by the District is sufficient to provide protection against any loss arising under the Act. In the opinion of local legal counsel for the District, there is no litigation pending or threatened against the District which is not adequately insured by such coverage.

Summary of District Budget, Fiscal Year 2010-11

Revenues	
User Charge Billings	$17,888,628
Ad Valorem Taxes	4,650,000
Interfund Transfer	2,020,000
Industrial Surcharge & Service Charges	492,000
Other Revenue	169,412
Total Revenues	$25,220,040
Expenditures	
Debt Service & Capital	11,399,611
Labor	4,635,135
Supplies & Maintenance	2,608,283
Inter-Company Fees	1,926,374
Depreciation & Infrastructure Rehab	1,750,000
Utilities	1,746,350
Other Outside Services	829,124
Miscellaneous	191,305
Training & Other Business Exp.	133,858
Total Expenses	$25,220,040

Revenues and Expenses of the District

A five-year summary of the revenues and expenses of the District appears on the following page. The audited financial statements of the District for the years ended June 30, 2006 through June 30, 2010 were prepared by McAbee, Talbert, Halliday, & Co., CPA's, Spartanburg, South Carolina. A copy of the audited financial statement for the year ended June 30, 2010 is included as Appendix A to this Official Statement.

Spartanburg Sanitary Sewer District
Statement of Revenues and Expenses of the System
of Fiscal Years Ending June 30

	2006	2007	2008	2009	2010
Operating Revenues	$15,380,359	$15,504,599	$17,918,388	$19,385,308	$19,110,224
Operating Expenses Before Depreciation & Amortization	(9,302,581)	(9,790,205)	(10,640,171)	(11,695,601)	(11,587,195)
Operating Income Before Depreciation & Amortization	6,077,778	5,714,394	7,278,217	7,689,707	7,523,029
Depreciation	(4,745,725)	(5,197,377)	(6,192,898)	(7,701,323)	(8,422,590)
Amortization of Bond Cost	(106,483)	(107,892)	(107,892)	(107,892)	(152,879)
Operating Income	1,225,570	409,125	977,427	(119,508)	(1,052,440)
Non-operating Revenues					
Ad Valorem Taxes	4,363,444	4,501,133	4,606,015	4,600,793	4,613,814
Other Non-operating Revenues	2,812,005	2,592,096	1,807,008	561,259	400,887
Non-operating Expenses	(8,094,644)	(8,156,769)	(8,103,476)	(8,051,570)	(7,487,656)
Capital Contributions	4,741,748	2,400,374	4,620,565	2,005,661	2,218,665
Net Income	$ 5,048,123	$ 1,745,959	$ 3,907,539	(1,003,364)	$ (1,306,730)

Location of the System

The current boundaries of the District encompass 137,187 (214 square miles) and include the City, the municipalities of Cowpens, Pacolet, Central Pacolet and Landrum, and portions of four other special purpose districts, Inman-Campobello Water District, Liberty-Chesnee-Fingerville Water District, Startex-Jackson-Wellford-Duncan Water District and Woodruff-Roebuck Water District, as well as a small area within Cherokee County, South Carolina.

The District also includes within its boundaries portions of the Enoree River, Lawson Fork Creek, Fairforest Creek, Pacolet River, North Tyger River, Middle Tyger River and South Tyger River basins. The District presently operates 7 regional treatment facilities: Clifton-Converse, Fairforest, Cowpens, Lower North Tyger River, Pacolet Area, Page Creek (Landrum) and South Tyger River. In addition, the District operates two local treatment facilities, 74 pump stations and 909 miles of pipeline, of which 371 miles was acquired from the City of Spartanburg as of January 1, 2008. The largest treatment plant – Fairforest – accounts for approximately 88% of total average daily flows. As of July 1, 2010, the District had 37,607 customers.

With the exception of a limited number of residential subdivisions and several small industrial plants which maintain private wastewater collection and treatment systems, the District provides wastewater transportation and treatment services to all properties connected to sewer systems within its boundaries. All of the sewer interceptors or main transportation lines utilized to provide this service are owned, operated and maintained by the District.

Collection Services

With the exception of residents of Subdistrict B, which provides sewage collection service to its residents, the District provides sewage collection services to all of its "transportation and treatment" customers, including residents (whose properties are connected to sewer lines) of the municipalities and special purpose districts located within the District's boundaries.

With the exception of residents of the City of Landrum, which has its own rate schedule (as discussed in "Billing and Collection Procedures"), all customers of the District are assessed the same transportation and treatment charge to recover the cost of operating and maintaining the District's treatment plants and interceptor systems. Customers of the District for whom the District provides collection service also are assessed an additional collection charge to recover costs associated with owning, operating and maintaining the District's collection system. See "User Charge."

Comparative General Statistics

The District has improved and expanded the System over the years. The following table depicts the trend in miles of sewer lines and annual amount of user revenue charges over the past five fiscal years:

	2006	2007	2008	2009	2010
Miles of Sewer Line	489	499	879(1)	904	909
Total Annual Amount of Billing	$14,171,033	$14,346,940	$16,728,712	$18,165,635	17,911,933

(1) Acquired 371 miles from the City of Spartanburg in January 2008

Revenues of the System

From its creation in 1929 until January 1, 1979, the District obtained the moneys with which to pay operational and maintenance costs of its facilities and to provide debt service on its bonded indebtedness through means of an ad valorem tax levied upon taxable property located within its territorial limits. However, in order to comply with the provisions of the Federal Water Pollution Control Act which requires all recipients of grants provided by the Environmental Protection Agency of the United States to impose a sewer user charge sufficient in amount to cover the cost of operating and maintaining the entity's sewer facilities, the District, after a comprehensive study had been made, instituted a sewer user charge on January 1, 1979. The ad valorem tax was reinstated in 1990 to defray a portion of the debt service cost applicable to the treatment plants and interceptor trunk lines. Although currently ad valorem taxes are used primarily to pay debt service on the District's general obligation indebtedness, Act No. 1503 provides that ad valorem tax moneys also may be used to provide for the administrative expenses of the District and for the costs of maintaining and operating the District's interceptors and sewerage treatment facilities. The Commission is responsible for determining the sewer rates and charges imposed upon the customers of the District. It has been and continues to be the policy of the Commission to annually review rates and charges to ensure that the District generates sufficient funds to meet budget expenditures.

Customers

The following table shows the number of customers of the District for the years shown:

Fiscal Year Ended June 30	Total Number of Accounts
2005	33,620
2006	34,873
2007	35,835
2008	36,788
2009	37,280
2010	37,607

User Charge

The user charge is either based on the quantity of water received by the individual user as measured through the water meter of the public water supply agency supplying water to the user or, as in the instance of certain industries, is based on the quantity of wastewater discharged into the District's facilities and measured through wastewater metering devices. The current user charge rate structure (effective August 1, 2008) is as follows:

1. *Base Charge* -- $1.50 per bill (recovers a portion of District administrative costs)
2. Volume Charge (per 100 cubic feet):

	Treatment and Transportation Charge	$2.96
	Collection Charge (1)	1.17
		$4.13

(1) Only charged to customers for which the District provides collection services.

The District maintains a detailed cost accounting system which keeps track of the cost of providing each level of sewer service for which the sewer user charge rates are established. The information accumulated in the cost accounting system is utilized in conjunction with the approved expenditure budget to calculate the user charge rates. Rate calculations are made by the District staff and reviewed by an independent rate consultant.

In addition to the user charge, the District also charges a capacity fee for all new connections to the System, an industrial wastewater surcharge and service charge to certain industrial users producing high strength waste, and a front-foot assessment for non-Subdistrict residents who petition for the installation of collection lines. These fees are discussed in "Capacity Fee," "Industrial Wastewater Surcharge and Service Charge," and "Front Foot Assessment."

Capacity Fee

The District charges a capacity fee which is a one time charge for new connections to the System. It is based on the concept that the new user should pay a "pro-rata" share of the basic infrastructure which has been or will be constructed to meet the needs of that new user. The revenue derived from the capacity fees is designed to be in an amount necessary to offset the cost of capital improvements necessitated by such new connections. The capacity fee was established by the District upon recommendation from its consulting engineers, and is based upon the net depreciated assets of the District.

Capacity Fee Rates (effective July 1, 2008)

Residential Equivalent Unit(1)	Discharge Gallons Per Day	Inside Subdistricts	Outside Subdistricts (2)
1	400	$ 175	$ 450
5	2,000	438	1,125
15	6,000	875	2,250
32	12,800	1,400	3,600
75	30,000	2,800	7,200
113	45,200	3,588	8,975
150	60,000	4,375	11,250
253	101,200	6,781	17,438
355	142,000	9,188	23,625
458	183,200	11,594	29,813
560	224,000	14,000	36,000
670	268,000	15,363	39,500
780	312,000	16,725	43,000
890	356,000	18,088	46,500
1,000	400,000	19,450	50,000

(1) Capacity fees for flows not listed above will be calculated based upon straight line interpolation between listed fees. In making the calculations, discharge flows will be rounded off to the nearest whole Residential Equivalent Unit (REU) which is equal to 400 gallons a day. The wastewater discharge from a single family residence is equal to one REU.
(2) Capacity fees for areas outside the Subdistricts are higher since they include recovery of a portion of capital costs related to collection system assets in addition to treatment plant and interceptor assets.

Industrial Wastewater Surcharge and Service Charge

Industrial users are monitored and sampled to determine the concentration of biochemical oxygen demand and suspended solids and charged an additional fee to defray the cost of treating high strength waste. This surcharge, which has been in effect since January 1, 1973, is imposed in accordance with a formula based on the strength of waste of the particular industrial user. The District bills all surcharges directly to industrial users.

The industrial wastewater service charge also is imposed on all industrial users to defray the cost to the District for administering an industry's wastewater discharge permit and the cost incurred by the District in providing analytical monitoring of an industry's discharge.

Front Foot Assessment

The front foot assessment is designed to cover the cost of installing sewage collection lines, and is only charged to those property owners outside the Subdistricts for whom collection lines are installed under a petition process.

Charges and Collections

The District has entered into contracts or has understandings with each of the water providers, i.e., municipalities and special purpose districts, within its boundaries whose customers receive sewage collection service and/or sewerage transportation and treatment service from the District. In some cases, these water providers are responsible for billing and collecting the District's charges; in others, these water providers provide water use and other account information to the District. Regardless of which governmental entity sends the bill, all customers of the District receive a bill which includes the District's base charge and transportation and treatment charge portions of the user charge. Those customers who are also provided collection services by the District also are billed the collection charge portion of the user charge. See "User Charge."

Subdistrict B provides sewage collection services to most of its service area, and thus the District receives only the base charge and transportation and treatment charge portions of the user charge from Subdistrict B residents. None of the other municipalities or special purpose districts located within the boundaries of the District, however, provides collection service, and thus the District receives the entire user charge from residents of those areas.

With some exceptions (which are noted below), bills sent out by these water providers generally apply the District's rate schedule to a customer's retail water usage, as reported by the water provider. Although each of these billing contracts has its own specific terms, they generally are for a one-year term subject to automatic renewal and the right to terminate upon 60 or 90 days written notice; require the water provider to provide the District with reports reflecting water volumes used and individual and total sewer charges billed and collected and to remit collected charges either monthly or bimonthly in arrears; authorize the water provider to cut off water service for failure to pay sewer charges; and to pay the water providers for such billing and collection services based either on a flat fee or a percentage of collection basis. For customers of water providers with which there is no written billing agreement and for certain high-volume users, the District's staff provides separate sewer bills based upon reported water usage.

A brief summary of each of the water providers and the nature of the contractual relationship between the District and each such provider follows:

The Spartanburg Water System ("SWS"): Pursuant to a contract dated as of December 5, 1978, SWS sends a combined bill at regular intervals for water and sewer service, which bill includes the District's user charge based on the District's rate schedule, to all SWS customers who are connected to the District's collection system and who are not otherwise billed by another water provider. Collected charges are remitted to the District on a monthly basis.

The District and SWS share staff to handle administrative, customer service and billing and collection functions.

<u>*Subdistricts*</u>

Subdistrict B: Pursuant to a contract dated as of December 1, 1985 and with some exceptions (discussed herein below), Subdistrict B sends a combined bill for water and sewer service to each Subdistrict B customer who either uses the Subdistrict B's sewer collection system or who otherwise discharges wastewater to the District's transportation and treatment facilities. Bills also are sent to residents of the Subdistrict B who are not water customers of Subdistrict B. These bills include a collection charge based on a rate schedule established by Subdistrict B, and a base charge and a transportation and treatment charge based on the District's rate schedule. Collected charges are remitted to the District on a semimonthly basis.

Municipalities

Central Pacolet: SWS provides water to the residents of the Town of Central Pacolet ("Central Pacolet") and accordingly sends a combined water and sewer bill directly to those Central Pacolet water customers who also are connected to the District's sewage collection system. District charges are based upon the District's rate schedule and are remitted upon collection to the District in accordance with the agreement between the District and SWS.

Cowpens: SWS provides water to the residents of the Town of Cowpens ("Cowpens") and accordingly sends a combined water and sewer bill directly to those Cowpens water customers who also are connected to the District's sewage collection system. District charges are based upon the District's rate schedule and are remitted upon collection to the District in accordance with the agreement between the District and SWS.

Landrum: The City of Landrum ("Landrum") provides water service to its residents, but transferred ownership and operation of its sewer system to the District in accordance with an agreement dated July 20, 1998. Landrum provides billing and collection services for the District based upon a separate rate schedule, which the District may amend in order to assist in paying for, among other things, improvements to the facilities transferred to the District pursuant to the agreement. Landrum sends a combined water and sewer bill to those of its water customers who also are connected to the District's sewage collection system, and remits these collected charges to the District on a monthly basis.

Pacolet: SWS provides water to the residents of the Town of Pacolet ("Pacolet") and accordingly sends a combined water and sewer bill directly to those Pacolet water customers who also are connected to the District's sewage collection system. District charges are based upon the District's rate schedule and are remitted upon collection to the District in accordance with the agreement between the District and SWS.

City of Spartanburg: SWS provides water service to the residents of the City and accordingly provides billing and collection services for the City. The City transferred ownership and operation of its sewer system to the District in accordance with an agreement dated December 17, 2007. The Water System sends a combined bill for water and sewer service to each City customer. District charges are based upon the District's rate schedule and are remitted upon collection to the District in accordance with the agreement between the District and SWS.

Water Districts

Inman-Campobello Water District: Pursuant to a contract dated November 26, 1997, the Inman-Campobello Water District sends a combined water and sewer bill directly to those Water District customers who also are connected to the District's sewage collection system, which bill includes charges based upon the District's rate schedule, with the exception of certain large volume water users billed separately by the District. Collected charges are remitted to the District on a monthly basis.

Liberty-Chesnee-Fingerville Water District: Pursuant to a contract dated as of March 28, 2000, the Liberty-Chesnee-Fingerville Water District sends a combined water and sewer bill directly to those Water District customers who also are connected to the District's sewage collection system, which bill includes charges based upon the District's rate schedule. Collected charges are remitted to the District on a monthly basis.

Startex-Jackson-Wellford-Duncan Water District: Pursuant to a written request dated June 2, 1997, Startex-Jackson-Wellford-Duncan Water District sends a combined water and sewer bill directly to those Water District customers who also are connected to the District's sewage collection system, which bill includes charges based upon the District's rate schedule. Collected charges are remitted to the District on a monthly basis.

Woodruff-Roebuck Water District: Although there is no written agreement between the District and the Woodruff-Roebuck Water District, the parties have agreed that the District will separately bill water customers of the Woodruff-Roebuck Water District for sewer service based upon the District's rate schedule. Bills are prepared and sent monthly by the billing and collection department shared by SWS and the District.

