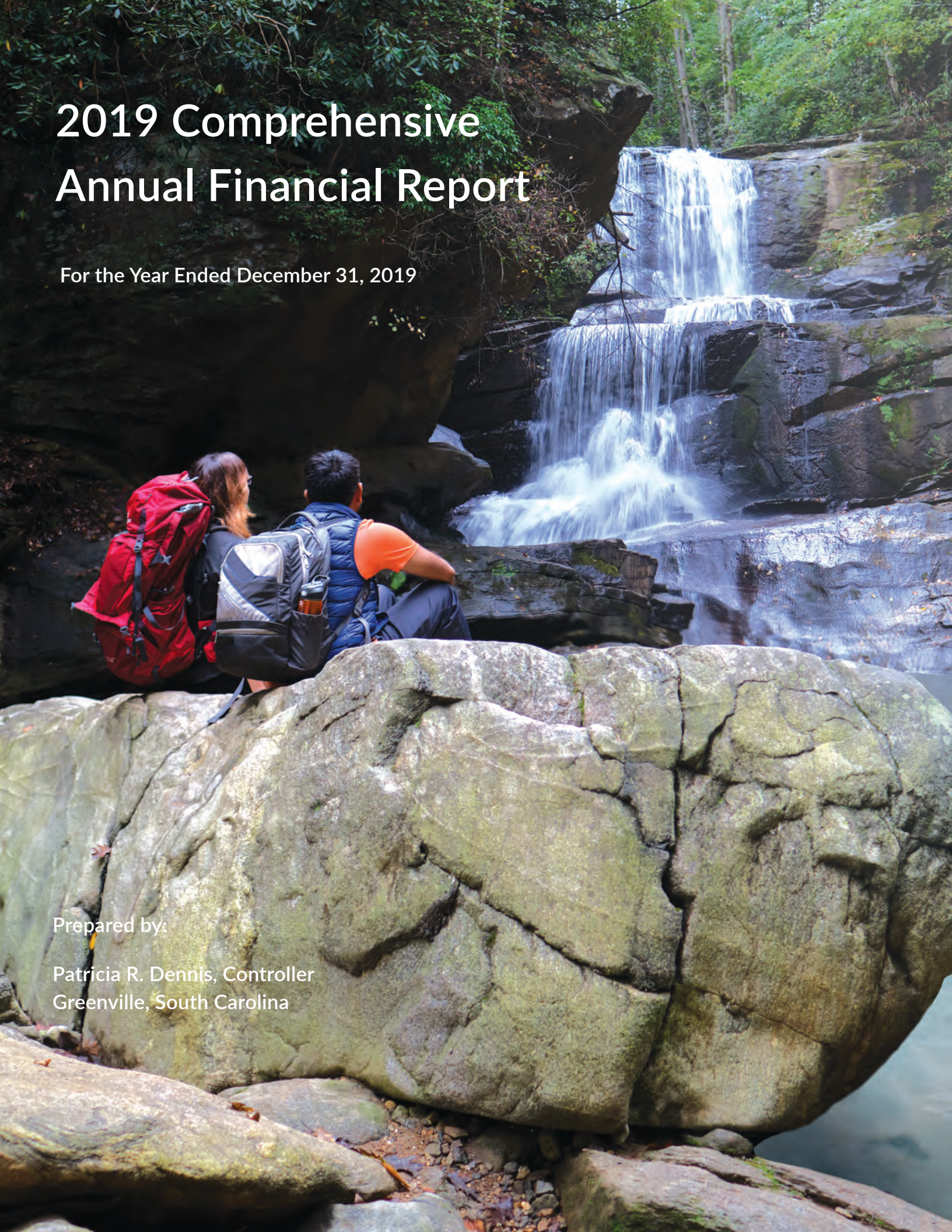
2019 Comprehensive Annual Financial Report

For the Year Ended December 31, 2019

That's Purely ReWa®
renewable water resources
GREENVILLE, SOUTH CAROLINA

2019 Comprehensive Annual Financial Report

For the Year Ended December 31, 2019



Prepared by:

Patricia R. Dennis, Controller
Greenville, South Carolina

RENEWABLE WATER RESOURCES
GREENVILLE, SOUTH CAROLINA
TABLE OF CONTENTS

I. INTRODUCTION	**Reference**	**Page**
Service Area		I
GFOA Certificate of Achievement		II
Letter of Transmittal		III – XII
Board of Commissioners and Leadership		XIII
Organizational Structure		XIV
II. FINANCIAL		
Financial Statements and Supplemental Information		
Report of Independent Auditor		1 – 2
Management's Discussion and Analysis		3 – 12
Basic Financial Statements		
Statement of Net Position		13
Statement of Revenues, Expenses and Changes in Net Position		14
Statement of Cash Flows		15 – 16
Notes to Financial Statements		17 – 45
Required Supplementary Information		
Schedule of Funding Progress – Other Postemployment Benefits		46
Schedule of Agency's Proportionate Share of the Net Pension Liability		47
Schedule of Agency's Pension Contribution		48

RENEWABLE WATER RESOURCES
GREENVILLE, SOUTH CAROLINA
TABLE OF CONTENTS
(continued)

III. STATISTICAL	**Reference**	**Page**
Statistical Section		
Financial Trends		
Schedule of Net Position	Exhibit 1	49
Schedule of Revenues, Expenses and Changes in Net Position	Exhibit 2	50
Schedule of Operation and Maintenance Expenses	Exhibit 3	51
Revenue Capacity		
Schedule of Revenue Statistics	Exhibit 4	52
Debt Capacity		
Schedule of Long-Term Debt	Exhibit 5	53
Long-Term Debt Obligation (Excluding Premiums)	Exhibit 6	54
Schedule of Bond Coverage	Exhibit 7	55
Ratio of Total Operating Expenses to Total Debt Service	Exhibit 8	56
Ratio of Assessed Value Per Capita and General Obligation Debt Balance	Exhibit 9	57
Outstanding General Obligation Bonds – Greenville County and Surrounding Municipalities	Exhibit 10	58
Demographic and Economic		
Ten Largest Employers in 2019	Exhibit 11	59

RENEWABLE WATER RESOURCES
GREENVILLE, SOUTH CAROLINA
TABLE OF CONTENTS
(continued)

III. STATISTICAL (continued)	**Reference**	**Page**
Summary of Demographic and Economic Statistics	Exhibit 12	60
Operating		
Employees by Function	Exhibit 13	61
Length of Gravity Line Serving Water Resource Recovery Facilities (in feet)	Exhibit 14	62
Summary of Water Resource Recovery Facility Flows in Million Gallons Per Day (MGD)	Exhibit 15	63
Miscellaneous Statistics	Exhibit 16	64
Pump Stations and Industrial User Statistics	Exhibit 17	65
Schedule of Funding Sources for Capital Projects	Exhibit 18	66
Solids Generated and Method of Disposal (Dry Tons Per Year)	Exhibit 19	67
IV. SINGLE AUDIT		
Report of Independent Auditor 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*		68 – 69
Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		70 – 71
Schedule of Findings and Questioned Costs		72 – 73
Summary Schedule of Prior Year Audit Findings		74
Schedule of Expenditures of Federal Awards		75

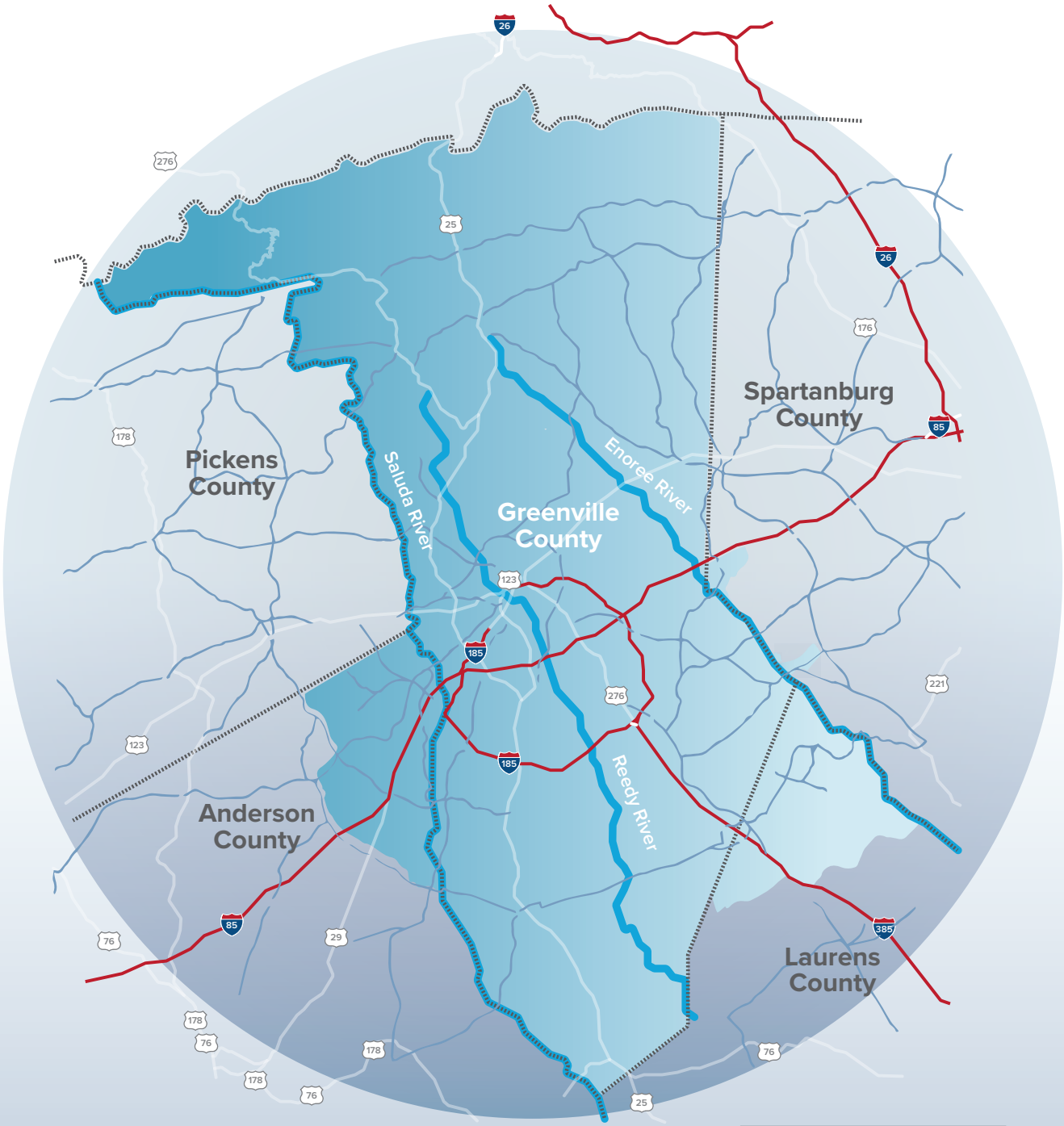
RENEWABLE WATER RESOURCES
GREENVILLE, SOUTH CAROLINA
TABLE OF CONTENTS
(continued)

IV. SINGLE AUDIT (continued)	**Reference**	**Page**
Notes to Schedule of Expenditures of Federal Awards		76

INTRODUCTION


200 mL
KIMAX®
KIMBLE USA
NO. 14020
APPROXIMATE VOLUMES

SERVICE AREA



N

0 15,000 30,000 Feet

This map is a product of ReWa. Reasonable efforts have been made to ensure the accuracy of this map. ReWa expressly disclaims any responsibility or liability for this map.

Legend

- ReWa Service Area
- Interstates
- US Highways
- SC Highways
- County Lines
- Rivers

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Renewable Water Resources
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

March 11, 2020

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

The management and staff of Renewable Water Resources (the "Agency" or "ReWa") are pleased to present the Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2019.

The CAFR consists of management's representations concerning the finances of the Agency for the fiscal year ended December 31, 2019. Accordingly, management assumes full responsibility for the accuracy and completeness of the information provided in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft or misuse, and to compile sufficient, reliable information for the preparation of the Agency's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Since the cost of internal controls should not outweigh the benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert to the best of our knowledge and belief that this financial report is complete and reliable in all material respects.

The Agency's Board of Commissioners (the "Commission") requires an annual audit by an independent firm of certified public accountants. Cherry Bekaert LLP performed this function and conducted the engagement in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Cherry Bekaert LLP concluded,

based upon the audit, there was a reasonable basis for rendering an unmodified opinion on the Agency's financial statements for the fiscal year ended December 31, 2019. Management's Discussion and Analysis ("MD&A"), as required by GAAP, serves as an introduction to the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Agency's MD&A can be found in the financial section of this report.

PROFILE OF THE AGENCY

The Agency is a special purpose district originally created in 1925 under the name of the "Greater Greenville Sewer District" by Act No. 362 of the Acts of the General Assembly of the State of South Carolina. As originally constituted, Act No. 362 provided for the Greater Greenville Sewer District to be governed by a commission known as the "Greater Greenville Sewer District Commission." In 1926, by Act No. 784, the Commission of the Greater Greenville Sewer District was empowered "to establish, extend, enlarge, maintain, conduct and operate sewer systems, sewer lines and sewer mains; to make any and all regulations which they consider necessary to effectuate this Act; and generally to do all things necessary to create and maintain a sewerage system in the District." The name, Greater Greenville Sewer District, was changed to Western Carolina Regional Sewer Authority by Act No. 393 of 1974 and was subsequently changed to Renewable Water Resources by Act No. 102 of 2009. In 2010, by Act No. 311, the Agency's authority was expanded to use, market and set rates related to the generation of goods and energy derived from by-products of the treatment process and alternate sources. In 2016, Act No. 298 expanded the Agency's retail, trunk and treatment service area in Greenville County to the North Carolina border. Act No. 284 of 2018 expanded the Agency's service area to include Spartanburg County's Enoree Basin. In 2019, the Agency acquired existing retail collection, trunk and treatment assets in the northern portion of Greenville County; as well as, retail collection assets in the northeast portion of Anderson County. The Agency's activities are accounted for as an enterprise fund, and costs are recovered through user fees.

The Agency is the largest wastewater trunk and treatment provider in the region, serving much of Greenville County and portions of Anderson, Laurens, Pickens and Spartanburg Counties which are commonly referred to as the Upstate. The Saluda River, Reedy River, Enoree River and Tyger River basins are the four drainage basins in the Agency's service area. Wastewater within the region is

collected from 17 public partners that construct and maintain approximately 2,400 miles of sewer retail collection lines and with the acquisitions, referenced previously, ReWa now owns and maintains approximately 54 miles of sewer collection lines. These collection lines connect into the Agency's 343-mile interceptor system. The Agency owns and operates nine water resource recovery facilities ("WRRF") which treat an average flow of 44 million gallons per day.

An eleven-member Commission governs the Agency. The Governor, upon the recommendation of the respective county legislative delegation, appoints each member of the Commission to a four-year term. Seven members are residents of Greenville County, two members are required to live in Spartanburg County and the remaining two are required to live in Anderson and Laurens Counties, respectively.

The Agency is dedicated to enhancing the quality of life and economic growth in its service area by providing quality wastewater treatment services. In addition to providing wastewater treatment services, the Agency is focused on long-term sustainability strategies such as generating renewable products from methane gas and biosolids, which are by-products of the treatment process.

FACTORS AFFECTING FINANCIAL CONDITION

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

Regional Economy

The City of Greenville is centrally located within Greenville County and is in the largest metropolitan statistical area in South Carolina. Greenville County is strategically located on the I-85 corridor between Atlanta and Charlotte, one of the fastest growing corridors in the country. Greenville has become an established coordination center for east coast transportation, offering a multitude of transportation options with convenient access to air, interstate and railways. The Inland Port Greer opened in October 2013 and has experienced steady growth annually. The inland port extends the Port of Charleston's reach 212 miles inland; boosting efficiency for international freight movements between the Port of Charleston and companies located across the Southeast. During 2019, the South

Carolina Port Authority published an Economic Impact Study which reported that it has an annual economic benefit of $63.4 billion on the State of South Carolina of which 51.8% or $32.8 billion benefits the Upstate annually.

