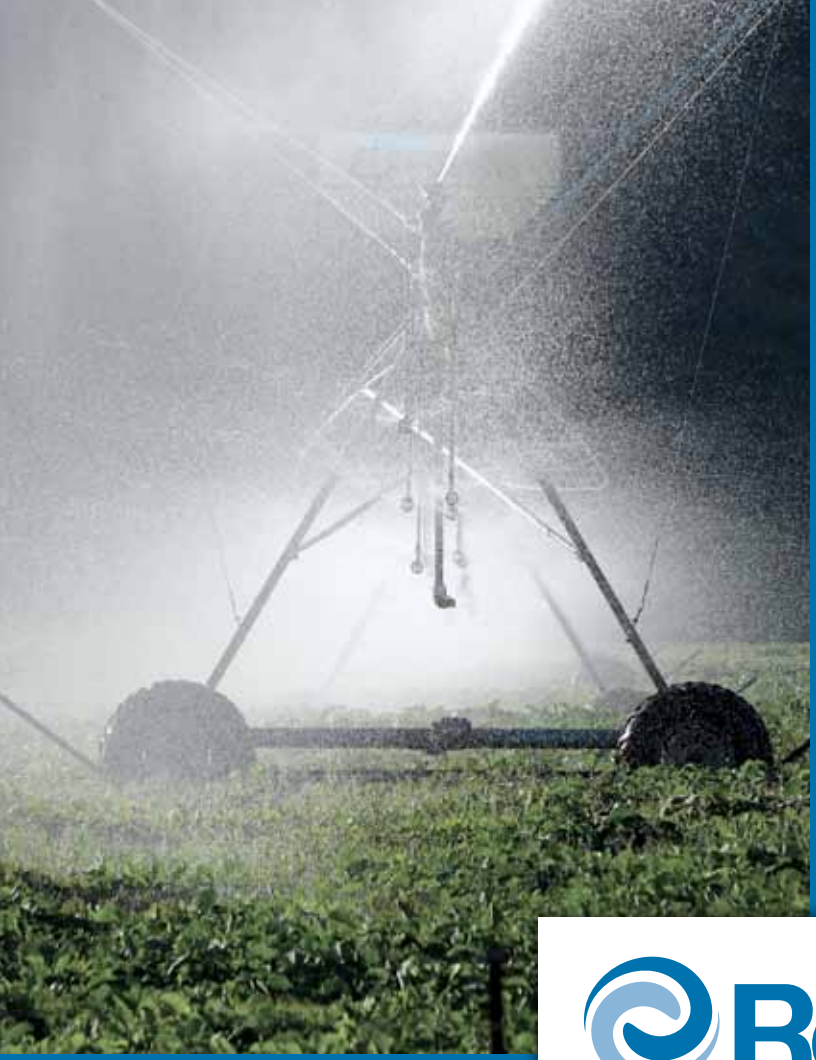
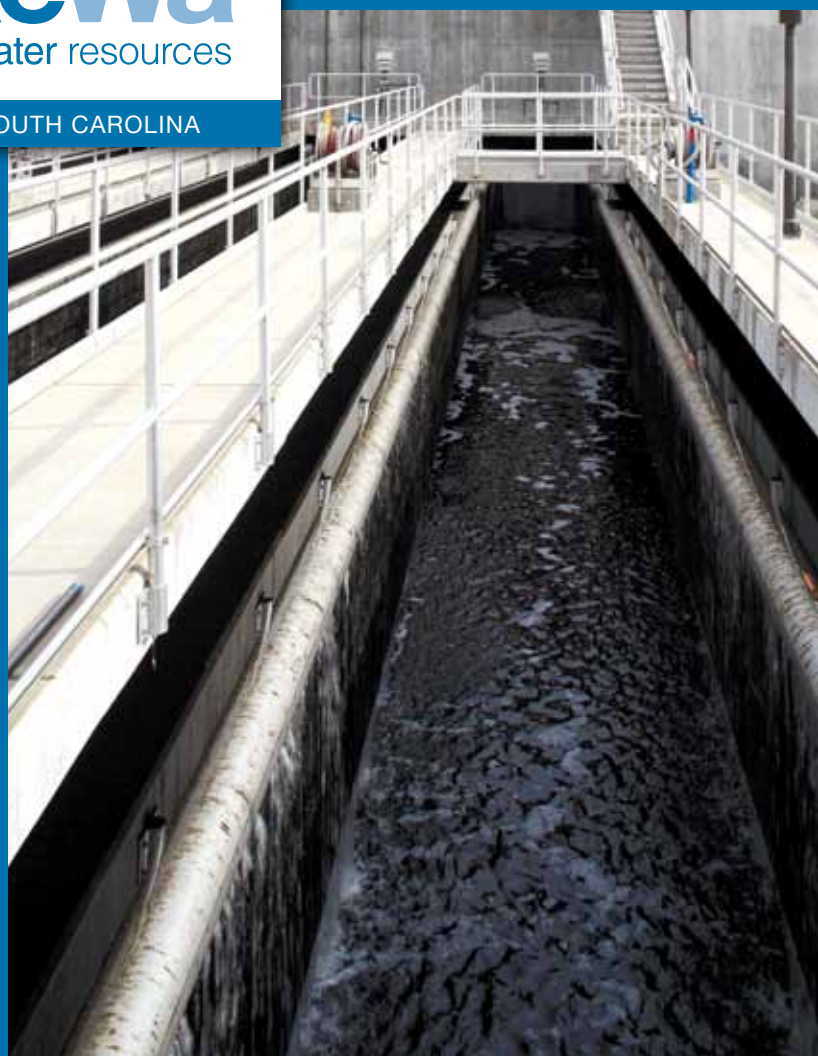
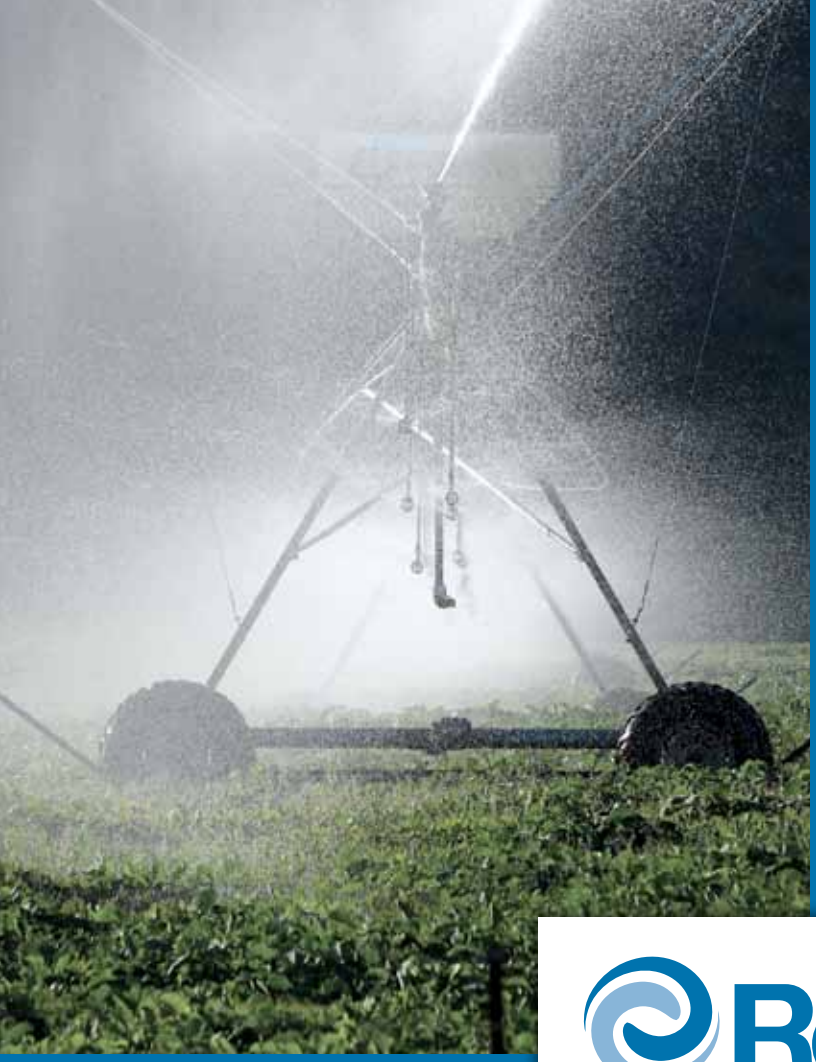


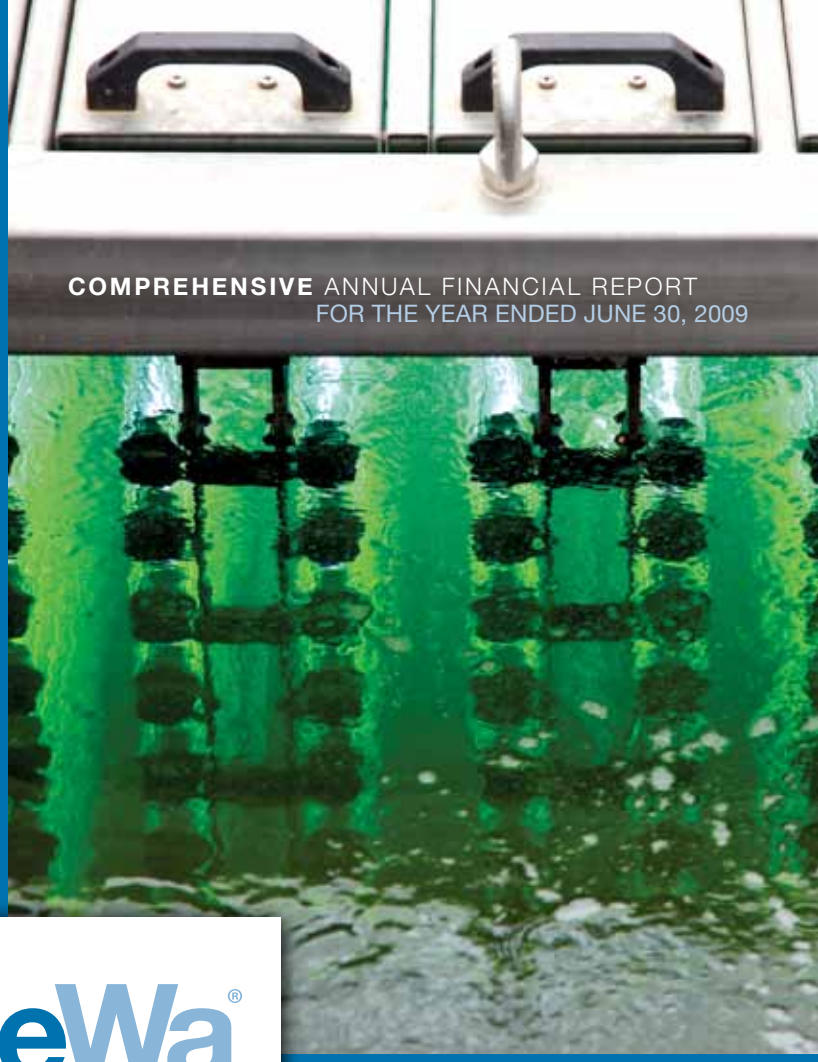
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

ReWa®
renewable water resources

GREENVILLE, SOUTH CAROLINA



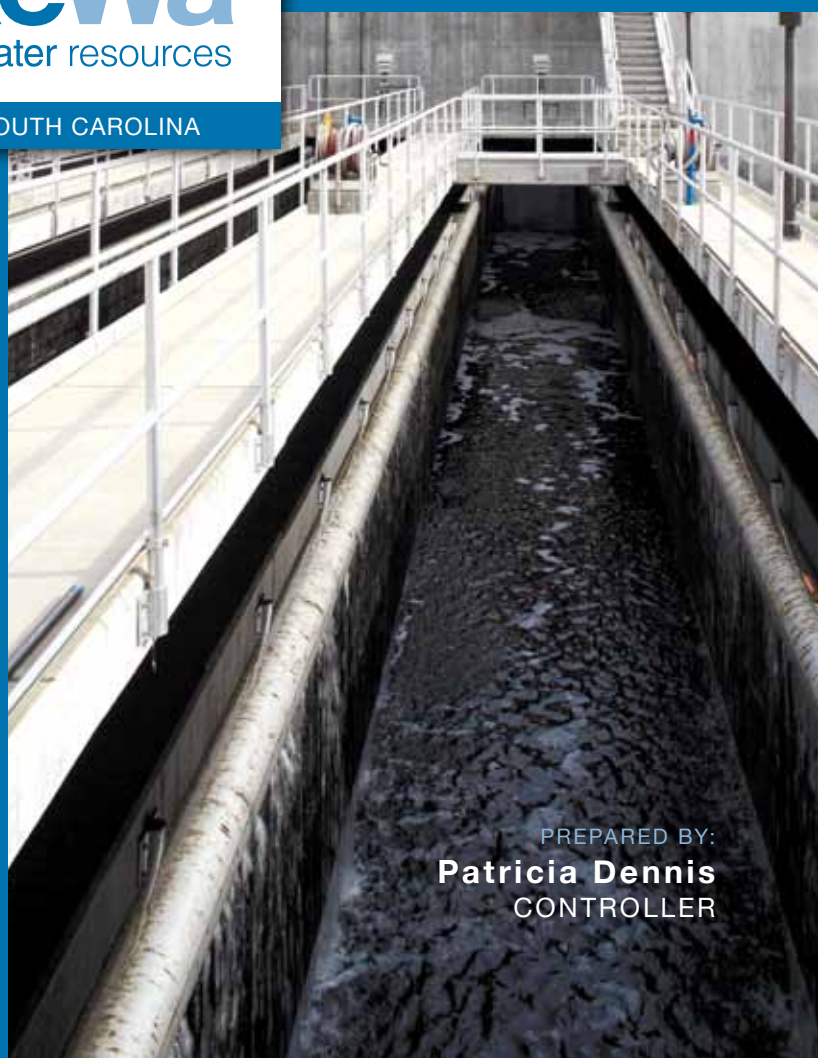




COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

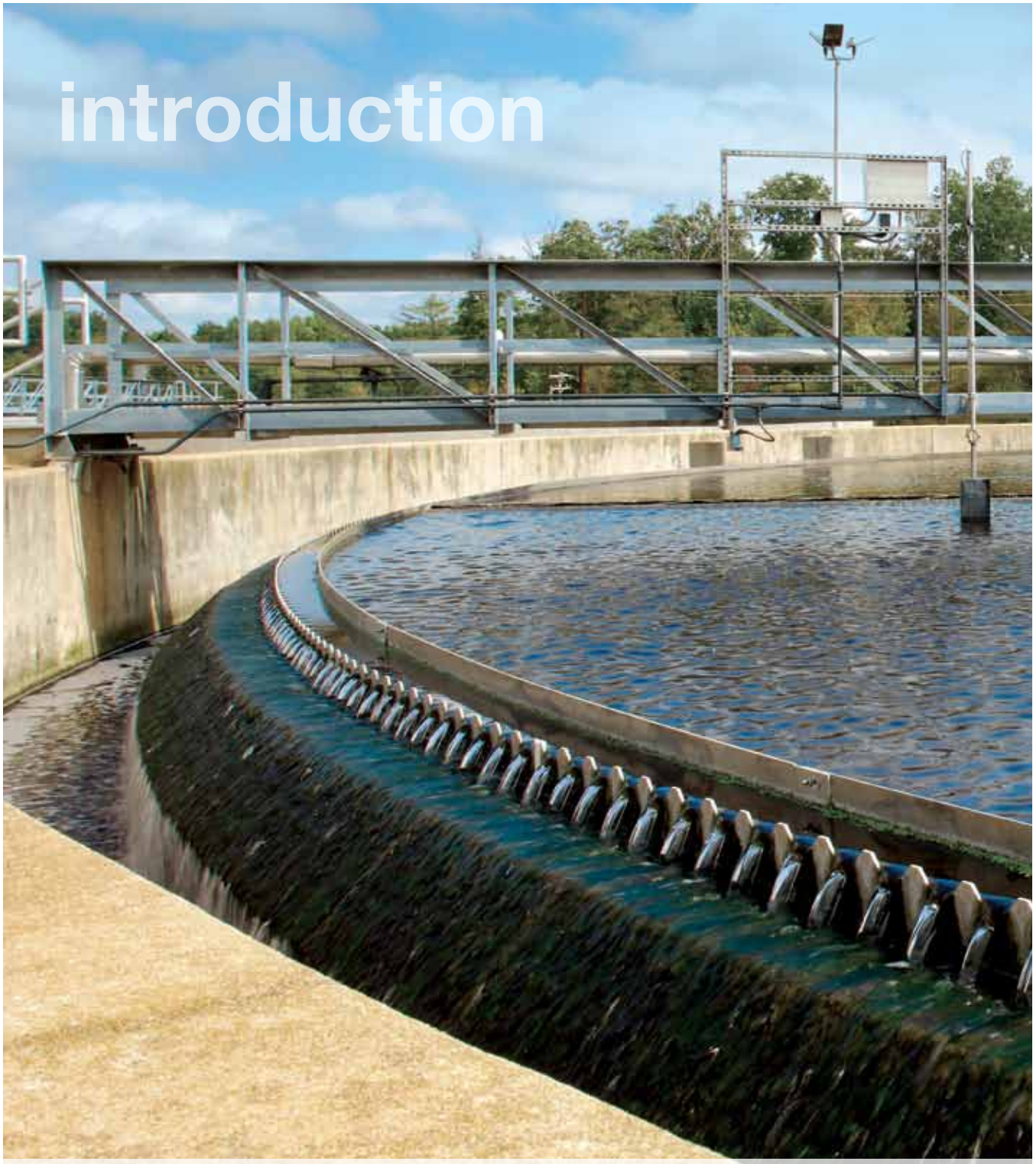
ReWa®
renewable water resources

GREENVILLE, SOUTH CAROLINA



PREPARED BY:
Patricia Dennis
CONTROLLER

introduction



Secondary Clarifier:

Secondary clarifiers allow the separation of solids from liquid, producing effluent suitable for filtration and disinfection.

Deep Bed Sand Filtration:

Similar to drinking water filtration, the Agency uses deep bed sand filtration in one of the final processes of producing clean water.