Largest Customers

The following table is a list of the District's largest customers for the Fiscal Year ended June 30, 2010. No single customer accounted for more than 1.8% of total revenues, including revenues from high strength (industrial waste) surcharges:

	Customer	Total	% Gross Revenues
1.	Spartanburg Housing Authority	341,587	1.79%
2.	Spartanburg Regional Medical	336,312	1.76%
3.	Blackman Uhler Mfg. Company	286,931	1.50%
4.	Pet Inc. Dairy Division	242,456	1.27%
5.	Milliken & Company, Inc.	213,200	1.12%
6.	Tietex Corporation	195,196	1.02%
7.	Wofford College	180,840	.95%
8.	Spartanburg County	179,691	.94%
9.	NURRC LLC	175,529	.92%
10.	BASF Corporation	157,512	.82%

Source: Spartanburg Sanitary Sewer District

Regulation and Permits

Federal Regulation: The System is subject to regulation by the U.S. Environmental Protection Agency ("EPA"). EPA involvement is primarily in the areas of approving funds for projects under EPA grants and establishing and interpreting policies for executing federal water quality and wastewater treatment facilities construction grant programs.

State Regulation: The System is subject to regulation by South Carolina Department of Health and Environmental Control ("DHEC"). DHEC is responsible for ensuring compliance with federal and State water quality standards, approving plans and specifications for wastewater projects within the State, issuing operating and construction permits, in addition to other administrative functions which have been delegated to DHEC by EPA. From time to time, DHEC has entered into administrative consent orders with the District to resolve issues of alleged permit non-compliance and other compliance issues. The District is in compliance with requirements for payment of civil penalties or corrective measures under such consent orders.

The District is permitted by DHEC in accordance with the National Pollutant Discharge Elimination System ("NPDES"). These permits set certain criteria and limits for treated wastewater to meet prior to discharge. The permits also impose specific environmental requirements on the management and processing of residuals generated as a product of the wastewater treatment process, such as sludge handling, composting, land farming and landfilling. Annual NPDES permit compliance averages 99.99 % for all of the District's facilities.

CERTAIN FISCAL MATTERS

Assessment of Property in Spartanburg County

Article X, Section 1, of the State Constitution requires equal and uniform assessments of property throughout the State for the following classes of property and at the following ratios:

(1) Real and personal property owned by or leased to manufacturers, utilities and mining operations and used in the conduct of such business – 10.5% of fair market value;

(2) Real and personal property owned by or leased to companies primarily engaged in transportation for hire of persons or property and used in the conduct of such business – 9.5% of fair market value;

(3) Legal residence and not more than five contiguous acres – 4% of fair market value (if the property owner annually makes proper application and qualifies);

(4) Agricultural real property used for such purposes owned by individuals and certain corporations – 4% of use value (if property owner makes proper application and qualifies);

(5) Agricultural property and timberlands belonging to corporations having more than ten shareholders – 6% of use value (if property owner makes proper application and qualifies);

(6) All other real property – 6% of fair market value;

(7) Business inventories – 6% of fair market value (as of 1988, there is available an exemption from taxation of property in this category, except that the assessed value of business inventory as of tax year 1987 is taken into account in calculating an entity's bonded debt limit);

(8) Motor vehicles – 6% of fair market value; and

(9) All other personal property – 10.5% of fair market value.

The South Carolina Department of Revenue ("DOR") has been charged with the responsibility of taking steps necessary to ensure equalization of assessments statewide in order that all property is assessed uniformly and equitably throughout the State, and may require reassessment of any part or all of the property within the County. Under law enacted by the South Carolina General Assembly in 1995, every fourth year the County and the State are required by law to effect an appraisal of all property within the County and to implement that appraisal as a new assessment in the following year. Thereafter reassessments will occur on the schedule described above. Section 12-43-217(B) of the Code of Laws of South Carolina 1976, as amended, authorizes a county by ordinance to postpone its reassessment program for not more than one tax year. Regulations adopted by the DOR prior to the 1995 law and which are still in place also require that a reappraisal program must be instituted by a county if the median appraisal for all property in such county (as a whole or for any class of property) is higher than 105% or lower than 80% of fair market value. The County last completed and implemented a reassessment program for the 2008 tax year (which corresponds to the County's 2008-09 fiscal year).

In addition to the appraisal and reassessment procedures enacted in 1995, the General Assembly imposed a limitation on millage rate for the year in which the reassessment is implemented referred to as the "rollback millage," which is that millage rate which, following reassessment, will produce the same revenues as were produced in the year preceding reassessment. The rollback millage may only be increased pursuant to the provisions of Act No. 388 (defined herein). See Property Tax/Assessment Legislation herein.

The County Assessor appraises and assesses all the real property and mobile homes located within the County and certifies the results to the County Auditor. The County Auditor appraises and assesses all motor vehicles, marine equipment, business personal property and airplanes. The DOR furnishes guides for use by the counties in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers and business equipment.

Each year the DOR certifies its assessments to the County Auditor who prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares tax bills and then in September charges the County Treasurer with the collection. South Carolina has no statewide property tax.

Property Tax/Assessment Legislation

On June 10, 2006, the South Carolina Governor signed into law House Bill 4449, which became Act No. 388 ("Act No. 388"), which provides, among other things, a new mechanism for the funding of a portion of school operations and a limitation on annual growth in millage levied by political subdivisions and school districts for operations.

Sales Tax Imposition; Exemption of Owner-Occupied Property from School Operating Taxes.

Pursuant to Act No. 388, an additional one percent sales tax was imposed State-wide beginning on July 1, 2007. The additional tax does not apply to certain items, including certain accommodations (e.g., hotels, motels, campgrounds and the like), items taxed at a defined maximum tax (e.g., automobiles, taxed at a maximum of $300, regardless of sales price), and unprepared food (upon which the prior 5% tax was reduced to 3% on October 1, 2006 and was eliminated as of November 1, 2007 pursuant to Act No. 115, which became effective on July 11, 2007). Receipts from the new one percent sales tax must be credited to the "Homestead Exemption Fund" created pursuant to Act No. 388.

Effective beginning with Fiscal Year 2007-08, all owner-occupied real property in the State is exempted from ad valorem property taxes levied for school district operations (the "New Homestead Exemption"). Proceeds of the sales tax deposited in the Homestead Exemption Fund is distributed to the school districts of the State in substitution for the ad valorem property taxes not collected as a consequence of the New Homestead Exemption, provided, however, that in no event shall the amount of sales taxes distributed to the school district or districts within any county be less than $2,500,000 in the aggregate.

Act No. 388 provides that reimbursements in Fiscal Year 2007-08 for amounts not collected by reason of the New Homestead Exemption shall be equal to the amount estimated to be otherwise collected in Fiscal Year 2007-08 by the school district from school operating millage imposed on owner occupied residential property therein. Beginning in Fiscal Year 2008-09 and continuing each year thereafter, the aggregate reimbursement to the school districts of the State will increase by an amount equal to the percentage increase in the previous year of the Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics plus the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board.

Any amounts remaining in the Homestead Exemption Fund after the distribution of moneys as described in the preceding paragraphs must be distributed to the 46 counties of the State, proportionately based upon population, and applied as a credit against ad valorem property taxes levied against, first, owner-occupied real property, and, thereafter, to all other classes of taxable property, for county operating purposes.

Limitation on Millage Increases

Act No. 388 also imposes a limitation on increases in millage levied for operational purposes (but not for general obligation bond debt service) by all political subdivisions and school districts. As of January 1, 2007, annual millage levies may increase only at a rate equal to the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the political subdivision or school district, as the case may be. This limitation may be overridden by a vote of two-thirds of the governing body of the political subdivision or school district, but only for the following purposes and only in a year in which such condition exists:

(1) a deficiency of the preceding year;

(2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;

(3) compliance with a court order or decree;

(4) taxpayer closure due to circumstances outside the control of the governing body that decreases by ten percent or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or

(5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

Local Option Sales Tax for Additional Tax Relief

Act No. 388 further authorizes the imposition within a county, subject to approval by referendum, of a local sales tax to provide additional property tax relief. The local sales tax authorized by Act No. 388 may only be imposed to the extent necessary to provide a 100% credit to all classes of taxable property against (a) county operating taxes, (b) school operating taxes, or (c) both, as set forth on the referendum ballot. In no event, however, may the rate of such local sales tax exceed one percent. Act No. 388 also provides a procedure for rescinding this local sales tax, as well as any other local sales taxes in force as of June 1, 2006.

Reassessment Valuations Limited

Act No. 388 also provides that the growth in valuation of real property attributable to reassessment may not exceed 15% for each five year reassessment cycle. Growth in valuation resulting from improvements to real property are exempt from this restriction. Moreover, upon the sale of any parcel of real property or other "assessable transfer of interest," including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses, such parcel will be reassessed to its then-current market value.

Legislation presently pending in the South Carolina General Assembly would amend Act No. 388 to provide, in substance, that a property assessment could not be increased by more than 15% upon the occurrence of an "assessable transfer of interest" with respect to that property, regardless of the actual market value of the property at the time of transfer.

The foregoing existing and proposed limitations on reassessment will tend over time to reduce the growth in the assessed value of the District. This will in turn reduce the growth in the District's general obligation debt limit.

Homestead Exemptions – Property Tax Relief

The State provides, among other exemptions, two exemptions for homesteads. The first is a general exemption from all ad valorem property taxes and applies to the first $50,000 of value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled or legally blind (the "Homestead Exemption"). The second exemption (the "Property Tax Relief Exemption") applies only to ad valorem taxes levied for school operating budgets (exclusive of amounts in those budgets for the payment of lease-purchase agreements for capital construction) (the "School Taxes") and has no effect on the District. The Property Tax Relief Exemption applies to property classified as the legal residence and up to five contiguous acres of land contiguous thereto when owned by the occupant of such residence. The value of the property exempted pursuant to the Property Tax Relief Exemption is determined each year by a formula which takes into account the amount made available by the General Assembly for such purpose in a State Property Tax Relief Fund and the total School Taxes but for such exemption. In both cases, the revenues that would have been received by various taxing entities but for the exemptions are replaced by funds from the State. In the case of the Homestead Exemption, the State pays each taxing entity the amount to which it is entitled by April 15 of each year from the State's general fund.

Payments in Lieu of Taxes

The State has adopted an array of property tax inducements and incentives to promote investment in the State. Qualifying investments of $2.5 million ($1 million in some counties and for certain "brownfield" sites) or more may negotiate for payments in lieu of taxes for a period of 20 years based on assessment ratios of as little as 6% and using millage rates that are either fixed for 30 years or adjusted every fifth year. Certain of those projects may also design a payment schedule so long as the present value of the payments under the schedule are equal to the present value of the payments that would have been made without the schedule. The State also provides an even more generous inducement for projects creating at least 125 new jobs and new investment of not less than $150 million or for projects which have total investment of not less than $400 million within the State. These projects may negotiate for payments based on assessment ratios of as low as 4% and for a term of 30 years. There are also provisions respecting the distribution of payments in lieu of taxes to entities having taxing jurisdiction at the location of the investment.

The State provides alternative provisions respecting the distribution of payments in lieu of taxes to entities having taxing jurisdiction at the location of the investment: (i) revenues received in respect of property that is not included in a multicounty park are allocated in proportion to the amounts that would have been received by the taxing entities if the payments were taxes and (ii) revenues received from property that is in a multicounty park, however, is distributed in accordance with the agreement creating the park; the amount of the distribution to each taxing entity is, for all practical purposes, controlled by the County. Property may be included in a multicounty park under terms of agreements between two or more counties with individual sites being determined primarily by the county in which they are located. Payments in lieu of taxes may be diverted from taxing entities to fund projects which support economic development activities, including projects that are used solely by a single enterprise, either directly or through the issuance of special source revenue bonds secured by payments in lieu of taxes. A county government may also divert payments in lieu of taxes derived from an MCIP to its own corporate purposes or those of other taxing entities in that county.

Projects on which these payments in lieu of taxes are made are considered taxable property at the level of the negotiated payment for purposes of calculating bonded indebtedness limits. If the property is situated in an MCIP, the calculation of assessed value for debt limit purposes is based upon the relative share of payments received by all taxing entities which overlap the MCIP. Accordingly, a recipient of payments from an MCIP is able to include only a fraction of the assessed value of property therein in calculating its debt limit.

If a county, municipality or special purpose district pledges to the repayment of special source revenue bonds any portion of the revenues received by it from a payment in lieu of taxes, it may not include in the calculation of its general obligation debt limit the value of the property that is the basis of the pledged portion of revenues. If such political subdivision, prior to pledging revenues to secure a special source revenue bond, has included an amount representing the value of a parcel or item of property that is the subject of a payment in lieu of taxes in the assessed value of taxable property located in the political subdivision and has issued general obligation debt within a debt limit calculated on the basis of such assessed value, then it may not pledge revenues based on the item or parcel of property, to the extent that the amount representing its value is necessary to permit the outstanding general obligation debt to not exceed the debt limit of the political subdivision.

As an alternative to the issuance of special source revenue bonds, the owners of qualifying projects may receive a credit against payments in lieu of taxes due from the project to pay certain project costs. If a county, municipality or special purpose district agrees to allow a credit against the payments in lieu of taxes it would otherwise receive, it is subject to the limitations on calculation of its debt limit as described in the preceding paragraph.

The County has entered into numerous fee in lieu of tax arrangements with respect to industrial investments in the County. The largest of these is with respect to the manufacturing facility of BMW Manufacturing Corp..

Assessed Values of Spartanburg Sanitary Sewer District

Calendar Year	Real Property	Personal Property(1)	Total(2)
2005	$326,651,460	$183,441,387	$510,092,847
2006	338,861,502	181,388,322	520,249,824
2007	345,474,467	180,951,497	526,425,964
2008	407,601,589	181,907,525	589,509,114
2009	415,333,152	182,937,413	598,270,565
2010(3)	407,912,442	169,212,860	577,125,302

(1) Includes manufacturers' real and personal property
(2) The Assessed Value figures do not include property for which fee-in-lieu of taxes is paid, which was $28,294,877 for Calendar Year 2008 and $26,165,257 for Calendar Year 2009.
(3) Preliminary assessments as of 10/15/10.
Source: Spartanburg County Auditor

Preliminary 2010 Market Value/Assessment Summary of the District

Classification	Assessed Value	Assessment Ratio	Market Value
Real Estate	$404,759,312	4% and 6%	$10,345,538,450
Mobile Homes	3,153,130	4% and 6%	79,950,400
SCTC	24,276,860	10.5	231,208,190
Utilities	21,608,899	10.5	205,799,038
Corporations	65,183,590	10.5	620,796,095
Transportation	1,619,288	9.5	17,045,136
Vehicles	49,250,221	6	820,837,016
Boats	1,420,060	10.5	13,524,380
Airplanes	229,630	4	5,740,750
Furniture	5,624,312	10.5	53,564,876
Totals	$577,125,302		$12,394,004,331

The Assessed Value figures do not include property for which fee-in-lieu of taxes is paid.
Source: Spartanburg County Auditor

Method by Which Tax Levy is Made

In the State, local taxes for counties, schools and special purpose districts are levied as a single tax bill which each taxpayer must pay in full. Taxes are levied by the Auditors of the various counties. In the County, current and delinquent tax collections are made through the County's Delinquent Tax Office. County taxes are payable without penalty until January 15th. On January 16th, a 3% penalty is added on all unpaid taxes; on February 2nd, an additional 7% penalty is added; and on March 17th, an additional 5% penalty is added, at which time property in the County goes into execution.

