Monday, April 22, 2024
Board of Commissioners' Meeting

AGENDA
Renewable Water Resources
561 Mauldin Road
Greenville, SC 29607
Board Room
https://us02web.zoom.us/j/87295842766
3:00 P.M.

1. Call to Order

1.01 Call to Order

2. Welcome

2.01 Commissioners Present

2.02 Staff Present

2.03 Introduction of Visitors Present

3. Pledge of Allegiance/Prayer

3.01 Pledge of Allegiance/Prayer

4. Safety Moment

4.01 Safety Moment - NO ACTION REQUIRED

5. Independent Auditor's Report

5.01 Independent Auditor's Report

6. Verbal Reports

6.01 Verbal Report of the April 22, 2024 Board of Commissioners' Centennial Ad Hoc Committee Meeting presented by Committee Chair George Fletcher

7. Consent Agenda*

7.01 Minutes of the March 18, 2024 Board of Commissioners' Centennial Ad Hoc Committee Meeting**

7.02 Minutes of the March 18, 2024 Board of Commissioners' Governance & Finance Committee Meeting**

7.03 Minutes of the March 18, 2024 Board of Commissioners' Operations & Planning Committee Meeting**

7.04 Minutes of the March 18, 2024 Board of Commissioners' Meeting**

7.05 Minutes of the April 16, 2024 Board of Commissioners' Community & Outreach Committee Meeting**

8. Governance & Finance - April 22, 2024

8.01 Investment Summary 03-31-24 - NO ACTION REQUIRED

8.02 Summary of Financial Condition 03-31-24 - NO ACTION REQUIRED

8.03 Operating Expenses by Natural Classification 03-31-24

8.04 New Account Fee Classification Report - NO ACTION REQUIRED

8.05 Sustainability Services Scorecard - NO ACTION REQUIRED

8.06 DRAFT - FY23 Financial Statements with Independent Auditor's Report - NO ACTION REQUIRED

8.07 Revenue Bond Update - NO ACTION REQUIRED

9. Operations & Planning - April 22, 2024

9.01 Brushy and Welcome Creeks Gravity Sewer Upgrade Conveyance IDC Agreement for Professional Services (Memo, Map, Resolution)**

9.02 Gilder Creek PCS Upgrade Construction Contract Award (Memo, Photo, Resolution)**

10. Unfinished Business

10.01 Centennial Project Recommendation - Centennial Ad Hoc Committee Chair Fletcher (Memo, Resolution)**

11. New Business

11.01 Monitoring Report 4.4: Category IV: Executive Limitations - Financial Condition and Activities - CEO Jones

11.02 Board Strategy Discussion - Growth

11.03 CEO Report & Look Ahead

12. Other Business

12.01 Other Business

13. Executive Session

13.01 Receipt of Legal Advice Regarding the Potential Settlement of Legal Claims and Separately Proposed Contractual Agreements

14. Post Executive Session

14.01 Action on Items in Executive Session, if applicable

15. Adjournment

15.01 Adjourn the Meeting

16. Meeting Disclosures

16.01 *Consent Agenda: All matters listed under Consent Agenda are considered non-controversial Board action items and are approved as a set with one action. If discussion is desired on an item, it will be removed from the Consent Agenda and placed on the regular Board meeting agenda.

16.02 **Following Board review and approval, this item will be made available to the public upon request based on ReWa’s Public Information Policy approved May 23, 2011.

Monday, April 22, 2024
Centennial Ad Hoc Committee Meeting

AGENDA
Renewable Water Resources
561 Mauldin Road
Greenville, SC 29607
Board Room
12:30 P.M.

1. Call to Order

1.01 Call to Order - Committee Chair Fletcher

2. Welcome

2.01 Welcome - Committee Chair Fletcher

3. Centennial Updates - dfs creative concepts

3.01 Review Project Timeline

3.02 Updates

4. Deliverables & Action Items - dfs creative concepts

4.01 Deliverables & Action Items

5. Centennial Project

5.01 Centennial Project (Memo, Resolution)**

6. Next Steps

6.01 Next Steps - Committee Chairman George Fletcher

7. Adjournment

7.01 Adjourn the Meeting

8. Meeting Disclosures

8.01 *Following Board review and approval, this item will be made available to the public upon request based on ReWa's Public Information Policy approved May 23, 2011.

DATE: April 22, 2024

TO: Board of Commissioners

FROM: Angie Price

CC: Joel Jones

SUBJECT: ReWa Centennial Project- One Clean Water Connector Trail

renewable water resources

BOARD OF COMMISSIONERS'
MEMORANDUM

As Renewable Water Resources' (ReWa) approaches its 100th anniversary, the Centennial Ad Hoc Committee proposes the One Clean Water Connector Trail (the "Trail") to commemorate our history and prepare for a future that reflects our mission and values.

The Trail will be a public educational and recreational path on ReWa's Innovation Campus, connecting to the Swamp Rabbit Trail and Conestee Nature Preserve. This connection will create a loop extending through ReWa's property. It will feature educational signage, murals, and other elements that highlight ReWa's history and commitment to water resource management. The Trail aims to enhance community engagement, educational opportunities, and to provide amenities for employees, reinforcing our connection with the community and promoting water sustainability.

The total budget for the Trail is $500,000 for the years 2024-2025 (i.e., $ 250,000 in FY24 and $ 250,000 in FY25), covering educational and outreach components. This funding is supplemental to previously allocated Capital Investment Project funds which support infrastructure needs such as fencing, security, and trail maintenance. It is also supplemental to current and future investments of key partners, such as Greenville County, and grant funding of $100,000 to be awarded by the South Carolina Parks, Recreation and Tourism Department's 2024 Recreational Trails Program.

Staff recommends the Board approve the One Clean Water Connector Trail project as ReWa's Centennial project and authorizes the CEO to allocate the proposed total budget of $500,000 to this effort.

BOARD OF COMMISSIONERS'
RESOLUTION

ReWa Centennial Project- One Clean Water Connector Trail

WHEREAS, Renewable Water Resources (ReWa) will celebrate its one-hundredth anniversary in the year 2025 and a project is planned to commemorate this milestone;

WHEREAS, the Centennial Ad Hoc Committee and staff recommend the approval of the One Clean Water Connector Trail as the selected Centennial project, consisting of the creation of a public recreational path on ReWa's Innovation Campus featuring educational and outreach components highlighting ReWa's history and commitment to water resource management;

NOW, THEREFORE, BE IT RESOLVED that Renewable Water Resources does hereby approve the One Clean Water Connector Trail as ReWa's Centennial project and authorizes the Chief Executive Officer and/or his designee to allocate $500,000 in funding for educational and outreach components of this effort.

The above Resolution, upon motion duly made, was passed, and approved by the Board of Commissioners of Renewable Water Resources at a regular meeting held on the 22nd day of April 2024.

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R. L. FOGLEMAN, JR, CHAIR

ATTEST:

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CLINTON J. THOMPSON, SECRETARY/TREASURER

renewable water resources

Monday, April 22, 2024
Operations and Planning Committee Meeting

AGENDA
Renewable Water Resources
561 Mauldin Road
Greenville, SC 29607
Board Room
2:00 P.M.

1. Call to Order

1.01 Call to Order

2. Welcome

2.01 Commissioners: Committee Chair Danny Holliday, John T. Crawford Jr., Phyllis Henderson, Ray Overstreet, Tab Patton

2.02 Non-Committee Members and Staff Present

2.03 Recognition and Introduction of Visitors Present

3. Brushy and Welcome Creeks Gravity Sewer Upgrade Conveyance IDC Agreement for Professional Services

3.01 Brushy and Welcome Creeks Gravity Sewer Upgrade Conveyance IDC Agreement for Professional Services (Memo, Map, Resolution)**

4. Gilder Creek PCS Upgrade Construction Contract Award

4.01 Gilder Creek PCS Upgrade Construction Contract Award (Memo, Resolution)**

5. New Business

5.01 Verbal Briefing on Upcoming Projects and Items of Interest - NO ACTION REQUIRED

6. Unfinished Business

6.01 Unfinished Business

7. Other Business

7.01 Other Business

8. Meeting Disclosures

8.01 **Following Board review and approval, this item will be made available to the public upon request based on ReWa's Public Information Policy approved May 23, 2011.

9. Adjournment

9.01 Adjourn the Meeting

DATE: April 22, 2024

TO: Board of Commissioners

FROM: Angela Allen

CC: Joel Jones, Rebecca West, Becca Bowyer

SUBJECT: Brushy and Welcome Creeks Gravity Sewer Upgrade Conveyance IDC Agreement for Professional Services

BOARD OF COMMISSIONERS'
MEMORANDUM

The Wet Weather Program has identified projects required to upsize interceptors to convey flow in concert with reducing infiltration and inflow. The Brushy and Welcome Creeks Gravity Upgrade was identified by the Wet Weather Program as a top priority to sustain required performance and increase capacity. The Project includes upgrading approximately 5.3 miles of existing gravity sewer with the downstream portion starting at I-85 and continuing northward along Brushy Creek before ending along McArthur Street. Additionally, a portion of the alignment starts at a junction along Brushy Creek at the Greenville Country Club and continues west along Welcome Creek before ending along Anderson Drive. Black & Veatch Corporation performed an evaluation of flow projections and a preliminary route analysis. Currently, they are completing the Preliminary Engineering Report as part of their previous professional services agreement for $843,070.

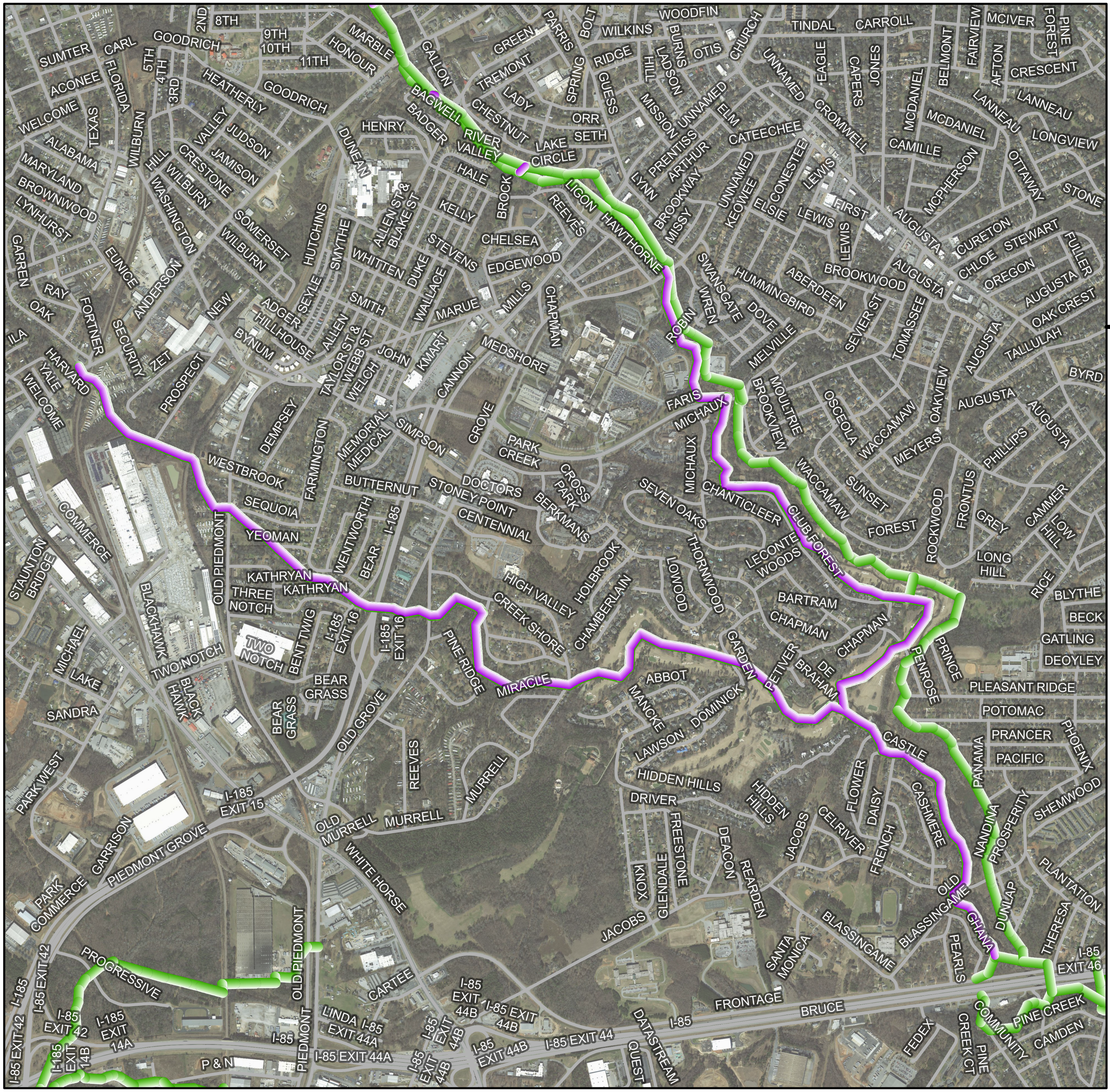
The design and construction will be performed in two phases. The first phase will include design and construction through the Greenville Country Club Chanticleer Golf Course. Phase 1 construction is anticipated to begin in November 2024 and should be completed by May 2025 to align with the planned closure of the Chanticleer Golf Course. Phase 2 of the work will include the remainder of the project and will be complete by October 2027. The scope negotiated for this contract consists of design, construction management, and a resident construction representative for both phases. The staff has negotiated a scope and fee with Black & Veatch Corporation of $2,681,889.00 as part of the Conveyance IDC. This contract is consistent with Section 6-102 of the ReWa procurement Code. The total project current estimate is $35,000,000.