RENEWABLE WATER RESOURCES
GREENVILLE, SOUTH CAROLINA
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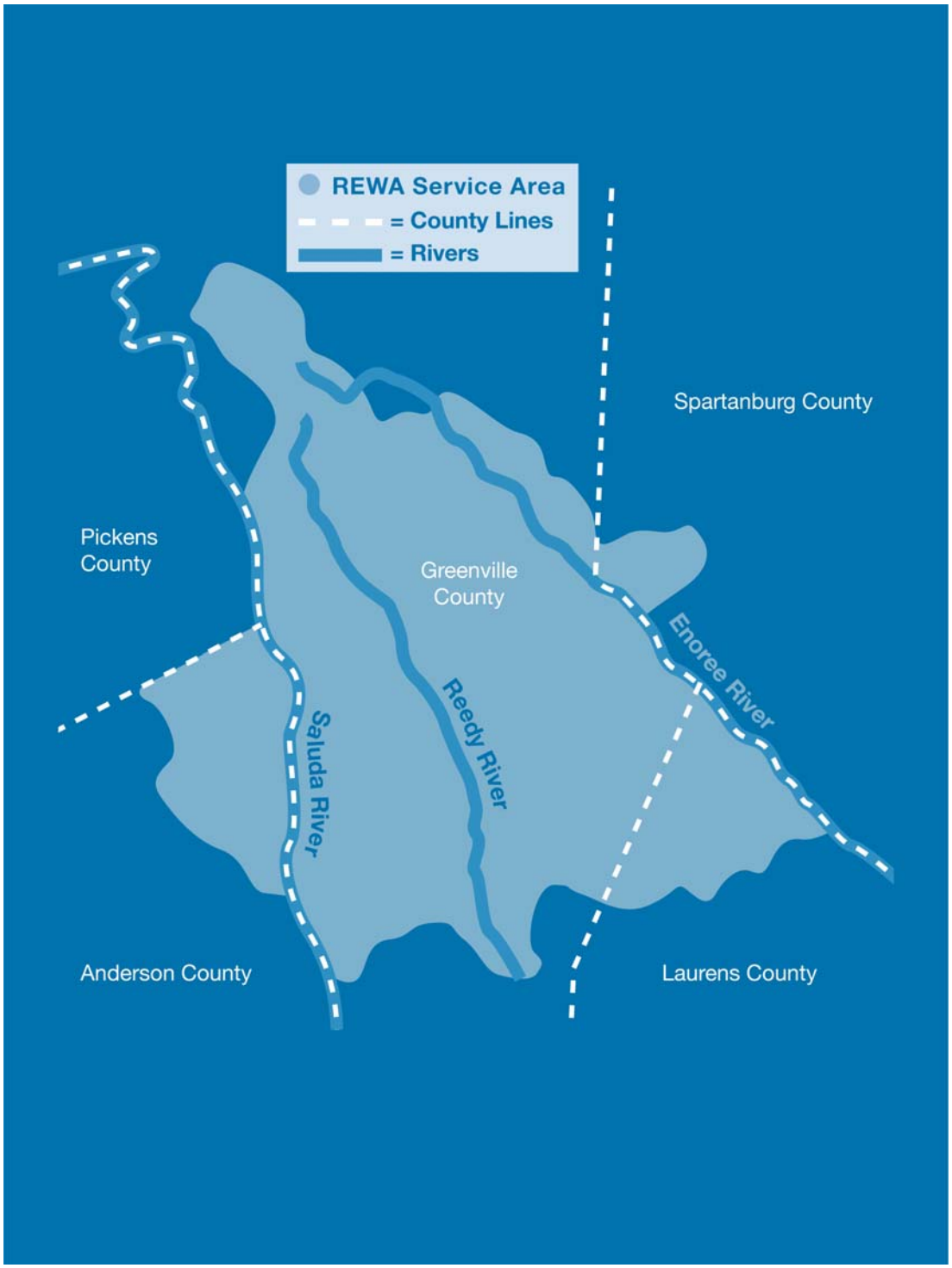

REWA Service Area
= County Lines
= Rivers
Spartanburg County
Pickens County
Greenville County
Enoree River
Reedy River
Saluda River
Anderson County
Laurens County

Certificate of Achievement for Excellence in Financial Reporting

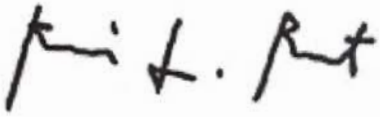
Presented to

Western Carolina Regional Sewer Authority

South Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

November 30, 2009

To the Board of Commissioners and Customers:

The management and staff of Renewable Water Resources ("the Agency") are pleased to present the Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2009.

Management assumes full responsibility for the accuracy and completeness of the information provided in this report. We believe that the information presented is accurate in all material respects, based upon our comprehensive internal control framework. This report is designed to fairly present the financial position and results of operations of the Agency. All disclosures, necessary to enable the reader to gain an understanding of the Agency's financial activities, have been included.

The Agency's Board of Commission ("BOC") requires an annual audit by an independent firm of certified public accountants. Elliott Davis, LLC 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. Elliott Davis, LLC concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the Agency's financial statements for the fiscal year ended June 30, 2009.

The independent audit of the financial statement included federal mandated Single Audit Standards. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. For additional information on the Single Audit, please refer to the audit section of this report.

Generally Accepted Accounting Principles ("GAAP") requires that management provide a narrative introduction, overview and analysis in the form of Management's Discussion and Analysis ("MD&A") to accompany the basic financial statements. This letter of transmittal is designed to complement the 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 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 in 1925. 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. 745 of 1974, and recently changed to Renewable Water Resources by Act No. 102 of 2009. The Agency's activities are accounted for as an enterprise fund and costs are recovered through user fees.

The Agency is the largest wastewater treatment provider in the region, serving all of Greenville County and portions of Spartanburg, Laurens, Pickens and Anderson Counties, which are commonly referred to as the Upstate. The Saluda River, Reedy River and the Enoree River basins are the three major drainage basins in the Agency's service area. Wastewater within the region is collected from 18 public partners that construct and maintain 1,750 miles of sewer collection lines. These collection lines connect into the Agency's 340 mile interceptor system. The Agency owns and operates ten wastewater treatment plants ("WWTP") which treat an average flow of 36.6 million gallons per day.

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

The Agency is dedicated to enhancing the quality of life in its service area by providing high quality wastewater treatment services. The mission of the organization is to protect the public health and water quality of the Upstate waterways while providing the necessary infrastructure to support the local economy. Our goals are to be a world class organization and to have zero violations.

FACTORS AFFECTING FINANCIAL CONDITION

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

Regional Economy

Greenville County is strategically located between Atlanta and Charlotte along the I-85 corridor, previously known as the growth corridor. As of October 2009, Greenville's unemployment rate reached 10.6%, an indicator that Greenville continues to be impacted by the national recession. While the unemployment rate is an improvement on an overall South Carolina rate of 12.1%, it is higher than the national average of 10.2%.

Greenville is home to world-class organizations such as BMW, Timken, Sealed Air – Cryovac, Michelin North America, General Electric, Hubbell Lighting, Lockheed Martin, Fluor Corporation and many more. BMW is currently undergoing a $750 million expansion. In the past month, Waste2Energy Holdings and Ranger Aerospace have announced plans to relocate their headquarters to Greenville. In addition, two companies have relocated facilities to Greenville in 2009, investing approximately $21 million and creating roughly 360 jobs. Greenville has more foreign investment per capita than any other region in the United States.

Greenville is committed to strategic planning and development and is known as an innovation and entrepreneurial leader in South Carolina. This is primarily due to the skilled workforce and local government's partnerships with industries and universities. Clemson University's International Center of Automotive Research is the result of a joint effort between BMW, Michelin North America, the City of Greenville, the state of South Carolina and others. The 250 acre advanced-technology campus, located within the city limits of Greenville, was designed to fill the gaps between research, technology, and commercial application. Also, a Translational Research Facility is now located at Greenville Hospital Systems' ("GHS") Patewood campus where Clemson University, GHS and Steadman Hawkins Clinic of the Carolinas are collaborating to advance biomedical research. This program is aimed at providing an environment that is essential to furthering the development of clinically relevant technology to improve patient care and disease diagnosis. In addition, NEXT, a resource collaborative that supports and attracts high impact entrepreneurs, recently opened a 60,000 square foot innovation center modeled after the Digital Hub of Dublin, Ireland.

Although Greenville continues to attract development, many of its manufacturing companies and small business owners have not been able to withstand the national recession. The Upstate has responded and recently completed a comprehensive study identifying ways to attract development amidst a struggling economy. The study recommended a campaign to nurture economic development in the four areas where this region already has a strong presence: advanced materials, automotive, biosciences and energy.

Industry

The Agency has slightly over 100 industrial customers that it bills directly and classifies as either low volume dischargers or 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 an average of at least 25,000 gallons per day of process wastewater to the Public Owned Treatment Works ("POTW")
- discharges five percent or more of any design or treatment capacity of the POTW
- is found by the Agency, the South Carolina Department of Health & Environmental Control, or the Environmental Protection Agency ("EPA") to have a reasonable potential for adversely affecting, either singly or in combination with other discharges on the wastewater disposal system, the quality of sludge, the system's effluent quality, the receiving stream, or air emissions generated by the system

Conversely a low volume discharger is one that does not meet any of the above criteria. Currently, the Agency has 74 industries classified as significant industrial users. All significant industrial users must obtain a permit to discharge to the POTW. Significant industrial users pay fixed base fees, volume charges, and surcharges for industrial biological oxygen demand and total suspended solid discharges.

Listed below are the Agency's largest industrial customers by revenue generation in fiscal year 2009.

Ten Largest Industrial Accounts in 2009

Industry	Revenue	Percentage of total operating revenues
Columbia Farms *Poultry processing*	$ 827,240	1.27%
Sealed Air - Cryovac *Food wrapping*	265,074	0.41 %
Cytec Carbon Fibers, LLC *Carbon fiber manufacturing*	259,788	0.40 %
Columbia Farms - Pelham *Poultry Processing*	247,476	0.38 %
Michelin North America *Tire manufacturer*	239,383	0.37 %
Kemet Electronics - Simpsonville *Electronic capacitor manufacturing*	231,040	0.36 %
Aurora Textile Finishing *Textile fabrics*	224,110	0.35 %
Cognis – Henkel Corporation *Organic chemical producer*	221,431	0.34 %
K&M Fabrics, Inc. *Drapery fabrics*	204,747	0.32 %
3M Company *Film & tape manufacturer*	186,831	0.29 %

Long-term Financial Planning

The Agency maintains a rolling five year capital improvements program. The development of this program involves the evaluation of current conditions, growth projections, regulatory requirements and project affordability. In addition, the Upstate Roundtable, a volunteer collaboration with community, business and industry leaders, was reconvened in 2008. The goal was to align regional wastewater infrastructure with the Upstate's projected growth, while promoting environmental sustainability. The overriding concepts are described below:

- capacity addresses what, where and when wastewater collection and treatment facilities are needed
- by-products of the treatment process have a value to the community and can reduce the net cost of treatment to the ratepayer
- funding outlines the multiple resources that will be needed to accomplish the twenty-year plan

- sustainability addresses ways that the Agency can provide its service while minimizing unnecessary consumption of resources and promoting stewardship of water, land and energy for future generations

The final plan identifies over $800 million capital improvement needs and more than 70 recommendations as a guide for growth and development through the year 2030. Additional information on the Upstate Roundtable, as well as, the final report can be accessed at www.upstateroundtable.org. Since the Agency's revenues are solely derived from user fees, it is critical that the rates remain sufficient to meet operational expenses, as well as, the above five and twenty year plans. Additional information on the rate study can be found in MD&A within the financial section of this report.

Accounting System and Internal Controls

The Agency's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statement will be free from material misstatement. Management has established an internal control framework that is designed both to protect the Agency's assets from loss, theft, misuse or disposition and to compile sufficient reliable information for the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. The auditors' report on the basic financial statements, including discussion of the major accounting policies affecting the financial statements, is included in the financial section of this report.

Accountability and Transparency

Our re-branding effort not only included a name change but also the launch of our website, www.rewaonline.org which includes links to our current and prior year CAFR's and Annual Report to the Community. Also, included on our website is information about the wastewater treatment process. The website is used to publish both financial and non-financial information to the ratepayers and other interested parties to enhance the public's understanding and promote interest. We also use the website and local newspapers for public hearing notification for the annual budget, proposed regulation changes and proposed rate changes, as well as, upcoming BOC meeting agenda's. Our goal is to be transparent and accountable both operationally and fiscally.

Debt Management Policy

The Agency's debt management policy is defined by the Master Bond Resolution adopted by the BOC on April 26, 1990. It establishes the types of allowable debt, debt coverage ratio requirements, debt service pattern, rating requirements and reporting requirements. For additional information on the Agency's debt, please refer to the Long-Term Debt section of MD&A located within the financial section, as well as, footnotes 7 and 8.

Budget

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

The budget is approved by the BOC after a public hearing and upon recommendation of the Executive Director. The approved budget will remain in effect for the entire fiscal year and cannot be revised without a public hearing and BOC approval.

Major Initiatives

As a result of the Upstate Roundtable, discussed above, the Agency has been charged with identifying alternative uses for the product and byproducts of our treatment processes. Currently, the Agency uses the effluent, or clean water, produced by our plants, for a variety of non-potable uses. This clean water is typically carried though purple pipes to distinguish it from drinking water. The Agency is also partnering with local businesses and governmental entities to identify additional reuse options such as fire protection, manufacturing uses and expanded irrigation functionality. In addition, the Agency reclaims safe organic material from the wastewater treated each day. These nutrient rich organics are reused as an environmentally-friendly fertilizer and provided to local farmers at no charge. The Agency is currently researching alternatives for creating a marketable fertilizer from our biosolids. The Agency uses methane gas generated by biosolids to heat our digesters. This energy source has the potential for heating buildings, fueling vehicles, and more. The Agency will be evaluating the appropriate allocation and use of this resource in coming years. The Agency is also researching the potential for hydroelectric power generation from the flow of our plants effluent into the receiving waters. The Agency is focused on developing sustainability alternatives to ensure that our limited resources will be available for future generations.

ACCOMPLISHMENTS

Organizational Awards

Seven of the Agency's treatment plants: Pelham, Mauldin Road, Georges Creek, Lower Reedy, Durbin Creek, Grove Creek and Taylors, as well as the Maintenance Shop, won the South Carolina Chamber of Commerce Safety awards. Eight of the plants: Durbin Creek, Mauldin Road, Pelham, Georges Creek, Lower Reedy, Gilder Creek, Grove Creek and Marietta won the South Carolina Department of Health & Environmental Control's Outstanding Facility Award.

All ten of the Agency's treatment plants 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. Awards are made in three categories: Silver Awards for member facilities with five or fewer NPDES permit violations in a calendar year; Gold Awards for member facilities that meet all NPDES permit limits during a calendar year; and Platinum Awards for facilities that have sustained 100 percent compliance for five consecutive years or more. Mauldin Road and Pelham received Platinum level awards; Gilder Creek, Lower Reedy, Marietta, Grove Creek, Piedmont, Durbin Creek and Georges Creek received Gold level awards; and Taylors received a Silver level award.

Individual Awards

Dr. Stephen P. Graef, Acting Technical Services Director, received the 2009 Stanley E. Kappe Award from the American Academy of Environmental Engineers in recognition of outstanding service, innovation and leadership.

Robert "Tony" Walton, Collection System Manager, received the Dennis Pittman Collection System Award in recognition of exemplary operation of a collection system.

Hagan "Festus" Stroud, Line Maintenance Supervisor, was inducted into the Water Environment Federation Quarter Century Operator Club, in recognition of service and dedication for more than 25 years.

Financial Awards

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Agency for its Comprehensive Annual Financial Report for the

fiscal year ended June 30, 2008. This is the sixteenth consecutive year that the Agency has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both legal requirements and accounting principles generally accepted in the United States of America. Receipt of this award represents the highest form of recognition in the area of governmental accounting and financial reporting. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA for evaluation.

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

ACKNOWLEDGEMENTS

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

Ray T. Orvin Jr., DBA
Executive Director

Cathy D. Caldwell, CPA
Administrative Finance Director

Patricia R. Dennis, CPA
Controller

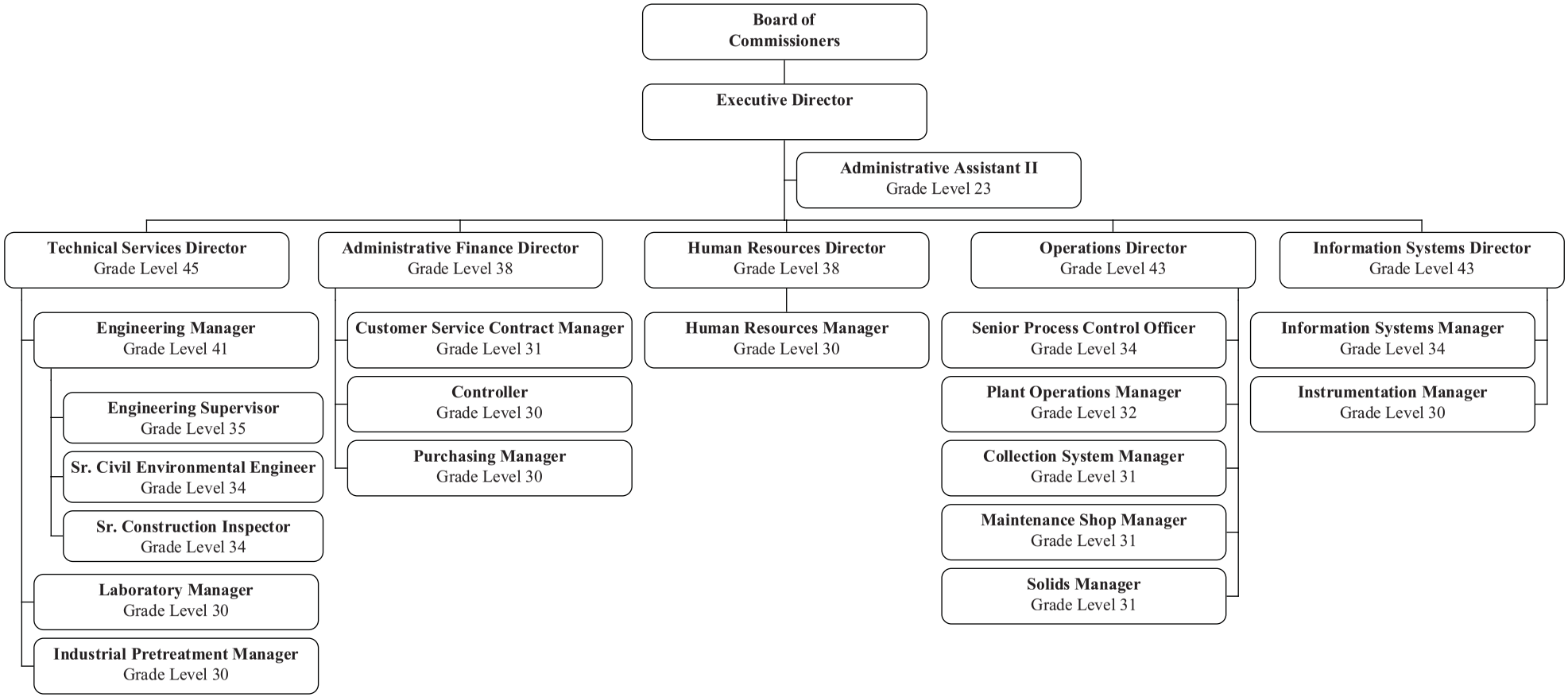
RENEWABLE WATER RESOURCES
June 30, 2009
Board of Commissioners

Name	Date of Original Appointment	Current Term Expires	Principal Occupation
John V. Boyette, Jr. Chairman	2/26/04	12/31/11	Businessman
J. D. Martin Vice Chairman	12/31/01	12/31/09	Businessman
L. Gary Gilliam Secretary/Treasurer	12/30/06	12/30/10	Businessman
Jimmy T. Martin	03/09/05	12/31/10	Businessman
Billy D. Merritt, Jr.	06/06/84	12/31/09	Enrollment Counselor
Willie J. Whittaker, Jr.	01/14/85	12/31/12	Retired Science Consultant
George W. Fletcher	01/31/01	12/31/12	Businessman
Ralph S. Hendricks	12/18/91	12/31/12	Businessman
Michael B. Bishop	02/24/06	12/31/09	Businessman