Tax Collection Record

County: The following shows taxes levied by the County Auditor and collected by the County Treasurer, including county, school district, municipality and special purpose district taxes, for the past five Fiscal Years:

Fiscal Year	Original Amount Levied	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Total Percentage Collected
2006	$254,549,096	$235,599,441	92.6%	$13,635,049	$249,234,490	97.9%
2007	274,102,979	252,470,404	92.1	18,239,665	270,710,069	98.8
2008	297,460,186	273,668,498	92.0	18,832,729	292,501,227	98.3
2009	329,742,436	302,104,969	91.6	15,918,501	318,023,470	96.4
2010	355,583,192	328,304,838	92.3	19,415,324	347,720,162	97.7

Source: Spartanburg County Treasurer

Spartanburg Sanitary Sewer District: The following shows taxes levied by the County Auditor and collected by the County Treasurer for the District for the past five fiscal years:

Fiscal Year	Original Amount Levied	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Total Percentage Collected
2006	$3,906,143	$3,565,015	91.27%	$268,989	$3,834,004	98.15%
2007	4,009,898	3,728,547	92.98	248,197	3,976,744	99.17
2008	4,354,656	3,802,835	87.33	295,747	4,098,582	94.12
2009	4,238,632	3,875,847	91.44	243,028	4,118,875	97.17
2010	4,297,656	3,983,816	92.70	242,678	4,226,494	98.34

Source: Spartanburg County Treasurer

Millage History

The following table shows the number of mills levied by the District for the past five fiscal years:

Fiscal Year	Mills Levied
2006	8.2
2007	8.2
2008	8.2
2009	7.5
2010	7.5

Source: Spartanburg County Auditor

Largest Taxpayers in the District

The following table shows the preliminary 2010 assessed values and the estimated total property taxes or fee-in-lieu of taxes paid to all taxing entities in Fiscal Year 2010-11 by the ten largest taxpayers in the District.

Taxpayer	Assessed Value	Preliminary 2010 Amounts Paid
Duke Energy Corp	$10,171,000	$3,625,127.95
Michelin North America	6,953,449	2,344,702.90
NGMCO inc.	3,481,530	1,216,571.70
RR Donnelley & Sons Company	3,468,311	1,366,861.00
RR Donnelley & Sons Company	3,455,650	1,361,871.67
American Fund US Investments	3,450,949	1,178,154.00
Bellsouth Telecommunications	3,169,615	1,119,932.77
Mary Black Health System LLC	2,653,830	1,007,054.74
JM Smith Corporation	2,888,550	986,678.37
Yeomans Charles L III	2,785,300	826,677.04

Amounts paid exclude City tax.
Source: Spartanburg County Auditor

DEBT STRUCTURE

Legal Debt Limit of the District

The District may not incur general obligation debt in an amount above 8% of the assessed valuation of property within its jurisdiction unless the debt is approved in a referendum or refunds debt approved by a referendum. Any validly issued existing general obligation debt may also be refunded without regard to the limitation. General obligation debt issued in anticipation of the collection of *ad valorem* taxes is also excluded from the 8% limit. The District has issued general obligation bonded indebtedness, but has no other contractual liabilities or obligations of a capital nature. Payment of debt service of the District's obligations is handled by the Spartanburg County Treasurer.

Statutes authorizing the payment of fees in lieu of taxes (See "CERTAIN FISCAL MATTERS - Payments in Lieu of Taxes" above) provide that the property from which such fees are derived may be included in the calculation of debt limit. These statutes provide formulae whereby the assessed value for debt limit purposes of property subject to a fee in lieu of taxes is determined, based upon the most recently received annual payments in lieu of taxes received by a particular taxing entity.

The District's debt limitation is computed below:

Preliminary 2010 Assessed Value[1]	$577,125,302
Constitutional Debt Limit	x 8%
Total	46,170,024
Current Outstanding Debt Subject to Limit[2]	25,650,000
Legal Debt Limit without a Referendum	$20,520,024

(1) Excludes assessed value derived from fee-in-lieu of taxes property.
(2) Includes the Refunded Bonds

Outstanding Debt

As of March 16, 2011, the outstanding general obligation indebtedness of the District is $25,650,000, and includes the following issues:

(1) $10,435,000 outstanding principal amount of $14,100,000 original principal amount General Obligation Improvement and Refunding Bonds, Series 2002, dated February 1, 2002, to be refunded with a portion of the proceeds of the Bonds;

(2) $3,195,000 outstanding principal amount of $12,600,000 original principal amount General Obligation Refunding Bonds, Series 2002A, dated December 1, 2002;

(3) $12,020,000 outstanding principal amount of $12,135,000 General Obligation Refunding Bonds, Series 2010, dated January 7, 2010.

The following table shows the annual debt service requirements (principal and interest) on the District's outstanding general obligation bonds and the Bonds, as of the date of issuance of the Bonds:

Fiscal Year Ending June 30	Series 2002 Bonds	Series 2002A Bonds	Series 2010 Bonds	Series 2011 Bonds	Total
2011	$997,838	$1,489,813	$480,800		
2012	1,001,400	963,438	480,800		
2013	1,000,650	964,875	480,800		
2014	1,000,000	-	480,800		
2015	998,163	-	480,800		
2016	995,138	-	480,800		
2017	995,925	-	480,800		
2018	995,288	-	480,800		
2019	998,225	-	480,800		
2020	999,500	-	480,800		
2021	1,002,250	-	480,800		
2022	1,003,000	-	3,045,800		
2023	1,001,750	-	3,408,200		
2024	1,003,500	-	3,407,000		
2025	1,008,000	-	3,406,000		
	$15,000,627	$3,418,126	$18,555,800		

Revenue Bonds

The District also has outstanding revenue bond indebtedness in the principal amount of $137,989,892 secured by the revenues of its sewer system; such revenues do not include taxes levied for debt service on general obligation bonds of the District.

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Overlapping Debt

	Outstanding General Obligation Debt as of June 30, 2010	Assessed Value as of June 30, 2010
County		
Spartanburg	$979,713,670	$981,069,784
Municipalities		
Duncan	7,069,974	5,800,088
Greer	21,366,492	20,653,454
Spartanburg	140,214,413	138,266,229
Woodruff	8,205,030	7,966,505
School Districts		
District 1	73,415,277	$87,040,589
District 2	172,222,259	166,225,614
District 4	55,076,742	45,091,195
District 5	46,888,435	178,468,529
District 6	185,529,932	242,042,388
District 7	243,888,422	199,031,829
Special Purpose Districts		
Arkwright Fire District	5,068,265	5,242,620
Boiling Springs Fire District	60,173,016	58,795,490
Croft Fire District	31,654,037	31,207,131
Hilltop Fire District	13,626,597	13,996,599
Liberty-Chesnee-Fingerville Water District	35,304,618	none
Mayo Fire District	8,697,539	8,392,954
Pelham-Batesville Fire District	8,189,371	7,804,387
Roebuck Fire District	31,081,903	30,167,493
Spartanburg Metro Sub District B	6,800,427	6,346,065
Westview-Fairforest Fire District	91,672,540	87,566,668
Startex-Jackson-Wellford-Duncan Water District	161,685,020	152,946,479
Woodruff-Roebuck Water District	70,270,249	67,720,515

Note: The assessed value figures above do not include property for which fee-in-lieu of taxes is paid.
Outstanding debt excludes COPs, lease purchase debt, installment debt, tax increment bonds, and revenue bonds.

Anticipated Capital Needs

The District does not anticipate making additional capital improvements to the System within the next five years which would require the issuance of additional general obligation indebtedness. The District may from time to time convert additional Revenue Bonds to general obligation bonds of the District as deemed appropriate by the Commission.

ECONOMIC CHARACTERISTICS AND DATA

Population

The following table shows population information for the County for the last four decades for which census figures are available:

Year	Population	Percent Increase from Prior Census
1970	173,724	10.8%
1980	202,700	16.7
1990	226,793	11.9
2000	253,791	11.9
2009	286,822[1]	13.0

(1) Estimated
Source: U.S. Census Bureau. Based on April 1 Census data

Per Capita Personal Income

The per capita personal income for each of the last five (5) years for which information is available is shown below:

Year	County	State	United States
2004	$26,894	$27,903	$33,881
2005	27,855	29,223	35,424
2006	29,127	30,927	37,698
2007	30,012	31,925	39,392
2008	30,506	32,495	40,166

Source: State Budget and Control Board, Board of Economic Advisors; U.S. Department of Commerce, Bureau of Economic Analysis, March 2010

Unemployment

The average employment rates (not seasonally adjusted) in the County, the State and the United States, for each of the last twelve months for which information is available are shown below:

	County	State	U.S.
January 2011	10.4%[1]	10.4%	9.0%
December 2010	10.7	10.9	9.4
November 2010	10.8	11.0	9.8
October 2010	10.3	10.6	9.7
September 2010	10.8	10.8	9.6
August 2010	12.0	11.3	9.6
July 2010	11.7	11.1	9.5
June 2010	11.5	11.1	9.5
May 2010	10.9	10.6	9.6
April 2010	10.8	10.7	9.8
March 2010	12.2	11.5	9.7
February 2010	13.1	12.2	9.7
January 2010	13.6	12.4	9.7

(1) Preliminary
Source: U.S. Department of Labor, Bureau of Labor and Statistics

Retail Sales

In the past, the State imposed a 5% sales tax on all retail sales, which became a 6% sales tax as of July 1, 2007. Gross retail sales for the County are shown in the table below for the years indicated:

Year	Gross Retail Sales	Increase/(Decrease) Over Previous Year
2005	$7,665,092,197	12.2%
2006	7,757,365,245	1.2
2007	7,524,675,302	(3.0)
2008	7,919,226,244	5.2
2009	7,547,735,580	(4.9)

Source: S.C. Department of Revenue

Major Employers

Some of the larger employers located in the County and located in the District, their products/services and number of employees are shown below:

Industry	Product	Employees
Spartanburg Regional Medical Center	Health services	5,544
BMW Manufacturing Corp.	Automobile manufacturing	5,400
SC State Government	State government	3,480
Spartanburg County Government	Government	1,453
Spartanburg County School District 6	Public education	1,300
Spartanburg County School District 7	Public education	1,259
Mary Black Health System, LLC	Health services	1,200
Cryovac Division – Sealed Air Corporation	Flexible plastic packaging material	1,100
Milliken & Company	Textile manufacturing	1,100
Michelin North America	Radial truck tires	952

Source: Upstate Alliance

Facilities Located Within the County

Education: The County is home to seven public school districts comprised of more than 44,000 students. It has 42 elementary schools, 15 middle schools, 5 junior high schools, 9 high schools, and 4 career centers or vocational schools. Seventeen fully accredited private and parochial schools also are located in the County. The districts are independent political entities and receive no funding from County government. The South Carolina School for the Deaf and Blind offers programs for preschool, elementary, middle and high schools, sensory multidisabled vocational and postsecondary education students in addition to a vast array of outreach services. The Charles Lea Center, a comprehensive facility for evaluation, training, education and rehabilitation of exceptional children, also assists the area schools through therapeutic programs for learning or emotional disorders.

Higher Education: The University of South Carolina - Upstate had enrollment of 5,403 students, and is one of the largest campuses of the University of South Carolina System. The four-year institution offers undergraduate degree programs in 11 fields of study in business administration and economics, education, humanities and sciences and nursing. Several graduate programs are also offered. Wofford College, a four-year institution with a Fall 2009 enrollment of 1,468 students, and Converse College, a four-year independent liberal arts college for women with a Fall 2009 enrollment of 1,720 students, are also located in the County. Spartanburg Community College, a public two-year college offering associate degrees and certificates in a variety of fields, had a Fall 2009 enrollment of 5,713 credit-seeking students and approximately 10,000 continuing education students. Sherman College of Straight Chiropractic is the State's only chiropractic college and had a Fall 2009 enrollment of 201 students. Spartanburg

Methodist College, a fully-accredited private junior college, had a Fall 2009 enrollment of approximately 808 students and offers associate degrees in liberal arts and science and several career tracks.

Medical Facilities: Spartanburg Regional Health Services District, Inc. (SRHSD) consists of the Spartanburg Regional Medical Center (SRMC), a Restorative Hospital and the Village Hospital in Greer, South Carolina. SRMC has 588 licensed beds (with 503 beds operating). The Restorative Hospital has 97 long-term acute and 25 skilled nursing licensed beds (with 65 beds operating) and the Village Hospital has 48 licensed beds. SRHSD owns and operates the Regional Physician Network, a network of 46 physician practices, employing more than 150 physicians. Mary Black Health System LLC has about 380 participating physicians which consists of the Mary Black Memorial Hospital, Mary Black Physicians Group and Mary Black Health Network, Inc. Mary Black Memorial Hospital is a 209-bed hospital accredited by the Joint Commission on Accreditation of Health Care Organizations and serves more than 8,000 inpatients and 100,000 outpatients each year. Recent expansions and renovations at the hospital include completely renovated all private patient rooms, a new orthopedic wing, three new operating rooms, a new endoscopy suite and a new $8 million, 18,500-square foot emergency department. Also within the County is the Carolina Center for Behavioral Health, an 89-bed private behavioral health system which specializes in psychiatric and chemical dependency treatment and provides inpatient, partial hospitalization and intensive outpatient programs.

Financial Institutions: County residents are presently served by 77 branches of nineteen different commercial banks and savings institutions. The top ten financial institutions as of June 30, 2010 in the County are as follows:

Rank	Institution	# of Branches	Deposits Share	% Market
1	Bank of America, N.A.	7	$1,307,887,000	27.14
2	SunTrust Bank	10	554,255,000	11.50
3	Wells Fargo Bank, National Association	7	454,860,000	9.44
4	Branch Banking & Trust Company	9	415,067,000	8.61
5	First Citizens Bank & Trust Company	11	401,736,000	8.33
6	First National Bank of the South	3	330,182,000	6.85
7	First South Bank	2	292,014,000	6.06
8	Arthur State Bank	7	198,150,000	4.11
9	Carolina Alliance Bank	1	180,802,000	3.75
10	Palmetto Bank	6	170,037,000	3.52

Source: Federal Deposit Insurance Corporation

Transportation: The Greenville-Spartanburg International Airport ("GSP"), which is located approximately 20 minutes from the City, serves more than 1.5 million passengers per year by 16 airlines offering 77 nonstop departures to 19 major cities across the United States. The GSP terminal building has more than 226,000 square feet and consists of two Federal Inspections Stations consisting of Customs, Immigrations and Agriculture. At 11,001 feet long, GSP can accommodate any aircraft currently in operation today. A 120,000 square-foot Federal Express facility and rental car service facilities are adjacent to GSP.

Spartanburg Area Regional Transit Agency (SPARTA) provides public transit in and around the City of Spartanburg. The bus system has eight fixed routes which serve employment sites, education centers, medical facilities and retail areas. All SPARTA buses are handicapped accessible. Intercity bus service is provided by Greyhound Bus Lines. As the hub of a modern highway system and served by interstate highways I-85, I-26, and three U.S. highways, the County is easily accessible to major metropolitan areas by car, truck and bus.

CSX Transportation Company and Norfolk-Southern Corporation offer rail service within the County. Piggyback service is available through Norfolk-Southern Corporation. Trucking facilities in the County include 25 major common carrier terminals and over 50 freight lines.

Utilities: Electric power is provided by Duke Energy, which serves most of the County. Broad River Electric Cooperative, Laurens Electric Cooperative, Lockhart Power Company and the Greer Commission of Public Works also serve consumers in the County. Natural gas is supplied and distributed by Piedmont Natural Gas

Company and the Greer Commission of Public Works. Telephone service is provided by AT&T, Chesnee Telephone, Nextel Communications, NuVox and Piedmont Rural Telephone Cooperative, as well as a variety of wireless carriers. The Spartanburg Water System supplies water to approximately 80% of the County's population. Other waterworks service is provided by Woodruff-Roebuck Water District, Startex-Jackson-Wellford-Duncan Water District, Inman-Campobello Water District and the Greer Commission of Public Works. Several not-for-profit water companies also provide water service in the County. The District owns and operates several sewage treatment facilities which serve the County. The Greer Commission of Public Works also provides sewage treatment facilities to portions of the County.

Recreation: The County is the summer training home of the Carolina Panthers of the National Football League. The summer training camp is held on the campus of Wofford College and all training camp practices are free and open to the public. The Spartanburg Parks Commission, a special tax district of the County, oversees 26 County parks along with numerous organized team sports. Tourists and residents also are drawn to the Zentrum, a visitor's center operated by BMW Manufacturing Corp. The Zentrum houses a museum, an auditorium and other special attractions and draws approximately 60,000 visitors annually. Located in the County are Cowpens National Battlefield, which is the site of a major battle of the Revolutionary War, and Walnut Grove Plantation, which is a restored estate with authentic furnishings and a number of restored outbuildings.