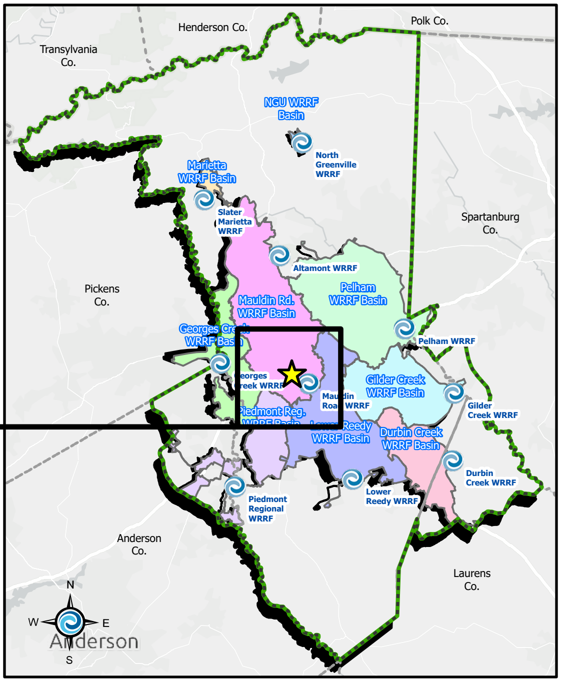
Project Name	Brushy and Welcome Creeks Gravity Sewer Upgrade
Project Number	PRJ-00024
Firm	Black & Veatch Corporation
Not-to-Exceed Cost	$ 2,681,889.00
Amendment No.	N/A
Previous Contract Value	N/A
Total Contract Value	$ 2,681,889.00
Contracting/Selection Method	Indefinite Delivery Contract

Staff recommends the Board award the Brushy and Welcome Creeks Gravity Sewer Upgrade Professional Services Agreement using the IDC for Conveyance Contract to Black and Veatch Corporation and authorize the Chief Executive Officer to execute a contract for these professional services in an amount not to exceed $2,681,889.00.

Brushy and Welcome Creeks Gravity Upgrades

ReWa renewable water resources





Legend

- ReWa Gravity Main
- Project Line

N S E W

Scale

0 1,000 2,000

Feet

BOARD OF COMMISSIONERS'
RESOLUTION

Brushy and Welcome Creeks Gravity Sewer Upgrade Conveyance IDC Agreement for Professional Services

WHEREAS, the Brushy and Welcome Creeks Gravity Sewer Upgrade consists of upgrading approximately 5.3 miles of gravity sewer with the downstream portion starting at I-85 and continuing northward along Brushy Creek before ending along McArthur Street. Additionally, a portion of the alignment starts at a junction along Brushy Creek at the Greenville Country Club and continues west along Welcome Creek before ending along Anderson Drive;

WHEREAS, Black & Veatch Corporation performed a Preliminary Engineering Report for the Brushy and Welcome Creeks Gravity Upgrade project.

NOW, THEREFORE, BE IT RESOLVED that Renewable Water Resources does hereby award this professional engineering work to Black and Veatch Corporation for a cost not to exceed $2,681,889.00 and that the Chief Executive Officer and/or his designee is hereby authorized to execute the contract.

The above Resolution, upon motion duly made, was passed and approved by the Board of Commissioners of Renewable Water Resources at a regular meeting held on the 22th day of April 2024.

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R. L. FOGLEMAN, JR., CHAIR

ATTEST:

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CLINTON J. THOMPSON, SECRETARY/TREASURER

DATE: April 22, 2024

TO: Board of Commissioners

FROM: Bryan Kohart

CC: Joel Jones, Rebecca West, Becca Bowyer

SUBJECT: Gilder Creek PCS Upgrade Construction Contract Award

renewable water resources

BOARD OF COMMISSIONERS'
MEMORANDUM

The Gilder Creek WWRF's last PCS upgrade was completed in 2014. Black & Veatch was contracted to perform a PCS condition assessment in September 2023 at a cost of $278,000. Major components of the PCS were found to be outdated and obsolete as a result of the assessment. The assessment deliverables included an itemized scope of work for the Control Systems Integrator including hardware, software, programming, factory acceptance testing, installation, terminations and functional testing. Black & Veatch subsequently assisted ReWa in negotiating a reasonable proposal from MR Systems, Inc. based on the scope of work.

MR Systems will perform the work as a previously approved sole source vendor per Article V Section 5-102 of the Purchasing Department Procurement Code. The construction phase is currently divided four (4) work packages that will commence in June 2024 and complete in September 2025. The total budget for the project is $1,887,900. Black & Veatch's original contract included support during the construction phase; therefore, no further Board actions are anticipated for this project.

Project Information			
Project Name	Gilder Creek PCS Upgrade		
Project Number	PRJ-00056		
Estimated Costs			
Engineer			Black & Veatch
Engineer's Total Estimate			$1,700,000
ReWa's Total Budget			$1,887,900
Bid Information			
Bid Submittal Deadline			February 28, 2024
Contracting/Selection Method			Sole Source
Bidders and Bids			
	Contractor	*Location*	*Bid*
☒	MR Systems Inc.	Norcross, GA	$1,689,878

Staff recommends the Board award the Gilder Creek PCS Upgrade construction contract to MR Systems Inc. and authorize the Chief Executive Officer to execute the contract in the amount not to exceed $1,689,878.

Gilder Creek PCS Upgrade Construction Contract Award

Gilder Creek PCS Upgrade Construction Contract Award

BOARD OF COMMISSIONERS’
RESOLUTION

Gilder Creek PCS Upgrade Construction Contract Award

WHEREAS, the Gilder Creek PCS Upgrade project consists of replacement hardware, software, programming, factory acceptance testing, installation, terminations and functional testing;

NOW, THEREFORE, BE IT RESOLVED that Renewable Water Resources does hereby award this work to MR Systems Inc. for a cost not to exceed $1,689,878 and that the Chief Executive Officer and/or his designee is hereby authorized to execute the contract on behalf of ReWa, conditioned upon and subject to the following:

1. The Contractor’s Acceptance.

2. The Contractor’s compliance with the terms and conditions set forth in the Notice of Award.

The above Resolution, upon motion duly made, was passed and approved by the Board of Commissioners of Renewable Water Resources at a regular meeting held on the 22nd day of April 2024.

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R. L. FOGLEMAN, JR., CHAIR

ATTEST:

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CLINTON J. THOMPSON, SECRETARY/TREASURER

Monday, April 22, 2024
Governance and Finance Committee Meeting

AGENDA
Renewable Water Resources
561 Mauldin Road
Greenville, SC 29607
Board Room
2:00 PM

1. Call to Order

1.01 Meeting Called to Order

2. Welcome

2.01 Committee Members: Committee Chair Thomas H. Coker III, John T. Crawford, Daniel P. Hamilton, Emily K. DeRoberts, & George W. Fletcher

2.02 Non-Committee Members and Staff

2.03 Recognition and Introduction of Visitors Present

3. Investment Summary

3.01 Investment Summary 03-31-24 - NO ACTION REQUIRED

4. Summary of Financial Condition

4.01 Summary of Financial Condition 03-31-24 - NO ACTION REQUIRED

5. Operating Expenses by Natural Classification

5.01 Operating Expenses by Natural Classification 03-31-24

6. New Account Fee Classification Report

6.01 New Account Fee Classification Report - NO ACTION REQUIRED

7. Sustainability Services Scorecard

7.01 Sustainability Services Scorecard - NO ACTION REQUIRED

8. FY23 Audit Report

8.01 DRAFT - FY23 Financial Statements with Independent Auditor's Report - NO ACTION REQUIRED

9. Revenue Bond Update

9.01 Revenue Bond Update - NO ACTION REQUIRED

10. New Business

10.01 New Business

11. Unfinished Business

11.01 Unfinished Business

12. Other Business

12.01 Other Business

13. Adjournment

13.01 Adjourn the meeting

14. Meeting Disclosures

14.01 **Following Board review and approval, this item will be made available to the public upon request based on ReWa’s Public Information Policy approved May 23, 2011.

Renewable Water Resources
Cash and Investment Summary
March 31, 2024

	Interest Rate	Balance February 29, 2024	Balance March 31, 2024	Period Change
Cash and investments by institution				
U.S. Bank debt service fund[1]	4.690%	$ 8,161,677	$ 8,303,314	$ 141,637
Southern First Bank MM	5.384%	28,846,456	28,977,998	131,542
Southern First Bank MM NAF	5.384%	640,483	643,404	2,921
UBS Financial Services	2.090%	13,661,010	13,706,010	45,000
UBS Financial Services NAF	0.600%	5,652,740	5,668,170	15,430
MBS-Multi Bank Securities	3.132%	986,097	986,246	149
SC Local Government Investment Pool NAF	5.538%	1,049,839	1,054,777	4,938
SC Local Government Investment Pool	5.538%	109,564	110,079	515
Truist checking	1.240%	9,307,811	7,851,572	(1,456,239)
Truist new account fee	3.680%	512,268	513,673	1,405
Truist Peters Creek	3.680%	78,165	78,383	218
Petty cash	n/a	1,656	2,084	428
Total funds		**$ 69,007,766**	**$ 67,895,710**	**$ (1,112,056)**
Less: Restricted funds				
U.S. Bank debt service fund[1]		$ 8,161,677	$ 8,303,314	$ 141,637
Bond covenant: operations & maintenance[2]		4,557,930	4,557,930	-
Total restricted funds		**12,719,607**	**12,861,244**	**141,637**
Total unrestricted funds[3]		**56,288,159**	**55,034,466**	**(1,253,693)**
Less: Committed and assigned funds				
Committed: new account fee[4]		13,382,072	14,950,818	1,568,746
Assigned: emergency[5]		2,220,663	2,220,663	-
Total committed and assigned funds		**15,602,735**	**17,171,481**	**1,568,746**
Total available funds		**$ 40,685,424**	**$ 37,862,985**	**$ (2,822,439)**

[1] Funds held in trust for upcoming principal and interest payments in accordance with section 4.08 of the series resolution adopted December 6, 2004.

[2] Funds restricted for operating & maintenance expenses in accordance with the bond resolution adopted June 14, 2010.

[3] Unrestricted funds are generally available and not legally restricted. While unrestricted cash reserves are generally available, it is ReWa's policy to maintain the following liquidity target:
- 250 days of cash on hand: unrestricted cash and investments divided by total operating expenses before depreciation, expressed in number of days.

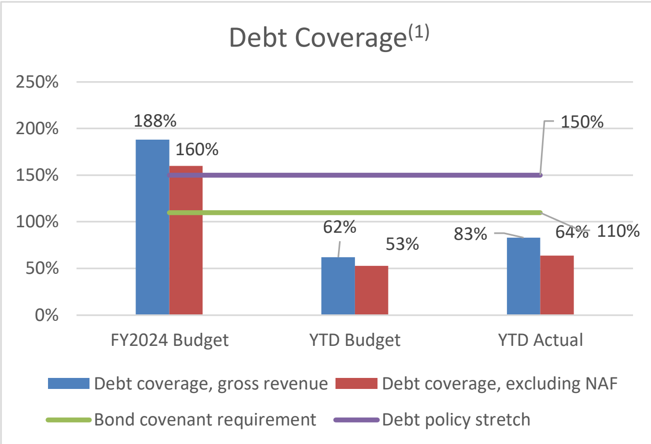
[4] Monies received from new account fees committed to fund capacity increases.