Renewable Water Resources Directors

Ray T. Orvin, Jr., DBA	Executive Director
Stephen P. Graef, PE, PhD	Acting Technical Services Director
Blake A. Visin	Information System Director
L. Glen McManus	Operations Director
Cathy D. Caldwell, CPA	Administrative Finance Director
Barbara S. Wilson, SPHR	Human Resources Director

RENEWABLE WATER RESOURCES
Organizational Chart



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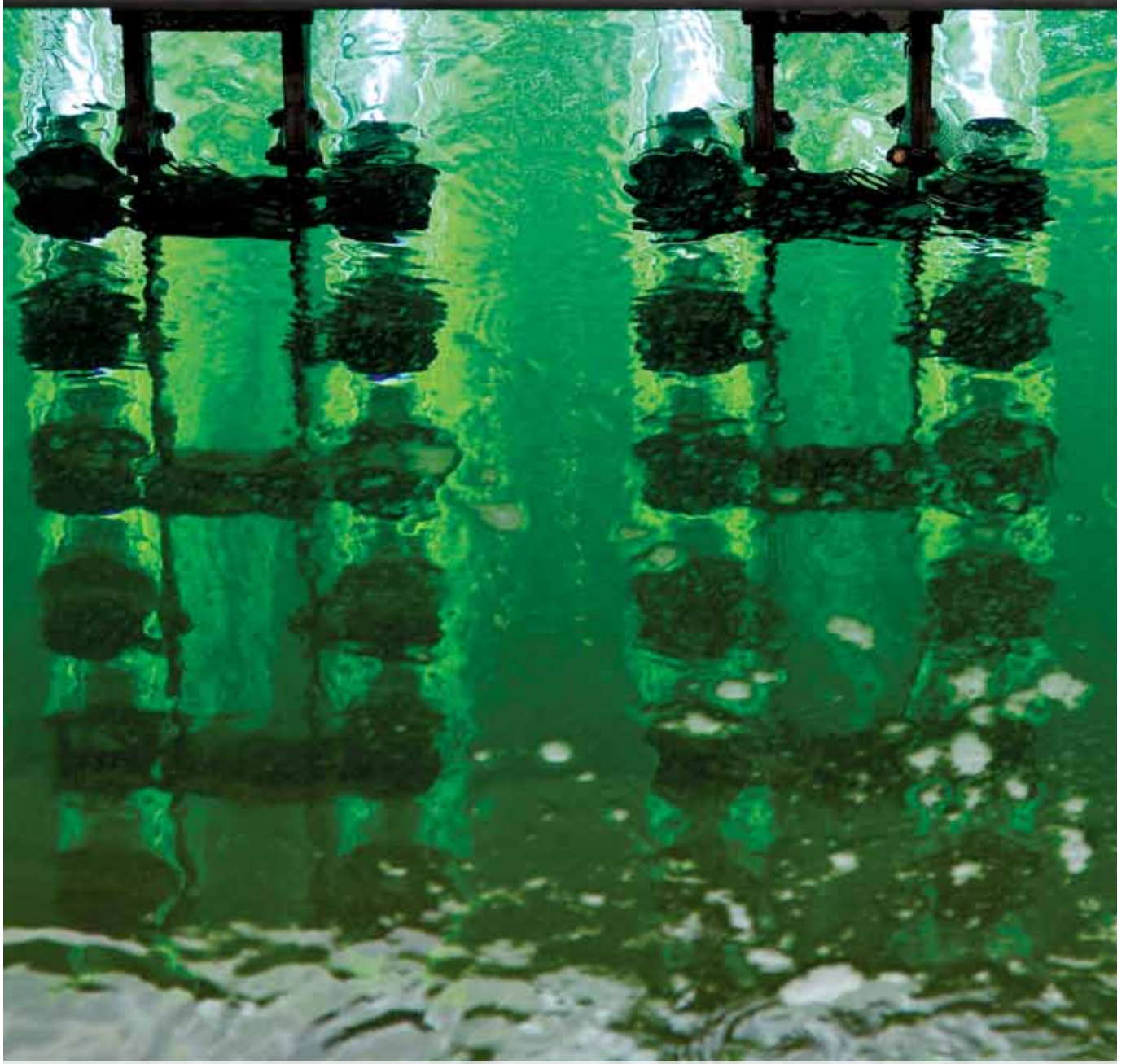
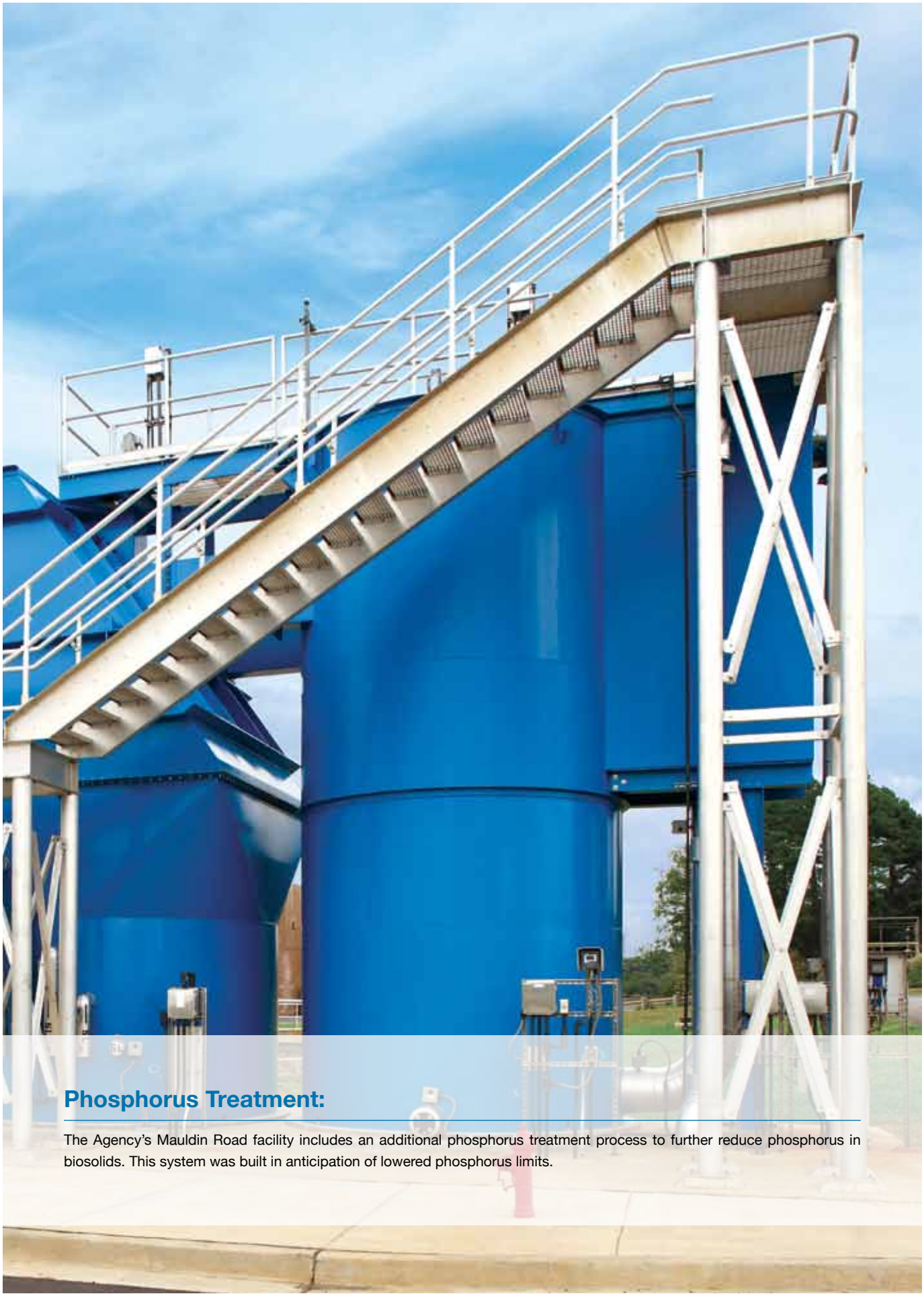
financial



Ultraviolet Light:

The Agency is committed to advancing its system technology, including the use of ultraviolet light for disinfection. This allows disinfection without the use of chemicals.



Phosphorus Treatment:

The Agency's Mauldin Road facility includes an additional phosphorus treatment process to further reduce phosphorus in biosolids. This system was built in anticipation of lowered phosphorus limits.

RENEWABLE WATER RESOURCES

REPORT ON FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
Renewable Water Resources
Greenville, South Carolina

We have audited the accompanying basic financial statements of the business-type activities of Renewable Water Resources ("the Agency") as of June 30, 2009 and 2008 and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Renewable Water Resources as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 17 through 26 and the Schedule of Funding Progress - Other Post-Employment Benefits on page 50 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2009 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in accessing the results of our audits.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Renewable Water Resources. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Elliott Davis, LLC

Greenville, South Carolina
November 3, 2009

As management of Renewable Water Resources ("the Agency"), we present this narrative overview and analysis of financial performance for the fiscal year ended June 30, 2009. Please consider this information in conjunction with the financial statements and related notes, which follow this section.

FINANCIAL HIGHLIGHTS

- Net assets increased by $3.8 million, or 1.5%, to $250.4 million as a result of current year operations.

- Total revenues decreased by $2.9 million, or 4.2%, to $66.0 million due to a reduction in new account fee income and investment income, which were somewhat offset by an increase in domestic and commercial customer revenues.

- Total expenses increased by $0.5 million, or 0.8%, to $62.2 million due to increases in electricity and depreciation expenses; as well as, the initial recording of the other post employment benefit liability. These increases were softened by decreases in non-operating expenses.

- Investments were liquidated in fiscal year 2009 to comply with the debt service reserve requirement after the downgrade of the surety provider.

- Total outstanding principal on debt increased by $25.5 million, or 8.5% to $327.3 million during the current fiscal year primarily due to the issuance of $30.0 million in revenue bonds.

- Capital improvements (see the capital assets and long-term debt sections for a summary of our committed and ongoing capital projects). Listed below are capital projects that were completed during the fiscal year:

  (1) Construction was finished on the Gilder Creek Phase II project. Preliminary planning and engineering was completed to expand plant capacity to 11.3 MGD to accommodate the continued development in the area served by the Gilder Creek Treatment Plant.

  (2) The Grove Creek conveyance system was completed.

  (3) The Enoree, Reedy, and Saluda River Basins have been studied to ensure that future growth and development in the Agency's service area can be accommodated by providing adequate wastewater collection and treatment.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the Agency. The basic financial statements include the balance sheets; the statements of revenues, expenses and changes in net assets and the statements of cash flows; with the related notes to provide additional details. These basic financial statements provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

The balance sheets present information about the nature and amounts of resources (assets) and the obligations (liabilities) with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The statements of revenues, expenses and changes in net assets present the current and prior fiscal year's results of operations and can be used to determine whether the Agency is recovering costs through user fees and charges.

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

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

NET ASSETS

Net assets in fiscal years 2009 and 2008, respectively, totaled $250.4 million and $246.6 million, an increase of $3.8 million, as compared to a $7.2 million increase in fiscal year 2008. Approximately 68% of the Agency's net assets reflect the investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related outstanding debt used to acquire those assets. The Agency uses these capital assets to provide services to the 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, since these capital assets cannot be liquidated to pay these liabilities. Restricted assets (restrictions established by debt covenants, enabling legislation, or other legal requirements) increased $33.6 million or 238.3% in fiscal year 2009. Approximately $33.1 million is attributable to funding the debt service reserve requirement to maintain bond covenant compliance after the surety provider's rating was downgraded by Moody's Investors Service. The Agency's master bond resolution requires that the surety provider used to satisfy a series debt service reserve requirement be rated in the highest rating category by Standard & Poor's and Moody's Investors Service. On November 21, 2008, Moody's Investors Service downgraded the Agency's surety provider, Financial Security Assurance, Inc., to 'Aa3' from 'Aaa'. The Agency utilized cash reserves to fund the $33.1 million debt service reserve requirement for revenue bonds and state revolving fund loans. Unrestricted net assets are typically used for funding day to day operations or capital projects. In fiscal year 2009, unrestricted net assets decreased $20.2 million as a result of the above discussed debt service reserve funding. The Agency was able to reduce the impact to unrestricted net assets by utilizing bond proceeds to reimburse itself for eligible capital expenditures previously paid from internally generated funds.

(Continued)

NET ASSETS, Continued

A summary of the Agency's balance sheets is presented in Table A-1.

Table A-1
Condensed Balance Sheets
(in millions)

	FY 2009	FY 2008	FY 2007
Current and non-current assets	$ 39.4	$ 58.9	$ 90.9
Restricted assets	55.4	14.1	14.9
Capital assets	495.6	489.3	445.1
Total assets	**590.4**	**562.3**	**550.9**
Current liabilities	24.2	24.5	27.2
Non-current liabilities	315.8	291.2	284.3
Total liabilities	**340.0**	**315.7**	**311.5**
Total net assets	**$ 250.4**	**$ 246.6**	**$ 239.4**
Invested in capital assets, net of related debt	$ 170.8	$ 180.4	$ 139.6
Restricted	47.7	14.1	15.0
Unrestricted (current & other assets)	31.9	52.1	84.8
Total net assets	**$ 250.4**	**$ 246.6**	**$ 239.4**

REVENUES

Table A-2 reveals that the Agency's total revenues decreased by $2.9 million in fiscal year 2009 to $66.0 million from $68.9 million in fiscal year 2008. Total revenues have decreased 5.6% since fiscal year 2007. 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 spending to maintain the Agency's facilities. The current user charge regulation in effect for fiscal year 2009 was amended December 4, 2006, and became effective March 1, 2007, with subsequent increases in quarterly base fees and volume charges effective on March 1, 2008, 2009, and 2010.

Domestic and commercial customer revenues increased 6.1% and 5.7% in fiscal years 2009 and 2008, respectively. Revenues rose in both fiscal years due to increases in quarterly base fees, volume charges, and the Agency's customer base.

New Account Fees, based on water meter size, decreased 57.4% in fiscal year 2009 and decreased 19.1% in fiscal year 2008. Since fiscal year 2007, New Account Fees have decreased 65.5% due to the declining economy.

Revenues from industrial customers have remained relatively flat in recent years. These revenues decreased $0.1 million, or 1.6%, in fiscal year 2009 and increased $0.2 million, or 3.3%, in fiscal year 2008. In fiscal year 2008, the Agency's Board of Commissions approved a rate increase for Pretreatment fees and surcharges, which became effective January 1, 2009. Even though there has been an increase in the volumetric treatment charge, companies have developed methods for more efficient water usage and/or restructured permit arrangements with the Agency.

(Continued)

REVENUES, Continued

Interest and other non-operating revenues decreased during the year by $1.9 million. Interest income decreased $1.9 million in fiscal year 2009 due to declining market conditions.

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

	FY 2009	FY 2008	FY 2007
Operating revenues			
Domestic and commercial customers	$ 55.5	$ 52.3	49.5
Industrial customers	6.2	6.3	6.1
New account fee	2.9	6.8	8.4
Septic haulers and other	0.3	0.5	0.3
Interest & other non-operating revenues	1.1	3.0	5.6
Total revenues	**66.0**	**68.9**	**69.9**
Operating expense before depreciation	26.1	25.6	23.4
Depreciation expense	24.0	23.2	21.0
Interest, amortization & other non-operating expenses	12.1	12.9	12.6
Total expenses	**62.2**	**61.7**	**57.0**
Capital project cost reimbursements	-	-	0.5
Increase in net assets	**3.8**	**7.2**	**13.4**
Total net assets, beginning of year	**246.6**	**239.4**	**226.0**
Total net assets, end of year	**$ 250.4**	**$ 246.6**	**$ 239.4**

CAPITAL CONTRIBUTIONS

Project reimbursement is necessary only when the Agency enters into a contract with one or more entities to construct pump stations and/or sewer conveyance systems that will be mutually beneficial. Capital project reimbursements from outside entities have been received in previous fiscal years. However, there were no participating entities in fiscal years 2009 and 2008. The Agency received $0.5 million in fiscal year 2007 from a participating entity.

EXPENSES

Total expenses increased by $0.5 million in fiscal year 2009, an increase of 0.8% over fiscal year 2008. Total expenses increased by 8.2% in fiscal year 2008 to $61.7 million from $57.0 million in fiscal year 2007. In fiscal year 2009, the increase is primarily related to the initial recording of the other post employment benefit liability, as well as, increases in electricity and depreciation expenses. In fiscal year 2008, the increase was primarily related to increases in costs such as gasoline, worker's compensation, customer refunds and depreciation. Operating expenses before depreciation increased by 2.0%, 9.4%, and 0.9% in fiscal years 2009, 2008, and 2007, respectively. As the Agency continues improvements and construction of new facilities, depreciation expense has increased 3.4%, 10.5% and 14.8% for fiscal years 2009, 2008, and 2007, respectively. Non-project expenses can vary considerably each fiscal year. These expenses are one-time costs that are non-operational and are not capitalizable.

CAPITAL ASSETS

Investment in capital assets grew in fiscal year 2009 by $6.3 million, $44.2 million in fiscal year 2008, and $62.8 million in fiscal year 2007. At the end of fiscal year 2009, the Agency had invested $495.6 million in infrastructure which includes land, sewer lines, buildings, operating equipment, wastewater treatment plant equipment and vehicles as shown in Table A-3 and in Note 5 of the accompanying notes to the financial statements.

Table A-3
Capital Assets
(in millions)

	FY 2009	FY 2008	FY 2007
Land	$ 3.1	$ 3.1	$ 2.9
Depreciable assets:			
Buildings	317.2	305.6	277.6
Sewer lines	300.9	288.9	262.1
Wastewater treatment plant equipment	85.3	82.6	73.6
Operational equipment	0.7	0.7	0.7
Office furniture	0.4	0.5	0.5
Vehicles	0.6	0.6	0.6
Total capital assets being depreciated	705.1	678.9	615.1
Less: accumulated depreciation	212.6	192.7	172.9
Total capital assets being depreciated, net	492.5	486.2	442.2
Net capital assets	**$ 495.6**	**$ 489.3**	**$ 445.1**

The Agency maintains a five year capital improvements program ("CIP") that identifies the needs of a growing service area and provides for compliance with South Carolina Department of Health & Environmental Control ("SCDHEC") regulations and National Pollutant Discharge Elimination System ("NPDES") permit limitations. The CIP calls for upgrades to three of the Agency's major wastewater treatment facilities, completion of a new regional wastewater treatment facility and various line projects. The projects included in the budget for fiscal year 2009 address capacity needs, environmental compliance, as well as, performance and efficiency improvements. When the current CIP is completed, the Agency will be treating wastewater to near drinking water quality standards and expects to have sufficient redundancy to ensure compliance with discharge permit requirements.

