**2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT** | FOR THE YEAR ENDING JUNE 30, 2013

# EVOLVING WATER QUALITY

ReWa®
renewable water resources

GREENVILLE, SOUTH CAROLINA

2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT | FOR THE YEAR ENDING JUNE 30, 2013

PREPARED BY:

**PATRICIA R. DENNIS**

CONTROLLER

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renewable water resources

GREENVILLE, SOUTH CAROLINA

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## Be Freshwater Friendly:

Renewable Water Resources' Be Freshwater Friendly campaign educates the community on how small changes in our day-to-day actions can have a great impact on our local rivers, lakes and streams. Being friendly to freshwater sources protects aquatic life and preserves our watershed for the long-term.

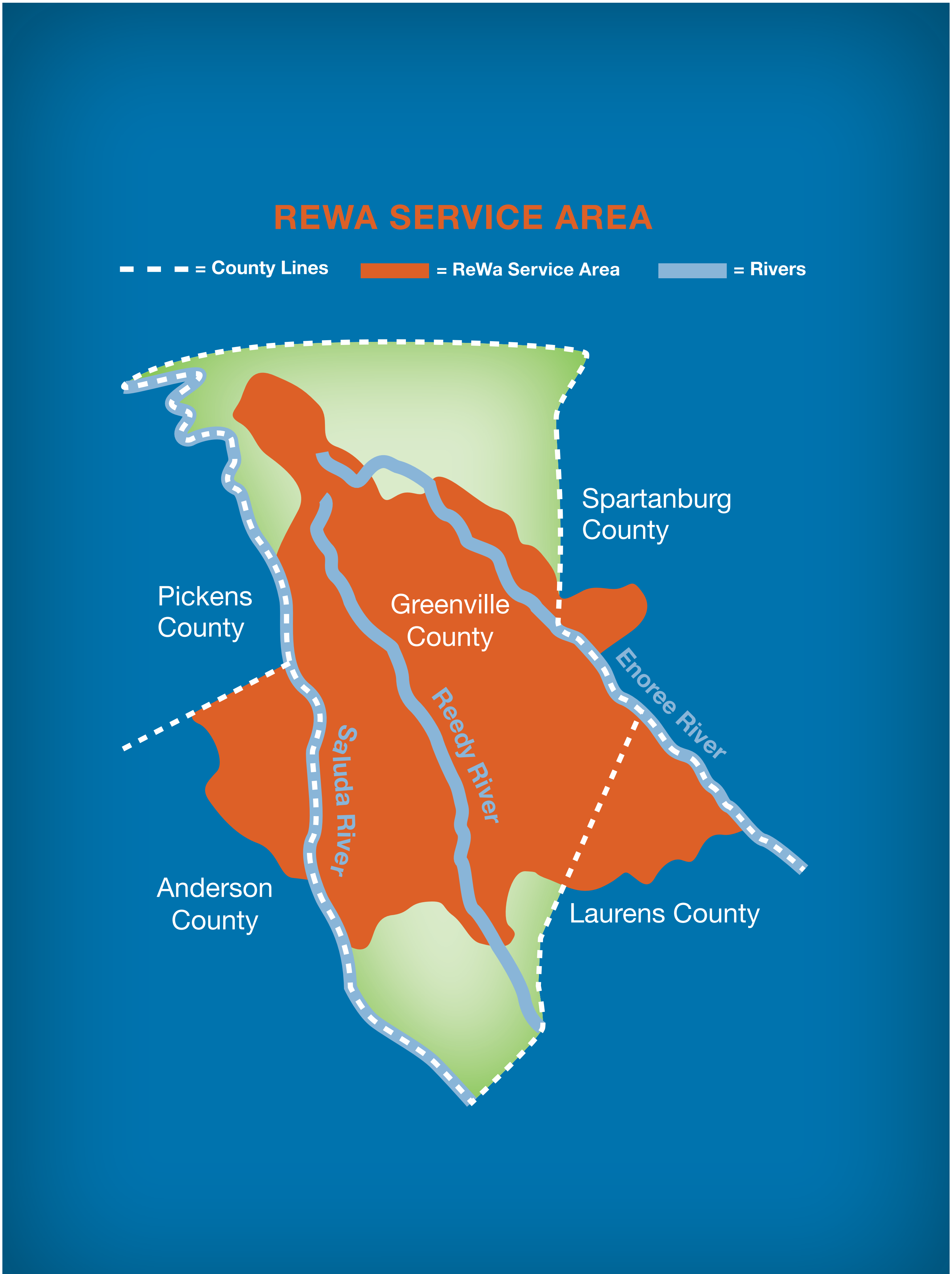
be FRESH WATER friendly

BeFreshwaterFriendly.org

# introduction

## Be Freshwater Friendly:

One of our initiatives under the Be Freshwater Friendly campaign is Pet Poop Etiquette. Pet waste is not something people typically think of as pollution, but unscooped waste can be washed into our rivers, lakes and streams. Pet waste contains Nitrogen, Phosphorus, parasites and fecal bacteria which can pollute our water bodies.



REWA SERVICE AREA
= County Lines
= ReWa Service Area
= Rivers
Spartanburg County
Pickens County
Greenville County
Enoree River
Reedy River
Saluda River
Anderson County
Laurens County

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Renewable Water Resources**

**South Carolina**

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

**June 30, 2012**

Jeffrey R. Emer

Executive Director/CEO

October 30, 2013

To Renewable Water Resources Board of Commissioners, Bondholders and Customers:

The management and staff of Renewable Water Resources (the "Agency") are pleased to present the Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2013.

The CAFR consists of management's representations concerning the finances of the Agency for the fiscal year ended June 30, 2013. Accordingly, management assumes full responsibility for the accuracy and completeness of the information provided in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the Agency's financial statements in conformity with Generally Accepted Accounting Principles ("GAAP"). Since the cost of internal controls should not outweigh the benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief that this financial report is complete and reliable in all material respects.

The Agency's Board of Commissioners (the "Commission") requires an annual audit by an independent firm of certified public accountants. Cherry Bekaert, LLP performed this function and conducted the engagement in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Cherry Bekaert, LLP concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the Agency's financial statements for the fiscal year ended June 30, 2013.

GAAP requires that management provide a narrative introduction, overview and analysis in the form of Management's Discussion and Analysis ("MD&A") to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Agency's MD&A can be found in the financial section of this report.

**PROFILE OF THE AGENCY**

The Agency is a special purpose district originally created in 1925 under the name of the "Greater Greenville Sewer District" by Act No. 362 of the Acts of the General Assembly of the State of South Carolina. As originally constituted, Act No. 362 provided for the Greater Greenville Sewer District to be governed by a commission known as the "Greater Greenville Sewer District Commission." In 1926, by Act No. 784, the Commission of the Greater Greenville Sewer District was empowered "to establish, extend, enlarge, maintain, conduct and operate sewer systems, sewer lines and sewer mains; to make any and all regulations which they consider necessary to effectuate this Act; and generally to do all things necessary to create and maintain a sewerage system in the District." The name, Greater Greenville Sewer District was changed to Western Carolina Regional Sewer Authority by Act No. 393 of 1974, and changed to Renewable Water Resources by Act No. 102 of 2009. In 2010, by Act No. 311, the Agency's authority was expanded to use, market and set rates related to the generation of goods and energy derived from by-products of the treatment process and alternate sources. The Agency's activities are accounted for as an enterprise fund and costs are recovered through user fees.

The Agency is the largest wastewater treatment provider in the region, serving much of Greenville County and portions of Anderson, Laurens, Pickens and Spartanburg Counties, which are commonly referred to as the Upstate. The Saluda River, Reedy River and Enoree River basins are the three drainage basins in the Agency's service area. Wastewater within the region is collected from 18 public partners that construct and maintain approximately 2,065 miles of sewer collection lines. These collection lines connect into the Agency's 341 mile interceptor system. The Agency owns and operates eight water resource recovery facilities ("WRRF") which treat an average flow of 39.7 million gallons per day.

A nine-member Commission governs the Agency. Each member of the Commission is appointed to a four-year term by the Governor upon recommendation of the respective county legislative delegation. Seven members are residents of Greenville County, whereas the remaining two are required to live in Anderson and Laurens Counties.

The Agency is dedicated to enhancing the quality of life in its service area by providing high quality wastewater treatment services. In addition to providing wastewater treatment services, the Agency is focused on long-term sustainability strategies such as generating renewable products from methane gas and biosolids which are by-products of the treatment process. The mission of the organization is to protect the public health and water quality of the Upstate waterways while providing the necessary infrastructure to support the regional economy. To better reflect our mission, the Agency's facilities are now referred to as water resource recovery facilities.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in this report is most meaningful when it is considered in relation to the economic and social environment in which the Agency operates.

### Regional Economy

Greenville County is strategically located on the I-85 corridor between Atlanta and Charlotte, as well as almost equal distance between New York and Miami. As a result, Greenville has become an established coordination center for east coast transportation. The City of Greenville is centrally located within Greenville County and is the fourth largest city in the state. Additionally, Greenville is in the center of the largest metropolitan statistical area in South Carolina.

Greenville is often admired for its progressive government, favorable business climate and low cost of living. Greenville's high quality of life and main street appeal is demonstrated through our pedestrian friendly and restaurant abundant downtown. For many years now, Greenville has generated national recognition and accumulated accolades. Examples of recognition received during the past fiscal year are listed below:

- 'Is Greenville the Next Big Food City of the South?' *Esquire.com, March 8, 2013*
- Greenville selected as one of 'Tastiest Towns in the South' *Southern Living, April 2013*
- *TripAdvisor* named Falls Park the Ninth-Best Park in the United States

As of July 2013, Greenville County's unemployment rate, not seasonally adjusted, was 6.6%. The unemployment rate was down from 7.7% for the same period in 2012. This is an indicator that Greenville's economy continues to improve. Greenville's unemployment rate remains significantly lower than the overall South Carolina rate of 8.1%, which can be attributed to Greenville's economic development strategy.

Greenville is committed to strategic planning and development and is regarded as an innovative and entrepreneurial leader in South Carolina. Companies continue to be attracted to Greenville's pro-business attitude, location and workforce quality. In fact, Greenville has earned the reputation as one of the top metropolitan areas in the world for engineering talent per capita. Greenville is known to have a progressive local government which has formed partnerships with companies and universities to promote economic development.

An example of Greenville's progressive government is the Electric Vehicle Ecosystem Pilot Project which was awarded the U.S. Environmental Protection Agency's Clean Air Excellence Award. The program created the first electric vehicle ecosystem in the world and involved 30 public and private partners. The program has been called "a model for the future" by Bradford Swann, a spokesman for G.E.

One of the most prominent partnerships is Clemson University's International Center of Automotive Research ("CU-ICAR"), the result of a joint effort between BMW, Michelin North America, the City of Greenville, the State of South Carolina and others. The 250-acre advanced-technology campus, located within the city limits of Greenville, was designed to bridge the gaps between research, technology and commercial application. CU-ICAR is composed of five technology neighborhoods, each designed uniquely for optimizing an innovative and collaborative environment. Additionally, the South Carolina Technology and Aviation Center ("SCTAC"), which is jointly owned by the City of Greenville and Greenville County, boasts tenants such as 3M, Lockheed Martin, Michelin and Stevens Aviation. CU-ICAR and SCTAC partnered to develop next-generation (i.e. electric or biofuel powered) transportation systems.

Greenville County is home to 98 Fortune 500 companies and has more foreign investment per capita than any other region in the United States. During fiscal year 2013, the Greenville Area Development Corporation announced 13 expansions and/or relocations representing an estimated investment greater than $100.4 million and creating nearly 500 jobs.

**Industry**

The Agency has slightly more than 100 industrial customers that it bills directly and classifies as either significant industrial users or low-volume dischargers. An industry is classified as a significant industrial user by meeting one of the following criteria:

- is subject to National Categorical Treatment Standards
- discharges an average of at least 25,000 gallons per day of process wastewater to the Public Owned Treatment Works ("POTW")
- discharges five percent or more of any design or treatment capacity of the POTW

- is found by the Agency, the South Carolina Department of Health & Environmental Control, or the U.S. Environmental Protection Agency to have a reasonable potential for adversely affecting, either singly or in combination with other discharges, the wastewater disposal system, the quality of sludge, the system's effluent quality, the receiving stream, or air emissions generated by the system

Conversely, a low-volume discharger is a regulated industry that does not meet any of the above criteria. Currently, the Agency has 70 industries classified as significant industrial users. All significant industrial users must obtain a permit to discharge to the POTW. Significant industrial users pay fixed-base fees, volume charges, and surcharges for industrial biological oxygen demand and total suspended solid discharges.

Listed below are the Agency's largest industrial customers by revenue generation in fiscal year 2013.

**Ten Largest Industrial Accounts in 2013**

| **Industry** | **Revenue** | **Percentage of total operating revenues** |
|---|---|---|
| Columbia Farms<br>*Poultry processing* | 1,309,694 | 1.75% |
| Furman University<br>*Higher education* | 311,397 | 0.42% |
| Cryovac Sealed Air Corporation<br>*Food packaging services* | 301,315 | 0.40% |
| Cytec Carbon Fibers LLC<br>*Carbon fiber and graphite manufacturer* | 289,062 | 0.39% |
| Safety Components Fabric Technology<br>*Technical fabric manufacturer* | 260,114 | 0.35% |
| Michelin North America<br>*Tire manufacturer* | 259,922 | 0.35% |
| Kemet Simpsonville<br>*Electronic capacitor manufacturing* | 217,393 | 0.29% |
| 3M Company<br>*Film and tape manufacturer* | 214,629 | 0.29% |
| Cliffstar LLC<br>*Non-alcoholic beverage manufacturer* | 210,171 | 0.28% |
| Roy Metal & Finishing Company<br>*Electroplating* | 209,148 | 0.28% |

**Long-Term Financial Planning**

The Agency performs long-range planning, such as the 20-year strategic plan (the "Upstate Roundtable Plan"). The current plan was adopted in 2009 and was built upon the 1994 plan. The goal of the Upstate Roundtable Plan was to align regional wastewater infrastructure with the Upstate's projected growth, while promoting environmental sustainability. The completion of the Piedmont Regional WRRF signifies the attainment of all capital planning needs identified in the 1994 plan. The current plan identifies more than $800 million in capital improvement needs and more than 70 recommendations as a guide for growth and development through the year 2030. Additional information on the Upstate Roundtable Plan, as well as the final report, can be accessed at www.upstateroundtable.org.

In addition, the Agency maintains a rolling five-year capital improvements program. The development of this program involves evaluating the recommendations identified in the Upstate Roundtable Plan to current growth projections and regulatory requirements, as well as project affordability. In fiscal year 2011, the Commission adopted the first five years of the 20-year Wastewater Capital Planning & Rate Study which identified the appropriate sources to fund these capital improvement needs. Since the Agency's revenues are solely derived from user fees, it is critical that the rates remain sufficient to meet operational expenses, as well as the above five- and 20-year plans. The Agency continues to monitor and report its implementation progress of the Upstate Roundtable Plan's recommendations via the Agency's Business Plan.

**Accountability and Transparency**

Our website, www.rewaonline.org, is utilized to publish both financial and non-financial information to our rate payers and other interested parties to enhance the public's understanding and promote interest. The site enables us to disseminate information in a timely and effective manner and includes a description of the wastewater treatment process, approved rates, procurement and employment opportunities, new customer information, Annual Reports, Sewer Use Regulation and upcoming events. The website also includes links to the Upstate Roundtable Plan and the Agency's community outreach initiatives such as Project Rx and Be Freshwater Friendly. The Agency uses the website and local newspapers to communicate public comment and hearing notifications, as well as Commission meeting agendas. The Agency strives to be transparent and accountable both operationally and fiscally.

**Budget**

The Agency's Commission annually adopts an operating and capital budget prior to the new fiscal year. The budget is prepared on a cash basis, as required by the state of South Carolina, and on an accrual basis for internal purposes. The budget provides the basis for reporting, which management uses to monitor and control the Agency's spending. Management receives budget to actual reports monthly and is responsible for providing variance explanations to the Accounting Department.

The budget is approved by the Commission after a public hearing and upon recommendation of the Executive Director. The approved budget will remain in effect for the entire fiscal year and can only be revised with a public hearing and Commission approval.

**Major Initiatives**

For several years, the Agency has utilized the strategies and reporting tools set forth in the Effective Utility Management Primer (The "Primer") and the Balanced Scorecard. The Primer identifies ten attributes of effectively managed utilities and five keys to management success. In fiscal year 2011, we shared an example of each of the ten attributes and last year we highlighted the strides we had made within the attribute of Product Quality. Our goal is to continually improve our operations, stewardship and service capabilities, which is why this year we would like to focus on the technological and educational investments we have made to evolving water quality. In fiscal year 2013, the Agency made a significant investment in the construction of Piedmont Regional WRRF. This regional facility introduces the highest level of treatment at the Agency and allows the Agency to consolidate resources by merging four aging facilities (the existing Piedmont, Grove Creek and the municipal plants of Pelzer and West Pelzer). Additionally, the Agency has invested in public education initiatives focused on raising awareness about preventing nutrient and stormwater pollution.

## ACCOMPLISHMENTS

**Organizational Awards**

Eight of the Agency's facilities: Durbin Creek, Georges Creek, Gilder Creek, Grove Creek, Lower Reedy, Marietta, Pelham and Piedmont, as well as multiple departments: Administrative and Engineering Services, Industrial Pretreatment, Instrumentation, Laboratory, Maintenance and Solids Management, won the South Carolina Chamber of Commerce Safety Awards.

Five of the Agency's facilities: Georges Creek, Grove Creek, Lower Reedy, Marietta and Piedmont won the South Carolina Department of Health & Environmental Control's Outstanding Facility Award.

All of the Agency's facilities received Peak Performance Awards from NACWA. NACWA recognizes member agencies for excellence in wastewater treatment as measured by their compliance with their National Pollutant Discharge Elimination System ("NPDES") permit. Awards are made in three categories:

Silver Awards for member facilities with five or fewer NPDES permit violations in a calendar year; Gold Awards for member facilities that meet all NPDES permit limits during a calendar year; and Platinum Awards for facilities that have sustained 100 percent compliance for five consecutive years or more. Georges Creek, Grove Creek, Lower Reedy, Marietta and Mauldin Road facilities received Platinum level awards; Durbin Creek, Pelham and Piedmont received Gold level awards; and Gilder Creek received a Silver level award.

The Agency won the Excellence in Collection System Operations Award from the Water Environment Association of South Carolina (WEASC).

The Agency's Operations Challenge team placed first at both the National (within their division) and State environmental conferences.

The Piedmont Regional WRRF won the Award of Merit in the Water\Environmental category from the *Engineering National Review Southeast*.

**Individual Awards**

Ralph Hendricks, Commissioner from 1991 to 2012, received the prestigious Order of the Silver Crescent award from Governor Nikki Haley.

Glen McManus, Director of Operations, received the Arthur Sidney Bedell and William D. Hatfield awards from the Water Environment Federation.

Bryan Kohart, P.E., Senior Environmental Engineer, received the WEASC 2012 Engineer of the Year Award.

Toby Humphries, TV and Cleaning Supervisor, received the WEASC Dennis Pittman Collection System Award.

Dargan Evans, Facility Operator, received the WEASC Wastewater Treatment Plant Operator of the Year Award.

**Financial Awards**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Agency for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the 20th consecutive year that the Agency has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily-readable and efficiently-organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Receipt of this award represents the highest form of recognition in the area of governmental accounting and financial reporting.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Agency was also awarded the GFOA's prestigious Award for Outstanding Achievement in Popular Annual Financial Reporting for the 15th consecutive year. We believe that our current Annual Report to the Community continues to meet the award requirements and we are submitting it to the GFOA for evaluation.