[5] Monies assigned for emergency expenditures.

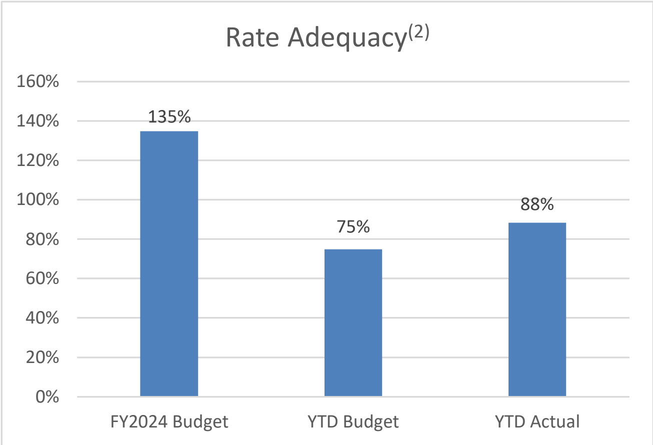
Renewable Water Resources
Summary of Financial Condition
January 1, 2024 - March 31, 2024

	2024 FY Budget	2023 YTD Actual	2024 YTD Budget	2024 YTD Actual	Favorable (Unfavorable) USD	Favorable (Unfavorable) %
Revenue						
Domestic and commercial	$ 101,467,451	$ 24,586,094	$ 25,366,863	$ 25,741,250	$ 374,387	1%
Industrial	8,456,400	2,036,835	2,114,100	2,131,089	16,989	1%
New account fee (NAF)	10,000,000	2,793,250	2,500,000	5,215,508	2,715,508	109%
Septic haulers and other	760,000	162,853	190,000	173,497	(16,503)	(9%)
Unrestricted investment revenue	1,000,000	320,218	250,000	585,330	335,330	134%
Investment fair value adjustment	-	246,616	-	118,368	118,368	(100%)
Miscellaneous revenue	349,274	872,689	87,319	72,404	(14,915)	(17%)
Gross revenue	**$ 122,033,125**	**$ 31,018,555**	**$ 30,508,282**	**$ 34,037,446**	**$ 3,529,164**	12%
Expense						
Administration						
Administrative finance	$ 12,971,875	$ 2,697,621	$ 3,319,260	$ 2,532,097	$ 787,163	24%
Business services	3,408,394	680,917	835,976	816,405	19,571	2%
Human resources	3,689,024	502,060	656,162	684,295	(28,133)	(4%)
Information technology	4,320,096	980,900	1,198,923	778,435	420,488	35%
Technical operations						
Collections & maintenance	6,655,119	1,442,760	1,653,116	1,494,143	158,973	10%
Engineering	1,512,781	355,607	378,092	244,486	133,606	35%
Regulatory services	7,968,583	1,418,498	1,971,667	1,373,589	598,078	30%
Water resource recovery facilities	14,169,292	3,287,839	3,675,053	3,691,643	(16,590)	(0%)
Total O&M departmental expense	54,695,164	11,366,202	13,688,249	11,615,093	2,073,156	15%
Debt service	35,820,793	26,969,756	27,081,618	26,966,685	114,933	0%
Total operational expense & debt	**$ 90,515,957**	**$ 38,335,958**	**$ 40,769,867**	**$ 38,581,778**	**$ 2,188,089**	5%
Contribution to capital		**$ (7,317,403)**		**$ (4,544,332)**		

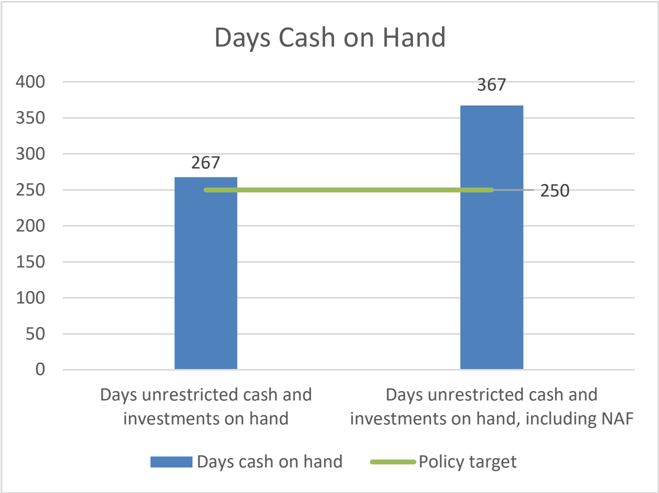
Key Operating Metrics



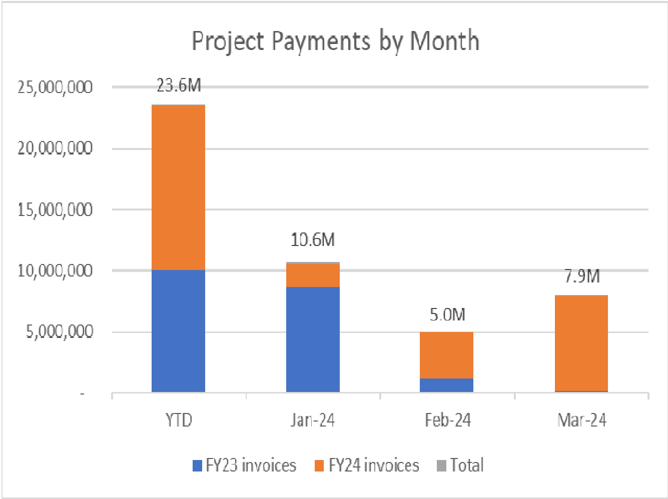
[(1)]Percentage of revenue after operating expense to cover long term debt payments



[(2)]Revenue coverage for both operating and long term debt expense



YTD Project Payments



Renewable Water Resources
Operating Expenses by Natural Classification
January 1, 2024 - March 31, 2024

Operating Expenses	2024 Budget	March 2024 YTD Budget	March 2024 YTD Actual	(Favorable)/Unfavorable $ Variance	(Favorable)/Unfavorable % Variance
Employee related expenses					
Salaries	$ 15,699,801	$ 3,797,880	$ 3,813,440	$ 15,560	0.4%
Payroll taxes	1,189,513	288,917	281,556	(7,361)	(2.5%)
Insurance	1,823,252	453,733	524,839	71,106	15.7%
OPEB	1,700,000	201,000	207,431	6,431	3.2%
Retirement	2,894,681	692,839	689,187	(3,652)	(0.5%)
Uniforms	150,450	33,568	26,729	(6,839)	(20.4%)
Workers' compensation insurance	189,160	56,748	47,446	(9,302)	(16.4%)
Unemployment	5,000	1,250	-	(1,250)	(100.0%)
Employee wellness	251,000	89,000	31,208	(57,792)	(64.9%)
Utilities					
Utilities	4,883,768	1,234,146	1,135,728	(98,418)	(8.0%)
Telephones and communications	365,270	76,170	29,000	(47,170)	(61.9%)
Contracted Services					
Customer service & billing	3,589,176	897,294	849,848	(47,446)	(5.3%)
Contracted services	6,250,035	1,809,626	1,076,616	(733,010)	(40.5%)
Solids disposal	3,540,254	885,063	551,704	(333,359)	(37.7%)
Materials, supplies, and maintenance					
R&M equipment	1,220,847	298,984	266,210	(32,774)	(11.0%)
R&M building and grounds	678,734	167,879	177,949	10,070	6.0%
R&M electrical	541,250	121,407	175,633	54,226	44.7%
Laboratory equipment and supplies	123,453	39,163	31,606	(7,557)	(19.3%)
Vehicle supplies	176,500	43,875	41,707	(2,168)	(4.9%)
Office and cleaning supplies	255,220	67,816	71,857	4,041	6.0%
Equipment supplies	56,650	24,925	9,980	(14,945)	(60.0%)
Gasoline	140,000	25,000	28,800	3,800	15.2%
Fuel oil	185,000	46,250	33,612	(12,638)	(27.3%)
Tools	31,600	9,225	7,014	(2,211)	(24.0%)
Chemicals					
Chemicals	2,647,705	731,870	719,065	(12,805)	(1.7%)
Administration and other					
General insurance	903,699	225,925	236,606	10,681	4.7%
Contingency	2,000,000	500,000	-	(500,000)	(100.0%)
Legal	300,000	75,000	67,086	(7,914)	(10.6%)
Public relations	1,412,580	411,145	270,578	(140,567)	(34.2%)
Bad debt	300,000	75,000	(8,899)	(83,899)	(100.0%)
Administrative expenses	554,279	117,861	94,858	(23,003)	(19.5%)
Training, professional & travel					
Travel	203,413	68,822	33,465	(35,357)	(51.4%)
Employee professional expenses	432,874	120,868	93,234	(27,634)	(22.9%)
Total Operating Expenses	**$ 54,695,163**	**$ 13,688,249**	**$ 11,615,093**	**$ (2,073,156)**	**(15.1%)**

Renewable Water Resources
NAF Classification Report

	Subdivision		Multi-family		Individual Home		Septic to Sewer		Mixed Use		Commercial		Retail		Totals	
	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
January	$ 342,500	$ 532,500	$ 3,750	$ 555,000	$ 27,500	$ 45,000	$ 7,500	$ 5,000	$ 146,250	$ 16,333	$ 142,500	$ 160,000	$ 48,450	$ 9,000	$ 718,450	$ 1,322,833
February	815,000	917,500	5,000	140,000	52,500	55,000	5,000	5,000	45,000	9,024	80,000	500,000	24,300	23,400	1,026,800	1,649,924
March	745,000	850,000	3,750	251,251	33,750	50,000	5,000	7,500	10,000	-	37,500	102,500	18,000	464,000	853,000	1,725,251
April	866,600		686,250		63,400		5,000		33,608		25,000		6,300		1,686,158	-
May	637,500		292,500		52,500		5,000		-		215,000		20,000		1,222,500	-
June	1,050,000		200,000		50,000		2,500		583		37,500		14,400		1,354,983	-
July	1,005,000		-		17,500		5,000		-		115,000		10,800		1,153,300	-
August	845,000		3,750		37,500		5,000		-		67,500		24,900		983,650	-
September	677,500		20,000		35,000		5,000		13,967		30,000		593,400		1,374,867	-
October	863,400		132,500		31,600		5,000		530,125		169,000		7,200		1,738,825	-
November	427,500		5,000		95,000		2,500		-		42,500		177,600		750,100	
December	1,318,833		420,000		32,500		2,500		10,133		188,442		2,700		1,975,108	
Totals	**$ 9,593,833**	**$ 2,300,000**	**$ 1,772,500**	**$ 946,251**	**$ 528,750**	**$ 150,000**	**$ 55,000**	**$ 17,500**	**$ 789,666**	**$ 25,357**	**$ 1,149,942**	**$ 762,500**	**$ 948,050**	**$ 496,400**	**$ 14,837,741**	**$ 4,698,008**

		FY23	FY24
Year-Over-Year Totals	*Year-Over-Year Totals*	*$ 14,837,741*	*$ 4,698,008*
Refunds	Refunds	$ (12,500)	
Receivables / Outstanding Deposits	Receivables / Outstanding Deposits	$ -	$ -
Easley Combined Utilities	Easley Combined Utilities	$ 1,662,500	$ 517,500
New Account Fees per the Summary of Financial Condition	**NAF per the Summary of Financial Condition**	**$ 16,487,741**	**$ 5,215,508**

Sustainability Services Scorecard

		2022	2023	2024 YTD	Jan	Feb	Mar
Recruiting/Retention	Overall Turnover %	18%	15.0%	3.6%	1.0%	1.0%	1.5%
	Terminations	32	28	7	2	2	3
	New Hires (FTE's)	29	43	11	2	5	4
	Headcount (full time, no commissioners)	178	186	196	193	197	197
	Open Positions	13	14	12	16	11	10
	Overtime Hours	5,808	5,636	1,979	885	486	608
	Manhours (Exempt and Non-Exempt) - not including OT	322,564	341,745	90,618	30,538	29,938	30,142
	Vacancy Rate	9%	9%	11%	12%	10%	10%
Safety and Wellness	Near Misses	3	12	5	2	1	2
	Recordables	2	3	1	1	0	0
	Lost Time	1	1	-	0	0	0
	Vehicle Incident	14	22	4	1	2	1
	Potential Hazards	20	115	129	45	51	33
	Nurse Practitioner Visits	1,288	1,320	439	184	144	111
	Health Plan Savings	$ 81,721	$ 105,062	$ 27,866	$ 11,078	$ 10,653	$ 6,135
	Productivity Savings	$ 130,224	$ 125,177	$ 28,770	$ 10,802	$ 10,195	$ 7,773
	Formal Wellness Activities/Programs	16	51	12	3	4	5
	Impressions					21,777	30,665
	Off campus/-n-the community outreach opportunities		149	36	8	12	16
	Tours/Visits on site		104	19	5	5	9

RENEWABLE WATER RESOURCES

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

RENEWABLE WATER RESOURCES
GREENVILLE, SOUTH CAROLINA

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FOR THE YEAR ENDED DECEMBER 31, 2023

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Renewable Water Resources
Greenville, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Renewable Water Resources** (the "Agency") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Agency's proportionate share of the net pension liability, the schedule of pension contributions, and the schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 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 solely 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 the effectiveness of the Agency's 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.