The 20-year Upstate Roundtable Plan adopted by the Agency's Board of Commissioners in 1994 identified needs of approximately $326.5 million for growth in the Reedy, Saluda, and Enoree basins. In fiscal year 2009, all projects that materialized in this plan were completed, with the exception of the Piedmont Regional WWTP. The Piedmont Regional WWTP is projected to cost $30.0 million with construction beginning in fiscal year 2010. The Upstate Roundtable was re-established in fiscal year 2008 to align the regional wastewater capacity and infrastructure with projected growth, while promoting environmental sustainability. This report was completed in May 2009 and the $809.7 million of projects identified in the Upstate Roundtable's new 20 year plan will be incorporated into the Agency's CIP.

(Continued)

CAPITAL ASSETS, Continued

Capital improvement expenditures

Significant capital improvement expenditures for fiscal year 2009 include the following:

- **Durbin Creek WWTP** - The $10.1 million investment increases average design capacity from 3.3 MGD to 5.2 MGD. The project also includes the addition of filtration and ultraviolet disinfection to produce tertiary water quality. The project is 95% complete.

- **Mauldin Road WWTP Modifications** - The $6.9 million upgrade modifies the plant to meet stricter permit limits set by SCDHEC and increases average design capacity to 24.0 MGD and wet weather capacity to 100.0 MGD. Modifications include new filters, as well as, the addition of ultraviolet disinfection, increased aeration capacity and additional biosolids facilities. Punch list items are currently being addressed.

- **Taylors WWT Pump Station** - Expenditure of $4.4 million in the Taylors Pump Station has been completed, diverting flow from the Taylors WWTP to the Pelham WWTP. The Taylors WWTP will be decommissioned in fiscal year 2010.

- **Gravity Sewer Rehabilitation and other Collection System Programs** - Investment of $2.7 million to maintain the sewer system in peak condition. The Agency conducts ongoing maintenance projects to reverse the damage created by normal deterioration of underground components. The Agency has budgeted $12.3 million for collection system programs in fiscal year 2010.

- **Piedmont Regional WWTP** - Expenditure of $0.2 million for selection of an engineer to design the Piedmont Regional WWTP. This plant will replace the existing Grove Creek and Piedmont treatment plants. Construction is expected to begin in fiscal year 2010.

Table A-4 illustrates the Agency's 2010 Capital Budget of $23.6 million for planned spending on projects that primarily consist of wastewater treatment plant improvements, collection systems, and sewage conveyance systems. The Agency believes that the budget requirement for the upcoming fiscal year can be funded from reserves and additional borrowing from the State Revolving Fund Loans ("SRFL").

Table A-4
Fiscal Year 2010 Capital Expenditures Budget
(in millions)

INCOME	
SRFL	$ 20.6
Agency reserves/debt	3.0
Total income	**$ 23.6**
EXPENDITURES	
Wastewater treatment plants	$ 8.4
Conveyance/collection systems	12.3
Administration/other projects	2.9
Total expenditures	**$ 23.6**

LONG-TERM DEBT

Revenue bonds

Long term debt for the Agency consists of outstanding balances on revenue bonds and SRFL agreements with the South Carolina Water Quality Revolving Fund Authority. As of June 30, 2009, revenue bond debt of the Agency totaled $201.9 million and consisted of four series of revenue and refunding revenue bonds: the 2001 Series, 2005 Series, 2005 B Series and 2009 Series. Revenue bond debt totaled $177.1 million at the end of fiscal year 2008. The increase is attributable to $30.0 million in additional debt incurred through the issuance of the 2009 Series less principal payments made by the Agency. The 2002 Series revenue bond was paid in full during fiscal year 2009.

The Agency received bond premiums of $2.3 million, $0.2 million, $4.7 million and $7.6 million on the Series 2001, 2002, 2005 and 2005 B revenue bonds, respectively. The bond premiums and related bond issuance costs, consisting of insurance costs and underwriting fees, are capitalized and amortized over the life of the bonds. The Agency's bonds are payable from gross revenues and are on par with all revenue issues and a majority of the Agency's SRFL obligations.

The 2001 Series, 2005 Series, and 2005 B Series revenue bonds carry 'Aaa' and 'AAA' rating from Moody's Investors Service and Standard & Poor's respectively, due to the debt service reserve requirement being funded during fiscal year 2009 subsequent to the downgrade of the Agency's surety provider. The 2009 Series revenue bond was issued based on the Agency's underlying rating. In fiscal year 2008, the Agency received an underlying rating of 'AA' from Standard & Poor's. In fiscal year 2005 Moody's Investors Service rated the Agency 'Aa3'.

Revolving fund loans

Since December 1989, the Agency has entered into numerous loan agreements with the South Carolina Water Quality Revolving Fund Authority for new construction and/or upgrades of the system. Interest rates on these loans range from 3 to 4.75 percent. Total SRFL debt outstanding as of June 30, 2009 was $125.4 million.

Listed below are the Agency's State Revolving Fund Loan Agreements outstanding at year end:

- December 1989 — Mauldin Road Plant Residual Biosolids Management Facility
- August 1990 — Maple Creek line
- January 1995 — Brushy Creek/Reedy River rehabilitation of trunk sewers
- September 1998 — Lower Reedy WWTP expansion - Phase I
- June 2001 — Gilder Creek WWTP upgrade - Phase I
- November 2001 — Georges Creek Regional WWTP
- May 2003 — Gilder Creek WWTP upgrade - Phase II
- June 2003 — Georges Creek Regional Conveyance System - Phase I
- February 2004 — Georges Creek Regional Conveyance System - Phase II
- June 2005 — Lower Reedy WWTP expansion - Phase II
- November 2006 — Durbin Creek WWTP expansion

Construction has been completed and all funds received for the Mauldin Road Plant Residual Biosolids Management Facility, Maple Creek line, Brushy Creek/Reedy River lines, Lower Reedy WWTP - Phase I & Phase II, Gilder Creek WWTP upgrade - Phase I & Phase II, Georges Creek Regional WWTP and the Georges Creek Regional Conveyance System Phase I & II. As of June 30, 2009, $100.9 million of SRFL debt was outstanding for these projects.

(Continued)

LONG-TERM DEBT, Continued

The Agency entered into a loan agreement to fund the Durbin Creek WWTP expansion during fiscal year 2007. At June 30, 2009, $24.7 million has been received and $24.5 million was outstanding for this project at June 30, 2009.

Total outstanding long-term debt

At June 30, 2009, the Agency owed $316.3 million (not including premiums) in total long-term debt, an increase of $26.2 million or 9.0% from $290.1 million at the end of fiscal year 2008. In fiscal year 2009, the Agency incurred $30.0 million in revenue bonds and $6.4 million in SRFL debt and made $10.2 million in aggregate payments on both outstanding revenue bonds and SRFL debt. The total obligation for compensated absences at June 30, 2009 was $0.6 million. More detailed information about the Agency's long-term liabilities is presented in Notes 7, 8 and 9 of the accompanying notes to the financial statements.

General obligation bonds limitation on debt

Under the debt limitation provisions of Article X of the South Carolina Constitution, every county, incorporated municipality, special purpose district, and school district has the power, in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law (a) to incur general obligation debt authorized by a majority vote of the qualified electors thereof voting in a referendum, without limitation as to amount, and (b) to incur, without an election, debt, in addition to bonded indebtedness existing on November 30, 1977, and bonded indebtedness authorized by majority vote of qualified electors, in an amount not exceeding 8% of the assessed value of all taxable property therein. As of June 30, 2009, the Agency's assessed value was approximately $1.5 billion. The Agency had no general obligation debt outstanding as of June 30, 2009.

Total outstanding long-term debt

The Agency's Bond Covenants require net earnings (as defined in respective loan agreements) to be at least 1.10 times the highest combined debt service requirement. The Agency has not defaulted in the payment of principal or interest or in any other material way with respect to any of its securities at any time, nor has the Agency used the proceeds of any bonds for current operating expenses at any time, nor does the Agency intend to use the proceeds of any bonds for any such purposes. Based on the Agency's accompanying financial statements, the debt coverage ratio is calculated in Table A-5.

Table A-5
Debt Coverage Ratio
(in millions)

	FY 2009	FY 2008	FY 2007
Operating revenue	$ 65.0	$ 65.9	$ 64.3
Interest income (unrestricted)	1.0	2.6	3.6
Gross revenues	66.0	68.5	67.9
Less: operating expenses before depreciation	26.1	25.6	23.4
Net revenues available for debt service	**$ 39.9**	**$ 42.9**	**$ 44.5**
Debt service on bonds and parity indebtedness	22.5	22.8	21.1
Debt coverage	**1.8**	**1.9**	**2.1**

(Continued)

LONG-TERM DEBT, Continued

Fiscal year 2009 debt service payments decreased $0.3 million or 1.3% to $22.5 million. Debt service payments increased $1.7 million in fiscal year 2008 to $22.8 million. Debt structure on revenue bonds varies from fiscal year to fiscal year causing principal payments to increase and decrease over the life of the bond.

The Agency incurred $30.0 million of revenue bond debt in April 2009. As of June 30, 2009, the Agency had not made any principal or interest payments on the new debt. In addition, the 2002 Series revenue bonds were paid in full in fiscal year 2009 resulting in a small decrease in interest and principal payments. Payments began on the Durbin Creek WWTP creating an increase in payments on SRFL debt. Table A-6 shows the average coupon/rate by issue.

Table A-6
Average Coupon/Interest Rate

	Balance (without premiums) (in millions)	Average coupon / rate
Series 2001 revenue bonds	$ 9.5	5.0 %
Series 2005 revenue bonds	81.7	4.3
Series 2005-B refunding revenue bonds	69.7	4.0
Series 2009 revenue bonds	30.0	3.8
State revolving fund loans	125.4	3.5

ACCOUNTING PRONOUNCEMENT

In June 2004 the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions (OPEB).* This Statement establishes standards of accounting and financial reporting for OPEB expenses and related OPEB liabilities. The Agency completed an actuarial valuation of the post employee benefits as of June 30, 2006. The Agency has reported a liability of $0.5 million in fiscal year 2009. If the Agency pre-funds this obligation, the actuarial accrued liability is $4.2 million; if the obligation is not funded, the liability is $6.6 million. The Agency's fiscal year 2010 budget has an allocation of $0.6 million to fund the Annual Required Contribution (ARC). The Agency will continue to review the obligation and funding options. GASB Statement 45 has a tiered implementation and is effective for the Agency for the fiscal year ending June 30, 2009.

ECONOMIC FACTORS

The Agency is moderately impacted by economic trends. The Agency's operating revenues are derived solely from user fees. The Agency does not receive any tax appropriation. Even though there has been an economic downturn, the Agency has experienced an increase in the Domestic and Commercial customer base and user fees in fiscal year 2009.

The Agency conducts a Domestic and Commercial Fee rate study every five years to determine the appropriate sewer use charge. In order to operate the system, meet growth expectations and increasingly restrictive regulatory changes, this study recommended annual rate increases slightly over 4% through third quarter of fiscal year 2011. The next study has been commissioned and is expected to be effective March 2011.

(Continued)

ECONOMIC FACTORS, Continued

In March 2008, the Agency engaged a consulting service to review wastewater pretreatment fees and surcharges. After reviewing the results of this study with industry, the Board of Commissioners passed a resolution to increase these fees in January 2009.

As a result of the declining economy, new account fees decreased significantly in fiscal year 2009 and are expected to remain low in the near term. A new account fee rate study has been commissioned and is expected to be completed in fiscal year 2010. This revenue is designated exclusively for increasing system capacity.

Interest rates remain low; decreasing interest earnings and the cost of borrowing. Recently, the economic downturn has also resulted in lower than anticipated bids on capital projects.

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, contact the Controller at Renewable Water Resources at 561 Mauldin Road, Greenville, South Carolina 29607.

BASIC FINANCIAL STATEMENTS

RENEWABLE WATER RESOURCES
BALANCE SHEETS

	June 30, 2009	June 30, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 19,512,172	$ 12,652,615
Restricted cash and cash equivalents	22,282,867	14,074,826
Receivables, net	5,180,779	5,811,164
Investments	33,110,499	20,720,654
Total current assets	80,086,317	53,259,259
NON-CURRENT ASSETS		
Receivables, net	3,887,064	4,083,299
Investments	-	4,710,587
Capital assets, net	495,550,762	489,286,767
Deferred charges, net	10,861,110	10,907,561
Total non-current assets	510,298,936	508,988,214
Total assets	**$ 590,385,253**	**$ 562,247,473**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Revenue bonds payable	$ 5,444,906	$ 5,274,906
State revolving loans payable	6,608,341	5,897,901
Accounts payable - operations	1,657,216	1,994,672
Accounts payable - construction projects	5,254,937	7,015,281
Accrued interest payable	3,805,089	3,545,183
Accrued expenses and other liabilities	1,351,917	674,038
Compensated absences	98,948	95,000
Total current liabilities	24,221,354	24,496,981
COMMITMENTS AND CONTINGENCIES (Notes 7, 8, 10, 11, 12, 13, 14, 15 and 16)		
LONG-TERM LIABILITIES		
Revenue bonds payable	196,426,694	171,871,599
State revolving loans payable	118,824,191	118,768,995
Compensated absences	545,892	508,416
Total long-term liabilities	315,796,777	291,149,010
Total liabilities	340,018,131	315,645,991
NET ASSETS		
Invested in capital assets, net of related debt	170,727,631	180,458,085
Restricted		
Debt service	39,528,346	6,049,781
Depreciation	4,955,508	4,892,868
Other	3,173,574	3,132,177
Unrestricted	31,982,063	52,068,571
Total net assets	250,367,122	246,601,482
Total liabilities and net assets	**$ 590,385,253**	**$ 562,247,473**

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

RENEWABLE WATER RESOURCES
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	For the years ended June 30,	
	2009	**2008**
OPERATING REVENUES		
Domestic and commercial customers	$ 55,479,082	$ 52,339,875
Industrial customers	6,188,960	6,256,985
New account fee	2,914,250	6,761,750
Septic haulers and other	368,854	562,351
Total operating revenues	64,951,146	65,920,961
OPERATING EXPENSES		
Solids management	2,000,907	2,237,404
Facilities operations	9,266,236	8,569,776
Laboratory	1,811,014	1,778,301
Operations and maintenance shop	1,736,783	2,055,031
Collection system	2,620,849	2,708,446
Administration and accounting	6,906,265	5,417,180
Customer service	1,740,847	2,819,984
Total operating expenses before depreciation	26,082,901	25,586,122
Depreciation	24,073,372	23,198,109
Total operating expenses	50,156,273	48,784,231
Net operating income	14,794,873	17,136,730
NON-OPERATING REVENUES (EXPENSES)		
Investment income	1,035,059	2,923,494
Interest expense	(11,894,150)	(12,490,675)
Amortization	(150,303)	(123,198)
Non-project expenses	(77,476)	(262,199)
Other income	57,637	48,525
Net non-operating expenses	(11,029,233)	(9,904,053)
Increase in net assets	3,765,640	7,232,677
TOTAL NET ASSETS, BEGINNING OF YEAR	246,601,482	239,368,805
TOTAL NET ASSETS, END OF YEAR	**$ 250,367,122**	**$ 246,601,482**

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

RENEWABLE WATER RESOURCES
STATEMENTS OF CASH FLOWS

	For the years ended June 30,	
	2009	**2008**
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	$ 65,429,956	$ 65,231,946
Paid to suppliers for goods and services	(17,975,318)	(19,103,927)
Paid to employees for services	(9,563,556)	(9,459,955)
Net cash provided by operating activities	37,891,082	36,668,064
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received on notes receivable for capital	188,722	184,823
Acquisition of capital assets	(29,571,690)	(67,446,788)
Proceeds from state revolving loans	6,420,017	17,937,953
Proceeds from revenue bonds	30,000,000	-
Repayment of revenue bond	(4,510,000)	(5,090,000)
Debt issuance costs	(868,757)	-
Repayment of state revolving loans	(5,654,381)	(5,212,339)
Interest payments on debt	(12,399,921)	(12,561,183)
Net cash used for capital and related financing activities	(16,396,010)	(72,187,534)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	1,227,252	3,738,071
Net proceeds (purchases) of investment securities	(7,654,726)	24,017,298
Net cash provided by (used for) investing activities	(6,427,474)	27,755,369
Net increase (decrease) in cash and cash equivalents	15,067,598	(7,764,101)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	26,727,441	34,491,542
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 41,795,039**	**$ 26,727,441**

(Continued)

	For the years ended June 30, 2009	2008
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating income	$ 14,794,873	$ 17,136,730
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation	24,073,372	23,198,109
Changes in deferred and accrued amounts		
Receivables	478,810	(689,015)
Accounts payable - operations	(414,932)	210,587
Accounts payable - construction projects	(1,760,344)	(3,468,794)
Accrued expenses and other liabilities	677,879	276,498
Compensated absences	41,424	3,949
Net cash provided by operating activities	**$ 37,891,082**	**$ 36,668,064**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEETS		
Cash and cash equivalents	$ 19,512,172	$ 12,652,615
Restricted cash and cash equivalents	22,282,867	14,074,826
Total cash and cash equivalents	**$ 41,795,039**	**$ 26,727,441**
NON-CASH INVESTING ACTIVITIES		
Increase in fair value of investments	**$ 24,532**	**$ 248,114**

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

Description of entity

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

Reporting entity

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

Fund accounting

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

Basis of accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting as recommended by the Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency's policy is to apply all Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with or contradict GASB pronouncements.

Budgetary practices

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

Cash and cash equivalents

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

Investments

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

(Continued)

Restricted assets and net assets

Certain cash and cash equivalents are classified as restricted on the balance sheet because their use is limited by revenue bond and state revolving loan covenants.

Net assets restricted for debt service include the excess of assets over certain liabilities restricted for the debt service on revenue bonds and state revolving loans.

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. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

Capital assets

Capital assets are stated at historical cost. The Agency capitalizes purchases of assets greater than $1,500. Donated capital assets are recorded at estimated fair value at the date of donation. Depreciation of capital assets is calculated by use of the straight-line method over the estimated useful lives of the respective assets as follows:

Treatment facilities, trunk lines, and equipment	15 - 40 years
Office furniture and equipment	5 - 8 years
Vehicles	3 years

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

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

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

Net assets

Net assets are classified into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

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

- **Restricted** - This component of net assets consists of constraints placed on net asset 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.

(Continued)

- **Unrestricted** - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Deferred charges

Bond issuance costs, including insurance costs, underwriting fees and capitalized interest, are amortized over the life of the respective bonds using methods which approximate the interest method.

Compensated absences

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

Revenues and receivables

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

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

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

Operating revenues and expenses

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

Estimates

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

Reclassifications

Certain amounts in the June 30, 2008 financial statements have been reclassified to conform with the current year presentation. These reclassifications had no effect on the previously reported net assets, results of operations or cash flows of the Agency.