**ACKNOWLEDGEMENTS**

This report could not have been prepared without the dedicated and professional effort of the Agency's Accounting Department along with the cooperation of staff from the Agency's other departments.

Ray T. Orvin Jr., DBA
Executive Director

Cathy D. Caldwell, CPA
Administrative Finance Director

Patricia R. Dennis, CPA
Controller

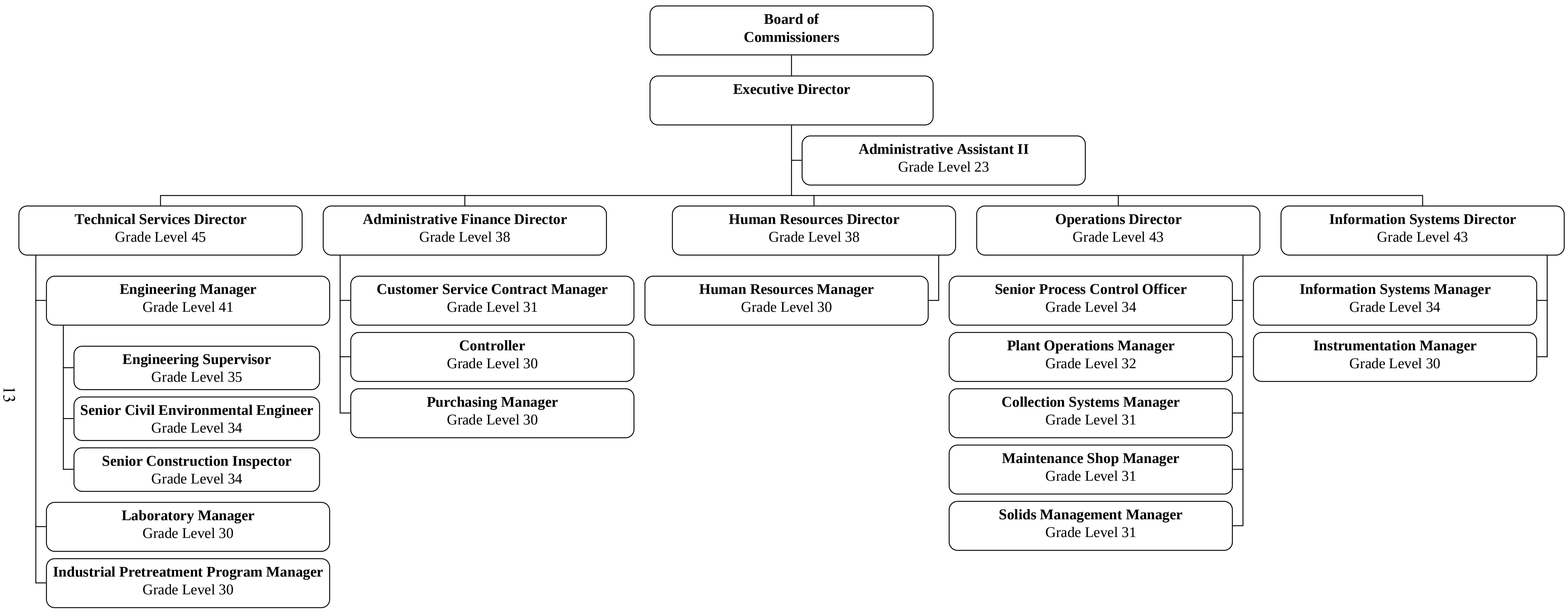
**Renewable Water Resources**
**2013**
**Board of Commissioners**

| Name | Date of Original Appointment | Current Term Expires | Principal Occupation |
|---|---|---|---|
| J. D. Martin<br>Chairman | 12/31/01 | 12/31/13 | Businessman |
| L. Gary Gilliam<br>Vice Chairman | 12/30/06 | 12/30/14 | Businessman |
| Michael B. Bishop<br>Secretary/Treasurer | 02/24/06 | 12/31/13 | Businessman |
| John V. Boyette, Jr. | 02/26/04 | 12/31/15 | Businessman |
| George W. Fletcher | 01/31/01 | 12/31/16 | Businessman |
| Daniel K. Holliday | 01/01/13 | 01/01/17 | Businessman |
| Billy D. Merritt, Jr. | 06/06/84 | 12/31/13 | Enrollment Counselor |
| Ray C. Overstreet | 12/31/10 | 12/31/14 | Businessman |
| Willie J. Whittaker, Jr. | 01/14/85 | 12/31/16 | Retired Science Consultant |

## Directors

| | |
|---|---|
| Ray T. Orvin, Jr., DBA | Executive Director |
| Charles L. Logue, PE | Technical Services Director |
| Blake A. Visin | Information System Director |
| L. Glen McManus | Operations Director |
| Cathy D. Caldwell, CPA | Administrative Finance Director |
| Barbara S. Wilson, SPHR | Human Resources Director |

# RENEWABLE WATER RESOURCES
## Organizational Chart



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## Project Rx:

Project Rx: A River Remedy is a medication take-back event held by Renewable Water Resources and several community partner organizations. It offers the Upstate community a free and safe way to properly dispose of prescription and over-the-counter medications.

PROJECT Rx
a River Remedy
aRiverRemedy.org

financial


**Project Rx:**

As of June 30, 2013, Project Rx has held six drug take-back events, collecting a combined weight of 7,534 lbs of unwanted medications for proper disposal.

PROJECT Rx
a River Remedy

# Renewable Water Resources

## Financial Statements
## and Supplemental Information

## Years Ended June 30, 2013 and 2012

Cherry Bekaert LLP
CPAs & Advisors

## Independent Auditor's Report

To the Board of Commissioners
Greenville, South Carolina

**Report on the Financial Statements**

We have audited the accompanying statements of net position of Renewable Water Resources (the "Agency") as of and for the years ended June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2013 and 2012, and the results of its operations and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18 through 29 and the Schedule of Funding Progress – Other Postemployment Benefits on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statement. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2013 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Greenville, South Carolina
September 3, 2013

# Management's Discussion and Analysis

As management of Renewable Water Resources (the "Agency"), we present this narrative overview and analysis of financial performance for the fiscal years ended June 30, 2013 and 2012. Please consider this information in conjunction with the financial statements and related notes, which follow this section.

## Financial Highlights

- Financial position continues to be strong as net position increased by $9.0 million, or 3.2%, to $289.1 million as a result of current year operations, as compared to an increase of 4.7% from 2011 to 2012.

- Construction was completed on the Piedmont Regional Water Resource Recovery Facility ("WRRF") during fiscal year 2013. The completion of Piedmont Regional WRRF signifies the attainment of all capital planning needs identified in the 1994 Upstate Roundtable plan. The facility is located on a 100-acre site on the Saluda River in Anderson County and consolidates four aging facilities: two smaller facilities of the Agency and the municipal plants of Pelzer and West Pelzer. The 4.0 million gallons per day ("MGD") facility costs approximately $46.5 million and includes screening, grit removal, diurnal and wet weather equalization, biological treatment via membrane bio-reactor, ultraviolet disinfection, re-aeration, and membrane solid thickening.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Agency. The basic financial statements include the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows; with the related notes to provide additional details. These basic financial statements provide information about the activities and performance of the Agency using accounting methods similar to those found in the private sector.

The Statements of Net Position present information on the Agency's assets, plus deferred outflows of resources, less liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Agency's financial position is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position present the current and prior fiscal years' results of operations and can be used to determine whether the Agency is recovering costs through user fees and charges.

The Statements of Cash Flows report cash receipts, cash payments and net changes in cash and cash equivalents for the current and prior fiscal years. This statement may be used to determine sources of cash, uses of cash and changes in cash from operating, capital and related financing and investing activities. The statement may be useful in assessing the Agency's ability to meet short-term obligations.

(Continued)

## Overview of the Financial Statements, continued

The Notes to the Financial Statements provide required disclosures and other information essential to a full understanding of information reported in the statements. The notes present information about the Agency's accounting policies, significant account balances and activities, significant risks, obligations, commitments, contingencies and subsequent events, if applicable.

## Net Position

The Agency's overall financial position improved during fiscal year 2013 as net position grew 3.2%. Net position in fiscal years 2013, 2012, and 2011 totaled $289.1 million, $280.1 million, and $267.5 million, an increase of $9.0 million, $12.6 million, and $7.6 million, respectively. The largest portion of the Agency's net position, approximately 71.7%, reflects the Agency's investment in capital assets (e.g., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The Agency uses these capital assets to provide services to ratepayers. Although the Agency's investment in capital assets is reported net of debt, the resources needed to repay this debt must be provided from other sources, as these capital assets cannot be liquidated to pay these liabilities.

An additional $28.0 million or 9.7% of the Agency's net position are restricted funds (restrictions established by debt covenants, enabling legislation, or other legal requirements). In fiscal years 2012 and 2011, restricted net position decreased $12.6 million or 31.7% and $8.4 million or 17.4%, respectively. In fiscal year 2013, restricted net position increased $0.8 million primarily due to an increase in amounts restricted for debt service. Approximately $12.2 million of the decrease in fiscal year 2012 is due to recapture of the debt service reserve fund: $8.6 million from advance refunding of the Series 2005 bonds and $3.6 million from retroactive loan policy changes by the South Carolina Water Quality Revolving Fund Authority.

The third and final component of net position is unrestricted which may be used to fund day to day operations or capital projects. In fiscal year 2013, the Agency's unrestricted net position totaled $53.7 million.

(Continued)

## Net Position, continued

A summary of the Agency's Statement of Net Position is presented in Table A-1.

**Table A-1**
**Condensed Statements of Net Position (in millions)**
**For the Years Ended June 30,**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Current and non-current assets | $ 63.3 | $ 77.2 | $ 65.8 |
| Restricted assets | 28.0 | 34.2 | 64.8 |
| Capital assets | 487.5 | 484.8 | 465.9 |
| Total assets | 578.8 | 596.2 | 596.5 |
| Current liabilities | 29.6 | 37.7 | 24.7 |
| Non-current liabilities | 260.1 | 278.4 | 304.3 |
| Total liabilities | 289.7 | 316.1 | 329.0 |
| Net investment in capital assets | 207.4 | 183.9 | 169.9 |
| Restricted | 28.0 | 27.2 | 39.8 |
| Unrestricted | 53.7 | 69.0 | 57.8 |
| Total net position | $ 289.1 | $ 280.1 | $ 267.5 |

## Revenues

Table A-2 reveals that the Agency's total revenues decreased by $0.1 million in fiscal year 2013 to $74.9 million. The Agency's total revenues increased $4.8 million in fiscal year 2012, to $75.0 million from $70.2 million in 2011. The Agency's regulations provide for a sewer use charge that funds the operation of the system, provides a source of funds to repay liabilities and provides for future maintenance of the Agency's facilities. The current user fee regulation in effect for fiscal year 2013 was adopted December 6, 2010, and became effective March 1, 2013, with subsequent increases in monthly base fees and volume charges effective on March 1, 2014 and 2015.

Domestic and commercial customer revenues decreased 1.0% to $61.9 million in fiscal year 2013. The decrease was a result of reduced consumption despite an approximate 4.0% rate increase and customer growth of 2.6%. In fiscal years 2012 and 2011, domestic and commercial revenues increased 4.5% and 7.2%, respectively. The increases in fiscal years 2012 and 2011 are attributable to scheduled rate increases and customer growth.

(Continued)

## Revenues, continued

In fiscal year 2013, industrial revenues decreased slightly to $6.7 million from $6.8 million in fiscal year 2012. Industrial revenues increased $0.5 million, or 7.9%, in fiscal year 2011.

New account fees, based on water meter size, increased 17.0%, 74.1% and 12.5% in fiscal years 2013, 2012 and 2011, respectively, a sign that the economy continues to improve.

Interest and other non-operating revenues declined to $0.3 million in fiscal year 2013 and remained flat at $0.5 million in fiscal years 2012 and 2011 due to depressed market conditions.

**Table A-2**
**Condensed Statements of Revenues, Expenses and Changes in Net Position (in millions)**
**For the Years Ended June 30,**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Operating revenues | | | |
| Domestic and commercial customers | $ 61.9 | $ 62.5 | $ 59.8 |
| Industrial customers | 6.7 | 6.8 | 6.8 |
| New account fee | 5.5 | 4.7 | 2.7 |
| Septic haulers and other | 0.5 | 0.5 | 0.4 |
| Interest and other non-operating revenues | 0.3 | 0.5 | 0.5 |
| Total revenues | 74.9 | 75.0 | 70.2 |
| Operating expenses | | | |
| Operations | 13.7 | 12.8 | 12.0 |
| Technical services | 3.0 | 2.9 | 2.9 |
| Collection system | 2.9 | 2.7 | 2.6 |
| IS and instrumentation | 1.6 | 1.5 | 1.4 |
| Human resources | 2.1 | 2.0 | 1.8 |
| Administration finance | 5.7 | 5.4 | 5.0 |
| Total operating expenses before depreciation | 29.0 | 27.3 | 25.7 |
| Depreciation | 26.1 | 24.1 | 24.0 |
| Total operating expenses | 55.1 | 51.4 | 49.7 |
| Interest, amortization & other non-operating expenses | 10.8 | 11.6 | 12.9 |
| Total expenses | 65.9 | 63.0 | 62.6 |
| Capital project cost reimbursements | - | 0.6 | - |
| Increase in net position | 9.0 | 12.6 | 7.6 |
| Total net position, beginning of year | 280.1 | 267.5 | 259.9 |
| Total net position, end of year | $ 289.1 | $ 280.1 | $ 267.5 |

## Capital Contributions

Project reimbursement occurs when the Agency enters into a contract with one or more entities to construct facilities and/or sewer conveyance systems that will be mutually beneficial. There were no participating entities in fiscal years 2013 and 2011.

The Agency received two grants in fiscal year 2012 totaling $0.6 million: one for $0.5 million from the US Department of Energy, administered by the State of South Carolina to produce electricity using digester gas, as well as one for $0.1 million through the Budget and Control Board Office of Local Government to increase energy efficiency at the Agency's facilities.

## Expenses

Total expenses in fiscal years 2013, 2012 and 2011 totaled $65.9 million, $63.0 million and $62.6 million, respectively. In fiscal year 2013, total expenses increased by $2.9 million or 4.6%. Total expenses increased by $0.4 million or 0.6% in fiscal year 2012. In fiscal year 2013, $1.7 million of the increase is primarily attributable to increases in chemicals, repairs and maintenance, employee related expenses, as well as carbon media replacement. An increase of $2.0 million in depreciation also contributed to the overall increase in fiscal year 2013. These increases were offset by a decrease of $0.8 million in interest, amortization and other non-operating expenses. In fiscal year 2012, the increase is the net effect of a $1.7 million increase in total operating expense due to increases in billing expense, electricity, salaries and fringes, as well as depreciation. These increases were reduced by a $1.3 million decrease in non-operating expenses, which is primarily attributable to decreases in interest expense. Operating expenses before depreciation increased by 6.2% in fiscal years 2013 and 2012, respectively. Depreciation expense increased $2.0 million or 8.2% in fiscal year 2013. Non-project expenses can vary considerably each fiscal year. These expenses are one-time costs that are non-operational and are not capitalizable.

## Capital Assets

Net capital assets being depreciated increased by $55.8 million or 7.9% to $764.4 million in fiscal year 2013. Approximately $46.5 million of the increase pertains to the capitalization of the newly constructed Piedmont Regional WRRF. In fiscal year 2012, net capital assets increased by a modest $2.9 million, as $41.0 million remained in construction in progress. At the end of fiscal year 2013, the Agency had invested $487.5 million in infrastructure, which includes land, rights-of-ways, trunk lines, buildings, operating equipment, water resource recovery facility equipment and vehicles as shown in Table A-3 and in Note 5 of the accompanying notes to the financial statements.

(Continued)

## Capital Assets, continued

**Table A-3**
**Capital Assets (in millions)**
**For the Years Ended June 30,**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Capital assets not being depreciated: | | | |
| Land | $ 3.6 | $ 3.5 | $ 3.5 |
| Construction in progress | 10.1 | 41.0 | 4.1 |
| Total capital assets not being depreciated | 13.7 | 44.5 | 7.6 |
| Capital assets being depreciated: | | | |
| Buildings | 341.2 | 318.0 | 317.1 |
| Trunk lines | 326.3 | 305.2 | 303.4 |
| Water resource recovery facility equipment | 90.0 | 82.9 | 83.0 |
| Operational equipment | 5.7 | 1.3 | 1.1 |
| Office furniture | 0.4 | 0.5 | 0.5 |
| Vehicles | 0.8 | 0.7 | 0.6 |
| Total capital assets being depreciated | 764.4 | 708.6 | 705.7 |
| Less: accumulated depreciation | 290.6 | 268.3 | 247.4 |
| Total capital assets being depreciated, net | 473.8 | 440.3 | 458.3 |
| Net capital assets | $ 487.5 | $ 484.8 | $ 465.9 |

### Capital improvement program

The Commission assembled a community-wide volunteer collaboration to develop an environmentally sound long-term strategy for the Agency. The collaboration was named the Upstate Roundtable and was tasked with aligning the regional wastewater system capacity and infrastructure with projected growth, while promoting environmental sustainability. Initially convened in 1994 and reconvened in 2008, this strategic planning group brought together over 60 community, governmental and industry leaders to develop a 20-year plan to guide the Agency. The 1994 Upstate Roundtable Plan identified needs of approximately $326.5 million for growth in the Reedy, Saluda and Enoree basins. In fiscal year 2013, all projects that were identified in this plan were completed. The 2008 Upstate Roundtable Plan identified $809.7 million of projects which have been incorporated into the Agency's capital improvements program ("CIP").

(Continued)

## Capital Assets, continued

### Capital improvement program, continued

The Agency maintains a fluid five year CIP that merges the Agency’s strategic plan with the ongoing objective of maintaining compliance with South Carolina Department of Health & Environmental Control regulations and National Pollutant Discharge Elimination System permit limitations. The CIP calls for upgrades to three of the Agency’s water resource recovery facilities, numerous line and conveyance system projects, as well as various green energy and reuse projects that support the recently adopted Upstate Roundtable Plan.

In addition to the Piedmont Regional WRRF project, major capital expenditures in fiscal year 2013 focused on various line and conveyance rehabilitation projects.

### Capital improvement expenditures

Significant capital improvement expenditures for fiscal year 2013 include the following:

- **Piedmont Regional WRRF** – Total investment of $46.5 million for the engineering design and construction of the Piedmont Regional WRRF. This facility combines four aging facilities on the Saluda River (two of the Agency’s facilities, as well as the municipal plants of Pelzer and West Pelzer). The facility was completed and placed in service in fiscal year 2013.

- **Grove Creek and Piedmont Pump Station Modifications** – Expenditure of $5.9 million for the construction of a new 2.75 MGD pump station for conveyance of raw sewage to the new Piedmont Regional WRRF, as well as conversion of the Grove Creek WRRF effluent pump station to an influent pump station capable of providing influent flow to the Piedmont Regional WRRF. Modifications include a new influent screenings facility, Parshall flume and manhole, mag meter vault, lagoon pump suction intake, flow diversion structure, associated manholes, miscellaneous piping, and all associated electrical and instrumentation.

(Continued)

## Capital Assets, continued

### Capital improvement expenditures, continued

Table A-4 illustrates the Agency's 2014 Capital Expenditures Budget of $42.8 million for planned spending on projects that primarily consist of design of a new laboratory building, facility enhancements and collection system improvements. The Agency believes that the budget requirement for the upcoming fiscal year can be funded through a combination of reserves and South Carolina revolving loan funds.