For many years now, Greenville has accumulated accolades and generated national recognition. The attention has ranged from our progressive government and favorable business climate to our vibrant downtown. In recent years, Greenville has emerged as a travel destination citing an alluring Main Street lined with boutiques, foodie restaurants, art galleries, acclaimed theatres and a baseball stadium.

Greenville is known to have a progressive local government, which has formed partnerships with companies and universities to promote economic development. One of the most prominent partnerships is Clemson University's International Center of Automotive Research ("CU-ICAR"), the result of a combined effort among BMW, Michelin North America, the City of Greenville, the State of South Carolina and others. The $250 million investment in the 250-acre advanced-technology campus, located within the city limits of Greenville, was designed to bridge the gaps between research, technology and commercial application. CU-ICAR is composed of five technology neighborhoods, each designed uniquely for optimizing an innovative and collaborative environment. Additionally, the South Carolina Technology and Aviation Center ("SCTAC"), a 2,600-acre campus jointly owned by the City of Greenville and Greenville County, boasts tenants such as 3M, Cytec Carbon Fibers, Lockheed Martin, Michelin and Stevens Aviation.

Greenville is committed to strategic planning and is regarded as an innovative and entrepreneurial leader in South Carolina. Companies continue to be attracted to Greenville's pro-business attitude, location and workforce quality. In fact, Greenville has earned the reputation as one of the top metropolitan areas in the world for engineering talent per capita and over 100 international companies have a major presence in Greenville. During 2019, the Greenville Area Development Corporation announced 30 expansions and/or relocations, representing an estimated investment of $401.8 million and creating approximately 2,178 high-paying jobs.

As of December 2019, Greenville County's unemployment rate, not seasonally adjusted, was 2.0%. Greenville's unemployment rate remains lower than South Carolina's overall rate of 2.4%, which can be attributed to Greenville's economic development strategy.

Industry

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

- Is subject to National Categorical Treatment Standards
- Discharges a minimum average of 25,000 gallons per day of process wastewater to the Public Owned Treatment Works ("POTW")
- Discharges five percent or more of any design or treatment capacity of the POTW
- Is found by the Agency, the South Carolina Department of Health & Environmental Control, or the U.S. Environmental Protection Agency to have a reasonable potential for adversely affecting, either singly or in combination with other discharges, the wastewater disposal system, the quality of sludge, the system's effluent quality, the receiving stream, or air emissions generated by the system

Currently, the Agency has 75 industries classified as significant industrial users. All significant industrial users must obtain a permit to discharge to the POTW. Significant industrial users pay fixed-base fees, volume charges, and surcharges for industrial biological oxygen demand and total suspended solid discharges. Conversely, a non-significant industrial user is a regulated industry that does not meet any of the previously mentioned criteria.

Listed below are the Agency's largest industrial customers by revenue generation during 2019.

Industry	Revenue	Percentage of total operating revenue
House of Raeford Farms, Inc *Poultry processing*	1,338,583	1.36%
Cytec Carbon Fibers LLC *Carbon fiber and graphite manufacturer*	437,016	0.44%
Furman University *Higher education*	351,682	0.36%
Cryovac Sealed Air Corporation *Food packaging services*	324,291	0.33%
Kemet Electronics Corporation *Electronic capacitor manufacturing*	317,928	0.32%
Michelin North America Inc *Tire manufacturer*	296,378	0.30%
KM Fabrics, Inc *Fabric manufacturer*	263,630	0.27%
Roy Metal Finishing Co., Inc *Electroplating*	243,878	0.25%
Bausch & Lomb *Health care brands - eye products*	230,705	0.23%
General Electric Gas Turbine *Gas turbine manufacturing*	226,813	0.23%

Long-Term Financial Planning

The Agency performs long-range planning, such as the 20-year strategic plan (the "Upstate Roundtable Plan"), which was reconvened at the end of 2018 and was a focus throughout 2019. The planning effort built upon the previous 2009 and 1994 plans. In addition, the Agency maintains a rolling five-year capital improvement program. The development of this program involves evaluating the recommendations identified in the Upstate Roundtable Plan to current growth projections and regulatory requirements, as well as project affordability. Rate studies are completed every three to

five years, which identifies the funding sources and limits of the capital improvement program. The last rate study was completed and adopted in 2017.

Accountability and Transparency

ReWa was excited to transition to a new website at the end of 2019. After a year-long journey to create and craft a virtual environment that illustrates our refreshed brand promise: Making our water cleaner and our future brighter. The Agency uses the website and local newspapers to communicate public comment and hearing notifications, as well as Commission meeting agendas. The Agency strives to be transparent in all activities.

Budget

The Agency's Commission annually adopts an operating and capital budget prior to the new fiscal year. The budget provides the basis for reporting, which management uses to monitor and control the Agency's spending. Management receives the budget to actual report monthly and is responsible for providing variance explanations to the Accounting Department.

The Commission approves the budget after a public hearing and upon the recommendation of the Chief Executive Officer, ("CEO"). The approved budget will remain in effect for the entire fiscal year and can only be revised with a public hearing and Commission approval.

Major Initiatives

Shortly after Graham W. Rich joined the Agency, as CEO, in January 2016 a strategic planning initiative was launched. The first step of the planning initiative was to realign the Agency's mission with its purpose: "To enhance our community's quality of life by transforming wastewater into renewable resources through responsible and innovative solutions." The next step was to define the Agency's vision: "Through the passion of our workforce, ReWa will be a community partner and an industry leader safeguarding our environment for future generations." During planning, it became evident that to be successful in fulfilling its mission and vision, ReWa would need to engage employees who embodied the following core values: Professionalism, Unity, Integrity and Trust, Safety, Accountability, and Dedication. During 2017, a diverse cross-functional Strategic Core Group was formed and identified these five critical objectives:

1. Invest in our employees to achieve an engaged and sustainable workforce.
2. Manage assets in a fiscally responsible manner to assure infrastructure reliability.
3. Increase community awareness and understanding of ReWa.
4. Maintain financial viability while balancing community needs and affordability.
5. Enhance policies and practices to provide the highest quality products and services.

During 2019, ReWa identified 38 metrics which are reported on through the agency-wide performance measurement process. These metrics are used to monitor ReWa's performance and set goals for the future. In 2020, ReWa will continue to monitor these metrics and enhance the performance measurement process.

ACCOMPLISHMENTS

Organizational Awards

Many of the Agency's facilities and several departments won the South Carolina Chamber of Commerce Safety Award. The South Carolina Chamber of Commerce recognizes companies achieving a commendable lost workday case rate.

Several of Agency's facilities won the South Carolina Department of Health & Environmental Control's Facility Excellence Award which recognizes facilities that are striving to meet or exceed expectations in environmental protection.

Most of the Agency's facilities received Peak Performance Awards from the National Association of Clean Water Agencies ("NACWA"). NACWA recognizes member agencies for excellence in wastewater treatment as measured by their compliance with their National Pollutant Discharge Elimination System ("NPDES") permit.

ReWa's Biosolids Management Program maintained The Environmental Management System ("EMS") Platinum Level Certification.

Financial Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Agency for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the 26th consecutive year that the Agency has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements. Receipt of this award represents the highest form of recognition in the area of governmental accounting and financial reporting.

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

The Agency was also awarded the GFOA's prestigious Award for Outstanding Achievement in Popular Annual Financial Reporting for the 21st consecutive year. We believe that our current Annual Report to the Community continues to meet the award requirements and we are submitting it to the GFOA for evaluation.

ACKNOWLEDGEMENTS

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

Graham W. Rich, PE, BCEE
Chief Executive Officer

Cathy D. Caldwell, CPA
Administrative Finance Director

Patricia R. Dennis, CPA
Controller

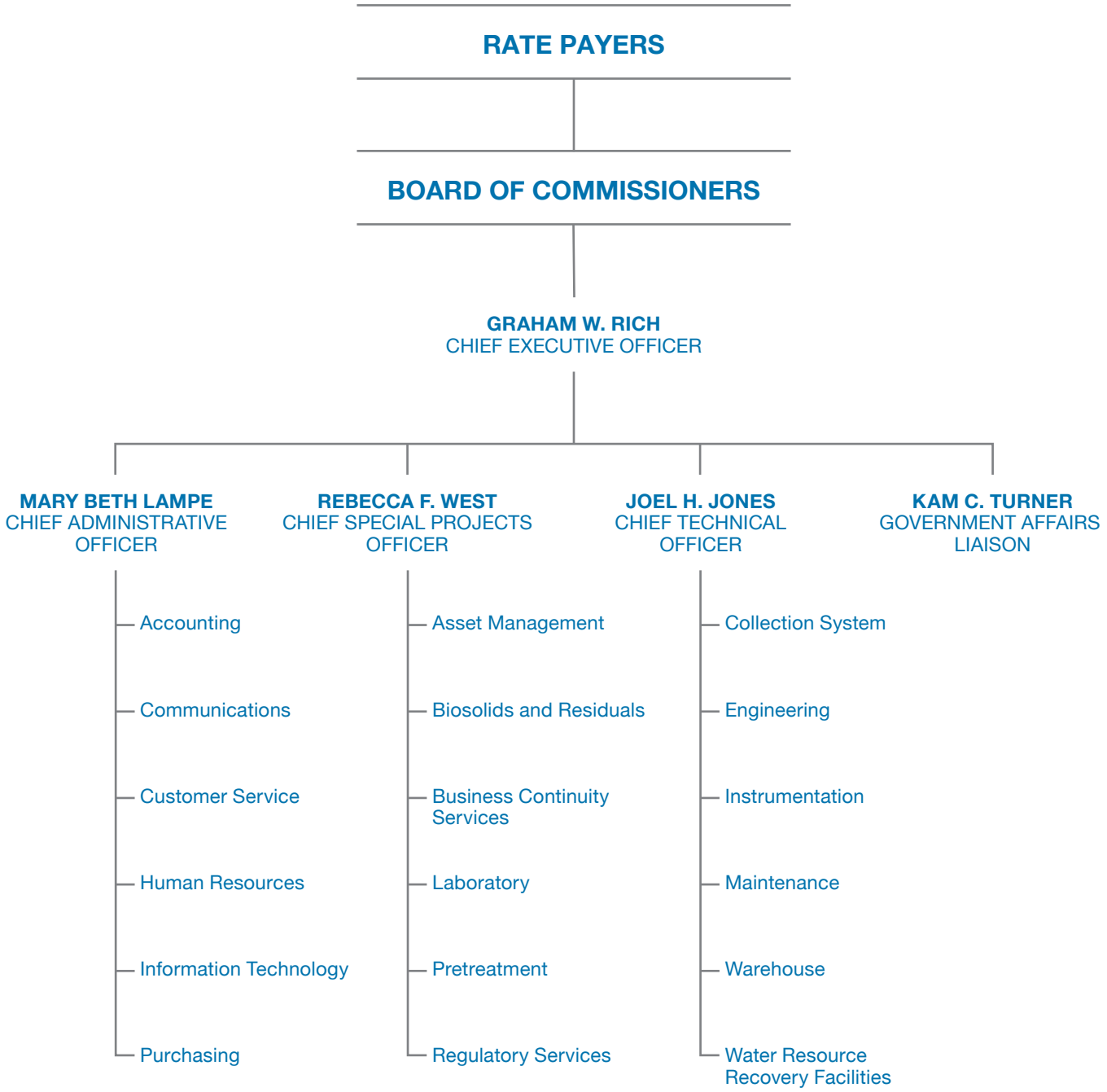
RENEWABLE WATER RESOURCES
BOARD OF COMMISSIONERS
2019

Name	Appointment	Expiration
Ray C. Overstreet Chairman	12/31/10	12/31/22
John T. Crawford, Jr. Vice Chairman	12/31/15	12/31/19
Emily K. DeRoberts Secretary/Treasurer	12/31/17	12/31/21
Tim Brett	12/31/17	12/31/21
Chip Fogleman	12/31/12	12/31/20
Danny K. Holliday	01/01/13	12/31/20
J.D. Martin	12/31/01	12/31/21
Clinton J. Thompson	12/31/16	12/31/20
Vacant – Greenville		
Vacant - Spartanburg		
Vacant - Spartanburg		

RENEWABLE WATER RESOURCES LEADERSHIP

Graham W. Rich, P.E., BCEE	Chief Executive Officer
Mary Beth Lampe, SHRM-CP	Chief Administrative Officer
Joel H. Jones, MSM	Chief Technical Officer
Rebecca F. West, F.WEF	Chief Special Projects Officer
Terry E. Bice	Interim Maintenance & Collection System Director
Cathy D. Caldwell, CPA	Administrative Finance Director
Kaye B. Davis	Human Resources Director
Kevin D. James	Water Resource Recovery Director
Dan. P. Johnson, PMP, LSSBB, ITIL	Information Technology Director
L. Glen McManus, MPA	Business Continuity Services Director
J. Angie Price, P.E., M. Eng.	Regulatory Services Director
Gregory A. Wright, P.E.	Engineering Director

ORGANIZATIONAL STRUCTURE



FINANCIAL

FINANCIAL

Renewable Water Resources
Financial Statements
and Supplemental Information

As of and for the Year Ended
December 31, 2019

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

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

We have audited the accompanying statement of net position of Renewable Water Resources (the "Agency") as of December 31, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of December 31, 2019, and the results of its operations and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 12 and required supplementary information schedules on pages 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2020, 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

Cherry Bekaert LLP

Greenville, South Carolina
March 11, 2020

Management's Discussion and Analysis

Renewable Water Resources
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, 2019. 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 $21.2 million in net position.

- Total revenues for the year ended December 31, 2019 were $101.0 million.

- Operating expenses before depreciation totaled $42.2 million for the year ended December 31, 2019.

- In order to support growth and development, ReWa acquired a portion of Anderson County's retail collection system. The acquisition impacts approximately 1,100 residential and commercial customers.

- The Upstate Roundtable was reconvened at the end of 2018 and became the focus throughout 2019 with over 20 committee meetings being held. Consistent with earlier Upstate Roundtables, the planning effort was distributed among five committees: Growth, Policy & Community Issues, Technical, Regulatory & Legislative and Finance. Additionally, an intentional effort was made to align ReWa's Upstate Roundtable plan with Greenville County's regional development plan. The final plan is anticipated to be released in March 2020 and work on the implementation plan will commence later that year.

Overview of the Financial Statements

This discussion and analysis are 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.

(Continued)

Overview of the Financial Statements, continued

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, 2019, as net position increased $21.2 million or 6.0% due to current year operations. Net position for the year ended December 31, 2019 totaled $372.2 million. The largest portion of the Agency's net position, approximately 87.0%, 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 $38.9 million or 10.5% 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, 2019, restricted net position increased $1.3 million or 3.5%, primarily due to scheduled debt service.

(Continued)

Net Position, continued

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

Table A-1
Condensed Statements of Net Position (in millions)

	FY 2019	FY 2018
Current and noncurrent assets	$ 62.8	$ 56.3
Restricted assets	38.9	38.8
Capital assets	526.9	508.0
Total assets	628.6	603.1
Deferred outflows from defeasance loss, net	3.6	4.5
Deferred outflows from pension	1.9	2.6
Deferred outflows from other postemployment benefits	2.1	0.3
Total deferred outflows of resources	7.6	7.4
Current liabilities	39.9	37.5
Noncurrent liabilities	223.0	221.3
Total liabilities	262.9	258.8
Deferred inflows from pension	0.4	0.5
Deferred inflows from other postemployment benefits	0.7	0.2
Total deferred inflows of resources	1.1	0.7
Net investment in capital assets	323.7	307.6
Restricted	38.9	37.6
Unrestricted	9.6	5.8
Total net position	$ 372.2	$ 351.0

Revenues

Table A-2 shows that the Agency's total revenues increased $2.8 million or 2.8% to $101.0 million in the year ended December 31, 2019. 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, 2019 was adopted April 24, 2017, and became effective January 1, 2018.

In the year ended December 31, 2019, domestic and commercial revenue increased $1.9 million or 2.4% to $80.4 million. Approximately $1.6 million of this increase is predominantly due to customer growth of 1.7%. The remaining $0.3 million is primarily attributable to the acquisition of a portion of Anderson County's retail collection system.