Implementation of Governmental Accounting Standards Board Pronouncements

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. GASB No. 45 establishes standards for the measurement, recognition and display of other postemployment benefits ("OPEB") expense and related liabilities (assets), note disclosure, and, if applicable, required supplementary information in financial reports. The requirements of GASB No. 45, as discussed in Note 13 are effective for the fiscal year ending June 30, 2009. The Agency has completed an actuarial valuation of the post-employment benefits as of June 30, 2006. As of the year ended June 30, 2009, the Agency has recorded a liability for the annual required contribution in the amount of $483,652. The Agency will continue to study the most effective way to address and fund the OPEB liability.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES, Continued

Other accounting standards that have been issued or proposed by the GASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2009 and 2008, the Agency had the following cash and cash equivalents and investments:

	Fair value June 30,	
Description	**2009**	**2008**
Cash and cash equivalents		
Checking and other cash	$ 35,377,192	$ 10,608,677
Money markets - US Treasuries	-	10,068,983
Money markets - government obligations	6,417,847	6,049,781
Total cash and cash equivalents	**$ 41,795,039**	**$ 26,727,441**
Investments		
Government sponsored enterprises	$ -	$ 25,431,241
United States Treasury Bills	33,110,499	-
Total investments	**$ 33,110,499**	**$ 25,431,241**

Investment maturities are as follows as of June 30, 2009:

		Investment maturities (in years)	
Investment type	**Fair value**	**Less than 1 year**	**1 - 5 years**
US Treasury Bills	$ 33,110,499	$ 33,110,499	$ -
	$ 33,110,499	**$ 33,110,499**	**$ -**

Interest rate risk

The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

State law limits investments to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, financial institutions to the extent that the same are secured by Federal Deposit Insurance, and certificates of deposits where the certificates are collaterally secured by securities of the type described above are held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest. The Agency has no investment policy that would further limit its investment choices. The Agency's investments at June 30, 2009 consist of US Treasury Bills. The bills were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

(Continued)

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS, Continued

Concentration of credit risk

The Agency places no limit on the amount the Agency may invest in any one issuer. More than 5 percent of the Agency's investments are in US Treasury Bills. These investments are 100 percent of the Agency's total investments at June 30, 2009.

Custodial credit risk deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a policy for custodial credit risk. As of June 30, 2009 and 2008, all of the Agency's deposits were insured or collateralized with securities held by the Agency's agents in the Agency's name.

NOTE 3 - RECEIVABLES

Customer and other accounts receivables were as follows:

	June 30,	
	2009	**2008**
Fees and services		
Domestic and commercial customers	$ 5,002,339	$ 5,122,087
Industrial customers	720,703	1,008,475
	5,723,042	6,130,562
Less: allowance for uncollectible accounts	738,653	725,000
	4,984,389	5,405,562
Accrued interest on cash equivalents	153	216,878
Reimbursements due from other governmental units	4,083,301	4,272,023
Total receivables	9,067,843	9,894,463
Less: current receivables, net	5,180,779	5,811,164
Non-current receivables, net	**$ 3,887,064**	**$ 4,083,299**

NOTE 4 - RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

- **Capital projects** - restricts the use of revenue bond, state revolving loan, real property sales proceeds, and interest earnings on such proceeds, to the construction of capital projects.
- **Current principal and interest payments** - reports resources accumulated for the next principal and interest payments.
- **Debt service reserves** - reports resources set aside to cover potential future deficiencies in the current principal and interest payments account.
- **Operations and maintenance** - reports resources set aside to cover operating and maintenance expenses for one month.
- **Depreciation** - reports resources set aside to fund asset replacements.
- **Contingencies** - reports resources set aside to meet unexpected contingencies.

Restricted cash and cash equivalents and investments at June 30, 2009 and 2008 are restricted for the following uses:

	2009	2008
Capital projects	$ 7,735,938	$ -
Current principal and interest payments	6,412,880	6,049,781
Debt service reserves	33,115,466	-
Operations and maintenance	2,173,574	2,132,177
Depreciation	4,955,508	4,892,868
Contingencies	1,000,000	1,000,000
Total restricted assets	**$ 55,393,366**	**$ 14,074,826**

Restricted assets consisted of the following at June 30:

	2009	2008
Cash	$ 22,282,867	$ 14,074,826
Investments	33,110,499	-
Total restricted assets	**$ 55,393,366**	**$ 14,074,826**

NOTE 5 - CAPITAL ASSETS

	Balance June 30, 2008	Additions	Disposals	Balance June 30, 2009
Land	$ 3,078,188	$ 49,609	$ -	$ 3,127,797
Depreciable assets:				
Buildings	305,698,181	13,473,982	1,973,602	317,198,561
Sewer lines	288,892,552	11,976,873	-	300,869,425
Wastewater treatment plant equipment	82,555,279	4,491,327	1,726,681	85,319,925
Operational equipment	691,880	111,536	117,783	685,633
Office furniture	473,975	64,813	98,857	439,931
Vehicles	634,127	169,227	208,831	594,523
Total capital assets being depreciated	678,945,994	30,287,758	4,125,754	705,107,998
Less: accumulated depreciation				
Buildings	88,040,679	10,573,288	1,973,602	96,640,365
Sewer lines	73,319,382	7,521,736	-	80,841,118
Wastewater treatment plant equipment	30,313,285	5,687,995	1,726,681	34,274,599
Operational equipment	396,127	70,847	117,783	349,191
Office furniture	292,597	66,881	98,857	260,621
Vehicle	375,345	152,625	208,831	319,139
Total accumulated depreciation	192,737,415	24,073,372	4,125,754	212,685,033
Total capital assets being depreciated, net	486,208,579	6,214,386	-	492,422,965
Capital assets, net	**$ 489,286,767**	**$ 6,263,995**	**$ -**	**$ 495,550,762**

	Balance June 30, 2007	Additions	Disposals	Balance June 30, 2008
Land	$ 2,860,882	$ 217,306	$ -	$ 3,078,188
Depreciable assets:				
Buildings	277,553,195	30,112,446	1,967,460	305,698,181
Sewer lines	262,125,933	26,766,619	-	288,892,552
Wastewater treatment plant equipment	73,566,497	10,037,482	1,048,700	82,555,279
Operational equipment	744,578	50,389	103,087	691,880
Office furniture	516,410	72,615	115,050	473,975
Vehicles	604,180	189,931	159,984	634,127
Total capital assets being depreciated	615,110,793	67,229,482	3,394,281	678,945,994
Less: accumulated depreciation				
Buildings	79,818,199	10,189,940	1,967,460	88,040,679
Sewer lines	66,097,066	7,222,316	-	73,319,382
Wastewater treatment plant equipment	25,858,299	5,503,686	1,048,700	30,313,285
Operational equipment	410,047	77,824	91,744	396,127
Office furniture	331,854	75,792	115,049	292,597
Vehicle	406,777	128,551	159,983	375,345
Total accumulated depreciation	172,922,242	23,198,109	3,382,936	192,737,415
Total capital assets being depreciated, net	442,188,551	44,031,373	11,345	486,208,579
Capital assets, net	**$ 445,049,433**	**$ 44,248,679**	**$ 11,345**	**$ 489,286,767**

(Continued)

NOTE 5 - CAPITAL ASSETS, Continued

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

Interest expense capitalized during 2009 totaled $765,677.

NOTE 6 - DEFERRED CHARGES

At June 30, 2009 and 2008, the Agency's deferred charges were as follows:

	June 30,	
	2009	**2008**
Bond issuance costs	$ 16,157,943	$ 15,289,186
Less: accumulated amortization	5,296,833	4,381,625
Deferred charges, net	**$ 10,861,110**	**$ 10,907,561**

Amortization of bond issuance costs for the year ended June 30, 2009 and 2008 totaled $915,208 and $888,104, respectively.

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

Year ending June 30,	Amortization expense
2010	$ 866,636
2011	813,434
2012	813,434
2013	813,434
2014	813,434

NOTE 7 - REVENUE BONDS PAYABLE

At June 30, 2009 and 2008, the Agency was obligated on various series of revenue bonds issued for purposes of constructing sewer and wastewater treatment facilities and trunk lines. Revenue bonds outstanding at June 30, 2009 and 2008 are as follows:

	2009	2008	Due within one year
Series 2005 B refunding revenue bonds dated March 15, 2005 with interest at 2.55 to 5.07 percent payable semi-annually beginning September 1, 2006. Beginning March 1, 2012, annual principal payments ranging from $5,180,000 to $9,400,000 plus semi-annual payments of interest at 2.55 to 5.07 percent are payable through March 2021.	$ 69,695,000	$ 69,695,000	$ -
Series 2005 revenue bonds dated January 11, 2005 with annual principal payments ranging from $30,000 to $20,055,000 plus interest at 2.40 to 4.88 percent payable semi-annually through March 2025.	81,650,000	81,780,000	65,000
Series 2002 refunding bonds dated December 5, 2002, with annual principal payments ranging from $40,000 to $2,010,000, plus interest at 2.50 to 4.00 percent payable semi-annually through March 1, 2009.	-	2,000,000	-
Series 2001 refunding bonds dated March 1, 2001 with annual principal payments ranging from $1,300,000 to $9,665,000 plus interest at 3.40 to 5.375 percent payable semi-annually through March 1, 2011.	9,535,000	11,915,000	4,615,000
Series 2009 revenue bonds dated April 29, 2009, with annual principal payments ranging from $1,520,000 to $5,000,000 plus interest at 3.79 percent payable semi-annually through March 1, 2024.	30,000,000	-	-
	190,880,000	165,390,000	**$ 4,680,000**
Premium on Series 2001 refunding bonds	1,360,927	1,477,576	
Premium on Series 2002 refunding bonds	22,470	56,176	
Premium on Series 2005 revenue bonds	3,692,923	3,929,902	
Premium on Series 2005 B refunding revenue bonds	5,915,280	6,292,851	
	201,871,600	177,146,505	
Less: current maturities	5,444,906	5,274,906	
Long-term portion	**$ 196,426,694**	**$ 171,871,599**	

Amortization of bond premiums totaled approximately $764,900 for each of the years ended June 30, 2009 and 2008.

(Continued)

NOTE 7 - REVENUE BONDS PAYABLE, Continued

Future amounts required to pay principal and interest on revenue bonds outstanding at June 30, 2009 are as follows:

June 30,	Principal	Interest	Total
2010	$ 4,680,000	$ 9,029,177	$ 13,709,177
2011	10,010,000	8,968,123	18,978,123
2012	6,915,000	8,530,923	15,445,923
2013	7,510,000	8,206,327	15,716,327
2014	7,820,000	7,893,895	15,713,895
2015 - 2019	46,810,000	33,527,409	80,337,409
2020 - 2024	87,080,000	18,789,814	105,869,814
2025 - 2026	20,055,000	1,002,750	21,057,750
	$ 190,880,000	**$ 95,948,418**	**$ 286,828,418**

Provisions of the revenue bond agreements require the Agency to maintain user rates sufficient to generate net earnings as defined by the bond agreement of at least 110 percent of the combined annual principal and interest payments, make timely payment of principal and interest on all outstanding debt, maintain required funds for debt service reserves, operations and maintenance expenses, depreciation and contingencies, and meet various other general requirements specified in the bond agreements. Management believes that the Agency was in compliance with these covenants at June 30, 2009 and 2008.

The revenue bonds are payable solely from and secured by a pledge of the gross revenues of the Agency. As additional security, the Agency has granted a statutory lien on the System.

Interest expense on the revenue bonds totaled $8,505,572 and $8,380,889 for the years ended June 30, 2009 and 2008, respectively.

NOTE 8 - STATE REVOLVING LOANS PAYABLE

At June 30, 2009 and 2008, the Agency was obligated on various state revolving loans issued for purposes of constructing capital assets. State revolving loan amounts outstanding at June 30, 2009 and 2008 are as follows:

	2009	2008	Due within one year
Mauldin Road Facility loan dated December 15, 1989. Payable in quarterly installments of $21,410, including interest at 4.75 percent, through July 1, 2010.	$ 103,340	$ 181,730	$ 82,181
Brushy Creek/Reedy River trunk lines loan dated January 13, 1995. Payable in quarterly installments of $79,319, including interest at 4.00 percent, through April 1, 2016.	1,928,758	2,162,999	243,752
Maple Creek loan dated August 9, 1990. Payable in quarterly installments of $19,377, including interest at 4.50 percent, through May 1, 2011.	147,457	216,382	72,079

(Continued)

NOTE 8 - STATE REVOLVING LOANS PAYABLE, Continued

	2009	2008	Due within one year
Lower Reedy WWTP loan dated September 24, 1998. Payable in quarterly installments of $572,996, including interest at 4.00 percent, through November 1, 2020.	21,044,548	22,459,206	1,472,099
Gilder Creek Wastewater Treatment Plant Upgrade Phase I loan dated June 22, 2001. Payable in quarterly installments of $164,159, including interest at 4.00 percent, through February 1, 2028.	5,847,480	6,192,623	359,158
Lower Reedy Wastewater Treatment Plant Expansion Phase II loan dated June 10, 2005. Payable in quarterly installments of $347,116, beginning September 1, 2007, including interest at 3.00 percent, through September 1, 2027.	18,097,710	18,845,587	770,567
Georges Creek Wastewater Treatment Plant loan dated November 29, 2001. Payable in quarterly installments of $343,145, beginning January 1, 2005, including interest at 4.00 percent, through October 1, 2023.	14,366,298	15,084,146	746,996
Gilder Creek Wastewater Treatment Plant Upgrade Phase II loan dated May 16, 2003. Payable in quarterly installments of $623,835, including interest at 3.75 percent, through April 1, 2025.	29,920,953	31,262,666	1,392,738
Georges Creek Conveyance System Phase I loan dated June 10, 2003. Payable in quarterly installments of $122,548, including interest at 3.75 percent, through January 1, 2024.	5,111,675	5,366,751	264,777
Georges Creek Conveyance System Phase II loan dated February 20, 2004. Payable in quarterly installments of $102,934, including interest at 3.75 percent, through September 1, 2024.	4,376,787	4,585,889	217,053
Durbin Creek Wastewater Treatment Plant Upgrade and Expansion loan dated November 14, 2006. Payable in quarterly installments of $484,658, including interest at 3.50 percent, through December 1, 2028.	24,487,526	18,308,917	986,941
	125,432,532	124,666,896	**$ 6,608,341**
Less: current maturities	6,608,341	5,897,901	
Long-term portion	**$ 118,824,191**	**$ 118,768,995**	

Interest expense on the state revolving loans totaled $4,130,228 and $4,087,489 for the years ended June 30, 2009 and 2008, respectively.

(Continued)

NOTE 8 - STATE REVOLVING LOANS PAYABLE, Continued

Future amounts required to pay principal and interest on state revolving loans outstanding at June 30, 2009 are as follows:

June 30,	Principal	Interest	Total
2010	$ 6,608,341	$ 4,632,099	$ 11,240,440
2011	6,794,871	4,381,339	11,176,210
2012	6,951,901	4,125,388	11,077,289
2013	7,215,140	3,862,149	11,077,289
2014	7,488,423	3,588,867	11,077,290
2015 - 2019	40,914,745	13,519,874	54,434,619
2020 - 2024	37,818,450	5,868,859	43,687,309
2025 - 2029	11,640,661	1,001,302	12,641,963
	$ 125,432,532	**$ 40,979,877**	**$ 166,412,409**

Provisions of the state revolving loan agreements require the Agency to use loan proceeds solely for the purpose of paying eligible project costs, submit the annual audit of its financial statements by December 31st, maintain user rates sufficient to make timely payment of principal and interest on all outstanding debt, maintain required funds for current principal and interest payments, debt service reserves, operations and maintenance expenses, depreciation and contingencies, review the adequacy of its user rates at least annually, and meet various other general requirements specified in the loan agreements. Management believes that the Agency was in compliance with these covenants at June 30, 2009 and 2008.

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

NOTE 9 - CHANGES IN LONG-TERM DEBT AND COMPENSATED ABSENCES

Changes in long-term debt and compensated absences for the years ended June 30, 2009 and 2008 are as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009
Revenue bonds	$ 165,390,000	$ 30,000,000	$ 4,510,000	$ 190,880,000
State revolving loans	124,666,896	6,420,017	5,654,381	125,432,532
Compensated absences	603,416	617,841	576,417	644,840
	290,660,312	37,037,858	10,740,798	316,957,372
Premiums on bond issuance	11,756,505	-	764,905	10,991,600
	$ 302,416,817	**$ 37,037,858**	**$ 11,505,703**	**$ 327,948,972**

(Continued)

NOTE 9 - CHANGES IN LONG-TERM DEBT AND COMPENSATED ABSENCES, Continued

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
Revenue bonds	$ 170,480,000	$ -	$ 5,090,000	$ 165,390,000
State revolving loans	111,941,282	17,937,953	5,212,339	124,666,896
Compensated absences	599,467	640,234	636,285	603,416
	283,020,749	18,578,187	10,938,624	290,660,312
Premiums on bond issuance	12,521,411	-	764,906	11,756,505
	$ 295,542,160	**$ 18,578,187**	**$ 11,703,530**	**$ 302,416,817**

Outstanding principal amounts of defeased bonds totaled $79,530,000 at June 30, 2009.

NOTE 10 - CONSTRUCTION CONTRACTS IN PROGRESS

At June 30, 2009 the Agency had commitments for various projects for the construction and acquisition of property and equipment. Construction in progress is included in the property and equipment balance as treatment facilities, land, trunk lines and equipment. The following summarizes construction contracts in progress at June 30, 2009 on which significant additional work is to be performed:

Number	Project Name	Contract amount	Total contract incurred through June 30, 2009	Balance to be performed
PA 01	Mauldin Rd WWTP Modifications	$ 67,202,242	$ 67,090,145	$ 112,097
PD 01	Durbin Creek WWTP	43,915,377	42,250,164	1,665,213
PB 03	Woodern-Pitts Replacement Sewer Collection System Improvements	3,387,484	2,580,379	807,105
PC 03	Cytec Project (Huff Creek) Collection System Improvements	1,100,000	971,981	128,019
		$ 115,605,103	**$ 112,892,669**	**$ 2,712,434**

NOTE 11 - COMPENSATED ABSENCES

Full-time employees of the Agency accumulate vacation benefits at 1 to 2 days per month, based on length of service, up to 24 days per year. Annual leave in excess of 24 days at December 31st of each year is forfeited. Annual leave earned up to 24 days is paid to employees upon separation from employment. Accrued vacation benefits totaled $644,840 and $603,416 at June 30, 2009 and 2008, respectively.

NOTE 12 - EMPLOYEE BENEFITS

Pension plan

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

Plan members are required to contribute 6.50 percent of their annual covered salary for the years ended June 30, 2009 and 2008, and the Agency is required to contribute at an actuarially determined rate. The Agency's rate is 9.24 and 9.06 percent of annual covered payroll for the years ended June 30, 2009 and 2008, respectively, and .15 percent of payroll is contributed to a group life insurance benefit for the participants for each of the years ended June 30, 2009 and 2008. Required contributions were made at 100 percent and are summarized as follows:

	Employer SCRS	Employee SCRS
June 30, 2009	$ 925,730	$ 613,801
June 30, 2008	837,421	555,557
June 30, 2007	737,214	530,986

Deferred compensation plan

The Agency offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the state of South Carolina. The plan, available to all the Agency employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. Certain employees of the Agency have elected to participate. Compensation deferred under Sections 457 plan is placed in trust for the contributing employee. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Participants' rights under the plan are equal to those of general creditors of the Agency in an amount equal to the fair market value of the deferred account for each participant.