**Table A-4**
**Fiscal Year 2014 Capital Expenditures Budget (in millions)**

| | |
|---|---|
| ***FUNDING SOURCES*** | |
| South Carolina revolving loan fund | $ 12.0 |
| Reserves | 30.8 |
| Total funding sources | $ 42.8 |
| ***EXPENDITURES*** | |
| Water resource recovery facilities | $ 11.3 |
| Collection system | 16.2 |
| Sustainability and reuse | 6.8 |
| Other projects | 8.5 |
| Total expenditures | $ 42.8 |

## Long-Term Debt

### Revenue bonds

Long-term debt for the Agency consists of outstanding balances on revenue bonds and state revolving loans with the South Carolina Water Quality Revolving Fund Authority. As of June 30, 2013, revenue bond debt of the Agency totaled $233.7 million and consisted of six series of revenue and refunding revenue bonds: Series 2005, Series 2005B, Series 2009, Series 2010A, Series 2010B and Series 2012. Revenue bond debt totaled $249.4 million and $273.4 million at the end of fiscal years 2012 and 2011, respectively. In fiscal year 2012, the Agency issued $71.4 million to advance refund $79.8 million of the Series 2005 bonds. In fiscal year 2011, the Agency issued $90.4 million in bonds consisting of both revenue and refunding revenue bonds, the 2010A Series refunding revenue bonds of $63.6 million and the 2010B Series Taxable Revenue Bonds (Recovery Zone Economic Development Bonds) of $26.8 million.

(Continued)

## Long-Term Debt, continued

### Revenue bonds, continued

The Agency received bond premiums of $4.7 million, $7.6 million, $6.1 million and $11.4 million on the Series 2005, 2005B, 2010A and 2012 revenue bonds, respectively. The bond premiums and related bond issuance costs, consisting of insurance costs and underwriting fees, are amortized over the life of the bonds. The Series 2005, Series 2005B and Series 2009 are payable from gross revenues and are on parity with all of the Agency's state revolving loans. These obligations are collectively referred to as the Senior Lien Debt. The Series 2010A, Series 2010B and Series 2012 were issued under the 2010 Bond Resolution and are subordinate in all aspects to the Senior Lien Debt.

The Series 2005 and Series 2005B revenue bonds carry 'Aa2' and 'AA' ratings from Moody's Investors Service and Standard & Poor's, respectively. Both the Series 2005 and 2005B ratings were enhanced through the purchase of a surety agreement at issuance and carry the rating of the surety provider or the underlying rating of the Agency, whichever is higher. In fiscal year 2009, Moody's Investors Service downgraded the Agency's surety provider, triggering the funding of the Agency's debt service reserve requirement. In fiscal year 2011, Standard & Poor's downgraded the Agency's surety provider.

The Series 2009, Series 2010A and Series 2010B revenue bonds were issued based on the Agency's underlying rating. In fiscal year 2012, Standard & Poor's affirmed its 'AA' rating on the Agency's Senior Lien Debt, Series 2010A bonds, Series 2010B bonds and assigned its 'AA' rating to the Series 2012 bonds. Also in fiscal year 2012, Moody's Investors Service affirmed its 'Aa2' rating on the Agency's Senior Lien Debt, affirmed its 'Aa3' rating on the Series 2010A and 2010B bonds and assigned its 'Aa3' rating to the Series 2012 bonds.

### State revolving loans

Since December 1989, the Agency has entered into numerous loan agreements with the South Carolina Water Quality Revolving Fund Authority for new construction and/or upgrades of the system. Interest rates on these loans range from 1.8 to 2.25 percent. State revolving loans outstanding as of June 30, 2013 totaled $42.8 million.

Listed below are the Agency's state revolving loans outstanding at year end:

- June 2005 — Lower Reedy WRRF expansion Phase II
- November 2006 — Durbin Creek WRRF expansion
- December 2009 — Gravity Sewer and Manhole Rehabilitation Phase I
- December 2009 — Gravity Sewer and Manhole Rehabilitation Phase II

Construction has been completed and all funds received for the projects listed above.

(Continued)

## Long-Term Debt, continued

### Total outstanding long-term debt

At June 30, 2013, the Agency owed $268.7 million (excluding premiums and deferred gain/loss on refunding) in total long-term debt, a decrease of $16.9 million or 5.9% from $285.6 million at the end of fiscal year 2012. In fiscal year 2012, the Agency issued $71.4 million in revenue bond debt and $0.9 million in state revolving loans. The Agency advance refunded $79.8 million of the Series 2005 bonds and made a total of $16.1 million in payments on both outstanding revenue bonds and state revolving loans. In fiscal year 2011, the Agency incurred $90.4 million in revenue bond debt and $2.3 million in state revolving loans. The Agency refunded $77.2 million in state revolving loans and made $16.6 million in aggregate payments on both outstanding revenue bonds and state revolving loans. The total obligation for compensated absences at June 30, 2013 was $0.8 million. More detailed information about the Agency's long-term liabilities is presented in Notes 7, 8 and 9 of the accompanying notes to the financial statements.

The Agency's bond covenants require net earnings (as defined in respective loan agreements) to be at least 110 percent of the combined annual principal and interest requirement (as defined in the respective loan agreements) in the fiscal year. The Agency has not defaulted in the payment of principal or interest or in any other material way with respect to any of its securities at any time, nor has the Agency used the proceeds of any bonds for current operating expenses at any time, nor does the Agency intend to use the proceeds of any bonds for any such purposes. Based on the Agency's accompanying financial statements, the debt coverage ratio is calculated in Table A-5.

**Table A-5**
**Debt Coverage (in millions)**
**For the Years Ended June 30,**

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Operating revenue | $ 74.6 | $ 74.4 | $ 69.7 |
| Investment revenue, unrestricted | 0.2 | 0.4 | 0.4 |
| Gross revenues | 74.8 | 74.8 | 70.1 |
| Less: operating expenses before depreciation | 29.1 | 27.3 | 25.7 |
| Net revenues available for debt service | $ 45.7 | $ 47.5 | $ 44.4 |
| Debt service on bonds | $ 27.8 | $ 29.2 | $ 28.9 |
| Debt coverage | 164% | 163% | 154% |

Fiscal year 2013 debt service payments decreased $1.4 million or 4.8% to $27.8 million. Debt service payments increased $0.3 million or 1.0% in fiscal year 2012. Debt structure on revenue bonds varies year to year causing principal payments to increase and decrease over the life of the bonds.

(Continued)

## Long-Term Debt, continued

Table A-6 shows the average coupon/rate by issue.

**Table A-6**
**Average Coupon/Interest Rate**

| | Balance (without premiums) (in millions) | Average coupon / rate |
|---|---|---|
| Series 2005 revenue bonds | $ 1.0 | 4.3% |
| Series 2005B refunding revenue bonds | 59.0 | 4.0 |
| Series 2009 revenue bonds | 21.9 | 3.8 |
| Series 2010A refunding revenue bonds | 51.3 | 3.4 |
| Series 2010B revenue bonds | 21.3 | 2.7 |
| Series 2012 refunding revenue bonds | 71.4 | 2.9 |
| State revolving loans | 42.8 | 2.1 |

### General obligation bonds limitation on debt

Under the debt limitation provisions of Article X of the South Carolina Constitution, every county, incorporated municipality, special purpose district and school district has the power, in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law, (a) to incur general obligation debt authorized by a majority vote of the qualified electors thereof voting in a referendum, without limitation as to amount and (b) to incur, without an election, debt, in addition to bonded indebtedness existing on November 30, 1977, and bonded indebtedness authorized by majority vote of qualified electors, in an amount not exceeding 8.0% of the assessed value of all taxable property therein. As of June 30, 2013, the Agency's assessed value was approximately $1.6 billion. The Agency had no general obligation debt outstanding as of June 30, 2013.

## Economic Factors

The Agency is moderately impacted by economic trends. The Agency's operating revenues are derived solely from user fees. The Agency does not receive any tax appropriation. The Agency experienced Domestic and commercial customer growth, as well as an increase in New account fees; hopefully an indication that the economy is recovering. The New account fee revenue is designated exclusively for increasing system capacity.

Interest rates remain low, decreasing interest earnings and the cost of borrowing.

Current economic conditions, such as the above, are considered by the Agency's Commissioners and Management when developing plans and budgets for the upcoming year.

## Contacting the Agency's Financial Department

This financial report is designed to provide our users and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for funds received. If you have any questions about this report or need additional financial information, please contact the Controller of Renewable Water Resources at 561 Mauldin Road, Greenville, South Carolina 29607.

# Basic Financial Statements

# Renewable Water Resources
## Statements of Net Position
### June 30,

| | 2013 | 2012 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | $ 29,925,252 | $ 52,251,506 |
| Restricted cash and cash equivalents | 19,728,940 | 26,490,104 |
| Receivables, net | 9,949,800 | 9,626,231 |
| Investments | - | 757,107 |
| Restricted investments | 8,268,669 | 7,727,459 |
| Total current assets | 67,872,661 | 96,852,407 |
| **Non-current assets** | | |
| Receivables, net | 3,020,834 | 3,250,233 |
| Investments | 15,033,007 | 5,323,164 |
| Capital assets, net | 487,489,863 | 484,843,069 |
| Bond issuance costs, net | 5,343,838 | 5,901,574 |
| Total non-current assets | 510,887,542 | 499,318,040 |
| Total assets | $ 578,760,203 | $ 596,170,447 |
| **Current liabilities** | | |
| Revenue bonds payable | $ 16,607,208 | $ 15,692,944 |
| State revolving loans payable | 2,402,392 | 2,350,601 |
| Accounts payable - operations | 776,125 | 749,445 |
| Accounts payable - construction projects | 3,648,566 | 13,534,862 |
| Accrued interest payable | 4,443,962 | 3,969,745 |
| Accrued expenses and other liabilities | 1,075,713 | 699,179 |
| Compensated absences | 625,550 | 673,000 |
| Total current liabilities | 29,579,516 | 37,669,776 |
| **Long-term liabilities** | | |
| Revenue bonds payable | 217,108,746 | 233,715,954 |
| State revolving loans payable | 40,353,970 | 42,756,362 |
| Compensated absences | 126,055 | 21,250 |
| Other postemployment benefits | 2,532,266 | 1,953,924 |
| Total long-term liabilities | 260,121,037 | 278,447,490 |
| Total liabilities | 289,700,553 | 316,117,266 |
| **Net position** | | |
| Net investment in capital assets | 207,368,981 | 183,853,336 |
| Net position - restricted | | |
| Debt service | 19,560,054 | 18,744,295 |
| Depreciation | 4,874,899 | 4,848,431 |
| Other | 3,562,656 | 3,563,847 |
| Net position - unrestricted | 53,693,060 | 69,043,272 |
| Total net position | $ 289,059,650 | $ 280,053,181 |

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

# Renewable Water Resources
## Statements of Revenues, Expenses and Changes in Net Position
## For the Years Ended June 30,

| | 2013 | 2012 |
|---|---|---|
| **Operating revenues** | | |
| Domestic and commercial customers | $ 61,858,932 | $ 62,503,653 |
| Industrial customers | 6,734,685 | 6,771,088 |
| New account fees | 5,492,500 | 4,684,500 |
| Septic haulers and other | 546,015 | 454,470 |
| Total operating revenues | 74,632,132 | 74,413,711 |
| **Operating expenses** | | |
| Operations | 13,741,097 | 12,772,433 |
| Technical services | 2,951,718 | 2,922,505 |
| Collection system | 2,938,441 | 2,643,092 |
| IS and instrumentation | 1,597,780 | 1,530,452 |
| Human resources | 2,144,962 | 2,000,955 |
| Administrative finance | 5,711,236 | 5,408,849 |
| Total operating expenses before depreciation | 29,085,234 | 27,278,286 |
| Depreciation | 26,061,618 | 24,134,563 |
| Total operating expenses | 55,146,852 | 51,412,849 |
| Net operating revenue | 19,485,280 | 23,000,862 |
| **Non-operating revenues (expenses)** | | |
| Investment revenue | 218,939 | 453,338 |
| Interest expense | (10,094,401) | (10,723,179) |
| Amortization | (557,736) | (509,502) |
| Non-project expenses | (154,442) | (375,100) |
| Other revenue | 108,829 | 87,436 |
| Net non-operating expenses | (10,478,811) | (11,067,007) |
| **Capital project cost reimbursements** | - | 610,293 |
| Increase in net position | 9,006,469 | 12,544,148 |
| Total net position, beginning of year | 280,053,181 | 267,509,033 |
| Total net position, end of year | $ 289,059,650 | $ 280,053,181 |

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

## Renewable Water Resources

### Statements of Cash Flows

### For the Years Ended June 30,

| | 2013 | 2012 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Received from customers | $ 74,309,111 | $ 79,031,850 |
| Paid to suppliers for goods and services | (26,898,624) | (3,451,264) |
| Paid to employees for services | (11,033,995) | (10,638,010) |
| Net cash provided by operating activities | 36,376,492 | 64,942,576 |
| **Cash flows from capital and related financing activities** | | |
| Cash received for capital project cost reimbursement | - | 610,293 |
| Cash received on notes receivable for capital | 220,616 | 212,169 |
| Acquisition of capital assets and project expenses | (28,710,805) | (42,988,501) |
| Proceeds from issuance of long-term debt | - | 83,652,700 |
| Principal payments on debt | (16,890,601) | (106,847,412) |
| Bond issuance costs | - | (602,960) |
| Interest payments on debt | (10,925,177) | (13,139,453) |
| Proceeds from non-operating revenue | 108,829 | 87,436 |
| Net cash used for capital and related financing activities | (56,197,138) | (79,015,728) |
| **Cash flows from investing activities** | | |
| Interest received on investments | 227,174 | 452,125 |
| Proceeds from sales of investment securities | 21,590,256 | 40,821,974 |
| Purchases of investment securities | (31,084,202) | (29,468,780) |
| Net cash used for investing activities | (9,266,772) | 11,805,319 |
| Net decrease in cash and cash equivalents | (29,087,418) | (2,267,833) |
| **Cash and cash equivalents, beginning of year** | 78,741,610 | 81,009,443 |
| **Cash and cash equivalents, end of year** | $ 49,654,192 | $ 78,741,610 |

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

## Renewable Water Resources
### Statements of Cash Flows
### For the Years Ended June 30,

| | 2013 | 2012 |
|---|---|---|
| **Reconciliation of net operating revenue to net cash flows from operating activities** | | |
| Net operating revenue | $ 19,485,280 | $ 23,000,862 |
| Adjustments to reconcile net operating revenue to net cash provided by operating activities | | |
| Depreciation | 26,061,618 | 24,134,563 |
| Changes in asset and liability amounts | | |
| Receivables | (323,021) | 4,618,139 |
| Accounts payable - operations | 26,680 | 182,171 |
| Accounts payable - construction projects | (9,886,296) | 12,349,906 |
| Accrued expenses and other liabilities | 376,534 | 67,118 |
| Compensated absences | 57,355 | (4,503) |
| Other postemployment benefits | 578,342 | 594,320 |
| Net cash provided by operating activities | $ 36,376,492 | $ 64,942,576 |
| **Reconciliation of cash and cash equivalents to statement of net position** | | |
| Cash and cash equivalents | $ 29,925,252 | $ 52,251,506 |
| Restricted cash and cash equivalents | 19,728,940 | 26,490,104 |
| Total cash and cash equivalents | $ 49,654,192 | $ 78,741,610 |
| **Supplemental disclosures** | | |
| Capitalized interest costs | $ 152,049 | $ 449,821 |
| **Non-cash investing activities** | | |
| Decrease in fair value of investments | $ (48,512) | $ (15,928) |

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

# Notes to Financial Statements

## Note 1 – Summary of Significant Accounting Policies and Activities

### Description of entity

Renewable Water Resources (the "Agency"), previously known as Western Carolina Regional Sewer Authority, is a special purpose district created by the General Assembly of the State of South Carolina. The Agency is governed by a Commission consisting of nine members who are appointed by the Governor upon recommendation by the legislative delegations of Greenville, Anderson, and Laurens Counties. The Agency's mission is to provide wastewater treatment services for residents and industries covering substantially all of Greenville County and portions of Anderson, Laurens, Pickens and Spartanburg Counties. In fulfilling its functions, the Agency receives wastewater from the area's collection systems and owns and operates treatment facilities, sewage pumping stations and trunk sewer lines (the "System"). It is the Agency's policy to maintain customer user rates sufficient to meet operational and maintenance expenses and to pay debt service on bonds and notes issued to finance upgrading and maintaining the System.

### Reporting entity

This report includes all operations of the Agency for which the Agency's Commissioners are financially accountable.

### Fund accounting

The Agency maintains a single enterprise type fund to record its activities which consists of a self-balancing set of accounts. Enterprise type funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

### Basis of accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting as recommended by the Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA"). Basis of accounting refers to the timing of recognition of revenues and expenses. Under the accrual basis of accounting, revenues and receivables are recognized when earned and expenses and liabilities are recognized when incurred, regardless of the timing of related cash flows.

(Continued)

## Note 1 – Summary of Significant Accounting Policies and Activities, continued

### Budgetary practices

Annual budgets are prepared by management as a control device. The budget required by the State of South Carolina is prepared on the cash basis of accounting. Management also prepares a budget on the accrual basis of accounting which is used for internal purposes.

### Cash and cash equivalents

For purposes of reporting cash flows, the Agency considers all liquid investments with an original maturity of three months or less to be cash equivalents.

### Investments

Investments are reported at fair value. Gains or losses that result from market fluctuation are reported in the current period.

### Restricted assets

Any unexpended bond proceeds issued by the Agency are classified as restricted assets because their use is restricted to the purpose for which the bonds were originally issued. Cash and cash equivalents and investments included in the Agency's debt service and debt service reserve accounts are classified as restricted because their use is restricted for security and debt service of the outstanding debt. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.

### Capital assets

Capital assets are stated at historical cost. The Agency capitalizes purchases of assets greater than $5,000. Donated capital assets are recorded at estimated fair value at the date of donation. Depreciation of capital assets is calculated by use of the straight-line method over the estimated useful lives of the respective assets as follows:

| | |
|---|---|
| Facilities, trunk lines, and equipment | 15 – 40 years |
| Office furniture and equipment | 5 – 8 years |
| Vehicles | 3 years |

Intangible assets consisting of rights-of-way are recorded as capital assets at cost and considered to have an indefinite useful life, therefore not amortized. If changes in factors and conditions result in the useful life of an intangible asset no longer being indefinite, the asset is evaluated for impairment because a change in the expected duration of use of the asset has occurred. The carrying value of the intangible asset, if any, following the recognition of any impairment loss is amortized over the remaining estimated useful life of the asset.

(Continued)

**Note 1 – Summary of Significant Accounting Policies and Activities, continued**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

The cost of fully depreciated assets and the related accumulated depreciation amounts are eliminated from the accounts whether the assets are retired or continue in service.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

**Net position**

Net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Instead that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on an assets' use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted** - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

**Long-term obligations**

Long-term debt and other obligations financed by the Agency are reported as liabilities on the Statements of Net Position. Bond premiums and discounts, as well as deferred refunding costs, are deferred and amortized over the life of the bonds using methods which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and, if applicable, deferred refunding costs. Issuance costs are reported as deferred charges (other assets) and amortized over the life of the bonds on the straight-line method.

(Continued)

## Note 1 – Summary of Significant Accounting Policies and Activities, continued

### Compensated absences

Vested vacation leave is recorded as an expense and liability as the benefits accrue to employees.

### Revenues and receivables

- **Domestic and commercial customers** - Revenues and receivables, based on water consumption, are recognized when services are provided.

- **Industrial customers** - Revenues and receivables, based on metered effluent and surcharges, are recognized when services are provided.

- **Allowance for uncollectible accounts** - An allowance for uncollectible accounts is estimated based on historic bad debt levels, plus an amount for any specific doubtful accounts.