Industrial revenue decreased $0.3 million or 3.8% to $7.6 million in the year ended December 31, 2019. The decrease in fiscal year 2019 is primarily attributable to decreases in consumption, which was offset by a slight increase in overall pretreatment fees and surcharges.

(Continued)

Revenues, continued

New account fees, based on water meter size, increased $0.3 million or 3.0% to $10.2 million in the year ended December 31, 2019 and totaled $9.9 million in 2018. This is the Agency's highest new account fee revenue year in history.

Interest and other nonoperating revenues increased $0.8 million or 57.1% to $2.2 million in the year ended December 31, 2019. This is largely due to an increase in investment revenue.

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

	FY 2019	FY 2018
Operating revenues		
Domestic and commercial customers	$ 80.4	$ 78.5
Industrial customers	7.6	7.9
New account fees	10.2	9.9
Septic haulers and other	0.6	0.5
Interest and other nonoperating revenues	2.2	1.4
Total revenues	101.0	98.2
Operating expenses		
Technical operations	26.6	24.6
Administration	15.6	14.1
Total operating expenses before depreciation	42.2	38.7
Depreciation	29.0	27.8
Total operating expenses	71.2	66.5
Interest, amortization and other nonoperating expenses	9.0	8.3
Total expenses	80.2	74.8
Capital project cost reimbursements	0.4	2.0
Increase in net position	21.2	25.4
Total net position, beginning of year	351.0	337.8
Effect of GASB 75 implementation	-	(12.2)
Total net position, beginning of year, as restated	351.0	325.6
Total net position, end of year	$ 372.2	$ 351.0

Capital Contributions

Project reimbursement occurs when the Agency enters into a contract with one or more entities to construct facilities and/or sewer conveyance systems that will be mutually beneficial. In the year ended December 31, 2019, capital contributions totaled $0.4 million.

Expenses

Total expenses in the year ended December 31, 2019 totaled $80.2 million. Operating expenses before depreciation increased $3.5 million or 9.0% from $38.7 million to $42.2 million. The increase in operating expenses in fiscal year 2019 is largely attributable to increases in pension, electricity, chemicals, public relations, solids disposal, customer billing expenses and contract labor.

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 nonoperational and are not capitalizable.

Capital Assets

In the year ended December 31, 2019, capital assets being depreciated, net increased $8.4 million or 1.9% to $440.5 million, which is attributable to various line rehabilitations and facility enhancements, which were offset by annual depreciation. For the year ended December 31, 2019, the Agency invested $526.9 million in infrastructure, which includes 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 2019	FY 2018
Capital assets not being depreciated:		
Construction in progress	$ 78.3	$ 69.3
Land	6.3	5.3
Rights-of-way	1.8	1.3
Total capital assets not being depreciated	86.4	75.9
Capital assets being depreciated:		
Buildings and land improvements	383.0	368.4
Collection and trunk lines	364.3	348.2
Machinery and equipment	108.4	104.4
Office furniture and equipment	3.0	1.3
Vehicles and heavy equipment	1.3	0.8
Total capital assets being depreciated	860.0	823.1
Less: accumulated depreciation	419.5	391.0
Total capital assets being depreciated, net	440.5	432.1
Net capital assets	$ 526.9	$ 508.0

(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. The latest Upstate Roundtable effort confirmed the Agency's five-year capital improvement program ("CIP") and expanded it through 2040. The latest Upstate Roundtable plan is expected to be completed in early 2020.

The Agency maintains a fluid five-year CIP that merges the Agency's strategic plan with the ongoing objective of maintaining compliance with South Carolina Department of Health & Environmental Control regulations and National Pollutant Discharge Elimination System permit limitations. The current CIP calls for approximately $364.6 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 including a gravity sewer tunnel located approximately 100 feet below ground, which will address some of Greenville County's 100-year sewage needs.

Capital improvement projects

In 2019, capital projects focused on various conveyance system improvements and facility upgrade projects. During 2019, $21.2 million was injected to improve the Agency's conveyance system; these projects encompassed collection lines, as well as pump stations. Additionally, $14.8 million was incurred in multiple facility improvement projects spanning three river basins. Furthermore, another $3.7 million was invested in system planning positioning the Agency to meet future needs.

Table A-4 illustrates the Agency's 2020 Capital Budget of $77.4 million for potential spending on conveyance system improvements, facility upgrades and service area expansion. The Agency believes the budget requirement for the upcoming fiscal year will be funded through a combination of reserves, bonds and South Carolina revolving loan funds.

(Continued)

Capital Assets, continued

Capital improvement projects, continued

Table A-4
2020 Capital Budget (in millions)

FUNDING SOURCES		
South Carolina revolving loan fund	$	47.6
Reserves and bonds		29.8
Total funding sources	$	77.4
USES		
Water resource recovery facilities	$	17.0
Conveyance systems		45.8
Sustainability and reuse		1.2
Other projects		13.4
Total uses	$	77.4

Long-Term Liabilities

At December 31, 2019, the total liability for compensated absences was $0.7 million.

The total obligation for other postemployment benefits totaled $21.7 million at December 31, 2019.

The Agency's net pension liability totaled $27.9 million at December 31, 2019.

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, 2019, revenue bond debt, including premiums, totaled $129.7 million, the long-term portion of which was $108.1 million. As of December 31, 2019, the Agency's revenue bond debt consisted of seven series of revenue and refunding revenue bonds: Series 2005B, Series 2010A, Series 2010B, Series 2012, Series 2015A, Series 2017A and Series 2018A.

The Agency received bond premiums of $7.6 million, $6.1 million, $11.4 million and $3.6 million on the Series 2005B, Series 2010A, Series 2012 and Series 2018A revenue bonds, respectively. The bond premiums are amortized over the life of the bonds. The Series 2005B bonds were issued under the 1990 Bond Resolution and are referred to as the Senior Lien Debt. The Series 2010A, Series 2010B, Series 2012, Series 2015A, Series 2017A and Series 2018A bonds were issued under the 2010 Bond Resolution and are on parity with all of the Agency's state revolving loans. These obligations are collectively referred to as the Junior Lien Debt and are subordinate in all aspects to the Senior Lien Debt.

(Continued)

Long-Term Liabilities, continued

Revenue bonds, continued

The Series 2005B revenue bonds carry 'Aa1' and 'AAA' ratings from Moody's Investors Service and Standard & Poor's, respectively. The Series 2005B ratings were enhanced through the purchase of a surety agreement at issuance and carry the rating of the surety provider or the underlying rating of the Agency, whichever is higher. The Series 2010A, Series 2010B, Series 2012, Series 2015A, Series 2017A and Series 2018A bonds were issued based on the Agency's underlying rating. During calendar year 2017, Moody's Investors Service upgraded the Agency's Senior Lien Debt to 'Aa1' from 'Aa2' and upgraded the Agency's Junior Lien Debt to 'Aa1' from 'Aa3' rating. In September 2018, Standard & Poor's raised the Agency's Senior and Junior Lien 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 1.8% to 2.3%. State revolving loans outstanding as of December 31, 2019 totaled $69.2 million.

Listed below are the Agency's state revolving loans outstanding at December 31, 2019:

- June 2005 — Lower Reedy WRRF Expansion Phase II
- November 2006 — Durbin Creek WRRF Upgrade and Expansion
- December 2009 — Gravity Sewer and Manhole Rehabilitation Phase I
- December 2009 — Gravity Sewer and Manhole Rehabilitation Phase II
- 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 — Gravity Sewer and Manhole Rehabilitation
- May 2019 — Lower Reedy WRRF Digester Capacity Evaluation and Improvements
- May 2019 — Rock Creek Interceptor Upgrade

As of December 31, 2019, the remaining amount available to draw on the Reedy River Basin Sewer Tunnel, Gravity Sewer Manhole Rehabilitation, Lower Reedy WRRF Digester Capacity Improvements and Rock Creek Interceptor Upgrade totaled $48.8 million. Construction has been completed and all funds received for the other projects listed above.

Total outstanding long-term debt

At December 31, 2019, the Agency owed $193.0 million (excluding premiums) in total long-term debt, an increase of $2.0 million or 1.0% from $191.0 million at December 31, 2018.

(Continued)

Long-Term Liabilities, continued

Total outstanding long-term debt, continued

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 2019	FY 2018
Operating revenue	$ 98.8	$ 96.8
Investment revenue, unrestricted	1.9	1.0
Gross revenues	100.7	97.8
Less: operating expenses before depreciation	42.2	38.7
Net revenues available for debt service	$ 58.5	$ 59.1
Debt service	$ 28.7	$ 29.1
Debt coverage	204%	203%

During the year ended December 31, 2019, debt service payments decreased $0.4 million or 1.4% to $28.7 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
Average Coupon/Interest Rate

	Balance (without premiums) (in millions)	Average coupon/ interest rate
Series 2005B refunding bonds	$ 18.2	4.1%
Series 2010A refunding bonds	10.3	3.4
Series 2010B revenue bonds	4.6	2.7
Series 2012 refunding bonds	41.7	2.9
Series 2015A refunding bonds	12.5	2.0
Series 2017A refunding bonds	11.4	2.1
Series 2018A refunding bonds	25.1	5.0
State revolving loans	69.2	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 Financial Statements.

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 1.7% during the year ended December 31, 2019.

The Agency's customer base is diversified. No single customer represents more than 1.4% 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 Patricia Dennis, Controller, Renewable Water Resources, 561 Mauldin Road, Greenville, South Carolina 29607; 864-299-4000; or patriciad@re-wa.org.

Basic Financial Statements

Renewable Water Resources
Statement of Net Position
December 31, 2019

Current assets		
Cash and cash equivalents	$	5,906,856
Restricted cash and cash equivalents		31,039,468
Receivables, net		14,295,781
Investments		29,447,258
Total current assets		80,689,363
Noncurrent assets		
Investments		12,697,136
Restricted investments		7,841,632
Capital assets, net		526,924,814
Prepaid insurance		427,593
Total noncurrent assets		547,891,175
Total assets	$	628,580,538
Deferred outflows of resources		
Deferred loss on refunding, net	$	3,573,008
Deferred outflows from pension		1,879,818
Deferred outflows from other postemployment benefits		2,083,123
Total deferred outflows of resources	$	7,535,949
Current liabilities		
Revenue bonds payable	$	21,614,367
State revolving loans payable		3,995,791
Accounts payable - operations		1,683,362
Accounts payable - construction projects		7,919,773
Accrued interest payable		2,693,430
Accrued expenses and other liabilities		1,376,574
Compensated absences		622,933
Total current liabilities		39,906,230
Long-term liabilities		
Revenue bonds payable		108,106,989
State revolving loans payable		65,179,050
Compensated absences		46,596
Other postemployment benefits		21,715,221
Net pension liability		27,918,386
Total long-term liabilities		222,966,242
Total liabilities	$	262,872,472
Deferred inflows of resources		
Deferred inflows from pension	$	382,636
Deferred inflows from other postemployment benefits		677,540
Total deferred inflows of resources	$	1,060,176
Net position		
Net investment in capital assets	$	323,681,852
Net position - restricted		
Debt service		29,145,929
Capital asset replacement		5,269,300
Other		4,465,871
Net position - unrestricted		9,620,887
Total net position	$	372,183,839

The accompanying notes are an integral part of this financial statement.

Renewable Water Resources
Statement of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2019

Operating revenues	
Domestic and commercial customers	$ 80,412,141
Industrial customers	7,634,487
New account fees	10,189,658
Septic haulers and other	554,635
Total operating revenues	98,790,921
Operating expenses	
Technical operations	26,582,939
Administration	15,594,231
Total operating expenses before depreciation	42,177,170
Depreciation	28,998,433
Total operating expenses	71,175,603
Operating income	27,615,318
Nonoperating revenues (expenses)	
Investment revenue	1,931,849
Interest expense	(5,593,035)
Amortization	(27,131)
Debt issuance costs	(182,772)
Non-project expenses	(3,153,453)
Other revenue	256,335
Net nonoperating expenses	(6,768,207)
Capital project cost reimbursements	368,073
Increase in net position	21,215,184
Total net position, beginning of ear	350,968,655
Total net position, end of year	$ 372,183,839

The accompanying notes are an integral part of this financial statement.

Renewable Water Resources
Statement of Cash Flows
For the year ended December 31, 2019

Cash flows from operating activities	
Received from customers	$ 97,164,226
Paid to suppliers for goods and services	(25,646,943)
Paid to employees for services	(13,535,656)
Received from nonoperating revenues	256,335
Net cash provided by operating activities	58,237,962
Cash flows from capital and related financing activities	
Cash received on notes receivable for capital	1,870,136
Acquisition of capital assets and project expenses	(50,666,367)
Proceeds from debt issuance	24,408,489
Principal payments on debt	(22,483,063)
Interest payments on debt	(6,216,614)
Debt issuance costs	(182,772)
Net cash used in capital and related financing activities	(53,270,191)
Cash flows from investing activities	
Interest received on investments	1,918,928
Purchases of investment securities	(28,764,356)
Proceeds from sales of investment securities	21,355,144
Net cash used in investing activities	(5,490,284)
Net decrease in cash and cash equivalents	(522,513)
Cash and cash equivalents, beginning of year	37,468,837
Cash and cash equivalents, end of year	$ 36,946,324

The accompanying notes are an integral part of this financial statement.

Renewable Water Resources
Statement of Cash Flows, continued
For the year ended December 31, 2019

Reconciliation of operating income to net cash flows from operating activities	
Operating income	$ 27,615,318
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	28,998,433
Other nonoperating revenue	256,335
Pension expense recognized in excess of contributions	1,157,575
Other postemployment expense recognized	1,003,426
Changes in asset and liability amounts	
Receivables, net	(1,626,695)
Prepaid insurance	68,167
Accounts payable - operations	(96,589)
Accounts payable - construction projects	438,544
Accrued expenses and other liabilities	448,608
Compensated absences	(25,160)
Net cash provided by operating activities	$ 58,237,962
Noncash activities	
Increase in fair value of investments	$ 361,435
Amortization of prepaid bond insurance	$ 27,131
Reconciliation of cash and cash equivalents to statement of net position	
Cash and cash equivalents	$ 5,906,856
Restricted cash and cash equivalents	31,039,468
Total cash and cash equivalents	$ 36,946,324

The accompanying notes are an integral part of this financial statement.

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.

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.

(Continued)

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

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. Investments in money market funds and certificates of deposit are reported at amortized cost, which approximates fair value. All investments in U.S. agencies notes and bonds and the South Carolina Investment Pool are reported at fair value and are categorized within the fair value hierarchy established under accounting principles generally accepted in the United States of America ("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, 2019, investments in certificates of deposit and the South Carolina Investment Pool are valued using amortized cost, while all of the Agency's investments in U.S. agencies notes and bonds are valued using significant other observable inputs (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.

Capital assets

Capital assets are stated at historical cost. The Agency capitalizes purchases of assets greater than $5,000. Donated capital assets are recorded at 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	15 years
Office furniture and equipment	4 – 5 years
Vehicles and heavy equipment	3 – 10 years

(Continued)

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

Capital assets, continued

Intangible assets consisting of rights-of-way 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 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.

Net position

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

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are 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."

(Continued)

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

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.

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element, *deferred outflows of resources,* represents consumption of net position 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.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents the acquisition of net position that applies to a 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.

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.

(Continued)

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

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.

Estimates

Preparation of the financial statements in accordance with 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.

New pronouncements

The Agency has implemented the following GASB pronouncement:

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* effective for periods beginning after June 15, 2018, was issued to improve the information disclosed in the notes to financial statements related to debt, including direct borrowings and direct placements. Statement No. 88 further clarifies which liabilities should be included when disclosing information related to debt. This statement does not have a material impact on the Agency's financial statements.

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

GASB Statement No. 87, *Leases,* effective for periods beginning after December 15, 2019, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

(Continued)

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

New pronouncements, continued

GASB Statement No. 92, *Omnibus 2020,* was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics and includes specific provisions about the following GASB statements:

- **GASB Statement No. 73**, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*
- **GASB Statement No. 74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- **GASB Statement No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- **GASB Statement No. 84**, *Fiduciary Activities*.

Statement No. 92 is effective for periods beginning after June 15, 2020 for all addressed topics, with the exception of those that apply to Statement No. 87, which is effective for periods beginning after December 15, 2020.