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 19, 2024

Management’s Discussion and Analysis

As management of Renewable Water Resources ("ReWa" or the "Agency"), we present this narrative overview and analysis of financial performance for the year ended December 31, 2023. Please consider this information in conjunction with the financial statements and related notes, which follow this section.

Financial Highlights

- The Agency's financial position continues to be strong with an overall increase of $40.0 million in net position.
- Total revenues for the year ended December 31, 2023, were $129.0 million.
- Operating expenses before depreciation totaled $48.5 million for the year ended December 31, 2023.

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 Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position and the Statement 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 Statement of Net Position presents 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 Statement of Revenues, Expenses and Changes in Net Position present the current period results of operations and can be used to determine whether the Agency is recovering costs through user fees and charges.

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash and cash equivalents for the current period. 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. They may also be useful in assessing the Agency's ability to meet short-term obligations.

The Notes to Financial Statements provide required disclosures and other information essential to a full understanding of the 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 the year ended December 31, 2023, as net position increased $40.0 million or 8.8% due to current year operations. Net position for the year ended December 31, 2023, totaled $497.0 million. The largest portion of the Agency's net position, approximately 89.4%, reflects the Agency's investment in capital assets (e.g., land, buildings, trunk lines, equipment and vehicles), 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 $30.7 million or 6.2% of the Agency's net position is restricted (restrictions established by debt covenants, enabling legislation or other legal requirements). In the year ended December 31, 2023, restricted net position increased $0.3 million.

(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)

	FY 2023	FY 2022
Current and noncurrent assets	$ 81.5	$ 65.6
Restricted assets	30.7	30.4
Capital assets	700.6	655.3
Total assets	812.8	751.3
Deferred outflows from defeasance loss, net	0.4	1.3
Deferred outflows from pension	2.9	3.0
Deferred outflows from other postemployment benefits	3.8	4.8
Total deferred outflows of resources	7.1	9.1
Current liabilities	53.2	51.2
Noncurrent liabilities	258.9	242.7
Total liabilities	312.1	293.9
Deferred inflows from pension	0.8	1.4
Deferred inflows from other postemployment benefits	9.8	7.8
Deferred inflows from lease	0.2	0.3
Total deferred inflows of resources	10.8	9.5
Net investment in capital assets	444.2	418.3
Restricted	30.7	30.4
Unrestricted	22.1	8.3
Total net position	$ 497.0	$ 457.0

Revenues

Table A-2 shows that the Agency's total revenues increased $14.2 million or 12.4% to $129.0 million in the year ended December 31, 2023. 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 assets. The current user fee regulation in effect for the year ended December 31, 2023, was adopted June 28, 2021, and became effective January 1, 2023.

In the year ended December 31, 2023, domestic and commercial revenue increased $7.2 million or 7.8% to $99.4 million. Domestic revenue increased $4.7 million or 7.9% while commercial revenue increased $2.5 million or 7.6%. Both increases are primarily attributed to rate increases along with customer growth.

Industrial revenue remained flat at $8.2 million in the year ended December 31, 2023.

New account fee revenue increased $3.2 million or 24.1% to $16.5 million in the year ended December 31, 2023, due to the ongoing economic growth and development in the Agency's service area. This is the Agency's highest new account fee revenue year in history.

Interest and other nonoperating revenues increased $3.8 million or 950.0% to $4.2 million in the year ended December 31, 2023. This is largely due to an increase in interest rates on investments.

(Continued)

Revenues, Continued

Table A-2
Condensed Statements of Revenues, Expenses and Changes in Net Position (in millions)

	FY 2023	FY 2022
Operating revenues		
Domestic and commercial customers	$ 99.4	$ 92.2
Industrial customers	8.2	8.2
New account fees	16.5	13.3
Septic haulers and other	0.7	0.7
Interest and other nonoperating revenue	4.2	0.4
Total revenues	129.0	114.8
Operating expenses		
Technical operations	31.4	29.2
Administration	17.1	15.1
Total operating expenses before depreciation	48.5	44.3
Depreciation	37.7	37.0
Total operating expenses	86.2	81.3
Interest, amortization and other nonoperating expenses	8.4	6.3
Total expenses	94.6	87.6
Capital project cost reimbursements	5.6	3.5
Increase in net position	40.0	30.7
Total net position, beginning of year	457.0	426.3
Total net position, end of year	$ 497.0	$ 457.0

Capital Contributions

Project reimbursement occurs when the Agency enters a contract with one or more entities to construct facilities and/or sewer conveyance systems that will be mutually beneficial. In the year ended December 31, 2023, capital contributions totaled $5.6 million.

Expenses

Total expenses in the year ended December 31, 2023 totaled $94.6 million. Operating expenses before depreciation increased $4.2 million or 9.5% from $44.3 million to $48.5 million. The increase in operating expenses in fiscal year 2023 is largely attributable to increases in employee-related costs, contracted services, and the inflationary impact on chemicals and utilities.

Non-project expenses, which are included in interest, amortization and other nonoperating expenses, can vary considerably from year to year. These expenses are one-time costs that are not operational and are not capitalizable.

(Continued)

Capital Assets

In the year ended December 31, 2023, capital assets being depreciated, net increased $8.3 million or 1.6% to $543.4 million, which is attributable to various line rehabilitations and facility enhancements, which were offset by annual depreciation. For the year ended December 31, 2023, the Agency's $700.6 million of net assets consisted of land, rights-of-way, trunk lines, buildings, operating equipment, water resource recovery facilities ("WRRF") equipment and vehicles as shown in Table A-3 and in Note 5 of the accompanying notes to financial statements.

Table A-3
Capital Assets (in millions)

	FY 2023	FY 2022
Capital assets not being depreciated:		
Construction in progress	$ 145.3	$ 108.5
Land	7.8	7.8
Rights-of-way	4.1	3.9
Total capital assets not being depreciated	157.2	120.2
Capital assets being depreciated:		
Buildings and land improvements	408.0	406.6
Collection and trunk lines	489.0	471.1
Machinery and equipment	140.2	118.4
Office furniture and equipment	9.0	8.4
Vehicles and heavy equipment	3.7	1.8
Other assets	3.6	3.3
Right-to-use equipment	1.8	1.8
Right-to-use software	1.3	-
Total capital assets being depreciated	1,056.6	1,011.4
Less: accumulated depreciation	513.2	476.3
Total capital assets being depreciated, net	543.4	535.1
Net capital assets	$ 700.6	$ 655.3

(Continued)

Capital Assets, Continued

Capital improvement program

The Agency's 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, reconvened in 2008, and again at the end of 2018, this strategic planning group brought together over 100 community, governmental and industry leaders to develop a 20-year plan to guide the Agency. An intentional effort was made to align this plan with Greenville County's Comprehensive Plan. The latest Upstate Roundtable effort confirmed the Agency's five-year capital improvement program (CIP) and expanded it through 2040.

The Agency maintains a dynamic 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 current CIP calls for approximately $429.6 million over the next five years. The CIP calls for upgrades at many of the Agency's treatment facilities as well as multiple replacement and improvement projects of the Agency's conveyance system.

Capital improvement projects

In 2023, capital projects focused on various conveyance system improvements and facility upgrade projects. During 2023, $28.8 million was injected to improve the Agency's conveyance system, $6.1 million was incurred on projects to expand the Agency's service area, and $34.6 million was incurred in multiple facility improvement projects. The remaining projects focused on system planning and technology and other priority projects.

Table A-4 illustrates the Agency's 2024 Capital Budget of $84.6 million for conveyance system improvements, facility upgrades, service area expansion, and information technology upgrades. The budget requirement for the upcoming fiscal year will be funded through a combination of reserves, new account fees, bonds, and South Carolina revolving loan funds.

Table A-4
2024 Capital Budget (in millions)

FUNDING SOURCES		
Reserves and bonds	$	64.2
South Carolina revolving loan fund		4.6
Grants		2.8
New account fees		13.0
Total funding sources	$	84.6
USES		
Water resource recovery facilities	$	32.1
Conveyance system		33.3
Information technology		2.7
Service area expansion and other projects		16.5
Total uses	$	84.6

(Continued)

Long-term Liabilities

At December 31, 2023, the total obligation for other postemployment benefits is $18.1 million.

The Agency's net pension liability totaled $28.3 million at December 31, 2023.

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.

Revenue bonds

As of December 31, 2023, revenue bond debt, including premiums, totaled $133.1 million, the long-term portion of which was $108.4 million. As of December 31, 2023, the Agency's revenue bond debt consisted of the following series of revenue and refunding revenue bonds: Series 2015A, Series 2017A, Series 2018A, Series 2020C, Series 2020D, and Series 2022A.

The Agency received bond premiums of $3.6 million, $4.6 million, and $0.2M on the Series 2018A, Series 2020C, and Series 2020D revenue bonds, respectively. The bond premiums are amortized over the life of the bonds. The Series 2015A, Series 2017A, Series 2018A, Series 2020C, Series 2020D, and Series 2022A bonds were issued under the 2010 Bond Resolution and are on parity with all of the Agency's state revolving loans.

All revenue bonds were issued based on the Agency's underlying rating. In March 2017, Moody's Investors Service upgraded the Agency's existing debt to 'Aa1' from 'Aa2'. In September 2018, Standard & Poor's raised the Agency's existing Debt rating to 'AAA'.

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. Interest rates on these loans range from 1.4% to 2.4%. State revolving loans outstanding as of December 31, 2023, totaled $107.1 million.

Listed below are the Agency's state revolving loans outstanding at December 31, 2023:

- March 2016 — FY15/16 Gravity Sewer and Manhole Rehabilitation
- March 2016 — Richland Creek Trunk Sewer Improvements
- December 2017 — FY17 Gravity Sewer and Manhole Rehabilitation
- December 2017 — Reedy River Basin Sewer Tunnel
- May 2019 — FY18 Gravity Sewer and Manhole Rehabilitation
- May 2019 — Lower Reedy WRRF Digester Capacity Improvements
- May 2019 — Rock Creek Interceptor Upgrade
- May 2020 — Unity Park Trunk Sewer Improvements
- June 2021 — Simpsonville B Pump Station Elimination
- June 2021 — Peppertree Pump Station 1 and 2 Elimination
- June 2023 — Lower Reedy Odor Control
- June 2023 — Gravity Sewer and Manhole Rehabilitation
- June 2023 — Lower Reedy Digester Improvements Phase II
- June 2023 — Gravity Sewer and Manhole Rehabilitation

As of December 31, 2023, the remaining amount available to draw on the Unity Park Sewer Improvements, Simpsonville B Pump Station Elimination, Lower Reedy Odor Control, FY19 Gravity Sewer and Manhole Rehabilitation, Lower Reedy WRRF Digester Improvements, and FY22 Gravity Sewer and Manhole Rehabilitation totaled $16.6 million. Construction has been completed and all funds received for the other projects listed above.

(Continued)

Long-term Liabilities, Continued

Total outstanding long-term debt

At December 31, 2023, the Agency owed $237.3 million (excluding premiums) in total long-term debt, an increase of $20.1 million or 9.8% from $217.2 million at December 31, 2022.

The Agency's bond covenants require net earnings (as defined in respective loan agreements) to be at least 110% 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, 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)

	FY 2023	FY 2022
Operating revenue	$ 124.8	$ 114.4
Investment revenue, unrestricted	2.9	0.5
Gross revenues	127.7	114.9
Less: operating expenses before depreciation	48.5	44.3
Net revenues available for debt service	$ 79.2	$ 70.6
Debt service	$ 35.4	$ 31.1
Debt coverage	224%	227%

During the year ended December 31, 2023, debt service payments increased $0.8 million or 2.5% to $31.9 million. Debt structure on revenue bonds varies year to year causing principal payments to increase and decrease over the life of the bonds.