### Operating revenues and expenses

Operating revenues and expenses generally result from providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency are charges to customers for wastewater treatment services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### Estimates

Preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the Agency's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

### New pronouncements

The Agency has implemented the following GASB pronouncements:

(Continued)

**Note 1 – Summary of Significant Accounting Policies and Activities, continued**

**GASB Statement No. 62**, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and AICPA Pronouncements,* effective for periods beginning after December 15, 2011, codifies all sources of generally accepted accounting principles for state and local governments so they are derived from a single source. The standard also supersedes GASB Statement No. 20, eliminating the election to apply FASB Statements and Interpretations issued after November 30, 1989, as well as the need for disclosure of this election. All FASB and AICPA pronouncements issued after November 30, 1989 will become nonauthoritative literature for application purposes. In addition, the standard clarifies that interest should be capitalized on assets acquired for others, clarifies that interest need not be imputed on low interest loans and clarifies the operating cycle should not be used to classify current assets and liabilities. This statement does not have a material impact on the Agency's financial statements.

**GASB Statement No. 63**, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources requiring segregation of deferred outflows and inflows from assets and liabilities for both governmental financial statements and accrual basis financial statements. The standard amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement does not have a material impact on the Agency's financial statements.

The GASB has issued several statements which have not yet been implemented by the Agency. Those statements which may have a future impact on the Agency include:

**GASB Statement No. 65**, *Items Previously Reported as Assets and Liabilities,* effective for periods beginning after December 15, 2012, identifies deferred outflows and inflows that are to be separated from assets and liabilities under GASB Statement No. 63 and provides for immediate recognition of certain costs and fees. This standard also provides financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Implementation of this standard will result in reclassifications of the Agency's deferred loss on refunding from revenue bonds payable to deferred outflow and elimination of the Agency's bond issuance cost assets, with a net carrying value of $5,343,838 at June 30, 2013.



(Continued)

## Note 1 – Summary of Significant Accounting Policies and Activities, continued

**GASB Statement No. 68**, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014, replaces the requirements of GASB Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The standard requires government employers to recognize as a liability, for the first time, their long-term obligation for pension benefits. The employer liability is to be measured as the difference between the present value of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position, with obligations for employers with cost sharing plans based on their proportionate share of contributions to the pension plan. The standard also requires more immediate recognition of annual service cost, interest and changes in benefits for pension expense, specifies requirements for discount rates and actuarial methods and changes disclosure requirements.

## Note 2 – Cash and Cash Equivalents and Investments

As of June 30, 2013 and 2012, the Agency had the following cash and cash equivalents and investments:

| | Fair Value June 30, | |
|---|---|---|
| **Description** | **2013** | **2012** |
| Cash and cash equivalents | | |
| Checking and other cash | $ 38,358,560 | $ 67,724,774 |
| Money markets – government obligations | 11,295,632 | 11,016,836 |
| Total cash and cash equivalents | $ 49,654,192 | $ 78,741,610 |
| Investments | | |
| Certificates of deposit | $ 9,000,000 | $ - |
| Government sponsored enterprises | 6,033,007 | 6,080,271 |
| United States Treasury Bills | 8,268,669 | 7,727,459 |
| Total investments | $ 23,301,676 | $ 13,807,730 |

(Continued)

## Note 2 – Cash and Cash Equivalents and Investments, continued

Investment maturities are as follows as of June 30, 2013:

| Investment Type | Fair Value | Investment maturities (in years) Less than 1 year | 1 – 5 years |
|---|---|---|---|
| Certificates of Deposit | $ 9,000,000 | $ - | $ 9,000,000 |
| US Treasury Bills | 8,268,669 | 8,268,669 | - |
| US Agencies notes and bonds | | | |
| Federal Farm Credit Bank bonds | 3,912,425 | - | 3,912,425 |
| Federal Home Loan Bank bonds | 878,621 | - | 878,621 |
| Federal National Mortgage Association notes | 1,241,961 | - | 1,241,961 |
| Total | $ 23,301,676 | $ 8,268,669 | $ 15,033,007 |

### Interest rate risk

The Agency's investment policy requires structuring investment maturities and investment options to manage its exposure to fair value losses arising from increasing interest rates.

### Credit risk

State law limits investments to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, financial institutions to the extent that the same are secured by Federal Deposit Insurance, and certificates of deposits where the certificates are collaterally secured by securities of the type described above are held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest. The Agency has an investment policy that would further limit its investment choices. The Agency's investments at June 30, 2013 and 2012 consist of US Treasury Bills and US Agencies notes and bonds. The bills and US Agencies notes and bonds were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of June 30, 2013.

### Concentration of credit risk

The Agency has an investment policy that limits the types of investments the Agency may invest in any one issuer. More than 5 percent of the Agency's investments are in US Treasury Bills. These investments are approximately 35 percent of the Agency's total investments at June 30, 2013.

### Custodial credit risk deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency has a policy for custodial credit risk. As of June 30, 2013 and 2012 all of the Agency's deposits were insured or collateralized with securities held by the Agency's agents in the Agency's name.

## Note 3 – Receivables

Customer and other accounts receivables were as follows:

| | June 30, 2013 | June 30, 2012 |
|---|---|---|
| Fees and services | | |
| Domestic and commercial customers | $ 9,162,313 | $ 8,800,833 |
| Industrial customers | 1,246,274 | 1,227,698 |
| Total receivables from fees | 10,408,587 | 10,028,531 |
| Less: allowance for uncollectible accounts | 725,000 | 725,000 |
| Net receivables from fees | 9,683,587 | 9,303,531 |
| Accrued interest on cash equivalents & other receivables | 36,815 | 77,085 |
| Reimbursements due from other governmental units | 3,250,232 | 3,495,848 |
| Total receivables | 12,970,634 | 12,876,464 |
| Less: current receivables, net | 9,949,800 | 9,626,231 |
| Non-current receivables, net | $ 3,020,834 | $ 3,250,233 |

## Note 4 – Restricted Cash and Cash Equivalents and Investments

Provisions of the revenue bond and state revolving loan agreements require the Agency to establish funds and restrict the use of certain cash and cash equivalents and investments. A brief description of such funds follows:

- **Capital projects** - restricts the use of revenue bond, state revolving loan, real property sales proceeds, and interest earnings on such proceeds, to the construction of capital projects.

- **Current principal and interest payments** - reports resources accumulated for the next principal and interest payments.

- **Debt service reserves** - reports resources set aside to cover potential future deficiencies in the current principal and interest payments account.

- **Operations and maintenance** - reports resources set aside to cover operating and maintenance expenses for one month.

- **Depreciation** - reports resources set aside to fund asset replacements.

- **Contingencies** - reports resources set aside to meet unexpected contingencies.



(Continued)

### Note 4 – Restricted Cash and Cash Equivalents and Investments, continued

Restricted cash and cash equivalents and investments at June 30, 2013 and 2012 are restricted for the following uses:

| | 2013 | 2012 |
|---|---|---|
| Capital projects | $ - | $ 7,060,990 |
| Current principal and interest payments | 11,283,895 | 10,471,104 |
| Debt service reserves | 8,276,159 | 8,273,191 |
| Operations and maintenance | 2,562,656 | 2,563,847 |
| Depreciation | 4,874,899 | 4,848,431 |
| Contingencies | 1,000,000 | 1,000,000 |
| Total restricted assets | $ 27,997,609 | $ 34,217,563 |

Restricted assets consisted of the following at June 30:

| | 2013 | 2012 |
|---|---|---|
| Cash | $ 19,728,940 | $ 26,490,104 |
| Investments | 8,268,669 | 7,727,459 |
| Total restricted assets | $ 27,997,609 | $ 34,217,563 |

## Note 5 – Capital Assets

A summary of changes in capital assets follows below.

| | Balance June 30, 2012 | Additions | Disposals | Balance June 30, 2013 |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Construction in progress | $ 40,981,998 | $ 8,991,619 | $ 39,859,743 | $ 10,113,874 |
| Land | 3,544,803 | 5,691 | - | 3,550,494 |
| Rights-of-way | 41,417 | 18,850 | - | 60,267 |
| Total capital assets not being depreciated | 44,568,218 | 9,016,160 | 39,859,743 | 13,724,635 |
| Capital assets being depreciated | | | | |
| Buildings | 318,005,443 | 24,667,983 | 1,453,910 | 341,219,516 |
| Trunk lines | 305,208,393 | 21,927,096 | 850,262 | 326,285,227 |
| Water resource recovery facilities equipment | 82,853,162 | 8,222,661 | 1,058,517 | 90,017,306 |
| Operational equipment | 1,266,849 | 4,537,033 | 72,147 | 5,731,735 |
| Office furniture | 482,394 | - | 95,636 | 386,758 |
| Vehicles | 751,511 | 197,504 | 169,227 | 779,788 |
| Total capital assets being depreciated | 708,567,752 | 59,552,277 | 3,699,699 | 764,420,330 |
| Less: accumulated depreciation | | | | |
| Buildings | 120,877,639 | 11,373,984 | 1,453,910 | 130,797,713 |
| Trunk lines | 100,562,358 | 8,157,131 | 850,262 | 107,869,227 |
| Water resource recovery facilities equipment | 45,669,273 | 6,001,154 | 1,058,517 | 50,611,910 |
| Operational equipment | 504,662 | 260,828 | 72,147 | 693,343 |
| Office furniture | 275,708 | 72,227 | 95,354 | 252,581 |
| Vehicles | 403,261 | 196,294 | 169,227 | 430,328 |
| Total accumulated depreciation | 268,292,901 | 26,061,618 | 3,699,417 | 290,655,102 |
| Total capital assets being depreciated, net | 440,274,851 | 33,490,659 | 282 | 473,765,228 |
| Capital assets, net | $ 484,843,069 | $ 42,506,819 | $ 39,860,025 | $ 487,489,863 |

(Continued)

## Note 5 – Capital Assets, continued

| | Balance June 30, 2011 | Additions | Disposals | Balance June 30, 2012 |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Construction in progress | $ 4,108,739 | $ 38,317,353 | $ 1,444,094 | $ 40,981,998 |
| Land | 3,502,452 | 42,351 | - | 3,544,803 |
| Rights-of-way | 11,169 | 30,248 | - | 41,417 |
| Total capital assets not being depreciated | 7,622,360 | 38,389,952 | 1,444,094 | 44,568,218 |
| Capital assets being depreciated | | | | |
| Buildings | 317,070,082 | 2,523,452 | 1,588,091 | 318,005,443 |
| Trunk lines | 303,388,103 | 2,243,070 | 422,780 | 305,208,393 |
| Water resource recovery facilities equipment | 83,004,340 | 841,152 | 992,330 | 82,853,162 |
| Operational equipment | 1,191,062 | 144,419 | 68,632 | 1,266,849 |
| Office furniture | 458,887 | 72,546 | 49,039 | 482,394 |
| Vehicles | 629,657 | 292,725 | 170,871 | 751,511 |
| Total capital assets being depreciated | 705,742,131 | 6,117,364 | 3,291,743 | 708,567,752 |
| Less: accumulated depreciation | | | | |
| Buildings | 111,865,544 | 10,600,186 | 1,588,091 | 120,877,639 |
| Trunk lines | 93,354,928 | 7,630,210 | 422,780 | 100,562,358 |
| Water resource recovery facilities equipment | 41,138,062 | 5,523,541 | 992,330 | 45,669,273 |
| Operational equipment | 446,526 | 126,768 | 68,632 | 504,662 |
| Office furniture | 248,061 | 76,686 | 49,039 | 275,708 |
| Vehicles | 396,960 | 177,172 | 170,871 | 403,261 |
| Total accumulated depreciation | 247,450,081 | 24,134,563 | 3,291,743 | 268,292,901 |
| Total capital assets being depreciated, net | 458,292,050 | (18,017,199) | - | 440,274,851 |
| Capital assets, net | $ 465,914,410 | $ 20,372,753 | $ 1,444,094 | $ 484,843,069 |

The Agency has granted a statutory lien on the System to secure its revenue bonds and state revolving loans.

Interest cost in 2013 and 2012 totaled $11,380,851 and 12,416,372, respectively, of which $152,049 and $449,821 was capitalized.

## Note 6 – Bond Issuance Costs

At June 30, 2013 and 2012, the Agency's bond issuance costs were as follows:

| | June 30, 2013 | June 30, 2012 |
|---|---|---|
| Bond issuance costs | $ 9,025,381 | $ 9,025,381 |
| Less: accumulated amortization | 3,681,543 | 3,123,807 |
| Bond issuance costs, net | $ 5,343,838 | $ 5,901,574 |

Amortization of bond issuance costs for the year ended June 30, 2013 and 2012 totaled $557,736 and $509,502, respectively.

(Continued)

### Note 6 – Bond Issuance Costs, continued

Estimated amortization expense for each of the next five years is as follows:

| Year ending June 30, | Amortization expense |
|---|---|
| 2014 | $ 557,736 |
| 2015 | 557,736 |
| 2016 | 553,049 |
| 2017 | 553,049 |
| 2018 | 553,049 |
| Thereafter | 2,569,219 |
| | $ 5,343,838 |

### Note 7 – Revenue Bonds Payable

At June 30, 2013 and 2012, the Agency was obligated on various series of revenue bonds issued for purposes of constructing water resource recovery facilities and trunk lines. Revenue bonds outstanding at June 30, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---|---|---|
| $86,560,000 Series 2005 revenue bonds dated January 11, 2005 with annual principal payments ranging from $65,000 to $2,250,000 plus interest at 2.40 to 4.88 percent payable semi-annually through March 2015. | $ 1,025,000 | $ 1,510,000 |
| $69,695,000 Series 2005B refunding revenue bonds dated March 15, 2005 with interest at 2.55 to 5.07 percent payable semi-annually beginning September 1, 2005. Beginning March 1, 2012, annual principal payments ranging from $5,180,000 to $9,400,000 plus semi-annual payments of interest at 2.55 to 5.07 percent are payable through March 2021. | 59,070,000 | 64,515,000 |
| $30,000,000 Series 2009 revenue bonds dated April 29, 2009 with annual principal payments ranging from $1,520,000 to $5,000,000 plus interest at 3.79 percent payable semi-annually through March 2024. | 21,900,000 | 23,480,000 |
| $63,630,000 Series 2010A refunding revenue bonds dated July 9, 2010 with interest at 3.00 to 5.00 percent payable semi-annually beginning January 1, 2011. Beginning January 1, 2011, annual principal payments ranging from $1,665,000 to $5,585,000 plus semi-annual payments of interest at 3.00 to 5.00 percent are payable through January 2025. | 51,285,000 | 55,585,000 |
| $26,800,000 Series 2010B revenue bonds dated December 7, 2010 with interest at 1.99 to 5.81 percent payable semi-annually beginning July 1, 2011. Beginning January 1, 2012, annual principal payments ranging from $225,000 to $3,080,000 plus semi-annual payments of interest at 1.99 to 5.81 percent are payable through January 2025. | 21,270,000 | 24,000,000 |

(Continued)

## Note 7 – Revenue Bonds Payable, continued

| | 2013 | 2012 |
|---|---|---|
| $71,395,000 Series 2012 refunding revenue bonds dated March 20, 2012 with interest at 2.00 to 5.00 percent payable semi-annually beginning July 1, 2012. Beginning January 1, 2014, annual principal payments ranging from $270,000 to $17,325,000 plus semi-annual payments of interest at 2.00 to 5.00 percent are payable through January 2025. | 71,395,000 | 71,395,000 |
| | 225,945,000 | 240,485,000 |
| Premium on Series 2005 revenue bonds | 34,067 | 51,101 |
| Premium on Series 2005B refunding bonds | 3,618,389 | 4,090,353 |
| Premium on Series 2010A refunding bonds | 3,652,905 | 4,552,381 |
| Premium on Series 2012 refunding bonds | 10,681,950 | 11,376,688 |
| Less: deferred loss on refunding | 10,216,357 | 11,146,625 |
| Less: current maturities | 16,607,208 | 15,692,944 |
| Long-term portion | $ 217,108,746 | $ 233,715,954 |

Amortization of bond premiums totaled approximately $2,083,212 and $1,493,908 for the years ended June 30, 2013 and 2012, respectively. Amortization of the deferred loss on refunding was $930,268 and $234,463 for the years ended June 30, 2013 and 2012.

Future amounts required to pay principal and interest on revenue bonds outstanding at June 30, 2013 are as follows:

| June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 15,375,000 | $ 10,076,124 | $ 25,451,124 |
| 2015 | 16,015,000 | 9,417,219 | 25,432,219 |
| 2016 | 16,560,000 | 8,788,824 | 25,348,824 |
| 2017 | 17,290,000 | 8,070,271 | 25,360,271 |
| 2018 | 18,080,000 | 7,351,450 | 25,431,450 |
| 2019 - 2023 | 98,870,000 | 23,817,218 | 122,687,218 |
| 2024 - 2025 | 43,755,000 | 3,118,063 | 46,873,063 |
| | $ 225,945,000 | $ 70,639,169 | $ 296,584,169 |

Provisions of the revenue bond agreements require the Agency to maintain user rates sufficient to generate net earnings as defined by the bond agreement of at least 110 percent of the combined annual principal and interest payments, make timely payment of principal and interest on all outstanding debt, maintain required funds for debt service reserves, operations and maintenance expenses, depreciation and contingencies, and meet various other general requirements specified in the bond agreements. Management believes that the Agency was in compliance with these covenants at June 30, 2013 and 2012.

The Series 2005, 2005B and 2009 bonds are payable solely from and secured by a pledge of the gross revenues of the Agency.

(Continued)

## Note 7 – Revenue Bonds Payable, continued

The Series 2010A, 2010B and 2012 bonds are secured by a pledge of the gross revenues, net of operations and maintenance expenses (as defined), that is subordinate to the aforementioned Series 2005, 2005B and 2009 pledge.

Interest expense on the revenue bonds totaled $10,275,580 and $10,890,645 for the years ended June 30, 2013 and 2012, respectively.

## Note 8 – State Revolving Loans Payable

At June 30, 2013 and 2012, the Agency was obligated on various state revolving loans issued for purposes of constructing capital assets. State revolving loan amounts outstanding at June 30, 2013 and 2012 are as follows:

| | 2013 | 2012 |
|---|---|---|
| $19,571,443 Lower Reedy water resource recovery facility expansion phase II loan dated June 10, 2005. Payable in quarterly installments of $312,731, including interest at 2.25 percent, through March 2027. | $ 14,758,556 | $ 15,664,634 |
| $27,800,000 Durbin Creek water resource recovery facility upgrade and expansion loan dated November 14, 2006. Payable in quarterly installments of $438,048, including interest at 2.25 percent, through March 2029. | 23,182,748 | 24,396,215 |
| $2,850,550 Gravity sewer and manhole rehabilitation phase I loan dated December 9, 2009. Payable in quarterly installments of $42,187 including interest at 1.84 percent, through November 2030. | 2,540,283 | 2,665,648 |
| $2,509,938 Gravity sewer and manhole rehabilitation phase II loan dated December 9, 2009. Payable in quarterly installments of $38,755 including interest at 2.17 percent, through January 2031. | 2,274,775 | 2,380,466 |
| | 42,756,362 | 45,106,963 |
| Less: current maturities | 2,402,392 | 2,350,601 |
| Long-term portion | $ 40,353,970 | $ 42,756,362 |

(Continued)

## Note 8 – State Revolving Loans Payable, continued

Interest expense on the state revolving loans totaled $971,765 and $1,091,949 for the years ended June 30, 2013 and 2012, respectively.