Library: The Spartanburg County Library System has eleven branches and one mobile unit. The library serves over 100,000 people annually with a variety of services, including computer internet services, audio-visual materials and equipment, story hours, film programs, talking books for the disabled, government documents, tours and talks.

Building Permits: The following table shows the number of residential and non-residential building permits issued by the County for the years shown.

	RESIDENTIAL		COMMERCIAL	
Year	# of Permits	Cost	# of Permits	Cost
2004	1,845	$181,555,894	708	$154,267,976
2005	2,064	203,501,000	946	142,776,578
2006	2,041	208,801,764	512	25,534,776
2007	1,581	186,973,234	509	105,388,886
2008	1,727	130,009,021	376	327,872,223
2009	535	58,406,794	513	78,227,079

Source: Spartanburg County Audited Financial Statements (latest data available)

TAX EXEMPTION

Federal Income Tax Generally

On the date of issuance of the Bonds, Haynsworth Sinkler Boyd, P.A., Columbia, South Carolina ("Bond Counsel"), will render an opinion that, assuming continuing compliance by the District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder (the "Regulations") and further subject to certain considerations described in "Collateral Federal Tax Considerations" below, under existing statutes, regulations and judicial decisions, interest on the Bonds is excludable from the gross income of the registered owners thereof for federal income tax purposes. Interest on the Bonds will not be treated as an item of tax preference in calculating the alternative minimum taxable income of individuals or corporations; however, interest on the Bonds will be included in the calculation of adjusted current earnings in determining the alternative minimum tax liability of corporations. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Bond Counsel, as a result of (i) ownership of the Bonds or (ii) the inclusion in certain computations of interest that is excluded from gross income.

The opinion of Bond Counsel will be limited to matters relating to the authorization and validity of the Bonds and the tax-exempt status of interest on the Bonds as described herein. Bond Counsel makes no statement regarding the accuracy and completeness of this Official Statement.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. Bond Counsel's opinions are based upon existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service (the "IRS") or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The opinion of Bond Counsel described above is subject to the condition that the District comply with all requirements of the Code and the Regulations, including, without limitation, certain restrictions on the use, expenditure and investment of the gross proceeds of the Bonds and the obligation to rebate certain earnings on investments of such gross proceeds to the United States Government, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned on compliance by the District with such requirements and Bond Counsel has not been retained to monitor compliance with the requirements subsequent to the issuance of such Bonds.

Collateral Federal Tax Considerations

Prospective purchasers of the Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel expresses no opinion concerning such collateral income tax consequences, and prospective purchasers of the Bonds should consult their tax advisors as to the applicability thereof.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Bonds. Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. The IRS has taken the position that, under the standards of practice before the IRS, Bond Counsel must obtain a waiver of a conflict of interest to represent an issuer in an examination of tax exempt bonds for which Bond Counsel had issued an approving opinion. Under current procedures, parties other than the Issuer and their appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Owners to incur significant expense, regardless of the ultimate outcome. Under certain circumstances, the District may be obligated to disclose the commencement of an audit under the Continuing Disclosure Agreement. See, CONTINUING DISCLOSURE, herein.

[Original Issue Discount

The Bonds maturing in the years _______ have been sold at initial public offering prices which are less than the amount payable at maturity (the "Discount Bonds"). The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which price a substantial amount of each maturity of the Discount Bonds is sold and the amount payable at maturity constitutes original issue discount, which will be treated as interest on such Discount Bonds and to the extent properly allocable to particular owners who acquire such Discount Bonds at the initial offering thereof, will be excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds. As discount is accrued, the purchaser's basis in such Discount Bond is increased by a corresponding amount, resulting in a decrease in the gain (or an increase in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Discount Bond prior to its maturity.

A portion of the original issue discount that accrues in each year to an owner of a Discount Bond that is a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability. Consequently, an owner of any Discount Bond that is a corporation should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of obligations such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering at the initial offering price at which a substantial amount of such Discount Bonds were sold should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who may acquire Bonds that are Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such Bonds, other tax consequences of owning Discount Bonds and the state and local tax consequences of owning Discount Bonds.]

[Original Issue Premium

The Bonds maturing in the years _____ have been sold at an initial public offering price which is greater than the amount payable at maturity (the "Premium Bonds"). An amount equal to the excess of the purchase price of the Premium Bonds over their stated redemption prices at maturity constitutes premium on such Bonds. A purchaser of a Premium Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.]

State Tax Exemption

Bond Counsel is of the further opinion that the Bonds and the interest thereon are exempt from all taxation by the State, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax. The opinion of Bond Counsel is limited to the laws of the State and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Bonds or the interest thereon under the laws of any other jurisdiction.

CERTAIN LEGAL MATTERS

Opinions

The issuance of the Bonds is subject to the favorable opinion of Bond Counsel as to the validity of the issuance of the Bonds under the State Constitution and laws of the State and as to the exemption thereof from federal income and State taxation. The form of Bond Counsel's opinion appears as Appendix B to this Official Statement.

Bond Counsel has assisted the District by compiling certain information supplied to it by the District and others and included in this Official Statement, but said firm has not made an independent investigation or verification of the accuracy, completeness or fairness of such information. The opinion of Bond Counsel will be limited solely to the legality and enforceability of the Bonds, and no opinion will be given with respect to this Official Statement.

Litigation

There is no litigation presently pending or threatened challenging the validity of any general obligation debt issued or proposed to be issued by the District.

Annexation and Alteration of District Boundaries

State statutory law provides various methods whereby municipalities may annex territory. Several methods are purely consensual, with the requirement that all owners of the property annexed consent to the annexation. There are also provisions for annexation (a) upon the submission of a petition signed by at least 75% of the owners of real property who own at least 75% of the assessed value of the property to be annexed, and (b) upon the holding of a referendum in the area to be annexed subsequent to a petition signed by 25% of the qualified electors who are residents in the area proposed to be annexed being submitted to the appropriate city council. State law makes no provision for the disposition of special purpose district assets and service rights in the case of purely consensual annexations. However, in the case of the 75% petition and the referendum methods of annexation, State law enacted in 2000 requires an annexing municipality and special purpose districts affected by a proposed annexation to reach agreement for the transfer of service rights and assets from such districts to the municipality. See Sections 5-3-310 to 5-3-315, Code of Laws of South Carolina, 1976, as amended. Until such agreement has been reached, the districts retain the right to continue providing their respective services, despite the annexation being deemed effective.

In the event governmental officials fail to reach agreement within ninety (90) days following the final action required to effectuate the annexation, the governments involved must appoint persons to a committee to formulate a plan; provision is made for application to the courts in the event of an impasse. The plan must seek to balance the equities and the interests of the residents and taxpayers of the area to be annexed and of the areas of the districts not annexed. In the case of an annexation in which a portion of a district is annexed, the plan must (a) protect the district's ability to economically and efficiently serve its customers in the unannexed area and protect the district's ability to continue to expand or otherwise make service available throughout its unannexed area, (b) protect the ability of the municipality to economically and efficiently serve its customers in the annexed area, and (c) protect the rights of the district's bondholders. In no event may any provision be incorporated in any plan which will impair the rights of bondholders or which will impair a statutory lien on a utility system, such as the System, given to secure bonds.

State law further provides for the alteration of the boundaries of special purpose districts such as the District and the merger of special purpose districts pursuant to Sections 6-11-410 through 6-11-650, Code of Laws of South Carolina, 1976, as amended. The alteration is accomplished through an ordinance of the governing body of the county in which the special purpose district is located. In the case of Berry v. Weeks, 279 S.C. 543, 309 S.E.2d 744 (1983), the State Supreme Court held that a county governing body may not diminish the boundaries of a special purpose district to a point that it may no longer operate. In the event the County governing body causes the merger of two or more special purpose districts, the new entity shall assume all properties and liabilities of the antecedent districts, except as may otherwise be set forth in a petition by such districts for consolidation.

The ability of the District to generate user and tax revenues and to pay debt service on the Bonds could be negatively affected by annexation or alteration of its boundaries. State law provides that such actions must not impair the contract between a special purpose district and its bondholders to the extent that a default in payment on bonds results. It is not entirely clear, however, whether an actual default would be required in order for relief to become available, although that conclusion is suggested by the opinion of the South Carolina Supreme Court in *St. Andrews Public Service District v. Moseley*, 323 S.C. 389; 475 S.E.2d 750 (1996).

United States Bankruptcy Code

The undertakings of the District should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. 901, et seq., as amended, and other laws affecting creditors' rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

Closing Certifications

The District will furnish, without cost to the successful bidder for the Bonds, certifications by appropriate officials that this Official Statement as of its date and as of the date of delivery of the Bonds, does not contain an untrue statement of a material fact and does not omit to state a material fact which should be included therein for the purpose for which the Official Statement is intended to be used or which is necessary to make the statements contained therein, in light of the circumstances in which they were made, not misleading.

Appropriate certification will be given by District officials to establish that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code, and applicable regulations thereunder in effect on the occasion of the delivery of the Bonds.

CONTINUING DISCLOSURE

In accordance with Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the District has covenanted in the Resolution that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested (1) an annual independent audit, within thirty days of the District's receipt of the audit; and (2) event specific information, within thirty days of an event adversely affecting more than five percent of the District's revenue or tax base. The only remedy for failure by the District to comply with this covenant shall be an action for specific performance. Moreover, the District specifically reserves the right to amend the covenant to reflect any change in (or repeal of) Section 11-1-85 without the consent of any bondholder.

In accordance with Securities and Exchange Commission Rule 15c2-12(b)(5) ("Rule 15c2-12" or the "Rule"), the District will execute and deliver prior to closing a Continuing Disclosure Undertaking. The form of the Continuing Disclosure Undertaking appears as Appendix C to this Official Statement.

The District is currently in compliance with Rule 15c2-12 with respect to its outstanding obligations subject to the Rule.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Rating Group, a division of McGraw Hill Companies ("S&P") (collectively, the "Rating Agencies"), have assigned their municipal bond ratings of "Aa3" and "AA", respectively. Such ratings reflect only the views of the Rating Agencies, and an explanation of the significance of such ratings may be obtained from the Rating Agencies. The District has furnished to the Rating Agencies certain information and materials respecting the District and the Bonds. Generally, the Rating Agencies base their ratings on such information and materials and on investigations, studies and assumptions furnished to and obtained and made by them. There is no assurance that such ratings will remain unchanged for any period of time or that they may not be lowered or withdrawn entirely by the Rating Agencies, if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds have been purchased at a competitive sale from the District for resale by ____________ (the "Purchaser"). The Purchaser has agreed, subject to certain conditions, to purchase the Bonds at _________%. The initial public offering prices shown on the cover of this Official Statement may be changed from time to time by the Purchaser. The Purchaser may also allow a concession from the public offering prices to certain dealers. If all of the Bonds are sold at the public offering yield or price as set forth on the cover page of this Official Statement, the Purchaser anticipates total selling compensation of $___________. The Purchaser has received no fee from the District for underwriting the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

On the date of delivery and payment for the Bonds, a portion of the proceeds of the Bonds will be used to purchase eligible securities to be held in trust by an escrow agent to provide for payment of principal of and interest and premium on the Refunded Bonds through their call date for prior redemption. The arithmetical accuracy of certain computations included in the schedules provided by or on behalf of the Issuer relating to (a) computation of anticipated receipts of principal and interest on such eligible securities to pay the regularly scheduled debt service on the Refunded Bonds until the call date and to redeem the Refunded Bonds on that call date, and (b) computation of yields on the Refunded Bonds and the eligible securities will be verified by Barthe & Wahrman.

CERTIFICATION

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Bonds and the determinations of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and the authorizing resolutions and to such determinations. All such summaries, explanations and references are further qualified in their entirety by reference to the exercise of sovereign police powers of the State and the constitutional powers of the United States of America, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Certain of the information set forth in this Official Statement and in the appendices hereto has been obtained from sources other than the District that are believed to be reliable but is not guaranteed as to accuracy or completeness by the District. The information and expressions of opinion in this Official Statement are subject to change, and neither the delivery of this Official Statement nor any sale made under such document shall create any implication that there has been no change in the affairs of the District.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, where or not expressly so stated, are intended as such and not as representations of fact.

Reference herein to the State Constitution and legislative enactments are only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

If there are further inquiries or requests for additional copies of this Official Statement, please address them to the District's Deputy General Manager of Finance and Administration, G. Newton Pressley, 200 Commerce Street, Spartanburg, South Carolina 29306, telephone (864) 580-5620 or the District's Bond Counsel, Theodore B. DuBose, Haynsworth Sinkler Boyd, P.A., 1201 Main Street, 22nd Floor, Columbia, South Carolina 29201, telephone (803) 540-7830.

The delivery of this Official Statement and its use in connection with the sale of the Bonds has been duly authorized by the District.

SPARTANBURG SANITARY SEWER DISTRICT

____

A. Manning Lynch, Jr., Chairman
Spartanburg Sanitary Sewer District Commission

APPENDIX A

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING
JUNE 30, 2010

Spartanburg Sanitary Sewer District
Spartanburg, South Carolina

Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

Submitted By:
Finance Department

McAbee, Talbert, Halliday & Co.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Spartanburg Sanitary Sewer District as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Spartanburg Sanitary Sewer District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Spartanburg Sanitary Sewer District as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis and schedule of funding progress for retiree health plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Spartanburg Sanitary Sewer District's financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McAbee Talbert Halliday & Co

Spartanburg, South Carolina
December 20, 2010

-SHAREHOLDERS-
HOMER E. McABEE, JR., CPA
CHARLES L. TALBERT, III, CPA
Q. STANFORD HALLIDAY, III, CPA
BRUCE W. SCHWARTZ, CPA
-PRINCIPAL-
RANDOLPH B. THOMAS, CPA

MEMBERS OF: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, PCPS AND SEC DIVISIONS; S.C. ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS; N.C. ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS; NATIONAL ASSOCIATED CPA FIRMS

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Spartanburg Sanitary Sewer District
Management's Discussion and Analysis

This Management Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and provides a narrative overview and analysis of the District's financial condition and performance for the fiscal year ended June 30, 2010. This information should be read in conjunction with the transmittal letter and the District's financial statements, as listed in the table of contents included in this report.

Financial Highlights

As of June 30, 2010, total assets of $236,879,420 exceeded total liabilities of $174,709,444 by $62,169,976.

For the fiscal year ended June 30, 2010, loss or decrease in net assets, before capital contributions, was $3,525,395. The District's loss, or decrease in net assets, after capital contributions of $2,218,665, was $1,306,730.

Operating revenues decreased by $275,084 to $19.1 million, or 1.4%. Non-operating revenues decreased by $147,352 to $5.0 million, or 2.9%. Total expenses increased by $93,934 to $27.7 million, or .3%.

Debt service coverage of 110% is required by the District's revenue bond covenant. The FY 10 debt service coverage ratio based on the revenue bond covenant was 145%. The FY 10 total District debt service coverage ratio was 133%.

Overview of the Financial Statements

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

The Balance Sheet presents the District's financial position and reports information on all of the assets (resources owned by the District) and liabilities (obligations of the District), with the difference between assets and liabilities reported as net assets.

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

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

Financial Analysis of the District

The Condensed Balance Sheets are provided below as a summary of Assets, Liabilities, and Net Assets for the years ended June 30, 2010, 2009 and 2008. The largest portion of the District's net assets reflects its investment in capital assets (treatment plants, interceptor lines, collection lines, vehicles, equipment, etc.), less any related debt used to acquire those assets that is still outstanding.