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

Table A-6
Debt Coupon/Interest Rate

	Balance (without premiums) (in millions)	Average Coupon/ Interest Rate
Series 2015A refunding bonds	4.5	2.0%
Series 2017A refunding bonds	2.4	2.1%
Series 2018A capital improvement bonds	25.1	5.0%
Series 2020C refunding bonds	18.0	4.8%
Series 2020D refunding bonds	7.4	0.8%
Series 2022A revenue bonds	73.0	4.7%
State revolving loans	107.1	2.1%

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.

(Continued)

Economic Factors

The Agency is moderately impacted by economic trends. The Agency's operating revenues are derived solely from user fees, as the Agency does not receive any tax appropriation. The Agency experienced domestic and commercial customer growth of 2.49% during the year ended December 31, 2023.

The Agency's customer base is diversified. No single customer represents more than 1.2% of ReWa's operating revenue.

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 Eric Giryluk, Controller, Renewable Water Resources, 561 Mauldin Road, Greenville, South Carolina 29607; 864-299-4000; or ericg@re-wa.org.

Basic Financial Statements

RENEWABLE WATER RESOURCES

STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS	
Current assets:	
Cash and cash equivalents	$ 42,222,006
Restricted cash and cash equivalents	30,679,869
Receivables, net	16,982,746
Prepaid assets	1,582,250
Investments	11,237,530
Total current assets	102,704,401
Noncurrent assets:	
Investments	9,439,250
Capital assets, net of accumulated depreciation and amortization	700,617,913
Total noncurrent assets	710,057,163
Total assets	812,761,564
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources:	
Deferred loss on refunding, net of accumulated amortization	439,036
Deferred outflows from pension	2,859,553
Deferred outflows from other postemployment benefits	3,822,515
Total deferred outflows of resources	$ 7,121,104

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

RENEWABLE WATER RESOURCES

STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023

LIABILITIES	
Current liabilities:	
Revenue bonds payable	$ 24,739,134
State revolving loans payable	4,448,187
Lease liability	361,713
Subscription liability	327,383
Accounts payable - operations	4,559,963
Accounts payable - construction projects	14,488,757
Accrued interest payable	1,896,235
Accrued expenses and other liabilities	1,341,955
Compensated absences	997,191
Total current liabilities	53,160,518
Long-term liabilities:	
Revenue bonds payable	108,395,903
State revolving loans payable	102,602,411
Lease liability	627,431
Subscription liability	855,480
Total other postemployment benefits liability	18,111,002
Net pension liability	28,317,861
Total long-term liabilities	258,910,088
Total liabilities	312,070,606
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources:	
Deferred inflows from pension	754,231
Deferred inflows from other postemployment benefits	9,785,338
Deferred inflows from lease receipts	226,427
Total deferred inflows of resources	10,765,996
NET POSITION	
Net position:	
Net investment in capital assets	444,210,550
Net position - restricted:	
Debt service	26,121,939
Other	4,557,930
Net position - unrestricted	22,155,647
Total net position	$ 497,046,066

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

RENEWABLE WATER RESOURCES

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2023

Operating revenues:	
Domestic and commercial customers	$ 99,356,376
Industrial customers	8,165,243
New account fees	16,487,742
Septic haulers and other	743,529
Total operating revenues	124,752,890
Operating expenses:	
Operations	31,474,048
Administration	17,064,348
Total operating expenses before depreciation and amortization	48,538,396
Depreciation and amortization on capital and right-to-use assets	37,679,376
Total operating expenses	86,217,772
Operating income	38,535,118
Nonoperating revenues (expenses):	
Investment income	2,958,595
Interest expense	(6,423,317)
Debt issuance costs	(164,400)
Non-project expenses	(1,044,049)
Other revenue	516,214
Net nonoperating expenses	(4,156,957)
Capital contributions:	
Capital contributions	5,621,797
Total capital contributions	5,621,797
Increase in net position	39,999,958
Total net position, beginning of year	457,046,108
Total net position, end of year	$ 497,046,066

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

RENEWABLE WATER RESOURCES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Received from customers	$ 123,742,588
Paid to suppliers for goods and services	(30,470,725)
Paid to employees for services	(16,724,769)
Net cash flows from operating activities	76,547,094
Cash flows from capital and related financing activities:	
Acquisition of capital assets and project expenses	(78,780,989)
Proceeds from debt issuance	47,798,354
Principal payments on debt	(28,079,568)
Interest payments on debt	(6,964,599)
Debt issuance costs	(164,400)
Other	1,272,826
Net cash flows from capital and related financing activities	(64,918,376)
Cash flows from investing activities:	
Interest received on investments	2,242,536
Purchases of investment securities	(2,492,900)
Proceeds from sales of investment securities	3,415,902
Net cash flows from investing activities	3,165,538
Net change in cash and cash equivalents	14,794,256
Cash and cash equivalents, beginning of year	58,107,619
Cash and cash equivalents, end of year	$ 72,901,875

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

RENEWABLE WATER RESOURCES

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

Reconciliation of operating income to net cash flows from operating activities:	
Operating income	$ 38,535,118
Adjustments to reconcile operating income to net cash flows provided by operating activities:	
Depreciation and amortization	37,679,376
Changes in asset and liability amounts:	
Receivables, net	(938,838)
Prepaid insurance	(558,569)
Accounts payable - operations	1,561,892
Accrued expenses and other liabilities	714,131
Compensated absences	106,340
Pension	(232,603)
Other postemployment benefits	(248,289)
Lease liability and deferred inflows from lease	(71,464)
Net cash flows provided by operating activities	$ 76,547,094
Noncash activities:	
Contributed capital	$ 5,621,797
Decrease in fair value of investments	716,059
Total noncash activities	$ 6,337,856
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and cash equivalents	$ 42,222,006
Restricted cash and cash equivalents	30,679,869
Total cash and cash equivalents	$ 72,901,875

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 11 members who are appointed by the Governor upon recommendation by the legislative delegations of Greenville, Anderson, Laurens, and Spartanburg Counties. The Agency provides 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 water resource recovery facilities (WRRF), pump stations, and trunk lines, which are collectively referred to as the “System”. It is the Agency’s policy to maintain customer user rates sufficient to meet operational and maintenance expenses, as well as 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 fund to record its activities which consists of a self-balancing set of accounts. Enterprise 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). 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.

Budgetary Practices

Annual budgets are prepared by management as a control device and adopted in accordance with South Carolina Code of Laws Section 6-1-80.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

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

The Agency has adopted applicable accounting standards for its investments which clarify that fair value is an exit price, representing the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The Agency utilizes market data or assumptions that market participants would use in pricing. All investments reported at fair value are categorized within the fair value hierarchy established under accounting principles generally accepted in the United States of America (U.S. GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Gains or losses that result from market fluctuation are reported in the current period. As of December 31, 2023, investments in money market funds, certificates of deposit and the South Carolina Local Government Investment Pool are valued using amortized cost which approximates fair value, while all of the Agency's investments in U.S. agencies notes and bonds are valued using significant other observable inputs (Level 1 and Level 2 inputs), such as bonds valued by a pricing service that uses matrix pricing or a price or yield of a similar bond.

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. Additionally, certain resources set aside for repayment of debt are classified as restricted assets because their use is limited by applicable bond covenants. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

Capital Assets

Capital assets, including right-to-use lease and subscription assets, are stated at historical cost. The Agency capitalizes purchases of assets greater than $5,000. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation of capital assets is calculated on or using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings and land improvements	15 - 30 years
Collection and trunk lines	40 years
Machinery and equipment	5 - 15 years
Office furniture and equipment	4 - 5 years
Vehicles and heavy equipment	3 - 10 years
Right-to-use software	2 - 15 years
Right-to-use equipment	2 - 15 years

Intangible assets consisting of rights-of-ways are recorded as capital assets at cost and considered to have an indefinite useful life; therefore, they are 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The Agency follows the guidance of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Accordingly, interest incurred during the construction phase of capital assets after December 31, 2017, is not 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

Leases

Lessee

The Agency is a lessee for noncancellable leases of equipment. The Agency recognizes a lease liability and an intangible right-to-use lease asset in the Statement of Net Position. The Agency recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the Agency determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

Leases (Continued)

Lessor

The Agency is a lessor for a noncancellable lease of a building. The Agency recognizes a lease receivable and deferred inflow of lease receipts in the Statement of Net Position. The Agency recognizes lease receivables with an initial, individual value of $5,000 or more.

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the Agency determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The Agency uses the stated interest rate as the discount rate. When the interest rate is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the lessee is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred inflows of lease receipts are reported with deferred inflows of resources and lease receivables are reported with receivables on the Statement of Net Position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITAs)

The Agency has a noncancellable SBITA for certain IT software. The Agency recognizes a subscription liability and an intangible right-to-use subscription asset in the Statement of Net Position. The Agency recognizes subscription liabilities with an initial, individual value of $5,000 or more. At the commencement of a SBITA, the Agency initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of the SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation and conversion costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITAs include how the Agency determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments:

- The Agency uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

- The SBITA term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the Statement of Net Position.

Long-term Obligations

Long-term debt and other obligations financed by the Agency are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are 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. Issuance costs are expensed as incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

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 and intangible right-to-use assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities, subscription liabilities, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is 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 asset's 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."

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial element represents consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency's deferred loss on refunding, as well as deferred pension and other postemployment benefits outflows of resources, qualify for reporting in this category. A deferred loss on refunding results from the difference in carrying value of the refunded debt and reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Pension and other postemployment benefits differences between expected and actual experience with regard to economic and demographic factors are recognized as deferred outflows/inflows of resources related to pension and other postemployment benefits and included in the pension and other postemployment benefits expense over a period based on the average expected remaining service lives of all employees that are provided with benefits through the plan. Additionally, contributions to the pension and other postemployment benefits plans made after the plans' measurement date are reported as deferred outflows of resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial element represents the acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency's deferred inflows from pension and other postemployment benefits consist of differences between projected and actual experience. The Agency's deferred inflows from leases represents revenue which will be recognized over the life of lease agreement in which the Agency is a lessor.

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 conveyance and 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 nonoperating revenues and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

Pensions and Other Postemployment Benefits

The Agency recognizes net pension and total OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the Agency's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension and total OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and total OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Estimates

Preparation of the financial statements in accordance with U.S. GAAP 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

Recent Accounting Pronouncements

The Agency has implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* effective for periods beginning after June 15, 2022, was issued to reduce the diversity in practice of current reporting and to define subscription-based information technology arrangements by leveraging guidance in Statement No. 87, *Leases*. Under this statement, a user of subscription-based information technology arrangements (SBITAs) is required to recognize a subscription liability and an intangible right-to-use subscription asset. As a result of adopting this Statement, the Agency recorded right-to-use subscription assets and a subscription liability (see Note 13).

GASB has issued GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023, which has not yet been implemented by the Agency. This statement was issued to align the recognition and measurement guidance for compensated absences under a unified model and amend certain previously required disclosures.

GASB has issued GASB Statement No. 102, *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024, which has not yet been implemented by the Agency. This statement was issued to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

As of December 31, 2023, the Agency had the following cash and cash equivalents and investments:

	2023
Cash and cash equivalents:	
Checking and other cash	$ 15,564,554
Money markets - government obligations	57,337,321
Total cash and cash equivalents	$ 72,901,875
Investments:	
Government sponsored enterprises	$ 16,354,050
Certificates of deposit	1,229,137
U.S. Treasury notes	1,944,770
SC Local Government Investment Pool	1,148,823
Total investments	$ 20,676,780

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investment maturities are as follows as of December 31, 2023:

		Investment maturities (in years)	
Investment type	**Fair value**	**Less than 1 year**	**1 – 5 years**
Certificates of deposit	$ 1,229,137	$ 1,229,137	$ -
SC Local Government Investment Pool	1,148,823	1,148,823	-
U.S. agencies notes and bonds:			
Federal Home Loan Bank	8,743,550	5,902,990	2,840,560
Federal National Mortgage Association	1,879,940	-	1,879,940
Federal Home Loan Mortgage	1,865,920	-	1,865,920
Federal Farm Credit Bank	3,864,640	1,962,790	1,901,850
U.S. Treasury notes	1,944,770	993,790	950,980
Total	$ 20,676,780	$ 11,237,530	$ 9,439,250

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 the same are secured by Federal Deposit Insurance, and certificates of deposit 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 fair value not less than the amount of the certificates of deposit so secured, including interest.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

The Agency's investment policy follows state law and requires, at the time of investment, the obligor to have an unsecured credit rating in one of the top two categories. In addition, state law authorizes the Agency to invest in the South Carolina Local Government Investment Pool (LGIP). The LGIP was created by state legislation which restricts the types of securities the pool can purchase. Specifically, the pool is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States, if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The LGIP is a qualifying pool, which provides that it operates in a manner consistent with specified conservative investment strategies described in GASB Statement No. 79, *Certain External Investment Pool Participants*, and is accounted for at amortized cost. The LGIP is not rated. The total value of the pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at $1.00. The LGIP does not contain any restrictive redemption limitations. Funds may be deposited at any time and may be withdrawn upon 24-hours' notice. Financial statements for the LGIP may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

The Agency's investments at December 31, 2023, consist of LGIP shares, certificates of deposit, U.S. Treasury notes, and U.S. agencies notes and bonds. The U.S. Treasury notes and U.S. agencies notes and bonds were rated AA+ by Standard & Poor's and/or Aia by Moody's Investors Service as of December 31, 2023.