CitiStreet (under state contract) is the program administrator of the Section 457 Plan.

Other post-employment benefits

The Agency provides postretirement health and dental care benefits for eligible retirees and their dependents under the same provisions as benefits provided to existing employees. The Agency pays a portion of the monthly premiums for health and dental care coverage for these retirees in amounts ranging from $304 to $703 with the retirees paying the remainder of the premiums. The Agency's regular health and dental care benefit providers underwrite the retirees' policy. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

NOTE 13 - POST-EMPLOYMENT HEALTHCARE PLAN

The Agency maintains a single-employer defined benefit plan (the "Plan") to provide certain postretirement healthcare benefits to all former regular full time employees. Healthcare coverage levels for retirees is the same as coverage provided to regular active full time employees in accordance with the terms and conditions of the SC State Health Plan. The Agency contributes up to 62 percent of the monthly premium for retirees and covered dependents based on the selected healthcare plan. The amount contributed by Agency is determined by the State of SC Employee Insurance Program. This amount is based on the level of coverage selected by the retiree not the plan selected. The Agency is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the Agency's commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

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

Retiree only:	$	304
Retiree/spouse:		600
Retiree/child(ren)		430
Family		703

For the year ended June 30, 2009, Plan members receiving benefits paid $83,366 which was used to offset the Agency's total outlays to insurance carriers equaling $217,439 for the current year premiums due. The net outlay from the Agency, which totaled $134,073 represents the Agency's net cost paid for current year premiums due. The Plan is financed on a pay-as-you-go basis.

The Agency's annual OPEB cost is calculated based on the annual required contributions (ARC) of the Agency, an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation to the Plan:

Annual required contribution	$	483,652
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		483,652
Contributions made		-
Increase in net OPEB obligation		483,652
Net OPEB obligation—beginning of year		-
Net OPEB obligation—end of year	**$**	**483,652**

As of June 20, 2006, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was $5,643,466, resulting in an unfunded actuarial accrued liability (UAAL) of $5,643,466. The covered payroll (annual payroll of active employees covered by the plan) was $9,431,889, and the ratio of the UAAL to the covered payroll was 59.83 percent.

(Continued)

NOTE 13 - POST-EMPLOYMENT HEALTHCARE PLAN, Continued

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, because the Agency maintains no Plan assets, information relative to Plan asset required disclosure is not applicable. Additionally, because 2009 was the year of transition for GASB Statement 45, requirements of GASB Statement 45 have been implemented prospectively; therefore the required supplementary information does not reflect similar information respective of years preceding 2009.

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

In the June 30, 2006 actuarial valuation, the projected unit credit cost method was used. The actuarial present value of benefits allocated to the valuation year is the normal cost. The actuarial present value of benefits allocated to all prior periods is the actuarial accrued liability. Actuarial gains (losses), as they occur, reduce (increase) the unfunded actuarial accrued liability (UAAL). Unfunded actuarial accrued liabilities (full funding credit if assets exceed liabilities) were amortized by level percent of payroll contributions. The UAAL was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent of payroll (assumed to increase at 3 percent) required to fully amortize the UAAL over a 30-year period. The actuarial value of assets is set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities valued at 4.5 percent. The rate of investment return was 7.25 percent a year, compounded annually net after investment expenses. The assumed real return is the rate of return in excess of price inflation. Considering other assumptions used in the valuation, 7.25 percent nominal rate translates to a net real return of 4.25 percent a year. Actuarial assumptions also included annual healthcare and dental cost trend rates of 10 percent and 4.5 percent, respectively, initially, reduced by decrements to an ultimate rate of 4.5 percent for both healthcare and dental costs after ten years.

NOTE 14 - COMMITMENTS

The Agency has contracted with the Commissioners of the Public Works of the City of Greenville, South Carolina to provide for collection of sewer service charges. The rate charged is subject to adjustment annually based upon the municipal cost index. The cost to the Agency for the year ending June 30, 2009 was $1,313,474, which is included in administrative and accounting expenses on the accompanying statements of revenues, expenses and changes in net assets. For the year ended June 30, 2010, billing charges to the Agency is estimated to cost approximately $1.35 million.

NOTE 15 - CONTINGENCIES

The Agency participates in various construction projects assisted by federal and state agencies. Project reimbursements arising from these arrangements whether received or receivable at June 30, 2009 are subject to final audit and adjustment by such agencies. Reimbursement claims ultimately disallowed, if any, will be refundable to the respective agency. Based on prior experience and information known to date, the Agency does not anticipate that refunds, if any, will be material to the basic financial statements.

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

NOTE 16 - RISK MANAGEMENT

The Agency is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency maintains insurance coverage through the State of South Carolina, and has effectively managed risk through various employee education and prevention programs. No significant reductions in insurance coverage have occurred from the prior year to the current year. The amount of settlements has not exceeded insurance coverage for the years ending June 30, 2009 and 2008. The Agency believes that the amount of actual or potential claims as of June 30, 2009 will not materially affect the financial condition of the Agency.

RENEWABLE WATER RESOURCES
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress - Other Post Employment Benefits
(in thousands)

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)
6/30/2006	$ -	$ 5,643	$ 5,643	0.00 %	$ 9,432	59.83 %

Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the Agency has elected to implement prospectively. Therefore, prior year comparative data is not available. In future years, three-year trend information will be presented, as available.

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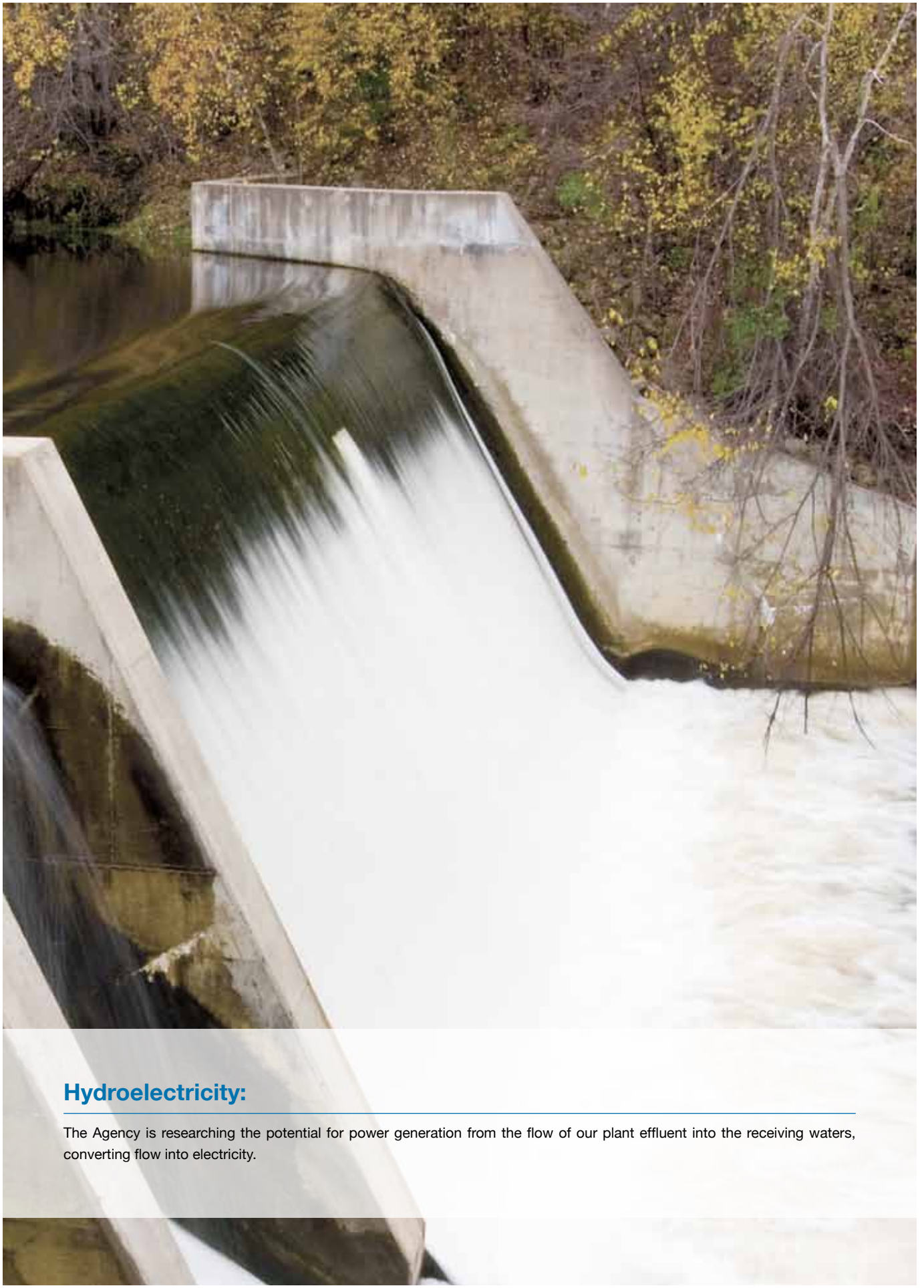
Methane Gas:

The Agency currently uses the methane gas generated by biosolids to heat our digesters. This energy source has the potential for heating buildings, fueling vehicles and more.

statistical

statistical



Hydroelectricity:

The Agency is researching the potential for power generation from the flow of our plant effluent into the receiving waters, converting flow into electricity.

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 ASSETS
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005 [2]	2004 [2]	2003 [2]	2002 [2]	2001 [2]	2000 [1,2]
Invested in capital assets, net of related debt	$ 170,727,631	$ 180,458,085	$ 139,622,665	$ 143,955,865	$ 137,838,215	$ 103,152,950	$ 71,052,604	$ 57,035,152	$ 47,835,171	n/a
Restricted										
Debt service	39,528,346	6,049,781	6,202,937	19,477,820	n/a	n/a	n/a	n/a	n/a	n/a
Depreciation	4,955,508	4,892,868	4,450,494	3,822,587	n/a	n/a	n/a	n/a	n/a	n/a
Other	3,173,574	3,132,177	4,297,592	4,642,670	n/a	n/a	n/a	n/a	n/a	n/a
Total restricted	47,657,428	14,074,826	14,951,023	27,943,077	26,546,992	41,145,932	82,964,739	85,651,748	93,476,508	n/a
Unrestricted	31,982,063	52,068,571	84,795,117	54,093,530	44,258,333	45,921,268	22,397,566	21,320,013	10,551,256	n/a
Total net assets	$ 250,367,122	$ 246,601,482	$ 239,368,805	$ 225,992,472	$ 208,643,540	$ 190,220,150	$ 176,414,909	$ 164,006,913	$ 151,862,935	$ 140,322,921

n/a - not avaialable
1 - Invested in capital assets, net of related debt is not available prior to fiscal year 2001
2 - Restricted net asset categories are not available prior to fiscal year 2006

RENEWABLE WATER RESOURCES
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING REVENUES										
Domestic and commercial customers	$ 55,479,082	$ 52,339,875	$ 49,468,345	$ 48,099,936	$ 44,544,985	$ 41,713,660	$ 38,953,135	$ 36,456,491	$ 34,049,254	$ 32,645,722
Industrial customers	6,188,960	6,256,985	6,103,674	5,798,149	5,791,259	5,963,551	6,355,556	6,391,547	6,853,189	6,838,779
New account fees	2,914,250	6,761,750	8,432,625	9,494,000	7,630,470	6,708,750	4,366,122	2,911,479	2,423,344	1,641,859
Septic haulers and other	368,854	562,351	311,718	290,257	289,578	227,510	218,599	195,345	150,142	95,205
Total operating revenues	64,951,146	65,920,961	64,316,362	63,682,342	58,256,292	54,613,471	49,893,412	45,954,862	43,475,929	41,221,565
OPERATING EXPENSES										
Solids management	2,000,907	2,237,404	2,388,563	2,268,770	2,571,457	2,889,613	2,476,392	2,372,537	2,129,201	2,323,673
Facilities operations	9,266,236	8,569,776	8,317,346	8,299,744	7,756,033	6,969,274	6,591,423	6,549,042	7,137,743	7,263,889
Laboratory	1,811,014	1,778,301	1,626,016	1,700,991	1,547,330	1,509,165	1,413,945	1,446,846	1,376,900	1,354,762
Operations and maintenance shop	1,736,783	2,055,031	1,878,403	1,876,975	1,700,774	1,630,698	1,473,741	1,469,008	1,444,191	1,437,793
Collection system	2,620,849	2,708,446	2,526,372	2,625,325	2,554,998	2,422,992	2,407,946	2,340,598	2,291,984	2,284,829
Administration and accounting	6,906,265	5,417,180	4,767,187	4,797,503	4,506,383	4,015,158	3,681,391	3,533,731	3,273,410	3,277,424
Customer service	1,740,847	2,819,984	1,937,978	1,626,330	1,136,918	1,094,612	1,115,113	1,025,601	1,079,999	1,009,164
Total operating expenses before depreciation	26,082,901	25,586,122	23,441,865	23,195,638	21,773,893	20,531,512	19,159,951	18,737,363	18,733,428	18,951,534
Depreciation	24,073,372	23,198,109	21,024,952	18,284,379	16,543,392	14,640,227	12,682,226	11,804,578	11,067,539	10,227,583
Total operating expenses	50,156,273	48,784,231	44,466,817	41,480,017	38,317,285	35,171,739	31,842,177	30,541,941	29,800,967	29,179,117
Net operating income	14,794,873	17,136,730	19,849,545	22,202,325	19,939,007	19,441,732	18,051,235	15,412,921	13,674,962	12,042,448
NON-OPERATING REVENUES (EXPENSES)										
Investment income	1,035,059	2,923,494	5,475,237	5,651,443	2,244,095	769,779	1,313,986	2,318,423	2,685,967	1,129,249
Other income	57,637	48,525	129,821	246,454	6,340	30,880	12,263	111,546	29,500	16,317
Amortization	(150,303)	(123,198)	(133,129)	(111,928)	(223,200)	(220,883)	(138,205)	(176,656)	(107,936)	(124,340)
Interest expense	(11,894,150)	(12,490,675)	(11,964,357)	(12,858,101)	(9,806,140)	(7,478,125)	(7,514,125)	(7,838,259)	(5,305,861)	(2,087,535)
Non-project expenses	(77,476)	(262,199)	(475,957)	(305)	-	(1,789)	(958)	(12,632)	(73,338)	(546,864)
Other expenses	-	-	-	-	-	(145)	(597)	(4,982)	(26,515)	(377,657)
Net non-operating expenses	(11,029,233)	(9,904,053)	(6,968,385)	(7,072,437)	(7,778,905)	(6,900,283)	(6,327,636)	(5,602,560)	(2,798,183)	(1,990,830)
Capital project cost reimbursement	-	-	495,173	2,219,044	6,263,288	1,263,792	684,397	2,333,617	663,235	289,922
Increase in net assets	3,765,640	7,232,677	13,376,333	17,348,932	18,423,390	13,805,241	12,407,996	12,143,978	11,540,014	10,341,540
Total net assets, beginning of year	246,601,482	239,368,805	225,992,472	208,643,540	190,220,150	176,414,909	164,006,913	151,862,935	140,322,921	129,981,381
Total net assets, end of year	$ 250,367,122	$ 246,601,482	$ 239,368,805	$ 225,992,472	$ 208,643,540	$ 190,220,150	$ 176,414,909	$ 164,006,913	$ 151,862,935	$ 140,322,921

RENEWABLE WATER RESOURCES
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Salaries	$ 9,563,556	$ 8,885,770	$ 8,446,661	$ 8,731,260	$ 8,096,008	$ 7,650,640	$ 7,275,361	$ 7,060,652	$ 6,882,481	$ 6,897,647
Fringe benefits	3,312,199	2,668,145	2,463,339	2,389,311	2,152,354	1,981,923	1,952,749	2,460,146	2,220,872	2,246,278
Chemicals - chlorine and sulfur dioxide	50,257	164,693	210,299	317,402	291,914	229,930	250,567	236,446	328,321	261,984
Chemicals - other	1,218,621	1,170,024	1,119,876	1,062,535	795,450	549,731	491,758	448,431	534,763	526,867
Repairs and maintenance	1,214,581	1,234,600	1,168,419	1,509,707	1,712,179	1,684,176	1,396,095	1,307,669	1,491,928	1,805,752
Telephone	180,803	191,260	151,460	176,749	173,881	139,612	137,461	101,321	115,351	114,604
Electricity	3,264,567	2,799,673	2,778,711	2,740,943	2,521,771	2,231,822	2,323,821	2,085,955	2,087,588	1,919,021
Water	114,858	65,014	79,647	68,316	62,370	63,723	67,329	64,668	70,611	72,829
Gasoline	223,958	317,902	226,642	235,939	174,582	130,606	120,499	99,820	128,230	113,007
Outside technical services	1,491,827	1,399,756	1,171,351	423,102	405,066	464,368	408,819	346,325	469,668	378,986
Collection fees	1,483,506	1,856,244	1,748,839	1,431,752	967,791	916,442	888,876	870,885	897,667	822,857
General insurance	279,026	240,533	295,340	279,296	250,594	246,759	186,771	179,816	186,780	207,799
Worker's compensation	195,584	248,935	166,156	212,917	139,380	133,997	83,429	95,642	61,072	98,094
Travel	82,713	81,505	84,776	87,265	80,589	71,527	69,643	49,988	60,007	57,526
Solids management	1,575,855	1,867,073	1,966,735	1,859,808	2,227,367	2,589,053	2,125,692	2,040,497	2,205,745	2,352,176
Contingency	-	-	-	-	-	-	9,391	12,251	4,240	24,630
Auto parts	44,380	52,921	45,203	48,214	40,918	44,697	43,891	54,964	39,562	54,747
Tires and tubes	47,568	40,909	45,788	43,386	42,262	29,959	29,683	29,641	26,964	28,775
Paint	5,457	6,150	18,310	25,064	18,945	28,306	30,205	20,389	20,260	34,999
Office supplies	57,860	60,424	58,525	63,112	64,203	51,505	57,287	55,336	48,023	50,766
Legal	373,979	193,103	91,785	119,079	112,999	77,176	126,035	56,211	45,882	88,087
Employee/public relations	223,847	169,951	330,105	129,105	103,572	106,964	84,092	102,939	29,593	24,049
Commissioners	20,434	20,132	18,937	20,702	16,261	18,688	29,084	26,555	36,787	62,583
Postage	19,914	20,546	26,153	27,476	22,646	20,911	23,731	20,746	19,121	14,006
Other	290,104	1,137,029	371,334	417,224	362,722	333,532	389,578	307,037	316,225	317,262
Total, excluding allowance for uncollectible accounts	25,335,454	24,892,292	23,084,391	22,419,664	20,835,824	19,796,047	18,601,847	18,134,330	18,327,741	18,575,331
Percentage increase (decrease) over prior year	1.8%	7.8%	3.0%	7.6%	5.3%	6.4%	2.6%	1.1%	1.3%	13.2%
Allowance for uncollectible accounts	747,447	693,831	357,474	775,974	938,069	735,465	558,102	603,035	405,688	376,204
Total, including allowance for uncollectible accounts	$ 26,082,901	$ 25,586,123	$ 23,441,865	$ 23,195,638	$ 21,773,893	$ 20,531,512	$ 19,159,949	$ 18,737,365	$ 18,733,429	$ 18,951,535