Condensed Balance Sheets

	2010	2009	2008
Assets			
Current and Noncurrent Assets	$ 50,408,523	$ 41,089,699	$ 43,676,335
Capital Assets, Net of Accumulated Depreciation	186,470,897	188,943,865	189,565,895
Total Assets	$ 236,879,420	$ 230,033,564	$ 233,242,230
Liabilities			
Current Liabilities	$ 17,469,345	$ 7,150,757	$ 7,007,376
Noncurrent Liabilities	157,240,099	159,406,101	161,754,784
Total Liabilities	174,709,444	166,556,858	168,762,160
Net Assets			
Invested in Capital Assets, Net of Related Debt	34,366,532	41,244,215	42,282,189
Restricted Net Assets	10,275,925	-	-
Unrestricted Net Assets	17,527,519	22,232,491	22,197,881
Total Net Assets	62,169,976	63,476,706	64,480,070
Total Liabilities & Net Assets	$ 236,879,420	$ 230,033,564	$ 233,242,230

Current and non-current assets increased by $9.3 million to $50.4 million, primarily due to the issuance of the Bond Anticipation Note (BAN) to fund the Debt Service Reserve Funds. See Debt Administration section on pages 7-10 for further explanation.

Capital Assets decreased by $2.5 million to $186.5 million. See Capital Assets section on page 7 for further explanation.

The District's long-term debt, including current maturities, decreased by $2.7 million to $159.7 million or 1.7%.

Current and non-current assets included cash and investments of $42,292,268. The distribution by fund of the year-end balances is provided below:

Operating	$ 2,803,601
Debt Service Trust Account	2,512,159
Debt Service Reserve Account	10,275,925
Rate Stabilization	4,629,869
Depreciation	3,949,453
Capacity Fees	86,850
Collection System Rehab	1,805,048
Capital Project Funds	
Capital	7,552,517
Bond Funds	8,676,846
Total Cash and Investments	$42,292,268

Current and non-current assets also included receivables of $4,656,003, with the substantial portion associated with user charge receivables, as follows: billed, not collected, net of allowance for doubtful accounts $1,347,061, amount collected by Spartanburg Water System and transferred to SSSD after year-end $2,492,985 and revenue earned but not yet billed $728,436.

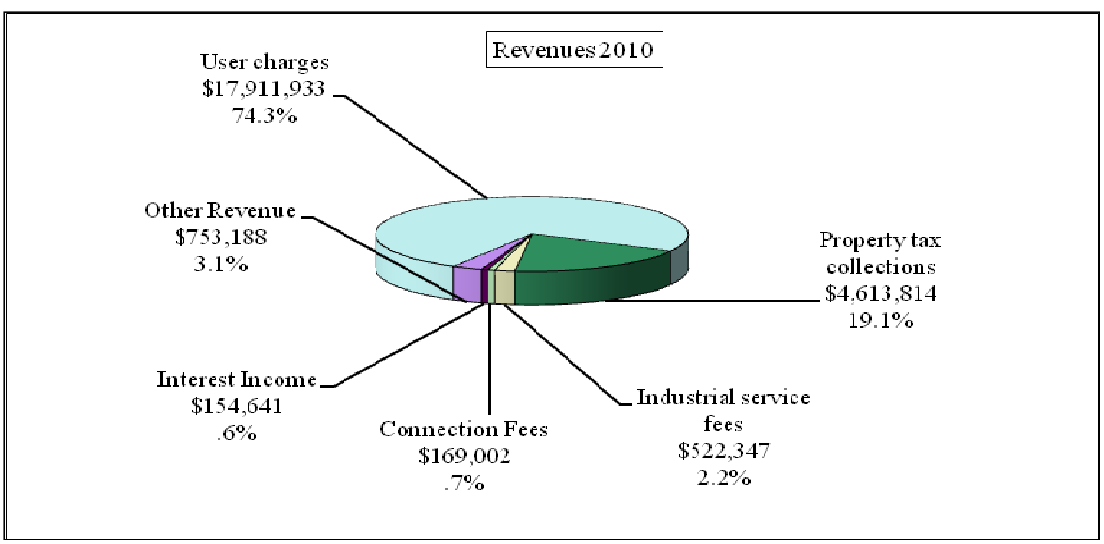
Current liabilities as of June 30, 2010, included Accounts Payable from Operating Funds of $319,723, and Accounts Payable from Capital Funds of $164,372, the inter-company payable to the Spartanburg Water System of $1,265,980 that is included in other payables, and the bond anticipation note of $10,318,000.

The Condensed Statements of Revenues, Expenses and Changes in Net Assets are provided below as a summary for the fiscal years ended June 30, 2010, 2009 and 2008.

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2010	2009	2008
Revenues			
Operating Revenues			
User Charge Revenues	$ 17,911,933	$ 18,165,635	$ 16,728,712
Other Operating Revenues	1,198,291	1,219,673	1,189,676
	19,110,224	19,385,308	17,918,388
Non-Operating Revenues			
Property Tax Collections	4,613,814	4,600,793	4,606,015
Other Non-Operating Revenue	400,887	561,260	1,807,008
	5,014,701	5,162,053	6,413,023
Total Revenues	24,124,925	24,547,361	24,331,411
Expenses			
Operating Expenses, Before Depreciation	11,587,195	11,695,601	10,640,171
Depreciation Expense	8,422,590	7,701,323	6,192,898
Non-Operating Expenses	7,640,535	8,159,462	8,211,368
Total Expenses	27,650,320	27,556,386	25,044,437
Excess (Deficiency), Before Capital Contributions	(3,525,395)	(3,009,025)	(713,026)
Capital Contributions	2,218,665	2,005,661	4,620,565
Increase (Decrease) in Net Assets	(1,306,730)	(1,003,364)	3,907,539
Net Assets, Beginning of Year	63,476,706	64,480,070	60,572,531
Net Assets, End of Year	$ 62,169,976	$ 63,476,706	$ 64,480,070

– Revenues (excluding capital contributions) of $24,124,925 for the fiscal year ended June 30, 2010, were comprised of the following:



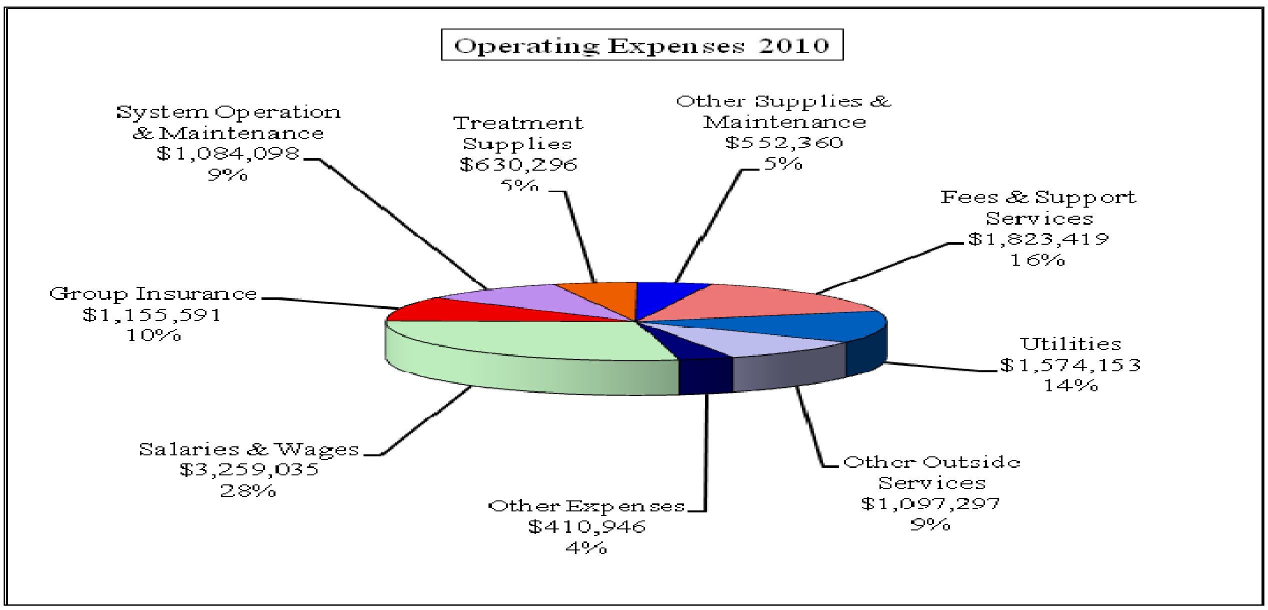
User Charge Revenues increased by $1,436,923, or 8.6% from FY 08 to FY 09, primarily due to the following: a rate increase was implemented in August, 2008; full year of the City sewer collection system user charge billings, which was acquired in January 2008. The decrease from FY 09 to FY 10 was $253,702, or 1.4%, primarily due to the following: reduced residential volume during the first quarter; economic conditions continued to impact usage for commercial and industrial customers.

Pursuant to Act No. 1503 of 1970, the District has the authority to levy taxes uniformly throughout the District. The tax revenue may be used to pay debt service on eligible G.O. debt and to pay administrative expenses for the District. Property tax collections increased by $13,021, or .3%, primarily due to the increase in real estate tax collections. Property tax revenue was received from the following sources during FY 10: real property $3,730,581, vehicles $366,140, delinquent taxes $254,056, homestead reimbursement $175,113, and other sources $87,924.

Interest Income decreased by $180,472, or 53.9% due to the reduction of the bond funds and low interest rates.

Industrial service fees included Industrial Service Charges of $275,703 and Industrial Surcharge Revenues of $246,644. Other revenue includes inter-company reimbursements, septic tank discharge revenues, county maintenance fees, service processing/inspection fees, abandonment recovery, and miscellaneous cost recoveries.

– Operating expenses (before depreciation) were comprised of the following:



The following table provides a comparison of 2010 and 2009 operating expenses for major expense categories.

Comparison of Operating Expenses

Expense Category	2010	2009	2008	Increase/(Decrease) From 2009 to 2010 Amount	% of Change
Salaries & Wages	$ 3,259,035	$ 3,278,087	$ 3,107,647	$ (19,052)	-0.6%
Group Insurance	1,155,591	1,102,948	761,074	52,643	4.8%
System Operation & Maintenance	1,084,098	1,032,031	1,195,653	52,067	5.0%
Treatment Supplies	630,296	673,321	609,019	(43,025)	-6.4%
Other Supplies & Maintenance	552,360	633,595	630,476	(81,235)	-12.8%
Fees & Support Services	1,823,419	1,895,619	1,759,242	(72,200)	-3.8%
Utilities	1,574,153	1,667,623	1,419,801	(93,470)	-5.6%
Other Outside Services	1,097,297	1,002,379	736,441	94,918	9.5%
Other Expenses	410,946	409,998	420,819	948	0.2%
Total Operating Expenses	$ 11,587,195	$ 11,695,601	$ 10,640,172	$ (108,406)	-0.9%

Operating Expenses, before depreciation, increased by $1,055,429, or 9.9% from FY 08 to FY 09 primarily due to group insurance costs and inter-company labor reimbursement in other outside services. The decrease from FY 09 to FY 10 was $108,406, or .9%. Highlights of the 2010-2009 expense comparison are provided below:

- The Group Insurance increase resulted from unfavorable claims experience for FY10, offset by increased employee contributions toward insurance coverage.

- The System Operations and Maintenance increase was primarily due to the increased amount of dewatered sludge transported to and disposed of at the landfill.

- The Treatment Supplies decrease was due to the following: improved efficiency of the Fairforest plant treatment process, resulting in less defoamer use; the use of lime slurry instead of soda ash at the Lawson Fork facility for odor control.

- The decrease for Other Supplies and Maintenance is associated with reduced costs for right of way maintenance, as well as laboratory supplies and maintenance.

- The Fees and Support Services line item includes inter-company fees and charges paid to Spartanburg Water System. This line item reflects the District's allocated share of the following costs: Administrative (including Administration, Human Resources, Accounting, Purchasing and Information Technology); Billing, Customer Service and Meter Reading/Field Services; Engineering; Water Quality supervisory group and facility costs; Maintenance supervisory group and facility costs. The FY 10 decrease is primarily associated with the Engineering fee, which reflected a reduction in staff time for sewer related projects.

- The decrease in Utilities resulted from the conversion of the Lawson Fork treatment plant to a pump station, requiring considerable less energy use.

- The Other Outside Services increase was primarily due to the following: increase in the year-end inter-company labor reimbursement for hourly maintenance and lab staff, which is not included in the inter-company fee line item.

- Non-operating expenses totaled $7,640,535 for the year and included interest expense/paying agent fees of $7,487,656. Interest expense decreased by $564,643 or 7.0%, primarily due to the revenue and general obligation bond refundings.

- Capital Contributions:
  The District receives contributions from developers in the form of cash payments and donated lines. U. S. generally accepted accounting principles require that these contributions be reflected as a revenue source on the Statement of Revenues, Expenses and Changes in Net Assets. Capital contributions for FY 10 totaled $2,218,665 and were comprised of donated lines $1,022,633 and cash payments $1,196,032. Capital contributions increased by $213,004, or 10.6%, in FY 10. The most significant capital contributions during FY 10 are as follows: Woodfin Ridge Phase V, Middleton Place Subdivision, Hwy 290 Commerce Park, Cobbs Creek Phase II, Draymont Ridge Phase V, A.

Capital Assets

At year-end 2010, the District had $186,470,897 invested in capital assets, as provided in the schedule below:

Capital Assets at Year-End

	2010	2009	2008
Treatment plants, interceptor lines, and collection lines	$ 248,815,286	$ 245,533,773	$ 203,999,752
Other facilities & property	1,699,198	1,699,198	1,699,198
Vehicles, office and maintenance equipment	10,230,412	9,665,180	8,636,776
Construction in progress	4,382,693	2,299,167	37,812,451
	265,127,589	259,197,318	252,148,177
Accumulated depreciation	78,656,692	70,253,453	62,582,282
	$ 186,470,897	$ 188,943,865	$ 189,565,895

The increase for Treatment Plants, Interceptor Lines, and Collection Lines resulted primarily from the following: donated sewer lines of $1,022,633; the completion of the Collection System Rehab Project totaling $476,639; completion of the Whitestone, Meadowinds & Arkwright lift station upgrades totaling $466,383; completion of the engineering and construction management services for the Carolina Country Club Pump Station ($313,599) and the Green Creek sewer line extension ($330,193); and various Creek Crossing Rehab projects totaling $199,022. The net increase for construction in progress reflects primarily the Fairforest Grease and Septage Receiving Station project and the Idlewood WWTP elimination project. The Accumulated Depreciation increase results from a full year of depreciation on previously completed projects. For more information on changes in capital assets, see Note 3 of the financial statements.