The Agency's cash and cash equivalents at December 31, 2023, consist of cash and money market accounts. Approximately $26.1 million of the money market funds are in First American Treasury Obligations Fund Class Y which is assigned the highest credit rating by Standard & Poor's, Moody's, and Fitch. The remaining balance of approximately $31.2 million is held in business money market accounts which are not currently rated but are collateralized.

Concentration of Credit Risk

In accordance with the Agency's investment policy, all investments must be allowable under the current state law. As a result, more than 5.0% of the Agency's investments are in government sponsored enterprises due to the limited type of investment instruments available under current state law. These investments are approximately 79% of the Agency's total investments at December 31, 2023.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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. As of December 31, 2023, all of the Agency's deposits were insured or collateralized using one of two methods. Under the dedicated method, all uninsured deposits are collateralized with securities held by the Agency's agents in the Agency's name. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agents in the name of the State Treasurer. Since the State Treasurer is acting in fiduciary capacity for the Agency, these deposits are considered to be held by the Agency's agents in the Agency's name.

Renewable Water Resources has the following recurring fair value measurements as of December 31, 2023:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Agencies:				
Federal Home Loan Bank	$ -	$ 8,743,550	$ -	$ 8,743,550
Federal National Mortgage Association	939,580	940,360	-	1,879,940
Federal Home Loan Mortgage	933,520	932,400	-	1,865,920
Federal Farm Credit Bank	-	3,864,640	-	3,864,640
U.S. Treasury notes	1,944,770	-	-	1,944,770
Total investments measured at fair value	$ 3,817,870	$ 14,480,950	$ -	18,298,820
Investments not subject to level disclosure				
SC Local Government Investment Pool				1,148,823
Certificates of Deposit				1,229,137
Total investments				$ 20,676,780

The U.S. Agencies Securities and the U.S. Treasury Notes investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for identical assets. The U.S. Agencies investments classified in Level 2 of the fair value hierarchy are valued using pricing matrix technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 3. RECEIVABLES

Customer and other accounts receivables as of December 31, 2023, were as follows:

		2023
Fees and services:		
Domestic and commercial customers	$	13,947,282
Industrial customers		1,632,543
Total receivables from fees		15,579,825
Less: allowance for uncollectible accounts		(400,000)
Net receivables from fees		15,179,825
Accrued interest on cash equivalents and other receivables		1,802,921
Total receivables	$	16,982,746

NOTE 4. RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

Provisions of the revenue bond and state revolving loan covenants 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:

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

- **Operations and maintenance -** restricts resources to cover operating and maintenance expenses for one month.

Restricted cash and cash equivalents at December 31, 2023, are restricted for the following uses:

		2023
Current principal and interest payments	$	26,121,939
Operations and maintenance		4,557,930
Total restricted assets	$	30,679,869

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets from December 31, 2022, to December 31, 2023, follows below:

	December 31, 2022	Additions	Disposals	December 31, 2023
Capital assets not being depreciated:				
Construction in progress	$ 108,546,667	$ 78,794,503	$ 42,003,257	**$ 145,337,913**
Land	7,755,365	81,535	-	**7,836,900**
Rights-of-way	3,870,063	205,000	1,500	**4,073,563**
Total capital assets not being depreciated	120,172,095	79,081,038	42,004,757	**157,248,376**
Capital assets being depreciated:				
Buildings and land improvements	406,567,546	2,561,192	1,143,416	**407,985,322**
Collection and trunk lines	471,064,417	17,933,238	-	**488,997,655**
Machinery and equipment	118,425,258	22,174,799	339,545	**140,260,512**
Office furniture and equipment	8,440,376	535,640	-	**8,976,016**
Vehicles and heavy equipment	1,840,611	1,861,387	-	**3,701,998**
Other assets	3,292,045	378,313	-	**3,670,358**
Right-to-use equipment	1,765,000	-	-	**1,765,000**
Right-to-use software	-	1,251,487	-	**1,251,487**
Total capital assets being depreciated	1,011,395,253	46,696,056	1,482,961	**1,056,608,348**
Less: accumulated depreciation:				
Buildings and land improvements	233,861,318	14,016,955	498,580	**247,379,693**
Collection and trunk lines	181,422,792	12,053,462	-	**193,476,254**
Machinery and equipment	54,989,754	7,750,873	229,270	**62,511,357**
Office furniture and equipment	4,386,003	2,070,226	-	**6,456,229**
Vehicles and heavy equipment	309,298	370,632	-	**679,930**
Other assets	1,037,974	1,115,187	-	**2,153,161**
Right-to-use equipment	280,146	197,750	-	**477,896**
Right-to-use software	-	104,291	-	**104,291**
Total accumulated depreciation	476,287,285	37,679,376	727,850	**513,238,811**
Total capital assets being depreciated, net	535,107,968	9,016,680	755,111	**543,369,537**
Capital assets, net	$ 655,280,063	$ 88,097,718	$ 42,759,868	**$ 700,617,913**

NOTE 6. DEFEASANCE OF DEBT

From time to time the Agency defeases debt through the issuance of new debt with the proceeds deposited in an irrevocable trust to provide for all debt service payments of the old debt. Thus, the defeased debt and the irrevocable trust are not part of the financial statements. Outstanding principal amounts of defeased bonds totaled $11,875,000 at December 31, 2023.

Deferred Outflow of Resources from Defeasance Loss

When a difference exists between the reacquisition price and the net carrying amount of the old debt, a deferred loss or gain is recorded and classified in the respective deferred outflow or inflow of resources on the Statement of Net Position. This amount is amortized as a component of interest expense over the remaining life of the old debt or new debt, whichever is shorter. As of December 31, 2023, the Agency's defeasance loss net was $439,036.

Amortization of the defeasance loss for the year ended December 31, 2023, totaled $889,642.

Estimated future amortization expense is as follows:

Year ending December 31,	Amortization Expense
2024	$ 439,036
Total	$ 439,036

NOTE 7. REVENUE BONDS PAYABLE

At December 31, 2023, the Agency was obligated on various series of revenue bonds issued for purposes of constructing capital assets, with all but Series 2015A, 2017A, and 2022A revenue bonds being publicly traded debt. The Series 2015A, 2017A, and 2022A revenue bonds are direct placement. Revenue bonds outstanding at December 31, 2023, are as follows:

$13,465,000 Series 2015A refunding revenue bonds dated October 7, 2015, with annual principal payments ranging from $181,000 to $1,649,000 plus interest at 2.0% payable semi-annually through January 2025.	$ 4,520,000
$11,736,000 Series 2017A refunding revenue bonds dated March 14, 2017, with annual principal payments ranging from $141,000 to $2,387,000 plus interest at 2.1% payable semi-annually through March 2024.	2,387,000
$25,055,000 Series 2018A capital improvement bonds dated October 11, 2018, with principal payments ranging from $8,445,000 to $16,610,000 plus interest at 5.0% payable semi-annually through January 2025.	25,055,000
$22,445,000 Series 2020C refunding revenue bonds dated October 6, 2020, with annual principal payments ranging from $295,000 to $5,380,000 plus semi-annual interest payments at 4.0% to 5.0% payable through January 2031.	17,965,000
$23,730,000 Series 2020D refunding revenue bonds dated October 6, 2020, with annual principal payments ranging from $150,000 to $15,650,000 plus semi-annual interest payments at 0.4% to 1.0% payable through January 2024.	7,355,000
$120,000,000 Series 2022A revenue bonds dated September 8, 2022, with monthly interest payments at a variable rate of one month secured overnight financing rate (SOFR) multiplied by 81.5% plus .35% (4.7% at December 31, 2023) payable through the maturity date of September 1, 2026. The entire principal balance is due at maturity. Funds remaining to be drawn as of December 31, 2023, are $47,019,215.	72,980,785
Total revenue bonds payable	130,262,785
Premium on revenue bonds	2,872,252
Less: current maturities	24,739,134
Long-term portion	$108,395,903

NOTE 7. REVENUE BONDS PAYABLE (CONTINUED)

Amortization of bond premiums totaled $1,536,591 for the year ended December 31, 2023.

Future amounts required to pay principal and interest on revenue bonds outstanding at December 31, 2023, are as follows:

Year ending December 31,	Principal	Interest	Total
2024	$ 23,468,000	$ 5,436,994	$ 28,904,994
2025	23,639,000	4,521,050	28,160,050
2026	75,640,785	2,729,302	78,370,087
2027	2,795,000	284,575	3,079,575
2028	1,990,000	164,950	2,154,950
2029 - 2031	2,730,000	111,200	2,841,200
Total	$ 130,262,785	$ 13,248,071	$ 143,510,856

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% 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, and contingencies; and meet various other general requirements specified in the bond agreements. Management believes the Agency was in compliance with these covenants at December 31, 2023.

The outstanding bonds, as described above, contain a provision that upon the occurrence of an event of default, the Trustee, along with bond holders with not less than 25% of outstanding bond principal, can declare the outstanding bonds immediately due and payable. The portion of the outstanding bonds due and payable includes the entire principal amount outstanding, plus all interest accrued thereon and which will accrue thereon to the date of payment. Further, in such a default event, the Trustee may demand from the Agency, as promptly as practicable after receipt thereof, all gross revenues, as well as all moneys and securities held by the Agency or Bond Issuer under the respective Bond Resolutions in force.

The Series 2015A, Series 2017A, Series 2018A, Series 2020C, Series 2020D, and Series 2022A bonds are secured by a pledge of the gross revenues, net of operations and maintenance expenses, as defined in the 2010 Bond Resolution.

Interest expense on the revenue bonds totaled $5,000,714 for the year ended December 31, 2023. Interest paid on the debt issued by the Agency is exempt from federal income tax except for the Series 2020D refunding revenue bonds. The Agency may temporarily reinvest the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. At December 31, 2023, the Agency had no arbitrage rebate liability.