RENEWABLE WATER RESOURCES
SCHEDULE OF REVENUE STATISTICS
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
DOMESTIC AND COMMERCIAL CUSTOMER REVENUE										
Greenville	$ 52,662,051	$ 49,541,839	$ 46,910,962	$ 45,616,335	$ 42,295,557	$ 39,791,147	$ 37,226,195	$ 34,977,712	$ 32,737,537	$ 31,528,217
Greer/Taylors	2,007,268	1,989,232	1,748,499	1,617,121	1,394,840	1,170,406	1,016,527	875,538	718,683	660,807
Powdersville	317,808	286,316	256,942	237,607	194,228	170,440	146,216	97,470	90,422	79,322
Well water/commercial	196,468	271,136	301,677	383,676	429,967	369,408	362,715	351,996	354,738	225,532
Marietta	180,017	177,275	165,609	166,455	159,896	149,483	146,369	127,776	119,951	123,372
Slater/Laurens	115,470	74,077	84,656	78,742	70,497	62,776	55,113	25,999	27,923	28,472
Total domestic and commercial customers	$ 55,479,082	$ 52,339,875	$ 49,468,345	$ 48,099,936	$ 44,544,985	$ 41,713,660	$ 38,953,135	$ 36,456,491	$ 34,049,254	$ 32,645,722
NUMBER OF CUSTOMERS										
Customer accounts	119,184	116,986	115,942	111,123	108,158	105,612	103,273	101,643	99,245	96,727
Percentage increase	1.9%	9.0%	4.3%	2.7%	2.4%	2.2%	1.6%	2.4%	2.5%	2.5%
DOMESTIC REVENUE RATES										
User volume charge per 1000 gallons	$ 4.45	$ 4.30	$ 4.15	$ 4.01	$ 4.01	$ 3.75	$ 3.51	$ 3.28	$ 3.07	$ 2.87
Base charge per month	8.50	8.00	7.50	7.00	7.00	6.50	6.00	5.50	5.00	4.50
Total monthly charge [1]	$ 41.88	$ 40.25	$ 38.63	$ 37.08	$ 37.08	$ 34.63	$ 32.33	$ 30.10	$ 28.03	$ 26.03
Monthly charge percent increase	4.0%	4.2%	4.2%	0.0%	7.1%	7.1%	7.4%	7.4%	7.7%	0.0%

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

RENEWABLE WATER RESOURCES
SCHEDULE OF LONG-TERM DEBT AND COMPENSATED BALANCES
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
REVENUE BONDS										
1992 Refunding	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,105,000	$ 7,215,000
1993 Refunding	-	-	-	-	-	-	-	11,905,000	15,615,000	17,275,000
1995 Refunding	-	-	1,695,000	1,790,000	2,855,000	4,435,000	5,940,000	7,385,000	8,625,000	9,625,000
2001 Refunding	9,535,000	11,915,000	14,280,000	16,125,000	17,580,000	90,585,000	94,410,000	99,935,000	102,085,000	-
2002 Refunding	-	2,000,000	2,135,000	4,240,000	6,320,000	8,360,000	10,370,000	-	-	-
2005 Series	81,650,000	81,780,000	82,675,000	84,310,100	86,560,000	-	-	-	-	-
2005 B Refunding	69,695,000	69,695,000	69,695,000	69,695,000	69,695,000	-	-	-	-	-
2009 Series	30,000,000	-	-	-	-	-	-	-	-	-
Total revenue bonds payable	190,880,000	165,390,000	170,480,000	176,160,100	183,010,000	103,380,000	110,720,000	119,225,000	127,430,000	34,115,000
STATE REVOLVING FUND LOANS ("SRFL")										
Regional Sludge	103,340	181,730	256,505	310,313	379,158	444,826	507,466	567,217	624,212	678,578
Brushy Creek/Reedy River	1,928,758	2,162,999	2,388,100	2,551,142	2,761,098	2,962,861	3,156,752	3,343,077	3,522,131	3,694,199
Maple Creek	147,457	216,382	282,291	345,316	405,581	463,211	518,318	571,013	621,403	669,588
Lower Reedy River	21,044,548	22,459,206	23,818,665	25,125,079	26,380,516	27,586,966	28,746,342	29,645,925	30,421,549	24,536,560
Gilder Creek Phase 1	5,847,480	6,192,623	6,524,299	6,843,033	7,149,330	7,443,676	7,651,538	7,580,582	-	-
Georges Creek	14,366,298	15,084,146	15,773,984	16,273,640	16,917,065	17,446,628	15,881,097	5,181,856	-	-
Gilder Creek Phase 2	29,920,953	31,262,666	32,555,221	32,979,213	32,583,718	21,565,759	-	-	-	-
Georges Creek Conveyance Phase 1	5,111,675	5,366,751	5,612,483	5,790,854	6,021,048	5,876,295	-	-	-	-
Georges Creek Conveyance Phase 2	4,376,787	4,585,889	4,787,328	4,981,387	4,975,282	1,640,933	-	-	-	-
Lower Reedy River Phase 2	18,097,710	18,845,587	18,510,512	8,118,404	-	-	-	-	-	-
Durbin Creek Upgrade	24,487,526	18,308,917	1,431,894	-	-	-	-	-	-	-
Total SRFL	125,432,532	124,666,897	111,941,282	103,318,381	97,572,796	85,431,155	56,461,513	46,889,670	35,189,295	29,578,925
Total long-term debt payable	316,312,532	290,056,897	282,421,282	279,478,481	280,582,796	188,811,155	167,181,513	166,114,670	162,619,295	63,693,925
Acquired treatment facilities obligations	-	-	-	-	-	-	-	-	-	18,110
Bond anticipation note	-	-	-	-	-	-	-	-	-	20,000,000
Compensated absences	644,840	603,417	599,467	592,962	512,595	458,052	453,901	434,847	444,853	418,512
Premiums on bond issuance	10,991,600	11,756,505	12,521,411	13,286,317	14,051,223	2,135,176	2,285,533	2,177,482	2,294,133	-
Total long-term debt and compensated balances	327,948,972	302,416,819	295,542,160	293,357,760	295,146,614	191,404,383	169,920,947	168,726,999	165,358,281	84,130,547
Customer accounts	119,184	116,986	115,942	111,123	108,158	105,612	103,273	101,643	99,245	96,727
Long-term liabilities per customer account	$ 2,752	$ 2,585	$ 2,549	$ 2,640	$ 2,729	$ 1,812	$ 1,645	$ 1,660	$ 1,666	$ 870

RENEWABLE WATER RESOURCES
LONG-TERM DEBT OBLIGATION (EXCLUDING PREMIUMS)
FISCAL YEARS 2010 TO 2028

Year	Revenue Bond Principal	Revenue Bond Interest	SRFL Principal	SRFL Interest	Total Principal	Total Interest	Grand Total
2010	$ 4,680,000	$ 9,029,177	$ 6,608,341	$ 4,632,099	$ 11,288,341	$ 13,661,276	$ 24,949,617
2011	10,010,000	8,968,123	6,794,871	4,381,339	16,804,871	13,349,462	30,154,333
2012	6,915,000	8,530,923	6,951,901	4,125,388	13,866,901	12,656,311	26,523,212
2013	7,510,000	8,206,327	7,215,140	3,862,149	14,725,140	12,068,476	26,793,616
2014	7,820,000	7,893,895	7,488,423	3,588,867	15,308,423	11,482,762	26,791,185
2015	8,195,000	7,530,014	7,772,134	3,305,156	15,967,134	10,835,170	26,802,304
2016	8,640,000	7,160,650	8,066,675	3,010,615	16,706,675	10,171,265	26,877,940
2017	9,295,000	6,742,192	8,050,394	2,709,620	17,345,394	9,451,812	26,797,206
2018	9,745,000	6,288,989	8,354,780	2,405,233	18,099,780	8,694,222	26,794,002
2019	10,935,000	5,805,564	8,670,763	2,089,251	19,605,763	7,894,815	27,500,578
2020	13,250,000	5,268,312	8,998,785	1,761,228	22,248,785	7,029,540	29,278,325
2021	15,055,000	4,608,608	8,187,589	1,426,433	23,242,589	6,035,041	29,277,630
2022	17,560,000	3,858,010	7,172,530	1,148,571	24,732,530	5,006,581	29,739,111
2023	19,735,000	3,006,932	6,987,523	892,793	26,722,523	3,899,725	30,622,248
2024	21,480,000	2,047,952	6,472,023	639,834	27,952,023	2,687,786	30,639,809
2025	20,055,000	1,002,750	5,402,635	430,760	25,457,635	1,433,510	26,891,145
2026	-	-	2,966,672	276,844	2,966,672	276,844	3,243,516
2027	-	-	3,065,508	178,007	3,065,508	178,007	3,243,515
2028	-	-	205,845	115,690	205,845	115,690	321,535
	$ 190,880,000	$ 95,948,418	$ 125,432,532	$ 40,979,877	$ 316,312,532	$ 136,928,295	$ 453,240,827

RENEWABLE WATER RESOURCES
SCHEDULE OF BOND COVERAGE
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Operating revenue	$ 64,951,146	$ 65,920,962	$ 64,316,362	$ 63,682,342	$ 58,256,292	$ 54,613,471	$ 49,893,412	$ 45,954,862	$ 43,475,929	$ 41,221,565
Investment income	1,035,059	2,570,452	3,451,183	1,200,000	1,176,003	769,779	1,313,986	2,318,423	2,685,967	1,129,249
Other income	57,637	48,525	129,822	246,454	6,340	30,880	12,263	111,546	29,500	16,317
Gross revenue	66,043,842	68,539,939	67,897,367	65,128,796	59,438,635	55,414,130	51,219,661	48,384,831	46,191,396	42,367,131
Less: operating expense before depreciation	26,082,901	25,586,122	23,441,865	23,195,638	21,773,893	20,531,512	19,159,951	18,737,363	18,733,428	18,951,534
Net revenues available for debt service	$ 39,960,941	$ 42,953,817	$ 44,455,502	$ 41,933,158	$ 37,664,742	$ 34,882,618	$ 32,059,710	$ 29,647,468	$ 27,457,968	$ 23,415,597
Debt service on bonds and parity indebtedness	22,564,302	22,863,522	21,359,711	24,207,487	15,971,002	17,317,957	18,128,549	17,553,807	13,143,804	5,468,633
Parity debt coverage[1]	1.77	1.88	2.08	1.73	2.36	2.01	1.77	1.69	2.09	4.28
Debt service on all obligations	22,564,302	22,863,522	21,359,711	24,207,487	15,971,002	17,317,957	18,170,324	17,475,540	13,161,914	5,418,944
Total debt coverage	1.77	1.88	2.08	1.73	2.36	2.01	1.76	1.70	2.09	4.32

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

RENEWABLE WATER RESOURCES
RATIO OF TOTAL EXPENSE TO LONG-TERM DEBT COSTS
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING EXPENSE										
Operating expense before depreciation	$ 26,082,901	$ 25,586,122	$ 23,441,865	$ 23,195,638	$ 21,773,893	$ 20,531,512	$ 19,159,951	$ 18,737,363	$ 18,733,428	$ 18,951,534
Depreciation	24,073,372	23,198,109	21,024,952	18,284,379	16,543,392	14,640,227	12,682,226	11,804,578	11,067,539	10,227,583
Total operating expense	50,156,273	48,784,231	44,466,817	41,480,017	38,317,285	35,171,739	31,842,177	30,541,941	29,800,967	29,179,117
NON-OPERATING EXPENSE										
Amortization of bond issuance cost	150,303	123,198	133,129	111,928	223,200	220,883	138,205	176,656	107,936	-
Non-project expense	77,476	262,199	475,957	305	-	1,789	958	12,632	73,338	546,864
Other expense	-	-	-	-	-	145	597	4,982	26,515	377,657
Total non-operating expense	227,779	385,397	609,086	112,233	223,200	222,817	139,760	194,270	207,789	924,521
Total expense	50,384,052	49,169,628	45,075,903	41,592,250	38,540,485	35,394,556	31,981,937	30,736,211	30,008,756	30,103,638
DEBT SERVICE										
Interest payments [1]	12,399,921	12,561,183	11,964,357	12,901,635	8,267,425	7,677,953	7,655,384	7,838,259	3,369,094	2,087,535
Principal payments [1]	10,164,381	10,302,339	9,395,354	11,305,852	7,703,577	9,640,004	10,514,940	9,637,281	4,534,726	3,313,287
Acquired facilities	-	-	-	-	-	-	-	-	18,110	18,122
Total debt service	$ 22,564,302	$ 22,863,522	$ 21,359,711	$ 24,207,487	$ 15,971,002	$ 17,317,957	$ 18,170,324	$ 17,475,540	$ 7,921,930	$ 5,418,944
Expense to debt ratio	2.23	2.15	2.11	1.71	2.41	2.04	1.76	1.77	3.78	5.58

1 - Excludes bond anticipation note payoffs and refinancings

RENEWABLE WATER RESOURCES
RATIO OF ASSESSED VALUE PER CAPITA AND GENERAL OBLIGATION DEBT BALANCE
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Assessed value [1]	$ 1,508,622,437	$ 1,833,262,263	$ 1,312,110,475	$ 1,629,775,545	$ 1,552,755,137	$ 1,519,843,124	$ 1,443,715,170	$ 1,444,591,498	$ 1,285,599,359	$ 1,229,676,805
General obligation debt balance	-	-	-	-	-	-	-	-	-	-
Population [2]	438,119	428,243	417,166	407,000	401,000	393,000	391,000	390,000	385,000	383,717
Assessed value per capita	$ 3,443	$ 4,281	$ 3,145	$ 4,004	$ 3,872	$ 3,867	$ 3,692	$ 3,704	$ 3,339	$ 3,205

1 - Greenville County Auditor's Office
2 - Greenville County Planning Commission estimate based on new building permits for the year

RENEWABLE WATER RESOURCES
OUTSTANDING GENERAL OBLIGATION BONDS - DIRECT AND OVERLAPPING
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Greenville County	$ 62,510,000	$ 66,115,000	$ 65,435,000	$ 58,385,000	$ 55,855,000	$ 46,560,000	$ 47,410,000	$ 43,555,000	$ 41,225,000	$ 18,455,000
School District of Greenville County	15,795,000	-	-	-	-	-	-	44,800,000	69,603,875	121,550,220
Greenville Arena District	8,125,000	8,650,000	9,150,000	9,620,000	10,080,000	10,500,000	10,900,000	11,280,000	11,640,000	11,970,000
Berea Public Service District	1,830,000	2,000,000	2,180,000	2,352,000	2,525,000	700,000	830,000	955,000	1,285,000	1,405,000
Boiling Springs Fire District	388,486	273,670	440,957	480,406	201,657	552,121	584,660	615,174	643,794	670,642
Donaldson Center Fire Service District	-	-	-	-	-	-	-	-	25,000	50,000
Clear Springs Fire District	990,000	1,045,000	1,100,000	1,150,000	1,200,000	1,250,000	-	-	60,000	145,000
Fountain Inn Fire Service Area	1,735,000	-	-	-	-	-	-	-	-	-
Gantt Fire, Sewer & Police District	1,640,447	1,739,727	1,838,327	1,926,279	2,013,615	2,090,362	2,241,550	2,392,206	2,522,354	2,652,019
Glassy Mountain Fire District	1,690,000	1,805,000	1,915,000	2,020,000	15,000	30,000	45,000	60,000	75,000	90,000
Mauldin Fire Service Area	2,390,000	-	-	55,000	110,000	160,000	210,000	255,000	295,000	330,000
Parker Fire & Sewer Sub-District	-	-	-	-	-	-	-	-	-	200,000
Pelham Batesville Fire District	-	-	529,525	621,550	709,428	793,344	873,478	950,000	-	-
Piedmont Sewer & Light District	-	-	-	-	-	-	-	-	9,000	26,000
Recreation District	1,704,315	1,855,736	2,000,128	2,137,535	1,607,000	1,712,000	245,000	47,500	690,000	895,000
Simpsonsville Fire Service Area	805,000	-	-	-	-	-	-	-	-	-
South Greenville Fire & Sewer District	1,318,000	1,422,000	1,522,000	1,760,000	310,000	455,000	590,000	715,000	835,000	950,000
Taylors Fire & Sewer District	641,438	767,532	888,407	1,004,278	1,112,208	1,221,829	1,323,989	1,421,742	1,515,538	1,605,449
Tigerville Fire District	180,069	199,983	218,748	236,430	253,092	268,792	283,586	297,526	310,661	323,038
Upper Paris Mountain District	-	-	-	10,000	30,000	30,000	40,000	50,000	60,000	70,000
Wade Hampton Water & Sewer District	-	-	-	-	-	-	124,799	243,782	357,222	468,072
Renewable Water Resources	-	-	-	-	-	-	-	-	-	-
Town of Fountain Inn	1,080,000	1,795,000	230,000	2,375,000	275,000	-	-	-	-	-
City of Greenville	13,005,000	14,300,000	15,550,000	70,926,407	11,825,000	12,950,000	8,660,000	9,465,000	6,195,000	7,315,000
Town of Greer	4,576,500	5,133,500	5,311,500	4,116,500	3,040,000	3,435,000	3,810,000	4,160,000	4,490,000	4,810,000
Town of Mauldin	4,855,000	2,275,000	2,485,000	6,196,987	2,875,000	3,940,295	4,573,617	4,631,000	3,560,000	1,530,000
Town of Simpsonville	3,605,000	3,000,000	2,450,000	11,095,000	2,515,000	2,595,000	2,345,000	2,635,000	1,530,000	1,750,000
Town of Travelers Rest	721,447	840,529	142,293	-	-	-	-	-	-	150,000
Total	$ 129,585,702	$ 113,217,677	$ 113,386,885	$ 176,468,372	$ 96,552,000	$ 89,243,743	$ 85,090,679	$ 128,528,930	$ 146,927,444	$ 177,410,440

Source: Greenville County Treasurer

RENEWABLE WATER RESOURCES
TEN LARGEST BUSINESSES BY TOTAL EMPLOYMENT IN 2009

Company Name	City	Product / Service	Employment		Date
			Jobs	% of Total	Established
School District of Greenville County	Greenville	Public Education	8,838	23.6%	1951
Greenville Hospital System	Greenville	Health Services	7,500	20.0%	1930
Michelin North America, Inc.	Greenville	Headquarters/R&D/Mfg (radial tires)	4,000	10.7%	1975
Bon Secours St. Francis Health System	Greenville	Health Services	3,500	9.4%	1932
SC State Government	Greenville	State Government	3,347	8.9%	1905
General Electric Co.	Greenville	Engineering/Turbines & Jet Engine Parts	3,200	8.6%	1967
Fluor Corporation	Greenville	Engineering/Construction Services	2,100	5.6%	1960
Bob Jones University	Greenville	Higher Education	1,795	4.8%	1927
Greenville County Government	Greenville	Government	1,627	4.3%	1786
Sealed Air Corporation - Cryovac	Greenville	Food wrapping	1,510	4.0%	1998

Source: GADC and SCACOG; AUGUST, 2009

Note: Data for previous nine years not considered relevant to current year report and therefore omitted