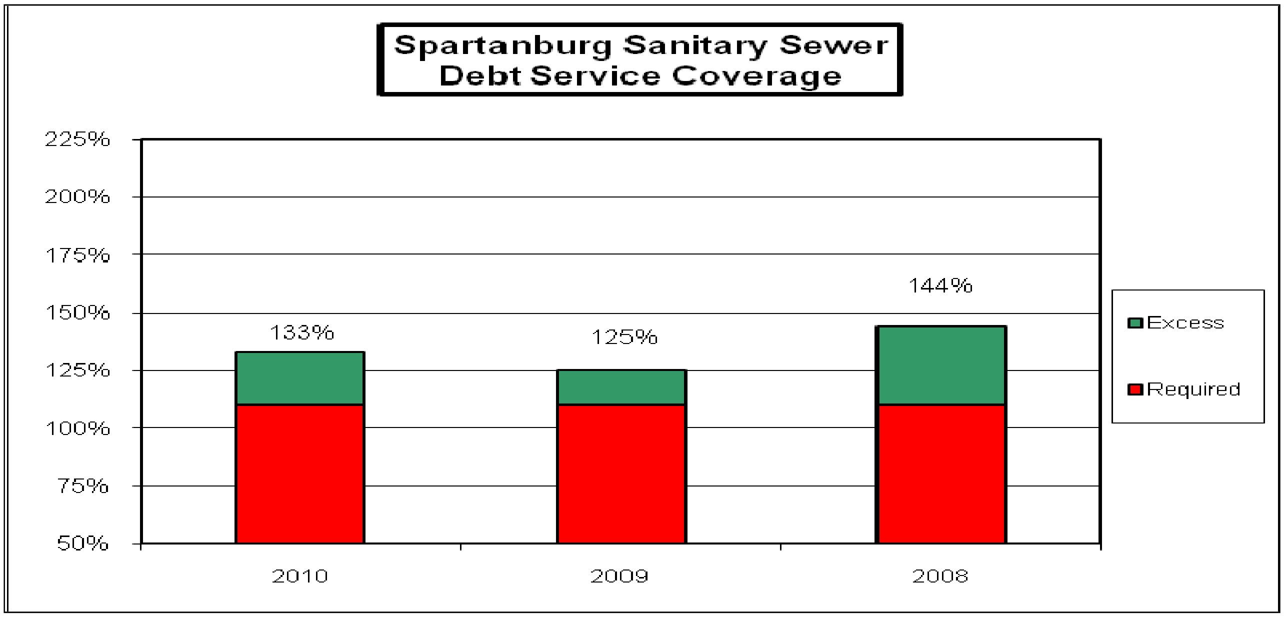
Debt Administration

Debt Service Coverage

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

Debt Service Coverage, which is provided in the statistical section of this report. The District's historical debt service coverage is summarized by the following table:

Debt Service Coverage	**2010**	**2009**	**2008**
Net Earnings per Revenue Bond Covenant	$ 10,528,641	$ 10,046,148	$ 11,162,374
Debt Service requiring coverage, per covenant			
Revenue Bond Debt Service	6,953,424	7,211,919	6,500,873
G.O. Debt Service paid with revenues	304,323	301,896	302,569
Debt Service amount for coverage test	$ 7,257,747	$ 7,513,815	$ 6,803,442
Debt Service Coverage Ratio based on Revenue Covenant	1.45%	1.34%	1.64%
Net Earnings per Revenue Bond Covenant	10,528,641	10,046,148	11,162,374
Plus: Ad Valorem Taxes used for G.O. Debt Service	2,720,539	2,820,323	2,823,486
Adjusted Net Earnings	$ 13,249,180	$ 12,866,471	$ 13,985,860
Total District Debt Service	$ 9,978,286	$ 10,334,138	$ 9,724,259
Total District Debt Coverage Ratio	1.33%	1.25%	1.44%



Current Year Transactions

1. Bond Anticipation Note (BAN), dated November 23, 2009, with Bank of America –

   The District issued a $10,318,000 BAN in November, 2009 to fulfill the reserve requirements of the District's revenue bond covenants. The interest rate for the BAN is 3.03%.

2. Refundings:

   a. Series 2009A Refunding Revenue Bonds, $7,865,000, and Series 2009B Refunding Convertible Bonds, $21,265,000, dated December 30, 2009 –

The Series 2009A and 2009B Bonds were issued to refund the District's outstanding series 1999A and convertible series 1999B bonds. This refunding produced total gross savings of $3,335,705, with total net present value savings of $2,067,824, or 7.155%.

The average yield for the Series 2009A and 2009B Bonds is 3.97%.

b. Series 2010 General Obligation Refunding Bonds, 12,135,000, dated January 7, 2010 –

The Series 2010 General Obligation Bonds were issued to refund the General Obligation bonds dated September 1, 2000, August 31, 2001 and March 1, 2004. This refunding produced total gross savings of $1,529,353, with total net present value savings of $1,213,899, or 10.244%.

The average yield for the Series 2010 Bonds is 3.75%.

The total combined gross savings (Revenue and General Obligation) was $4,865,058, and the total net present value savings was $3,281,723.

Outstanding Debt at Year-End

The District had $173,957,891 in short-term and long-term debt outstanding at year-end, as scheduled below:

	Average	Outstanding Debt		
	Yield	**2010**	**2009**	**2008**
Short-term Debt				
2009 Bond Anticipation Note	3.03%	$ 10,318,000	$ -	$ -
Long-term Debt				
General Obligation Bonds				
2000 General Obligation Bonds*	5.28%	$ -	$ 2,485,000	$ 2,485,000
2001 General Obligation Bonds*	5.28%	-	2,970,000	2,970,000
2002 General Obligation Bonds	4.80%	10,435,000	10,905,000	11,355,000
2002A General Obligation Bonds	3.41%	3,195,000	4,565,000	5,880,000
2004 General Obligation Bonds*	5.00%	-	6,395,000	6,395,000
2010 General Obligation Refunding Bonds*	3.75%	12,020,000	-	-
		25,650,000	27,320,000	29,085,000
Revenue Bonds				
1999A Sewer System Improvement Bonds*	5.28%	-	8,570,000	9,065,000
1999B Sewer System Improvement Bonds*	5.28%	800,000	16,984,170	16,984,170
2003A Sewer System Improvement Bonds	5.00%	9,565,000	9,740,000	9,910,000
2003B Sewer System Improvement Bonds	5.00%	56,250,000	56,250,000	56,250,000
2005A Sewer System Improvement Bonds	4.63%	5,395,000	5,490,000	5,580,000
2005B Sewer System Improvement Bonds	4.63%	36,325,000	36,740,000	37,160,000
2009A Sewer Revenue Refunding Bonds*	3.97%	7,865,000	-	-
2009B Sewer Revenue Refunding Bonds*	3.97%	21,265,000	-	-
		137,465,000	133,774,170	134,949,170
Loans				
State Revolving Fund Loan	3.50%	524,891	566,764	607,203
Total Long-term Debt Outstanding		$ 163,639,891	$ 161,660,934	$ 164,641,373
Total Debt Outstanding		$ 173,957,891	$ 161,660,934	$ 164,641,373

*2010 GO Debt Refunding; 2009 Revenue Refunding

For more information on changes in noncurrent liabilities, see Note 5 of the financial statements.

G.O. Debt Limit

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

Final 2009 Assessed Value, less mfg. depreciation reduction	$ 602,936,397
G.O. Debt Ceiling percentage	x 8%
Current G.O. Debt Ceiling	48,234,912
Less: Outstanding G.O. Debt	25,650,000
Available G.O. Debt Capacity	$ 22,584,912

Bond Ratings

The following bond ratings were obtained for the Sewer District during FY10:

Agency	Revenue	G.O.
Standard & Poor's	AA-	AA
Moody's	A1	Aa3

Each of the ratings reflect a two notch upgrade for the Sewer District.

Financial Planning

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

The District Commission approved a balanced Annual Operating Budget for fiscal year 2010-2011 in the total amount of $25,220,040, which represents a 3.3% increase over the previous year's budgeted revenues and expenditures. Highlights from the FY11 budget included the following: the net Debt Service increase resulted from the added Bond Anticipation Note cost, offset by the reduction for existing Debt Service due to the FY10 refunding; increase in inter-company fees and charges for the Administrative and Maintenance areas.

Other Significant Matters

- *Bond Anticipation Note*

  At the October, 2010 meeting, the Commission authorized management to renew the Bond Anticipation Note for another year with Bank of America.

- *Acquisition of River Forest and Stonecreek Systems*

  The acquisition of the River Forest and Stonecreek collection systems was completed in July, 2010. These two sewer collection systems represent the addition of 317 service locations.

Requests for Information

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

Director of Finance and Administration
Spartanburg Sanitary Sewer District
P.O. Box 251
Spartanburg, SC 29304
(864) 583-7361

Exhibit A

SPARTANBURG SANITARY SEWER DISTRICT
BALANCE SHEETS
JUNE 30, 2010 AND 2009

ASSETS

	2010	2009
Current Assets		
Cash	$ 9,731,607	$ 7,676,308
Investments	14,470,245	15,426,024
User charge receivable - net of allowance for doubtful accounts of $114,868 and $103,962 for 2010 and 2009, respectively	2,075,498	2,028,751
Taxes receivable - net of allowance for doubtful accounts of $314,684 and $337,237 for 2010 and 2009, respectively	75,649	35,711
Assessments and improvement charges receivable	9,071	9,071
Other receivables	2,495,785	2,057,255
Inventories	701,920	668,458
Total Current Assets	29,559,775	27,901,578
Noncurrent Assets		
Restricted cash	7,753,326	10,600,449
Restricted investments	10,337,090	61,165
Net OPEB asset	25,903	-
Capital assets - net of accumulated depreciation	186,470,897	188,943,865
Bond discount, issuance and refunding costs - net of amortization	2,732,429	2,526,507
Total Noncurrent Assets	207,319,645	202,131,986
Total Assets	$ 236,879,420	$ 230,033,564

Exhibit A - Continued

SPARTANBURG SANITARY SEWER DISTRICT
BALANCE SHEETS - CONTINUED
JUNE 30, 2010 AND 2009

LIABILITIES AND NET ASSETS

	2010	2009
Current Liabilities		
Accounts payable	$ 494,095	$ 715,394
Accrued salaries and wages	358,028	329,852
Accrued employee benefits	53,582	107,941
Accrued interest expense	2,475,275	2,264,282
Other payables	1,265,980	688,808
Bond anticipation note	10,318,000	-
General obligation bonds - current portion	1,860,000	1,840,000
Revenue bonds - current portion	815,000	1,205,000
State revolving fund loan - current portion	43,358	41,873
Deferred loss on refunding - current portion	(213,973)	(42,393)
Total Current Liabilities	17,469,345	7,150,757
Noncurrent Liabilities		
Net OPEB obligation	-	26,135
General obligation bonds - net of current portion	23,790,000	25,480,000
Revenue bonds - net of current portion	136,650,000	132,569,170
State revolving fund loan - net of current portion	481,534	524,892
Accreted interest on capital appreciation revenue bonds	-	4,400,595
Bond premium - net of amortization	1,157,845	92,547
Bond discount - net of amortization	(2,504,120)	(3,088,445)
Deferred loss on refunding - net of current portion	(2,335,160)	(598,793)
Total Noncurrent Liabilities	157,240,099	159,406,101
Total Liabilities	174,709,444	166,556,858
Net Assets		
Invested in capital assets, net of related debt	34,366,532	41,244,215
Restricted net assets	10,275,925	-
Unrestricted net assets	17,527,519	22,232,491
Total Net Assets	62,169,976	63,476,706
Total Liabilities and Net Assets	$ 236,879,420	$ 230,033,564

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

Exhibit B

SPARTANBURG SANITARY SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Operating Revenues		
User charge revenues	$ 17,911,933	$ 18,165,635
Industrial service fees	522,347	518,385
Treatment charges	91,045	80,765
Miscellaneous	584,899	620,523
	19,110,224	19,385,308
Operating Expenses		
Operating expenses before depreciation	11,587,195	11,695,601
Depreciation	8,422,590	7,701,323
	20,009,785	19,396,924
Operating Loss	(899,561)	(11,616)
Nonoperating Revenues (Expenses)		
Connection fees	169,002	226,147
Property tax collections	4,613,814	4,600,793
Gain on sale of capital assets	77,244	-
Interest income	154,641	335,113
Interest expense and paying agent fees	(7,487,656)	(8,051,570)
Amortization of bond costs	(152,879)	(107,892)
	(2,625,834)	(2,997,409)
Decrease in Net Assets, Before Capital Contributions	(3,525,395)	(3,009,025)
Capital Contributions	2,218,665	2,005,661
Decrease in Net Assets	(1,306,730)	(1,003,364)
Net Assets - Beginning of Year	63,476,706	64,480,070
Net Assets - End of Year	$ 62,169,976	$ 63,476,706

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

Exhibit C

SPARTANBURG SANITARY SEWER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Cash Flows Provided (Used) by Operating Activities		
Cash received from customers	$ 18,585,009	$ 19,149,137
Cash paid to suppliers for goods and services	(6,303,462)	(6,757,809)
Cash paid to or for the benefit of employees	(4,542,852)	(4,351,864)
	7,738,695	8,039,464
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Capital contributions	1,196,032	46,985
Connection fees	169,002	226,148
Property tax collections	4,613,814	4,600,793
Acquisition and construction of capital assets	(4,938,620)	(5,120,616)
Proceeds from sale of capital assets	88,875	-
Proceeds from bond anticipation note	10,318,000	-
Proceeds from general obligation bond issue	85,040	-
Proceeds from revenue bond issues	174,823	-
Bond issuance costs	(270,110)	-
Deferred loss on bond refunding	(311,697)	-
Principal payments - general obligation bonds	(1,955,000)	(1,765,000)
Principal payments - revenue bonds	(1,205,000)	(1,175,000)
Principal payments - state revolving fund loan	(41,873)	(40,439)
Interest and paying agent fees	(7,288,300)	(7,890,088)
	634,986	(11,117,217)
Cash Flows Provided (Used) by Investing Activities		
Interest income	154,641	335,112
Net Increase (Decrease) in Cash and Cash Equivalents	8,528,322	(2,742,641)
Cash and Cash Equivalents - Beginning of Year	33,763,946	36,506,587
Cash and Cash Equivalents - End of Year	$ 42,292,268	$ 33,763,946

Exhibit C - Continued

SPARTANBURG SANITARY SEWER DISTRICT
STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating loss	$ (899,561)	$ (11,616)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	8,422,590	7,701,323
(Increase) decrease in assets		
User charge receivable	(46,747)	24,473
Taxes receivable	(39,938)	54,241
Other receivables	(438,530)	(314,885)
Inventories	(33,462)	(27,726)
Increase (decrease) in liabilities		
Accounts payable	(221,299)	(357,146)
Accrued salaries and wages	28,176	11,569
Accrued employee benefits	(54,359)	50,195
Accrued interest expense	496,691	521,023
Net OPEB obligation	(52,038)	26,135
Other current liabilities	577,172	361,878
Net Cash Provided by Operating Activities	$ 7,738,695	$ 8,039,464
Noncash Investing, Capital and Financing Activities		
Contribution of capital assets	$ 1,022,633	$ 1,958,676
Bond cost amortization	$ 113,083	$ 107,892
Amortization included in interest expense	$ 199,335	$ 161,482
Advanced refunding		
Proceeds from general obligation bond issue	$ 12,049,960	$ -
Proceeds from revenue bond issue	$ 28,955,177	$ -
Defeased general obligation bonds	$ (11,850,000)	$ -
Defeased revenue bonds	$ (24,234,170)	$ -
Accreted interest	$ (4,686,293)	$ -
Bond premium	$ 1,101,536	$ -
Bond discount	$ (495,622)	$ -
Deferred loss on advanced refundings	$ 1,724,433	$ -
Bond issuance costs	$ (69,220)	$ -

Exhibit C - Continued

SPARTANBURG SANITARY SEWER DISTRICT
STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Reconcilation of Cash and Investments as Shown on the Balance Sheets and Cash Flow Statements		
Balance sheet classifications		
Current assets		
Cash	$ 9,731,607	$ 7,676,308
Investments	14,470,245	15,426,024
	24,201,852	23,102,332
Noncurrent assets		
Restricted cash	7,753,326	10,600,449
Restricted investments	10,337,090	61,165
	18,090,416	10,661,614
	$ 42,292,268	$ 33,763,946
Cash flow classifications		
Petty cash	$ 550	$ 550
Cash deposits	17,484,383	18,276,207
Investments - cash equivalents	24,807,335	15,487,189
Total cash and cash equivalents	$ 42,292,268	$ 33,763,946

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

Reporting Entity

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

Basis of Accounting

The Spartanburg Sanitary Sewer 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. The basis of accounting employed is the accrual method whereby revenues are recognized when they are earned and expenses are recognized when they are incurred. Under this basis of accounting and measurement focus, the District applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The District has elected not to follow FASB pronouncements issued since that date.

Revenues and Expenses

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

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Taxes Receivable and Ad Valorem Taxes

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

The District's uncollected assessed taxes that have been transferred to the Spartanburg County Delinquent Tax Collector were $314,684 and $337,237 at June 30, 2010 and 2009, respectively. The District has established an offsetting allowance for uncollectible taxes of the same amount.

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

Assessed values for real estate are established annually by the County Tax Assessor based on the assessment ratio applied to the appropriate class of property. Real and personal property taxes in the District's area were assessed at $598,270,565 and $589,509,114 for the calendar years 2009 and 2008, respectively.

Inventories

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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

	Years
System infrastructure	10-40
Motor equipment	5-10
Maintenance equipment	10
Office equipment	10
Buildings and improvements	20-33

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

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

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

Long-Term Liabilities

Bond premium and discounts, as well as issuance costs, are deferred and equally amortized over the life of the bonds.