NOTE 8. STATE REVOLVING LOANS PAYABLE

At December 31, 2023, the Agency was obligated on various state revolving loans, constituting direct borrowing issued for purposes of constructing capital assets. State revolving loan amounts outstanding at December 31, 2023, are as follows:

	December 31
$4,572,731 FY15/16 Gravity Sewer and Manhole Rehabilitation loan dated March 25, 2016. Payable in quarterly installments of $49,400 including interest at 1.8%, through November 2046.	$ 3,714,705
$13,807,197 Richland Creek Trunk Sewer Improvements loan dated March 25, 2016. Payable in quarterly installments of $149,161 including interest at 1.8%, through July 2047.	11,509,834
$1,529,876 FY17 Gravity Sewer and Manhole Rehabilitation loan dated December 4, 2017. Payable in quarterly installments of $23,031 including interest at 1.9%, through July 2038.	1,182,615
$42,690,718 Reedy River Basin Sewer Tunnel loan dated December 4, 2017. Payable in 80-quarterly installments of $517,697 including interest at 1.9%, followed by 40-quarterly installments of $341,979 including interest at 2.4%, through April 2050.	38,143,149
$1,242,265 FY18 Gravity Sewer and Manhole Rehabilitation loan dated May 17, 2019. Payable in quarterly installments of $19,057 including interest at 2.1%, through July 2039.	1,019,979
$15,343,433 Lower Reedy WRRF Digester Capacity Evaluation and Improvements loan dated May 17, 2019. Payable in quarterly installments of $235,376 including interest at 2.1%, through May 2041.	13,758,107
$12,540,156 Rock Creek Interceptor Upgrade loan dated May 17, 2019. Payable in quarterly installments of $192,373 including interest at 2.1%, through January 2041.	11,111,133
$10,664,665 Unity Park Trunk Sewer Improvements loan dated May 19, 2020. Payable in quarterly installments of $165,140 including interest at 2.2%, through February 2041. Funds remaining to be drawn in 2024 are $1,352,343.	8,108,241
$3,181,988 Peppertree Pump Stations #1 and #2 Elimination loan dated June 30, 2021. Payable in quarterly installments of $47,451 including interest at 1.8%, through May 2042.	2,980,943
$2,184,315 Simpsonville B Pump Station Elimination loan dated June 30, 2021. Payable in quarterly installments of $31,959 including interest at 1.6%, through March 2042. Funds remaining to be drawn in 2024 are $160,427.	1,862,380
$8,246,000 Lower Reedy Odor Control Improvements loan dated June 9, 2023. Payable in quarterly installments of $119,500 including interest at 1.5%, through March 2044. Funds remaining to be drawn in 2024 are $2,189,329.	6,056,671

(continued)

NOTE 8. STATE REVOLVING LOANS PAYABLE (CONTINUED)

$3,488,161 Gravity Sewer and Manhole Rehabilitation loan dated June 9, 2023. Payable in quarterly installments of $50,147 including interest at 1.4%, through December 2043. Funds remaining to be drawn in 2024 are $882,701.	$ 2,605,460
$10,778,231 Lower Reedy Digester Improvements Phase II loan dated June 9, 2023. Payable in quarterly installments of $154,703 including interest at 1.4%, through January 2045. Funds remaining to be drawn in 2024 are $6,744,961.	4,033,270
$6,280,044 Gravity Sewer and Manhole Rehabilitation loan dated June 9, 2023. Payable in quarterly installments of $90,139 including interest at 1.4%, through June 2044. Funds remaining to be drawn in 2024 are $5,315,933.	964,111
Total state revolving loans payable	107,050,598
Less: current maturities	4,448,187
Long-term portion	$ 102,602,411

Interest expense on the state revolving loans totaled $1,936,176 for the year ended December 31, 2023.

Future amounts required to pay outstanding principal and interest on state revolving loans outstanding at December 31, 2023, are as follows:

Year ending December 31,	Principal	Interest	Total
2024	$ 4,448,187	$ 2,013,953	$ 6,462,140
2025	5,112,993	2,113,034	7,226,027
2026	5,326,664	2,054,067	7,380,731
2027	5,413,472	1,955,127	7,368,599
2028	5,238,611	1,781,563	7,020,174
2029 - 2033	27,397,416	7,342,798	34,740,214
2034 - 2038	27,669,991	4,313,787	31,983,778
2039 - 2043	15,501,017	1,851,131	17,352,148
2044 - 2048	9,265,035	746,731	10,011,766
2049 - 2050	1,677,212	30,352	1,707,564
Total	$ 107,050,598	$ 24,202,543	$ 131,253,141

NOTE 8. STATE REVOLVING LOANS PAYABLE (CONTINUED)

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 not later than one hundred and twenty (120) days after the close of each fiscal year, 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, 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 the Agency was in compliance with these covenants at December 31, 2023.

The state revolving loans are on parity with the bonds issued under the 2010 Bond Resolution. The state revolving loans are secured by a pledge of the gross revenues, net of operations and maintenance expenses, as defined in the 2010 Bond Resolution.

The outstanding revolving loans, as described above, contain a provision that, upon the occurrence of an event of default, the outstanding principal balance may be declared immediately due and payable. The portion of the outstanding revolving loans due and payable includes the entire principal amount outstanding, plus all interest accrued thereon and which will accrue thereon to the date of payment.

NOTE 9. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term debt, leases, subscription liabilities, compensated absences, total other postemployment benefits ("OPEB"), and net pension liability at December 31, 2022, to December 31, 2023, are as follows:

	December 31, 2022	Additions	Reductions	December 31, 2023	Due within One Year
Revenue bonds	$ 120,811,871	$ 33,309,914	$ 23,859,000	**$ 130,262,785**	$ 23,468,000
Lease liability	1,326,267	-	337,123	**989,144**	361,713
Subscription liability	-	1,251,486	68,623	**1,182,863**	327,383
State revolving loans	96,376,980	14,488,440	3,814,822	**107,050,598**	4,448,187
OPEB	21,345,212	1,433,357	4,667,567	**18,111,002**	-
Net pension liability	28,004,791	3,459,698	3,146,628	**28,317,861**	-
Subtotal	267,865,121	53,942,895	35,893,763	**285,914,253**	28,605,283
Premiums on bond issuance	4,408,843	-	1,536,591	**2,872,252**	1,271,134
Total	$ 272,273,964	$ 53,942,895	$ 37,430,354	**$ 288,786,505**	$ 29,876,417

NOTE 10. CONSTRUCTION CONTRACTS IN PROGRESS

At December 31, 2023, the Agency had commitments for various projects for the construction and acquisition of property and equipment. Construction in progress is included in capital assets along with land and land improvements, buildings, collection and trunk lines, machinery and equipment, office furniture, vehicles, and heavy equipment. The following summarizes construction contracts in progress at December 31, 2023, on which significant additional work is to be performed:

Project name	Contract amount	Total contract incurred	Balance to be performed
Biosolids Cake Storage	$ 1,871,984	$ 1,168,791	$ 703,193
Conestee Improvements	1,624,466	987,065	637,401
Enoree River Gravity Upgrade	1,711,406	1,115,217	596,189
FY22 Rehab	6,676,162	2,688,870	3,987,292
Georges Chemical Feed & Polymer System Improvements	3,609,693	2,437,043	1,172,650
HWY 101 and HWY 146 Basin Improvements	5,965,520	4,084,612	1,880,908
LR Digester Complex Improvements Ph II	10,786,888	5,681,046	5,105,842
LR Odor Control	8,436,186	7,479,409	956,777
Miscellaneous Basin Master Planning	654,958	97,175	557,783
MR Bioreactor Equipment Replacement	1,571,963	219,068	1,352,895
MR Innovation Campus	1,614,391	889,398	724,993
MR Main Switchgear Replacement	3,774,554	155,918	3,618,636
Payne Branch Basin Ph I	11,368,724	10,494,089	874,635
Pelham Primary Sludge Pump Replacement	1,981,341	1,369,927	611,414
ReCOM	1,303,007	568,009	734,998
Rocky Creek PS & FM Upgrade	9,532,911	8,746,533	786,378
Swamp Rabbit Trunk Gravity Upgrade 1	1,992,368	811,574	1,180,794
Towns of Pelzer/West Pelzer Sewer Consolidation	1,996,779	277,886	1,718,893
Travelers Rest North Regional PS	11,441,355	10,867,454	573,901
Wet Weather Program	11,150,659	9,934,237	1,216,422
Total	$ 99,065,315	$ 70,073,321	$ 28,991,994

NOTE 11. LEASE AS LESSEE

The Agency leases various assets under a noncancelable lease. The Agency determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Renewal and termination clauses are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by the Agency.

The Agency's lease agreement does not contain any material residual value guarantees or material restrictive covenants. The Agency does not have leases where it is involved with the construction or design of an underlying asset.

The following is a schedule summarizing the lease terms for the lease agreement held by the Agency at December 31, 2023:

	Length of lease	Implicit rate	Lease liability
Asset Lease	60 months	7.06%	$ 989,144

NOTE 11. LEASE AS LESSEE (CONTINUED)

Right-of-Use (ROU) assets are included with capital assets on the statement of net position, and amortization of the ROUs is included with depreciation expense. The following is a schedule summarizing the ROU assets held by the Agency and related amortization for the year ended December 31, 2023:

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023
Right-to-use assets:				
Heavy equipment	$ 1,320,000	$ -	$ -	**$ 1,320,000**
Equipment	310,000	-	-	**310,000**
Vehicles	135,000	-	-	**135,000**
Total right-to-use assets	1,765,000	-	-	**1,765,000**
Less accumulated amortization for:				
Heavy equipment	(187,000)	(132,000)	-	**(319,000)**
Equipment	(54,896)	(38,750)	-	**(93,646)**
Vehicles	(38,250)	(27,000)	-	**(65,250)**
Total amortization	(280,146)	(197,750)	-	**(477,896)**
Right-to-use assets, net	$ 1,484,854	$ (197,750)	$ -	**$ 1,287,104**

Future lease payments as of December 31, 2023, are as follows:

Years Ending December 31,	Principal	Interest	Total
2024	$ 361,713	$ 58,287	$ 420,000
2025	388,097	31,903	420,000
2026	239,334	5,666	245,000
	$ 989,144	$ 95,856	$ 1,085,000

NOTE 12. LEASE AS LESSOR

In February 2022 the Agency, as a lessor, entered into an agreement with a tenant, the lessee, to lease space in one of the Agency's buildings. The lease calls for a term of five years commencing February 2022. The lease does not include options for renewing the lease nor may either party terminate the lease. In accordance with the provisions of GASB Statement No. 87, the lease was measured as of February 2022 with a lease term of five years and a rate of 0.39%, the Agency's incremental borrowing rate based on benchmarks and spreads on the recent borrowings.

Rental payments of $6,042 are payable monthly. The Agency collected $72,500 from the tenant for the year ended December 31, 2023, which includes $71,464 in lease revenue and $1,036 in lease interest revenue. At December 31, 2023, the Agency recorded a receivable balance of $226,427 and deferred inflows of $226,427 related to this agreement.

NOTE 13. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Agency has entered into a noncancellable SBITA as the lessee for various right-to-use subscription assets. Right-to-use subscription assets and subscriptions liabilities are recognized at the commencement date based on the present value of the future minimum payments over the contract term. Renewal and termination clauses are factored into the determination of the term if it is reasonably certain that these options would be exercised by the Agency. Right-to-use subscriptions are amortized over the term. In order to determine the present value of payments, the Agency uses the rate implicit in the lease when it is readily determinable.

The following is a schedule summarizing the SBITA terms for the SBITA agreement held by the Agency at December 31, 2023:

	Length of SBITA	Implicit rate	Subscription liability
Subscription Asset	36 months	5.30%	$ 1,182,863

The following is a schedule summarizing the right-to-use subscriptions held by the Agency and related amortization for the year ended December 31, 2023:

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023
Right-to-use assets:				
Software	$ -	$ 1,251,487	$ -	**$ 1,251,487**
Total right-to-use assets	-	1,251,487	-	**1,251,487**
Less accumulated amortization for:				
Software	-	(104,291)	-	**(104,291)**
Total amortization	-	(104,291)	-	**(104,291)**
Right-to-use assets, net	$ -	$ 1,147,196	$ -	**$ 1,147,196**

Future minimum lease payments as of December 31, 2023, are as follows:

Years ending December 31,	Principal	Interest	Total
2024	$ 327,383	$ 45,512	$ 372,895
2025	399,166	24,276	423,442
2026	456,314	-	456,314
	$ 1,182,863	$ 69,788	$ 1,252,651

NOTE 14. COMPENSATED ABSENCES

Full-time employees of the Agency accumulate vacation benefits at one to two days per month, based on length of service, up to 24 days per year. Annual leave in excess of 36 days at December 31 of each year is forfeited. Annual leave earned up to 36 days is paid to employees upon separation from employment. Accrued vacation benefits totaled $997,191 at December 31, 2023.

	December 31, 2022	Additions	Reductions	December 31, 2023	Due within One Year
Compensated absences	$ 890,851	$ 1,103,498	$ 997,158	**$ 997,191**	$ 997,191

NOTE 15. RETIREMENT PLAN

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

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

NOTE 15. RETIREMENT PLAN (CONTINUED)

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

Plan Description

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

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

NOTE 15. RETIREMENT PLAN (CONTINUED)

Plan Benefits (Continued)

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board would increase the employer contributions rates as necessary to meet the funding periods set for the applicable year.

NOTE 15. RETIREMENT PLAN (CONTINUED)

Plan Contributions (Continued)

Pension reform legislation modified statutes such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period for 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

Required employer and employee contribution rates for the past two years are as follows:

	SCRS			
	2022		2023	
	1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31
Employer Rate:				
Retirement	16.41%	17.41%	17.41%	18.41%
Incidental Death	0.15%	0.15%	0.15%	0.15%
	16.56%	17.56%	17.56%	18.56%
Employee Rate	9.00%	9.00%	9.00%	9.00%

The Agency’s employer contributions to the SCRS plan during 2023 amounted to $2,738,735.