Future amounts required to pay outstanding principal and interest on state revolving loans outstanding at June 30, 2013 are as follows:

| June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 2,402,392 | $ 924,490 | $ 3,326,882 |
| 2015 | 2,455,405 | 871,476 | 3,326,881 |
| 2016 | 2,509,670 | 817,211 | 3,326,881 |
| 2017 | 2,565,217 | 761,664 | 3,326,881 |
| 2018 | 2,622,077 | 704,804 | 3,326,881 |
| 2019 - 2023 | 14,011,490 | 2,622,916 | 16,634,406 |
| 2024 - 2028 | 14,067,718 | 1,003,034 | 15,070,752 |
| 2029 - 2031 | 2,122,393 | 39,922 | 2,162,315 |
| | $ 42,756,362 | $ 7,745,517 | $ 50,501,879 |

Provisions of the state revolving loan agreements require the Agency to use loan proceeds solely for the purpose of paying eligible project costs, submit the annual audit of its financial statements by December 31st, maintain user rates sufficient to make timely payment of principal and interest on all outstanding debt, maintain required funds for current principal and interest payments, operations and maintenance expenses, depreciation and contingencies, review the adequacy of its user rates at least annually, and meet various other general requirements specified in the loan agreements. Management believes that the Agency was in compliance with these covenants at June 30, 2013 and 2012.

The state revolving loans are secured by a pledge of the gross revenues of the Agency. As additional security, the Agency has granted a statutory lien on the System.

## Note 9 – Changes in Long-Term Liabilities

Changes in long-term debt, compensated absences and other postemployment benefits ("OPEB") for the years ended June 30, 2013 and 2012 are as follows:

| | Balance July 1, 2012 | Additions | Reductions | Balance June 30, 2013 | Due within one year |
|---|---|---|---|---|---|
| Revenue bonds | $ 240,485,000 | $ - | $ 14,540,000 | $ 225,945,000 | $ 15,375,000 |
| State revolving loans | 45,106,963 | - | 2,350,601 | 42,756,362 | 2,402,392 |
| Compensated absences | 694,250 | 683,355 | 626,000 | 751,605 | 625,550 |
| OPEB | 1,953,924 | 871,159 | 292,817 | 2,532,266 | - |
| | 288,240,137 | 1,554,514 | 17,809,418 | 271,985,233 | 18,402,942 |
| Less: deferred loss on refunding | 11,146,625 | - | 930,268 | 10,216,357 | 930,268 |
| Premiums on bond issuance | 20,070,523 | - | 2,083,212 | 17,987,311 | 2,162,476 |
| | $ 297,164,035 | $ 1,554,514 | $ 18,962,362 | $ 279,756,187 | $ 19,635,150 |

| | Balance July 1, 2011 | Additions | Reductions | Balance June 30, 2012 | Due within one year |
|---|---|---|---|---|---|
| Revenue bonds | $ 262,710,000 | $ 71,395,000 | $ 93,620,000 | $ 240,485,000 | $ 14,540,000 |
| State revolving loans | 46,472,373 | 881,012 | 2,246,422 | 45,106,963 | 2,350,601 |
| Compensated absences | 698,753 | 668,261 | 672,764 | 694,250 | 673,000 |
| OPEB | 1,359,604 | 844,007 | 249,687 | 1,953,924 | 250,000 |
| | 311,240,730 | 73,788,280 | 96,788,873 | 288,240,137 | 17,813,601 |
| Less: deferred loss on refunding | 2,683,537 | 8,697,551 | 234,463 | 11,146,625 | 930,268 |
| Premiums on bond issuance | 13,338,573 | 11,376,688 | 4,644,738 | 20,070,523 | 2,083,212 |
| | $ 321,895,766 | $ 76,467,417 | $ 101,199,148 | $ 297,164,035 | $ 18,966,545 |

A portion of the Series 2005 bonds were defeased through the issuance of the Series 2012 bonds and by depositing the proceeds in an irrevocable trust to provide for future debt service payments. Thus, the defeased debt and the irrevocable trust are not a part of the financial statements. Outstanding principal amounts of defeased bonds totaled $79,770,000 at June 30, 2013.

## Note 10 – Construction Contracts in Progress

At June 30, 2013 the Agency had commitments for various projects for the construction and acquisition of property and equipment. Construction in progress is included in the property and equipment balance as facilities, land, trunk lines and equipment.

(Continued)

## Note 10 – Construction Contracts in Progress, continued

The following summarizes construction contracts in progress at June 30, 2013 on which significant additional work is to be performed:

| Project Name | Contract amount | Total contract incurred through June 30, 2013 | Balance to be performed |
|---|---|---|---|
| Bar Screen and Screw Compactor Replacement | $ 459,868 | $ 25,793 | $ 434,075 |
| FY13 Gravity Sewer Rehab | 3,494,807 | 1,017,595 | 2,477,212 |
| Fountain Inn "A" PS Upgrades | 864,043 | 658,718 | 205,325 |
| Gilder Creek PCS Upgrades | 1,445,483 | 277,656 | 1,167,827 |
| Guy's Restaurant PS Upgrades | 292,674 | 157,111 | 135,563 |
| Pelham Day Tank Repairs | 141,395 | - | 141,395 |
| Pelham IPS Equipment Replacement | 1,548,541 | 625,992 | 922,549 |
| Pelham Solids Handling Improvements | 625,392 | 83,834 | 541,558 |
| Piedmont and Grove Modifications | 7,677,155 | 6,195,937 | 1,481,218 |
| Piedmont Regional WRRF Warranty | 3,181,695 | - | 3,181,695 |
| Taylors PS Bar Screen | 1,009,290 | 704,222 | 305,068 |
| | $ 20,740,343 | $ 9,746,858 | $ 10,993,485 |

## Note 11 – Compensated Absences

Full-time employees of the Agency accumulate vacation benefits at 1 to 2 days per month, based on length of service, up to 24 days per year. Annual leave in excess of 24 days at December 31st of each year is forfeited. Annual leave earned up to 24 days is paid to employees upon separation from employment. Accrued vacation benefits totaled $751,605 and $694,250 at June 30, 2013 and 2012, respectively.

## Note 12 – Employee Benefits

### Pension plan

Substantially all of the Agency's employees are members of the South Carolina Retirement System (the "SCRS"), a cost-sharing multiple-employer pension plan administered by the Retirement Division of the State Budget and Control Board. The SCRS provides retirement and disability benefits, cost of living adjustments on an adhoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. The SCRS issues a publicly available financial report that includes financial statements and required information for the SCRS. That report may be obtained by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960 or by calling 1-800-868-9002.

(Continued)

**Note 12 – Employee Benefits, continued**

Plan members are required to contribute 7.0 and 6.5 percent of their annual covered salary for the years ended June 30, 2013 and 2012, respectively, and the Agency is required to contribute at an actuarially determined rate. The Agency's rate is 10.45 and 9.385 percent of annual covered payroll for the years ended June 30, 2013 and 2012, respectively, and an additional 0.15 percent of payroll is contributed to a group life insurance benefit for the participants for each of the years ended June 30, 2013 and 2012.

Required contributions were made at 100 percent and are summarized as follows:

| | Employer SCRS | Employee SCRS |
|---|---|---|
| June 30, 2013 | $ 1,129,479 | $ 745,882 |
| June 30, 2012 | 972,459 | 662,924 |
| June 30, 2011 | 949,406 | 657,078 |

**Deferred compensation plan**

The Agency offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the state of South Carolina. The plan, available to all the Agency employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional. Certain employees of the Agency have elected to participate. Compensation deferred under the Section 457 plan is placed in trust for the contributing employee.

The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Participants' rights under the plan are equal to those of general creditors of the Agency in an amount equal to the fair market value of the deferred account for each participant. Great-West Retirement Services (under state contract) is the program administrator of the Section 457 Plan.

**Note 13 – Postemployment Healthcare Plan**

The Agency maintains a single-employer defined benefit plan (the "Plan") to provide certain postretirement healthcare benefits to all former regular full time employees. Healthcare coverage levels for retirees are the same as coverage provided to regular active full time employees in accordance with the terms and conditions of the SC State Health Plan. The Agency contributes up to 58 percent of the monthly premium for retirees and covered dependents based on the selected healthcare plan. The amount contributed by the Agency is determined by the State of SC Employee Insurance Program. This amount is based on the level of coverage selected by the retiree not the plan selected. The Agency is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the Agency's commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

(Continued)

## Note 13 – Postemployment Healthcare Plan, continued

The Agency contributes the following per retiree per month based on the level of coverage selected and not the plan selected by the retiree:

| | July 2012 to December 2012 | January 2013 to June 2013 |
|---|---|---|
| Retiree only | $ 292 | $ 328 |
| Retiree/spouse | 578 | 650 |
| Retiree/child(ren) | 448 | 504 |
| Family | 724 | 814 |

For the year ended June 30, 2013, Plan members receiving benefits paid $134,398 which was used to offset the Agency's cash outlays to insurance carriers equaling $412,201 for the current year premiums due. The net outlay from the Agency, which totaled $277,803, represents the Agency's net cost paid for current year premiums due. The Plan is financed on a pay-as-you-go basis.

The Agency's annual OPEB cost is calculated based on the annual required contributions ("ARC") of the Agency, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 excess) over a period not to exceed thirty years.

The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation to the Plan:

| | |
|---|---|
| Annual required contribution | $ 864,695 |
| Interest on net OPEB obligation | 87,927 |
| Adjustment to annual required contribution | (81,463) |
| Annual OPEB cost (expense) | 871,159 |
| Contributions made | (292,817) * |
| Increase in net OPEB obligation | 578,342 |
| Net OPEB obligation, beginning of year | 1,953,924 |
| Net OPEB obligation, end of year | $ 2,532,266 |

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending June 30, 2013 and the preceding two fiscal years were as follows:

| Fiscal year ended | Annual required contribution | Annual OPEB cost | Employer amount contributed | | Percentage contributed | Net OPEB obligation |
|---|---|---|---|---|---|---|
| June 30, 2013 | $ 864,695 | $ 871,159 | $ 292,817 | * | 33.6% | $ 2,532,266 |
| June 30, 2012 | 839,510 | 844,007 | 249,687 | * | 29.6% | 1,953,924 |
| June 30, 2011 | 733,507 | 736,451 | 266,792 | * | 36.2% | 1,359,604 |

*includes adjustment for implicit rate subsidy.

(Continued)

**Note 13 – Postemployment Healthcare Plan, continued**

As of June 30, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was $8,780,194 resulting in an unfunded actuarial accrued liability ("UAAL") of $8,780,194. The covered payroll (annual payroll of active employees covered by the plan) was $10,660,375, and the ratio of the UAAL to the covered payroll was 82.3 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, because the Agency maintains no Plan assets, information relative to Plan asset required disclosure is not applicable.

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the Agency's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the Agency and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Agency and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

| | |
|---|---|
| Investment rate of return | 4.50%, net of expenses |
| Actuarial cost method | Projected Unit Credit Cost Method |
| Amortization method | Level as a percentage of employee payroll |
| Amortization period | Open 30 year period |
| Payroll growth | 3.00% per annum |
| Inflation | 3.00% per annum |
| Medical trend | Initial rate of 7.25% declining to an ultimate rate of 4.50% over 13 years |
| Drug trend | Initial rate of 8.00% declining to an ultimate rate of 4.50% over 13 years |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the ARC of the Agency's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

## Note 14 – Commitments

The Agency has contracted with the Commissioners of the Public Works of the City of Greenville, South Carolina to provide for collection of sewer service charges. The rate charged is subject to adjustment annually based upon experience. The cost to the Agency for the year ending June 30, 2013 was $1,753,634, which is included in customer service expenses on the accompanying Statements of Revenues, Expenses and Changes in Net Position. For the year ended June 30, 2014, billing charges to the Agency are estimated to cost approximately $1.8 million.

## Note 15 – Contingencies

Through routine sampling, the Agency identified polychlorinated biphenyls, also known as PCB's, in the solid waste byproducts in one of the water resource recovery facilities. These byproducts have been isolated into on-site holding tanks for cleanup. The Agency will continue testing its effluent and solid waste byproducts to ensure the illegal dumping does not present an environmental concern. Also, the Agency will continue to work closely with South Carolina Department of Health and Environmental Control and United States Environmental Protection Agency until this is resolved.

The Agency is from time-to-time subject to various claims, legal actions and other matters arising out of the normal conduct of the Agency's operations. In particular, the Agency is regularly involved in lawsuits related to acquiring rights-of-way for its use, which requires a determination of amounts of just compensation to be paid to the owners. Based on prior experience and available information, the Agency does not anticipate any lawsuits to be material to the basic financial statements.

## Note 16 – Risk Management

The Agency is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency maintains insurance coverage through the State of South Carolina, and has effectively managed risk through various employee education and prevention programs. No significant reductions in insurance coverage have occurred from the prior year to the current year. The amount of settlements has not exceeded insurance coverage for the years ending June 30, 2013 and 2012. The Agency believes that the amount of actual or potential claims as of June 30, 2013 will not materially affect the financial condition of the Agency.

# Renewable Water Resources
## Required Supplementary Information
## Schedule of Funding Progress – Other Postemployment Benefits

| Fiscal Year | Actuarial valuation date | | Actuarial value of assets (a) | | Actuarial accrued liability (AAL) - entry age b | | Unfunded AAL (UAAL) (b-a) | Funded ratio (a/b) | | Covered payroll (c) | UAAL as a percentage of covered payroll ((b-a)/c) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2011 | June 30, 2008 | $ | - | $ | 8,417,369 | $ | 8,417,369 | 0.00% | $ | 10,318,963 | 81.6% |
| 2012 | June 30, 2010 | | - | | 8,780,194 | | 8,780,194 | 0.00% | | 10,198,831 | 86.1% |
| 2013 | June 30, 2010 | | - | | 8,780,194 | | 8,780,194 | 0.00% | | 10,660,375 | 82.3% |

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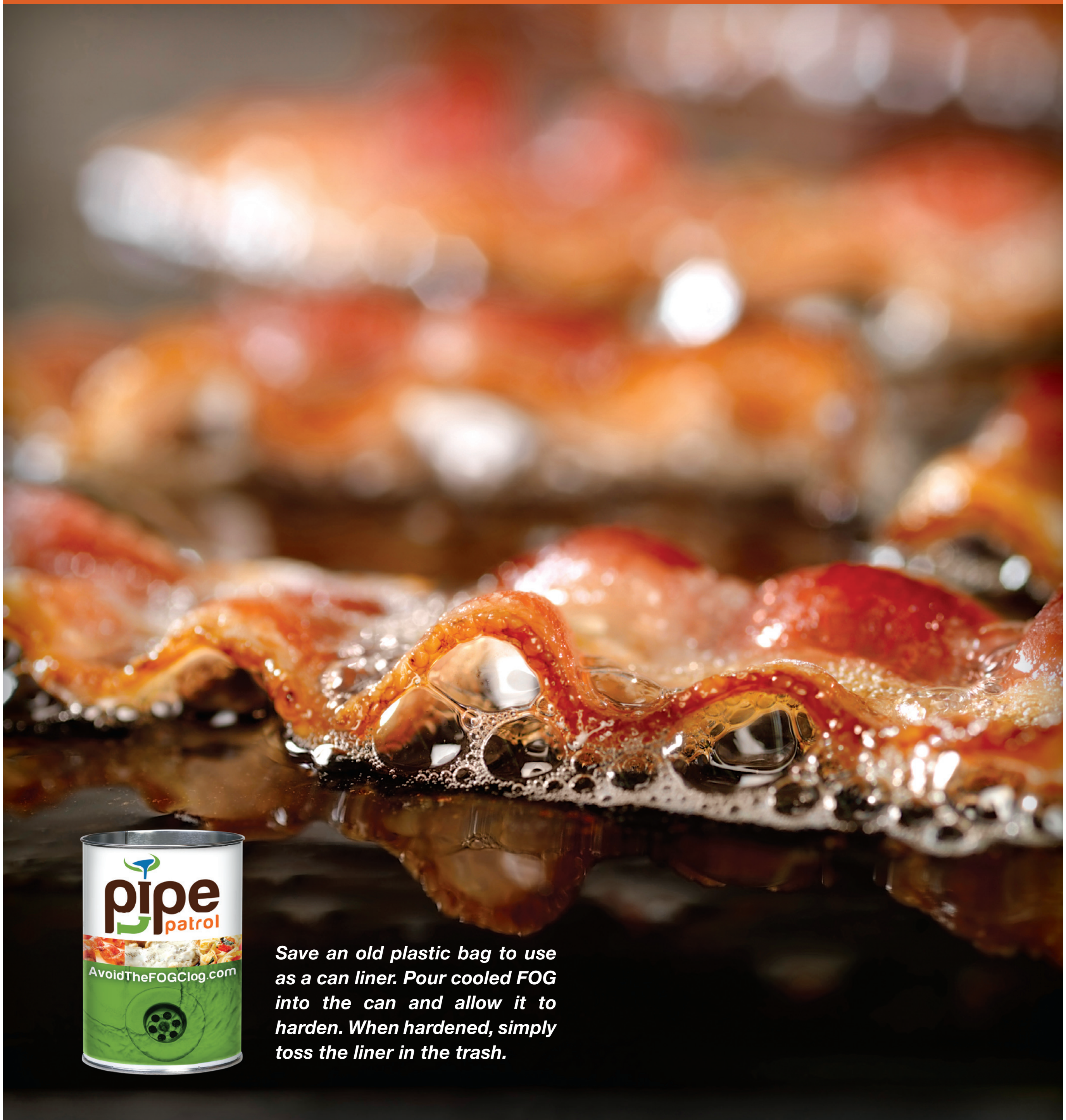


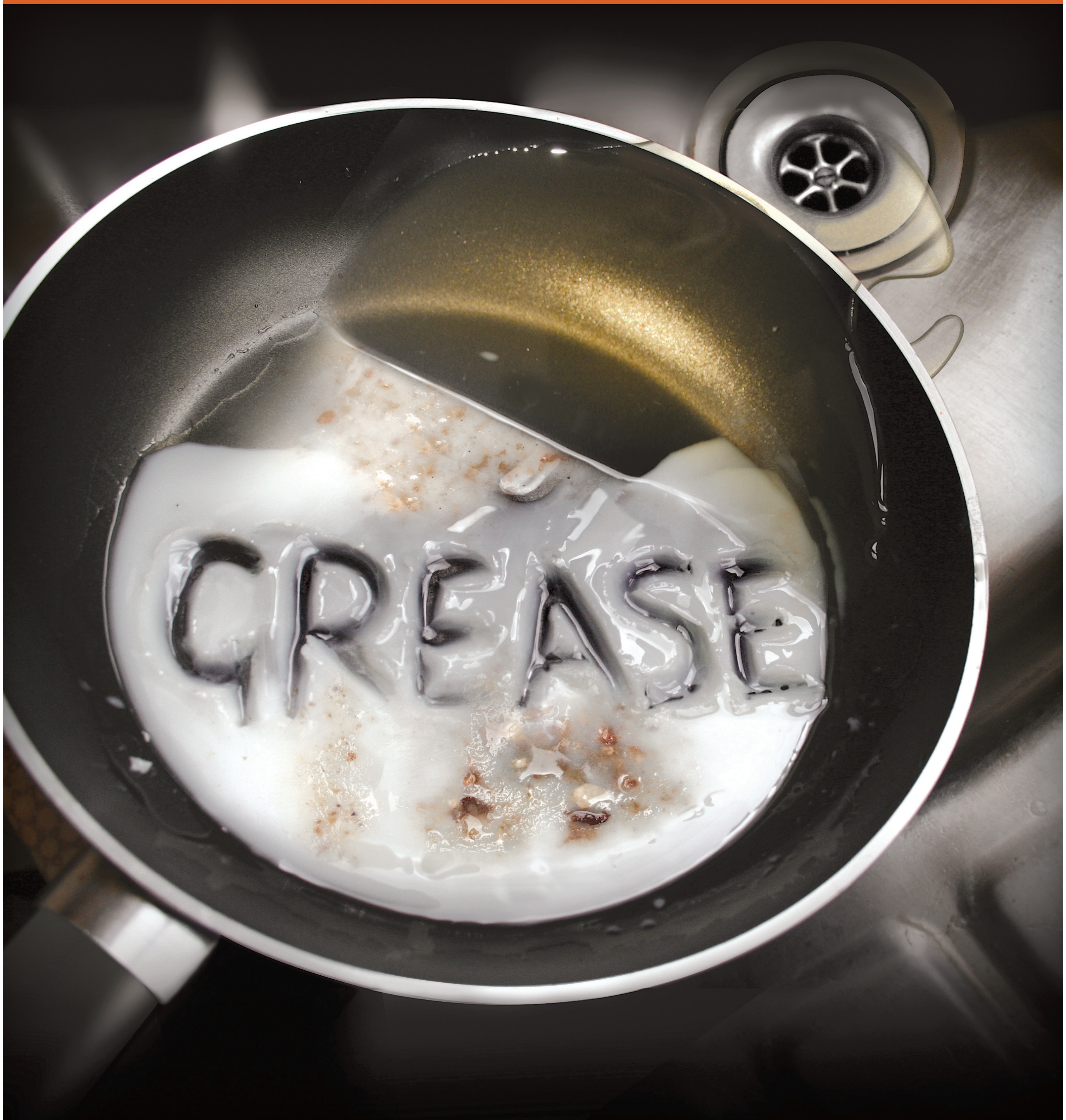

## Pipe Patrol:

Pipe Patrol is an educational campaign designed by Renewable Water Resources to inform our community about the hazards of pouring fats, oils and grease ("FOG") down the drain. Although most of us are aware of the potential health risks associated with excessive fats and grease in our diet, we may not realize the danger of improperly disposing of these items.

pipe patrol

PipePatrol.org

statistical




## Pipe Patrol:

The Pipe Patrol campaign educates the community about the effects of pouring FOG down the kitchen sink and how it can be harmful to the local environment. Pouring FOG down the drain can cause problems during the wastewater treatment process and create pipe blockages in your home that can be inconvenient and expensive to fix.

pipe patrol

statistical

# Statistical Section

This part of the Agency's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Agency's overall financial health.