Note 2 – Cash and Cash Equivalents and Investments

As of December 31, 2019, the Agency had the following cash and cash equivalents and investments:

Cash and cash equivalents	
Checking and other cash	$ 10,068,991
Money markets - government obligations	26,877,333
Total cash and cash equivalents	$ 36,946,324
Investments	
Government sponsored enterprises	$ 21,289,772
Certificates of deposit	10,893,286
U.S. Treasury notes	1,009,687
South Carolina Investment Pool	16,793,281
Total investments	$ 49,986,026

(Continued)

Note 2 – Cash and Cash Equivalents and Investments, continued

Investment maturities are as follows as of December 31, 2019:

		Investment maturities (in years)		
Investment type	**Fair value**	**Less than 1 year**	**1 – 5 years**	**More than 5 years**
Certificates of deposit	$ 10,893,286	$ 6,643,944	$ 4,249,342	$ -
South Carolina Investment Pool	16,793,281	16,793,281	-	-
U.S. agencies notes and bonds				
Federal Home Loan Bank	3,501,109	2,502,716	998,393	-
Federal National Mortgage Association	500,607	500,607	-	-
Federal Home Loan Mortgage	9,841,809	-	9,841,809	-
Federal Farm Credit Bank	7,446,247	3,006,710	4,439,537	-
U.S. Treasury notes	1,009,687	-	1,009,687	-
Total	$ 49,986,026	$ 29,447,258	$ 20,538,768	$ -

Interest rate risk

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

Credit risk

State law limits investments to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, financial institutions to the extent that the same are secured by Federal Deposit Insurance, and certificates of 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.

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 ("SC Investment Pool"). The SC Investment Pool 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 SC Investment Pool 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*. The SC Investment Pool is not rated. The total fair 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 SC Investment Pool 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 SC Investment Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

(Continued)

Note 2 – Cash and Cash Equivalents and Investments, continued

Credit risk, continued

The Agency's investments at December 31, 2019 consist of SC Investment Pool shares, certificates of deposit, U.S. Treasury notes and US 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 Aaa by Moody's Investors Service as of December 31, 2019.

The Agency's cash and cash equivalents at December 31, 2019 consist of cash and money market accounts. Approximately $21.3 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 $5.6 million are 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 42.6% of the Agency's total investments at December 31, 2019.

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, 2019, 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 a fiduciary capacity for the Agency, these deposits are considered to be held by the Agency's agents in the Agency's name.

Note 3 – Receivables

Customer and other accounts receivables as of December 31, 2019 were as follows:

Fees and services	
Domestic and commercial customers	$ 13,134,455
Industrial customers	1,289,621
Total receivables from fees	14,424,076
Less: allowance for uncollectible accounts	400,000
Net receivables from fees	14,024,076
Accrued interest on cash equivalents and other receivables	271,705
Total receivables	$ 14,295,781

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.
- **Debt service reserves** - restricts resources to cover potential future deficiencies in the current principal and interest payments account.
- **Operations and maintenance** - restricts resources to cover operating and maintenance expenses for one month.
- **Capital asset replacement** - restricts resources to fund asset replacements.
- **Contingencies** - restricts resources to meet unexpected contingencies.

Restricted cash and cash equivalents and investments at December 31, 2019 are restricted for the following uses:

Current principal and interest payments	$ 21,304,081
Debt service reserves	7,841,848
Operations and maintenance	3,465,871
Capital asset replacement	5,269,300
Contingencies	1,000,000
Total restricted assets	$ 38,881,100

Restricted assets consisted of the following at December 31, 2019:

Cash	$ 31,039,468
Investments	7,841,632
Total restricted assets	$ 38,881,100

Note 5 – Capital Assets

A summary of changes in capital assets from December 31, 2018 to December 31, 2019 follows below:

	December 31, 2018	Additions	Disposals	December 31, 2019
Capital assets not being depreciated				
Construction in progress	$ 69,265,971	$ 49,697,658	$ 40,622,558	$ 78,341,071
Land	5,331,079	972,982	-	6,304,061
Rights-of-way	1,343,135	427,700	-	1,770,835
Total capital assets not being depreciated	75,940,185	51,098,340	40,622,558	86,415,967
Capital assets being depreciated				
Buildings and land improvements	368,423,546	14,522,585	-	382,946,131
Collection and trunk lines	348,169,544	16,174,767	-	364,344,311
Machinery and equipment	104,457,095	4,289,520	316,136	108,430,479
Office furniture and equipment	1,272,359	1,681,591	19,108	2,934,842
Vehicles and heavy equipment	805,884	809,773	296,032	1,319,625
Total capital assets being depreciated	823,128,428	37,478,236	631,276	859,975,388
Less: accumulated depreciation				
Buildings and land improvements	182,778,937	12,386,767	-	195,165,704
Collection and trunk lines	142,989,868	8,755,465	-	151,745,333
Machinery and equipment	64,358,909	7,296,282	243,105	71,412,086
Office furniture and equipment	275,331	402,128	19,108	658,351
Vehicles and heavy equipment	623,308	157,791	296,032	485,067
Total accumulated depreciation	391,026,353	28,998,433	558,245	419,466,541
Total capital assets being depreciated, net	432,102,075	8,479,803	73,031	440,508,847
Capital assets, net	$ 508,042,260	$ 59,578,143	$ 40,695,589	$ 526,924,814

Note 6 – Defeasance of Debt

The Agency previously defeased outstanding 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 $37,990,000 at December 31, 2019.

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, 2019, the Agency's defeasance loss, net was $3,573,008.

Amortization of the defeasance loss for the period ended December 31, 2019 totaled $880,417.

Estimated future amortization expense is as follows:

Year ending December 31,	Amortization expense
2020	$ 779,713
2021	718,247
2022	716,121
2023	709,497
2024	649,430
Total	$ 3,573,008

Note 7 – Revenue Bonds Payable

At December 31, 2019, the Agency was obligated on various series of revenue bonds issued for purposes of constructing capital assets, with all but Series 2015A and 2017A revenue bonds being publicly traded debt. The Series 2015A and 2017A revenue bonds are direct placement. Revenue bonds outstanding at December 31, 2019 are as follows:

$69,695,000 Series 2005B refunding revenue bonds dated March 15, 2005, with interest at 2.6% to 5.1% payable semi-annually beginning September 1, 2005. Beginning March 1, 2012, annual principal payments ranging from $5,180,000 to $9,400,000 plus semi-annual payments of interest at 2.6% to 5.1%, payable through March 2021.	$ 18,155,000
$63,630,000 Series 2010A refunding revenue bonds dated July 9, 2010, with interest at 3.0% to 5.0% payable semi-annually beginning January 1, 2011. Beginning January 1, 2011, annual principal payments ranging from $1,665,000 to $5,585,000 plus semi-annual payments of interest at 3.0% to 5.0%, payable through January 2021.	10,300,000

(Continued)

Note 7 – Revenue Bonds Payable, continued

$26,800,000 Series 2010B revenue bonds dated December 7, 2010, with interest at 2.0% to 5.8% payable semi-annually beginning July 1, 2011. Beginning January 1, 2012, annual principal payments ranging from $225,000 to $3,080,000 plus semi-annual payments of interest at 2.0% to 5.8%, payable through January 2025.	4,625,000
$71,395,000 Series 2012 refunding revenue bonds dated March 20, 2012, with interest at 2.0% to 5.0% payable semi-annually beginning July 1, 2012. Beginning January 1, 2014, annual principal payments ranging from $270,000 to $15,065,000 plus semi-annual payments of interest at 2.0% to 5.0%, payable through January 2024.	41,680,000
$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.	12,540,000
$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.	11,448,000
$25,055,000 Series 2018A refunding revenue bonds dated October 11, 2018, with annual 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
Total revenue bonds payable	123,803,000
Premium on refunding bonds	5,918,356
Less: current maturities	21,614,367
Long-term portion	$ 108,106,989

Amortization of bond premiums totaled $1,699,431 for the year ended December 31, 2019.

Future amounts required to pay principal and interest on revenue bonds outstanding at December 31, 2019 are as follows:

Year ending December 31,	Principal	Interest	Total
2020	$ 19,842,000	$ 4,667,989	$ 24,509,989
2021	20,611,000	3,747,826	24,358,826
2022	19,964,000	3,010,185	22,974,185
2023	20,974,000	2,302,856	23,276,856
2024	21,073,000	1,416,264	22,489,264
2025	21,339,000	483,426	21,822,426
Total	$ 123,803,000	$ 15,628,546	$ 139,431,546

(Continued)

Note 7 – Revenue Bonds Payable, continued

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, capital asset replacement 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, 2019.

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 2005B bond is payable solely from and secured by a pledge of the gross revenues of the Agency.

The Series 2010A, Series 2010B, Series 2012, Series 2015A, Series 2017A and Series 2018A bonds are secured by a pledge of the gross revenues, net of operations and maintenance expenses, as defined in the 2010 Bond Resolution, which is subordinate to the aforementioned Series 2005B pledge.

Interest expense on the revenue bonds totaled $5,237,258 for the year ended December 31, 2019.

Interest paid on the debt issued by the Agency is exempt from federal income tax. The Agency sometimes temporarily reinvests 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, 2019, the Agency had no arbitrage rebate liability.

Note 8 – State Revolving Loans Payable

At December 31, 2019, 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, 2019 are as follows:

$19,571,443 Lower Reedy Water Resource Recovery Facility Expansion Phase II loan dated June 10, 2005. Payable in quarterly installments of $312,731, including interest at 2.3%, through March 2027.	$ 8,346,526
$27,800,000 Durbin Creek Water Resource Recovery Facility Upgrade and Expansion loan dated November 14, 2006. Payable in quarterly installments of $438,048, including interest at 2.3%, through March 2029.	14,595,422
$2,850,550 Gravity Sewer and Manhole Rehabilitation Phase I loan dated December 9, 2009. Payable in quarterly installments of $42,187, including interest at 1.8%, through November 2030.	1,679,942
$2,509,938 Gravity Sewer and Manhole Rehabilitation Phase II loan dated December 9, 2009. Payable in quarterly installments of $38,755, including interest at 2.2%, through January 2031.	1,537,034
$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.	4,218,170
$13,807,197 Richland Creek Trunk Sewer Improvements loan dated March 25, 2016. Payable in quarterly installments of $151,864, including interest at 1.8%, through July 2047.	12,995,239
$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.	1,450,302
$42,392,434 Reedy River Basin Sewer Tunnel loan dated December 4, 2017. Payable in 80 quarterly installments of $513,796, including interest at 1.9%, followed by 40 quarterly installments of $340,365, including interest at 2.4%, through April 2050. As of December 31, 2019, $23,264,468 of funds remain available to be drawn in 2020.	19,127,966
$1,498,064 FY18 Gravity Sewer and Manhole Rehabilitation loan dated May 17, 2019. Payable in quarterly installments of $22,981, including interest at 2.1%, through July 2039. As of December 31, 2019, $943,699 of funds remain available to be drawn in 2020.	539,249

(Continued)

Note 8 – State Revolving Loans Payable, continued

$15,882,883 Lower Reedy WRRF Digester Capacity Evaluation and Improvements loan dated May 17, 2019. Payable in quarterly installments of $243,652, including interest at 2.1%, through May 2041. As of December 31, 2019, $14,307,102 of funds remain available to be drawn in 2020.	1,575,781
$13,411,050 Rock Creek Interceptor Upgrade loan dated May 17, 2019. Payable in quarterly installments of $205,732, including interest at 2.1%, through January 2041. As of December 31, 2019, $10,301,840 of funds remain available to be drawn in 2020.	3,109,210
Total state revolving loans payable	69,174,841
Less: current maturities	3,995,791
Long-term portion	$ 65,179,050

Interest expense on the state revolving loans totaled $1,174,791 for the year ended December 31, 2019.

Future amounts required to pay outstanding principal and interest on state revolving loans outstanding at December 31, 2019 are as follows:

Year ending December 31,	Principal	Interest	Total
2020	$ 3,995,791	$ 1,312,650	$ 5,308,441
2021	5,457,107	2,007,754	7,464,861
2022	6,033,843	2,124,053	8,157,896
2023	6,095,359	1,997,255	8,092,614
2024	5,609,341	1,573,949	7,183,290
2025 - 2029	22,798,614	5,483,625	28,282,239
2030 - 2034	9,939,956	3,022,134	12,962,090
2035 - 2039	3,641,025	675,665	4,316,690
2040 - 2044	3,619,166	352,054	3,971,220
2045 - 2047	1,984,639	51,335	2,035,974
Total	$ 69,174,841	$ 18,600,474	$ 87,775,315

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 June 30, 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, capital asset replacement 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, 2019.

(Continued)

Note 8 – State Revolving Loans Payable, continued

The state revolving loans are on parity with the bonds issued under the 2010 Bond Resolution which is subordinate to the Series 2005B pledge. 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, compensated absences, other postemployment benefits ("OPEB") and net pension liability at December 31, 2018 to December 31, 2019 are as follows:

	December 31, 2018	Additions	Reductions	December 31, 2019	Due within one year
Revenue bonds	$ 143,012,000	$ -	$ 19,209,000	$ 123,803,000	$ 19,842,000
State revolving loans	48,040,415	24,408,489	3,274,063	69,174,841	3,995,791
Compensated absences	694,689	591,605	616,765	669,529	622,933
OPEB	19,394,154	3,108,828	787,761	21,715,221	-
Net pension liability	27,424,970	1,329,742	836,326	27,918,386	-
Subtotal	238,566,228	29,438,664	24,723,915	243,280,977	24,460,724
Premiums on bond issuance	7,617,787	-	1,699,431	5,918,356	1,772,367
Total	$ 246,184,015	$ 29,438,664	$ 26,423,346	$ 249,199,333	$ 26,233,091

Note 10 – Construction Contracts in Progress

At December 31, 2019, 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, 2019 on which significant additional work is to be performed:

Project name	Contract amount	Total contract incurred	Balance to be performed
5R Watershed Planning	$ 1,053,352	841,438	$ 211,914
Asset Management Program Implementation	539,004	302,998	236,006
Blossom Branch Sewer Improvements	496,000	28,802	467,198
Conestee Improvements	562,610	462,278	100,332
Flow Meters	441,525	161,186	280,339
2018 Sewer Rehab & Point Repairs	1,632,564	1,251,121	381,443
2019 Sewer Rehab & Point Repairs	2,852,613	20,802	2,831,811
Gilder Creek Phase III - Package 5	4,209,125	3,923,691	285,434
Grove Creek System EQ Pumping/Storage	207,100	85,689	121,411
Laboratory Improvements	14,196,257	13,953,568	242,689
Lower Reedy WRRF Digester Improvements	18,747,024	5,866,539	12,880,485
Marietta Regional PS & FM	207,000	93,675	113,325
Miscellaneous Conveyance System Planning	138,700	9,111	129,589
Mauldin Road & Lower Reedy PCS	5,649,844	4,369,073	1,280,771
Mauldin Road Comprehensive Facility Master Plan	486,910	214,688	272,222
Mauldin Road Demolition Phase I	570,300	386,707	183,593
Mauldin Road Process Improvements	1,045,500	124,602	920,898
Mauldin Road RAS PS Improvements	459,535	180,548	278,987
Mauldin Road Shop Building Addition	225,620	103,766	121,854
Mauldin Road Solar Power Improvements	3,596,114	1,522,216	2,073,898
Mauldin Road Storage Building	258,757	119,715	139,042
NE Laurel Creek Sewer Upgrade	434,390	108,615	325,775
NGU Regional WRRF	881,150	132,366	748,784
Payne Branch Basin Phase I	672,400	54,427	617,973
Pelham Generator Synchronization	489,740	36,546	453,194
Peppertree PS 1 & 2 Elimination	338,143	183,763	154,380
Peters Creek Gravity Sewer	2,399,441	2,185,943	213,498
Piedmont #5 PS Odor Control	803,600	100,726	702,874
Piedmont Regional Process Air Piping Modifications	647,500	106,138	541,362
Reedy River Basin Sewer Tunnel	49,372,434	22,537,889	26,834,545
Rock Creek Interceptor Upgrade	14,914,836	5,116,055	9,798,781
Rocky Creek PS & FM Upgrade	506,675	390,157	116,518
Saluda #2 PS Improvements	1,841,443	1,601,788	239,655
Saluda #3 PS Improvements	1,983,579	1,446,700	536,879
Sewage Works Building Upfit	535,474	377,500	157,974
Spartanburg County Sewer Master Plan	172,700	2,747	169,953
System Wide Biosolids Master Plan	357,710	172,876	184,834
Taylors WRRF Closeout Phase II	1,000,532	892,340	108,192
Wet Weather Program	4,964,745	2,553,306	2,411,439
Total	$ 139,891,946	$ 72,022,095	$ 67,869,851

Note 11 – Compensated Absences

Full-time employees of the Agency accumulate vacation benefits at 1 to 2 days per month, based on length of service, up to 24 days per year. Annual leave in excess of 24 days at December 31 of each year is forfeited. Annual leave earned up to 24 days is paid to employees upon separation from employment. Accrued vacation benefits totaled $669,529 at December 31, 2019.