Actuarial Assumptions and Methods

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

The June 30, 2023, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2022. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems.

NOTE 15. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023.

	SCRS
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)
Includes inflation at	2.25%
Benefit adjustments	lesser of 1.0% or $500 annually

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

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

NOTE 15. RETIREMENT PLAN (CONTINUED)

Long-term Expected Rate of Return (Continued)

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	**46.0%**	6.62%	3.04%
Bonds	**26.0%**	0.31%	0.08%
Private Equity	**9.0%**	10.91%	0.98%
Private Debt	**7.0%**	6.16%	0.43%
Real Assets	**12.0%**		
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
	100.0%		
Total expected return			5.31%
Inflation for actuarial purposes			2.25%
			7.56%

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2023 measurement date, for the SCRS, are presented in the following table:

Total pension liability	$ 58,464,402,454
Plan fiduciary net position	34,286,961,942
Employers' net pension liability	$ 24,177,440,512
Plan fiduciary net position as a percentage of the total pension liability	58.6%
Renewable Water Resources's proportionate share of the collective net pension liability	0.117125%

NOTE 15. RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

At December 31, 2023, the Agency reported a liability of $28,317,861 for its proportionate share of the NPL for the SCRS. The NPL was measured as of June 30, 2023, and the TPL for the Plan used to calculate the NPL was determined based on the most recent actuarial valuation report of July 1, 2022, that was projected forward to the measurement date. The Agency's proportion of the NPL was based on a projection of the Agency's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2023 measurement date, the Agency's SCRS proportion was 0.117125 percent, which was an increase of 0.001604 from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Agency recognized pension expense of approximately $2,506,000 for the SCRS plan. At December 31, 2023, the Agency reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 491,647	$ 78,530
Changes of assumptions	433,870	-
Net difference between projected and actual earnings on pension plan investments	-	38,761
Changes in proportion and differences between Agency's contributions and proportionate share of contributions	502,094	636,940
Agency contributions subsequent to the measurement date	1,431,942	-
Total	$ 2,859,553	$ 754,231

NOTE 15. RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

$1,431,942 is reported as deferred outflows of resources related to the Agency's contributions subsequent to the measurement date to the SCRS plan and will be recognized as a reduction of the NPL in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year ending December 31,		
2024	$	492,711
2026		(703,517)
2026		900,796
2027		(16,610)
Total	$	673,380

Discount Rate

The discount rate used to measure the TPL was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents The Agency's proportionate share of the NPL calculated using the discount rate of 7 percent, as well as what the employer's NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate		
1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 36,589,376	$ 28,317,861	$ 21,442,862

NOTE 15. RETIREMENT PLAN (CONTINUED)

Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS. The ACFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Deferred Compensation Plan

The Agency offers its employees multiple deferred compensation plans, created in accordance with Internal Revenue Code Sections 401(k) and 457, which are administered and controlled by the state of South Carolina. The plans, available to all the Agency employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. Certain employees of the Agency have elected to participate. Compensation deferred under the plans is placed in trust for the contribution employee. Empower Retirement is the program administrator of the plans based on the current state contract.

NOTE 16. POSTEMPLOYMENT

Plan Description

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 South Carolina State Health Plan.

Benefits

The Agency contributes up to 81.3% of the monthly premium for retirees and covered dependents based on the selected healthcare Plan. The amount contributed by the Agency is determined by PEBA. 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.

NOTE 16. POSTEMPLOYMENT (CONTINUED)

Plan Membership

As of June 30, 2022, the date of the last actuarial valuation, the following employees were covered by the OPEB Plan's benefit terms:

Inactive Plan members or beneficiaries currently receiving benefits	97
Active Plan members	177
Total Plan members	274

Actuarial Assumptions and Methods

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:

Actuarial cost method	Individual Entry Age Normal
Discount rate	3.86% (June 30, 2023 measurement date)
Healthcare cost trend rate:	Initial rate of 6.00% declining to an ultimate rate of 4.00% after 13 years.
Experience studies	Based on the experience study covering the five-year period ending June 30, 2019, as conducted for the SCRS.
Inflation rate	2.25%
Salary increase:	3.00% to 9.50%, including inflation
Participation rate:	90% for eligible retirees
Mortality	For healthy retirees, the gender-district South Carolina Retirees 2020 Mortality Tables are used with males rates multiplied by 97% and female rates multiplied by 107%. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.

NOTE 16. POSTEMPLOYMENT (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the Agency's total OPEB liability to changes in the discount rate, calculated using the discount rate of 3.86%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.86%) or 1% point higher (4.86%) than the current rate:

	Discount Rate		
	1.00% Decrease	**Baseline 3.86%**	**1.00% Increase**
OPEB Plan	$ 20,801,082	$ 18,111,002	$ 15,920,299

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the Agency's total OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current rate:

	Healthcare Cost Trend Rate		
	1.00% Decrease	**Baseline 6.00%**	**1.00% Increase**
OPEB Plan	$ 15,474,156	$ 18,111,002	$ 21,448,933

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The Agency's total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

	December 31
Service cost	$ 648,217
Interest on OPEB obligation	785,140
Difference between expected and actual experience	(3,465,409)
Changes in assumptions	(418,546)
Benefit payments	(783,612)
Net change in OPEB obligation	(3,234,210)
OPEB obligation, beginning of year	21,345,212
OPEB obligation, end of year	$ 18,111,002

NOTE 16. POSTEMPLOYMENT (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

For the year ended December 31, 2023, the Agency recognized OPEB expense of approximately $545,352. At December 31, 2023, the Agency reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 235,111	$ 3,163,634
Changes in assumptions	3,197,416	6,621,704
Contributions subsequent to the measurement date	389,988	-
	$ 3,822,515	$ 9,785,338

Amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

2024	$ (888,015)
2025	(875,762)
2026	(995,881)
2027	(1,272,582)
2028	(1,645,273)
Thereafter	(675,298)
Total	$ (6,352,811)

Discount Rate

Pursuant to GASB 75, for unfunded plans the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer 20-Bond GO index is often cited as an appropriate benchmark. That index was 3.68% on June 30, 2023, and was used to measure the total OPEB liability as of the June 30, 2023 measurement date.

NOTE 17. COMMITMENTS

The Agency has contracted with 10 local water utilities which have common customers to provide billing and collection functions. The most significant is with the Commissioners of the Public Works of the City of Greenville, South Carolina. The fee charged is subject to adjustment annually based upon experience. The cost to the Agency for the year ended December 31, 2023, was $3,315,179, which is included in administration operating expenses on the accompanying Statement of Revenues, Expenses, and Changes in Net Position. For the year ending December 31, 2024, billing charges to the Agency are estimated to cost approximately $3,389,176.

The Agency has agreed to fund certain future capital projects on behalf of affiliate systems. The future maximum commitment is $75 million over a 15-year period, with an annual maximum commitment of $6 million. The maximum lifetime and annual commitment is to be reduced by anticipated grant funding, the total of which to be received is not yet determinable at December 31, 2023.

NOTE 18. CONTINGENCIES

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 19. 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 reputable insurance providers and manages 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 year ended December 31, 2023. The Agency believes the amount of actual or potential claims as of December 31, 2023 will not materially affect the financial condition of the Agency.

NOTE 20. SUBSEQUENT EVENTS

During January, February, and through March 19 2024, the Agency executed or amended 16 contracts approximating $44 million primarily for capital projects.

Required Supplementary Information

RENEWABLE WATER RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN AGENCY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018
Service cost	$ 648,217	$ 1,333,564	$ 1,173,921	$ 880,678	$ 719,921	$ 804,621
Interest on the total OPEB liability	785,140	558,307	615,488	683,240	704,663	667,597
Difference between expected and actual experience of the total OPEB liability	(3,465,409)	86,630	247,485	59,499	(595,133)	(53,461)
Changes of assumptions	(418,546)	(8,653,794)	2,604,349	2,223,335	2,068,201	(168,926)
Benefit payments	(783,612)	(782,378)	(746,709)	(653,624)	(576,585)	(412,174)
Net change in total OPEB liability	(3,234,210)	(7,457,671)	3,894,534	3,193,128	2,321,067	837,657
Total OPEB liability - beginning	21,345,212	28,802,883	24,908,349	21,715,221	19,394,154	18,556,497
Total OPEB liability - ending	$ 18,111,002	$ 21,345,212	$ 28,802,883	$ 24,908,349	$ 21,715,221	$ 19,394,154
Covered-employee payroll	$ 13,098,648	$ 14,730,245	$ 14,436,712	$ 14,828,638	$ 13,541,854	$ 13,170,405
Total OPEB liability as a % of covered-employee payroll	138.27%	144.91%	199.51%	167.97%	160.36%	147.26%

* Information is presented for the years for which information is available

Notes to Schedule

Changes of assumptions reflect the effects of changes in the discount rate and health care trend rate each period.

The following are the discount rates used in each period:

2023	3.86%
2022	3.69%
2021	1.92%
2020	2.45%
2019	3.13%
2018	3.62%

The following are the health care trend rates used in each period:

2023	Initial rate of 6.00% declining to an ultimate rate of 4.00% after 13 years.
2022	Initial rate of 6.00% declining to an ultimate rate of 4.00% after 15 years.
2021	Initial rate of 6.00% declining to an ultimate rate of 4.15% after 15 years.
2020	Initial rate of 6.40% declining to an ultimate rate of 4.00% after 16 years.
2019	Initial rate of 6.40% declining to an ultimate rate of 4.15% after 15 years.
2018	Initial rate of 6.75% declining to an ultimate rate of 4.15% after 14 years.

There are no assets accumulated in an irrevocable trust to pay related benefits.

RENEWABLE WATER RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED DECEMBER 31,

Fiscal year	Agency's proportion of net pension liability	Agency's proportionate share of the net pension liability	Agency's total payroll	Agency's proportionate share of the net pension liability as a percentage of total payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.117125%	$ 28,317,861	$ 14,549,264	194.6%	58.6%
2022	0.115521	28,004,791	13,716,469	204.2	57.1
2021	0.121354	26,262,465	14,068,285	186.7	60.7
2020	0.117095	29,919,764	13,534,813	221.1	50.7
2019	0.122266	27,918,387	13,208,153	211.4	54.4
2018	0.122396	27,424,970	12,677,569	216.3	54.1
2017	0.121972	27,457,859	12,276,416	223.7	53.3
2016	0.125092	26,719,467	12,109,581	220.6	52.9
2015	0.123507	23,423,698	11,960,378	195.8	57.0
2014	0.126513	21,781,344	11,961,237	182.1	59.9

The assumptions used in the preparation of the above schedule are disclosed in Note 15 to the financial statements.

RENEWABLE WATER RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS - SOUTH CAROLINA RETIREMENT SYSTEM
FOR THE YEARS ENDED DECEMBER 31,

Fiscal year [1]	Actuarial required contribution	Actual contributions	Contribution deficiency (excess)	Agency's total payroll	Contributions as a percentage of total payroll
2023	$ 2,738,684	$ 2,738,684	$ -	$ 15,156,035	18.1%
2022	2,345,256	2,345,256	-	14,625,159	16.0
2021	2,230,010	2,230,010	-	14,647,918	15.2
2020	2,156,149	2,156,149	-	14,754,180	14.6
2019	1,942,662	1,942,662	-	13,535,656	14.4
2018	1,793,576	1,793,576	-	13,314,563	13.5
2017	1,448,857	1,448,857	-	12,926,984	11.2
2016	709,222	709,222	-	6,124,376	11.6
2016	1,339,320	1,339,320	-	12,109,581	11.1
2015	1,262,243	1,262,243	-	11,960,378	10.6

The assumptions in the preparation of the above schedule are as follows:

System	SCRS
Calculation date	July 1, 2021
Actuarial cost method	Entry Age Normal
Asset valuation method	5-year Smoothed
Amortization method	Level % of pay
Amortization period	26 years maximum, closed period period
Investment return	7.25%
Inflation	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service.
Mortality	The 2020 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale UMP from the year 2020. Male rates multiplied by 97% for non-educators and 95% for educators. Female rates multiplied by 107% for non-educators and 94% for educators.

[1] Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 fiscal year end.

Compliance Section

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**To the Board of Commissioners
of Renewable Water Resources
Greenville, South Carolina**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **Renewable Water Resources** (the "Agency") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 19, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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 or significant deficiencies may exist that have not been identified.

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Report on 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 financial statements. 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.

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 19, 2024