## Contents

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

**Revenue Capacity** – This schedule contains information to help the reader assess the Agency's most significant local revenue sources.

**Debt Capacity –** These schedules present information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the ability to manage debt in the future.

**Demographic and Economic Information –** These schedules offer demographic and economic indicators to help the reader understand the environment in which the Agency operates.

**Operating Information –** These schedules contain service and infrastructure data to help the reader understand how the financial report relates to the services the Authority provides.

**Renewable Water Resources**
**Schedule of Net Position**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008[2] | 2007[2] | 2006[2] | 2005 [1],[2] | 2004 [1],[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| Net investment in capital assets | $ 207,368,981 | $ 183,853,336 | $ 169,934,492 | $ 161,289,271 | $ 170,727,631 | $ 180,458,085 | $ 139,622,665 | $ 143,955,865 | $ 137,838,215 | $ 103,152,950 |
| Restricted | | | | | | | | | | |
| Debt service | 19,560,054 | 18,744,295 | 31,669,416 | 40,108,418 | 39,528,346 | 6,049,781 | 6,202,937 | 19,477,820 | n/a | n/a |
| Depreciation | 4,874,899 | 4,848,431 | 4,659,144 | 4,802,059 | 4,955,508 | 4,892,868 | 4,450,494 | 3,822,587 | n/a | n/a |
| Other | 3,562,656 | 3,563,847 | 3,463,870 | 3,286,842 | 3,173,574 | 3,132,177 | 4,297,592 | 4,642,670 | n/a | n/a |
| Total restricted | 27,997,609 | 27,156,573 | 39,792,430 | 48,197,319 | 47,657,428 | 14,074,826 | 14,951,023 | 27,943,077 | 26,546,992 | 41,145,932 |
| Unrestricted | 53,693,060 | 69,043,272 | 57,782,111 | 50,394,599 | 38,614,745 | 58,636,940 | 91,110,877 | 60,277,431 | 50,225,291 | 51,621,512 |
| Total net position | $ 289,059,650 | $ 280,053,181 | $ 267,509,033 | $ 259,881,189 | $ 256,999,804 | $ 253,169,851 | $ 245,684,565 | $ 232,176,373 | $ 214,610,498 | $ 195,920,394 |

n/a - not avaialable

[1] Restricted net position categories are not available prior to fiscal year 2006.

[2] In 2010, the Agency restated fiscal year 2009 net position to reflect the cumulative impact of certain unbilled services, as described in Note 18 of the notes to the financial statements for years ended June 30, 2010 and 2009. For comparative purposes, all other fiscal years presented have been adjusted to reflect the application of this methodology.

**Renewable Water Resources**
**Schedule of Revenues, Expenses and Changes in Net Position**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 [1] | 2007 [1] | 2006 [1] | 2005 [1] | 2004 [1] |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | | | | | |
| Domestic and commercial customers | $ 61,858,932 | $ 62,503,653 | $ 59,872,550 | $ 55,789,993 | $ 55,522,398 | $ 52,601,443 | $ 49,602,282 | $ 48,265,538 | $ 44,777,872 | $ 42,240,262 |
| Industrial customers | 6,734,685 | 6,771,088 | 6,771,019 | 6,352,280 | 6,209,957 | 6,248,026 | 6,101,595 | 5,849,490 | 5,825,086 | 5,921,739 |
| New account fees | 5,492,500 | 4,684,500 | 2,712,528 | 2,375,000 | 2,914,250 | 6,761,750 | 8,432,625 | 9,494,000 | 7,630,470 | 6,708,750 |
| Septic haulers and other | 546,015 | 454,470 | 410,743 | 389,836 | 368,854 | 562,351 | 311,718 | 290,257 | 289,578 | 227,510 |
| Total operating revenues | 74,632,132 | 74,413,711 | 69,766,840 | 64,907,109 | 65,015,459 | 66,173,570 | 64,448,220 | 63,899,285 | 58,523,006 | 55,098,261 |
| **Operating expenses** | | | | | | | | | | |
| Operations | 13,741,097 | 12,772,433 | 12,039,274 | 12,011,643 | 13,003,922 | 12,860,996 | 12,584,312 | 12,445,489 | 12,028,264 | 11,489,585 |
| Technical services | 2,951,718 | 2,922,505 | 2,944,467 | 2,798,800 | 2,582,927 | 2,663,298 | 2,460,605 | 2,230,179 | 1,973,541 | 1,927,538 |
| Collection system | 2,938,441 | 2,643,092 | 2,566,448 | 2,580,034 | 2,620,849 | 2,708,288 | 2,526,372 | 2,625,325 | 2,554,998 | 2,422,992 |
| IS and instrumentation | 1,597,780 | 1,530,452 | 1,366,658 | 1,308,401 | 1,073,100 | 394,302 | 365,384 | 350,906 | 317,738 | 278,152 |
| Human resources | 2,144,962 | 2,000,955 | 1,786,029 | 1,683,357 | 1,570,773 | 922,355 | 793,321 | 751,382 | 699,831 | 531,189 |
| Administration finance | 5,711,236 | 5,408,849 | 4,957,039 | 4,824,588 | 5,231,330 | 6,036,883 | 4,711,871 | 4,792,357 | 4,199,521 | 3,882,056 |
| Total operating expenses before depreciation | 29,085,234 | 27,278,286 | 25,659,915 | 25,206,823 | 26,082,901 | 25,586,122 | 23,441,865 | 23,195,638 | 21,773,893 | 20,531,512 |
| Depreciation | 26,061,618 | 24,134,563 | 24,055,324 | 24,137,438 | 24,073,372 | 23,198,109 | 21,024,952 | 18,284,379 | 16,543,392 | 14,640,227 |
| Total operating expenses | 55,146,852 | 51,412,849 | 49,715,239 | 49,344,261 | 50,156,273 | 48,784,231 | 44,466,817 | 41,480,017 | 38,317,285 | 35,171,739 |
| Net operating revenue | 19,485,280 | 23,000,862 | 20,051,601 | 15,562,848 | 14,859,186 | 17,389,339 | 19,981,403 | 22,419,268 | 20,205,721 | 19,926,522 |
| **Non-operating revenues (expenses)** | | | | | | | | | | |
| Investment revenue | 218,939 | 453,338 | 425,659 | 439,915 | 1,035,059 | 2,923,494 | 5,475,237 | 5,651,443 | 2,244,095 | 769,779 |
| Other revenue | 108,829 | 87,436 | 43,134 | 91,628 | 57,637 | 48,525 | 129,821 | 246,454 | 6,340 | 30,880 |
| Amortization | (557,736) | (509,502) | (557,839) | (866,645) | (915,208) | (888,104) | (898,034) | (876,834) | (598,155) | (371,239) |
| Interest expense | (10,094,401) | (10,723,179) | (12,093,716) | (12,259,120) | (11,129,245) | (11,725,769) | (11,199,451) | (12,093,195) | (9,431,185) | (7,327,769) |
| Non-project expenses | (154,442) | (375,100) | (240,995) | (87,241) | (77,476) | (262,199) | (475,957) | (305) | - | (1,789) |
| Other expenses | - | - | - | - | - | - | - | - | - | (145) |
| Net non-operating expenses | (10,478,811) | (11,067,007) | (12,423,757) | (12,681,463) | (11,029,233) | (9,904,053) | (6,968,384) | (7,072,437) | (7,778,905) | (6,900,283) |
| **Capital project cost reimbursement** | - | 610,293 | - | - | - | - | 495,173 | 2,219,044 | 6,263,288 | 1,263,792 |
| Increase in net position | 9,006,469 | 12,544,148 | 7,627,844 | 2,881,385 | 3,829,953 | 7,485,286 | 13,508,192 | 17,565,875 | 18,690,104 | 14,290,031 |
| Total net position, beginning of year | 280,053,181 | 267,509,033 | 259,881,189 | 256,999,804 | 253,169,851 | 245,684,565 | 232,176,373 | 214,610,498 | 195,920,394 | 181,630,363 |
| Total net position, end of year | $ 289,059,650 | $ 280,053,181 | $ 267,509,033 | $ 259,881,189 | $ 256,999,804 | $ 253,169,851 | $ 245,684,565 | $ 232,176,373 | $ 214,610,498 | $ 195,920,394 |

[1] In 2010, the Agency restated fiscal year 2009 net position to reflect the cumulative impact of certain unbilled services, as described in Note 18 of the notes to the financial statements for years ended June 30, 2010 and 2009. For comparative purposes, all other fiscal years presented have been adjusted to reflect the application of this methodology.

Exhibit 3

**Renewable Water Resources**
**Schedule of Operation and Maintenance Expenses**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| Salaries | $ 10,592,787 | $ 10,000,763 | $ 9,697,910 | $ 9,412,737 | $ 9,563,556 | $ 8,885,770 | $ 8,446,661 | $ 8,731,260 | $ 8,096,008 | $ 7,650,640 |
| Fringe benefits | 4,214,744 | 3,802,595 | 3,436,708 | 3,315,822 | 3,312,199 | 2,668,145 | 2,463,339 | 2,389,311 | 2,152,354 | 1,981,923 |
| Electricity | 3,305,708 | 3,283,843 | 2,867,974 | 3,203,095 | 3,264,567 | 2,799,673 | 2,778,711 | 2,740,943 | 2,521,771 | 2,231,822 |
| Collection fees | 2,081,122 | 2,161,131 | 1,603,208 | 1,600,662 | 1,483,506 | 1,856,243 | 1,748,839 | 1,431,752 | 967,791 | 916,442 |
| Repairs and maintenance | 1,960,977 | 1,624,738 | 1,454,772 | 1,348,942 | 1,214,581 | 1,234,600 | 1,168,419 | 1,509,707 | 1,712,179 | 1,684,176 |
| Outside technical services | 1,015,397 | 1,212,548 | 1,235,401 | 1,319,038 | 1,491,827 | 1,399,756 | 1,171,351 | 423,102 | 405,066 | 464,368 |
| Solids management | 1,227,630 | 1,129,904 | 1,149,986 | 1,156,579 | 1,575,855 | 1,867,073 | 1,966,735 | 1,859,808 | 2,227,367 | 2,589,053 |
| Chemicals - other | 1,404,893 | 1,156,138 | 1,144,663 | 1,054,410 | 1,218,621 | 1,170,024 | 1,119,876 | 1,062,535 | 795,450 | 549,731 |
| Other | 508,520 | 381,194 | 311,407 | 311,717 | 290,104 | 1,137,029 | 371,334 | 417,224 | 362,722 | 333,532 |
| General insurance | 380,201 | 336,563 | 338,888 | 290,520 | 279,026 | 240,533 | 295,340 | 279,296 | 250,594 | 246,759 |
| Legal | 181,273 | 175,240 | 295,555 | 288,293 | 373,979 | 193,103 | 91,785 | 119,079 | 112,999 | 77,176 |
| Employee/public relations | 453,438 | 339,240 | 420,822 | 274,214 | 223,847 | 169,951 | 330,105 | 129,105 | 103,572 | 106,964 |
| Gasoline/fuel oil | 357,881 | 335,992 | 340,402 | 245,277 | 223,958 | 317,902 | 226,642 | 235,939 | 174,582 | 130,606 |
| Worker's compensation | 195,811 | 184,616 | 220,168 | 226,207 | 195,584 | 248,935 | 166,156 | 212,917 | 139,380 | 133,997 |
| Telephone | 187,065 | 180,807 | 173,689 | 174,560 | 180,803 | 191,260 | 151,460 | 176,749 | 173,881 | 139,612 |
| Travel | 117,969 | 104,231 | 91,819 | 90,281 | 82,713 | 81,505 | 84,776 | 87,265 | 80,589 | 71,527 |
| Water | 39,769 | 61,011 | 42,356 | 56,501 | 114,858 | 65,014 | 79,647 | 68,316 | 62,370 | 63,723 |
| Office supplies | 57,655 | 55,814 | 52,567 | 53,818 | 57,860 | 60,424 | 58,525 | 63,112 | 64,203 | 51,505 |
| Auto parts | 44,570 | 42,537 | 45,122 | 32,058 | 44,380 | 52,921 | 45,203 | 48,214 | 40,918 | 44,697 |
| Tires and tubes | 45,474 | 44,335 | 42,779 | 31,759 | 47,568 | 40,909 | 45,788 | 43,386 | 42,262 | 29,959 |
| Chemicals - chlorine and sulfur dioxide | 18,415 | 29,037 | 31,047 | 29,614 | 50,257 | 164,693 | 210,299 | 317,402 | 291,914 | 229,930 |
| Commissioners | 19,198 | 23,412 | 13,280 | 21,985 | 20,434 | 20,132 | 18,937 | 20,702 | 16,261 | 18,688 |
| Postage | 21,984 | 10,988 | 16,090 | 7,043 | 19,914 | 20,546 | 26,153 | 27,476 | 22,646 | 20,911 |
| Paint | 5,858 | 8,047 | 8,492 | 2,184 | 5,457 | 6,150 | 18,310 | 25,064 | 18,945 | 28,306 |
| Total, excluding allowance for uncollectible accounts | 28,438,339 | 26,684,724 | 25,035,105 | 24,547,316 | 25,335,454 | 24,892,291 | 23,084,391 | 22,419,664 | 20,835,824 | 19,796,047 |
| Percentage increase (decrease) over prior year | 6.6% | 6.6% | 2.0% | (3.1)% | 1.8% | 7.8% | 3.0% | 7.6% | 5.3% | 6.5% |
| Allowance for uncollectible accounts | 646,895 | 593,562 | 624,810 | 659,507 | 747,447 | 693,831 | 357,474 | 775,974 | 938,069 | 735,465 |
| Total, including allowance for uncollectible accounts | $ 29,085,234 | $ 27,278,286 | $ 25,659,915 | $ 25,206,823 | $ 26,082,901 | $ 25,586,122 | $ 23,441,865 | $ 23,195,638 | $ 21,773,893 | $ 20,531,512 |

**Renewable Water Resources**
**Schedule of Revenue Statistics**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Domestic and Commercial Customer Revenue** | | | | | | | | | | |
| Greenville | $ 58,317,726 | $ 59,233,997 | $ 56,785,235 | $ 52,922,310 | $ 52,705,367 | $ 49,803,407 | $ 47,044,899 | $ 45,781,937 | $ 42,528,444 | $ 40,317,749 |
| Greer/Taylors | 2,551,021 | 2,474,381 | 2,309,191 | 2,149,999 | 2,007,268 | 1,989,232 | 1,748,499 | 1,617,121 | 1,394,840 | 1,170,406 |
| Powdersville | 417,331 | 349,261 | 336,455 | 296,425 | 317,808 | 286,316 | 256,942 | 237,607 | 194,228 | 170,440 |
| Marietta | 192,711 | 186,887 | 184,511 | 183,616 | 180,017 | 177,275 | 165,609 | 166,455 | 159,896 | 149,483 |
| Laurens | 146,410 | 127,749 | 108,787 | 98,290 | 77,723 | 74,077 | 62,885 | 52,937 | 42,669 | 36,300 |
| Well water/commercial | 94,853 | 77,899 | 80,771 | 81,985 | 196,468 | 271,136 | 301,677 | 383,676 | 429,967 | 369,408 |
| Pelzer | 64,230 | - | - | - | - | - | - | - | - | - |
| West Pelzer | 46,307 | - | - | - | - | - | - | - | - | - |
| Slater | - | 28,156 | 45,660 | 43,934 | 37,747 | - | 21,771 | 25,805 | 27,828 | 26,476 |
| Blue Ridge | 28,343 | 25,323 | 21,940 | 13,434 | - | - | - | - | - | - |
| Total domestic and commercial customers | $ 61,858,932 | $ 62,503,653 | $ 59,872,550 | $ 55,789,993 | $ 55,522,398 | $ 52,601,443 | $ 49,602,282 | $ 48,265,538 | $ 44,777,872 | $ 42,240,262 |
| **Number of Customers** | | | | | | | | | | |
| Customer accounts | 126,054 | 122,826 | 121,374 | 120,558 | 119,184 | 116,986 | 115,942 | 111,123 | 108,158 | 105,612 |
| Percentage increase | 2.6% | 1.2% | 0.7% | 1.2% | 1.9% | 0.9% | 4.3% | 2.7% | 2.4% | 2.3% |
| **Domestic Revenue Rates** | | | | | | | | | | |
| User volume charge per 1000 gallons | $ 5.18 | $ 4.96 | $ 4.79 | $ 4.61 | $ 4.45 | $ 4.30 | $ 4.15 | $ 4.01 | $ 4.01 | $ 3.75 |
| Base charge per month | 10.20 | 9.80 | 9.40 | 9.00 | 8.50 | 8.00 | 7.50 | 7.00 | 7.00 | 6.50 |
| Total monthly charge (1) | $ 49.05 | $ 47.00 | $ 45.33 | $ 43.58 | $ 41.88 | $ 40.25 | $ 38.63 | $ 37.08 | $ 37.08 | $ 34.63 |
| Monthly charge percent increase | 4.4% | 3.7% | 4.0% | 4.1% | 4.0% | 4.2% | 4.2% | 0.0% | 7.1% | 7.1% |

(1) Assumes residential customer using approximately 7,500 gallons per month, rates are effective in March of each year