Note 12 – Employee Benefits

Pension plan

Plan description

Substantially all of the Agency's employees are members of the South Carolina Retirement System (the "SCRS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which is governed by an 11-member Board of Directors. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board of Directors as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission ("RSIC") and PEBA as co-trustees and co-fiduciaries 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 SCRS.

The SCRS was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. The SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election. Generally, all employees of covered employers, are required to participate in and contribute to the system as a condition of employment. Employees with an effective membership date prior to July 1, 2012, are considered a Class Two member, whereas, employees with an effective membership date on or after July 1, 2012, are considered a Class Three member. PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the SCRS' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on 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, South Carolina 29223.

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

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.

A brief summary of the benefit terms for SCRS is presented below.

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

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1.0% or $500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.0%, while employer contribution rates were increased by two percentage points and further scheduled to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Contributions, continued

Additionally, the PEBA Board of Directors is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85.0%. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85.0%, then the PEBA Board of Directors, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85.0%. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85.0%, then effective on the following July first, and annually thereafter as necessary, the PEBA Board of Directors shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85.0%.

Plan members were required to contribute 9.0% of their annual covered salary for the period of January 1, 2019 to December 31, 2019, and the Agency was required to contribute 14.41% of covered payroll for the period of January 1, 2019 to June 30, 2019 and 15.41% for the period July 1, 2019 to December 31, 2019. An additional 0.15% of payroll is contributed to a group life insurance benefit for the participants for the period ended December 31, 2019.

All required contributions for the year ended December 31, 2019 were made and are summarized as follows:

Year ended December 31,	Employer SCRS	Employee SCRS
2019	$ 1,942,662	$ 1,161,153

Net pension liability

At December 31, 2019, the Agency reported a liability of $27,918,386, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, based on the July 1, 2018 actuarial valuation. The total pension liability was rolled forward from the valuation date to the plan's year ended June 30, 2019, using generally accepted actuarial principles. The Agency's proportion of the net pension liability was based on the Agency's normal contributions. At the June 30, 2019 measurement date, the Agency's proportionate share was 0.122266%.

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Net pension liability, continued

For the year ended December 31, 2019, the Agency recognized pension expense of $3,100,238 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 19,191	$ 200,561
Changes of assumptions	562,596	-
Net difference between projected and actual earnings on pension plan investments	247,171	-
Changes in proportion and differences between Agency's contributions and proportionate share of contributions	52,290	182,075
Agency contributions subsequent to the measurement date	998,570	-
Total	$ 1,879,818	$ 382,636

At December 31, 2019, the Agency reported $998,570 as deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement dates and will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	Pension expense
2020	$ 627,684
2021	(237,650)
2022	13,906
2023	94,672
Total	$ 498,612

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Actuarial assumptions

Measurement of the total net pension liability requires the use of assumptions about numerous future events that affect the benefit payments that will be made to employees in retirement. Amounts determined during the valuation process 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. The last experience study was performed on data through June 30, 2015. The following provides a brief description of the significant actuarial assumptions applied to all periods included in the measurements.

Cost method	Entry age normal
Investment rate of return	7.25%
Salary increases	3.0% plus step-rate increases for members with less than 21 years of service
Inflation	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 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

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 returns 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.

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Actuarial assumptions, continued

The expected investment returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of PEBA's 2019 fiscal year. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

Asset class	Target allocation	Expected arithmetic real rate of return	Long-term expected portfolio real rate of return
Global equity - global public equity	35.00%	7.29%	2.55%
Global equity - private equity	9.00%	7.67%	0.69%
Global equity - options strategies	7.00%	5.23%	0.37%
Real assets - private	8.00%	5.59%	0.45%
Real assets - REITs	1.00%	8.16%	0.08%
Real assets - private infrastructure	2.00%	5.03%	0.10%
Real assets - public infrastructure	1.00%	6.12%	0.06%
Opportunistic - GTAA	7.00%	3.09%	0.22%
Opportunistic - other strategies	1.00%	3.82%	0.04%
Credit - high yield bonds / bank loans	4.00%	3.14%	0.13%
Credit - emerging markets	4.00%	3.31%	0.13%
Credit - private debt	7.00%	5.49%	0.38%
Rate Sensitive - core fixed income	13.00%	1.62%	0.21%
Rate Sensitive - cash	1.00%	31.00%	0.00%
Total	100.00%		5.41%
Inflation			2.25%
Expected arithmetic nominal return			7.66%

(Continued)

Note 12 – Employee Benefits, continued

Pension plan, continued

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the SCRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's proportionate share of the net pension liability to changes in the discount rate

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

1.0% Decrease 6.25%	Current discount rate 7.25%	1.0% Increase 8.25%
$ 35,171,325	$ 27,918,386	$ 21,865,390

Pension plan fiduciary net position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS. The CAFR is publicly available on the Retirement Benefits' link on 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, South Carolina 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 contributing employee. Great-West Retirement Services is the program administrator of the plans based on the current state contract.

Note 13 – Postemployment Healthcare Plan

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 81.2% 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.

Summary of membership information

The following table provides a summary of the number of participants in the Plan as of the June 30, 2019 measurement date:

Inactive Plan members or beneficiaries currently receiving benefits	86
Inactive Plan members entitled to, but not yet receiving benefits	-
Active Plan members	180
Total Plan members	266

Contributions

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

	Employee	Employer
Retiree only	$ 109	$ 449
Retiree/spouse	282	889
Retiree/child(ren)	160	689
Family	342	1,113

(Continued)

Note 13 – Postemployment Healthcare Plan, continued

Changes in the OPEB obligation

Service cost	$ 719,921
Interest on OPEB obligation	704,663
Difference between expected and actual experience	(595,133)
Changes in assumptions	2,068,201
Benefit payments	(576,585)
Net change in OPEB obligation	2,321,067
OPEB obligation, beginning of year	19,394,154
OPEB obligation, end of year	$ 21,715,221

Discount rate

For Plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 3.13% (based on the Fidelity "20-year Municipal GO AA Index" as of June 30, 2019). The discount rate was 3.62% as of the prior measurement date.

Total OPEB liability

The Agency's total OPEB liability of $21,715,221 was measured as of June 30, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Rollforward disclosure

The actuarial valuation was performed as of January 1, 2018. Update procedures were used to roll forward the total OPEB liability to June 30, 2019.

Plan assets

There are no Plan assets accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75.

(Continued)

Note 13 – Postemployment Healthcare Plan, continued

Actuarial methods and assumptions

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
Discount rate	3.13%
Payroll growth	3.0% to 7.0%, including inflation
Inflation	2.25% per annum
Experience studies	Based on the experience study covering the five-year period ending June 30, 2015 as conducted for the SCRS
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Females is used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for female SCRS members.
Medical care trend rates	Initial rate of 6.40% declining to an ultimate rate of 4.15% after 15 years; ultimate trend rate includes a 0.15% adjustment for excise tax
Participation rates	It was assumed that 90% of eligible retirees would choose to receive retiree healthcare benefits through the employer.

Sensitivity of total OPEB liability to the discount rate assumption

The Sensitivity of Total OPEB Liability to Change in Discount Rate and Healthcare Trend Rate – OPEB Plan's liability was prepared using a discount rate of 3.13%, which was a change from 3.62% applied in the prior year. If the discount rate were 1.0% higher than what was used in this valuation, the OPEB Plan liability would decrease to $18,728,400 or by 13.8%. If the discount rate were 1.0% lower than what was used in this valuation, the OPEB Plan liability would increase to $25,426,926 or by 17.1%.

	Discount rate		
	1.00% Decrease	**Baseline 3.13%**	**1.00% Increase**
OPEB Plan	$ 25,426,926	$ 21,715,221	$ 18,728,400

(Continued)

Note 13 – Postemployment Healthcare Plan, continued

Sensitivity of total OPEB liability to the healthcare cost trend rate assumption

The June 30, 2019 OPEB Plan liability was prepared using an initial trend rate of 6.40%. If the trend rate was 1.0% higher than what was used in this valuation, the OPEB Plan liability would increase to $26,554,019 or by 22.3%. If the trend rate was 1.0% lower than what was used in this valuation, the OPEB Plan liability would decrease to $17,998,013 or by 17.1%.

	Healthcare cost trend rate		
	1.00% Decrease	Baseline 6.40%	1.00% Increase
OPEB Plan	$ 17,998,013	$ 21,715,221	$ 26,554,019

For the year ended December 31, 2019, the Agency recognized an increase in OPEB Plan liability of $2,321,067 and reported deferred outflows and inflows of resources related to the OPEB Plan from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference in expected and actual experience	$ -	$ 553,172
Changes in assumptions	1,785,598	124,368
Contributions subsequent to the measurement date	297,525	-
	$ 2,083,123	$ 677,540

The $297,525 reported as deferred outflows of resources related to OPEB resulting from the Agency's contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the OPEB liability in the year ending December 31, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB Plan will be recognized in OPEB expense for the year ended December 31, as follows:

2020	$ 171,953
2021	171,953
2022	171,953
2023	171,953
2024	171,953
Thereafter	248,293
	$ 1,108,058

Note 14 – Commitments

The Agency has contracted with nine 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, 2019 was $2.6 million, 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, 2020, billing charges to the Agency are estimated to cost approximately $3.0 million.

Note 15 – 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 16 – Risk Management

The Agency is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency maintains insurance coverage through the State of South Carolina, and 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, 2019. The Agency believes the amount of actual or potential claims as of December 31, 2019 will not materially affect the financial condition of the Agency.

Note 17 – Subsequent Events

During January, February, and March 2020, the Agency executed eight contracts approximating $2.3 million for capital projects and equipment purchases.

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

Fiscal year [1]	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) - entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
2019	June 30, 2018	$ -	$ 21,715,221	$ 21,715,221	0.0%	$ 13,541,854	160.4%
2018	January 01, 2017	-	19,394,154	19,394,154	0.0	13,170,405	147.3
2017	January 01, 2017	-	18,556,497	18,556,497	0.0	12,503,399	140.4
2016	June 30, 2014	-	12,325,758	12,325,758	0.0	12,203,162	101.1
2016	June 30, 2014	-	12,325,758	12,325,758	0.0	12,109,581	101.8
2015	June 30, 2014	-	12,325,758	12,325,758	0.0	11,580,233	106.4
2014	June 30, 2012	-	11,756,531	11,756,531	0.0	11,463,560	102.6
2013	June 30, 2010	-	8,780,194	8,780,194	0.0	10,660,375	82.3
2012	June 30, 2010	-	8,780,194	8,780,194	0.0	10,198,831	86.1
2011	June 30, 2008	-	8,417,369	8,417,369	0.0	10,318,963	81.6
2010	June 30, 2008	-	8,417,369	8,417,369	0.0	9,518,573	88.4

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. Due to this change, the covered payroll of $12,203,162, for the first listed 2016 period, represents the trailing twelve-month period ended December 31, 2016.

Renewable Water Resources
Required Supplementary Information
Schedule of Agency's Proportionate Share of the Net Pension Liability

Fiscal year [1]	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
2019	0.122266%	$ 27,918,386	$ 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
2013	0.126513	22,691,919	11,261,359	201.5	56.4

1 - Represents South Carolina Retirement System's fiscal year, which is June 30.

Renewable Water Resources
Required Supplementary Information
Schedule of Agency's Pension Contribution

Fiscal year [1]	Actuarial required contribution	Actual contributions	Contribution deficiency (excess)	Agency's total payroll	Contributions as a percentage of total payroll
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
2014	1,215,138	1,215,138	-	11,961,237	10.2
2013	1,129,479	1,129,479	-	11,261,359	10.0
2012	972,459	972,459	-	10,666,643	9.1
2011	949,406	949,406	-	10,305,949	9.2
2010	915,126	915,126	-	9,981,382	9.2

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.

STATISTICAL

STATISTICAL

Statistical Section

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

Contents

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

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

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

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

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

Renewable Water Resources
Schedule of Net Position

	FY19 12/31/2019	FY18 [4] 12/31/2018	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	Restated FY13[1] 6/30/2013	Restated FY12[1] 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Net investment in capital assets	$ 323,681,852	$ 307,561,430	$ 275,530,356	$ 243,542,420	$ 236,817,979	$ 221,814,140	$ 217,096,602	$ 207,368,981	$ 183,853,336	$ 169,934,492	$ 161,289,271
Restricted											
Debt service	29,145,929	28,338,439	28,320,441	27,725,012	18,937,075	18,972,661	19,357,293	19,560,054	18,744,295	31,669,416	40,108,418
Capital asset replacement	5,269,300	5,080,422	4,853,457	4,666,997	4,602,950	4,620,109	4,760,286	4,874,899	4,848,431	4,659,144	4,802,059
Other	4,465,871	4,209,648	4,059,996	3,963,044	4,077,221	3,869,834	3,942,408	3,562,656	3,563,847	3,463,870	3,286,842
Total restricted	38,881,100	37,628,509	37,233,894	36,355,053	27,617,246	27,462,604	28,059,987	27,997,609	27,156,573	39,792,430	48,197,319
Unrestricted	9,620,887	5,778,716	24,999,892	34,490,280	40,285,442	34,019,081	45,491,583	48,580,665	63,402,146	57,782,111	50,394,599
Total net position	$ 372,183,839	$ 350,968,655	$ 337,764,142	$ 314,387,753	$ 304,720,667	$ 283,295,825	$ 290,648,172	$ 283,947,255	$ 274,412,055	$ 267,509,033	$ 259,881,189

[1] In fiscal year 2014, the Agency adopted GASB Statement No. 65 and restated fiscal years 2013 and 2012 net position to reflect the cumulative impact of the write-off of debt issue cost previously capitalized.

[2] Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

[3] In fiscal year 2018, the Agency adopted GASB Statement No. 75, restating beginning net position as of January 1, 2018.