Capital Contributions

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

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Custodial credit risk - deposits - the District does not have a formal deposit policy for custodial credit risk which is the risk that in the event of a bank failure, the deposits may not be returned to the District. As of June 30, 2010 and 2009, the District was not exposed to custodial credit risk.

Statutes authorized the District to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District has not adopted a formal investment policy.

Interest rate risk - the District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

At June 30, 2010 and 2009, the District's investment balances were as follows:

Investment Type	Maturity	2010	2009	Rating
State treasurer's investment pool	>60 days	$ 12,019,251	$ 12,843,194	Not rated
First American Government Obligation	>60 days	12,788,084	2,643,995	Aaa
		$ 24,807,335	$ 15,487,189	

NOTE 2 - CASH DEPOSITS AND INVESTMENTS – CONTINUED

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

	2010	2009
Restricted Assets for the Acquisition and Construction of Capital Assets		
Cash	$ 7,753,326	$ 10,600,449
Restricted Assets for Debt Service Reserve Funds		
Investments	10,337,090	61,165
	$ 18,090,416	$ 10,661,614

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets follows:

2010

	Balance June 30, 2009	Additions	Removals/ Disposals	Balance June 30, 2010
Capital Assets				
Nondepreciable				
Construction in progress	$ 2,299,167	$ 4,735,001	$ 2,651,475	$ 4,382,693
Depreciable				
Treatment plants, interceptor and collection lines	207,181,949	2,258,880	-	209,440,829
Collection lines - donated	38,351,824	1,022,633	-	39,374,457
Motor equipment	3,313,304	232,141	18,610	3,526,835
Maintenance equipment	5,912,740	319,560	-	6,232,300
Office equipment	439,136	44,513	12,372	471,277
Office real estate	257,433	-	-	257,433
Maintenance facility	647,502	-	-	647,502
Joint lab building	794,263	-	-	794,263
Total depreciable	256,898,151	3,877,727	30,982	260,744,896
Total Capital Assets	259,197,318	8,612,728	2,682,457	265,127,589
Accumulated Depreciation				
Treatment plants, interceptor and collection lines	50,692,220	6,003,599	-	56,695,819
Collection lines - donated	11,653,822	1,554,168	-	13,207,990
Motor equipment	2,384,678	339,276	6,979	2,716,975
Maintenance equipment	4,575,683	442,548	-	5,018,231
Office equipment	378,992	26,170	12,372	392,790
Office real estate	120,017	6,702	-	126,719
Maintenance facility	255,550	18,770	-	274,320
Joint lab building	192,491	31,357	-	223,848
	70,253,453	8,422,590	19,351	78,656,692
Capital Assets, Net of Accumulated Depreciation	$ 188,943,865			$ 186,470,897

NOTE 3 - CAPITAL ASSETS - CONTINUED

A summary of changes in capital assets follows - continued:

2009

	Balance June 30, 2008	Additions	Removals/ Disposals	Balance June 30, 2009
Capital Assets				
Nondepreciable				
Construction in progress	$ 37,812,451	$ 4,167,003	$ 39,680,287	$ 2,299,167
Depreciable				
Treatment plants, interceptor and collection lines	167,606,604	39,575,345	-	207,181,949
Collection lines - donated	36,393,148	1,958,676	-	38,351,824
Motor equipment	2,546,267	767,037	-	3,313,304
Maintenance equipment	5,671,840	261,980	21,080	5,912,740
Office equipment	418,669	29,539	9,072	439,136
Office real estate	257,433	-	-	257,433
Maintenance facility	647,502	-	-	647,502
Joint lab building	794,263	-	-	794,263
Total depreciable	214,335,726	42,592,577	30,152	256,898,151
Total Capital Assets	252,148,177	46,759,580	39,710,439	259,197,318
Accumulated Depreciation				
Treatment plants, interceptor and collection lines	45,266,771	5,425,449	-	50,692,220
Collection lines - donated	10,136,921	1,516,901	-	11,653,822
Motor equipment	2,141,204	243,474	-	2,384,678
Maintenance equipment	4,174,964	421,799	21,080	4,575,683
Office equipment	356,672	31,392	9,072	378,992
Office real estate	113,315	6,702	-	120,017
Maintenance facility	236,780	18,770	-	255,550
Joint lab building	155,655	36,836	-	192,491
	62,582,282	7,701,323	30,152	70,253,453
Capital Assets, Net of Accumulated Depreciation	$ 189,565,895			$ 188,943,865

NOTE 4 - SHORT-TERM LIABILITIES

In November 2009, the District issued a Bond Anticipation Note (BAN) Series 2009 for $10,318,000 to cash fund debt service reserves as per the reserve requirement in anticipation of the issuance of a series of Sewer System Revenue Bonds. The BAN is payable solely from the proceeds of the revenue bonds. The entire principal amount is due November 23, 2010 including interest at a rate of 3.03%. However, subsequent to year-end, management has been authorized and has renewed the BAN another year.

NOTE 5 - NONCURRENT LIABILITIES

2010

	Balance June 30, 2009	Additions	Reductions	Defeased	Balance June 30, 2010	Due Within One Year
Bonds Payable						
General obligation bonds	$ 27,320,000	$ 12,135,000	$ (1,955,000)	$ (11,850,000)	$ 25,650,000	$ 1,860,000
Revenue bonds	133,774,170	29,130,000	(1,205,000)	(24,234,170)	137,465,000	815,000
State revolving fund loan	566,765	-	(41,873)	-	524,892	43,358
Accreted interest	4,400,595	285,699	-	(4,686,294)	-	-
Less deferred amounts:						
Bond premium	92,547	1,101,536	(36,238)	-	1,157,845	-
Bond discount	(3,088,445)	-	584,325	-	(2,504,120)	-
Deferred loss on refunding	(641,186)	(2,036,130)	128,183	-	(2,549,133)	(213,973)
	$ 162,424,446	$ 40,616,105	$ (2,525,603)	$ (40,770,464)	$ 159,744,484	$ 2,504,385

2009

	Balance June 30, 2008	Additions	Reductions	Defeased	Balance June 30, 2009	Due Within One Year
Bonds Payable						
General obligation bonds	$ 29,085,000	$ -	$ (1,765,000)	$ -	$ 27,320,000	$ 1,840,000
Revenue bonds	134,949,170	-	(1,175,000)	-	133,774,170	1,205,000
State revolving fund loan	607,203	-	(40,438)	-	566,765	41,873
Accreted interest	3,850,023	550,572	-	-	4,400,595	-
Less deferred amounts:						
Bond premium	98,331	-	(5,784)	-	92,547	-
Bond discount	(3,213,318)	-	124,873	-	(3,088,445)	-
Deferred loss on refunding	(683,579)	-	42,393	-	(641,186)	(42,393)
	$ 164,692,830	$ 550,572	$ (2,818,956)	$ -	$ 162,424,446	$ 3,044,480

General Obligation Bonds

Bonds payable at June 30, 2010 and 2009 were comprised of the following issues:

	2010	2009
$2,485,000 General Obligation Bonds, dated September 1, 2000. Matures in 2022 with annual interest of $124,250. Converted from the Series 1999B Current Interest Serial Bonds.	$ -	$ 2,485,000
$2,970,000 General Obligation Bonds, dated September 1, 2001. Matures in 2023 with annual interest of $148,500. Converted from the Series 1999B Current Interest Serial Bonds.	-	2,970,000
$14,100,000 General Obligation Bonds Series 2002, dated February 19, 2002. Annual maturities of $365,000 to $960,000 with semi-annual interest of 4.00% to 6.00%.	10,435,000	10,905,000

NOTE 5 - NONCURRENT LIABILITIES - CONTINUED

General Obligation Bonds - continued

	2010	2009
$12,600,000 General Obligation Refunded Bonds Series 2002A, dated December 10, 2002. Annual maturities of $435,000 to $1,370,000 with semi-annual interest of 3.00% to 3.75%.	3,195,000	4,565,000
$6,395,000 General Obligation Bonds, dated March 31, 2004. Matures in 2024 with annual interest of $325,642. Converted from the Series 1999B Current Interest Serial Bonds.	-	6,395,000
$12,135,000 General Obligation Bonds, dated January 7, 2010. Annual maturities of $115,000 to $3.275 million maturing in 2025 with semi-annual interest of 2.00% to 4.00%. Bonds were issued to refund the 2001, 2002 and 2004 General Obligation Bonds.	12,020,000	-
	25,650,000	27,320,000
Less: current portion	(1,860,000)	(1,840,000)
Total long-term general obligation bonds payable	$ 23,790,000	$ 25,480,000

Debt service requirements to maturity including interest on the general obligation bonds as of June 30, 2010 are as follows:

Year Ending June 30	Principal	Interest	Total
2011	$ 1,860,000	$ 1,108,450	$ 2,968,450
2012	1,410,000	1,035,638	2,445,638
2013	1,470,000	976,325	2,446,325
2014	565,000	915,800	1,480,800
2015	590,000	888,963	1,478,963
2016-2020	3,390,000	3,998,075	7,388,075
2021-2025	16,365,000	2,401,300	18,766,300
	$ 25,650,000	$ 11,324,551	$ 36,974,551

Revenue Bonds

Bonds payable at June 30, 2010 and 2009 were comprised of the following issues:

	2010	2009
$11,665,000 Sewer System Improvement and Refunding Revenue Bonds Series 1999A, dated June 2, 1999. Maturities from 2003 to 2021 with an interest rate of 3.80% to 5.00%.	$ -	$ 8,570,000

NOTE 5 - NONCURRENT LIABILITIES - CONTINUED

Revenue Bonds – continued

	2010	2009
$28,834,170 Sewer System Improvement and Refunding Convertible Bonds Series 1999B, dated June 2, 1999.		
$22,710,000 Series 1999B Current Interest Serial Bonds. Maturities from 2022 to 2028 with an interest rate of 5.00% to 5.125% convertible to General Obligation Bonds at the option of the District upon compliance with the terms and conditions of the 1999 Series Resolution. In 2001, 2002 and 2004, converted $2,485,000, $2,970,000 and $6,395,000, respectively, to General Obligation Bonds.	800,000	10,860,000
$6,124,170 Series 1999B Capital Appreciation Bonds. Maturities from 2112 to 2022 with an approximate yield of 5.15% to 5.60%. Interest accreted totaled $4,400,595 at June 30, 2009. Convertible to General Obligation Bonds at the option of the District upon compliance with terms and conditions of the 1999 Series Resolution.	-	6,124,170
$10,695,000 Sewer System Convertible Bonds Series 2003A, dated August 21, 2003. Maturities from 2004 to 2017 and 2029 to 2040 with an interest rate of 2.00% to 5.00%.	9,565,000	9,740,000
$56,250,000 Sewer System Convertible Bonds Series 2003B, dated August 21, 2003. Maturities from 2026 to 2038 with an interest rate of 2.00% to 5.00%.	56,250,000	56,250,000
$5,670,000 Sewer System Revenue Bonds Series 2005A, dated August 2, 2005. Maturities from 2008 to 2040 with an interest rate of 3.00% to 4.50%.	5,395,000	5,490,000
$37,555,000 Sewer System Convertible Bonds Series 2005B, dated August 2, 2005. Maturities from 2008 to 2040 with an interest rate of 3.00% to 4.50%.	36,325,000	36,740,000
$7,865,000 Sewer System Refunding Revenue Bonds Series 2009A, dated December 30, 2009. Maturities from 2014 to 2021 with an interest rate of 2.50% to 5.0%. Bonds issued to refund the outstanding 1999 Series A Refunding Revenue Bonds.	7,865,000	-

NOTE 5 - NONCURRENT LIABILITIES - CONTINUED

Revenue Bonds – continued

	2010	2009
$21,265,000 Sewer System Refunding Convertible Bonds Series 2009B, dated December 30, 2009. Maturities from 2011 to 2022 and 2026 to 2028 with an interest rate of 2.50% to 5.0%. Bonds issued to refund the most of the outstanding 1999 Series B CIB and all the outstanding 1999 Series B CAB Refunding Revenue Bonds including the accreted interest.	21,265,000	-
	137,465,000	133,774,170
Less: current portion	(815,000)	(1,205,000)
Total long-term revenue bonds payable	$ 136,650,000	$ 132,569,170

State Revolving Fund Loan

$626,900 South Carolina Water Quality Revolving Fund Authority Loan (State revolving fund loan) was assumed by the District with the transfer of the City of Spartanburg's sewer lines. The balance as of June 30, 2010 and 2009 was $524,892 and $566,765, respectively. The loan matures September 2020, with principal and interest payments quarterly of $15,291 with an interest rate of 3.50%. In a separate agreement, the state revolving fund loan was given first lien bond status and deemed fully secured by the gross revenues of the District, same as the revenue bonds.

Debt service requirements to maturity including interest on the revenue bonds and the state revolving fund loan as of June 30, 2010 are as follows:

Year Ending June 30	Principal	Interest	Total
2011	$ 858,358	$ 6,207,935	$ 7,066,293
2012	1,409,895	6,181,997	7,591,892
2013	1,451,487	6,136,605	7,588,092
2014	2,468,136	6,088,929	8,557,065
2015	2,564,843	5,992,225	8,557,068
2016-2020	14,322,014	28,463,939	42,785,953
2021-2025	5,990,159	25,806,214	31,796,373
2026-2030	27,730,000	22,892,756	50,622,756
2031-2035	35,920,000	15,447,031	51,367,031
2036-2040	45,275,000	6,101,005	51,376,005
	$ 137,989,892	$ 129,318,636	$ 267,308,528

NOTE 6 - ADVANCED REFUNDINGS

On December 30, 2009, the District issued $7,865,000 and $21,265,000 of Sewer System Refunding Revenue and Refunding Convertible Bonds, Series 2009A and 2009B, respectively. These bonds were issued and the proceeds were used to refund the remaining $8,050,000 outstanding balance of the 1999 Series A, $10,060,000 of the outstanding balance of the 1999 Series B CIB, the remaining $6,124,170 outstanding balance of the 1999 Series B CAB refunding revenue bonds (including the associated accreted interest of $4,686,294) and to pay certain bond issuance costs.

The advanced refunding resulted in a gross cash flow gain of $3,335,705 and an economic cash flow gain of $2,067,824.

On January 7, 2010, the District issued $12,135,000 in General Obligation Refunding Bonds, Series 2010. These bonds were issued and the proceeds were used to refund $2,485,000, $2,970,000 and $6,395,000 of outstanding 2000, 2001 and 2004 General Obligation Bonds, respectively, and to pay certain bond issuance costs.

The advanced refunding resulted in a gross cash flow gain of $1,529,353 and an economic cash flow gain of $1,213,899.

In current and prior years, advance refundings resulted in book losses that are being amortized over the original remaining life of the old bonds that were defeased. The unamortized losses at June 30, 2010 and 2009 are shown on the balance sheets as a deferred loss on refunding. Amortization has been included in interest expense and was $128,183 and $42,393 for the years ended June 30, 2010 and 2009, respectively.

NOTE 7 - CAPITAL CONTRIBUTIONS

Donated assets and/or grants provided to finance capital expenditures are accounted for as capital contributions. During the years ended June 30, 2010 and 2009, the District received the following as donated assets or to partially finance plant extensions or additions:

	2010	2009
Donated assets	$ 1,022,633	$ 1,958,676
Private industry and developers	1,196,032	46,985
	$ 2,218,665	$ 2,005,661

NOTE 8 - RETIREMENT PLAN

A. Plan Description

The District is a member of the South Carolina Retirement System (SCRS), one of four defined benefit retirement systems maintained by the Retirement Division of the State Budget and Control Board of South Carolina. Each system publishes its own component unit financial report.

NOTE 8 - RETIREMENT PLAN- CONTINUED

A. Plan Description - continued

The systems provide retirement, death, and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

A comprehensive annual financial report containing financial statement and required supplementary information for the South Carolina Retirement System and Police Officers' Retirement System is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

B. Funding and Benefit Policies

Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each system. The following paragraphs summarize the requirements for the SCRS.