**Renewable Water Resources**
**Schedule of Long-Term Debt**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue Bonds** | | | | | | | | | | |
| 2001 Refunding | $ - | $ - | $ - | $ 4,920,000 | $ 9,535,000 | $ 11,915,000 | $ 14,280,000 | $ 16,125,000 | $ 17,580,000 | $ 90,585,000 |
| 2002 Refunding | - | - | - | - | - | 2,000,000 | 2,135,000 | 4,240,000 | 6,320,000 | 8,360,000 |
| 2005 Series | 1,025,000 | 1,510,000 | 81,495,000 | 81,585,000 | 81,650,000 | 81,780,000 | 82,675,000 | 84,310,100 | 86,560,000 | - |
| 2005B Refunding | 59,070,000 | 64,515,000 | 69,695,000 | 69,695,000 | 69,695,000 | 69,695,000 | 69,695,000 | 69,695,000 | 69,695,000 | - |
| 2009 Series | 21,900,000 | 23,480,000 | 25,000,000 | 30,000,000 | 30,000,000 | - | - | - | - | - |
| 2010A Refunding | 51,285,000 | 55,585,000 | 59,720,000 | - | - | - | - | - | - | - |
| 2010B Series | 21,270,000 | 24,000,000 | 26,800,000 | - | - | - | - | - | - | - |
| 2012 Series | 71,395,000 | 71,395,000 | - | - | - | - | - | - | - | - |
| Total revenue bonds payable | 225,945,000 | 240,485,000 | 262,710,000 | 186,200,000 | 190,880,000 | 165,390,000 | 168,785,000 | 174,370,100 | 180,155,000 | 98,945,000 |
| **State Revolving Loans ("SRL")** | | | | | | | | | | |
| Regional Sludge | - | - | - | 21,159 | 103,340 | 181,730 | 256,505 | 310,313 | 379,158 | 444,826 |
| Brushy Creek/Reedy River | - | - | - | 1,685,006 | 1,928,758 | 2,162,999 | 2,388,100 | 2,551,142 | 2,761,098 | 2,962,861 |
| Maple Creek | - | - | - | 75,378 | 147,457 | 216,382 | 282,291 | 345,316 | 405,581 | 463,211 |
| Lower Reedy River | - | - | - | 19,572,448 | 21,044,548 | 22,459,206 | 23,818,665 | 25,125,079 | 26,380,516 | 27,586,966 |
| Gilder Creek Phase 1 | - | - | - | 5,488,322 | 5,847,480 | 6,192,623 | 6,524,299 | 6,843,033 | 7,149,330 | 7,443,676 |
| Georges Creek | - | - | - | 13,619,303 | 14,366,298 | 15,084,146 | 15,773,984 | 16,273,640 | 16,917,065 | 17,446,628 |
| Gilder Creek Phase 2 | - | - | - | 28,528,215 | 29,920,953 | 31,262,666 | 32,555,221 | 32,979,213 | 32,583,718 | 21,565,759 |
| Georges Creek Conveyance Phase 1 | - | - | - | 4,846,898 | 5,111,675 | 5,366,751 | 5,612,483 | 5,790,854 | 6,021,048 | 5,876,295 |
| Georges Creek Conveyance Phase 2 | - | - | - | 4,159,734 | 4,376,787 | 4,585,889 | 4,787,328 | 4,981,387 | 4,975,282 | 1,640,933 |
| Lower Reedy River Phase 2 | 14,758,556 | 15,664,634 | 16,533,197 | 17,327,143 | 18,097,710 | 18,845,587 | 18,510,512 | 8,118,404 | - | - |
| Durbin Creek Upgrade | 23,182,748 | 24,396,215 | 25,549,712 | 26,571,651 | 24,487,526 | 18,308,917 | 1,431,894 | - | - | - |
| Gravity Sewer and Manhole Rehabilitation Phase I | 2,540,283 | 2,665,648 | 2,789,326 | 1,496,822 | - | - | - | - | - | - |
| Gravity Sewer and Manhole Rehabilitation Phase II | 2,274,775 | 2,380,466 | 1,600,138 | 698,068 | - | - | - | - | - | - |
| Total SRL | 42,756,362 | 45,106,963 | 46,472,373 | 124,090,147 | 125,432,532 | 124,666,896 | 111,941,282 | 103,318,381 | 97,572,796 | 85,431,155 |
| Total long-term debt payable | 268,701,362 | 285,591,963 | 309,182,373 | 310,290,147 | 316,312,532 | 290,056,896 | 280,726,282 | 277,688,481 | 277,727,796 | 184,376,155 |
| Less: deferred loss on refunding | 10,216,357 | 11,146,625 | 2,683,537 | - | - | - | - | - | - | - |
| Premiums on bond issuance | 17,987,311 | 20,070,523 | 13,338,573 | 9,734,500 | 10,991,600 | 11,756,505 | 12,521,411 | 13,286,317 | 14,051,223 | 2,135,176 |
| Total long-term debt, including premiums | $ 276,472,316 | $ 294,515,861 | $ 319,837,409 | $ 320,024,647 | $ 327,304,132 | $ 301,813,401 | $ 293,247,693 | $ 290,974,798 | $ 291,779,019 | $ 186,511,331 |
| Customer accounts | 126,054 | 122,826 | 121,374 | 120,558 | 119,184 | 116,986 | 115,942 | 111,123 | 108,158 | 105,612 |
| Long-Term liabilities per customer account | $ 2,193 | $ 2,398 | $ 2,635 | $ 2,655 | $ 2,746 | $ 2,580 | $ 2,529 | $ 2,618 | $ 2,698 | $ 1,766 |

**Renewable Water Resources**
**Long-Term Debt Obligation (Excluding Premiums)**
**Fiscal Years 2014 to 2031**

| Year | Revenue Bond Principal | Revenue Bond Interest | SRL Principal | SRL Interest | Total Principal | Total Interest | Grand Total |
|---|---|---|---|---|---|---|---|
| 2014 | $ 15,375,000 | $ 10,076,124 | $ 2,402,392 | $ 924,490 | $ 17,777,392 | $ 11,000,614 | $ 28,778,006 |
| 2015 | 16,015,000 | 9,417,219 | 2,455,405 | 871,476 | 18,470,405 | 10,288,695 | 28,759,100 |
| 2016 | 16,560,000 | 8,788,824 | 2,509,670 | 817,211 | 19,069,670 | 9,606,035 | 28,675,705 |
| 2017 | 17,290,000 | 8,070,271 | 2,565,217 | 761,664 | 19,855,217 | 8,831,935 | 28,687,152 |
| 2018 | 18,080,000 | 7,351,450 | 2,622,077 | 704,804 | 20,702,077 | 8,056,254 | 28,758,331 |
| 2019 | 18,815,000 | 6,534,728 | 2,680,281 | 646,600 | 21,495,281 | 7,181,328 | 28,676,609 |
| 2020 | 19,440,000 | 5,669,433 | 2,739,862 | 587,019 | 22,179,862 | 6,256,452 | 28,436,314 |
| 2021 | 20,235,000 | 4,738,912 | 2,800,854 | 526,028 | 23,035,854 | 5,264,940 | 28,300,794 |
| 2022 | 19,615,000 | 3,776,907 | 2,863,289 | 463,592 | 22,478,289 | 4,240,499 | 26,718,788 |
| 2023 | 20,765,000 | 3,097,238 | 2,927,204 | 399,677 | 23,692,204 | 3,496,915 | 27,189,119 |
| 2024 | 21,685,000 | 2,086,757 | 2,992,634 | 334,248 | 24,677,634 | 2,421,005 | 27,098,639 |
| 2025 | 22,070,000 | 1,031,306 | 3,059,614 | 267,267 | 25,129,614 | 1,298,573 | 26,428,187 |
| 2026 | - | - | 3,128,185 | 198,696 | 3,128,185 | 198,696 | 3,326,881 |
| 2027 | - | - | 2,885,651 | 128,499 | 2,885,651 | 128,499 | 3,014,150 |
| 2028 | - | - | 2,001,634 | 74,324 | 2,001,634 | 74,324 | 2,075,958 |
| 2029 | - | - | 1,608,372 | 29,537 | 1,608,372 | 29,537 | 1,637,909 |
| 2030 | - | - | 315,334 | 8,434 | 315,334 | 8,434 | 323,768 |
| 2031 | - | - | 198,687 | 1,951 | 198,687 | 1,951 | 200,638 |
| | $ 225,945,000 | $ 70,639,169 | $ 42,756,362 | $ 7,745,517 | $ 268,701,362 | $ 78,384,686 | $ 347,086,048 |

**Renewable Water Resources**
**Schedule of Bond Coverage**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating revenues | $ 74,632,132 | $ 74,413,711 | $ 69,766,840 | $ 64,907,109 | $ 65,015,459 | $ 66,173,570 | $ 64,448,220 | $ 63,899,285 | $ 58,523,006 | $ 55,098,261 |
| Investment revenue, unrestricted | 217,379 | 382,179 | 364,936 | 405,982 | 1,023,713 | 2,570,452 | 3,451,183 | 1,200,000 | 1,176,003 | 769,779 |
| Gross revenues | 74,849,511 | 74,795,890 | 70,131,776 | 65,313,091 | 66,039,172 | 68,744,022 | 67,899,403 | 65,099,285 | 59,699,009 | 55,868,040 |
| Less: operating expense before depreciation | 29,085,234 | 27,278,286 | 25,659,915 | 25,206,823 | 26,082,901 | 25,586,122 | 23,441,865 | 23,195,638 | 21,773,893 | 20,531,512 |
| Net revenues available for debt service | $ 45,764,277 | $ 47,517,604 | $ 44,471,861 | $ 40,106,268 | $ 39,956,271 | $ 43,157,900 | $ 44,457,538 | $ 41,903,647 | $ 37,925,116 | $ 35,336,528 |
| Debt service on senior lien bonds | $ 15,075,678 | $ 18,825,634 | $ 23,593,930 | $ 24,949,616 | $ 22,564,302 | $ 22,863,522 | $ 21,359,711 | $ 24,207,487 | $ 15,971,002 | $ 17,317,957 |
| Senior lien debt coverage[1] | 3.0 | 2.5 | 1.9 | 1.6 | 1.8 | 1.9 | 2.1 | 1.7 | 2.4 | 2.0 |
| Debt service on all bonds | $ 27,797,235 | $ 29,219,832 | $ 28,918,439 | $ 24,949,616 | $ 22,564,302 | $ 22,863,522 | $ 21,359,711 | $ 24,207,487 | $ 15,971,002 | $ 17,317,957 |
| Total debt coverage | 1.6 | 1.6 | 1.5 | 1.6 | 1.8 | 1.9 | 2.1 | 1.7 | 2.4 | 2.0 |

[1] Per Article IV, Section 4.02 (A) (7) of the Sewer System Revenue Bond Resolution dated April 26, 1990, net revenues available for debt service cannot be less than 1.10 of the debt service obligation

**Renewable Water Resources**
**Ratio of Total Expenses to Long-Term Debt Costs**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating expenses** | | | | | | | | | | |
| Operating expenses before depreciation | $ 29,085,234 | $ 27,278,286 | $ 25,659,915 | $ 25,206,823 | $ 26,082,901 | $ 25,586,122 | $ 23,441,865 | $ 23,195,638 | $ 21,773,893 | $ 20,531,512 |
| Depreciation | 26,061,618 | 24,134,563 | 24,055,324 | 24,137,438 | 24,073,372 | 23,198,109 | 21,024,952 | 18,284,379 | 16,543,392 | 14,640,227 |
| Total operating expenses | 55,146,852 | 51,412,849 | 49,715,239 | 49,344,261 | 50,156,273 | 48,784,231 | 44,466,817 | 41,480,017 | 38,317,285 | 35,171,739 |
| **Non-operating expenses** | | | | | | | | | | |
| Amortization | 557,736 | 509,502 | 557,839 | 866,645 | 915,208 | 888,104 | 898,034 | 876,834 | 598,155 | 371,239 |
| Non-project expenses | 154,442 | 375,100 | 240,995 | 87,241 | 77,476 | 262,199 | 475,957 | 305 | - | 1,789 |
| Other expenses | - | - | - | - | - | - | - | - | - | 145 |
| Total non-operating expenses | 712,178 | 884,602 | 798,834 | 953,886 | 992,684 | 1,150,303 | 1,373,991 | 877,139 | 598,155 | 373,173 |
| Total expenses | 55,859,030 | 52,297,451 | 50,514,073 | 50,298,147 | 51,148,957 | 49,934,534 | 45,840,808 | 42,357,156 | 38,915,440 | 35,544,912 |
| **Debt service** | | | | | | | | | | |
| Interest payments | 10,906,634 | 13,123,410 | 12,317,958 | 13,661,275 | 12,399,921 | 12,561,183 | 11,964,357 | 12,901,635 | 8,267,425 | 7,677,953 |
| Principal payments | 16,890,601 | 16,096,422 | 16,600,480 | 11,288,341 | 10,164,381 | 10,302,339 | 9,395,354 | 11,305,852 | 7,703,577 | 9,640,004 |
| Total debt service | $ 27,797,235 | $ 29,219,832 | $ 28,918,438 | $ 24,949,616 | $ 22,564,302 | $ 22,863,522 | $ 21,359,711 | $ 24,207,487 | $ 15,971,002 | $ 17,317,957 |
| Total expenses to debt ratio | 2.0 | 1.8 | 1.7 | 2.0 | 2.3 | 2.2 | 2.1 | 1.7 | 2.4 | 2.1 |

**Renewable Water Resources**
**Ratio of Assessed Value Per Capita and General Obligation Debt Balance**
**Last Ten Fiscal Years Ended June 30,**

| | 2013[4] | 2012[4] | 2011[3] | 2010 [2] | 2009[2] | 2008[2] | 2007[2] | 2006[2] | 2005[2] | 2004[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| Assessed value [1] | $1,628,001,143 | $1,600,768,508 | $1,597,142,350 | $1,540,375,699 | $1,508,622,437 | $1,833,262,263 | $1,312,110,475 | $1,629,775,545 | $1,552,755,137 | $1,519,843,124 |
| General obligation debt balance | - | - | - | - | - | - | - | - | - | - |
| Population | 464,394 | 459,324 | 457,575 | 453,966 | 438,119 | 428,243 | 417,166 | 407,000 | 401,000 | 393,000 |
| Assessed value per capita | $ 3,506 | $ 3,485 | $ 3,490 | $ 3,393 | $ 3,443 | $ 4,281 | $ 3,145 | $ 4,004 | $ 3,872 | $ 3,867 |

[1] Greenville County Auditor's Office
[2] Greenville County Planning Commission estimate based on new building permits for the year
[3] U.S. Census Estimate
[4] Greenville County Planning Department/Esri Business Analyst

**Renewable Water Resources**
**Outstanding General Obligation Bonds - Direct and Overlapping**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| Berea Public Service District [1] | $ 2,475,000 | $ 2,730,000 | $ 2,970,000 | $ 1,690,000 | $ 1,830,000 | $ 2,000,000 | $ 2,180,000 | $ 2,352,000 | $ 2,525,000 | $ 700,000 |
| Boiling Springs Fire District [1] | 262,799 | 297,092 | 329,392 | 359,819 | 388,486 | 273,670 | 440,957 | 480,406 | 201,657 | 552,121 |
| City of Fountain Inn [2] | 430,000 | 700,000 | 3,895,000 | 3,935,000 | 1,080,000 | 1,795,000 | 230,000 | 2,375,000 | 275,000 | - |
| City of Greenville [2] | 9,915,000 | 10,208,000 | 11,222,000 | 12,040,780 | 13,005,000 | 14,300,000 | 15,550,000 | 70,926,407 | 11,825,000 | 12,950,000 |
| City of Greer [2] | 2,655,000 | 3,180,000 | 3,693,500 | 4,136,500 | 4,576,500 | 5,133,500 | 5,311,500 | 4,116,500 | 3,040,000 | 3,435,000 |
| City of Mauldin [2] | 3,645,000 | 3,885,000 | 4,250,000 | 4,535,000 | 4,855,000 | 2,275,000 | 2,485,000 | 6,196,987 | 2,875,000 | 3,940,295 |
| City of Simpsonville [2] | 1,699,669 | 2,050,000 | 2,585,000 | 3,105,000 | 3,605,000 | 3,000,000 | 2,450,000 | 11,095,000 | 2,515,000 | 2,595,000 |
| City of Travelers Rest [2] | 815,000 | 845,000 | 875,000 | 683,310 | 721,447 | 840,529 | 142,293 | - | - | - |
| Clear Springs Fire District [1] | 1,031,000 | 1,117,000 | 880,000 | 935,000 | 990,000 | 1,045,000 | 1,100,000 | 1,150,000 | 1,200,000 | 1,250,000 |
| Donaldson Center Fire Service District [1] | 455,000 | 565,000 | - | - | - | - | - | - | - | - |
| Fountain Inn Fire Service Area [1] | 1,990,000 | 2,100,000 | 880,000 | 1,670,000 | 1,735,000 | - | - | - | - | - |
| Gantt Fire, Sewer & Police District [1] | 1,201,823 | 1,428,180 | 1,444,710 | 1,580,453 | 1,640,447 | 1,739,727 | 1,838,327 | 1,926,279 | 2,013,615 | 2,090,362 |
| Glassy Mountain Fire District [1] | 1,945,000 | 2,140,000 | 2,325,000 | 2,505,000 | 1,690,000 | 1,805,000 | 1,915,000 | 2,020,000 | 15,000 | 30,000 |
| Greenville Arena District [1] | 20,900,000 | 22,065,000 | 36,848,647 | 24,275,000 | 8,125,000 | 8,650,000 | 9,150,000 | 9,620,000 | 10,080,000 | 10,500,000 |
| Greenville County [1] | 143,469,285 | 65,900,000 | 64,440,000 | 68,040,000 | 62,510,000 | 66,115,000 | 65,435,000 | 58,385,000 | 55,855,000 | 46,560,000 |
| Greenville County School District [1] | 973,508,597 | 66,449,000 | 47,785,000 | 38,230,000 | 15,795,000 | - | - | - | - | - |
| Mauldin Fire Service Area [1] | 1,870,000 | 2,005,000 | 2,135,000 | 2,265,000 | 2,390,000 | - | - | 55,000 | 110,000 | 160,000 |
| North Greenville Fire District [1] | 1,675,000 | 1,750,000 | - | - | - | - | - | - | - | - |
| Pelham Batesville Fire District [1] | - | - | - | - | - | - | 529,525 | 621,550 | 709,428 | 793,344 |
| Recreation District [1] | 1,017,357 | 1,201,391 | 1,377,193 | 1,544,817 | 1,704,315 | 1,855,736 | 2,000,128 | 2,137,535 | 1,607,000 | 1,712,000 |
| Simpsonville Fire Service Area [1] | - | 210,000 | 415,000 | 615,000 | 805,000 | - | - | - | - | - |
| South Greenville Fire & Sewer District [1] | 850,000 | 975,000 | 1,095,000 | 1,209,000 | 1,318,000 | 1,422,000 | 1,522,000 | 1,760,000 | 310,000 | 455,000 |
| Taylors Fire & Sewer District [1] | 80,209 | 229,535 | 372,680 | 509,899 | 641,438 | 767,532 | 888,407 | 1,004,278 | 1,112,208 | 1,221,829 |
| Tigerville Fire District [1] | 455,000 | 485,000 | 550,000 | 158,935 | 180,069 | 199,983 | 218,748 | 236,430 | 253,092 | 268,792 |
| Upper Paris Mountain District [1] | - | - | - | - | - | - | - | 10,000 | 30,000 | 30,000 |
| Total | $ 1,172,345,739 | $ 192,515,198 | $ 190,368,122 | $ 174,023,513 | $ 129,585,702 | $ 113,217,677 | $ 113,386,885 | $ 176,468,372 | $ 96,552,000 | $ 89,243,743 |