Exhibit 2

Renewable Water Resources
Schedule of Revenues, Expenses and Changes in Net Position

	FY19 12/31/2019	FY18 [4] 12/31/2018	FY17 12/31/2017	SY16[3] 12/31/2016	FY16 6/30/2016	FY15[2] 6/30/2015	Restated FY14 6/30/2014	Restated FY13[1] 6/30/2013	FY12[1] 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Operating revenues											
Domestic and commercial customers	$ 80,412,141	$ 78,519,523	$ 74,867,453	$ 38,209,439	$ 71,975,651	$ 69,136,651	$ 64,718,545	$ 61,858,932	$ 62,503,653	$ 59,872,550	$ 55,789,993
Industrial customers	7,634,487	7,889,536	7,490,645	3,799,379	7,555,116	7,448,487	6,987,451	6,734,685	6,771,088	6,771,019	6,352,280
New account fees	10,189,658	9,860,000	6,575,000	3,576,000	8,227,500	7,420,000	5,477,500	5,492,500	4,684,500	2,712,528	2,375,000
Septic haulers and other	554,635	481,012	566,086	220,123	595,787	564,857	589,610	546,015	454,470	410,743	389,836
Total operating revenues	98,790,921	96,750,071	89,499,184	45,804,941	88,354,054	84,569,995	77,773,106	74,632,132	74,413,711	69,766,840	64,907,109
Operating expenses											
Total operating expenses before depreciation	42,177,170	38,730,144	34,807,935	19,070,485	33,261,129	35,442,323	35,245,111	29,085,234	27,278,286	25,659,915	25,206,823
Depreciation	28,998,433	27,795,178	26,806,997	13,344,747	26,286,924	26,274,360	26,579,447	26,061,618	24,134,563	24,055,324	24,137,438
Total operating expenses	71,175,603	66,525,322	61,614,932	32,415,232	59,548,053	61,716,683	61,824,558	55,146,852	51,412,849	49,715,239	49,344,261
Net operating revenue	27,615,318	30,224,749	27,884,252	13,389,709	28,806,001	22,853,312	15,948,548	19,485,280	23,000,862	20,051,601	15,562,848
Nonoperating revenues (expenses)											
Investment revenue	1,931,849	1,090,705	778,177	97,637	705,283	424,023	457,974	218,939	453,338	425,659	439,915
Other revenue	256,335	314,172	1,834,163	122,608	127,636	64,376	132,123	108,829	87,436	43,134	91,628
Amortization	(27,131)	(27,131)	(27,131)	(13,565)	(27,131)	(29,005)	(29,005)	(29,005)	(29,005)	(557,839)	(866,645)
Interest expense	(5,593,035)	(6,304,478)	(7,031,615)	(3,793,386)	(7,891,725)	(8,806,068)	(9,435,113)	(10,094,401)	(10,723,179)	(12,093,716)	(12,259,120)
Non-project expenses	(3,153,453)	(646,783)	(348,064)	(144,108)	(119,327)	(385,131)	(373,610)	(154,442)	(375,100)	(240,995)	(87,241)
Debt issuance costs	(182,772)	(1,286,301)	(297,140)	-	(191,537)	-	-	-	(602,960)	-	-
Net nonoperating expenses	(6,768,207)	(6,859,816)	(5,091,610)	(3,730,814)	(7,396,801)	(8,731,805)	(9,247,631)	(9,950,080)	(11,189,470)	(12,423,757)	(12,681,463)
Capital project cost reimbursement	368,073	2,011,797	583,747	8,191	15,642	-	-	-	610,293	-	-
Increase in net position before change in accounting principle	21,215,184	25,376,730	23,376,389	9,667,086	21,424,842	14,121,507	6,700,917	9,535,200	12,421,685	7,627,844	2,881,385
Cumulative effect of change in accounting principle	-	-	-	-	-	(21,473,854)	-	-	-	-	-
Increase (decrease) in net position	21,215,184	25,376,730	23,376,389	9,667,086	21,424,842	(7,352,347)	6,700,917	9,535,200	12,421,685	7,627,844	2,881,385
Total net position, beginning of year	350,968,655	337,764,142	314,387,753	304,720,667	283,295,825	290,648,172	283,947,255	274,412,055	267,509,033	259,881,189	256,999,804
Change in accounting principle	-	(12,172,217)	-	-	-	-	-	-	(5,518,663)	-	-
Total net position, beginning of year, restated	350,968,655	325,591,925	314,387,753	304,720,667	283,295,825	290,648,172	283,947,255	274,412,055	261,990,370	259,881,189	256,999,804
Total net position, end of year	$ 372,183,839	$ 350,968,655	$ 337,764,142	$ 314,387,753	$ 304,720,667	$ 283,295,825	$ 290,648,172	$ 283,947,255	$ 274,412,055	$ 267,509,033	$ 259,881,189

[1] In fiscal year 2014, the Agency adopted GASB Statement No. 65 and restated fiscal years 2013 and 2012 net position to reflect the cumulative impact of the write-off of debt issuance costs previously capitalized.
[2] In fiscal year 2015, the Agency adopted GASB Statement No. 68.
[3] Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.
[4] In fiscal year 2018, the Agency adopted GASB Statement No. 75, restating beginning net position as of January 1, 2018.

Renewable Water Resources
Schedule of Operation and Maintenance Expenses[1]

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16[3] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13[2] 6/30/2013	FY12[2] 6/30/2012	FY11[2] 6/30/2011	FY10[2] 6/30/2010
Salaries	$ 12,761,758	$ 12,488,931	$ 12,222,521	$ 6,205,727	$ 11,778,818	$ 11,340,068	$ 11,288,400	$ 10,592,787	$ 10,000,763	$ 9,697,910	$ 9,412,737
Electricity / natural gas / water	4,386,652	4,111,428	3,627,580	1,940,110	3,883,190	3,888,844	3,747,844	3,345,476	3,344,854	2,910,330	3,259,596
Customer service and billing expenses	3,160,760	3,015,931	2,513,925	1,265,356	2,525,112	2,449,727	2,333,274	2,143,908	2,223,663	1,619,244	1,626,053
Professional service contracts	4,166,807	2,910,006	1,982,674	1,135,622	1,868,908	3,451,718	4,031,270	1,021,255	1,220,595	1,243,892	1,321,222
Solids disposal	2,372,593	2,028,040	1,449,971	592,590	1,342,441	1,631,456	1,530,287	1,227,630	1,129,904	1,149,986	1,156,579
Retirement	1,919,646	1,684,324	1,357,670	671,464	1,316,483	1,595,788	1,285,421	1,194,305	1,027,680	993,626	947,703
R & M equipment	1,225,684	1,563,009	1,412,994	676,528	1,289,004	1,525,012	1,567,007	1,096,590	834,423	757,235	753,196
OPEB	1,613,590	1,529,674	1,412,673	601,435	1,159,046	1,100,651	760,825	-	-	-	-
Insurance	1,686,072	1,521,962	1,671,284	831,965	1,501,644	1,426,437	1,672,141	2,209,387	2,001,616	1,690,069	1,643,087
Chemicals	1,834,946	1,490,727	1,529,777	771,017	1,783,804	2,649,481	2,275,096	1,423,308	1,185,175	1,175,710	1,084,024
FICA	917,559	898,465	869,984	444,866	852,678	819,261	811,800	752,442	721,986	698,699	669,919
Legal	639,154	777,465	281,390	140,360	372,321	253,691	293,233	181,273	175,240	295,555	288,293
Pension	1,157,575	686,981	1,122,429	1,608,757	230,791	-	-	-	-	-	-
General insurance	570,963	540,170	315,845	487,291	488,209	199,975	400,135	380,201	336,563	338,888	290,520
R & M electrical	508,514	512,178	414,116	218,800	412,455	484,456	524,917	485,390	381,951	320,748	298,311
Public relations	714,857	429,079	346,202	131,916	219,142	217,848	351,863	394,173	265,909	320,699	170,515
Telephones and communication	287,026	330,138	259,994	126,474	224,246	192,487	190,522	187,066	180,807	173,689	174,560
Workman compensation insurance	221,169	284,911	93,582	301,397	244,364	236,538	242,952	195,811	184,616	220,168	226,207
Training / reference	280,247	219,223	209,790	67,224	76,498	71,642	83,289	90,656	90,176	88,213	51,761
R & M building grounds	175,978	218,925	131,516	72,273	131,761	107,688	120,723	112,347	126,524	129,432	111,085
Administrative expenses	243,200	171,289	139,694	63,323	139,723	128,142	148,141	236,917	146,889	183,275	199,894
Permit and other fees	186,278	167,289	164,813	146,012	146,224	174,591	135,810	123,128	168,633	119,426	67,520
Employee travel	119,218	157,000	159,705	89,085	129,503	148,702	145,063	137,167	127,643	105,099	106,026
Vehicle supplies	159,330	133,091	150,009	66,253	148,945	164,228	141,073	118,706	110,741	100,809	78,331
Lab equipment & supplies	143,064	128,821	153,969	78,894	146,885	149,102	126,556	143,523	113,207	127,553	116,979
Office and cleaning supplies	102,620	124,228	149,960	65,726	124,664	153,514	123,607	119,570	101,114	107,861	98,420
Gasoline	101,473	122,634	129,125	49,265	134,020	156,521	201,153	199,276	173,837	152,643	124,712
Fuel oil	106,325	117,536	75,770	35,637	85,045	136,270	160,411	135,373	116,873	109,097	87,690
Uniforms	86,676	91,622	91,573	58,930	65,601	60,038	61,542	58,610	51,313	54,313	55,112
Equipment supplies	15,002	53,550	36,103	19,887	17,414	54,593	50,881	23,233	45,282	78,662	32,875
Small hand tools	33,069	18,518	17,100	6,334	10,024	11,266	9,461	6,065	13,998	10,548	9,079
Employee professional expenses	6,950	6,968	-	44,999	125,203	131,005	135,081	102,691	82,607	59,586	58,761
Unemployment	3,027	5,377	-	-	-	12,443	2,001	75	142	2,140	26,549
Total departmental expense	41,907,782	38,539,490	34,493,738	19,015,517	32,974,166	35,123,183	34,951,779	28,438,339	26,684,724	25,035,105	24,547,316
Percentage increase (decrease) over prior year	8.7%	11.7%	81.4%	(42.3)%	(6.1)%	0.5%	22.9%	6.6%	6.6%	2.0%	(3.1)%
Bad debt expense	269,388	190,654	314,197	54,968	286,963	319,140	293,332	646,895	593,562	624,810	659,507
Total, including bad debt expense	$ 42,177,170	$ 38,730,144	$ 34,807,935	$ 19,070,485	$ 33,261,129	$ 35,442,323	$ 35,245,111	$ 29,085,234	$ 27,278,286	$ 25,659,915	$ 25,206,823

[1] Certain amounts have been reclassed to conform with the current year presentation. These reclassifications had no effect on the previously reported expenses.

[2] OPEB was combined with Insurance from June 30, 2010 to June 30, 2013

[3] Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

Renewable Water Resources
Schedule of Revenue Statistics

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Domestic and commercial customer revenue											
Greenville	$74,356,682	$72,963,802	$ 69,902,221	$ 35,728,021	$ 67,400,696	$ 64,875,472	$ 60,844,104	$ 58,317,726	$ 59,233,997	$ 56,785,235	$ 52,922,310
Greer/Taylors	3,336,972	3,234,127	3,072,757	1,585,781	2,929,794	2,756,556	2,555,577	2,551,021	2,474,381	2,309,191	2,149,999
Powdersville	910,811	790,085	661,357	312,903	578,878	507,808	441,553	417,331	349,261	336,455	296,425
Laurens	370,267	370,084	333,367	185,763	306,241	263,747	196,306	146,410	127,749	108,787	98,290
Marietta	222,895	227,365	223,295	111,366	218,475	214,428	202,246	192,711	186,887	184,511	183,616
Pelzer	208,712	215,643	198,735	105,814	207,606	192,634	188,915	64,230	-	-	-
West Pelzer	175,734	176,925	159,956	80,553	156,724	160,654	149,410	46,307	-	-	-
Well water/commercial	162,287	370,889	245,331	79,155	140,400	132,520	111,152	94,853	77,899	80,771	81,985
Blue Ridge	404,179	170,603	70,434	20,083	36,837	32,832	29,282	28,343	25,323	21,940	13,434
Anderson	257,948	-	-	-	-	-	-	-	-	-	-
Easley combined utilities	5,654										
Slater		-	-	-	-	-	-	-	28,156	45,660	43,934
Total domestic and commercial revenue	$80,412,141	$78,519,523	$ 74,867,453	$ 38,209,439	$ 71,975,651	$ 69,136,651	$ 64,718,545	$ 61,858,932	$ 62,503,653	$ 59,872,550	$ 55,789,993
Number of customers											
Customer accounts	141,708	139,294	136,488	133,199	132,391	130,045	127,400	126,054	122,826	121,374	120,558
Percentage increase	1.7%	2.1%	2.5%	0.6%	1.8%	2.1%	1.1%	2.6%	1.2%	0.7%	1.2%
Commercial revenue rates											
User volume charge per 1,000 gallons	$ 5.57	$ 5.57	$ 5.33	$ 5.33	$ 5.33	$ 5.33	$ 5.12	$ 4.92	$ 4.71	$ 4.55	$ 4.38
Base charge per month	12.00	12.00	11.00	11.00	11.00	11.00	10.60	10.20	9.80	9.40	9.00
Total monthly charge [1]	$ 67.70	$ 67.70	$ 64.30	$ 64.30	$ 64.30	$ 64.30	$ 61.80	$ 59.40	$ 56.90	$ 54.90	$ 52.80
Monthly charge percent increase	0.0%	5.3%	0.0%	0.0%	0.0%	4.0%	4.0%	4.4%	3.6%	4.0%	3.9%
Domestic revenue rates											
User volume charge per 1,000 gallons	$ 5.86	$ 5.86	$ 5.61	$ 5.61	$ 5.61	$ 5.61	$ 5.39	$ 5.18	$ 4.96	$ 4.79	$ 4.61
Base charge per month	12.00	12.00	11.00	11.00	11.00	11.00	10.60	10.20	9.80	9.40	9.00
Total monthly charge [1]	$ 41.30	$ 41.30	$ 39.05	$ 39.05	$ 39.05	$ 39.05	$ 37.55	$ 36.10	$ 34.60	$ 33.35	$ 32.05
Monthly charge percent increase	0.0%	5.8%	0.0%	0.0%	0.0%	4.0%	4.0%	4.3%	3.7%	4.1%	4.2%

[1] Assumes commercial consumption of approximately 10,000 gallons per month and residential consumption of approximately 5,000 gallons per month

[2] Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

Renewable Water Resources
Schedule of Long-Term Debt

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16[1] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Revenue bonds											
2001 Refunding	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,920,000
2005 Revenue	-	-	-	-	-	-	520,000	1,025,000	1,510,000	81,495,000	81,585,000
2005B Refunding	18,155,000	26,475,000	34,285,000	41,180,000	41,180,000	47,430,000	53,395,000	59,070,000	64,515,000	69,695,000	69,695,000
2009 Revenue	-	1,975,000	3,880,000	16,780,000	16,780,000	18,550,000	20,260,000	21,900,000	23,480,000	25,000,000	30,000,000
2010A Refunding	10,300,000	15,620,000	20,685,000	25,555,000	25,555,000	42,030,000	46,770,000	51,285,000	55,585,000	59,720,000	-
2010B Revenue	4,625,000	6,990,000	9,985,000	12,910,000	12,910,000	15,695,000	18,500,000	21,270,000	24,000,000	26,800,000	-
2012 Refunding	41,680,000	42,515,000	69,275,000	70,035,000	70,035,000	70,850,000	71,125,000	71,395,000	71,395,000	-	-
2015A Refunding	12,540,000	12,793,000	13,041,000	13,284,000	13,284,000	-	-	-	-	-	-
2017A Refunding	11,448,000	11,589,000	11,736,000	-	-	-	-	-	-	-	-
2018A Refunding	25,055,000	25,055,000	-	-	-	-	-	-	-	-	-
Total revenue bonds payable	123,803,000	143,012,000	162,887,000	179,744,000	179,744,000	194,555,000	210,570,000	225,945,000	240,485,000	262,710,000	186,200,000
State revolving loans ("SRL")											
Regional Sludge	-	-	-	-	-	-	-	-	-	-	21,159
Brushy Creek/Reedy River	-	-	-	-	-	-	-	-	-	-	1,685,006
Maple Creek	-	-	-	-	-	-	-	-	-	-	75,378
Lower Reedy River	-	-	-	-	-	-	-	-	-	-	19,572,448
Gilder Creek Phase I	-	-	-	-	-	-	-	-	-	-	5,488,322
Georges Creek	-	-	-	-	-	-	-	-	-	-	13,619,303
Gilder Creek Phase II	-	-	-	-	-	-	-	-	-	-	28,528,215
Georges Creek Conveyance Phase I	-	-	-	-	-	-	-	-	-	-	4,846,898
Georges Creek Conveyance Phase II	-	-	-	-	-	-	-	-	-	-	4,159,734
Lower Reedy WRRF Expansion Phase II	8,346,526	9,394,868	10,419,951	11,422,290	11,915,089	12,884,255	13,831,919	14,758,556	15,664,634	16,533,197	17,327,143
Durbin Creek WRRF Upgrade and Expansion	14,595,422	15,999,417	17,372,261	18,714,646	19,374,629	20,672,587	21,941,747	23,182,748	24,396,215	25,549,712	26,571,651
Gravity Sewer and Manhole Rehabilitation Phase I	1,679,942	1,817,832	1,953,605	2,087,335	2,153,455	2,284,250	2,413,171	2,540,283	2,665,648	2,789,326	1,496,822
Gravity Sewer and Manhole Rehabilitation Phase II	1,537,034	1,656,705	1,774,013	1,889,041	1,945,723	2,057,474	2,167,134	2,274,775	2,380,466	1,600,138	698,068
FY15/16 Gravity Sewer and Manhole Rehabilitation	4,218,170	4,338,486	4,456,661	1,586,233	-	-	-	-	-	-	-
Richland Creek Trunk Sewer Improvements	12,995,239	13,318,996	-	-	-	-	-	-	-	-	-
FY17 Gravity Sewer and Manhole Rehabilitation	1,450,302	1,514,111	-	-	-	-	-	-	-	-	-
Reedy River Basin Sewer Tunnel	19,127,966	-	-	-	-	-	-	-	-	-	-
FY18 Gravity Sewer and Manhole Rehabilitation	539,249	-	-	-	-	-	-	-	-	-	-
Lower Reedy Digester Capacity Improvements	1,575,781	-	-	-	-	-	-	-	-	-	-
Rock Creek Interceptor Upgrade	3,109,210	-	-	-	-	-	-	-	-	-	-
Total SRL	69,174,841	48,040,415	35,976,491	35,699,545	35,388,896	37,898,566	40,353,971	42,756,362	45,106,963	46,472,373	124,090,147
Total long-term debt payable	192,977,841	191,052,415	198,863,491	215,443,545	215,132,896	232,453,566	250,923,971	268,701,362	285,591,963	309,182,373	310,290,147
Premiums on bond issuance	5,918,356	7,617,787	8,511,557	10,308,217	11,209,753	13,768,234	15,824,836	17,987,312	20,070,524	13,338,573	9,734,500
Total long-term debt, including premiums	$ 198,896,197	$ 198,670,202	$ 207,375,048	$ 225,751,762	$ 226,342,649	$ 246,221,800	$ 266,748,807	$ 286,688,674	$ 305,662,487	$ 322,520,946	$ 320,024,647
Customer accounts	141,708	139,294	136,488	133,199	132,391	130,045	127,400	126,054	122,826	121,374	120,558
Long-term liabilities per customer account	$ 1,404	$ 1,426	$ 1,519	$ 1,695	$ 1,710	$ 1,893	$ 2,094	$ 2,274	$ 2,489	$ 2,657	$ 2,655

[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 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis.