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State, and its political subdivisions including the District. Membership is required as a condition of employment. Employees contribute at 6.50% and employers at 9.24%. In addition to the above rates, participating employers of SCRS contribute .15% of payroll to provide a group life insurance benefit for their participants.

The District contributed the following for the current year and each of the preceding two years:

Year Ended June 30	Employee Contributions	Percent of Covered Payroll	Employer Contributions	Percent of Covered Payroll	Total Contributions
2010	$ 175,219	6.50%	$ 253,122	9.39%	$ 428,341
2009	176,459	6.50%	260,091	9.39%	436,550
2008	162,177	6.50%	235,599	9.21%	397,776

Actuarially determined contribution requirements are equal to the actual contributions made to SCRS.

NOTE 9 - POST RETIREMENT HEALTH CARE BENEFITS

Description

The District, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single employer defined benefit plan to provide certain postretirement healthcare benefits. Participants must be eligible to retire under the SCRS with a minimum of 12 year of service to receive benefits. The District explicitly provides the entire cost of coverage for retirees prior to the age of 65. The cost of coverage for pre-65 retirees is also implicitly subsidized by the District through the development of an average premium rate. After age 65, the District will pay for supplemental Medicare coverage for retirees. Spouses are not covered for pre or post-65 retirees. Because the Plan consists solely of the District's firm commitment to provide OPEB through the payment of premiums to a commercial insurance company, no stand-alone financial report is either available or generated. Effective July 1, 2009, pre-65 and post-65 retirees are required to pay a portion of the premiums.

Funding Policy

As of June 30, 2010, there were 13 employee retirees receiving benefits. The Plan is financed on a pay-as-you-go basis and through separate contributions to the South Carolina Other Retirements Benefits Employers Trust (SC ORBET), a tax-exempt governmental trust under Internal Revenue Code 115. SC ORBET allows each member to choose a contribution amount into the trust based on the actuarially determined annual required contribution. Each member continues to contract with its current health care provider for retiree health care coverage and the SC ORBET pays the benefits chosen by the employer directly to the employer or provider. Each member also shares in the SC ORBET's administrative and investment related expenses.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The District's OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed 30 years. The following table presents the OPEB cost for the year, the amount actually contributed and changes in the OPEB Plan for the year ended June 30, 2010 and 2009:

Net OPEB Obligation (Asset)

	2010	2009
Annual required contribution (ARC)	$ 303,000	$ 303,000
Interest on net OPEB obligation	1,176	-
Adjustment to ARC	(1,114)	-
Annual OPEB cost	303,062	303,000
Contributions made	(355,100)	(276,865)
Increase in net OPEB obligation (asset)	(52,038)	26,135
Net OPEB obligation (asset) - beginning of year	26,135	-
Net OPEB obligation (asset) - end of year	$ (25,903)	$ 26,135

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation (asset) for the fiscal years ended June 30, 2010 and 2009 is as follows:

NOTE 9 - POST RETIREMENT HEALTH CARE BENEFITS – CONTINUED

Annual OPEB Cost and Net OPEB Obligation (Asset) - continued

Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
June 30, 2010	$ 303,062	117.17%	$ (25,903)
June 30, 2009	303,000	91.37%	26,135

Because June 30, 2009 was the year of transition for GASB 45, requirements of GASB 45 have been implemented prospectively; therefore the above illustration does not reflect similar information respective to the two preceding years.

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan had not been funded. The actuarial accrued liability for benefits was $3,714,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $3,714,000. The covered payroll (annual payroll of active employees covered by the plan) was $2,162,000, and the ratio of the UAAL to the covered payroll was 171.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress for retiree health plan, presented as RSI following the notes to financial statements, will present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because June 30, 2009 was the year of transition for GASB 45, requirements of GASB 45 have been implemented prospectively; therefore RSI does not reflect similar information respective of the two preceding years.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs by the employer to a point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions included a 7.50% investment rate of return (net of administrative and related investment expenses). Actuarial assumptions also included an annual healthcare cost trend rate of 11.00% initially, reduced by decrements of .5% to an ultimate rate of 5.00%. It was also assumed that retiree premium contributions would increase at the same rate as the cost of healthcare. The actuarial value of assets was set equal to the reported market value of assets. The UAAL is being amortized as a level percent of payroll over a closed 30 year period.

NOTE 10 - DEFERRED COMPENSATION PLANS

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

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

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured under policies through the South Carolina Office of Insurance Services, South Carolina Reserve Fund (IRF), a public entity risk pool, which issues policies to assume those risks of loss, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses the District is exposed to, related to the following assets, activities, and/or events:

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

The IRF purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability insurance. The IRF's rates are determined actuarially. The District did not have settled claims that exceeded the District's insurance coverage in any of the past three years.

The District provides employee health care under a self-funded insurance program. A commercial insurance company provides aggregate stop loss coverage for claims in excess of $2,093,592 including Spartanburg Water System and specific stop loss coverage for each claim in excess of $100,000. The following represents the change in unfiled, unpaid claims from July 1, 2009 to June 30, 2010 and July 1, 2008 to June 30, 2009:

	2010	2009
Beginning of year liability	$ 75,191	$ 24,919
Claims	822,585	905,791
Claims payments	(875,865)	(855,519)
End of year liability	$ 21,911	$ 75,191

NOTE 12 - RELATED PARTY TRANSACTIONS

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

	2010	2009
Billing and collection fees	$ 396,948	$ 396,948
Administrative fees	489,984	489,984
Labor reimbursements	578,145	490,015
Water quality and maintenance facility	310,818	310,603
Fleet service fees	69,508	83,050
Engineering	453,297	510,255
Banking fees	63,982	-
	$ 2,362,682	$ 2,280,855

The following amounts were due from (to) Spartanburg Water System at June 30, 2010 and 2009:

	2010	2009
User charges collected	$ 1,371,096	$ 1,490,702
Other receivables	1,121,888	566,553
Miscellaneous payable	(1,265,980)	(688,808)
	$ 1,227,004	$ 1,368,447

The District with the Spartanburg Water System jointly owns an office building on North Liberty Street in downtown Spartanburg, South Carolina. The facility provides offices for the engineering and other support service departments that serve both organizations. The District owns an undivided interest of the office building. At June 30, 2010 and 2009, the District's share is included in capital assets with a cost of $257,433 and accumulated depreciation of $126,719 and $120,017, respectively.

The District also jointly owns with the Spartanburg Water System approximately 42 acres on Highway 295 by-pass in Spartanburg County for future additional space requirements and facilities to accommodate a maintenance shop and personnel involved in maintenance activities. At June 30, 2010 and 2009, the District's share is included in capital assets with a cost of $647,502 and accumulated depreciation of $274,320 and $255,550, respectively.

The District additionally with the Spartanburg Water System jointly owns a laboratory building on Highway 295 by-pass in Spartanburg County. The facility provides offices and laboratories for the industrial wastewater, backflow prevention and water quality services. At June 30, 2010 and 2009, the District's share is included in capital assets with a cost of $794,263 and accumulated depreciation of $223,848 and $192,491, respectively.

NOTE 13 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

<u>Sick Pay</u>

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

NOTE 13 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS - CONTINUED

Unemployment Compensation

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

Federal and State Assisted Programs

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

Underground Storage Tanks

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

Construction Commitments

Outstanding commitments on construction contracts totaled $1,278,215 and $2,331,985 at June 30, 2010 and 2009, respectively.

Arbitrage Rebate Liabilities

Arbitrage represents the difference or "spread" between lower interest rates on tax-exempt government securities and the higher interest on taxable investment securities. The Internal Revenue Code requires local governments to rebate arbitrage earnings to the federal government every five years for as long as the local government has tax-exempt bonds outstanding. No estimate of potential liability, if any, has been made on the accompanying financial statements.

NOTE 14 - RECLASSIFICATIONS

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

NOTE 15 - SUBSEQUENT EVENTS

In July 2010, the District purchased the River Forest and Stonecreek collection systems for $493,846. The purchase of these systems adds an additional 317 service locations.

APPENDIX B

FORM OF BOND COUNSEL OPINION

FORM OF BOND COUNSEL OPINION

[Date of delivery]

Spartanburg Sanitary Sewer District
Spartanburg, South Carolina

Re: $__________ Spartanburg Sanitary Sewer District, South Carolina
General Obligation Refunding Bonds, Series 2011

Ladies and Gentlemen:

We have acted as bond counsel to Spartanburg Sanitary Sewer District, South Carolina (the ***"District"***) in connection with the issuance by the District of its $__________ General Obligation Refunding Bonds, Series 2011 (the ***"Bonds"***). We have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and statutes of the State of South Carolina (the ***"State"***), in connection with the issuance of the Bonds.

The Bonds are issued pursuant to and in accordance with the Constitution and laws of the State, including Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended; Title 11, Chapter 15, Code of Laws of South Carolina 1976, as amended; Title 11, Chapter 21, Code of Laws of South Carolina 1970, as amended, Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended; and a resolution duly adopted by the Spartanburg Sanitary Sewer District Commission, the governing body of the District, on November 30, 2010 (the ***"Resolution"***).

As to questions of fact material to our opinion, we have relied upon the Transcript of Proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing special purpose district, body corporate and politic, and political subdivision of the State. The proceedings are regular and in due form of law, and the Bonds constitute valid and binding obligations of the District, secured by an irrevocable pledge of the full faith, credit, taxing power and resources of the District and are payable, both principal and interest, from a direct ad valorem tax upon all taxable property of the District, without limit as to rate or amount. Provision has been made for the levy and collection of ad valorem property taxes sufficient to pay the principal of and interest on the Bonds as the same become due, except to the extent that the enforceability of the Bonds may be limited as described below.

2. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income of the registered owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the ***"Code"***), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings. We express no opinion regarding other federal tax consequences arising with respect to the Bonds except as set forth below.

3. The Bonds and the interest thereon (including any original issue discount properly allocable to an owner thereof) are exempt from all State, county, school district, municipal and all other taxes or assessments of the State, except inheritance, estate, transfer or certain franchise taxes. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed Bonds and, in our opinion, their form and execution are in due form of law.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement dated __________, 2011 relating to the Bonds. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

HAYNSWORTH SINKLER BOYD, P.A.

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Spartanburg Sanitary Sewer District, South Carolina (the "Issuer") in connection with the issuance of $9,670,000* General Obligation Bonds, Series 2011, of Spartanburg Sanitary Sewer District, South Carolina (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated November 30, 2010 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" or "Holder" shall mean the registered owner of a Bond and any Beneficial Owner thereof.

"Dissemination Agent" shall mean the Issuer or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean the Electronic Municipal Market Access System (EMMA) maintained by the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the National Repository and each State Depository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Depository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Agreement, there is no State Depository established in South Carolina.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than seven months following the end of each year, commencing with the fiscal year ending June 30, 2011, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent, if other than the Issuer. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a) hereof. The

Issuer shall make a copy of any Annual Report available to any person who requests a copy at a cost not exceeding the reasonable cost of duplication and delivery.

(b) If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board and to the State Repository, if any, in substantially the form attached as Appendix I.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the National Repository and each State Repository, if any; and,

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain the Issuer's complete audited financial statements, which shall be prepared in conformity with generally accepted accounting principles, and shall, in addition, contain or incorporate by reference the following:

(a) Market Value/Assessment Summary of taxable property in the District;
(b) Tax levy for the District for current fiscal year;
(c) Tax collections within the District for preceding fiscal year;
(d) Ten largest taxpayers in District for preceding fiscal year; and
(e) Issuer's Budget for Current Fiscal Year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(i) Delinquency in payment when due of any principal of or interest on the Bonds;

(ii) Defeasance of the Bonds or any portion thereof;

(iii) Any change in any rating on the Bonds;

(iv) Adverse tax opinions;

(v) Tender offers;

(vi) Any unscheduled draw, reflecting financial difficulties, on any reserve fund established by the Issuer to secure further the timely repayment of the Bonds;

(vii) Any unscheduled draw reflecting financial difficulties on any credit enhancement device obtained by the Issuer to secure further the timely repayment of the Bonds;

(viii) Any change in the provider of any credit enhancement device described in item (vii) above, or any failure by the provider to perform under such a credit enhancement device; or

(ix) Bankruptcy, insolvency, receivership or similar event of the Issuer.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give or cause to be given notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) Occurrence of any event of default under the Resolution (other than as described in clause (a)(i) above);

(ii) The issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the status of the securities, or other material events affecting the tax status of the security;

(iii) Amendment to the Resolution or this Disclosure Undertaking modifying the rights of the Beneficial Owners of the Bonds;

(iv) Giving of a notice of optional or unscheduled redemption of any Bonds;

(v) The release, substitution or sale of any property hereafter leased, mortgaged or pledged by the Issuer securing repayment of the Bonds;

(vi) Consummation of a merger, consolidation or acquisition involving an obligate person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms; or

(vii) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event in subsection (b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that a Listed Event in subsection (b) above would be material under applicable federal securities law, or upon the occurrence of any Listed Event in subsection (a) above, the Issuer shall file a notice of the Listed Event in a timely manner, not in excess of ten business days of such occurrence, with the National Repository and the Issuer Repository, if any.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SPARTANBURG SANITARY SEWER DISTRICT, SOUTH CAROLINA

By: ____________________________________

Date: ________________, 2011

APPENDIX I

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Spartanburg Sanitary Sewer District, South Carolina

Name of Bond Issue: $ General Obligation Bonds, Series 2011

Date of Issuance: ______________________, 2011

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 10.06 of a Resolution dated ________, 2010. The Issuer anticipates that the Annual Report will be filed by _________.

SPARTANBURG SANITARY SEWER DISTRICT, SOUTH CAROLINA

By: ____

APPENDIX D

OFFICIAL BID FORM

OFFICIAL BID FORM

Manning Lynch, Chairman
Spartanburg Sanitary Sewer District Commission
200 Commerce Street
Spartanburg, South Carolina 29306

Telephone: 803.540.7830
Facsimile: 803.540.7721

Ladies/Gentlemen:

For all, but not a part, of $9,670,000* Spartanburg Sanitary Sewer District, South Carolina, General Obligation Refunding Bonds, Series 2011 (the ***"Bonds"***), as more fully described in the attached Official Notice of Sale, which is hereby made part of this bid, we will pay $________________ plus a cash premium of $___________________.

The members of our syndicate are as follows (please list all Syndicate Members):

Syndicate Manager: ____
Members: ____
____
____

Interest on the Bonds will be payable semiannually on March 1 and September 1, commencing September 1, 2011. The Bonds shall mature on March 1 in the years and in the amounts, and bear interest at the respective rates per annum, all as stated below:

March 1 of the Year	Principal Amount	Interest Rate	March 1 of the Year	Principal Amount	Interest Rate
2012	$125,000	_______%	2019	$745,000	_______%
2013	335,000	_______%	2020	765,000	_______%
2014	645,000	_______%	2021	795,000	_______%
2015	660,000	_______%	2022	825,000	_______%
2016	680,000	_______%	2023	855,000	_______%
2017	700,000	_______%	2024	890,000	_______%
2018	720,000	_______%	2025	930,000	_______%

We acknowledge that the District may reject any and all bids and to the extent permitted by law may waive any irregularity or informality in any bid. We hereby acknowledge that we may not alter, modify or withdraw our bid after we have submitted the Official Bid Form to the District.

We acknowledge that the aggregate principal amount and the principal amount of each maturity of the Bonds described above are subject to adjustment, both before and after the receipt and opening of sealed bids for their purchase as set forth in the Official Notice of Sale. We acknowledge that the dollar amount bid for principal by the successful bidder will be adjusted to reflect any reduction or increase in the aggregate principal amount of the Bonds, but the coupon rates specified by the successful bidder for all maturities will not change.

Respectfully submitted,

By:____
Title:____
Company:____

The following is for informational purposes only and is subject to verification prior to award: True Interest Cost ____%

Accepted this ____ day of March, 2011.

SPARTANBURG SANITARY SEWER DISTRICT

By:____
Chairman