[1] Greenville County Treasurer
[2] Surrounding Municipalities

**Renewable Water Resources**
**Ten Largest Employers in 2013**

| Company Name | City | Product / Service | Employment | | Date |
|---|---|---|---|---|---|
| | | | Jobs | % of Total | Established |
| Greenville Health System | Greenville | Health services | 10,925 | 2.4% | 1930 |
| School District of Greenville County | Greenville | Public education | 10,850 | 2.3% | 1951 |
| Bon Secours St. Francis Health System | Greenville | Health services | 4,500 | 1.0% | 1932 |
| Michelin North America, Inc. | Greenville | Headquarters, R&D and manufacturing | 4,000 | 0.9% | 1975 |
| GE Energy | Greenville | Engineering (turbines & jet engine parts) | 3,200 | 0.7% | 1967 |
| SC State Government | Greenville | State government | 3,036 | 0.7% | 1905 |
| Fluor Corporation | Greenville | Engineering and construction services | 2,500 | 0.5% | 1960 |
| Bi-Lo Supermarkets | Greenville | Headquarters, distribution and retail | 2,089 | 0.4% | 1961 |
| Greenville County Government | Greenville | Government | 1,944 | 0.4% | 1786 |
| US Government | Greenville | Federal government | 1,835 | 0.4% | 1776 |

Source: GADC and SCACOG; May 2013
Note: Data for previous nine years not considered relevant to current year report and therefore omitted

**Renewable Water Resources**
**Summary of Demographic and Economic Statistics**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| Population [1] | 464,394 | 459,324 | 457,575 | 453,966 | 438,119 | 428,243 | 417,166 | 407,000 | 401,000 | 393,000 |
| Population growth | 1.1% | 0.4% | 0.8% | 3.6% | 2.3% | 2.7% | 2.5% | 1.5% | 2.0% | 0.5% |
| School enrollment [2] | 70,282 | 69,649 | 69,141 | 69,006 | 70,051 | 69,227 | 68,382 | 65,287 | 63,694 | 62,918 |
| Median age [3] | 37 | 37 | 37 | 37 | 37 | 37 | 36 | n/a | n/a | n/a |
| Per capita personal income [4] | $ 37,689 | $ 36,426 | $ 35,963 | $ 36,905 | $ 35,076 | $ 30,814 | $ 30,037 | n/a | n/a | n/a |
| Personal income [4] | $ 17,385,834 | $ 16,510,427 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Percent unemployment [5] | 7.3% | 8.2% | 8.9% | 9.5% | 10.8% | 5.2% | 4.8% | 5.5% | 5.5% | 6.3% |

n/a - not available
[1] Greenville County Planning Department/Esri Business Analyst
[2] Greenville County Schools (http://www.greenville.k12.sc.us/gcsd/depts/admin/stats/)
[3] US Census Bureau, American Community Survey (http://factfinder2.census.gov/faces/tableservices)
[4] US Dept of Commerce, Bureau of Economic Analysis (http://www.bea.gov/iTable)
[5] Bureau of Labor Statictics Data (http://www.bls.gov/data/)

**Renewable Water Resources**
**Employees by Function**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | | 2012 | | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Employees by Department** | **No.** | **%** | **No.** | **%** | **No.** | **%** | **No.** | **%** | **No.** | **%** | **No.** | **%** | **No.** | **%** | **No.** | **%** | **No.** | **%** | **No.** | **%** |
| Laboratory | 18 | 9% | 18 | 9% | 17 | 9% | 16 | 8% | 17 | 9% | 17 | 9% | 16 | 9% | 17 | 9% | 18 | 9% | 19 | 9% |
| Operations, see below | 57 | 28% | 56 | 28% | 55 | 28% | 58 | 30% | 58 | 30% | 60 | 32% | 61 | 34% | 61 | 32% | 62 | 31% | 63 | 31% |
| Maintenance/Collections | 65 | 32% | 62 | 32% | 64 | 33% | 64 | 33% | 59 | 31% | 61 | 33% | 58 | 32% | 63 | 33% | 65 | 33% | 66 | 33% |
| Administration | 36 | 18% | 33 | 17% | 31 | 16% | 31 | 16% | 33 | 17% | 26 | 14% | 21 | 12% | 24 | 13% | 25 | 13% | 24 | 12% |
| Pretreatment | 8 | 4% | 7 | 4% | 8 | 4% | 8 | 4% | 8 | 4% | 8 | 4% | 6 | 3% | 7 | 3% | 7 | 4% | 7 | 4% |
| Engineering | 15 | 7% | 14 | 7% | 15 | 8% | 14 | 7% | 13 | 7% | 15 | 8% | 11 | 6% | 15 | 8% | 15 | 8% | 18 | 9% |
| Solids management | 5 | 2% | 5 | 3% | 5 | 2% | 5 | 2% | 4 | 2% | - | 0% | 7 | 4% | 5 | 2% | 5 | 2% | 5 | 2% |
| Total | 204 | 100% | 195 | 100% | 195 | 100% | 196 | 100% | 192 | 100% | 187 | 100% | 180 | 100% | 192 | 100% | 197 | 100% | 202 | 100% |
| **Operations Employees by Facility** | | | | | | | | | | | | | | | | | | | | |
| **East Operations** | | | | | | | | | | | | | | | | | | | | |
| Durbin Creek | 4 | 7% | 2 | 3% | 3 | 5% | 4 | 7% | 3 | 5% | 3 | 5% | 4 | 7% | 4 | 7% | 4 | 6% | 4 | 6% |
| Gilder Creek | 6 | 10% | 7 | 13% | 6 | 11% | 6 | 10% | 6 | 10% | 6 | 10% | 6 | 10% | 5 | 8% | 3 | 5% | 3 | 5% |
| Pelham | 8 | 14% | 8 | 14% | 7 | 13% | 8 | 13% | 8 | 14% | 7 | 12% | 8 | 13% | 6 | 10% | 6 | 10% | 6 | 10% |
| Taylors | - | 0% | - | 0% | - | 0% | - | 0% | 3 | 5% | 4 | 7% | 5 | 8% | 5 | 8% | 5 | 8% | 6 | 10% |
| **West Operations** | | | | | | | | | | | | | | | | | | | | |
| Georges Creek | 5 | 9% | 5 | 9% | 5 | 9% | 5 | 9% | 5 | 9% | 5 | 8% | 5 | 8% | 6 | 10% | 7 | 11% | 9 | 14% |
| Grove Creek | - | 0% | 4 | 7% | 5 | 9% | 5 | 9% | 4 | 7% | 4 | 7% | 3 | 5% | 5 | 8% | 7 | 11% | 6 | 10% |
| Lower Reedy | 7 | 12% | 7 | 13% | 7 | 13% | 7 | 12% | 7 | 12% | 7 | 12% | 7 | 11% | 7 | 11% | 7 | 11% | 7 | 11% |
| Mauldin Road | 22 | 39% | 23 | 41% | 22 | 40% | 23 | 40% | 21 | 36% | 23 | 38% | 22 | 36% | 23 | 38% | 23 | 38% | 22 | 34% |
| Piedmont | - | 0% | - | 0% | - | 0% | - | 0% | 1 | 2% | 1 | 1% | 1 | 2% | - | 0% | - | 0% | - | 0% |
| Piedmont Regional | 5 | 9% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Total | 57 | 100% | 56 | 100% | 55 | 100% | 58 | 100% | 58 | 100% | 60 | 100% | 61 | 100% | 61 | 100% | 62 | 100% | 63 | 100% |

**Renewable Water Resources**
**Length of Gravity Line Serving Water Resource Recovery Facilities (in feet)**
**Last Ten Fiscal Years Ended June 30,**

| Water Resource Recovery Facility | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| Mauldin Road | 400,920 | 397,285 | 400,352 | 397,109 | 388,847 | 389,273 | 398,565 | 398,565 | 398,950 | 393,740 |
| Pelham | 342,006 | 341,019 | 347,054 | 339,132 | 345,862 | 242,194 | 216,760 | 216,760 | 216,683 | 216,802 |
| Lower Reedy | 282,485 | 282,495 | 282,528 | 285,209 | 279,622 | 279,823 | 279,823 | 279,823 | 274,237 | 274,260 |
| Gilder Creek | 161,999 | 161,999 | 162,000 | 162,000 | 162,000 | 162,000 | 160,358 | 146,112 | 139,559 | 139,524 |
| Durbin Creek | 135,548 | 135,548 | 135,548 | 135,556 | 135,312 | 135,552 | 135,552 | 135,552 | 135,552 | 135,054 |
| Georges Creek | 94,491 | 107,006 | 94,674 | 94,674 | 94,674 | 117,892 | 117,892 | 117,892 | 117,840 | 68,355 |
| Grove Creek | - | 94,570 | 94,570 | 94,570 | 94,570 | 94,570 | 94,570 | 94,570 | 94,570 | 94,431 |
| Marietta | 24,877 | 24,877 | 24,877 | 24,877 | 24,877 | 24,877 | 24,877 | 24,877 | 24,877 | 25,172 |
| Piedmont | - | 10,417 | 10,417 | 10,417 | 10,437 | 10,437 | 10,437 | 10,437 | 10,437 | 10,437 |
| Piedmont Regional | 104,987 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Taylors | - | - | - | - | - | 110,199 | 110,199 | 110,199 | 110,186 | 110,113 |
| Saluda | - | - | - | - | - | - | - | - | - | 35,593 |
| Totals | 1,547,313 | 1,555,216 | 1,552,020 | 1,543,544 | 1,536,201 | 1,566,817 | 1,549,033 | 1,534,787 | 1,522,891 | 1,503,481 |

Exhibit 15

**Renewable Water Resources**
**Summary of Water Resource Recovery Facility Flows in Million Gallons Per Day (MGD)**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| Permitted flow | 90 | 85 | 85 | 85 | 92 | 89 | 85 | 85 | 66 | 67 |
| Average flow | 40 | 34 | 35 | 40 | 36 | 35 | 39 | 38 | 44 | 41 |
| Average peak flow | 50 | 39 | 44 | 51 | 47 | 40 | 49 | 47 | 55 | 48 |

**Fiscal Year 2013 Flows by Facility and Basin [1]**

| | Permitted | Average | Peak |
|---|---|---|---|
| **Reedy River Basin** | | | |
| Mauldin Road [2] | 29.0 | 15.0 | 18.1 |
| Lower Reedy | 11.5 | 5.6 | 6.5 |
| Basin Total | 40.5 | 20.6 | 24.6 |
| **Saluda River Basin** | | | |
| Marietta | 0.7 | 0.3 | 0.5 |
| Georges Creek | 3.0 | 1.1 | 1.5 |
| Grove Creek | 2.0 | 0.7 | 0.9 |
| Piedmont | 1.2 | 0.2 | 0.2 |
| Piedmont Regional | 4.0 | 1.3 | 1.5 |
| Basin Total | 10.9 | 3.6 | 4.6 |
| **Enoree River Basin** | | | |
| Pelham | 22.5 | 9.7 | 13.3 |
| Gilder Creek | 11.3 | 4.1 | 5.0 |
| Durbin Creek | 5.2 | 1.7 | 2.2 |
| Basin Total | 39.0 | 15.5 | 20.5 |
| **Total all basins** | 90.4 | 39.7 | 49.7 |

[1] Flows by plant and basin for previous nine years not considered relevant to current year report and therefore omitted.
[2] The actual permitted wet weather flow of the Mauldin Road WRRF is 70.0 MGD and its permitted load allocation capacity is 40.0 MGD; however, the plant's biological nutrient removal process is only designed to treat daily flows of 29.0 MGD.

Exhibit 16

**Renewable Water Resources**
**Miscellaneous Statistics**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| **East Operations Power Usage** | | | | | | | | | | |
| Electric power | $ 1,141,920 | $ 1,179,919 | $ 1,038,043 | $ 1,139,057 | $ 1,231,168 | $ 1,127,835 | $ 1,061,279 | $ 1,164,450 | $ 886,122 | $ 994,531 |
| **West Operations Power Usage** | | | | | | | | | | |
| Electric power | $ 1,717,418 | $ 1,724,628 | $ 1,432,934 | $ 1,616,801 | $ 1,599,550 | $ 1,404,115 | $ 1,410,938 | $ 1,280,498 | $ 1,306,662 | $ 883,778 |
| **East Operations Chemical Usage (in tons)** | | | | | | | | | | |
| Chlorine | 31 | 30 | 28 | 27 | 33 | 36 | 40 | 109 | 143 | 174 |
| Polymer | 44 | 40 | 38 | 34 | 64 | 50 | 49 | 43 | 33 | 41 |
| Lime | 702 | 1,123 | 663 | 677 | 622 | 671 | 698 | 848 | 765 | 1,321 |
| Sulfur dioxide | - | - | - | - | 9 | 13 | 18 | 40 | 63 | 159 |
| **West Operations Chemical Usage (in tons)** | | | | | | | | | | |
| Chlorine | 430 | 210 | 131 | 108 | 56 | 90 | 113 | 745 | 339 | 133 |
| Polymer | 29 | 53 | 50 | 62 | 43 | 58 | 68 | 54 | 72 | 35 |
| Lime slurry | 69 | 250 | 158 | 226 | 498 | 4,732 | 4,520 | 4,466 | 2,792 | 620 |
| Lime | 412 | 1,871 | 1,513 | 388 | 429 | 605 | 598 | 556 | 499 | 35 |
| Sulfur dioxide | 26 | 96 | 28 | 46 | 53 | 14 | 33 | 246 | 148 | 83 |

Exhibit 17

**Renewable Water Resources**
**Pump Stations and Industrial User Statistics**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Number of Pump Stations by Facility** | | | | | | | | | | |
| Durbin Creek | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Georges Creek | 13 | 13 | 13 | 13 | 13 | 14 | 14 | 15 | 14 | 7 |
| Gilder Creek | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Grove Creek | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Lower Reedy | 5 | 5 | 5 | 5 | 5 | 6 | 5 | 6 | 5 | 5 |
| Marietta | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 3 | 3 | 3 |
| Mauldin Road | 8 | 8 | 8 | 8 | 8 | 9 | 8 | 8 | 8 | 8 |
| Pelham | 15 | 16 | 16 | 16 | 17 | 7 | 8 | 8 | 8 | 8 |
| Piedmont | - | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 3 | 3 |
| Piedmont Regional | 4 | - | - | - | - | - | - | - | - | - |
| Saluda | - | - | - | - | - | - | - | - | - | 7 |
| Taylors | - | - | - | - | - | 8 | 10 | 10 | 10 | 10 |
| Totals | 59 | 59 | 59 | 59 | 60 | 61 | 62 | 64 | 61 | 61 |

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Number of Industrial Customers by Facility** | | | | | | | | | | |
| Durbin Creek | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 13 | 12 | 13 |
| Georges Creek | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Gilder Creek | 7 | 7 | 8 | 9 | 9 | 7 | 8 | 8 | 8 | 7 |
| Grove Creek | 7 | 8 | 8 | 7 | 10 | 11 | 15 | 11 | 12 | 12 |
| Lower Reedy | 32 | 30 | 30 | 30 | 30 | 30 | 26 | 28 | 30 | 29 |
| Marietta | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Mauldin Road | 27 | 25 | 26 | 28 | 28 | 28 | 27 | 28 | 29 | 32 |
| Pelham | 17 | 17 | 17 | 17 | 17 | 10 | 10 | 7 | 7 | 7 |
| Piedmont | - | 2 | 2 | 2 | 1 | 1 | - | - | - | 1 |
| Piedmont Regional | 2 | - | - | - | - | - | - | - | - | - |
| Taylors | - | - | - | - | - | 8 | 7 | 9 | 11 | 11 |
| Totals | 107 | 105 | 107 | 109 | 111 | 111 | 110 | 107 | 112 | 115 |

Exhibit 18

**Renewable Water Resources**
**Schedule of Funding Sources for Capital Projects**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Funding Sources for Capital Projects** | | | | | | | | | | | |
| Bond proceeds | $ - | $ 24,966,337 | $ 3,679,145 | $ 3,139,084 | $ 22,264,062 | $ - | $ 59,917,562 | $ 36,379,771 | $ 13,094,710 | $ 34,273,243 | $ 197,713,914 |
| State revolving loan proceeds | - | - | 3,165,598 | 3,640,849 | 6,420,017 | 17,937,953 | 12,338,255 | 10,201,437 | 14,925,217 | 31,269,646 | 99,898,972 |
| Contributed capital | - | - | - | - | - | - | 495,172 | 2,219,044 | 6,168,268 | 408,612 | 9,291,096 |
| Federal payments | - | 610,293 | - | - | - | - | - | - | 95,020 | 855,180 | 1,560,493 |
| Internal reserves | 28,070,672 | 16,527,079 | 2,556,656 | 1,195,542 | 542,036 | 49,195,900 | 11,037,376 | 4,826,614 | 26,709,772 | 1,789 | 140,663,436 |
| Total capital project expense | $ 28,070,672 | $ 42,103,709 | $ 9,401,399 | $ 7,975,475 | $ 29,226,115 | $ 67,133,853 | $ 83,788,365 | $ 53,626,866 | $ 60,992,987 | $ 66,808,470 | $ 449,127,911 |

**Renewable Water Resources**
**Solids Generated and Method of Disposal (Dry Tons Per Year)**
**Last Ten Fiscal Years Ended June 30,**

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Solids Generated by Facility** | | | | | | | | | | |
| Durbin Creek | 403 | 258 | 200 | 239 | 127 | 170 | 314 | 283 | 282 | 165 |
| Georges Creek | 121 | 166 | 159 | 161 | 264 | 299 | 266 | 295 | 303 | 55 |
| Gilder Creek | 455 | 523 | 500 | 682 | 655 | 709 | 568 | 706 | 919 | 1,027 |
| Grove Creek | 55 | 143 | 109 | 147 | 117 | 229 | 214 | 233 | 192 | 197 |
| Lower Reedy | 1,146 | 869 | 1,066 | 764 | 1,240 | 1,266 | 1,458 | 1,442 | 1,255 | 1,258 |
| Marietta | 101 | 75 | 102 | 74 | 92 | 146 | 103 | 73 | 140 | 92 |
| Mauldin Road | 2,930 | 2,869 | 2,933 | 2,791 | 3,215 | 3,607 | 3,811 | 3,550 | 4,129 | 5,001 |
| Pelham | 1,282 | 1,284 | 1,468 | 1,166 | 1,999 | 1,247 | 1,061 | 969 | 1,338 | 1,201 |
| Piedmont | 38 | 52 | 52 | 71 | 39 | 30 | 29 | 23 | 52 | 70 |
| Piedmont Regional | 92 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Saluda | - | - | - | - | - | - | - | - | - | 41 |
| Taylors | - | - | - | - | 423 | 433 | 922 | 589 | 917 | 907 |
| Totals | 6,623 | 6,239 | 6,589 | 6,095 | 8,171 | 8,136 | 8,746 | 8,163 | 9,527 | 10,014 |
| **Disposal Methods** | | | | | | | | | | |
| Landfill disposal | 516 | 158 | 365 | 382 | 498 | 714 | 1,482 | 1,526 | 5,576 | 3,677 |
| Land application/recycled | 6,107 | 6,081 | 6,224 | 5,713 | 7,673 | 7,422 | 7,264 | 6,637 | 3,951 | 6,337 |
| Totals | 6,623 | 6,239 | 6,589 | 6,095 | 8,171 | 8,136 | 8,746 | 8,163 | 9,527 | 10,014 |

# Appendix

Cherry Bekaert LLP
CPAs & Advisors

# Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Board of Commissioners
Greenville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Renewable Water Resources (the "Agency"), as of and for the year ended June 30, 2013, and the related notes to the financial statements and have issued our report thereon dated September 3, 2013.

## Internal Control Over Financial Reporting

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

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

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



(Continued)

## Compliance and Other Matters

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

## Purpose of this Report

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

Cherry Bekaert LLP

Greenville, South Carolina
September 3, 2013

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