Renewable Water Resources
Long-Term Debt Obligation (Excluding Premiums)

Year	Revenue bond principal	Revenue bond interest	SRL principal	SRL interest	Total principal	Total interest	Grand total
2020	$ 19,842,000	$ 4,667,989	$ 3,995,791	$ 1,312,650	$ 23,837,791	$ 5,980,639	$ 29,818,430
2021	20,611,000	3,747,826	5,457,107	2,007,754	26,068,107	5,755,580	31,823,687
2022	19,964,000	3,010,185	6,033,843	2,124,053	25,997,843	5,134,238	31,132,081
2023	20,974,000	2,302,856	6,095,359	1,997,255	27,069,359	4,300,111	31,369,470
2024	21,073,000	1,416,264	5,609,341	1,573,949	26,682,341	2,990,213	29,672,554
2025	21,339,000	483,426	5,727,325	1,455,965	27,066,325	1,939,391	29,005,716
2026	-	-	5,658,116	1,281,508	5,658,116	1,281,508	6,939,624
2027	-	-	4,412,231	1,009,936	4,412,231	1,009,936	5,422,167
2028	-	-	4,124,505	909,283	4,124,505	909,283	5,033,788
2029	-	-	2,876,437	826,933	2,876,437	826,933	3,703,370
2030	-	-	2,487,563	777,758	2,487,563	777,758	3,265,321
2031	-	-	2,248,358	731,951	2,248,358	731,951	2,980,309
2032	-	-	2,251,514	690,040	2,251,514	690,040	2,941,554
2033	-	-	2,240,968	647,569	2,240,968	647,569	2,888,537
2034	-	-	711,553	174,816	711,553	174,816	886,369
2035	-	-	724,534	161,835	724,534	161,835	886,369
2036	-	-	737,752	148,618	737,752	148,618	886,370
2037	-	-	751,210	135,159	751,210	135,159	886,369
2038	-	-	741,884	121,454	741,884	121,454	863,338
2039	-	-	685,645	108,599	685,645	108,599	794,244
2040	-	-	698,070	96,174	698,070	96,174	794,244
2041	-	-	710,720	83,524	710,720	83,524	794,244
2042	-	-	723,600	70,644	723,600	70,644	794,244
2043	-	-	736,713	57,531	736,713	57,531	794,244
2044	-	-	750,063	44,181	750,063	44,181	794,244
2045	-	-	763,656	30,588	763,656	30,588	794,244
2046	-	-	777,496	16,749	777,496	16,749	794,245
2047	-	-	443,487	3,998	443,487	3,998	447,485
	$ 123,803,000	$ 15,628,546	$ 69,174,841	$ 18,600,474	$ 192,977,841	$ 34,229,020	$ 227,206,861

Renewable Water Resources
Schedule of Bond Coverage

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Operating revenues	$ 98,790,921	$ 96,750,071	$ 89,499,184	$ 90,616,515	$ 88,354,054	$ 84,569,995	$ 77,773,106	$ 74,632,132	$ 74,413,711	$ 69,766,840	$ 64,907,109
Investment revenue, unrestricted	1,931,849	1,090,705	778,177	830,119	705,283	424,023	457,974	217,379	382,179	364,936	405,982
Gross revenues	100,722,770	97,840,776	90,277,361	91,446,634	89,059,337	84,994,018	78,231,080	74,849,511	74,795,890	70,131,776	65,313,091
Less: operating expense before depreciation	42,177,170	38,730,144	34,807,935	37,207,699	33,261,129	35,442,323	35,245,111	29,085,234	27,278,286	25,659,915	25,206,823
Net revenues available for debt service	$ 58,545,600	$ 59,110,632	$ 55,469,426	$ 54,238,935	$ 55,798,208	$ 49,551,695	$ 42,985,969	$ 45,764,277	$ 47,517,604	$ 44,471,861	$ 40,106,268
Debt service on senior lien bonds	$ 9,491,538	$ 11,420,902	$ 11,107,463	$ 11,015,516	$ 11,213,120	$ 15,084,365	$ 15,073,246	$ 15,075,678	$ 18,825,634	$ 23,593,930	$ 24,949,616
Senior lien debt coverage[1]	6.2	5.2	5.0	4.9	5.0	3.3	2.9	3.0	2.5	1.9	1.6
Debt service on all bonds	$ 28,667,330	$ 29,112,612	$ 28,547,755	$ 28,155,128	$ 28,663,459	$ 28,786,540	$ 28,792,979	$ 27,797,235	$ 29,219,832	$ 28,918,439	$ 24,949,616
Total debt coverage	2.0	2.0	1.9	1.9	1.9	1.7	1.5	1.6	1.6	1.5	1.6

[1] Per Article IV, Section 4.02 (A) (7) of the Sewer System Revenue Bond Resolution dated April 26, 1990, net revenues available for debt service cannot be less than 1.10 of the debt service obligation
[2] Amounts shown represent January to December 2016 activity

Renewable Water Resources
Ratio of Total Operating Expenses to Total Debt Service

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	Restated FY14 6/30/2014	Restated FY13[1] 6/30/2013	FY12[1] 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Operating expenses											
Operating expenses before depreciation	$ 42,177,170	$ 38,730,144	$ 34,807,935	$ 19,070,485	$ 33,261,129	$ 35,442,323	$ 35,245,111	$ 29,085,234	$ 27,278,286	$ 25,659,915	$ 25,206,823
Depreciation	28,998,433	27,795,178	26,806,997	13,344,747	26,286,924	26,274,360	26,579,447	26,061,618	24,134,563	24,055,324	24,137,438
Total operating expenses	71,175,603	66,525,322	61,614,932	32,415,232	59,548,053	61,716,683	61,824,558	55,146,852	51,412,849	49,715,239	49,344,261
Debt service											
Interest payments	6,184,267	7,494,236	8,216,598	4,286,183	9,412,789	10,316,135	11,015,587	10,906,634	13,123,410	12,317,959	13,661,275
Principal payments	22,483,063	21,618,376	20,331,157	1,275,584	19,250,670	18,470,405	17,777,392	16,890,601	16,096,422	16,600,480	11,288,341
Total debt service	$ 28,667,330	$ 29,112,612	$ 28,547,755	$ 5,561,767	$ 28,663,459	$ 28,786,540	$ 28,792,979	$ 27,797,235	$ 29,219,832	$ 28,918,439	$ 24,949,616
Total expenses to debt ratio	2.5	2.3	2.2	5.8	2.1	2.1	2.1	2.0	1.8	1.7	2.0

[1] In fiscal year 2014, the Agency restated fiscal year 2013 and 2012 amortization to reflect the write-off of bond issuance costs which were previously capitalized and amortized amount is over the life of the debt.

[2] Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

Renewable Water Resources
Ratio of Assessed Value Per Capita and General Obligation Debt Balance

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11[3] 6/30/2011	FY10 6/30/2010
Assessed value [1]	$2,031,181,917	$1,944,271,880	$1,954,883,763	$1,810,198,571	$1,735,073,462	$1,671,390,180	$1,628,001,143	$1,600,768,508	$1,597,142,350	$1,540,375,699
Renewable Water Resources' general obligation debt	-	-	-	-	-	-	-	-	-	-
Population [2]	520,932	513,431	506,457	495,777	481,317	474,266	464,394	459,324	457,575	453,966
Assessed value per capita	$ 3,899	$ 3,787	$ 3,860	$ 3,651	$ 3,605	$ 3,524	$ 3,506	$ 3,485	$ 3,490	$ 3,393

[1] Greenville County Auditor's Office as of fiscal year ended June 30.
[2] Greenville County Planning Department (estimate)
[3] U.S. Census (population estimate)

Renewable Water Resources
Outstanding General Obligation Bonds - Greenville County and Surrounding Municipalities

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Belmont Fire & Sanitation District[1]	$ 1,182,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Berea Public Service District [1]	2,263,000	2,106,448	1,878,700	2,074,200	2,323,350	2,210,000	2,475,000	2,730,000	2,970,000	1,690,000
Boiling Springs Fire District [1]	3,628,766	3,878,756	4,122,539	2,093,763	2,161,731	2,226,384	262,799	297,092	329,392	359,819
Canebrake Fire District [1]	1,500,000	-	-	81,000	133,770	-	-	-	-	-
City of Fountain Inn [2]	572,750	849,250	1,119,250	1,382,750	1,635,500	345,000	430,000	700,000	3,895,000	3,935,000
City of Greenville [2]	4,675,000	5,500,000	6,455,000	7,375,000	8,250,000	9,095,000	9,915,000	10,208,000	11,222,000	12,040,780
City of Greer [2]	700,022	915,000	1,130,000	1,340,000	1,545,000	2,115,000	2,655,000	3,180,000	3,693,500	4,136,500
City of Mauldin [2]	2,150,000	2,475,000	2,785,000	2,880,000	3,140,000	3,395,000	3,645,000	3,885,000	4,250,000	4,535,000
City of Simpsonville [2]	867,815	1,240,409	1,192,226	1,553,512	799,130	1,256,394	1,699,669	2,050,000	2,585,000	3,105,000
City of Travelers Rest [2]	4,597,954	4,897,611	63,098	31,630	39,788	39,788	815,000	845,000	875,000	683,310
Clear Springs Fire District [1]	3,595,665	3,705,000	3,875,000	749,000	847,000	939,000	1,031,000	1,117,000	880,000	935,000
Donaldson Center Fire Service Area [1]	-	-	-	115,000	230,000	345,000	455,000	565,000	-	-
Duncan Chapel Fire District [1]	1,427,569	3,746,563	1,465,163	1,482,850	1,500,000	-	-	-	-	-
Dunklin Fire District [1]	-	247,702	382,234	425,299	-	-	-	-	-	-
Fountain Inn Fire Service Area [1]	-	-	-	1,660,000	1,760,000	1,880,000	1,990,000	2,100,000	880,000	1,670,000
Gantt Fire, Sewer & Police District [1]	525,142	4,112,433	570,272	743,369	894,462	1,045,598	1,201,823	1,428,180	1,444,710	1,580,453
Glassy Mountain Fire District [1]	1,470,000	1,685,000	1,890,000	2,090,000	1,535,000	1,745,000	1,945,000	2,140,000	2,325,000	2,505,000
Gowensville Fire District [1]	-	134,250	-	-	-	-	-	-	-	-
Greater Greenville Sanitation[1]	1,076,633	-	-	-	-	-	-	-	-	-
Greenville Arena District [1]	28,577,232	32,132,423	35,573,800	38,050,000	18,435,000	19,690,000	20,900,000	22,065,000	36,848,647	24,275,000
Greenville County Art Museum [1]	1,905,334	2,381,667	3,668,000	3,429,000	2,300,000	-	-	-	-	-
Greenville County [1]	109,808,588	123,364,342	137,746,748	146,493,098	155,889,836	166,060,779	143,469,285	65,900,000	64,440,000	68,040,000
Greenville County School District [1]	719,253,000	718,030,000	845,577,000	812,125,000	845,170,000	945,359,652	973,508,597	66,449,000	47,785,000	38,230,000
Lake Cunningham Fire District	-	-	-	217,861	257,722	-	-	-	-	-
Mauldin Fire Service Area [1]	-	-	-	1,530,000	1,630,000	1,750,000	1,870,000	2,005,000	2,135,000	2,265,000
North Greenville Fire District [1]	1,045,000	1,160,000	1,270,000	1,375,000	1,480,000	1,580,000	1,675,000	1,750,000	-	-
Old Mills Estate[1]	150	-	-	-	-	-	-	-	-	-
Parker Fire District [1]	11,705,570	12,721,247	-	-	-	-	-	-	-	-
Pelham Batesville Fire District [1]	-	-	-	-	2,349,961	-	-	-	-	-
Piedmont Park Fire District [1]	688,931	415,146	-	-	-	-	-	-	-	-
Piedmont Public Service District [1]	-	123,193	151,502	178,880	-	-	-	-	-	-
Recreation District [1]	-	-	-	-	-	-	1,017,357	1,201,391	1,377,193	1,544,817
River Falls Fire District [1]	186,759	230,003	271,951	312,642	383,266	390,401	-	-	-	-
Simpsonville Fire Service Area [1]	-	-	-	3,230,000	-	-	-	210,000	415,000	615,000
South Greenville Fire & Sewer District [1]	3,102,605	566,605	1,135,924	1,079,256	582,000	719,000	850,000	975,000	1,095,000	1,209,000
Taylors Fire & Sewer District [1]	1,811,329	1,873,591	1,975,316	1,975,316	-	-	80,209	229,535	372,680	509,899
Tigerville Fire District [1]	250,000	285,000	-	355,000	390,000	425,000	455,000	485,000	550,000	158,935
Wade Hampton Fire [1]	200,000	-	-	-	-	-	-	-	-	-
Total	$ 908,766,814	$ 928,776,639	$ 1,054,298,723	$ 1,036,428,426	$ 1,055,662,516	$ 1,162,611,996	$ 1,172,345,739	$ 192,515,198	$ 190,368,122	$ 174,023,513

[1] Greenville County Treasurer June 30 fiscal year end report
[2] Surrounding Municipalities June 30 fiscal year end report

Renewable Water Resources
Ten Largest Employers in 2019

Company	County	Product / Service	Employment		Established
			Jobs	% of Total	
Prisma Health	Greenville	Health services	15,941	3.1%	1930
Greenville County Schools	Greenville	Public education	10,095	1.9%	1951
Michelin North America	Greenville	Headquarters, R&D /Mfg (radial tire manufacturer)	5,055	1.0%	1932
Bon Secours St. Francis Health System	Greenville	Health services	4,451	0.9%	1975
South Carolina State Government	Greenville	State government	3,465	0.7%	1967
General Electric	Greenville	Engineering (gas turbine manufacturing)	3,400	0.7%	1905
Duke Energy	Greenville	Energy production	3,300	0.6%	1960
Greenville County Government	Greenville	Local Government	2,240	0.4%	1961
Federal Government	Greenville	United States Government	2,089	0.4%	1786
Bi-Lo Supermarkets	Greenville	Distribution and Retail	2,089	0.4%	1776