RENEWABLE WATER RESOURCES
SUMMARY OF DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS ENDED JUNE 30,

Fiscal Year	Population [1]	Population Growth	Per Capita Personal Income [2]	Median Age [2]	School Enrollment [3]	Percent Unemployment [4]
2009	438,119	2.3%	35,076	37	70,051	10.7%
2008	428,243	2.7%	30,814	37	69,227	6.5%
2007	417,166	2.5%	30,037	36	68,382	4.9%
2006	407,000	1.5%	n/a	n/a	65,287	5.6%
2005	401,000	2.0%	n/a	n/a	63,694	4.4%
2004	393,000	0.5%	n/a	n/a	62,918	4.3%
2003	391,000	0.3%	n/a	n/a	61,887	4.5%
2002	390,000	1.3%	n/a	36	61,360	4.4%
2001	385,000	0.3%	29,109	36	59,361	3.2%
2000	383,717	1.0%	28,743	36	59,706	2.7%

n/a - not available
1 - Greenville County Planning Commission (from census data and projected estimates)
2 - State Data Center, Division of Research and Statistics
3 - S.C. Department of Education
4 - S.C. Employment Security Commission and Labor Market Information

RENEWABLE WATER RESOURCES
EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009		2008		2007		2006		2005		2004		2003		2002		2001		2000	
EMPLOYEES BY DEPARTMENT	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Laboratory	17	9%	17	9%	16	9%	17	9%	18	9%	19	9%	19	10%	18	10%	16	9%	15	8%
Operations, see below	58	30%	60	32%	61	34%	61	32%	62	31%	63	31%	59	31%	54	29%	60	33%	62	34%
Maintenance/Collections	59	31%	61	33%	58	32%	63	33%	65	33%	66	33%	62	32%	64	34%	56	32%	54	30%
Administration	33	17%	26	14%	21	12%	24	13%	25	13%	24	12%	24	12%	23	12%	23	13%	23	13%
Pretreatment	8	4%	8	4%	6	3%	7	3%	7	4%	7	4%	7	4%	7	4%	6	3%	6	3%
Engineering	13	7%	15	8%	11	6%	15	8%	15	8%	18	9%	17	9%	15	8%	13	7%	14	8%
Solids Management	4	2%	-	0%	7	4%	5	2%	5	2%	5	2%	5	2%	5	3%	6	3%	7	4%
Total	192	100%	187	100%	180	100%	192	100%	197	100%	202	100%	193	100%	186	100%	180	100%	181	100%
OPERATIONS EMPLOYEES BY PLANT																				
East Operations																				
Durbin Creek	3	5%	3	5%	4	7%	4	7%	4	6%	4	6%	4	7%	4	7%	5	8%	5	8%
Gilder Creek	6	10%	6	10%	6	10%	5	8%	3	5%	3	5%	2	3%	3	6%	5	8%	4	6%
Pelham	8	14%	7	12%	8	13%	6	10%	6	10%	6	10%	7	12%	5	9%	5	8%	5	8%
Taylors	3	5%	4	7%	5	8%	5	8%	5	8%	6	10%	4	7%	5	9%	5	8%	5	8%
West Operations																				
Georges Creek	5	9%	5	8%	5	8%	6	10%	7	11%	9	14%	-	0%	-	0%	-	0%	-	0%
Grove Creek	4	7%	4	7%	3	5%	5	8%	7	11%	6	10%	7	12%	7	13%	6	10%	6	10%
Lakeside	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	8	14%	7	13%	5	8%	6	10%
Lower Reedy	7	12%	7	12%	7	11%	7	11%	7	11%	7	11%	9	15%	8	15%	8	14%	8	13%
Mauldin Road	21	36%	23	38%	22	36%	23	38%	23	38%	22	34%	18	30%	15	28%	21	36%	23	37%
Piedmont	1	2%	1	1%	1	2%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Total	58	100%	60	100%	61	100%	61	100%	62	100%	63	100%	59	100%	54	100%	60	100%	62	100%

RENEWABLE WATER RESOURCES
LENGTH OF GRAVITY LINE SERVING WASTEWATER TREATMENT PLANTS (IN FEET)
LAST TEN FISCAL YEARS ENDED JUNE 30,

TREATMENT PLANT	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Mauldin Road	388,847	389,273	398,565	398,565	398,950	393,740	393,740	393,740	425,697	425,230
Pelham	345,862	242,194	216,760	216,760	216,683	216,802	216,802	216,802	221,174	221,174
Lower Reedy	279,622	279,823	279,823	279,823	274,237	274,260	274,260	274,260	263,959	249,359
Gilder Creek	162,000	162,000	160,358	146,112	139,559	139,524	139,524	139,524	152,141	152,141
Durbin Creek	135,312	135,552	135,552	135,552	135,552	135,054	135,054	135,054	135,745	149,598
Georges Creek	94,674	117,892	117,892	117,892	117,840	68,355	-	-	-	-
Grove Creek	94,570	94,570	94,570	94,570	94,570	94,431	94,431	94,431	94,528	94,528
Marietta	24,877	24,877	24,877	24,877	24,877	25,172	25,172	25,172	26,412	26,412
Piedmont	10,437	10,437	10,437	10,437	10,437	10,437	10,437	10,437	10,437	10,437
Lakeside	-	-	-	-	-	-	36,802	36,802	36,956	36,956
Taylors	-	110,199	110,199	110,199	110,186	110,113	110,113	110,113	94,250	94,250
Saluda	-	-	-	-	-	35,593	35,593	35,593	35,681	35,681
Parker	-	-	-	-	-	-	23,488	23,488	23,499	23,499
Totals	1,536,201	1,566,817	1,549,033	1,534,787	1,522,891	1,503,481	1,495,416	1,495,416	1,520,479	1,519,265

RENEWABLE WATER RESOURCES
SUMMARY OF TREATMENT PLANT FLOWS IN MILLION GALLONS PER DAY (MGD)
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Permitted flow	92	89	85	85	66	67	64	65	64	64
Average flow	36	35	39	38	44	41	46	38	38	41
Average peak flow	47	40	49	47	55	48	57	44	45	70

FISCAL YEAR 2009 FLOWS BY PLANT AND BASIN [1]

	Permitted	Average	Peak
Reedy River Basin			
Mauldin Road	29.0	14.4	19.0
Lower Reedy	11.5	5.1	6.0
Basin Total	40.5	19.5	25.0
Saluda River Basin			
Marietta	0.7	0.3	0.5
Georges Creek	3.0	1.1	1.5
Grove Creek	2.0	1.0	1.3
Piedmont	1.2	0.2	0.3
Basin Total	6.9	2.6	3.5
Enoree River Basin			
Taylors	7.0	2.4	2.9
Pelham	22.5	6.9	8.8
Gilder Creek	11.3	3.8	4.9
Durbin Creek	3.3	1.4	1.9
Basin Total	44.1	14.5	18.5
Total all basins	91.5	36.6	47.0

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

RENEWABLE WATER RESOURCES
MISCELLANEOUS STATISTICS
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
EAST OPERATIONS POWER USAGE										
Electric Power	$ 1,231,168	$ 1,127,835	$ 1,061,279	$ 1,164,450	$ 886,122	$ 994,531	$ 1,062,238	$ 955,504	$ 931,499	$ 796,617
WEST OPERATIONS POWER USAGE										
Electric Power	$ 1,599,550	$ 1,404,115	$ 1,410,938	$ 1,280,498	$ 1,306,662	$ 883,778	$ 975,267	$ 842,934	$ 940,568	$ 842,194
EAST OPERATIONS CHEMICAL USAGE (in tons)										
Chlorine	33	36	40	109	143	174	192	218	247	178
Polymer	64	50	49	43	33	41	68	33	16	32
Lime	622	671	698	848	765	1,321	933	866	1,061	502
Sulfur Dioxide	9	13	18	40	63	159	218	251	393	131
WEST OPERATIONS CHEMICAL USAGE (in tons)										
Chlorine	56	90	113	745	339	133	163	150	180	150
Polymer	43	58	68	54	72	35	55	39	41	39
Kiln Dust	-	-	-	-	-	-	-	1,699	11,826	11,873
Lime Slurry	498	4,732	4,520	4,466	2,792	620	173	-	-	-
Lime	429	605	598	556	499	35	52	217	287	287
Sulfur Dioxide	53	14	33	246	148	83	64	56	69	54

RENEWABLE WATER RESOURCES
PUMP STATIONS AND INDUSTRIAL USER STATISTICS
LAST TEN FISCAL YEARS ENDED JUNE 30,

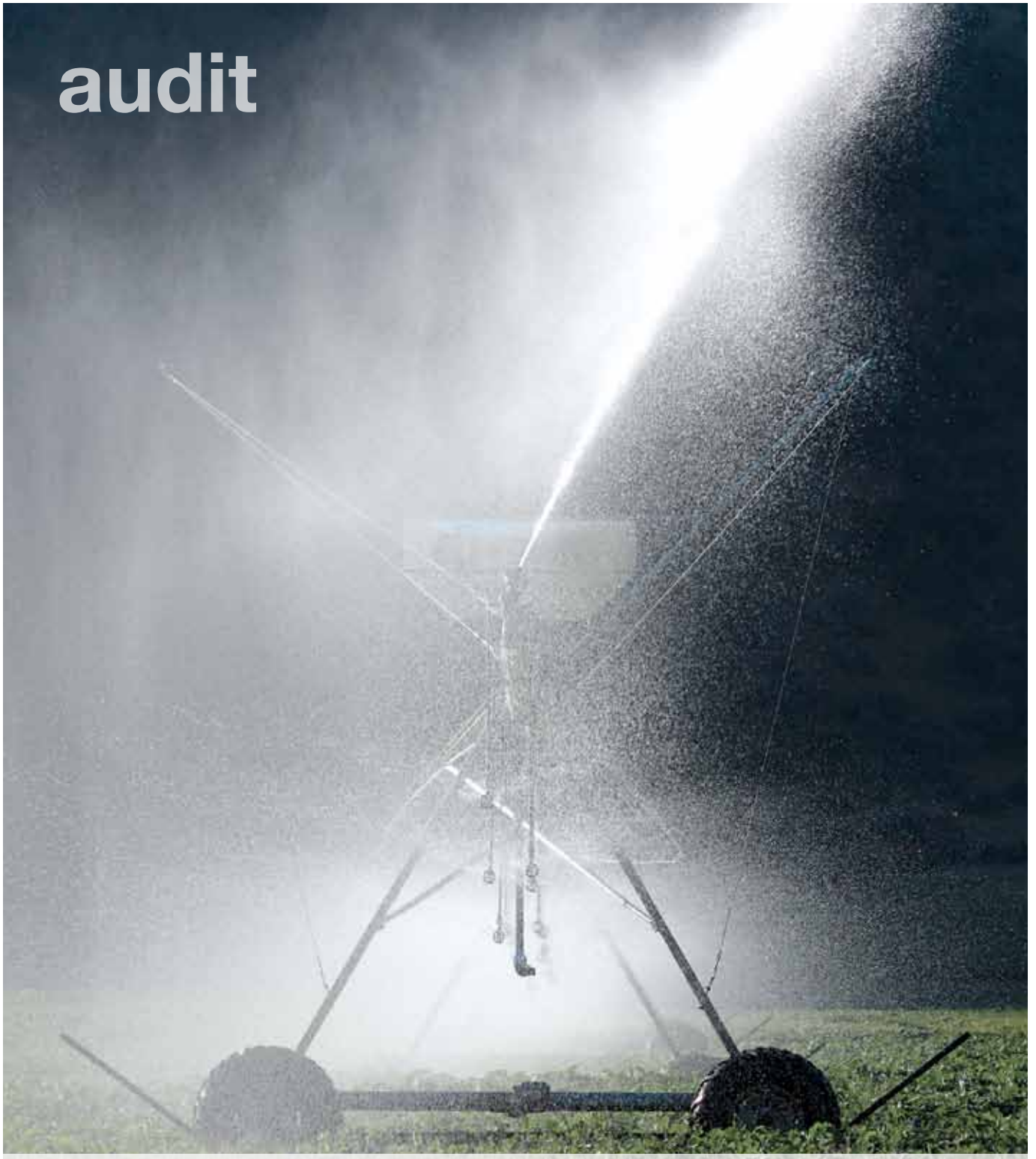
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
NUMBER OF PUMP STATIONS BY PLANT										
Durbin Creek	6	6	6	6	6	6	6	6	6	6
Georges Creek	13	14	14	15	14	7	-	-	-	-
Gilder Creek	3	3	3	3	3	3	3	3	3	3
Grove Creek	2	2	1	1	1	1	1	1	1	1
Lakeside	-	-	-	-	-	-	3	3	3	3
Lower Reedy	5	6	5	6	5	5	5	6	6	6
Marietta	3	3	4	3	3	3	3	3	3	3
Mauldin Road	8	9	8	8	8	8	8	8	8	8
Parker	-	-	-	-	-	-	1	1	1	1
Pelham	17	7	8	8	8	8	8	8	8	8
Piedmont	3	3	3	4	3	3	3	3	3	4
Saluda	-	-	-	-	-	7	7	7	7	7
Taylors	-	8	10	10	10	10	10	9	9	9
Totals	60	61	62	64	61	61	58	58	58	59
NUMBER OF INDUSTRIAL CUSTOMERS BY PLANT										
Durbin Creek	14	14	14	13	12	13	14	15	14	13
Georges Creek	1	1	2	2	2	2	-	-	-	-
Gilder Creek	9	7	8	8	8	7	10	10	9	10
Grove Creek	10	11	15	11	12	12	12	11	10	10
Lakeside	-	-	-	-	-	-	1	1	1	1
Lower Reedy	30	30	26	28	30	29	29	29	28	26
Marietta	1	1	1	1	1	1	1	1	1	1
Mauldin Road	28	28	27	28	29	32	32	34	38	37
Parker	-	-	-	-	-	-	2	2	2	2
Pelham	17	10	10	7	7	7	8	8	9	8
Piedmont	1	1	-	-	-	1	1	1	2	1
Saluda	-	-	-	-	-	-	-	-	-	-
Taylors	-	8	7	9	11	11	12	13	12	10
Totals	111	111	110	107	112	115	122	125	126	119

RENEWABLE WATER RESOURCES
SCHEDULE OF FUNDING SOURCES FOR CAPITAL PROJECTS
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	Totals
FUNDING SOURCES FOR CAPITAL PROJECTS											
Bond proceeds	$ 22,264,062	$ -	$ 59,917,562	$ 36,379,771	$ 13,094,710	$ 34,273,243	$ 11,134,541	$ 11,864,926	$ 21,231,302	$ -	$ 210,160,117
State revolving fund loan proceeds	6,420,017	17,937,953	12,338,255	10,201,437	14,925,217	31,269,646	21,338,398	13,132,656	5,173,794	13,523,474	146,260,847
Contributed capital	-	-	495,172	2,219,044	6,168,268	408,612	684,397	2,333,618	663,235	289,922	13,262,267
Federal payments	-	-	-	-	95,020	855,180	-	-	-	-	950,200
Internal reserves	542,036	49,195,900	11,037,376	4,826,614	26,709,772	1,789	995	12,632	339,891	38,932,938	131,599,943
Total capital project expense	$ 29,226,115	$ 67,133,853	$ 83,788,365	$ 53,626,866	$ 60,992,987	$ 66,808,470	$ 33,158,331	$ 27,343,832	$ 27,408,222	$ 52,746,333	$ 502,233,375

RENEWABLE WATER RESOURCES
SOLIDS GENERATED AND METHOD OF DISPOSAL (DRY TONS PER YEAR)
LAST TEN FISCAL YEARS ENDED JUNE 30,

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
SOLIDS GENERATED BY PLANT										
Durbin Creek	127	170	314	283	282	165	177	385	250	280
Georges Creek	264	299	266	295	303	55	-	-	-	-
Gilder Creek	655	709	568	706	919	1,027	1,268	1,221	505	1,020
Grove Creek	117	229	214	233	192	197	168	186	175	175
Lakeside	-	-	-	-	-	-	145	103	130	130
Lower Reedy	1,240	1,266	1,458	1,442	1,255	1,258	1,226	1,291	265	1,570
Marietta	92	146	103	73	140	92	68	151	175	195
Mauldin Road	3,215	3,607	3,811	3,550	4,129	5,001	2,694	7,931	17,874	21,125
Parker	-	-	-	-	-	-	26	39	32	35
Pelham	1,999	1,247	1,061	969	1,338	1,201	1,058	1,121	584	980
Piedmont	39	30	29	23	52	70	40	45	32	40
Saluda	-	-	-	-	-	41	50	56	36	50
Taylors	423	433	922	589	917	907	965	911	908	1,025
Totals	8,171	8,136	8,746	8,163	9,527	10,014	7,885	13,440	20,966	26,625
DISPOSAL METHODS										
Landfill Disposal	498	714	1,482	1,526	5,576	3,677	3,652	6,843	10,822	14,413
Land Application/Recycled	7,673	7,422	7,264	6,637	3,951	6,337	4,233	6,597	10,144	12,212
Totals	8,171	8,136	8,746	8,163	9,527	10,014	7,885	13,440	20,966	26,625



Purple Pipe:

The Agency uses the effluent, or clean water, produced by our plants for a variety of non-potable uses. This clean water is typically carried through purple-colored pipes to distinguish from drinking water pipes. The Agency's Durbin Creek facility currently uses clean water for irrigation.

audit

Biosolids:

The Agency reclaims safe organic material from the wastewater it treats each day. The nutrient-rich organics, called Biosolids, are beneficially reused as an environmentally-friendly agricultural fertilizer.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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*

Board of Commissioners
Renewable Water Resources
Greenville, South Carolina

We have audited the financial statements of Renewable Water Resources ("the Agency") as of and for the year ended June 30, 2009, and have issued our report thereon dated November 3, 2009. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

(Continued)

COMPLIANCE AND OTHER MATTERS, Continued

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

This report is intended solely for the information and use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Elliott Davis, LLC

Greenville, South Carolina
November 3, 2009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Renewable Water Resources
Greenville, South Carolina

COMPLIANCE

We have audited the compliance of Renewable Water Resources ("the Agency") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, Renewable Water Resources complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

(Continued)

INTERNAL CONTROL OVER COMPLIANCE, Continued

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Elliott Davis, LLC

Greenville, South Carolina
November 3, 2009

RENEWABLE WATER RESOURCES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2009

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issues: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __x__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes __x__ None reported

Noncompliance material to financial statements noted? _____ Yes __x__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes __x__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes __x__ None reported

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

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes __x__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.458	Environmental Protection Agency-Capitalization Grant for State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs $ 300,000

- Auditee qualified as low-risk auditee? __x__ Yes _____ No

(Continued)

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

RENEWABLE WATER RESOURCES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2009

	Federal CFDA number	Pass-through grantor's number	Federal disbursements/ expenditures	State disbursements/ expenditures	Total
Environmental Protection Agency:					
Passed through South Carolina Department of Health and Environmental Control:					
Capitalization Grant for State Revolving Funds	66.458	SRF-370-47	$ 3,774,555	$ 2,645,462	$ 6,420,017
			$ 3,774,555*	**$ 2,645,462**	**$ 6,420,017**

* Major Program

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting as recommended by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. Information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of financial statements.

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