Source: GADC and SCACOG as of November 2019
Note: Data for previous nine years not considered relevant to current year report and therefore omitted

Renewable Water Resources
Summary of Demographic and Economic Statistics

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Population [1]	520,932	513,431	506,457	498,766	495,777	481,317	474,266	464,394	459,324	457,575	453,966
Population growth	1.5%	1.4%	1.5%	0.6%	3.0%	1.5%	2.1%	1.1%	0.4%	0.8%	3.6%
School enrollment [2]	75,577	74,789	73,757	74,319	72,855	71,996	70,866	70,282	69,649	69,141	69,006
Median age [3]	38	38	38	38	38	38	37	37	37	37	37
Per capita personal income [4]	$ 48,644	$ 46,066	$ 44,298	$ 43,671	$ 40,791	$ 40,257	$ 39,130	$ 37,689	$ 36,426	$ 35,963	$ 36,905
Personal income [4]	$ 25,013,621	$ 23,347,725	$ 22,094,260	$ 21,427,856	$ 19,691,774	$ 19,092,741	$ 18,297,465	$ 17,385,834	$ 16,510,427	n/a	n/a
Percent unemployment [5]	2.0%	2.8%	3.6%	3.5%	4.9%	5.4%	5.6%	6.8%	8.1%	9.3%	9.8%

n/a - not available

(1) Greenville County Planning Department (estimate)

(2) The School District of Greenville County (http://www.greenville.k12.sc.us/gcsd/depts/admin/stats/)

(3) US Census Bureau (https://data.census.gov/cedsci/)

(4) US Department of Commerce, Bureau of Economic Analysis (http://www.bea.gov/iTable)

(5) Bureau of Labor Statistics Data, reflects LAUS 2015 redesign (http://www.bls.gov/data/)

Renewable Water Resources
Employees by Function

	FY19 12/31/2019		FY18 12/31/2018		FY17 [1] 12/31/2017		FY16 6/30/2016		FY15 6/30/2015		FY14 6/30/2014		FY13 6/30/2013		FY12 6/30/2012		FY11 6/30/2011		FY10 6/30/2010	
Employees by department	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Administration	45	22%	46	23%	43	19%	46	21%	38	18%	36	18%	36	18%	33	17%	31	16%	31	16%
Engineering	16	8%	16	8%	16	7%	16	7%	15	7%	11	6%	15	7%	14	7%	15	8%	14	7%
Laboratory	13	6%	13	6%	18	8%	18	8%	18	9%	16	8%	18	9%	18	9%	17	9%	16	8%
Maintenance/Collections	58	29%	58	29%	68	31%	67	30%	63	31%	64	32%	65	32%	62	32%	64	33%	64	33%
Operations, see below	47	23%	47	23%	53	24%	59	27%	58	28%	60	30%	57	28%	56	28%	55	28%	58	30%
Pretreatment	12	6%	13	6%	9	4%	9	4%	9	4%	8	4%	8	4%	7	4%	8	4%	8	4%
Biosolids Management [2]	6	3%	6	3%	6	3%	6	3%	6	3%	5	2%	5	2%	5	3%	5	2%	5	2%
Business Continuity Services [2]	6	3%	5	2%	8	4%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	0%	0%
Total	203	100%	204	100%	221	100%	221	100%	207	100%	200	100%	204	100%	195	100%	195	100%	196	100%
Operations employees by facility																				
Durbin Creek	4	9%	4	9%	5	9%	5	8%	5	9%	5	8%	4	7%	2	3%	3	5%	4	7%
Georges Creek	4	9%	4	9%	5	9%	5	8%	6	10%	5	8%	5	9%	5	9%	5	9%	5	9%
Gilder Creek	5	10%	5	10%	6	12%	6	10%	6	10%	6	10%	6	10%	7	13%	6	11%	6	10%
Grove Creek	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	4	7%	5	9%	5	9%
Lower Reedy	7	15%	7	15%	7	14%	7	12%	7	12%	7	12%	7	12%	7	13%	7	13%	7	12%
Mauldin Road	13	28%	13	28%	17	32%	23	40%	22	38%	24	40%	22	39%	23	41%	22	40%	23	40%
Pelham	8	17%	8	17%	8	15%	8	14%	8	14%	8	14%	8	14%	8	14%	7	13%	8	13%
Piedmont Regional	6	12%	6	12%	5	9%	5	8%	4	7%	5	8%	5	9%	-	0%	-	0%	-	0%
Total	47	100%	47	100%	53	100%	59	100%	58	100%	60	100%	57	100%	56	100%	55	100%	58	100%

[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 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year. The employees by function did not change from June 30, 2016 to December 31, 2016 so the SY16 column has been removed from the exhibit.

[2] Department name changes in FY18: Solids Management to Biosolids Management and Technical Resources to Business Continuity Services

Renewable Water Resources
Length of Gravity Line Serving Water Resource Recovery Facilities (in feet)

Water resource recovery facility	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16 [1] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Durbin Creek	130,315	130,315	130,674	130,672	135,548	135,548	135,548	135,548	135,548	135,548	135,556
Georges Creek	197,989	94,429	94,491	94,491	94,491	94,491	94,491	94,491	107,006	94,674	94,674
Gilder Creek	168,247	168,247	164,251	161,998	161,998	161,998	161,999	161,999	161,999	162,000	162,000
Grove Creek	-	-	-	-	-	-	-	-	94,570	94,570	94,570
Lower Reedy	282,138	282,564	282,720	282,691	282,725	282,725	282,725	282,485	282,495	282,528	285,209
Marietta	27,554	27,554	27,579	24,969	24,969	24,969	24,877	24,877	24,877	24,877	24,877
Mauldin Road	403,192	410,836	399,050	400,933	400,933	400,916	400,935	400,920	397,285	400,352	397,109
North Greenville University	50,514	-	-	-	-	-	-	-	-	-	-
Pelham	340,544	347,673	343,335	342,557	342,442	342,288	342,049	342,006	341,019	347,054	339,132
Piedmont	-	-	-	-	-	-	-	-	10,417	10,417	10,417
Piedmont Regional	175,222	105,237	105,187	105,117	105,117	105,118	105,118	104,987	-	-	-
Totals	1,775,715	1,566,855	1,547,287	1,543,428	1,548,223	1,548,053	1,547,742	1,547,313	1,555,216	1,552,020	1,543,544

[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 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

Renewable Water Resources
Summary of Water Resource Recovery Facility Flows in Million Gallons Per Day (MGD)

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16 [3] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Permitted flow	87	87	87	87	87	87	87	90	85	85	85
Average flow	44	43	38	35	44	39	42	40	34	35	40
Average peak flow	62	64	45	38	58	45	54	50	39	44	51

Fiscal year 2019 flows by facility and basin [1]

	Permitted	Average	Peak
Reedy River basin			
Mauldin Road [2]	29.0	16.4	25.0
Lower Reedy	11.5	6.8	7.9
Basin Total	40.5	23.2	32.9
Saluda River basin			
Marietta	0.7	0.3	0.4
Georges Creek	3.0	1.4	2.2
Piedmont Regional	4.0	1.7	2.5
Basin Total	7.7	3.4	5.1
Enoree River basin			
Pelham	22.5	10.7	15.6
Gilder Creek	11.3	4.5	5.7
Durbin Creek	5.2	2.0	2.5
Basin Total	39.0	17.2	23.8
Tyger River basin			
North Greenville University	0.2	0.1	0.1
Basin Total	0.2	0.1	0.1
Total all basins	87.4	43.9	61.9

[1] Flows by plant and basin for previous nine years not considered relevant to current year report and therefore omitted.

[2] The actual permitted wet weather flow of the Mauldin Road WRRF is 70.0 MGD and its permitted load allocation capacity is 40.0 MGD; however, the plant's biological nutrient removal process is only designed to treat daily flows of 29.0 MGD.

[3] Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

Renewable Water Resources
Miscellaneous Statistics

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16[2] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Operations power usage											
Electric power [1]	$ 3,637,525	$ 3,454,511	$ 2,998,157	$ 1,653,580	$ 3,343,709	$ 3,296,892	$ 3,173,428	$ 2,859,338	$ 2,904,547	$ 2,470,977	$ 2,755,858
Operations chemical usage (in tons)											
Chlorine	308	198	176	54	249	239	287	461	240	159	135
Polymer	245	201	151	40	140	207	239	73	93	88	96
Lime slurry	-	-	-	-	-	-	-	69	250	158	226
Lime	4,353	3,242	2,943	1,314	2,552	2,504	2,957	1,114	2,994	2,176	1,065
Sulfur dioxide	106	97	23	23	166	75	121	26	96	28	46

[1] Amount represents annual total less Powershare credits.

[2] Prior to July 1, 2016, the Agency's fiscal year ended June 30. As of July 1, 2016, the Agency adopted a December 31 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

Renewable Water Resources
Pump Stations and Industrial User Statistics

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16 [1] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Number of pump stations by facility											
Durbin Creek	5	5	5	5	5	6	6	6	6	6	6
Georges Creek	18	13	13	13	13	13	13	13	13	13	13
Gilder Creek	3	3	3	3	3	3	3	3	3	3	3
Grove Creek	-	-	-	-	-	-	-	2	2	2	2
Lower Reedy	5	5	5	5	5	5	5	5	5	5	5
Marietta	2	2	2	3	3	3	3	3	3	3	3
Mauldin Road	9	8	8	8	8	8	8	8	8	8	8
Pelham	15	15	15	15	15	15	15	15	16	16	16
Piedmont	-	-	-	-	-	-	-	-	3	3	3
Piedmont Regional	15	6	6	6	6	6	6	4	-	-	-
North Greenville	11	-	-	-	-	-	-	-	-	-	-
Totals	83	57	57	58	58	59	59	59	59	59	59
Number of industrial customers by facility											
Durbin Creek	14	13	13	15	15	12	13	13	14	14	14
Georges Creek	3	3	3	3	3	2	1	1	1	1	1
Gilder Creek	7	6	6	7	7	7	7	7	7	8	9
Grove Creek	-	-	-	-	-	-	-	7	8	8	7
Lower Reedy	33	32	32	31	31	30	31	32	30	30	30
Marietta	1	1	1	1	1	1	1	1	1	1	1
Mauldin Road	24	23	23	25	24	25	27	27	25	26	28
Pelham	12	12	12	13	13	14	17	17	17	17	17
Piedmont	-	-	-	-	-	-	-	-	2	2	2
Piedmont Regional	15	12	12	12	13	11	11	2	-	-	-
Totals	109	102	102	107	107	102	108	107	105	107	109

[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 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

Renewable Water Resources
Schedule of Funding Sources for Capital Projects

Funding sources for capital projects	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16[1] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010	Totals
Bond proceeds	$ 1,217,176	$ 27,441,295	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,966,337	$ 3,679,145	$ 3,139,084	$ 60,443,037
State revolving loan proceeds	24,408,489	15,292,458	2,986,498	1,586,233	-	-	-	-	-	3,165,598	3,640,849	$ 51,080,125
Contributed capital	368,073	2,011,797	583,747	8,191	15,642	-	-	-	-	-	-	$ 2,987,450
Federal payments	-	-	-	-	-	-	-	-	610,293	-	-	$ 610,293
Internal reserves	21,960,280	5,854,144	40,695,401	17,370,026	23,566,224	11,619,001	13,922,349	28,070,672	16,527,079	2,556,656	1,195,542	$ 183,337,374
Total capital project expense	$ 47,954,018	$ 50,599,694	$ 44,265,646	$ 18,964,450	$ 23,581,866	$ 11,619,001	$ 13,922,349	$ 28,070,672	$ 42,103,709	$ 9,401,399	$ 7,975,475	$ 298,458,279

[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 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

Renewable Water Resources
Solids Generated and Method of Disposal (Dry Tons Per Year)

	FY19 12/31/2019	FY18 12/31/2018	FY17 12/31/2017	SY16[1] 12/31/2016	FY16 6/30/2016	FY15 6/30/2015	FY14 6/30/2014	FY13 6/30/2013	FY12 6/30/2012	FY11 6/30/2011	FY10 6/30/2010
Solids generated by facility											
Durbin Creek	653	631	328	106	254	333	649	403	258	200	239
Georges Creek	170	210	61	83	204	199	188	121	166	159	161
Gilder Creek	250	441	605	155	649	588	678	455	523	500	682
Grove Creek	-	-	-	-	-	-	-	55	143	109	147
Lower Reedy	1,358	1,256	1,387	488	1,108	1,400	968	1,146	869	1,066	764
Marietta	40	59	58	44	60	68	76	101	75	102	74
Mauldin Road	3,149	2,668	2,231	1,049	2,150	3,999	2,294	2,930	2,869	2,933	2,791
Pelham	1,790	1,537	1,735	836	1,925	2,096	1,471	1,282	1,284	1,468	1,166
Piedmont	-	-	-	-	-	-	-	38	52	52	71
Piedmont Regional	364	356	317	148	348	294	317	92	-	-	-
Totals	7,774	7,158	6,722	2,909	6,698	8,977	6,641	6,623	6,239	6,589	6,095
Disposal methods											
Landfill disposal	2,150	1,577	416	5	2,177	6,808	4,804	516	158	365	382
Land application/recycled	5,624	5,581	6,306	2,904	4,521	2,169	1,837	6,107	6,081	6,224	5,713
Totals	7,774	7,158	6,722	2,909	6,698	8,977	6,641	6,623	6,239	6,589	6,095

[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 year end. The short year ("SY") 16 transitions from June 30 fiscal year basis to the December 31 calendar year basis; as such, comparisons between SY16 and other years will be difficult because of the different number of months reflected in each year.

SINGLE AUDIT

SINGLE AUDIT

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor 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
Renewable Water Resources
Greenville, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position of Renewable Water Resources (the "Agency") as of December 31, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, 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 11, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Greenville, South Carolina
March 11, 2020

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited Renewable Water Resource's (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2019. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Greenville, South Carolina
March 11, 2020

Renewable Water Resources
Schedule of Findings and Questioned Costs
For the year ended December 31, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? _____ yes __X__ no
- Significant deficiency identified? _____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? _____ yes __X__ no
- Significant deficiency identified? _____ yes __X__ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of *Uniform Guidance*? _____ yes __X__ no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
	Clean Water State Revolving Funds (CWSRFs)
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? _____ yes __X__ no

Renewable Water Resources
Schedule of Findings and Questioned Costs, continued
For the year ended December 31, 2019

Section II – Financial Statement Findings

No findings reported.

Section III – Federal Award Findings and Questioned Costs

No findings reported.

Renewable Water Resources
Summary Schedule of Prior Year Audit Findings
For the year ended December 31, 2019

Section IV – Prior Year Findings

No findings noted.

Renewable Water Resources
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2019

Federal Grantor Pass-through entity Program title	Federal CFDA number	Pass-through entity identifying number	Expenditures
Clean Water State Revolving Funds Cluster			
Environmental Protection Agency			
Passed through the State of South Carolina			
Capitalization Grants for Clean Water State Revolving Funds	66.458	1-195-17-370-85	$ 9,608,104
Capitalization Grants for Clean Water State Revolving Funds	66.458	1-206-18-370-84	787,179
Total Clean Water State Revolving Funds Cluster			10,395,283
Total Expenditures of Federal Awards			$ 10,395,283

The accompanying notes are an integral part of this schedule.

Renewable Water Resources
Notes to Schedule of Expenditures of Federal Awards
For the year ended December 31, 2019

Note 1 – Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Renewable Water Resources (the "Agency") under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to, and does not, present the statements of net position, revenues, expenses and changes in net position, and cash flows of the Agency.

Note 2 – Summary of significant accounting policies

Basis of Accounting – Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Note 3 – Indirect cost rate

The Agency has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

This page was left blank intentionally


FSC
www.fsc.org
FSC® C008908
The mark of responsible forestry
RAINFOREST ALLIANCE
CERTIFIED
100%
That's Purely
ReWa®
renewable water resources
GREENVILLE, SOUTH CAROLINA